The Ontario Securities Commission

OSC Bulletin

November 24, 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)

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

November 24, 2000

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

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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
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 Rule 35-502 - Non-Resident Advisers

NOTICE OF MINISTER OF FINANCE APPROVAL OF FINAL RULE UNDER THE SECURITIES ACT AND NOTICE OF AMENDMENT TO REGULATION 1015 OF THE REVISED REGULATIONS OF ONTARIO, 1990 MADE UNDER THE SECURITIES ACT IN CONNECTION WITH OSC RULE 35-502

The Minister of Finance approved Rule 35-502 Non-Resident Advisers (the "Rule") on November 3, 2000. Previously, materials related to the Rule were published in the Bulletin on October 2, 1998, and June 23rd, 2000. The Commission adopted the Rule on September 12, 2000, and the Rule was published in final form on September 22, 2000. The Rule came into force on November 18, 2000.

The version of the Rule delivered to the Minister and published here differs immaterially from the version of the Rule published previously. The two changes were made during final proofreading of the Rule. These two immaterial changes are indicated in footnotes in Part 5 of the Bulletin where the final Rule is being published. These footnotes are solely for the purposes of identifying the changes and should not be interpreted as being part of the final Rule.

The Minister of Finance has also approved a regulation to amend Regulation 1015 of the Revised Regulations of Ontario, 1990 made under the Securities Act (the "Regulation") in connection with the Rule, which was filed as O. Reg. 601/00 on November 16, 2000, and will be published in the Ontario Gazette on December 2, 2000. The amendment to the Regulation came into force at the time that the Rule came into force on November 18, 2000.

The Rule and related regulation are published in Chapter 5 of the OSC Bulletin.

1.2 News Release

1.2.1 OSC/RCMP Investor Alert

November 16, 2000

Investor Alert

OSC/RCMP Warn Investors to Look Out For "Prime" Investment Schemes

Toronto -- The Ontario Securities Commission and the RCMP today issued a warning to investors about legitimate sounding offers like "Prime Bank Notes" and "Prime Bank Debentures" used as a means to lure individuals into illegal investment scams.

In particular the OSC and the RCMP are warning investors of the following:

The use of official sounding terms, such as "Prime Bank Notes", "Prime Bank Debentures" or "Roll-Over Programs". These instruments typically take the form of notes, debentures, letters of credit, bank purchase orders, zero coupon bonds, or guarantees. The word "Prime" is meant to refer, generically, to reputable financial institutions (i.e., world banks) who supposedly issue these investments. These schemes sometimes claim affiliations with major international organizations, like the International Chamber of Commerce (ICC) and International Monetary Fund (IMF). Both these organizations deny having any association with these types of international investment programs.

Persons promoting these schemes lead prospective investors to believe that they are being allowed to participate in an otherwise secret trading regime. Investors might be required to sign non-disclosure and non-circumvention agreements which prevent them from disclosing to any persons the identity of the parties involved in the investment programs and the terms of the transactions. Often some part of the schemes would be transacted through a country regarded as a secrecy haven. This "offshore secrecy" feature conceivably enables investors to avoid paying any taxes on proposed investment returns.

Promises made to investors of above average returns or guarantees of unrealistic rates of return within a short period of time (e.g. 20% return per month), completely risk free.

Legal-looking documents which often use technical language in an attempt to confuse investors into believing their investments are worthwhile. They may make reference to trading programs, like "forfaiting program" (also called "forfeiting program"), "high yield cash trading program", "high yield investment program" (HYIP). Little or no information is provided to investors about the specifics of the prospective trading programs utilized (i.e., how investors' returns are generated).

Monetary rewards are provided to investors already involved in the schemes to encourage them to induce others to invest. Many individuals brought into these schemes are relatives or friends of the initial investors and as such, are less sceptical of the investments because they trust the family members/friends who made the referrals.

The OSC and the RCMP would like to remind investors that when in doubt about the legitimacy of a proposed investment, one can usually rely on the basic principle of investing: *"If it sounds too good to be true, it probably is!"*.

Anyone solicited to invest in a "prime bank" investment scheme or anyone having information pertaining to this or a similar scheme, should contact the Commercial Crime Section of their local RCMP division and the OSC or their local securities regulatory authority.

Reference:

Rowena McDougall
Senior Communications Officer
(416) 593-8117

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Altamira Management Ltd. - MRRS Decision

Headnote

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

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 53, 72(3), 74(1)

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

AND

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

AND

IN THE MATTER OF
ALTAMIRA MANAGEMENT LTD.

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, Nova Scotia, Newfoundland, New Brunswick, Prince Edward Island, Yukon Territory, Northwest Territories and Nunavut Territory (the "Jurisdictions") has received an application from Altamira Management Ltd. (the "Applicant"), as proposed manager and trustee of certain funds (the "Funds") to be established by the Applicant, for a decision pursuant to the securities legislation and securities directions of the Jurisdictions (the "Legislation") that certain distributions of units of the Funds (the "Units") by the Funds to their respective unitholders not be subject to the prospectus requirements contained in the Legislation, other than the Legislation of the provinces of Saskatchewan, British Columbia, Alberta, Nova Scotia, the Northwest Territories and Nunavut Territory (the "Prospectus Requirements"), subject to certain conditions, and that the requirement in the Legislation and the Decision (as defined below) to file a report of an Exempt Trade (as defined below) within 10 days of such Exempt Trade shall not apply to the Funds, subject to certain conditions;

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

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

1. The Applicant is a corporation continued under the laws of the Province of Ontario. The Applicant is registered under the Legislation as an advisor in the categories of investment counsel and portfolio manager. The Applicant is not a reporting issuer or the equivalent under the Legislation.

2. In order to service certain of its present and future clients, the Applicant proposes to establish a group of pooled funds to be called The Altamira Private Investment Funds pursuant to a single declaration of trust (the "Declaration of Trust"). It is expected that the Funds will initially consist of 6 separate Funds designated as Altamira Private Canadian Equity Fund, Altamira Private Canadian Income Fund, Altamira Private U.S. Equity Fund, Altamira Private European Equity Fund, Altamira Private Asian Equity Fund and Altamira Private Science and Technology Fund. The Funds will be constituted and maintained as separate investment trusts. Additional funds may be established from time to time and shall be subject to the provisions of the Declaration of Trust.

3. The Applicant will act as manager and investment manager of each of the Funds, and pursuant to approval of the Commission dated May 12, 2000, will also act as trustee of the Funds.

4. Units will not be offered by prospectus, however, an offering memorandum containing applicable prescribed rights of action and rescission will be delivered to prospective investors in respect of each of the Funds.

5. The assets of each Fund will be invested from time to time upon the advice of the Applicant based on the objectives, policies and restrictions of such Fund as set forth in the Declaration of Trust and described in the offering memorandum of the Funds.

6. An unlimited number of Units will be offered to qualified members of the public by each of the Funds and will be distributed on a continuous basis.

7. Units will be redeemable upon the request of a unitholder at the net asset value per Unit on a valuation date, all as set out in the Declaration of Trust and the offering memorandum.

8. None of the Funds will be a reporting issuer or the equivalent as defined in the Legislation and the Units of the Funds will not be listed on any stock exchange.

9. Units of each of the Funds will be offered to residents in all Provinces and Territories of Canada, and except in the provinces of Alberta, New Brunswick, the Northwest Territories and Nunavut Territory, may be sold by Altamira Financial Services Ltd., a mutual fund dealer registered in all provinces and territories of Canada.

10. In the provinces of Alberta and New Brunswick, the Northwest Territories and Nunavut Territory, Units will only be sold through appropriately registered dealers until such time as Altamira Financial Services Ltd. applies for and receives the appropriate exemptions or relief under the Legislation of the provinces of Alberta, New Brunswick, the Northwest Territories and Nunavut Territory.

11. In the province of British Columbia, Altamira Financial Services Ltd. and any other mutual fund dealers offering the Units for sale will comply with all conditions of registration imposed on such dealers in connection with the offering of such Units.

12. The minimum initial investment (the "Initial Investment") in any Fund will not be less than $150,000 and will be made in reliance on applicable prospectus exemptions contained in the Legislation.

13. It is proposed that existing unitholders who have made an Initial Investment in a Fund be permitted to acquire additional units (the "Additional Units") of the same Fund with an aggregate acquisition cost of less than $150,000 by:

    (a) automatically reinvesting distributions otherwise receivable by the unitholder which are attributable to outstanding Units; or

    (b) subscribing and paying for Additional Units with an aggregate acquisition cost of not less than $10,000.

14. No unitholder will be permitted to acquire Additional Units in a Fund at an acquisition cost of less than $150,000 unless, at the time of subsequent acquisition, the unitholder holds Units in the same Fund which have either an aggregate acquisition cost or an aggregate net asset value of at least $150,000.

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

AND WHEREAS each of the Decision Makers 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:

A. the Prospectus Requirements do not apply to the purchase of Additional Units in a Fund provided that:

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

    (b) at the time of acquisition of Additional Units, the unitholder then owns Units of the same Fund having either an aggregate acquisition cost or an aggregate net asset value of not less than $150,000;

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

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

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

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

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

        (iv) the Additional Units have been held for a period of at least 18 months from the later of the date they were acquired by the seller of the Additional Units or the date the Fund became a reporting issuer or the equivalent in the applicable Jurisdiction.

B. the requirement contained in the Legislation and the Decision to file a report of an Initial Investment or subscription for Additional Units (the "Exempt Trades") within 10 days of such trade shall not apply, except in the Province of Manitoba, in connection with the Exempt Trades, provided that within 30 days after each financial year end of the Funds:

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

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

October 31st, 2000.

"Robert W. Davis" " J.F. Howard"

2.1.2 Draig Enery 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.

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, ONTARIO AND QUEBEC

AND

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

AND

IN THE MATTER OF DRAIG ENERGY LTD.

MRRS DECISION DOCUMENT

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

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

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

3.1 Draig was incorporated pursuant to the *Business Corporation Act* (Alberta) (the "ABCA") on June 8, 1992 as 531366 Alberta Ltd. and changed its name to Draig Resources Ltd. on July 3, 1992. On June 11, 1997, the name of the Corporation was changed to Draig Energy Ltd. and its common shares were consolidated on the basis of one Common Share for every two issued and outstanding shares;

3.2 Draig is authorized to issue an unlimited number of common shares ("Common Shares"), an unlimited number of first preferred shares (the "First Preferred Shares"), and an unlimited number of second preferred shares. The First Preferred Shares are issuable in series with such rights, privileges, restrictions and

conditions as the board of directors of Draig shall determine. One series of First Preferred Shares (the "First Preferred Shares Series A") has been issued;

3.3 as at August 17, 2000, the issued and outstanding securities of Draig consisted of 13,026,173 Common Shares and 437,500 First Preferred Shares;

3.4 the Common Shares were listed on The Alberta Stock Exchange (the "ASE") and began trading on a consolidated basis on August 15, 1997. On January 14, 1999, the Common Shares commenced trading on The Toronto Stock Exchange ("TSE"), and on March 31, 1999 Draig voluntarily delisted from the ASE;

3.5 by way of an Offer to Purchase and Circular dated June 8, 2000 (as amended by a Notice of Extension dated June 30, 2000), NAL Oil & Gas Trust ("NAL") made an offer to purchase all of the issued and outstanding Common Shares and First Preferred Shares Series A of Draig;

3.6 NAL subsequently became the sole shareholder of Draig by acquiring, on July 24, 2000, the remaining Common Shares and First Preferred Shares Series A pursuant to the compulsory acquisition provisions of the ABCA;

3.7 at the close of trading on July 24, 2000, the Common Shares were delisted by the TSE, and as a result, Draig does not have any securities listed on any exchange or organized market;

3.8 on July 28, 2000, NAL sold all of the Common Shares and First Preferred Shares Series A to NAL Oil & Gas Ltd. ("NOG"), a wholly-owned subsidiary of NAL;

3.9 as at August 17, 2000, Draig had no outstanding securities other than the Common Shares and the First Preferred Shares Series A owned by NOG;

3.10 Draig is a reporting issuer under the Legislation, and is not in default of any requirement thereunder; and

3.11 Draig 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 Draig is deemed to have ceased to be a reporting issuer as of the date of this Decision.

DATED at Calgary, Alberta this 4th day of October, 2000.

"Patricia Johnston"
Director, Legal Services & Policy Development

2.1.3 Legacy Hotels Real Estate Investment Trust et al. - MRRS Decision

Headnote

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

Applicable Ontario Statutes

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

Applicable Ontario Regulations

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

Applicable Ontario Rules

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

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

AND

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

AND

IN THE MATTER OF
LEGACY HOTELS REAL ESTATE INVESTMENT TRUST
AND
RBC DOMINION SECURITIES INC.
AND
CIBC WORLD MARKETS INC.
AND
TD SECURITIES INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Ontario, Quebec and Newfoundland (the "Jurisdictions") has received an application from RBC Dominion Securities Inc. ("RBC DS") on behalf of itself, CIBC World Markets Inc. ("CIBC WM") and TD Securities Inc. ("TDSI") (collectively, the "Applicants") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation to comply with the rule against acting as an underwriter in connection with a distribution of securities of a related or connected issuer of the underwriter (the "Independent Underwriter Requirement") shall not apply to the Applicants in connection with a proposed distribution (the "Offering") of Series 3 Debentures (the "Debentures") by Legacy Hotels Real Estate Investment Trust (the "Issuer") to be made by means of a short form prospectus;

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 Applicants have represented to the Decision Makers that:

1. The Issuer is an unincorporated closed-end real estate investment trust (a REIT), governed by the laws of the Province of Alberta. The Issuer has been a reporting issuer (or equivalent thereof) under the securities legislation of all of the provinces of Canada since October 29, 1997. The Issuer is not in default of any of the requirements of the securities legislation of any of the provinces of Canada;

2. The Issuer's principal place of business and location of its senior officers is the Province of Ontario;

3. As at September 30, 2000, the Issuer has outstanding 67,496,893 units and $400 million debentures;

4. The Issuer was established to invest in hotels and undertake related activities for the benefit of its unitholders. The day-to-day operations and administration of the Issuer are conducted by Canadian Pacific Hotel Management Corporation pursuant to an Advisory Agreement with the Issuer dated as of November 10, 1997 in accordance with operating policies established by the trustees of the Issuer;

5. The Issuer intends to file a preliminary short form prospectus (the "Preliminary Prospectus") shortly and intends to file a final short form prospectus (the "Prospectus") as soon as possible thereafter with each of the securities regulatory authorities in the provinces of Canada to qualify the Offering;

6. The Issuer will enter into an underwriting agreement with the Applicants and other underwriters yet to be named (collectively with the Applicants, the "Underwriters") whereby the Issuer will agree to issue and sell, and the Underwriters will agree to purchase as principal and not as agent, the Debentures;

7. At this time, the exact percentage of the Offering to be underwritten by each of the Underwriters has not been finally determined, although it is anticipated that the Applicants will underwrite, in the aggregate, up to 80% of the Offering. At least 20% of the Offering will be underwritten, in the aggregate, by Underwriters in respect of which the Issuer is not a connected issuer (the "Un-connected Underwriters");

8. The Issuer arranged an acquisition facility (the "Acquisition Facility") with Royal Bank of Canada ("RBC"), Canadian Imperial Bank of Commerce ("CIBC") and The Toronto Dominion Bank ("TD") (collectively, the "Banks") by agreement dated as of December 24, 1997. Pursuant to the Acquisition Facility, the commitment of RBC, CIBC and TD are $40 million, $35 million and $25 million, respectively. RBC DS is a wholly-owned subsidiary of RBC, CIBC WM is a wholly-owned subsidiary of CIBC, and TDSI is a wholly-owned subsidiary of TD. In addition, Legacy Hotels Corporation, a wholly-owned subsidiary of the Issuer, has a revolving operating credit facility with RBC (the "Operating Facility", and, together with the Acquisition Facility, the "Credit Facility"); as at September 30, 2000, no amounts were outstanding under the Operating Facility. As at September 30, 2000, the Issuer owed $20 million to the Banks pursuant to the Acquisition Facility; the approximate allocation of such indebtedness is as follows:

RBC:	$7 million
CIBC:	$8 million
TD:	$5 million

9. The proceeds of the Offering, before deducting the Underwriters' fees and expenses of the Offering, are currently expected to be approximately $125 million. It is currently anticipated that the net proceeds of the Offering will be used to (i) as to $75 million to directly or indirectly repay the Issuer's outstanding series 1A debentures maturing November 15, 2000, (ii) as to $20 million to repay the indebtedness under the Acquisition Facility, and (iii) as to the balance for general purposes of the Issuer, and its subsidiaries including additions to the Issuer's portfolio of hotels, capital improvements and equipment purchases, and repayment of indebtedness, if any, under the Credit Facility. This use of proceeds will be disclosed in the Preliminary Prospectus and in the Prospectus;

10. Accordingly, the Issuer may be considered a "connected issuer" (or its equivalent), as such term is described in the Legislation, of the Applicants. The Issuer is not a "related issuer" (or its equivalent), as such term is described in the Legislation, of the Applicants;

11. Because the Issuer may be considered a connected issuer of the Applicants, the underwriting syndicate may not comply with the proportional requirements of the Legislation;

12. In connection with the Offering, the Issuer is neither a "related issuer" nor a "connected issuer" (or its equivalent), as such term is described in the Legislation, in respect of the Un-connected Underwriters;

13. The Applicants are registered under the Legislation in the categories of "broker" and "investment dealer";

14. The nature and details of the relationship between the Issuer, the Applicants, RBC, CIBC, TD and the Un-connected Underwriters will be described in the Preliminary Prospectus and in the Prospectus;

15. The Applicants will receive no benefit relating to the Offering other than the payment of their fees in connection therewith;

16. The decision to issue the Debentures, including the determination of the terms of the distribution, were made through negotiations between the Issuer and the Applicants without the involvement of RBC and/or CIBC and/or TD;

17. The Un-connected Underwriters will underwrite, in the aggregate, 20% of the Offering and have participated in the due diligence relating to the Offering and in the structuring and pricing of the Offering. The extent of such participation will be described in the Preliminary Prospectus and in the Prospectus;

18. The Issuer is in good financial condition and is not a "specified party" as defined in Proposed Multi-Jurisdictional Instrument 33-105 - Underwriting Conflicts (the "Instrument");

19. The Issuer is not a "related issuer", as defined in the Instrument, of any of the Applicants;

20. The Prospectus will contain the information required by Appendix C to the Instrument; and

21. The certificate in the Preliminary Prospectus and in the Prospectus will be signed by each of the Underwriters as required by the Legislation.

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

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

THE DECISION of the Decision Makers under the Legislation is that the Independent Underwriter Requirement shall not apply to the Applicants in connection with the Offering provided that the Issuer is not a "related issuer" (or its equivalent), as such term is defined in the Legislation and as such term is defined in the Instrument, to the Applicants at the time of the Offering and the Issuer is not a "specified party" as defined in the Instrument at the time of the Offering.

November 3rd, 2000.

"R.W. Davis" "M.P. Carscallen"

2.1.4 Siebel Systems et al. - MRRS Decisions

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from the regulation and prospectus requirements in respect of certain trades made in connection with an acquisition by statutory arrangement involving reporting Canadian issuer and U.S. company where exemptions not available for technical reasons.

Continuous disclosure - Canadian reporting issuer exempted from continuous disclosure requirements, subject to certain conditions. Disclosure required to be provided by such provisions would not be meaningful to shareholders.

Applicable Ontario Statutes

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

Applicable Ontario Rules

Rule 45-501 - *Exempt Distributions* (1998) 21 OSCB 6548, ss. 2.8 and 3.11

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

AND

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

AND

IN THE MATTER OF
SIEBEL SYSTEMS, INC., SIEBEL JANNA ARRANGEMENT, INC., JANNA NOVA SCOTIA SUB COMPANY AND JANNA SYSTEMS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland, the Yukon Territory, the Northwest Territories and Nunavut (collectively, the "Jurisdictions") has received an application from Siebel Systems, Inc. ("Siebel"), 2000066 Ontario Inc. (subsequently renamed "Siebel Janna Arrangement, Inc." and hereinafter referred to as "ExchangeCo") and 3045856 Nova Scotia Company (subsequently renamed "Janna Nova Scotia Sub Company" and hereinafter referred to as "Nova Scotia Co") (collectively, the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

a. the trades of securities involved in connection with the proposed acquisition (the "Transaction") by Siebel of Janna Systems Inc. ("Janna") to be effected by way of an Arrangement (defined below) shall be exempt from the registration and prospectus requirements of the Legislation;

b. ExchangeCo be exempt from the requirements of the Legislation to issue a press release and report material changes, to file with the Decision Makers and deliver to shareholders interim financial statements, audited annual comparative financial statements and an annual report, where applicable, and information circulars (or to make an annual filing in lieu thereof) and annual information forms (including management's discussion and analysis of the financial condition and results of operation of ExchangeCo); and

c. each "insider" (as such term is defined in the Legislation) of ExchangeCo be exempt from the insider reporting requirements of the Legislation.

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

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

1. Siebel, Janna, ExchangeCo and Nova Scotia Co have entered into an arrangement agreement dated September 11, 2000 (the "Arrangement Agreement") providing for the Transaction to be effected by way of an arrangement (the "Arrangement") under section 182 of the *Business Corporations Act* (Ontario) ("OBCA") involving Janna, holders of common shares of Janna ("Janna Common Shares"), holders of options to acquire Janna Common Shares ("Janna Options"), holders of warrants to acquire common shares of Janna ("Janna Warrants"), if any, ExchangeCo and Nova Scotia Co.

2. Siebel is a Delaware corporation and is currently subject to the informational requirements of the United States Securities Exchange Act of 1934, as amended, and is not a "reporting issuer" under the Legislation. The common stock of Siebel ("Siebel Common Stock") is quoted on the NASDAQ National Market ("NASDAQ"). Siebel's principal corporate offices are located at 2207 Bridgepointe Parkway, San Mateo, California 94402.

3. The authorized share capital of Siebel consists of 800,000,000 shares of Siebel Common Stock and 2,000,000 shares of undesignated preferred stock issuable in series. The shares of Siebel Common Stock are fully participating voting shares. As of September 30, 2000, there were 421,549,997 shares of Siebel Common Stock issued and outstanding.

4. As part of the Transaction, Siebel will issue out of its preferred stock one special voting share (the "Special

Voting Share") to Montreal Trust Company of Canada (the "Trustee") which will be appointed as trustee under the Voting and Exchange Trust Agreement (described below).

5. ExchangeCo, an OBCA corporation, is an indirect subsidiary of Siebel and a direct subsidiary of Nova Scotia Co.

6. The authorized share capital of ExchangeCo consists of an unlimited number of common shares and an unlimited number of exchangeable shares (the "Exchangeable Shares"). As of September 11, 2000, there were 100 Common Shares of ExchangeCo issued and outstanding, all of which were held indirectly by Siebel.

7. Application has been made to list the Exchangeable Shares on The Toronto Stock Exchange (the "TSE") and the TSE has conditionally approved the listing of the Exchangeable Shares, subject to the customary requirements of the TSE. Siebel will list the shares of Siebel Common Stock issuable pursuant to the Arrangement and upon the exchange of Exchangeable Shares on NASDAQ.

8. Upon completion of the Transaction, and subject, in certain Jurisdictions, to the Exchangeable Shares being listed on the TSE, ExchangeCo will become or be deemed to be a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Québec, Nova Scotia and Newfoundland by virtue of the provisions of the Legislation of such provinces.

9. Nova Scotia Co is an indirect, wholly-owned subsidiary of Siebel. Nova Scotia Co is an unlimited liability company formed under the laws of the Province of Nova Scotia to hold all of the common shares of ExchangeCo, to participate in the Transaction by delivering shares of Siebel Common Stock to holders of Janna Common Shares electing, or deemed to have elected, to receive them under the Arrangement and to hold the various call rights related to the Exchangeable Shares.

10. The authorized capital of Nova Scotia Co consists of 100,000,000,000,000 Common Shares. As of September 11, 2000, there were 100 Common Shares of Nova Scotia Co issued and outstanding, all of which were indirectly beneficially owned by Siebel.

11. Janna is a corporation incorporated under the OBCA. Janna's registered office is located at 3080 Yonge Street, Suite 6020, Toronto, Ontario M4N 3N1. Janna is, and since July 19, 1996 has been, a reporting issuer, or treated as a reporting issuer, in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland. To the knowledge of Siebel, ExchangeCo and Nova Scotia Co, Janna is not in default of any requirements under the Legislation of those Jurisdictions.

12. The authorized share capital of Janna consists of an unlimited number of preference shares and an unlimited number of Janna Common Shares. As of September 11, 2000, there were no preference shares and 18,883,739 Janna Common Shares issued and outstanding. As of September 11, 2000, no debt securities of Janna were outstanding. As of September 30, 2000, no Janna Warrants were outstanding.

13. Janna Options were granted pursuant to the Janna Amended and Restated Share Compensation Plan. As of September 11, 2000, there were Janna Options outstanding which, when vested, would be exercisable to acquire a total of 3,147,900 Janna Common Shares. Upon the Arrangement becoming effective, each Janna Option will become an option to purchase a number of shares of Siebel Common Stock equal to the product obtained by multiplying 0.497 by the number of Janna Common Shares subject to the Janna Option rounding down to the nearest share (a "Replacement Option"). Such Replacement Option will provide for an exercise price per share of Siebel Common Stock equal to the U.S. dollar equivalent of the per share exercise price of such Janna Option immediately prior to the effective time of the Arrangement divided by the set exchange ratio (of 0.497), rounding up to the nearest whole cent. The term to expiry, conditions to and manner of exercising and all other terms and conditions of such Replacement Options will be unchanged from those of the relevant Janna Option.

14. The parties obtained an interim order (the "Interim Order") dated October 13, 2000 from the Ontario Superior Court of Justice (the "Court") in respect of the Arrangement. The Interim Order provides for the calling and holding of a special meeting of the holders of the Janna Common Shares and the Janna Options (the "Janna Meeting") to consider the Arrangement and requires that the Arrangement must be approved by the holders of Janna Common Shares and Janna Options (collectively, the "Securityholders") by at least two-thirds of the votes cast by the Securityholders voting as a single class. Following the approval by the Securityholders, the Arrangement is subject to approval of the Court to be granted in the final order.

15. In connection with the Janna Meeting, Janna has prepared and delivered to the holders of the Janna Common Shares a management information circular (the "Janna Circular") dated October 13, 2000 and delivered on October 18, 2000. The Janna Circular was prepared in accordance with applicable OBCA requirements and the Legislation and contains prospectus-level disclosure concerning the Transaction, the Arrangement, Siebel and Janna.

16. Pursuant to the Arrangement, each Janna Common Share (other than those held by dissenting holders, Siebel or any affiliates of Siebel) will, at the option of the holder thereof, be exchanged for either a fraction of an Exchangeable Share or a fraction of a share of Siebel Common Stock equal to a set exchange ratio provided that any holder of Janna Common Shares who is not a Canadian resident will not be entitled to receive Exchangeable Shares and will be required to receive shares of Siebel Common Stock and provided that a holder must make the same election in respect of all Janna Common Shares held or the election will not be

effective. Any holder of Janna Common Shares who does not make an effective election by the election deadline will automatically receive Exchangeable Shares for Janna Common Shares on the effective date of the Arrangement, other than holders of Janna Common Shares who are not Canadian residents who will automatically receive shares of Siebel Common Stock for Janna Common Shares. No Janna Common Shares will be outstanding after the effective date of the Arrangement.

17. No fractional Exchangeable Shares or fractional shares of Siebel Common Stock will be delivered in exchange for Janna Common Shares pursuant to the Arrangement. In lieu of any such fractional shares, each holder of Janna Common Shares who would otherwise be entitled to receive a fraction of an Exchangeable Share or a fraction of a share of Siebel Common Stock, as the case may be, will receive a cash payment equal to such holder's pro rata portion of the net proceeds received by the depository upon the sale in the open market of whole shares representing an accumulation of all fractional interests in Exchangeable Shares or shares of Siebel Common Stock, as the case may be, to which all such holders would otherwise be entitled.

18. Each holder of Janna Common Shares who receives shares of Siebel Common Stock pursuant to the Arrangement will receive such shares from Nova Scotia Co in exchange for the Janna Common Shares held by such holder. Each holder of Janna Common Shares who receives Exchangeable Shares pursuant to the Arrangement will receive such shares from ExchangeCo in exchange for Janna Common Shares held by such holder.

19. The Exchangeable Shares, together with the Voting and Exchange Trust Agreement to be entered into by Siebel, ExchangeCo and the Trustee contemporaneously with the closing of the Transaction, will provide holders thereof with a security of a Canadian issuer having economic and voting rights which are, as nearly as practicable, equivalent to those of a share of Siebel Common Stock. The Exchangeable Shares will be exchangeable by a holder thereof for shares of Siebel Common Stock on a one-for-one basis at any time at the option of such holder and will be required to be exchanged upon the occurrence of certain events. The Exchangeable Shares are subject to adjustment or modification in the event of a stock split or other change to the capital structure of Siebel so as to maintain at all times the initial one-to-one relationship between the Exchangeable Shares and shares of Siebel Common Stock.

20. The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares (the "Exchangeable Share Provisions") provide that each Exchangeable Share will entitle the holder to dividends from ExchangeCo payable at the same time as, and equivalent to, each dividend paid by Siebel on a share of Siebel Common Stock.

21. The Exchangeable Shares will be non-voting (except as required by the Exchangeable Share Provisions or by applicable law) and will be retractable at the option of the holder at any time. Subject to the overriding retraction call right of Nova Scotia Co, upon retraction the holder will be entitled to receive from ExchangeCo for each Exchangeable Share retracted an amount equal to the current market price of a share of Siebel Common Stock on the last business day prior to the retraction date, to be satisfied by the delivery of one share of Siebel Common Stock, 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, being the "Retraction Price"). Upon being notified by ExchangeCo of a proposed retraction of Exchangeable Shares, Nova Scotia Co will have an overriding retraction call right to purchase from the holder all of the Exchangeable Shares that are the subject of the retraction notice for a price per share equal to the Retraction Price, to be satisfied by the delivery of one share of Siebel Common Stock, together with, on the designated payment date therefor, all declared and unpaid dividends on each such purchased Exchangeable Share held by the holder on any dividend record date prior to the date of purchase.

22. Subject to applicable law and the overriding redemption call right of Nova Scotia Co, ExchangeCo will be entitled to redeem all but not less than all of the then outstanding Exchangeable Shares on and after November 30, 2005 (the "Redemption Date"). In certain circumstances, the Board of Directors of ExchangeCo may accelerate the Redemption Date. Upon such redemption, a holder will be entitled to receive from ExchangeCo for each Exchangeable Share redeemed an amount equal to the current market price of a share of Siebel Common Stock on the last business day prior to the Redemption Date, to be satisfied by the delivery of one share of Siebel Common Stock, together with, on the designated payment date therefor, all declared and unpaid dividends on each such redeemed Exchangeable Share held by the holder on any dividend record date prior to the Redemption Date (such aggregate amount, being the "Redemption Price"). Upon being notified by ExchangeCo of a proposed redemption of Exchangeable Shares, Nova Scotia Co will have an overriding redemption call right to purchase, on the Redemption Date, all but not less than all of the then outstanding Exchangeable Shares (other than Exchangeable Shares held by Siebel and affiliates of Siebel) for a price per share equal to the Redemption Price, to be satisfied by the delivery of one share of Siebel Common Stock, together with, on the designated payment date therefor, all declared and unpaid dividends on each such purchased Exchangeable Share held by the holder on any dividend record date prior to the date of purchase. Upon the exercise of the overriding redemption call right by Nova Scotia Co, holders will be obligated to sell their Exchangeable Shares to Nova Scotia Co. If Nova Scotia Co exercises its overriding redemption call right, ExchangeCo's right and obligation to redeem the Exchangeable Shares on the Redemption Date will terminate.

23. Subject to the overriding liquidation call right of Nova Scotia Co, in the event of the liquidation, dissolution or winding-up of ExchangeCo or any other distribution of the assets of ExchangeCo among its shareholders for the purpose of winding up its affairs, holders of Exchangeable Shares will have a preferential right, subject to applicable law, to receive from ExchangeCo an amount equal to the current market price of a share of Siebel Common Stock on the last business day prior to the liquidation date to be satisfied by the delivery of one share of Siebel Common Stock together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each Exchangeable Share held by the holder on any dividend record date prior to the liquidation date. Upon a proposed liquidation, dissolution or winding-up of ExchangeCo, Nova Scotia Co will have an overriding liquidation call right to purchase from all but not less than all of the holders of Exchangeable Shares (other than Exchangeable Shares held by Siebel and affiliates of Siebel) on the effective date of such liquidation, dissolution or winding-up (the "Liquidation Date") all but not less than all of the Exchangeable Shares held by each such holder for a price per share equal to the current market price of a share of Siebel Common Stock on the last business day prior to the Liquidation Date, to be satisfied by the delivery of one share of Siebel Common Stock, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each such Exchangeable Share held by such holder on any dividend record date prior to the date of purchase by Nova Scotia Co.

24. Under the Voting and Exchange Trust Agreement, Siebel will grant to the Trustee for the benefit of the holders of the Exchangeable Shares a right (the "Exchange Right"), exercisable upon the insolvency of ExchangeCo, to require Siebel to purchase from a holder of Exchangeable Shares all or any part of the Exchangeable Shares held by that holder. The purchase price for each Exchangeable Share purchased by Siebel under the Exchange Right will be an amount equal to the current market price of a share of Siebel Common Stock on the last business day prior to the day of closing the purchase and sale of such Exchangeable Share under the Exchange Right, to be satisfied by the delivery to the Trustee, on behalf of the holder, of one share of Siebel Common Stock, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on such Exchangeable Share held by the holder on any dividend record date prior to the closing of the purchase and sale.

25. Upon the liquidation, dissolution or winding-up of Siebel, all Exchangeable Shares held by holders (other than Exchangeable Shares held by affiliates of Siebel) will be automatically exchanged for shares of Siebel Common Stock pursuant to the Voting and Exchange Trust Agreement, in order that holders of Exchangeable Shares will be able to participate in the dissolution of Siebel on a pro rata basis with the holders of shares of Siebel Common Stock. Under the Voting and Exchange Trust Agreement, upon the liquidation, dissolution or winding-up of Siebel, Siebel will be required to purchase each outstanding Exchangeable Share, and each holder will be required to sell the Exchangeable Shares held by that holder (such purchase and sale obligations are hereafter referred to as the "Automatic Exchange Right"), for a purchase price per share equal to the current market price of a share of Siebel Common Stock on the fifth business day prior to the effective date of the liquidation, dissolution or winding-up of Siebel, to be satisfied by the delivery to the Trustee, on behalf of the holder, of one share of Siebel Common Stock, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each such Exchangeable Share held by the holder on any dividend record date prior to the date of the exchange.

26. The Special Voting Share will be authorized for issuance pursuant to the Arrangement Agreement and, pursuant to the Arrangement, will be issued to the Trustee for the benefit of the holders of the Exchangeable Shares outstanding from time to time (other than Siebel and its affiliates). Except as otherwise required by applicable law or the Siebel charter, the Special Voting Share will be entitled to that number of votes, exercisable at any meeting of the holders of shares of Siebel Common Stock, equal to the number of Exchangeable Shares outstanding from time to time not owned by Siebel and its affiliates. Each voting right attached to the Special Voting Share must be voted by the Trustee pursuant to the instructions of the holder of the related Exchangeable Share. In the absence of any such instructions from a holder as to voting, the Trustee will not be entitled to exercise the related voting rights. Upon the exchange of all of a holder's Exchangeable Shares for shares of Siebel Common Stock, all rights of such holder of Exchangeable Shares to instruct the Trustee to exercise votes attached to the Special Voting Share will cease.

27. On or before the effective date of the Arrangement, Siebel, ExchangeCo and Nova Scotia Co will enter into an Exchangeable Share Support Agreement which will provide that: (i) Siebel will not declare or pay any dividends on the shares of Siebel Common Stock unless ExchangeCo is able to declare and pay, and simultaneously declares and pays, as the case may be, an equivalent dividend on the Exchangeable Shares; (ii) Siebel will ensure that ExchangeCo and Nova Scotia Co will be able to honour the redemption and retraction rights and liquidation entitlements under the Exchangeable Share Provisions and the related redemption, retraction and liquidation call rights described above; and (iii) Siebel will cause Nova Scotia Co to exercise its overriding retraction call right if required to do so by a holder of Exchangeable Shares and in the event that Siebel becomes a "specified financial institution" (as such term is defined in the *Income Tax Act* (Canada)) or does not deal at arm's length with such a person.

28. The steps under the Transaction and the attributes and rights of the Exchangeable Shares contained in the Exchangeable Share Provisions, the Voting and Exchange Trust Agreement and the Exchangeable

Share Support Agreement involve or may involve a number of trades of securities, including trades related to the issuance of the Exchangeable Shares and shares of Siebel Common Stock pursuant to the Transaction or upon the issuance of shares of Siebel Common Stock in exchange for Exchangeable Shares including the following:

a. the issuance and intra-group transfers of shares of Siebel Common Stock and related issuances of shares of Siebel affiliates in consideration therefor, all by and between Siebel and its affiliates, to enable Nova Scotia Co to deliver shares of Siebel Common Stock required in connection with the Arrangement or the operation of the Exchangeable Share Provisions or the Voting and Exchange Trust Agreement;

b. the delivery of shares of Siebel Common Stock by Nova Scotia Co to holders of Janna Common Shares and the transfer of Janna Common Shares by holders to Nova Scotia Co, as part of the Arrangement;

c. the issuance of Exchangeable Shares by ExchangeCo to holders of Janna Common Shares and the transfer of Janna Common Shares by holders to ExchangeCo, as part of the Arrangement;

d. the sale by the depository of the accumulated fractional share interests in Exchangeable Shares or Siebel Common Stock, and the distribution of the cash proceeds thereof to former holders of Janna Common Shares;

e. Janna Options becoming Replacement Options as part of the Arrangement and the issuance and delivery of shares of Siebel Common Stock by Siebel to a holder of a Replacement Option or a holder of a Siebel option upon the exercise thereof;

f. the grant by Siebel to the Trustee for the benefit of holders of Exchangeable Shares, pursuant to the Voting and Exchange Trust Agreement, of the Exchange Right, the Automatic Exchange Right and the voting rights pursuant to the Special Voting Share;

g. the creation of the call rights in favour of Nova Scotia Co referred to above;

h. the issuance by Siebel, pursuant to the Voting and Exchange Trust Agreement, of the Special Voting Share to the Trustee for the benefit of the holders of the Exchangeable Shares;

i. the issuance and intra-group transfers of shares of Siebel Common Stock and related issuances of shares of Siebel affiliates in consideration therefor, all by and between Siebel and its affiliates, from time to time to enable ExchangeCo to deliver shares of Siebel Common Stock to a holder of Exchangeable Shares upon a retraction of the Exchangeable Shares held by such holder, and the subsequent delivery thereof by ExchangeCo upon such retraction;

j. the transfer of Exchangeable Shares by the holder to ExchangeCo upon the holder's retraction of Exchangeable Shares;

k. the issuance and intra-group transfers of shares of Siebel Common Stock and related issuances of shares of Siebel affiliates in consideration therefor, all by and between Siebel and its affiliates, from time to time to enable Nova Scotia Co to deliver shares of Siebel Common Stock to a holder of Exchangeable Shares in connection with Nova Scotia Co's exercise of its overriding retraction call right, and the subsequent delivery thereof by Nova Scotia Co upon the exercise of such overriding retraction call right;

l. the transfer of Exchangeable Shares by the holder to Nova Scotia Co upon Nova Scotia Co exercising its overriding retraction call right;

m. the issuance and intra-group transfers of shares of Siebel Common Stock and related issuances of shares of Siebel affiliates in consideration therefor, all by and between Siebel and its affiliates, to enable ExchangeCo to deliver shares of Siebel Common Stock to holders of Exchangeable Shares upon the redemption of the Exchangeable Shares, and the subsequent delivery thereof by ExchangeCo upon such redemption;

n. the transfer of Exchangeable Shares by holders to ExchangeCo upon the redemption of Exchangeable Shares;

o. the issuance and intra-group transfers of shares of Siebel Common Stock and related issuances of shares of Siebel affiliates in consideration therefor, all by and between Siebel and its affiliates, to enable Nova Scotia Co to deliver shares of Siebel Common Stock to holders of Exchangeable Shares in connection with Nova Scotia Co's exercise of its overriding redemption call right, and the subsequent delivery thereof by Nova Scotia Co upon the exercise of such overriding redemption call right;

p. the transfer of Exchangeable Shares by holders to Nova Scotia Co upon Nova Scotia Co exercising its overriding redemption call right;

q. the issuance and intra-group transfers of shares of Siebel Common Stock and related issuances of shares of Siebel affiliates in consideration therefor, all by and between Siebel and its affiliates, to enable ExchangeCo to deliver shares of Siebel Common Stock to holders of Exchangeable Shares on the liquidation, dissolution or winding-up of ExchangeCo and

the subsequent delivery thereof by ExchangeCo upon such liquidation, dissolution or winding-up;

r. the transfer of Exchangeable Shares by holders to ExchangeCo on the liquidation, dissolution or winding-up of ExchangeCo;

s. the issuance and intra-group transfers of shares of Siebel Common Stock and related issuances of shares of Siebel affiliates in consideration therefor, all by and between Siebel and its affiliates, to enable Nova Scotia Co to deliver shares of Siebel Common Stock to holders of Exchangeable Shares in connection with Nova Scotia Co's exercise of its overriding liquidation call right, and the subsequent delivery thereof by Nova Scotia Co upon the exercise of such overriding liquidation call right;

t. the transfer of Exchangeable Shares by holders to Nova Scotia Co upon Nova Scotia Co exercising its overriding liquidation call right;

u. the issuance and delivery of shares of Siebel Common Stock by Siebel to a holder of Exchangeable Shares upon the exercise of the Exchange Right by such holder;

v. the transfer of Exchangeable Shares by a holder to Siebel upon the exercise of the Exchange Right by such holder;

w. the issuance and delivery of shares of Siebel Common Stock by Siebel to holders of Exchangeable Shares pursuant to the Automatic Exchange Right;

x. the transfer to ExchangeCo of Exchangeable Shares received by Nova Scotia Co as a result of the exercise of the Retraction Call Right, Redemption Call Right or Liquidation Call Right and the transfers by Siebel, directly or indirectly through intra-group transfers, to ExchangeCo of Exchangeable Shares received by Siebel upon the exercise of the Exchange Right and the Automatic Exchange and the issuance and delivery by ExchangeCo of Common Shares in exchange for such Exchangeable Shares; and

y. the transfer of Exchangeable Shares by a holder to Siebel pursuant to the Automatic Exchange Right.

(collectively, "the Trades").

29. A holder of Janna Common Shares will make one fundamental investment decision at the time when such holder votes in respect of the Arrangement. As a result of this decision, unless Exchangeable Shares are sold in the market, a holder of Janna Common Shares (other than a dissenting holder) will ultimately receive Exchangeable Shares or shares of Siebel Common Stock in exchange for the Janna Common Shares held by such holder. The Exchangeable Shares will provide certain Canadian tax benefits to certain Canadian holders but will otherwise be, as nearly as practicable, the economic and voting equivalent of the shares of Siebel Common Stock, and as such all subsequent exchanges of Exchangeable Shares are in furtherance of the holder's initial investment decision.

30. If not for income tax considerations, Canadian holders of Janna Common Shares could have received shares of Siebel Common Stock without the option of receiving Exchangeable Shares. The option in favour of certain holders of Janna Common Shares to ultimately receive Exchangeable Shares under the Arrangement will enable certain holders of Janna Common Shares to defer certain Canadian income tax and, provided that the Exchangeable Shares are listed on a prescribed stock exchange in Canada (which currently includes the TSE), will permit other holders to hold property that is not "foreign property" under the *Income Tax Act* (Canada).

31. As a result of the economic and voting equivalency between the Exchangeable Shares and the shares of Siebel Common Stock, holders of Exchangeable Shares will have a participating interest determined by reference to Siebel, rather than ExchangeCo. Accordingly, it is the information relating to Siebel, not ExchangeCo, that will be relevant to holders of both the shares of Siebel Common Stock and the Exchangeable Shares. Certain information required to be provided in respect of ExchangeCo as a reporting issuer under the Legislation or the equivalent under the Legislation would not be relevant (and arguably misleading) to the holders of Exchangeable Shares.

32. Siebel will send concurrently to all holders of shares of Siebel Common Stock resident in Canada all disclosure material furnished to holders of shares of Siebel Common Stock resident in the United States including, without limitation, copies of its annual financial statements and all proxy solicitation materials.

33. The Janna Circular discloses that, in connection with the Arrangement, applications have been made for prospectus, registration and resale exemptions and exemptions from disclosure and insider reporting obligations. The Janna Circular specifies the disclosure requirements from which ExchangeCo has applied to be exempted and identifies the disclosure that will be made in substitution therefor if such exemptions are granted.

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:

1. that the requirements contained in the Legislation to be registered to trade in a security, to file a preliminary

prospectus and a prospectus and receive receipts therefor shall not apply to any of the Trades made in connection with or pursuant to the Arrangement, the Voting and Exchange Trust Agreement and the Exchangeable Share Support Agreement;

2. the resale or first trade in Exchangeable Shares arising from a Trade shall be a deemed distribution or a primary distribution to the public under the Legislation of the Jurisdiction in which such resale or first trade takes place (the "Applicable Legislation") unless such resale or first trade is made in the following circumstances:

   (i) ExchangeCo is, or is deemed to be, a reporting issuer or the equivalent under the Applicable Legislation or, if ExchangeCo is not a reporting issuer or the equivalent pursuant to the Applicable Legislation, Siebel complies with the filing requirements of paragraph 4 below;

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

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

   (iv) disclosure of the exempt trade is made to the Decision Maker(s) (the Decision Makers hereby confirming that the filing of the Janna Circular with the Decision Makers at the time of mailing the Janna Circular to holders of Janna Common Shares constitutes disclosure to the Decision Makers of the exempt trade of Exchangeable Shares),

   then, in all Jurisdictions other than Quebec, such first trade is a distribution or a primary distribution to the public only if it is a trade made from the holdings of any person, company or combination of persons or companies holding a sufficient number of any securities of Siebel or ExchangeCo to affect materially the control of Siebel (any holding of any person, company or combination of persons or companies holding more than 20% of the outstanding voting securities of Siebel shall, in the absence of evidence to the contrary, be deemed to affect materially the control of Siebel, and for this purpose, shares in Siebel Common Stock and Exchangeable Shares are to be considered to be of the same class) but any such distribution or primary distribution to the public shall not be subject to the prospectus requirements of the Legislation of the Jurisdiction in which such trade takes place (the "Pertinent Legislation") if:

   (v) ExchangeCo is a reporting issuer or the equivalent under the Pertinent Legislation and is not in default of any requirement of the Pertinent Legislation;

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

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

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

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

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

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

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

(ix) the seller (or an affiliated entity) has held the Exchangeable Shares and/or the Janna Common Shares in the aggregate for a period of at least one year provided that if:

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

(b) the seller acquires Exchangeable Shares pursuant to any such prescribed exemptions,

all Exchangeable Shares held by the seller will be subject to a one year hold period commencing on the date any such subsequent Exchangeable Shares are acquired;

3. that the resale or first trade in shares of Siebel Common Stock arising from a Trade shall be a distribution or a primary distribution to the public under the Legislation unless such trade is executed through the facilities of a stock exchange or market outside of Canada and such first trade is made in accordance with the rules of the stock exchange or market upon which the trade is made in accordance with all laws applicable to such stock exchange or market; and

4. that the requirements contained in the Legislation to issue a press release and file a report with the Decision Makers upon the occurrence of a material change, file interim financial statements, audited annual comparative financial statements and an annual report, where applicable, with the Decision Makers and deliver such statements to the security holders of ExchangeCo, make an annual filing with the Decision Makers in lieu of filing an information circular and comply with insider reporting requirements shall not apply to ExchangeCo or any insider of ExchangeCo who is not otherwise an insider of Siebel, provided that, at the time that any such requirement would otherwise apply:

(i) Siebel sends to all holders of Exchangeable Shares resident in Canada all disclosure material furnished to holders of shares of Siebel Common Stock resident in the United States, including, without limitation, copies of its annual financial statements and all proxy solicitation materials;

(ii) Siebel files with the Decision Makers copies of all documents required to be filed by it with the United States Securities and Exchange Commission under the United States *Securities Exchange Act of 1934*, as amended, including, without limitation, copies of any Form 10-K, Form 10-Q, Form 8-K and proxy statements prepared in connection with Siebel's stockholders' meetings;

(iii) Siebel complies with the requirements of NASDAQ in respect of making public disclosure of material information on a timely basis and forthwith issues in Canada and files with the Decision Makers any press release that discloses a material change in Siebel's affairs;

(iv) prior to or coincident with the distribution of the Exchangeable Shares, Siebel causes ExchangeCo to provide to each recipient or proposed recipient of Exchangeable Shares resident in Canada a statement that, as a consequence of this Decision, ExchangeCo and its insiders will be exempt from certain disclosure requirements in Canada applicable to reporting issuers and their insiders and specifying those requirements ExchangeCo and its insiders have been exempted from and identifying the disclosure that will be made in substitution therefor (which may be satisfied by the inclusion of such a statement in the Janna Circular);

(v) ExchangeCo complies with the requirements of the Legislation in respect of making public disclosure of material information on a timely basis in respect of material changes in the affairs of ExchangeCo that would be material to holders of Exchangeable Shares but would not be material to holders of shares of Siebel Common Stock;

(vi) Siebel includes in all future mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise statement explaining the reason for the mailed material being solely in relation to Siebel and not in relation to ExchangeCo, such statement to include a reference to the economic equivalency between the Exchangeable Shares and the shares of Siebel Common Stock and the right to direct voting at Siebel's stockholders' meetings pursuant to the Voting and Exchange Trust Agreement;

(vii) Siebel remains the direct or indirect beneficial owner of all the issued and outstanding common shares of ExchangeCo;

(viii) ExchangeCo has not issued any securities to the public other than the Exchangeable Shares;

and with respect to relief from complying with insider reporting requirements, further provided that:

(ix) such insider of ExchangeCo does not receive, in the ordinary course, information as to material facts or material changes concerning Siebel before the material facts or material changes are generally disclosed; and

(x) such insider of ExchangeCo is not a director or senior officer of a "significant subsidiary", as such term is defined in a draft National Instrument 55-101: Exemptions from Certain Insider Reporting Requirements.

November 13th, 2000.

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

2.1.5 Bluestar Battery Systems International Corp. - MRRS Decision

Headnote

MRRS - Mutual Reliance Review System for exemptive relief - exemption from registration and prospectus requirements with respect to distribution of common shares to certain unsecured creditors in connection with a plan under the *Creditors' Companies Arrangement Act* (Canada) - first trade in shares so issued a distribution unless made in compliance with terms of the decision

Statutes Cited

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

Creditors' Companies Arrangement Act, R.S.C. 1985, c. C-36, as amended.

Ontario Rules Cited

Ontario Securities Commission Rule 45-501.

Ontario Securities Commission Rule 72-501.

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF SASKATCHEWAN,
MANITOBA, ONTARIO, QUEBEC AND
NEW BRUNSWICK

AND

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

AND

IN THE MATTER OF
BLUESTAR BATTERY SYSTEMS INTERNATIONAL CORP.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker"), in each of the provinces of Saskatchewan, Manitoba, Ontario, Québec, and New Brunswick (the "Jurisdictions") has received an application (the "Application") from Bluestar Battery Systems International Corp. (the "Applicant") for a decision pursuant to the securities legislation of the Jurisdictions (the "Securities Legislation") that the registration and prospectus requirements contained in the Securities Legislation shall not apply to a proposed issuance of common shares of the Applicant and to the first trade of such common shares.

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

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

1. The Applicant was incorporated under the laws of Alberta on December 2, 1993.

2. The Applicant's head office is located in Raleigh, North Carolina and its registered office is located in Calgary, Alberta.

3. The Applicant's primary place of business in Canada is in the Province of Ontario which accounts for more of the Applicant's revenues (20%) than any other province in Canada. A plan of arrangement and compromise (the "Plan") under the *Companies' Creditors Arrangement Act* (the "CCAA") was filed in the Ontario Superior Court of Justice (the "Court").

4. The Applicant is a reporting issuer in the Provinces of British Columbia and Alberta and is not a reporting issuer in the remaining Jurisdictions and has no current intention of becoming a reporting issuer in the remaining Jurisdictions.

5. The common shares of the Applicant (the "Common Shares") that are outstanding are listed and posted for trading on the Canadian Venture Exchange ("CDNX").

6. As at September 20, 2000, the issued capital of the Applicant consisted of 32,587,530 Common Shares.

7. The Applicant is not on the list of defaulting issuers maintained by the British Columbia Securities Commission and Alberta Securities Commission pursuant to the Securities Legislation.

8. The Applicant sought, and by order of the Court dated September 5, 2000 (the "Order") was granted, protection from its creditors pursuant to the CCAA. The Plan was filed with the Court on the same date. A formal meeting of the unsecured creditors of the Applicant ("Unsecured Creditors") will be held on October 26, 2000 for the purpose of considering the Plan. In connection with the meeting, an information circular (the "Circular"), the Plan and the Order were mailed to the Unsecured Creditors of the Applicant on September 11, 2000 and notice of the meeting has been published in the Globe and Mail and the National Post.

9. Implementation of the Plan is conditional upon, among other things, receipt of the relief requested in the Application as it relates to the issuance of New Common Shares (as hereinafter defined) to the Unsecured Creditors of the Applicant.

10. The 32,587,530 issued and outstanding Common Shares of the Applicant will, as a result of the Plan, be consolidated into 1,500,000 Common Shares.

11. Pursuant to the Plan, Unsecured Creditors will receive cash or New Common Shares. Under the Plan:

    (a) each holder of proven claims aggregating $1,500 or less will be paid in full without interest; and

    (b) each holder of proven claims aggregating more than $1,500 may elect to receive in full and final satisfaction of such proven claim one of:

        (i) $1,500; or

        (ii) a pro rata share of an aggregate of 12,500,000 post-consolidation Common Shares of the Applicant (the "New Common Shares").

12. All Unsecured Creditors of the Applicant known to be affected by the Plan have been provided with the Circular, the Plan and the Order. The Circular provides a detailed description of the terms of the Plan, the background and events leading up to the filing of the Plan, and a description of the business of the Applicant and includes the estimated projected cash flow of the Applicant during the restructuring period. The Circular discloses that implementation of the Plan is conditional on the Applicant obtaining satisfactory relief from the Decision Makers to exempt the issuance of the New Common Shares from the prospectus and registration requirements of the Securities Legislation and that the New Common Shares will be subject to resale restrictions.

13. There are approximately 1,396 Unsecured Creditors of the Applicant of which 79 are resident outside of Canada, 490 are resident in the Province of Ontario, 88 are resident in the Province of Quebec, 304 are resident in the Province of Alberta, 43 are resident in the Province of Manitoba, 65 are resident in the Province of Saskatchewan, 291 are resident in the Province of British Columbia, 28 are resident in the Province of New Brunswick, 2 are resident in the Province of Prince Edward Island and 6 are resident in the Province of Nova Scotia. The amount owed by the Applicant to each of its Unsecured Creditors resident in the Provinces of Prince Edward Island and Nova Scotia is under $1,500.

14. Application has been made to the CDNX for the listing of the New Common Shares. The Applicant believes, based on pre-filing discussions with the CDNX, that the CDNX will conditionally approve the listing of the New Common Shares. Such conditions are likely to include a four month hold period on the New Common Shares issuable to Unsecured Creditors pursuant to the Plan.

15. The Applicant has been a reporting issuer in British Columbia for five years and a reporting issuer in Alberta for six years. Since January, 1997, all of the Applicant's continuous disclosure materials have been available to Unsecured Creditors on SEDAR.

16. The Applicant is of the view that implementation of the Plan is necessary for it to continue as a going concern. The court-appointed Monitor under the CCAA, PricewaterhouseCoopers Inc., has recommended the approval of the Plan as it believes that the Plan will

provide a more favourable result for creditors than a liquidation under bankruptcy 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 Securities 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 Securities Legislation is that the registration and prospectus requirements contained in the Securities Legislation shall not apply to the distribution by the Applicant of the New Common Shares to Unsecured Creditors pursuant to the Plan, provided that:

(a) all approvals required by the Order and the CCAA to implement the Plan have been obtained, and all conditions of the Plan, other than receipt of the relief requested in the Application, have been satisfied or waived by the Court;

(b) prior to or coincident with the distribution of New Common Shares of the Applicant to Unsecured Creditors, the Applicant will provide the Unsecured Creditors with a copy of this Decision together with a statement that, as a result of such securities being acquired pursuant to this Decision, certain protections, rights and remedies which would be afforded under the Securities Legislation if the New Common Shares had been distributed under a prospectus, including statutory rights of rescission and damages, will not be available to the Unsecured Creditors in respect of such New Common Shares and an explanation of the limitations imposed upon the disposition of such New Common Shares; and

(c) the first trade in a Jurisdiction of any New Common Shares acquired pursuant to this Decision shall be deemed a distribution or primary distribution to the public under the Securities Legislation of such Jurisdiction unless such first trade:

(i) is of New Common Shares that have been held for at least six months from the date of the initial exempt trade;

(ii) is executed through the facilities of CDNX and is made in accordance with the rules of, and all laws applicable to, the CDNX; and

(iii) is made in accordance with all laws applicable in the province of Alberta as if the Unsecured Creditor making such trade had acquired such New Common Shares pursuant to the same exemptive relief provisions as those pursuant to which Unsecured Creditors resident in Alberta will acquire New Common Shares.

October 27th, 2000.

"J.A. Geller" "R.W. Korthals"

2.1.6 Fortis Inc. and CIBC World Markets Inc. - MRRS Decision

Headnote

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

Applicable Ontario Regulations

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

Rules Cited

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

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

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS AND IN THE MATTER OF FORTIS INC.

AND

IN THE MATTER OF CIBC WORLD MARKETS INC.

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Ontario, Quebec and Newfoundland (the "Jurisdictions") has received an application from CIBC World Markets Inc. ("CIBC WM") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation which restricts a registrant from participating in a distribution of securities of a related or connected issuer (or the respective equivalents thereof) (the "Independent Underwriter Requirement") shall not apply to CIBC WM, RBC Dominion Securities Inc. ("RBC DS") and TD Securities Inc. ("TDSI", and together with CIBC WM and RBC DS, the "Underwriters") in connection with a proposed offering (the "Offering") of senior unsecured debentures (the "Debentures") by Fortis Inc. (the "Issuer") to be made by means of 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 of this application;

AND WHEREAS CIBC WM has represented to the Decision Makers that:

1. The Issuer was incorporated as 81800 Canada Limited under the Canada Business Corporations Act on June 28, 1977, and was continued under the Corporations Act (Newfoundland) on August 28, 1987.

2. The Issuer is a utility holding company whose assets include three electric utility subsidiaries, Newfoundland Power Inc. and Maritime Electric Company, Limited, the principal distributors of electricity in the Provinces of Newfoundland and Prince Edward Island, respectively, and FortisUS Energy Corporation which operates two hydroelectric generating stations in the State of New York. Fortis also holds a 50% interest in Canadian Niagara Power Company, Limited, an integrated electric utility servicing customers in Fort Erie, Ontario and supplying energy to customers in Canada and the United States, a 67% interest in Belize Electricity Limited, the principal distributor of electricity in Belize, Central America and a 20% interest in Caribbean Utilities Company, Ltd., the sole provider of electricity to the island of Grand Cayman, Cayman Islands. Through two non-utility subsidiaries, Fortis Properties Corporation ("Fortis Properties") and Fortis Trust Corporation ("Fortis Trust"), the Issuer has investments in real estate, hotel operations and financial services.

3. The common shares of the Issuer are listed on The Toronto Stock Exchange.

4. CIBC WM is proposing to act as lead underwriter in connection with the Offering of the Debentures by way of the Prospectus. The Issuer has obtained preliminary ratings for its senior unsecured debt of A- from CBRS Inc. and of BBB (high) from Dominion Bond Rating Services Limited. Each of these ratings applies to the Debentures and is an approved rating under the proposed Multi-Jurisdictional Instrument 33-105-Underwriting Conflicts ("Proposed Instrument 33-105"). The Issuer has an agreement with Canadian Imperial Bank of Commerce, Royal Bank of Canada and Toronto-Dominion Bank for a term loan facility of $81.5 million (the "Bank Facility"). The net proceeds of the Offering will be used in part to repay the Bank Facility.

5. CIBC WM, RBC DS and TDSI are indirect wholly-owned subsidiaries of Canadian Imperial Bank of Commerce, Royal Bank of Canada and Toronto-Dominion Bank, respectively.

6. In connection with the Offering and by virtue of the Bank Facility the Issuer may be considered to be a connected issuer (as defined in the Legislation) of each of the underwriters.

7. The Underwriters will not comply with the Independent Underwriter Requirement in respect of the Offering.

8. The Prospectus will contain the information required by Appendix C to Proposed Instrument 33-105.

9. The Issuer is in good financial condition and is not a specified party (as defined in Proposed Instrument 33-105).

10. The Issuer is not a related issuer (as defined in the Legislation) of any of the Underwriters.

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 the Underwriters in connection with the Offering provided that:

(a) the Prospectus contains the information required by Appendix C to Proposed Instrument 33-105; and

(b) at the time of the Offering:

(i) the Issuer is not a specified party (as defined in Proposed Instrument 33-105); and

(ii) the Issuer is not a related issuer (as defined in the Legislation and in Proposed Instrument 33-105) of any of the Underwriters.

October 13, 2000.

"M.P. Carscallen" "Robert W. Korthals"

2.1.7 Templeton Management Ltd. - MRRS Decision

Headnote:

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

Statutes Cited:

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

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

AND

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

AND

IN THE MATTER OF

TEMPLETON MANAGEMENT LIMITED ("TEMPLETON")

AND

Franklin U.S. Large Cap Growth RSP Fund
Franklin U.S. Aggressive Growth RSP Fund
Franklin World Health Sciences and Biotech RSP Fund
Franklin World Telecom RSP Fund
Franklin Technology RSP Fund
Franklin World Growth RSP Fund
(together the "Franklin RSP Funds")

Franklin U.S. Large Cap Growth Fund
Franklin U.S. Aggressive Growth Fund
Franklin World Health Sciences and Biotech Fund
Franklin World Telecom Fund
Franklin Technology Fund
(together the "Franklin Underlying Funds")

Bissett American Equity RSP Fund
Bissett Multinational Growth RSP Fund
(together the "Bissett RSP Funds")

Bissett American Equity Fund
Bissett Multinational Growth Fund
(together the "Bissett Underlying Funds")

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Templeton as manager and promoter of the Franklin RSP Funds, and as indirect owner of Bissett & Associates Investment Management Ltd.("Bissett"), the manager and promoter of the Bissett RSP Funds, and other mutual funds managed by Templeton or Bissett after the date of this Decision having an investment objective or strategy that is linked to the returns or portfolio of another specified Templeton or Bissett mutual fund (collectively referred to as the "RSP Funds") for a decision by each Decision Maker (collectively, the "Decision") under the securities legislation of the Jurisdictions (the "Legislation") that the following provisions of the Legislation (the "Applicable Legislation") shall not apply to the RSP Funds or Templeton or Bissett, as the case may be, in respect of certain investments to be made by the RSP Funds in the Franklin Underlying Funds, Bissett Underlying Funds or other applicable corresponding Templeton or Bissett mutual fund from time to time (the funds in which such investments are to be made being collectively referred to as the "Underlying Funds"):

1. The restrictions contained in the Legislation prohibiting a mutual fund from knowingly making and holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder; and

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

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

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

1. Each of the Franklin RSP Funds and Franklin Underlying Funds are or will be an open-ended mutual fund trust established under the laws of the Province of Ontario. Templeton is a corporation established under the laws of the Province of Ontario and for each of the Franklin RSP Funds and the Franklin Underlying Funds will be the trustee, manager and promoter. The head office of Templeton is in Toronto, Ontario.

2. Each of the Bissett RSP Funds and Bissett Underlying Funds are or will be an open-ended mutual fund trust established under the laws of the Province of Alberta. Bissett is a corporation established under the laws of the Province of Alberta and for each of the Bissett RSP Funds and the Bissett Underlying Funds will be the trustee, manager and promoter. The head office of Bissett is in Calgary, Alberta. Templeton indirectly owns all of the shares of, and controls, Bissett.

3. Each of the RSP Funds and Underlying Funds is or will be a reporting issuer. The securities of each of the RSP Funds and Underlying Funds will be qualified under simplified prospectuses and annual information forms (collectively, the "Prospectus").

4. Each of the RSP Funds seeks or will seek to achieve its investment objective while ensuring that securities of the RSP Fund do not constitute "foreign property" for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and similar plans ("Registered Plans").

5. The Prospectus will contain disclosure with respect to the investment objective, investment practices and restrictions of the Funds. The investment objective of the RSP funds is generally to provide returns similar to those of the corresponding Underlying Funds through investment in forward contracts or other specified derivatives that are linked to the returns of the Underlying Funds.

6. To achieve its investment objective, each of the RSP Funds will invest its assets in securities such that its units will, in the opinion of tax counsel to the RSP Funds, be "qualified investments" for Registered Plans and will not constitute foreign property in a Registered Plan. This will be achieved primarily through the implementation of a derivative strategy that links the returns to the Underlying Funds. However, each RSP Fund also intends to invest a portion of its assets directly in securities of the corresponding Underlying Fund. This investment by the RSP Funds will at all times be below the maximum foreign property limit prescribed for Registered Plans (the "Permitted Limit").

7. The investment objectives of the Underlying Funds are or will be achieved through investment primarily in foreign securities.

8. The direct investments by the RSP Funds in the Underlying Funds will be within the Permitted Limit (the "Permitted RSP Fund Investments"). Templeton, Bissett and the RSP Funds will comply with the conditions of this Decision in respect of such investments. The amount of direct investment by each RSP Fund in its corresponding Underlying Fund will be adjusted from time to time so that, except for transitional cash, the aggregate of derivative exposure to, and direct investment in, the Underlying Fund will equal 100% of the assets of the RSP Fund.

9. Except to the extent evidenced by this Decision and specific approvals granted by the Canadian securities administrators pursuant to National Instrument 81-102, the investments by the RSP Funds in the Underlying Funds have been or will be structured to comply with the investment restrictions of the Legislation and National Instrument 81-102.

10. In the absence of this Decision, pursuant to the Legislation, each of the RSP Funds is or would be prohibited from (a) knowingly making an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a

substantial securityholder; and (b) knowingly holding an investment referred to in subsection (a) hereof.

11. In the absence of this Decision, the Legislation requires Templeton and Bissett to file a report on every purchase or sale of securities of the Underlying Funds by the RSP 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 shall not apply to the RSP Funds or Templeton or Bissett, as the case may be, in respect of investments to be made by the RSP Funds in securities of the Underlying Funds.

PROVIDED IN EACH CASE THAT:

1. the Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with the matters in subsection 2.5(1) of National Instrument 81-102; and

2. the Decision shall only apply in respect of investments in, or transactions with, the Underlying Funds that are made by the RSP Funds in compliance with the following conditions:

   a) the RSP Funds and Underlying Funds are under common management and the securities of both are offered for sale in the jurisdiction of the Decision Maker pursuant to a prospectus which has been filed with and accepted by the Decision Maker;

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

   c) the investment by the RSP Funds in its corresponding Underlying Fund is compatible with the fundamental investment objective of the RSP Fund;

   d) the Prospectus will describe the intent of the RSP Funds to invest in a specified Underlying Fund;

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

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

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

   h) no redemption fees or other charges are charged by the Underlying Funds in respect of the redemption by the RSP Funds of securities of the Underlying Funds owned by the RSP Funds;

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

   j) no fees and charges of any sort are paid by a RSP Fund or by an Underlying Fund or by the manager or principal distributor of a RSP Fund or an Underlying Fund or by any affiliate or associate of any of the foregoing entities to anyone in respect of a RSP Fund's purchase, holding or redemption of the securities of the Underlying Fund;

   k) 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 that 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 an Underlying Fund, all of the disclosure and notice material prepared in connection with such meeting will be provided to the securityholders of the corresponding RSP Fund and such securityholders will be entitled to direct a representative of the RSP Fund to vote that RSP Fund's holding in the Underlying Fund in accordance with their direction; and the representative of the RSP Fund will not be permitted to vote the RSP Fund's holdings in the Underlying Fund except to the extent the securityholders of the RSP Fund so direct;

   l) 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;

   m) 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; and

n) each of the RSP Funds will not invest in an underlying Fund whose investment objective includes investing directly or indirectly in other mutual funds.

November 9, 2000.

"Morley P. Carscallen" "R.W. Davis"

2.1.8 Shaw Communications and Toronto Dominion Bank. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Registration and prospectus relief for trades in connection with certain conversion events related to variouble rate equity linked exchangeable debentures.

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF SHAW COMMUNICATIONS INC., 875500 ALBERTA LTD. AND SHAW INVESTMENT PARTNERSHIP III

AND

IN THE MATTER OF THE TORONTO-DOMINION BANK

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, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Newfoundland and Prince Edward Island, and in the Northwest Territories, the Yukon Territory and the Territory of Nunavut (the "Jurisdictions") has received an application from Shaw Communications Inc. ("SCI") and 875500 Alberta Ltd. ("Shaw Subco") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements") (collectively, the "Prospectus and Registration Requirements") shall not apply to trades in connection with certain conversion events related to variable rate equity linked exchangeable debentures of Shaw Subco due October 4, 2025 (the "Debentures");

2. AND WHEREAS, under 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 SCI and Shaw Subco have represented to the Decision Makers that:

3.1 SCI is a corporation organized under the *Business Corporations Act* (Alberta), is a reporting issuer in each of the Provinces of Canada in which such concept exists and is not in default of any of the requirements of the Legislation;

3.2 Shaw Subco is a corporation incorporated under the *Business Corporations Act* (Alberta) and is a direct wholly-owned subsidiary of SCI;

3.3 Shaw Investment Partnership III ("SIP") is a general partnership formed under the laws of Alberta. The partners of SIP consist of 875514 Alberta Ltd., which is a direct wholly-owned subsidiary of SCI, and Shaw Investment Limited Partnership, which is a limited partnership, registered in Alberta and indirectly wholly-owned by SCI;

3.4 Liberate Technologies ("Liberate") is a corporation incorporated under the laws of the state of Delaware and is subject to the reporting requirements of the United States *Securities Exchange Act of 1934*, as amended;

3.5 the shares of common stock of Liberate (the "Liberate Common Shares") are listed and posted for trading on The NASDAQ Stock Market ("NASDAQ");

3.6 neither Shaw Subco, SIP nor Liberate is, and there is no expectation that they will be, a reporting issuer in any of the Jurisdictions in which such concept exists;

3.7 SIP currently beneficially owns 1,000,000 Liberate Common Shares (the "Pledged Securities") which represent approximately one percent of the issued and outstanding Liberate Common Shares. SCI originally acquired the Pledged Securities from Liberate pursuant to an exemption from the prospectus and registration requirements contained in the Legislation, and later caused the Pledged Securities to be transferred to SIP;

3.8 according to a list of registered shareholders of Liberate maintained by Liberate and dated as of April 30, 2000, of the 90,730,476 Liberate Common Shares outstanding, less than 1.0% were held by registered shareholders resident in Ontario, approximately 1.1% were held by registered shareholders resident in British Columbia and approximately 1.8% were held by registered shareholders resident in Alberta. Of the registered shareholders, two are resident in Ontario, one is resident in British Columbia and one is resident in Alberta;

3.9 the Debentures, in the aggregate principal amount of U.S. $28,853,000, were issued by Shaw Subco to The Toronto-Dominion Bank ("TD") pursuant to a trust indenture (the "Trust Indenture") dated October 4, 2000 (the "Closing Date") among Shaw Subco, SCI, SIP and Montreal Trust Company of Canada, as trustee (the "Trustee");

3.10 the Debentures were issued by Shaw Subco to TD pursuant to an exemption from the prospectus and registration requirements contained in the Legislation. TD may resell the Debentures to persons in, or outside of, the Jurisdictions pursuant to exemptions from the prospectus and registration requirements contained in the Legislation;

3.11 the Debentures have a 25 year term with a maturity date of October 4, 2025 (the "Maturity Date"). The Debentures were issued in U.S. $1,000 denominations, with each U.S. $1,000 principal amount of Debenture being exchangeable for Liberate Common Shares;

3.12 a prescribed rate of interest is payable on the Debentures by Shaw Subco semi-annually on October 4 and April 4 of each year commencing on April 4, 2001;

3.13 pursuant to a limited recourse guarantee (the "Guarantee"), SIP guarantees, as principal debtor pursuant to the terms of the Trust Indenture, the obligations of Shaw Subco under the Debentures and the Trust Indenture;

3.14 as security for the Guarantee, Shaw Subco and SIP have pledged to the Trustee all of their right, title and interest in the Pledged Securities (the "Securities Pledges");

3.15 the Pledged Securities include all after-acquired securities, instruments or other personal property or assets distributable in respect of any of the Pledged Securities pursuant to any dividends, interest obligations, stock dividends, recapitalizations, amalgamations, mergers, consolidations, stock splits, combinations, exchanges or otherwise (collectively, "Resulting Property"; any Resulting Property which constitutes securities is referred to as the "Resulting Securities");

3.16 under the terms of the Securities Pledges and the Trust Indenture, Shaw Subco and SIP have the right to replace the Pledged Securities or the Resulting Property from time to time with Authorized Investments (as defined in the Trust Indenture). Shaw Subco and SIP may sell, transfer or otherwise dispose of any such Liberate Common Shares or Resulting Property that are released from the Securities Pledges;

3.17 the Trust Indenture provides that the exchange price (the "Exchange Price") is U.S. $28.853 per Liberate Common Share. Each U.S. $1,000 principal amount of Debenture will be exchangeable from time to time and in part or in whole at the option of the Debenture holder (the "Right to Exchange") for, in addition to the payment of accrued but unpaid interest, the number of Liberate Common Shares which is obtained by dividing the Exchange Price into U.S. $1,000 (the "Exchange Rate") which on the Closing Date was 34.6584 Liberate Common Shares per U.S. $1,000 principal amount of Debentures;

3.18 Shaw Subco may elect to satisfy its obligation under the Right to Exchange by delivery of:

3.18.1 Liberate Common Shares (that constitute Pledged Securities) and/or Resulting Property (if any), provided that, at the time of delivery of the Liberate Common Shares, such shares can be traded on NASDAQ without the trade constituting a distribution under applicable Canadian securities Legislation and there are no other applicable restrictions on the sale of the shares on NASDAQ under applicable Canadian or United States securities legislation ("NASDAQ Tradeable"); or

3.18.2 in respect of each U.S. $1,000 principal amount of Debentures, subject to paragraph 3.24 below as it relates to Resulting Property, the cash amount equal to the Exchange Rate multiplied by the Current Market Price (as defined in the Trust Indenture) per Liberate Common Share (the "Liberate Cash Payment");

3.19 if Shaw Subco makes the election under paragraph 3.18 above and is unable to deliver Liberate Common Shares that are NASDAQ Tradeable, Shaw Subco shall be obliged to deliver the Liberate Cash Payment instead;

3.20 at any time after October 4, 2004 and prior to the Maturity Date, and subject to the right of Debenture holders to exercise the Right to Exchange, Shaw Subco may redeem, from time to time, not less than that number of Debentures equal to one-third of the Debentures issued and outstanding on the Closing Date, in all cases, at a redemption price equal to the principal amount ("Redemption Value") plus any accrued and unpaid semi-annual payments of interest;

3.21 Shaw Subco may elect to satisfy payment of the Redemption Value by delivery of Liberate Common Shares (that constitute Pledged Securities) that are NASDAQ Tradeable (and/or Resulting Property, if any) or, subject to paragraph 3.24 below as it relates to Resulting Property, by way of the Liberate Cash Payment for the amount redeemed;

3.22 if Shaw Subco makes an election to deliver Liberate Common Shares and is unable to deliver Liberate Common Shares that are NASDAQ Tradeable, Shaw Subco shall be obliged to deliver the Liberate Cash Payment instead;

3.23 the Exchange Rate shall be adjusted by the Trustee upon the occurrence of certain stated dilutive events, which may produce Resulting Property, including a Share Reorganization, a distribution of an Extraordinary Cash Dividend or Dividend Property, a Reorganization Event or a Merger Event (as such terms are defined in the Trust Indenture and each referred to herein as an "Adjustment Event"), all in accordance with the provisions of the Trust Indenture;

3.24 the provisions of the Trust Indenture relating to the satisfaction of Shaw Subco's obligations under the Right to Exchange and on redemption provide that Resulting Property, including Resulting Securities, for which there is no liquid market, must be distributed in kind to the Debenture holders upon exchange or redemption. In such circumstances, cash in the form of the Liberate Cash Payment or otherwise cannot be delivered in lieu thereof;

3.25 on the Maturity Date, to the extent that the Debentures have not been previously redeemed or exchanged, in respect of each U.S. $1,000 principal amount of the Debentures, Shaw Subco will repay the Debentures at the principal amount of the Debentures plus any accrued and unpaid semi-annual payments of interest (collectively, the "Maturity Value") in accordance with the provisions of the Trust Indenture;

3.26 at the option of Shaw Subco, and subject to paragraph 3.24 above as it relates to Resulting Property, the Maturity Value may be satisfied in respect of each U.S. $1,000 principal amount of Debentures by:

3.26.1 delivery to a Debenture holder of Liberate Common Shares (that constitute Pledged Securities) that are NASDAQ Tradeable and/or Resulting Property (if any) with a value, based on the Current Market Price on the date which is one business day prior to the Maturity Date, equal to the Maturity Value; or

3.26.2 any combination of 3.26.1 and cash;

3.27 Shaw Subco or SIP may enter into Securities Lending Transactions (as defined in paragraph 3.32 below) whereby the Liberate Common Shares and/or Resulting Securities which either Shaw Subco or SIP receives from the Trustee upon replacement of such securities with

Authorized Investments, as described above in paragraph 3.16, are loaned to a securities borrower who may be:

3.27.1 a Debenture holder; or

3.27.2 an intermediary who is a qualified party, as described in Appendix A, ("Qualified Party") and who wishes to loan the Liberate Common Shares and/or Resulting Securities to a Debenture holder, for the purposes described in paragraphs 3.28 to 3.31 below;

3.28 a Debenture holder may seek to limit the risk of declining value in the Liberate Common Shares and/or Resulting Securities, which the Debenture holder would receive on an exercise of the Right to Exchange, by the use of a short hedge;

3.29 to implement a short hedge, the Debenture holder would sell short a certain number of Liberate Common Shares and/or Resulting Securities and then borrow the same number of Liberate Common Shares and/or Resulting Securities to settle the short sale;

3.30 the Debenture holder may borrow the Liberate Common Shares and/or Resulting Securities from either Shaw Subco or SIP or from a Qualified Party (who obtained the Liberate Common Shares as described above in paragraph 3.27 or otherwise);

3.31 at a future time, the Debenture holder will be required to buy the same number of Liberate Common Shares and/or Resulting Securities, or exercise the Right to Exchange to obtain such number of Liberate Common Shares and/or Resulting Securities, in order to repay the securities loan to a securities lender who may then use such Liberate Common Shares and/or Resulting Securities in another securities lending transaction;

3.32 the transactions involved in paragraphs 3.27 to 3.31 above (inclusive) are referred to herein as the "Securities Lending Transactions";

3.33 in order to provide maximum flexibility to SCI and Shaw Subco during the term of the Debentures, Debentures properly tendered, delivered or exchanged by a holder in connection with the exercise by a Debenture holder of the Right to Exchange, or in connection with the payment of the Redemption Value on redemption, may, at the direction of Shaw Subco, be purchased, redeemed or otherwise acquired by a subsidiary of SCI other than Shaw Subco. Debentures so purchased, redeemed or otherwise acquired will not be canceled and may be re-issued. On such a purchase, redemption or other acquisition by a subsidiary of SCI other than Shaw Subco, such subsidiary is required to deliver to the Debenture holder the same consideration that would otherwise be deliverable by Shaw Subco on the exercise of the Right to Exchange, or in connection with the payment of the Redemption Value on redemption, as the case may be, including Liberate Common Shares or Resulting 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 pursuant to the Legislation is that the Prospectus and Registration Requirements shall not apply to trades of Debentures, Liberate Common Shares or Resulting Securities in connection with:

6.1 the exercise by a Debenture holder of the Right to Exchange;

6.2 the payment of the Redemption Value of a Debenture on redemption;

6.3 the payment of the Maturity Value of a Debenture on the Maturity Date;

6.4 the replacement of Liberate Common Shares or Resulting Securities with Authorized Investments; and

6.5 the purchase of Debentures by a subsidiary of SCI other than Shaw Subco;

(collectively, the "Conversion or Transaction Events") provided that, at the time of such trades, Shaw Subco is not a reporting issuer or equivalent in any of the Jurisdictions;

7. THE FURTHER DECISION of the Decision Makers pursuant to the Legislation is that any subsequent trade of Debentures, Liberate Common Shares or Resulting Securities acquired in connection with a Conversion or Transaction Event shall be a distribution or a distribution to the public unless:

7.1 the trade is executed through the facilities of NASDAQ or a stock exchange located outside of Canada in accordance with the laws and rules applicable to NASDAQ or such exchange; or

7.2 the trade is made in connection with a Securities Lending Transaction to a Debenture holder, SIP, Shaw Subco or a Qualified Party.

DATED at Calgary, Alberta this 10th day of October, 2000.

"Glenda A. Campbell"
Vice Chair

"Eric T. Spink"
Vice-Chair

2.1.9 CML Industries - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF
CML INDUSTRIES LTD.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, and Ontario (the "Jurisdictions") has received an application from CML Industries 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, or the equivalent thereof, under the Legislation;

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

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

1. The Filer was incorporated under the laws of the Province of Ontario on January 28, 1974 under the name Kintu Uranium Mines Ltd. The Filer changed its name to CML Industries Ltd. by articles of amendment dated November 18, 1986 pursuant to the *Business Corporations Act* (Ontario).

2. The Filer's head office located in Unionville, Ontario.

3. The Filer is a reporting issuer, or its equivalent under the Legislation;

4. Pursuant to a take-over bid, 1418245 Ontario Inc., a wholly-owned subsidiary of Supremex Inc., acquired approximately 95.7% of the outstanding common shares of the Filer (the "Shares"), and using the compulsory acquisition procedure of the *Business Corporations Act* (Ontario) subsequently acquired the remaining Shares not tendered under the take-over bid thereby becoming the sole beneficial holder of all the issued and outstanding Shares as of August 31, 2000.

5. The Filer has no securities outstanding other than the Shares held by 1418245 Ontario Inc., and has no debt securities outstanding.

6. Apart from the failure to file its interim financial statements for period ended July 31, 2000 which were due on September 29, 2000, the Filer is not in default of any of the requirements of the Legislation.

7. The securities of the Filer were delisted from the Toronto Stock Exchange at the close of trading on August 2, 2000 and are not currently listed or quoted on any exchange or market in Canada or elsewhere.

8. The Filer does not currently intend to seek public financing by way of an issue of securities.

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

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that 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, or the equivalent thereof, under the Legislation.

October 30, 2000.

"John Hughes"

2.1.10 Bissett & Associates Investment Management Ltd. - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF
BISSETT & ASSOCIATES INVESTMENT MANAGEMENT LTD.

MRRS DECISION DOCUMENT

1. **WHEREAS** the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta, British Columbia, Saskatchewan, Québec, Nova Scotia, and Newfoundland (the "Jurisdictions") has received an application from Bissett & Associates Investment Management Ltd. ("Bissett") for a decision pursuant to the securities legislation (the "Legislation") of the Jurisdictions that Bissett 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** it has been represented by Bissett to the Decision Makers that:

   3.1 Bissett was incorporated under the *Business Corporations Act* (Alberta) on August 14, 1981;

   3.2 Bissett's head office is located in Calgary, Alberta;

   3.3 Bissett's authorized capital consists of an unlimited number of common shares (the "Common Shares"), an unlimited number of first preferred shares and an unlimited number of second preferred shares. Of the authorized capital, 6,948,750 of the Common Shares are issued and outstanding;

   3.3 Bissett is a reporting issuer or the equivalent in each of the Jurisdictions;

   3.5 Bissett is not in default of any of its obligations as a reporting issuer or the equivalent under the Legislation;

   3.6 Pursuant to an offer and subsequent compulsory acquisition, FTI Acquisition Inc. acquired all of the outstanding Common Shares by October 3, 2000;

   3.7 On October 4, 2000 the common shares of Bissett were delisted from trading on The Toronto Stock Exchange.

   3.8 Bissett has no securities listed or traded on any stock exchange or market in Canada;

   3.9 Bissett has no outstanding securities, including debt securities, other than the Common Shares;

   3.10 Bissett does not intend to seek public financing by way of an issue of securities;

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

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

6. **THE DECISION** of the Decision Makers pursuant to the Legislation is that Bissett 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 10th day of November, 2000.

"Patricia M Johnston"
Director, Legal Services & Policy Development

2.1.11 AGF Management Ltd. and Global Strategy Financial Ltd. - MRRS Decision

Headnote:

Relief from requirements that the Funds not knowingly hold an investment in the securities of any person or company who is a substantial security holder of the manager of the Funds.

Statutes Cited:

Securities Act, R.S.O. 1990, c. S5, as amended, ss. 111(3), 113.

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
GLOBAL STRATEGY FINANCIAL INC., GLOBAL STRATEGY FUNDS AND GS SELECT FUNDS

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from AGF Management Limited ("AGF") and from Global Strategy Financial Inc. ("GSFI"), as manager of each of the mutual funds listed in Schedules A and B attached hereto (the "Funds"), for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation requiring that the Funds not knowingly hold an investment in the securities of any person or company who is a substantial security holder of the manager of the Funds (the "Requirements") shall not apply in respect of certain investments held by certain of the Funds in securities of AGF.

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 AGF and GSFI have represented to the Decision Makers that:

1. GSFI is a wholly-owned subsidiary of Global Strategy Holdings Inc. ("GSHI").

2. AGF is a publicly-held corporation, whose Class B Non-Voting Shares (the "AGF Class B Shares") are listed on The Toronto Stock Exchange. As at October 31, 2000, there were 78,513,002 AGF Class B Shares issued and outstanding.

3. GSFI is the manager, principal distributor and trustee of the mutual funds listed on Schedule A (the "Global Strategy Funds"). Portfolio management services for the Global Strategy Funds are provided by GSFI and independent portfolio advisers retained by GSFI. GSFI monitors the performance of the portfolio advisers and may, from time to time, terminate a portfolio management arrangement and select one or more new portfolio adviser(s) for a Global Strategy Fund.

4. GSFI is also the manager of the mutual funds listed on Schedule B (the "GS Select Funds"). The trustee of the GS Select Funds is Investors Group Trust Co. Ltd. and the principal distributors of the GS Select Funds are Investors Group Financial Services Inc. and Les Services Investors Limitée. Portfolio management services for the GS Select Funds are provided by GSFI, Rothschild Asset Management Limited, Rothschild Asset Management Inc. and Five Continents Financial Limited. GSFI monitors the performance of the portfolio advisers and may, from time to time, terminate a portfolio management arrangement and select one or more new portfolio adviser(s) (with the consent of the trustee) for a GS Select Fund.

5. The units of the Global Strategy Funds and the GS Select Funds are offered by prospectus in each of the provinces and territories of Canada.

6. AGF entered into an agreement dated August 29, 2000 with, among others, GSHI (the "Agreement"). Pursuant to the Agreement, AGF will, directly or indirectly, acquire all of the outstanding shares of GSHI, resulting in a change of control of GSHI and, indirectly, of GSFI.

7. Upon consummation of the transactions contemplated by the Agreement (the "Closing"), AGF will become a substantial security holder of GSFI under the Legislation.

8. As at October 31, 2000 certain of the Global Strategy Funds and the GS Select Funds held securities of AGF as follows:

   (a) Global Strategy Growth & Income Fund holds 14,400 AGF Class B Shares, representing approximately 1.57% of such Fund's assets;

   (b) Global Strategy Canadian Companies Fund holds 101,600 AGF Class B Shares, representing approximately 2.28% of such Fund's assets;

   (c) Global Strategy Canada Growth Fund holds 102,200 AGF Class B Shares, representing approximately 1.26% of such Fund's assets;

   (d) Global Strategy Income Plus Fund holds 8,400 AGF Class B Shares, representing approximately 0.02% of such Fund's assets;

(e) GS Canadian Balanced Fund holds 4,600 AGF Class B Shares, representing approximately 0.02% of such Fund's assets; and

(f) GS Canadian Equity Fund holds 95,600 AGF Class B Shares, representing approximately 1.23% of such Fund's assets.

9. The aggregate of all the Funds' assets invested in shares of AGF represents approximately 0.42% of all issued AGF Class B Shares.

10. The Funds have not made any investment in securities of AGF following the execution of the Agreement and will not make any such purchases in the future unless the Agreement is terminated and the transactions contemplated by the Agreement are not consummated.

11. At the time the securities of AGF were purchased, AGF was not affiliated with the Funds or GSFI, and each investment by the Funds in the AGF securities represented the business judgement of professional portfolio advisers uninfluenced by considerations other than the best interests of the unitholders of the Funds.

12. In the absence of the Decision evidenced by this Decision Document, the Funds would be required to divest of securities of AGF not later than the date of Closing.

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

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

The Decision of the Decision Makers under the Legislation is that the Requirements shall not apply to the holding of investments in securities of AGF by the Funds provided that

1. The Funds divest all or a portion of their holdings of such securities as quickly as is commercially reasonable, so that no later than 90 days after the date of Closing the Funds do not hold any securities of AGF.

November 17th, 2000.

"Howard I. Wetston" "Theresa McLeod"

SCHEDULE A
GLOBAL STRATEGY FUNDS

Global Strategy Bond Fund
Global Strategy Canada Growth Fund
Global Strategy Canadian Companies Fund
Global Strategy Canadian Opportunities Fund
Global Strategy Canadian Small Cap Fund
Global Strategy Europe Plus Fund
Global Strategy Europe Plus RSP Fund
Global Strategy Gold Plus Fund
Global Strategy Growth & Income Fund
Global Strategy Income Plus Fund
Global Strategy Japan Plus RSP Fund
Global Strategy Money Market Fund
Global Strategy U.S. Equity Fund
Global Strategy World Balanced Fund
Global Strategy World Balanced RSP Fund
Global Strategy World Bond Fund
Global Strategy World Bond RSP Fund
Global Strategy World Companies Fund
Global Strategy World Companies RSP Fund
Global Strategy World Equity Fund
Global Strategy World Equity RSP Fund
Global Strategy World Opportunities Fund

SCHEDULE B
GS SELECT FUNDS

GS American Equity Fund
GS Canadian Balanced Fund
GS Canadian Equity Fund
GS International Bond Fund
GS International Equity Fund

2.1.12 Imagictv Inc.

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief from the prospectus requirements to permit an issuer to use the PREP Procedures under National Policy Statement 44 in connection with an initial public cross-border offering of common shares of the issuer. Neither the issuer nor its common shares meet the eligibility criteria set out in National Policy Statement.

Ontario Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., s. 147

Policies Cited

National Policy Statement 44 – *Rules for Shelf Prospectus Offerings and for Pricing Offerings After the Final Prospectus is Receipted*

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

AND

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

AND

IN THE MATTER OF IMAGICTV INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland as well as the Yukon Territory, the Northwest Territories and Nunavut (the "Jurisdictions") has received an application from ImagicTV Inc. (the "Company") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") exempting the Company from the eligibility criteria set out in Section 4.1 of National Policy No. 44 ("NP 44") and articles 37.5, 37.6 and 37.7 of the Regulation respecting Securities under the Legislation of Quebec (the "Quebec Regulation"), thereby permitting the use by the Company of the PREP Procedures (as such term is defined in NP 44) and similar procedures under the Legislation of Quebec (the "Quebec Procedures") in connection with the Company=s proposed initial public offering of common shares (the "Offering") as more fully described below;

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

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

1. The Company is a developer and provider of an infrastructure software solution that enables telephone companies and other service providers to deliver multi-channel digital television and interactive media services to their subscribers over a broadband network infrastructure.

2. The Company was incorporated under the *Canada Business Corporations Act* and is not a reporting issuer or equivalent under the Legislation.

3. The authorized share capital of the Company consists of an unlimited number of Class A voting common shares, an unlimited number of Class B non-voting common shares and an unlimited number of Class C non-voting common shares, of which as of July 31, 2000, 12,900,962 Class A voting common shares, 1,500,000 Class B non-voting common shares, and 686,883 Class C non-voting common shares are issued and outstanding.

4. Shortly prior to the closing of the Offering, the Company intends to reorganize its share capital such that each outstanding share of each class will be converted into one common share in the capital of the Company (the "Shares").

5. The Offering will consist of concurrent offerings of Shares to the public in Canada and the United States. The Company currently estimates that the gross proceeds of the Offering will be between US$75 million and US$100 million.

6. The Company plans to file: (i) a preliminary prospectus with the Decision Maker of each of the Jurisdictions (the "Preliminary Prospectus"); and (ii) a Form F-1 registration statement (the "Registration Statement") with the United States Securities and Exchange Commission (the "SEC"). The Company anticipates the filing of a (final) prospectus with the Decision Makers in November 2000.

7. There is presently no public market for the Shares, however, the Company has applied to The Toronto Stock Exchange to list the Shares for trading and to the National Association of Securities Dealers in the United States to have the Shares quoted on the Nasdaq National Market.

8. In connection with the Offering in the United States, the Company plans to use the procedures permitted by Rule 430A under the *Securities Act of 1933* which will permit the Company to omit certain pricing information in the Registration Statement until after it has been declared effective by the SEC.

9. Use of the PREP Procedures and the Quebec Procedures would permit the Company and its underwriters to better co-ordinate the pricing,

prospectus delivery, confirmation of purchase, closing and settlement processes in Canada with those anticipated to be employed in the United States.

10. Neither the Company nor the Shares meet the eligibility criteria set forth in NP 44 and article 37.5 of the Quebec Regulation which would otherwise enable the Company to use PREP Procedures and the Quebec Procedures.

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

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

THE DECISION OF THE DECISION MAKERS under the Legislation is that the Company be and is hereby exempted from the prospectus requirements of the Legislation with respect to the distribution of Shares under the Canadian portion of the Offering effected in compliance with the PREP Procedures under NP 44 and the Quebec Procedures insofar as such requirements concern (i) the form and content of a preliminary prospectus or a prospectus, including the form of prospectus certificates, filed under the Legislation, and (ii) the filing of an amendment or supplement to a preliminary prospectus or prospectus filed under the Legislation, provided that:

a) the Preliminary Prospectus is supplemented and amended pursuant to and in accordance with the requirements and procedures set forth in NP 44 and the Quebec Regulations, including the filing of amendments complying with the requirements of the Legislation;

b) a prospectus complying with NP 44 and the Quebec Regulations is filed under the Legislation pursuant to and in accordance with the requirements and procedures set forth in NP 44 and the Quebec Regulations, as if the Company was eligible to use the PREP Procedures and the Quebec Procedures; and

c) such prospectus is supplemented and amended pursuant to and in accordance with the requirements and procedures set forth in National Policy 44 and the Quebec Regulation, including the filing of amendments complying with the requirements of the Legislation.

November 9th, 2000.

"Morley P Carscallen" "Robert W. Davis"

2.2 Orders

2.2.1 Cathedral Gold Corporation - c52(2)

Headnote

Consent given to OBCA corporation to continue under the law of the Province of Alberta.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c.B.16, as am., s. 181

Regulations Cited

Regulations made under the Business Corporations Act, R.R.O., Reg. 62 as am. cl. 51(2)(b).

IN THE MATTER OF THE REGULATION MADE UNDER THE BUSINESS CORPORATIONS ACT R.S.O. 1990, c. B-16 (the "OBCA") R.R.O. 1990, REGULATION 62, AS AMENDED (the "Regulation")

AND

IN THE MATTER OF CATHEDRAL GOLD CORPORATION

CONSENT (Clause 51(2)(b)) (OBCA Regulation)

UPON the application of Cathedral Gold Corporation (the "Applicant") to the Ontario Securities Commission (the "Commission") requesting the consent of the Commission to the continuance of the Applicant as a corporation in another jurisdiction pursuant to clause 51(2)(b) of the Regulation;

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

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

1. The Applicant is proposing to submit an application to the Director under the OBCA for authorization to continue as a corporation under the laws of the Province of Alberta pursuant to section 181 of the OBCA (the "Application for Continuance").

2. Pursuant to clause 51(2)(b) of the Regulation, where a corporation is an offering corporation, the Application for Continuance must be accompanied by a consent from the Commission.

3. The Applicant is an offering corporation under the OBCA and is a reporting issuer under the Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act").

4. The Applicant is not in default under any of the provisions of the Act or the regulations or rules thereto.

5. The Applicant is not a party to any proceeding or to the best of its knowledge, information and belief, any pending proceeding under the Act.

6. The Applicant presently intends to continue to be a reporting issuer in the Province of Ontario.

7. Following the proposed continuance, the Applicant will be governed by the Business Corporations Act (Alberta) S.A. 1981, c.B-15 (the "ABCA").

8. The continuance is proposed because following the amalgamation under the laws of the Province of Ontario on June 16, 2000, of the Applicant with Directional Plus Ltd., a corporation continued under the laws of Ontario from Alberta by articles of continuance dated May 30, 2000, the head office of the Applicant is now located in the Province of Alberta and the majority of the Applicant's business is now conducted in the Province of Alberta.

9. The material rights, duties and obligations of a corporation governed by the ABCA are substantially similar to those of a corporation governed by the OBCA.

10. The Applicant's shareholders authorized the continuance of the Applicant under the laws of the Province of Alberta by special resolution at a special meeting of the shareholders held on September 20, 2000.

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as a corporation under the laws of the Province of Alberta.

October 27th, 2000.

"Howard I. Wetston" "Robert W. Davis"

2.3 Rulings

2.3.1 Deluxe Corporation and EFUNDS Corporation - s.74

Headnote

Subsection 74(1) - the distribution by a U.S. non- reporting issuer to its shareholders of shares of another U.S. non-reporting issuer pursuant to an exchange offer or a possible subsequent spin-off by way of distribution is not subject to section 25 and 53 of the Act provided that the first trade in shares distributed is subject to Rule 72-501 *Prospectus Exemption for First Trade Over a Market Outside Ontario.*

Statutes Cited

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

Rule Cited

Rule 72-501 *Prospectus Exemption for First Trade Over a Market Outside Ontario.*

Rule 45-501 *Exempt Distributions*

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

AND

IN THE MATTER OF DELUXE CORPORATION AND EFUNDS CORPORATION

RULING (Subsection 74(1))

UPON THE application (the "Application") of Deluxe Corporation ("Deluxe") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act that the distribution by Deluxe of common shares ("eFunds Common Shares") of eFunds Corporation ("eFunds") in connection with Deluxe's offer (the "Exchange Offer") to holders of its common shares ("Deluxe Common Shares") to exchange Deluxe Common Shares for eFunds Common Shares or pursuant to the Distribution (as defined herein), shall not be subject to sections 25 and 53 of the Act;

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

AND UPON Deluxe having represented to the Commission that:

1. Deluxe is a corporation incorporated under the laws of the State of Minnesota and is not a reporting issuer under the Act.

2. As at August 11, 2000, there were approximately 72,331,268 Deluxe Common Shares issued and outstanding.

3. As at July 20, 2000, there were six registered shareholders with addresses in the Province of Ontario holding 2,798 Deluxe Common Shares, representing approximately .0039% of the issued and outstanding Deluxe Common Shares.

4. The Deluxe Common Shares are listed for trading on the New York Stock Exchange, Inc.

5. eFunds is a corporation incorporated under the laws of the State of Delaware and is not a reporting issuer under the Act.

6. As at August 11, 2000, there were 45,500,000 eFunds Common Shares issued and outstanding, 40,000,000 of which were held by Deluxe.

7. eFunds Common Shares are listed for trading on the Nasdaq National Market ("NASDAQ").

8. Pursuant to the Exchange Offer, Deluxe has offered to exchange a certain number of the eFunds Common Shares for each Deluxe Common Share that is validly tendered and not properly withdrawn prior to the expiration of the Exchange Offer.

9. If Deluxe continues to hold eFunds Common Shares after the completion of the Exchange Offer, Deluxe intends to distribute (the "Distribution") such eFunds Common Shares pro rata among the holders of Deluxe Common Shares as soon as practicable after the expiration of the Exchange Offer.

10. The Exchange Offer is being made in compliance with the Securities Act of 1933 of the United States of America and the Securities Exchange Act of 1934 of the United States of America and the rules of the Securities and Exchange Commission made pursuant thereto (the "Applicable U.S. Securities Laws")

11. As required by the Applicable U.S. Securities Laws, each holder of Deluxe Common Shares will be sent by or on behalf of Deluxe an offering circular-prospectus which, along with the documents incorporated by reference therein, describes the Exchange Offer and the Distribution and provides detailed disclosure with respect to eFunds and eFunds Common Shares.

12. The exemptions contained in section 2.7 of Ontario Securities Commission Rule 45-501 *Exempt Distributions* are not available for the distribution of the eFunds Common Shares pursuant to the Exchange Offer and the exemptions contained in paragraph 35(1)13 and 72(1)(g) are not available for the distribution of the eFunds Common Shares pursuant to the Distribution, as eFunds is not a reporting issuer in Ontario.

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

IT IS RULED pursuant to subsection 74(1) of the Act that the distribution of eFunds Common Shares pursuant to the Exchange Offer and the Distribution shall not be subject to sections 25 and 53 of the Act, provided that the first trade in

eFunds Common Shares acquired pursuant to this ruling shall be a distribution unless such trade is made in accordance with Ontario Securities Commission Rule 72-501 *Prospectus Exemption for First Trade Over a Market Outside Ontario* as if the eFunds Common Shares were a restricted security as defined in the rule.

September 29, 2000.

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

2.3.2 International Datacasting Corporation and Capital Alliance Ventures Inc. - s.74 of Schedule 1

Headnote

Subsection 74(1) - relief from requirement of clause 3.11(2)(c) of Ontario Securities Commission Rule 45-501 that all securities of a "control block" holder must be held for at least 12 months from the date of the latest exempt purchase of securities of the subject issuer on the basis that the tainting acquisitions did not raise the policy concerns - securities held indirectly for over 12 months and no current intention of disposition of said securities.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 53, 72(7)(b), 72(7)(c) and 74(1).

Rules Cited

Ontario Securities Commission Rule 45-501, s. 3.11(2) and (5).

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

AND

IN THE MATTER OF INTERNATIONAL DATACASTING CORPORATION

AND

IN THE MATTER OF CAPITAL ALLIANCE VENTURES INC.

RULING
(Subsection 74(1))

UPON the application of International Datacasting Corporation ("IDC") and Capital Alliance Ventures Inc. ("CAVI") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act that the first trades in certain securities of IDC which were previously acquired by CAVI will not be subject to the hold periods contained in Section 3.11 of the Commission's Rule 45-501("Rule 45-501");

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

AND UPON IDC and CAVI having represented to the Commission that:

1. IDC is a corporation existing under and governed by the *Canada Business Corporations Act* which was incorporated on January 28, 1987 under its current name.

2. 1238651 Ontario Inc. ("IDC HOLDCO") is a private company within the meaning of subsection 1(1) of the

Act which was incorporated under the *Business Corporations Act* (Ontario) on July 10, 1997.

3. CAVI is an Ottawa-based community small business investment fund incorporated under the *Canada Business Corporations Act* on July 29, 1994. CAVI was registered as a labour-sponsored venture capital corporation under the *Income Tax Act (Canada)* on July 29, 1994 and as a labour sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario) on August 31, 1994.

4. 1065836 Ontario Inc. ("EE HOLDCO") is a private company within the meaning of subsection 1(1) of the Act which was incorporated under the *Business Corporations Act* (Ontario) on February 18, 1994.

5. IDC has been a reporting issuer under the Act since at least February 3, 1988, being the date IDC amalgamated with Central Dynamics Ltd. ("CDL") and assumed CDL's listing on the Montreal Exchange.

6. To the best of its knowledge, information and belief, IDC is not in default of the Act or the regulations or the rules made thereunder.

7. The authorized share capital of IDC consists of an unlimited number of common shares (the "Common Shares") of which there were 36,446,054 issued and outstanding as of September 1, 2000.

8. The Common Shares are and have been listed and posted for trading on the Toronto Stock Exchange since December 7, 1999 and ceased to be traded on the Montreal Exchange as of that date.

9. IDC HOLDCO currently holds 16,112,838 Common Shares, representing 44 per cent of the issued and outstanding Common Shares. 11,889,930 of such Common Shares have been held by IDC HOLDCO since July 31, 1997. A further 5,192,308 Common Shares were acquired by IDC HOLDCO on May 10, 1999, following the conversion of a debenture issued to it by IDC on August 29, 1997. No further Common Shares have since been acquired by IDC HOLDCO.

10. The authorized share capital of IDC HOLDCO consists of an unlimited number of Class A voting common shares and an unlimited number of Class B non-voting common shares.

11. On July 10, 1997 two Class A voting common shares and five Class B non-voting common shares were issued by IDC HOLDCO to CAVI and three Class A voting common shares were issued by IDC HOLDCO to EE HOLDCO.

12. On August 29, 2000, a convertible debenture issued by IDC HOLDCO to CAVI on August 29, 1997 matured and 3,880,402 Class A voting shares and 8,193,750 Class B non-voting shares of IDC HOLDCO were issued to CAVI. The original Class A and Class B shares of IDC HOLDCO held by CAVI were cancelled.

13. In addition to its indirect holdings of Common Shares through its shares of IDC HOLDCO, CAVI has held 833,333 Common Shares directly since May 10, 1999 following the conversion of a debenture issued directly to it by IDC on July 6, 1998.

14. CAVI directly or indirectly through IDC HOLDCO owns or exercises control or direction over approximately 35 percent of the issued and outstanding Common Shares and is hence considered the holder of a control block of Common Shares under the Act.

15. IDC HOLDCO and EE HOLDCO propose to amalgamate (the "Amalgamation"), with the successor company being referred to herein as "AMALCO".

16. CAVI will own the same numbers and classes of shares of AMALCO as it did in IDC HOLDCO, that is, 3,880,402 Class A voting shares of AMALCO and 8,193,650 Class B non-voting shares of AMALCO.

17. Following the Amalgamation, CAVI will incorporate a wholly-owned subsidiary ("CAVISUB") and transfer its shares in AMALCO to CAVISUB on a tax-deferred basis in exchange for common shares of CAVISUB. AMALCO will then transfer to CAVISUB a sufficient number of Common Shares to satisfy CAVI's proportionate interest in AMALCO, being, for greater certainty, 12,074,052 Common Shares, in exchange for redeemable preferred shares of CAVISUB. CAVISUB will proceed to redeem its preferred shares held by AMALCO in exchange for a note payable to AMALCO. AMALCO will proceed to purchase for cancellation its Class A voting shares and Class B non-voting shares held by CAVISUB in exchange for a note payable to CAVISUB. Finally, CAVISUB will wind up and distribute the Common Shares held by it to its parent CAVI (the "Butterfly Transaction").

18. The distributions of securities effected in the course of the Amalgamation and the Butterfly Transaction will be effected in reliance upon various exemptions provided for in the Act and/or Rule 45-501.

19. As a result of the Amalgamation and Butterfly Transaction, CAVI will hold all of its Common Shares directly.

20. Clauses 72(7)(b) and (c) of the Act will not be available to permit CAVI to distribute any of the Common Shares it now owns or will receive upon the winding up of CAVISUB unless it has held them for the periods specified in subsection 3.11(2) of Rule 45-501.

21. The "tacking provisions" contained in subsection 3.11(5) of Rule 45-501 which, for the purposes of computing the time periods specified in section 3.11(2), would permit CAVI to include the period during which IDC HOLDCO owned its Common Shares, will not be available to CAVI as IDC HOLDCO is not an "affiliated entity" of CAVI, as such term is defined in Rule 45-501.

22. CAVI has no current intention of disposing of its Common Shares.

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

IT IS RULED, pursuant to subsection 74(1) of the Act, that section 53 of the Act shall not apply to the trade or trades by CAVI of all or part of its Common Shares provided that:

(a) such trade or trades are made in accordance with clauses 72(7)(b) and (c) of the Act; and

(b) other than as set out in the foregoing representations, CAVI does not acquire direct or indirect ownership, control or direction over any additional Common Shares after the date hereof.

November 21st, 2000.

"Howard I. Wetson" "Stephen N. Adams"

2.3.3 Cabot Microelectronics - s.74(1)

Headnote

Subsection 74(1) - distribution of shares of a U.S. reporting company which is not a reporting issuer or equivalent in Canada as a dividend in kind is not subject to sections 25 and 53 of the Act, subject to certain conditions - first trade is a distribution unless such first trade is made in accordance with Rule 72-501 *Prospectus Exemption for First Trade Over a Market Outside Ontario.*

Statutory Provisions Cited

Securities Act, R.S.O. 1990, c.S.5, as am. ss. 25, 35(1)13, 53, 72(1)(g), 74(1).

Rules Cited

Rule 72-501 *Prospectus Exemption for First Trade Over a Market Outside Ontario*

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

AND

IN THE MATTER OF
CABOT CORPORATION
AND
CABOT MICROELECTRONICS CORPORATION

RULING
(Subsection 74(1))

UPON the application of Cabot Corporation (the "Filer") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act that the proposed distribution by the Filer of all of its interest in Cabot Microelectronics Corporation ("CMC") to holders of common stock of the Filer as a dividend in kind shall not be subject to sections 25 and 53 of the Act;

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

AND UPON the Filer having represented to the Commission as follows:

1. The Filer is a corporation incorporated under the laws of the State of Delaware in the United States, is not a reporting issuer under the Act or in any other province or territory in Canada, and has no intention of becoming a reporting issuer in Ontario or in any other province or territory of Canada.

2. The common shares of the Filer (the "Filer Shares") are listed for trading on the New York Stock Exchange, the Boston Stock Exchange and the Pacific Exchange; are not listed or posted for trading on any Canadian stock exchange; and no published market exists for the Filer Shares in Canada.

3. As at September 13, 2000 there were 67,705,965 Filer Shares issued and outstanding.

4. As at August 28, 2000, there were 11 registered holders of the Filer Shares resident in the Province of Ontario as listed on the Filer's shareholder register, holding, in the aggregate, 45,400 Filer Shares, representing approximately 0.067% of the total number of issued and outstanding Filer Shares.

5. CMC is incorporated under the laws of the State of Delaware in the United States, is not a reporting issuer in Ontario nor in any other province or territory of Canada, and has no intention of becoming a reporting issuer in Ontario or in any other province or territory of Canada;

6. The common shares of CMC are listed on the Nasdaq National Market, are not listed or posted for trading on any Canadian stock exchange; and no published market exists for the CMC common shares in Canada.

7. The Filer is the registered owner of 18,989,744 common shares of CMC, representing 80.5% of the issued and outstanding common share capital of CMC. Canadian resident shareholders of CMC represent less than 10% of the registered shareholders of CMC and hold less than 10% of the issued and outstanding common shares of CMC.

8. The Filer intends to spin off its 80.5% interest in CMC to the Filer's shareholders by distributing its 18,989,744 CMC common shares to the Filer's shareholders (the "Distribution") as a dividend in kind.

9. Upon completion of the Distribution, CMC shareholders resident in Canada will represent less than 10% of the holders of CMC common shares and hold less than 10% of the issued and outstanding common shares of CMC.

10. The Distribution will be effected in compliance with the General Corporation Law of the State of Delaware, and the regulations of the Securities Exchange Commission of the United States, the New York Stock Exchange and the Nasdaq National Market (collectively, the "Applicable U.S. Laws and Regulations").

11. Ontario residents holding Filer Shares will have the same rights at law, if any, in respect of the CMC common shares and will receive, in connection with the Distribution, the same disclosure documentation received by shareholders of the Filer with addresses in the United States.

12. On an ongoing basis, residents in the Province of Ontario who receive the CMC common shares upon completion of the Distribution will be concurrently sent copies of all continuous disclosure materials sent to CMC shareholders resident in the United States.

13. The Filer cannot rely upon the registration and prospectus exemptions contained in paragraph 35(1)13 and clause 72(1)(g) of the Act to effect the Distribution because CMC is not a reporting issuer under the Act;

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

IT IS RULED, pursuant to subsection 74(1) of the Act, that the Distribution shall not be subject to the requirements of sections 25 and 53 of the Act provided that:

(a) the Distribution is effected in accordance with the Applicable U.S. Laws and Regulations;

(b) all material relating to the Distribution sent by or on behalf of the Filer to shareholders of the Filer outside of Canada is sent to shareholders of the Filer resident in Ontario and, with the exception of the share certificates representing the common shares of CMC, a copy thereof is filed with the Commission; and

(c) the first trade of the CMC Shares acquired pursuant to this Decision shall be a distribution unless the first trade is made in accordance with Ontario Securities Commission Rule 72-501*Prospectus Exemption for First Trade Over a Market Outside Ontario* as if the CMC Shares were a restricted security as defined in the rule.

September 29th, 2000

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

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 Reasons for Decisions

3.1.1 Consolidated Properties

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

AND

IN THE MATTER OF CONSOLIDATED PROPERTIES LTD.

Hearing:	October 26, 2000		
Panel:	John A. Geller, Q.C.	-	Vice-Chair
	Morley P. Carscallen, F.C.A.	-	Commissioner
Counsel:	Steven H. Leitl Charles Berard	-	For Aspen Properties Ltd.
	Kevin T. Williams Norman K. Snyder	-	For Consolidated Properties Ltd.
	Christopher Besko	-	For the Staff of the Manitoba Securities Commission
	Stanley Magidson Terrence Moore	-	For the Staff of the Ontario Securities Commission

REASONS FOR DECISION

Background

On September 22, 2000, Aspen Properties Ltd. ("Aspen") made a take-over bid for approximately 30% of the outstanding shares of Consolidated Properties Ltd. ("Consolidated"), and associated rights, at a bid price of 38¢ per share (including rights), payable in cash, and expiring on October 17, 2000. Aspen already held approximately 5% of the outstanding shares of Consolidated. In the bid documents, it was stated that "The purpose of the Offer is to enable Aspen to acquire at least 30% of the outstanding Consolidated Shares in addition to the approximately 5% already held by Aspen, and its affiliates, thereby allowing Aspen to take a more active role in attempting to increase shareholder value." and that "If the Offer is successful, Aspen intends to requisition a shareholder meeting and propose that one or more of the directors of Consolidated be replaced with one or more nominees of Aspen at such meeting. The new board of directors would then conduct a comprehensive re-assessment of management and management strategies, margins, and dispositions, geographic expertise and potential increased revenue growth.".

Consolidated had in effect a "shareholders protection rights plan" (the "Plan"), put in place by its directors on April 16, 1999 and ratified by its shareholders on September 9, 1999. The implementation of such a plan was originally authorized by the Consolidated board on January 12, 1999. It was a condition of the Aspen bid that, in effect, the Plan not be applicable in respect of the Aspen bid when it came time for Aspen to take-up and pay for the Consolidated shares tendered to the Aspen bid.

In a Directors' Circular dated October 2, 2000, the Consolidated board stated that it would provide advice to shareholders as to the Aspen bid on or before October 10, 2000.

By letter dated October 5, 2000, Macleod Dixon LLP, Aspen's counsel, applied to the Alberta Securities Commission, the Manitoba Securities Commission (the "MSC") and the Commission for the issuance of permanent cease trade orders in respect of any securities issued or to be issued pursuant to or in connection with the Plan in relation to the Aspen bid.

In a Notice of Change dated October 6, 2000, Aspen provided further information as to its source of funds for the payments to be made by it under the Aspen bid.

In a Supplement to Directors' Circular dated October 10, 2000, the Consolidated board stated that it had received the opinion of Trilon Securities Corporation ("Trilon") that the Aspen bid was inadequate from a financial point of view to holders of Consolidated shares other than Aspen and its subsidiaries and affiliates, that the board was continuing to actively explore alternative strategies to maximize shareholder value, including the sale of 100% of the Consolidated shares, the sale all of Consolidated's assets and other strategic alternatives recommended by Trilon and the Special Committee of the Consolidated board, and that the Consolidated directors recommended that the Consolidated shareholders reject the Aspen bid.

By a Notice of Variation dated October 16, 2000, Aspen extended the Aspen bid to October 27, 2000. In the Notice, Aspen, at the request of the staff of the MSC and of the Commission, provided additional information with respect to Aspen.

In a Second Supplement to Directors' Circular dated October 23, 2000, the Consolidated board again recommended the rejection of the Aspen bid.

Decision

A hearing on Aspen's request for a cease-trade order was held by the MSC and the Commission on October 26, 2000. At the conclusion of the hearing, the following decision was read by the Chair of the MSC on behalf of the MSC and the Commission.

> We have carefully considered the evidence and the submissions. We are all of the view and are satisfied that the time has not yet come for the Rights Plan to be cease-traded. However, that time is coming soon and, in fact, we will issue an order cease-trading at the close of business Friday, November 3rd, being 5:00 p.m. Central Standard Time, in the event that the offer from Aspen is extended.

The Chair advised that reasons would follow in due course.

Testimony

Counsel for Aspen called one witness, R. Scott Hutcheson, the President and Chief Executive Officer of Aspen.

Mr. Hutcheson's testimony included the following. Commencing on March 30, 1999 and through mid-September 2000, he had at least 25 meetings and discussions, and exchanged correspondence, with various officer and directors of Consolidated, and he believes that Consolidated has been "in play" since late March, 1999. By press release dated August 14, 2000, Consolidated announced that its board had instructed its management to seek offers for its assets or shares which would enhance shareholder value. At the request of Consolidated's management, by letter dated September 6, 2000, Aspen wrote to Consolidated's President and Chief Financial Officer, setting out proposed terms and conditions of a pre-acquisition agreement with a view to making an offer to purchase 100% of Consolidated's shares. Management of Consolidated indicated that Aspen's offer had been considered by the Consolidated board and rejected on the basis that Consolidated was considering pursuing a strategy whereby most of its assets would be sold. On September 11, 2000 Aspen issued a press release announcing its intention to make the Aspen bid, and on September 22, 2000, Aspen mailed the Aspen bid to Consolidated's shareholders. Consolidated did not engage a financial advisor until September 28, 2000. He believes that Consolidated is not a complex company, that there are few potential bidders other than Aspen who have not already looked at buying Consolidated, and that there is very little likelihood that, if given more time, the Consolidated Special Committee will be able to solicit a superior bid. Aspen was informed, during various discussions with Consolidated that Consolidated's board controls approximately 30% or more of Consolidated's shares. There does not appear to be a real and substantial probability that, given a period of time after October 26, 2000 and up to 60 days following the Aspen bid, the Consolidated board can increase shareholder choice and maximize shareholder value.

Consolidated's counsel called two witnesses, Cyrus Madon, a vice-president of Trilon, and Larry M. Hurtig, a member of the Consolidated board and of its Special Committee, which advised the board in connection with its value maximization efforts and the Aspen bid.

Mr. Madon's testimony included the following. On September 28, 2000 the Consolidated board retained Trilon to act as the exclusive external financial advisor to the Special Committee and to explore strategic alternatives to the Aspen bid with a view to providing a superior alternative transaction or combination of transactions. On October 10, 2000, Trilon issued an opinion which concluded that the Aspen bid was inadequate from a financial point of view to the shareholders of Consolidated other than Aspen and its subsidiaries and affiliates. Consolidated has entered into confidentiality agreements with a number of prospective purchasers, exceeding seven. A 60 day period as contemplated for "permitted bids" in the Plan is not an unreasonable period of time for the board to have to investigate other transactions aimed at maximizing shareholder value.

In response to questions from Mr. Besko, Mr. Madon testified that in his view there was a substantial likelihood that a bid would be forthcoming from two parties who had indicated an interest in making a bid for 100% of Consolidated's shares at a price higher than that offered by Aspen in its partial bid, and that 60 days wasn't an unreasonable period to try to maximize shareholder value. In the context, it is clear to as that he meant 60 days from the date of the Aspen bid to bring an offer forward.

Mr. Hurtig is a director of Consolidated and a member of its Special Committee. His testimony included the following.

Discussions with respect to the adoption of the Plan initially took place at a meeting of the Consolidated board on January 12, 1999. The board then voted to commence steps toward the implementation of a shareholder protection rights plan and to authorize management to contact legal counsel with a view to creating such a plan. Further discussion with respect to the content of the Plan took place at a board meeting on March 11, 1999. On April 16, 1999, the board adopted the Plan. The shareholders of Consolidated ratified the Plan on September 9, 1999. Aspen made a formal offer to the board of Consolidated by a letter dated September 6, 2000 in respect of the potential purchase of 100% of Consolidated's shares. The Consolidated board considered the offer and because it was conditional on financing and contained several other unacceptable conditions, instructed management to reject the offer. At a meeting on August 11, 2000, the board decided to instruct management to seek out buyers for the assets or shares of Consolidated. No time frame was set for completing this. Following the issuance of a press release on August 11, 2000, Consolidated began the process of exploring strategic alternatives aimed at maximizing shareholder value. The process involved discussions with a variety of parties. However, it was only after the issuance of Aspen's bid that the board retained a financial advisor. The board did not believe the retention of a financial adviser was necessary, because of the high cost which this would entail, until after the Aspen bid was issued. At a board meeting on September 25, 2000, the Special Committee was constituted, and it was given the mandate to review and respond to the Aspen bid and to review and consider all alternatives available to maximize shareholder value. At a board meeting on September 28, 2000, the board confirmed the retention of Trilon to provide financial advice to the Special Committee regarding the Aspen bid and other strategic alternatives available to Consolidated. As part of its retainer, Trilon was to provide an opinion as to the fairness of the Aspen bid from a financial perspective. Trilon developed a preliminary list of prospective offerors in consultation with management and the Special Committee, and the latter instructed Trilon to actively pursue these prospective offerors. On October 5, 2000, Trilon presented its report to the Special Committee, and at a meeting on October 6, 2000, the Special Committee decided to recommend Trilon's report to the board, and that the board issue a supplement to its Directors' Circular advising shareholders to reject the Aspen bid. On October 7, 2000, Trilon presented the Special Committee with Trilon's strategic recommendations and its opinion that the Aspen bid was inadequate from a financial perspective to Consolidated's shareholders other than Aspen and its subsidiaries and affiliates. On October 10, 2000, the board issued the Supplement to the Director's Circular. Since October 7, 2000, Trilon has been actively engaged in pursuing alternative strategies to maximize shareholder value, including, in particular, the sale of the entire company, either through the sale of 100% of the common shares, the sale of Consolidated's assets to one or more buyers, or through some form of merger or restructuring. With the assistance of Trilon, Consolidated has entered into confidentiality agreements with a number of prospective offerors, and Trilon anticipates that further such agreements will be executed. Meetings have been held with certain of these prospective offerors, data rooms have been established, and visits to these rooms by some of the prospective offerors have taken place and more have been scheduled. There is a reasonable likelihood that with the assistance of Trilon an offer involving a transaction more favourable to the Consolidated shareholders will be obtained during the 60 days contemplated in the "permitted bid" concept under the Plan.

In response to a question from Vice-Chair Geller, Mr. Hurtig said that the control group of Consolidated (including siblings of directors, who might or might not vote with other members of the group) controlled 20 to 22% of the outstanding Consolidated shares.

Authorities

In *In the Matter of Royal Host Real Estate Investment Trust* (1999), 22 O.S.C.B. 7819, the British Columbia Securities Commission, the Alberta Securities Commission and the Commission, after reviewing previous decisions of Canadian securities regulatory authorities on shareholder rights plans, said the following at p. 7828:

> We now turn to the issue raised by Royal Host's application. That issue was whether it was in the public interest for us to make orders that would terminate the operation of the CHIP rights plan against the Royal Host bid and thus allow the bid to proceed for consideration by the unitholders of CHIP. In other words, was it time for the CHIP pill to go?
>
> The general principles we applied in making that determination are set out in National Policy 62-202 and have been interpreted in the series of decisions reviewed above. In the policy, we emphasize that the primary objective of the regulatory scheme governing take over bids is the protection of the bona fide interests of the shareholders of the target company. We recognize that the board of a target company facing a hostile bid may adopt defensive tactics in a genuine attempt to increase shareholder value. However, we also confirm that we will step in if their tactics appear likely to deny or severely limit the opportunity of the shareholders to respond to the bid.
>
> In applying these principles to the determination of the public interest in a particular case, the challenge we face is finding the appropriate balance between permitting the directors to fulfill their duty to maximize shareholder value in the manner they see fit and protecting the right of the shareholders to decide whether to tender their shares to the bid. We can make this determination only after considering all of the relevant factors in that particular case. While it would be impossible to set out a list of all of the factors that might be relevant in cases of this kind, they frequently include:
>
> - whether shareholder approval of the rights plan was obtained;
> - when the plan was adopted;
> - whether there is broad shareholder support for the continued operation of the plan;
> - the size and complexity of the target company;

- the other defensive tactics, if any, implemented by the target company;
- the number of potential, viable offerors;
- the steps taken by the target company to find an alternative bid or transaction that would be better for the shareholders;
- the likelihood that, if given further time, the target company will be able to find a better bid or transaction;
- the nature of the bid, including whether it is coercive or unfair to the shareholders of the target company;
- the length of time since the bid was announced and made;
- the likelihood that the bid will not be extended if the rights plan is not terminated.

This is the approach that was taken in *Jorex* and that served as the starting point for the analysis in the subsequent decisions. However, a number of those decisions - *Regal, WIC* and *Cambridge* - have attempted to refine this approach by focussing on certain of these factors and using them as the basis for specific tests to be applied in determining whether it is time for the pill to go.

After reviewing these decisions and the fact patterns on which they were based, we have come to the conclusion that it is fruitless to search for the "holy grail" of a specific test, or series of tests, that can be applied in all circumstances. Take over bids are fact specific; the relevant factors, and the relative importance to be attached to each, will vary from case to case. As a result, a test that focuses on certain factors to the exclusion of others will almost certainly be inappropriate in some of the cases to which we attempt to apply it.

We agree with this analysis of the approach which we should adopt in deciding when "the pill has got to go", to use the language of *Jorex*.

Analysis

The principal factors which, in our view, are relevant in the matter before us are the following.

The Plan is not a "tactical" plan, ie. one put into effect in the face of the Aspen bid. It was first considered by Consolidated's board before discussions with Aspen commenced and was put in place by the Consolidated board and ratified by its shareholders before the announcement of the Aspen bid.

Certainly, Consolidated's board did not rush to conclude a transaction once it determined that it should attempt to enhance shareholder value by seeking offers for its assets or shares on August 14, 2000. However, we accept Mr. Hurtig's explanation for not immediately retaining a financial advisor, and do not find anything in the evidence which would lead us to conclude that the Consolidated management or board adopted improper defensive tactics.

Although, in our view, Consolidated's businesses are not unusually complex, there are several different ones, and this could have some impact on the number and types of potential buyers.

Once having retained Trilon, Consolidated has, in our view, taken reasonable steps to find a better bid or transaction.

Aspen's bid is a partial one. Although it would, if successful, effectively give Aspen "negative control", ie. the power to block fundamental changes, it would not give Aspen legal control of Consolidated. In view of the percentage of shares controlled by Consolidated's control group, it might not even give Aspen effective control. In light of these factors, we are unable to say that the Aspen bid is coercive.

On the evidence, we concluded that if Consolidated was allowed a further reasonable period, there was a reasonable possibility that it could come forward with an alternative bid or transaction superior to the Aspen bid.

Mr. Leitl argued that the only periods which we should consider were 21 days (the minimum statutory period) from the date of the bid and 35 days (the "Zimmerman" period) from the date of the announcement of the bid. Mr. Williams argued that the appropriate period would be 60 days from the date of the making of the bid (the "permitted bid" period in the Plan). We accepted neither argument. Although the length of time that a bid has been outstanding is a relevant factor, as the Commission has said in the past it is not merely a matter of counting days.

The question is, of course, how much additional time would be reasonable in the circumstances, if the decision is made to allow additional time. As was said in *Royal Host*, the primary objective of the regulatory scheme governing take-over bids is the protection of the *bona fide* interests of the shareholders of the target company. As the Commission said in *In the Matter of MDC Corporation and Regal Greetings & Gifts Inc.* (1994), 17 O.S.C.B. 4971 at page 4979:

> If there appears to be a real and substantial possibility that, given a reasonable period of further time, the board of the target corporation can increase shareholder choice and maximize shareholder value, then, absent some other compelling reason requiring the termination of the plan in the interests of shareholders, it seems to us that the Commission should allow the plan to function for such further period, so as to allow management and the board to continue to fulfil their fiduciary duties.

On the basis of the decisions since *Regal*, "reasonable possibility" would appear to us to be a more appropriate description than "real and substantial possibility", although both may in practice amount to the same thing.

On the other hand, we must recognize and take into account the fact that there is a real financial cost to a bidder in extending the period during which the bid remains open, and not make this cost so prohibitive as to discourage bids.

There was no evidence before us that, if we postponed our cease-trade order for a reasonable period, the Aspen bid

would not be extended for that period. Indeed, given the lengthy period over which Aspen has been after Consolidated, we would have found such an argument difficult to believe.

Conclusion

We concluded that Consolidated should be given a brief period in which to ascertain whether it could in fact produce a better transaction for its shareholders, and made the decision quoted above.

November 15th , 2000

"J. A. Geller" "Morley P. Carscallen"

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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
Profile Resources Inc.	November 14/2000	November 27/2000	-	-
Enterrra Communications Inc.	November 13/2000	November 24/2000	-	-
Tyne Terrace Homes Ltd.	November 13/2000	November 24/2000	-	-

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
Canquest Resource Corporation	Nov 3/00	-	-	-
Rising Phoenix Development Group Ltd.	Nov 3/00	-	-	-

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Chapter 5

Rules and Policies

5.1 Rules and Policies

5.1.1 Rule 35-502 - Non Resident Advisors

ONTARIO SECURITIES COMMISSION
RULE 35-502

NON-RESIDENT ADVISERS

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ONTARIO SECURITIES COMMISSION RULE 35-502
NON-RESIDENT ADVISERS

PART 1 DEFINITIONS AND INTERPRETATION

1.1 **Definitions** - In this Rule

"book-based system" has the meaning ascribed to that term in National Instrument 81-102 Mutual Funds;

"Canadian security" means a security other than a foreign security;

"extra-provincial adviser" means a person or company that is registered or applying for registration as an adviser under the Act, other than an international adviser or international adviser applicant, and that does not have a place of business in Ontario with partners, officers or representatives resident in Ontario who are acting on its behalf in Ontario;

"foreign security" has the meaning ascribed to that term in subsection 204(1) of the Regulation;

"Form 3" and "Form 4" mean Form 3 or Form 4 to the Regulation, respectively;

"fund" means a mutual fund or a non-redeemable investment fund;

"international adviser applicant" means a person or company applying for registration as an international adviser under the Act;

"international adviser" means

(a) a person or company that has been granted registration as an international adviser (investment counsel, portfolio manager or securities adviser) under the Act, and

(b) a registrant whose registration is subject to the restrictions set out in former Rule *In the Matter of Certain Advisers* (1997), 20 OSCB 1217, as amended;

"manager" means the person or company the directs the business, operations or affairs of a fund;

"Ontario client" means a permitted client who is ordinarily resident in Ontario;

"permitted client" means one of the following clients:

1. A bank listed in Schedule I or II to the *Bank Act* (Canada), acting as principal or as agent for accounts fully managed by it.

2. A loan corporation or trust corporation registered under the *Loan and Trust Corporations Act*, acting as principal or as trustee or agent for accounts fully managed by it.

3. An insurance company licensed under the *Insurance Act*.

4. Each of a treasury branch, credit union or caisse populaire that, in each case, is authorized to carry on business in Ontario.

5. The Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada).

6. Her Majesty in right of Canada or of any jurisdiction.

7. A portfolio manager acting as principal or as agent for accounts fully managed by it.

8. A broker or investment dealer acting as principal or, as permitted by section 148 of the Regulation, as agent for accounts fully managed by it.

9. A pension fund that is regulated either by the Office of the Superintendent of Financial Institutions (Canada) or by a provincial pension commission, or a group of pension funds that are so regulated, if the pension fund has, or the group of pension funds have, net assets of at least $100 million, or its equivalent in another currency, provided that, in determining net assets, the liability of the pension fund for future pension payments shall not be included.

10. A registered charity under the ITA with assets not used directly in charitable activities or administration of at least $5 million or its equivalent in another currency.

11. An individual who has a net worth of at least $5 million or its equivalent in another currency, excluding the value of his or her principal residence, as certified by the individual.

12. A person or company that is entirely owned, legally and beneficially, by an individual or individuals referred to in paragraph 11, who hold its or their ownership interest in the person or company directly or through a trust the trustee of which is a trust company registered under the *Loan and Trust Corporations Act*.

13. A corporation that has shareholders' equity of at least $100 million on a consolidated basis or its equivalent in another currency.

14. A fund that distributes its securities in Ontario, if the manager of the fund

(a) is ordinarily resident in a jurisdiction and is registered under the Act as a portfolio manager, broker, investment dealer or mutual fund dealer, or is registered under Canadian securities legislation other than the Act in an equivalent category of registration, and

(b) is a party to the contract under which the international adviser provides investment advice or portfolio management services to the fund.

15. A fund that distributes its securities in Ontario only to persons or companies referred to in paragraphs 1 through 13 or described in section 7.7 or 7.8;

"portfolio adviser" means a person or company that provides investment advice or portfolio management services under a contract with a fund or with the manager of the fund; and

"submission to jurisdiction and appointment of agent for service of process form" means, for an international adviser, the form set out in Appendix A to this Rule and, for a partner, officer or representative of an international adviser, the form set out in Appendix B to this Rule.

1.2 **Extended Meaning of Affiliates** - An international adviser that is a partnership is considered to be affiliated with another partnership or with a company, and an international adviser that is a company is considered to be affiliated with a partnership, if the partnerships, or the partnership and the company, would be affiliates of each other under the definition of "affiliated companies" in the Act, if that definition and the related definitions of "controlled companies" and "subsidiary companies" were each read as if references to a "company" were references to a "partnership".

PART 2 INTERNATIONAL ADVISER APPLICANTS

2.1 Completion of Form 3

(1) An international adviser applicant shall complete and execute a Form 3 and shall indicate in response to question 1 of Form 3 that the applicant is applying for registration as an international adviser.

(2) An international adviser applicant is not required to complete item 3 of Form 3.

(3) An international adviser applicant is not required to complete item 11 of Form 3, other than item 11A(b).

(4) An international adviser applicant, in responding to items 9 and 10 of Form 3, need only list and provide information about its partners, officers or representatives who will be acting on its behalf in respect of the business of the international adviser applicant in Ontario.[1]

2.2 **Completion of Form 4** - A person that applies for registration as a partner, officer or representative, or that seeks approval as a partner, officer, or representative[2], listed in the international adviser's Form 3 pursuant to section 2.1(4) shall complete and execute a Form 4, unless the information required by Form 4 has previously been filed by the applicant and the information as previously filed is current and correct as of the date the of application, but is not required to complete items 7, 8, 10, 20 and 21 of Form 4.

PART 3 INTERNATIONAL ADVISERS

3.1 General Requirements

(1) No registration or renewal of registration shall be granted to an international adviser applicant or an international adviser unless the international adviser applicant or the international adviser has complied with the requirements of this Rule and any applicable requirements of the Regulation at the time of the granting of the registration or the renewal of registration.

(2) An international adviser and each of its partners, officers or directors registered under the Act shall comply with the requirements of this Rule and any other applicable requirements of Ontario securities law.

(3) The Commission may prescribe conditions of registration for an international adviser or its registered partners, officers or representatives, or for a group of international advisers or group of its or their registered partners, officers or representatives, that are in lieu of some or all of the conditions of registration set forth in this Rule, if the Commission gives prior notice of the proposed conditions to those persons or companies affected and affords them an opportunity to be heard and the Commission publishes notice in a publication published by the Commission of each instance when it so prescribes.

3.2 **Acquisition of an Interest in Another Registrant** - An international adviser is subject to the requirements of section 104 of the Regulation or Part 4 of Rule 33-503 Change of Registration Information when it becomes effective.

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1 The following subsection was removed: "(b) each director of the international adviser applicant."

2 The word "director" was removed.

3.3 **Record Keeping and Production of Records and Witnesses**

(1) An international adviser is subject to the requirements relating to record keeping set out in subsections 113(1), (2) and (4) of the Regulation.

(2) If the laws of the foreign jurisdiction in which the books, records or documents referred to in subsection 19(3) of the Act of an international adviser are located prohibit production of the books, records or documents in Ontario without the consent of the relevant client, an international adviser shall, upon a request by the Commission under subsection 19(3) of the Act

(a) so advise the Commission; and

(b) use its best efforts to obtain the client's consent to the production of the books, records or documents.

(3) At the request of the Director, the Commission or a person appointed by the Commission to make an investigation under the Act relating to the international adviser's activities in Ontario, an international adviser shall

(a) immediately produce in Ontario, at the international adviser's expense, appropriate persons in its employ as witnesses to give evidence on oath or otherwise;

(b) if the appropriate persons referred to in paragraph (a) are not in its employ, use its best efforts immediately to produce in Ontario, at the international adviser's expense, the persons to give evidence on oath or otherwise, subject to the laws of the foreign jurisdiction that are otherwise applicable to the giving of evidence; and

(c) if the laws of a foreign jurisdiction that are otherwise applicable to the giving of evidence prohibit the international adviser or the persons referred to in paragraph (a) from giving the evidence without the consent of the relevant client

(i) so advise the Commission or the person making the request, and

(ii) use its best efforts to obtain the client's consent to the giving of the evidence.

3.4 **Standards Ensuring Fairness** - An international adviser shall adopt and maintain standards directed to ensuring fairness in the allocation of investment opportunities among the Ontario clients of the investment counsel and a copy of the standards so established shall be furnished to each Ontario client of the international adviser and filed with the Commission.

3.5 **Compensation of Partners, Officers or Representatives of International Advisers** - An international adviser shall not compensate its partners, officers or representatives in a manner that is based upon the value or the volume of the transactions initiated for the Ontario clients of the international adviser.

3.6 **Supervision of Accounts** - Subsections 115(3) and (4) of the Regulation apply to an international adviser.

3.7 **Holding of Client Assets**

(1) Subject to subsections (2) and (3), an international adviser shall ensure that the securities and money of an Ontario client are held

(a) by the Ontario client; or

(b) by a custodian or sub-custodian

(i) that meets the requirements prescribed for acting as a custodian or sub-custodian of a mutual fund in National Instrument 81-102, and

(ii) that is subject to the agreement announced by the Bank for International Settlements on July 1, 1988 concerning international convergence of capital measurement and capital standards.

(2) An international adviser or an affiliate of the international adviser that holds the securities or money of an Ontario client as custodian or sub-custodian shall hold the securities and money in compliance with sections 116, 117, 118 and 119 of the Regulation.

(3) The securities of an Ontario client may be deposited with or delivered to a depository or clearing agency that is authorized to operate a book-based system.

3.8 **Renewals of Registration** - Sections 130 to 133 of the Regulation apply to an international adviser and each of its registered partners, officers and representatives.

3.9 **Examinations** - Section 134 of the Regulation applies to an international adviser and each of its registered partners, officers and representatives.

3.10 **Amendments to Registration** - Sections 135 and 136 of the Regulation apply to an international adviser and each of its registered partners, officers and representatives.

3.11 **Conducting an Audit at the Request of the Commission** - Section 145 of the Regulation applies to an international adviser.

3.12 **Disclosure of Status to Clients** - An international adviser shall deliver to an Ontario client, before acting as an adviser to the Ontario client, a statement in writing disclosing

(a) to the extent applicable, that there may be difficulty enforcing any legal rights the Ontario client may have against the international adviser because

(i) the international adviser is ordinarily resident outside Canada and all or a substantial portion of its assets are situated outside Canada, and

(ii) if applicable, that the laws of the foreign jurisdiction in which the books, records and documents referred to in subsection 19(3) of the Act of the international adviser are located prevent the production of those books, records and documents in Ontario; and

(b) that the international adviser is not fully subject to the requirements of the Act and the regulations concerning proficiency, capital, insurance, record keeping, segregation of funds and securities and statements of account and portfolio.

3.13 **Disclosure of Status in Offering Documents** - A prospectus filed in Ontario for a fund whose portfolio adviser is an international adviser, or whose portfolio adviser receives investment advice or portfolio management services from an international adviser, shall disclose the matters referred to in section 3.12.

PART 4 EXEMPTION FROM FINANCIAL STATEMENT PREPARATION AND FILING REQUIREMENTS

4.1 **Exemption from Financial Statement Preparation Requirements and Filings** - An application under section 147 of the Act for an exemption from the requirement of subsection 21.10(3) of the Act that registrants file annual audited financial statements may consist of the following sentence if the international adviser applicant or the international adviser is not applying for registration, and is not registered, in any category of registration in addition to registration as a international adviser and if the application is made by an international adviser applicant concurrently with the filing of an application for registration or by an international adviser before or on the first anniversary of registration as an adviser after the date this Rule comes into force:

"We hereby apply for an exemption from the requirement of the Act that registrants file annual audited financial statements. We understand that this exemption will terminate if we become a registrant in another category of registration under the Act."

4.2 **Order Granting Exemption** - The issuance by the Director of a certificate of registration or renewal of registration to the international adviser applicant or to the international adviser is evidence of the approval of the application made under section 4.1, if that section has been complied with, unless the exemption request is denied in writing by the Director.

PART 5 EXEMPTION FROM REPORTING OF CERTAIN CHANGES

5.1 **Exemption from Reporting of Certain Changes under the Act** - An application under subsection 33(4) of the Act for an exemption from the requirement of subsection 33(2) of the Act that advisers notify the Director of the changes in information required to be reported under that subsection, to the extent that the change required to be reported relates to information that was not required to be furnished to the Director upon the filing of the application for registration by an international adviser, may consist of the following sentence if the international adviser applicant or the international adviser is not applying for registration, and is not registered, in any category of registration in addition to registration as a international adviser and if the application is made by an international adviser applicant concurrently with the filing of an application for registration or by an international adviser before or concurrently with the first anniversary of registration as an adviser made after the date this Rule comes into force:

"Subsection 33(2) of the Ontario Securities Act requires advisers to notify the Director of changes in the information required to be reported by that subsection. We hereby apply for an exemption from these requirements to the extent that the change relates to information that was not required to be furnished to the Director upon the filing of our application for registration as an international adviser. We understand that this exemption will terminate if we become a registrant in another category of registration under the Act."

5.2 **Order Granting Exemption** - The issuance by the Director of a certificate of registration or renewal of registration to the international adviser applicant or the international adviser is evidence of the approval of the application made under section 5.1, if that section has been complied with, unless the exemption request is denied in writing by the Director.

5.3 **Exemption from Rule 35-503** - Despite Rule 35-503 Change of Registration Information, an international adviser is not required to file an amendment to its registration or to notify the Director of a notifiable change relating to information that was not required to be furnished to the Director upon the filing of the applicant's application for registration as an international adviser.

PART 6 RESTRICTED ADVISORY ACTIVITIES FOR INTERNATIONAL ADVISERS

6.1 **Permitted Clients**

(1) An international adviser shall only act as an adviser in Ontario for permitted clients.

(2) In determining whether a permitted client that is a pension fund, group of pension funds, registered charity or corporation meets the financial requirements referred to in paragraphs 9, 10 and 13 of the definition of a "permitted client" in section 1.1, the international adviser may rely on the most recent audited financial statements of the permitted client.

(3) The financial requirements referred to in paragraphs 9, 10, 11 and 13 of the definition of the term "permitted client" in section 1.1 are only required to be satisfied at the time the international adviser first acts as an adviser for the client.

(4) Despite subsection (2), if an international adviser was acting as an adviser for a client on June 1, 1992 and has acted for that client continuously since that date, the financial requirements referred to in section 1.1 may be satisfied as of June 1, 1992.

6.2 **Indirect Advising** - An international adviser shall not act as an adviser in Ontario to a person or company that is not a permitted client indirectly, by providing investment advice or portfolio management services through another person or company, other than a person or company referred to in paragraphs 1, 2, 7 or 8 of the definition of "permitted client" in section 1.1 or except as permitted by Part 7.

6.3 **Advising in Another Country** - An international adviser shall not act as an adviser in Ontario for a type of security unless it is engaged in the business of an adviser in a foreign jurisdiction for that type of security.

6.4 **Advising in Respect of Foreign Securities** - An international adviser shall not act as an adviser in Ontario for Canadian securities unless this activity is incidental to its acting as an adviser in Ontario for foreign securities. Whether the activity can be considered to be incidental shall be evaluated from the point of view of the adviser, on an account by account basis, and not the client.

6.5 **Limitation on Revenues** - No more than 25 per cent of the aggregate consolidated gross revenues from advisory activities of an international adviser and its affiliates or affiliated partnerships, in any financial year of the international adviser, shall arise from the international adviser and its affiliates or affiliated partnerships acting as advisers for clients in Canada.

PART 7 EXEMPTIONS FROM REGISTRATION

7.1 **Unsolicited Advising of not More than Five Clients in Canada**

(1) The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, if

(a) it, and its affiliates or affiliated partnerships that are not ordinarily resident in Ontario, did not act as an adviser during the preceding 12 months for more than five clients in Canada;

(b) it acts as an adviser in Ontario in reliance upon the exemption provided by this section solely for permitted clients, other than a fund;

(c) it does not solicit clients in Ontario;

(d) its acting as an adviser in Ontario for Canadian securities is incidental to its acting as an adviser in Ontario for foreign securities;

(e) before advising an Ontario client, it notifies the Ontario client that it is not registered as an adviser in Ontario; and

(f) all assets of its Ontario clients are held by persons or companies that meet the requirements of paragraph 3.7(1) or are referred to in subsection 3.7(3).

(2) For purposes of paragraph (1)(a), in determining if a person or company has acted as an adviser for more than five clients in Canada

(a) two or more persons who are or intend to become the joint registered owners of securities or an account in respect of which the person or company acts as an adviser are counted as one client;

(b) a person or company acting as trustee or agent for more than one fully managed account is counted as one client;

(c) clients referred to in sections 7.2 through 7.9 are excluded; and

(d) clients who would be excluded by sections 7.2 through 7.9 if they were residents of Ontario are excluded.

7.2 **Commodity Pool Programs** - The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, that is registered under the *Commodity Futures Act,* in connection with that person or company acting as a portfolio adviser to a mutual fund that is subject to National Instrument 81-104 Commodity Pools or to a non-redeemable investment fund that would be subject to that National Instrument if it were a mutual fund.

7.3 **Sub-Adviser for a Registrant**

(1) The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, in connection with that person or company acting as an adviser for an investment counsel or portfolio manager, or for a broker or investment dealer acting as a portfolio manager as permitted by subsection 148(1) of the Regulation, if

(a) the obligations and duties of the person or company so acting as an adviser are set out in a written agreement with the registrant;

(b) the registrant contractually agrees with its clients on whose behalf investment advice is or portfolio management services are to be provided to be responsible for any loss that arises out of the failure of the person or company so acting as an adviser

(i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the registrant and each client of the registrant for whose benefit the advice is or portfolio management services are to be provided, or

(ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;

(c) the registrant cannot be relieved by its clients from its responsibility for loss under paragraph (b); and

(d) the person or company so acting as an adviser, if a resident of a jurisdiction, is registered as an adviser in the jurisdiction.

7.4 **Advising Funds Outside Ontario** - The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, in connection with that person or company acting as a portfolio adviser to a fund that does not have an address in Ontario, if

(a) advice to the fund is given and received or portfolio management services are provided outside of Ontario; and

(b) the person or company is registered in a jurisdiction in a category of registration that permits the person or company to provide discretionary portfolio management services or as a broker or investment dealer acting as a portfolio manager as permitted by a provision similar to subsection 148(1) of the Regulation.

7.5 **Advising Advisers to Funds Outside Ontario** - The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, in connection with that person or company acting as an adviser to a portfolio adviser to a fund exempted from the adviser registration requirements under section 7.4, if

(a) the obligations and duties of the person or company are set out in a written agreement with the portfolio adviser to the fund;

(b) the portfolio adviser to the fund contractually agrees with the fund to be responsible for any loss to the fund that arises out of the failure of the person or company

(i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the fund, or

(ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;

(c) the portfolio adviser to the fund cannot be relieved by the fund or its securityholders from its responsibility for loss under paragraph (b); and

(d) the person or company, if a resident of a jurisdiction, is registered as an adviser in the jurisdiction.

7.6 **Advising Pension Funds of Affiliates** - The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, in connection with that person or company acting as an adviser for a pension fund sponsored by an affiliate of the person or company for the benefit of the employees of the affiliate or affiliates of the affiliate.

7.7 **Distributions to Existing Holders** - The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, in connection with that person or company acting as a portfolio adviser to a fund, if the fund

(a) does not have an address in Canada;

(b) is not organized under the laws of Canada or a jurisdiction; and

(c) only distributes securities to a person or company in Ontario in a distribution to which the prospectus requirements of the Act would apply but for the availability of one or more of the exemptions contained in

(i) Rule 81-501 Mutual Fund Reinvestment Plans,

(ii) subclause 72(1)(f)(iii) of the Act, or

(iii) in a transaction in which securities of the fund are acquired by substantially all holders of securities of a class of the fund or another fund that has the same portfolio adviser.

7.8 **Existing Privately Placed Funds** - The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, in connection with that person or company acting as a portfolio adviser to a fund, if the fund

(a) has sold its securities in Ontario in a distribution to which the prospectus requirements of the Act would apply but for the availability of one or more of the exemptions contained in clause 72(1)(a) or (c) of the Act, in clause 72(1)(d) or (p) of the Act subject to compliance with the requirements of Rule 45-501 Prospectus Exempt Distributions, or in subsection 1.2(a) of Rule 32-503 Registration and Prospectus Exemption for Trades by Financial Intermediaries in Mutual Fund Securities to Corporate Sponsored Plans; and

(b) only distributes securities to a person or company in Ontario in a distribution to which the prospectus requirements of the Act would apply but for the availability of one or more of the exemptions contained in

(i) Rule 81-501 Mutual Fund Reinvestment Plans,

(ii) subclause 72(1)(f)(iii) of the Act, or

(iii) in a transaction in which securities of the fund are acquired by substantially all holders of securities of a class of the fund or another fund that has the same portfolio adviser.

7.9 **Funds Managed Under Prior Legislation** - The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, in connection with that person or company acting as a portfolio adviser to a fund, if

(a) the person or company or an affiliate of the person or company has acted continuously as a portfolio adviser to the fund since before May 1, 1967;

(b) securities of the fund have continuously been distributed in Ontario since May 1, 1967 by means of a prospectus prepared and filed in accordance with the Act or its predecessor legislation; and

(c) the person or company has not been registered as an adviser.

7.10 **Privately Placed Funds Offered Primarily Abroad** - The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, in connection with the person or company acting as a portfolio adviser to a fund, if the securities of the fund are

(i) primarily offered outside of Canada;

(ii) only distributed in Ontario through one or more registrants; and

(iii) distributed in Ontario in reliance upon an exemption from the prospectus requirements of the Act.

7.11 **Disclosure in Offering Documents** - A prospectus filed in Ontario for a fund whose portfolio adviser is relying upon an exemption from the adviser registration requirements provided by this Part, or whose portfolio adviser receives investment advice or portfolio management services from a person or company that relies upon an exemption from the adviser registration requirements provided by this Part, shall include disclosure that

(a) if the person or company is advising a registrant in reliance on the exemption in section 7.3 or a portfolio adviser in reliance upon the exemption in section 7.5, the registrant or portfolio adviser has responsibility for the investment advice given or portfolio management services provided by the person or company; and

(b) to the extent applicable, there may be difficulty in enforcing any legal rights against the person or company because it is resident outside Canada and all or a substantial portion of its assets are situated outside Canada.

PART 8 EXTRA-PROVINCIAL ADVISERS

8.1 **Registration in Another Province** - A person or company applying for registration as an adviser under the Act that is an extra-provincial adviser shall be registered under securities legislation of the jurisdiction in which the head office or principal place of business of the person or company is located in a category of registration that permits the person or company to carry on the activities in that jurisdiction that registration as an adviser under the Act would permit the person or company to carry on in Ontario.

8.2 **Change in Registration Status in Another Jurisdiction** - An extra-provincial adviser shall inform the Director immediately upon the extra-provincial adviser becoming aware that the registration of the extra-provincial adviser in another jurisdiction

(a) is not being renewed, is lapsing or is being suspended, cancelled, revoked or is becoming restricted by the imposition of any terms or conditions; or

(b) is the subject of an investigation by a securities regulatory authority other than the Commission.

8.3 **Counselling Officer Resident in Canada** - An extra-provincial adviser shall have at least one officer resident in Canada who is registered as a counselling officer in accordance with section 3.2 of Rule 31-502 Proficiency Requirements for Registrants.

PART 9 SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE OF PROCESS FORMS

9.1 **Submission to Jurisdiction** - An international adviser, an extra-provincial adviser and each partner, officer or representative of an international adviser or an extra-provincial adviser seeking registration under the Act shall file as part of his, her or its application for registration an executed submission to jurisdiction and appointment of agent for service of process form.

9.2 **Disclosure of Submission to Jurisdiction to Clients** - An international adviser or an extra-provincial adviser shall deliver to an Ontario client, before acting as an adviser to the Ontario client, a statement in writing disclosing the name and address of the agent for service of process of the international adviser or extra-provincial adviser in Ontario appointed by the international adviser or extra-provincial adviser or that this information is available from the Commission.

9.3 **Disclosure of Submission to Jurisdiction in Offering Documents** - A prospectus filed in Ontario for a fund whose portfolio adviser is an international adviser or an extra-provincial adviser, or whose portfolio adviser receives investment advice or portfolio management services from an international adviser or an extra-provincial adviser, shall disclose the matters referred to in section 9.2.

PART 10 EXEMPTION

10.1 **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.

ONTARIO SECURITIES COMMISSION RULE 35-502
NON-RESIDENT ADVISERS

APPENDIX A

FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT
FOR SERVICE OF PROCESS BY A NON-RESIDENT ADVISER

1. Name of the applicant (the "Applicant"):_____

2. Jurisdiction of incorporation or organization of the Applicant:_____

3. Name of agent for service of process (the "Agent"):_____

4. Address for service of process of the Agent in Ontario:_____

_____

5. The Applicant designates and appoints the Agent at the address stated above as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (each, a "Proceeding") arising out of or relating to or concerning the Applicant's activities as an adviser in Ontario, and irrevocably waives any right to raise as defence in any Proceeding any alleged lack of jurisdiction to bring that Proceeding.

6. The Applicant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of Ontario and any administrative proceeding in Ontario, in any Proceeding arising out of or related to or concerning the Applicant's activities as an adviser in Ontario.

7. Until six years after the Applicant ceases to be registered as an adviser in Ontario, the Applicant 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 immediately after the death or incapacity of the Agent or the Agent ceasing to carry on business; 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 address of the Agent from that set forth above.

8. This Submission to Jurisdiction and Appointment of Agent for Service of Process is governed by and construed in accordance with the laws of Ontario.

Dated: _____

[Name of Applicant]

By: _____
(Signature of authorized signatory)

_____
(Name and title of authorized signatory)

Acceptance

The undersigned accepts the appointment as agent for service of process of _____ **(Insert name of Applicant)** under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service of Process and agrees to[3] advise the Commission immediately if the undersigned is unable to deliver to the Applicant a copy of a document served on the undersigned as Agent.

Dated: _____

_____
(Signature of Agent or authorized signatory)

_____
(Name and Title of Authorized Signatory)

[3] The following words were removed "...deliver a copy of each document served on the undersigned as agent for service of process of the Applicant, within five days of the date the document was served on the undersigned..."

ONTARIO SECURITIES COMMISSION RULE 35-502
NON-RESIDENT ADVISERS

APPENDIX B

FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT
FOR SERVICE OF PROCESS BY NON-RESIDENT PARTNERS, OFFICERS OR
REPRESENTATIVES OF A NON-RESIDENT ADVISER

1. Name of the adviser (the "Registrant"):_____

_____

2. Jurisdiction of incorporation or organization of the Registrant:_____

3. Name and address of person filing this form (the "Filing Person"):_____

_____

4. Name of agent for service of process (the "Agent"):_____

5. Address for service of process of the Agent in Ontario:_____

_____

6. The Filing Person designates and appoints the Agent at the address of the Agent 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, penal or other proceeding (each, a "Proceeding") arising out of or relating to or concerning the Filing Person's activities in Ontario as a registrant under the *Securities Act* (Ontario) (the "Act"), and irrevocably waives any right to raise as a defence in any Proceeding any alleged lack of jurisdiction to bring that Proceeding.

7. The Filing Person irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of Ontario and any administrative proceeding in Ontario, in any Proceeding arising out of or related to or concerning the Filing Person's activities in Ontario as a registrant under the Act.

8. Until the earlier of the termination of the Filing Person's position as a partner, officer or representative of the Registrant and six years after the Registrant ceases to be a registrant under the Act, the Filing Person shall file

   (a) 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 immediately after the death or incapacity of the Agent or the Agent ceasing to carry on business; 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 address of the Agent as set forth above.

9. This Submission to Jurisdiction and Appointment of Agent for Service of Process is governed by and construed in accordance with the laws of Ontario.

Dated: _____

_____
(Signature of Filing Person)

_____
(Name of Filing Person)

Acceptance

The undersigned accepts the appointment as agent for service of process of _____ **(Insert name of Filing Person)** pursuant to the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service of Process and agrees to[4] advise the Commission immediately if the undersigned is unable to deliver to the Filing Person a copy of a document served on the undersigned as Agent.

Dated: _____

_____
(Signature of Agent or authorized signatory)

_____
(Name and title of authorized signatory)

[4] The following words were removed "... deliver a copy of each document served on the undersigned as agent for service of process of the Applicant, within five days of the date the document was served on the undersigned..."

5.1.2 Regulation to Amend 1015

Regulation To Amend
Regulation 1015 Of The Revised Regulations Of Ontario, 1990
Made Under The
Securities Act

Note: Since the end of 1999, Regulation 1015 has been amended by Ontario Regulations 3/00, 108/00, 133/00, 222/00, 342/00 and 468/00. Previous amendments are listed in the Table of Regulations published in *The Ontario Gazette* dated January 22, 2000.

1. Section 99 of Regulation 1015 of the Revised Regulations of Ontario, 1990 is amended by adding the following paragraph:

5. International advisers (investment counsel, portfolio managers or securities advisors), being persons or companies that have registered under the Act in reliance on Ontario Securities Commission Rule 35-502 *Non-Resident Advisers* and that are,

   i. investment counsel,

   ii. investment counsel and portfolio managers, or

   iii. securities advisers.

2. Section 101 of the Regulation is amended by adding the following subsections:

(3) Subject to subsection (4), this Part does not apply to an international adviser (investment counsel, portfolio manager or securities adviser) except as provided in Ontario Securities Commission Rule 35-502 *Non-Resident Advisers*.

(4) Section 99 applies to an international adviser (investment counsel, portfolio manager or securities adviser).

3. This Regulation comes into force on the day that the rule made by the Ontario Securities Commission on September 12, 2000 entitled "Ontario Securities Commission Rule 35-502 *Non-Resident Advisers*" comes into force.

Ontario Securities Commission:

Vice Chair
John A. Geller

Commissioner
Howard I. Wetston

Dated on "September 12, 2000".

Note: The rule made by the Ontario Securities Commission on September 12, 2000 entitled "Ontario Securities Commission Rule 35-502 *Non-Resident Advisers*" comes into force on "November 18, 2000.

Chapter 6

Request for Comments

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service 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
31Oct00	#	ADA Diversified Futures Fund Limited Partnership - Units	150,000	9,328
31Oct00		ADA Three Limited Partnership - Units	629,498	62,949
31Oct00		Adherex Technologies Inc. - Special Warrants	700,000	560,000
02Nov00		Agau Resources, Inc. - Units	225,000	425,000
03Nov00		Asset Allocation Private Trust, C/O Integra Capital Corporation - Units	826,906	73,054
10Nov00		Aurora Platinum Corp. - Special Warrants	1,923,644	687,016
29Sep00		BPI American Opportunities Fund - Units (Amended)	6,650,011	44,068
20Oct00		BPI American Opportunities Fund - Units	1,848,577	12,400
06Oct00		BPI American Opportunities Fund - Units (Amended)	1,800,855	12,088
25Oct00		BuyBuddy Inc. - Class A Preferred Shares	US$3,000,000	3,713,200
24Oct00		CC&L Global Growth Fund -	150,000	15,325
24Oct00		CC&L Group Bond Fund -	150,000	14,221
11Oct00		Com Dev International Limited - Special Warrants	33,111,750	2,703,000
Sep00		Connor Clark Private Trust -	7,115,519	7,115,519
Sep00		Connor Clark Private Trust -	US$916,717	916,717
01Oct00to 31Oct00		Cranston, Gaskin, O'Reilly & Vernon - Units of Trust Pooled Funds	219,980	14,686
01Oct00to 31Oct00		Cranston, Gaskin, O'Reilly & Vernon - Units of Trust Pooled Funds	220,738	1,408
01Oct00to 31Oct00		Cranston, Gaskin, O'Reilly & Vernon - Units of Trust Pooled Funds	543,822	29,699
01Sep00		Darnley Bay Resources Limited - Special Warrants	450,000	500,000
01Sep00		Darnley Bay Resources Limited - Special Warrants	180,000	200,000
01Sep00		Darnley Bay Resources Limited - Special Warrants	240,300	267,000
05Sep00		Darnley Bay Resources Limited - Special Warrants	369,600	352,000
03Nov00		Delta Systems, Inc. - Special Warrants	5,795,000	2,318,000
31Oct00		Delvan Exploration Inc. - Flow-Through Special Warrants	1,035,100	619,820
19Oct00 & 26Oct00		DT Energy Ltd. - Common Shares and Flow-Through Common Shares	3,852,750	2,600,000, 1,089,348 Resp.
03Nov00		Enhanced Equity Private Trust C/O Integra Capital Corporation - Units	551,038	55,330
31Oct00		Equity International Investment Trust - Units	2,049,999	1,215
02Nov00		EyeWire Services, Inc. - Exchangeable Preferred Shares	6,132,400	18,630
31Oct00		Fleming Canada Offshore Select Trust - Units	1,100,018	4,355
31Oct00		Foreign Equity Fund, Institutional International Funds, Inc. - Shares	14,057,654	480,451

Trans. Date		Security	Price ($)	Amount
11Oct00		Galileo Private Special Equity Fund -	3,260,000	279,800
31Oct00		Galleria Opportunities Inc. - Special Warrants	450,000	900,000
30Apr00		Gallery Resources Limited - Units	150,000	1,000,000
31Oct00		Getty Images, Inc. - Common Stock	1,953,728	48,484
01Nov00		Gluskin Sheff Fund - Units in Limited Partnership	450,000	4,317,711
31Oct00		Greenbriar Equity Fund, L.P. - Limited Partnership Interest	26,058,450	1
08Nov00		Grosvenor Services 2000 Limited Partnership - Units	2,907,389	18
27Jun00		Grupo Prisa - Capital Stock	$US3,041,509	155,000
08Nov00		GS Fox Family Limited Partnership - Units	2,873,700	2,873
31Oct00		Harbour Capital Canadian Balanced Fund - Units	356,461	2,661
03Nov00		Hydromet Environment Recovery Ltd. - Class A Common Shares	750,000	25,000,000
18Oct00		Incanta, Inc. - Series B Preferred Stock	US$3,625,144	3,519,557
27Oct00		Insmed Incorporated - Shares of Common Stock	US$3,265,625	275,000
24May00		Investment Challenge Inc. - Convertible Promissory Note	$7,088,070	$7,088,070
26Jul00		Mainspring, Inc. - Common Stock	US$24,000	2,000
31Oct00		Marquest Balanced Fund -	170,582	12,247
31Oct00		Marquest Canadian Equity Growth Fund -	1,125	39
31Oct00		Marquest Canadian Equity Fund -	40,000	4,122
31Oct00		Marquest US Equity Growth Fund -	150,000	6,082
29Jul00		MedIGene Aktiengesellschaft Gesellschaft - No Par Value Registered Shares	US$50,323	1,000
03Nov00		Morguard Real Estate Investment Trust - Convertible Debentures	25,000,000	25,000,000
14Mar00		Mustang Minerals Corp. - Common Shares and Units	1,125,000	100,000, 800,000 Resp.
01Aug00		Nextel International, Inc. - 12¾% Senior Serial Notes due 2010	US$158,415	160,000
31Oct00		Providence Equity Partners IV L.P. -Interest in Limited Partnership	206,176,910	206,176,910
11Oct00	#	Red Tree Capital Limited Partnership II - Limited Partnership	1,150,000	230
16Aug00		Royal Trust Company, The - Units	4,175,859	129,306
05Jul00		Royal Trust Company, The - Units	2,901,806	72,421
02Aug00		Royal Trust Company, The - Units	7,693,017	220,986
06Sep00		Royal Trust Company, The - Units	1,014,409	33,753
19Jul00		Royal Trust Company, The - Units	6,176,445	205,006
09Aug00		Royal Trust Company, The - Units	4,307,964	109,732
23Aug00		Royal Trust Company, The - Units	6,734,026	156,462
26Jul00		Royal Trust Company, The - Units	2,643,494	52,602
30Aug00		Royal Trust Company, The - Units	4,271,059	94,686
27Sep00		Royal Trust Company, The - Units	2,685,998	106,529
12Jul00		Royal Trust Company, The - Units	26,810,024	723,852
20Sep00		Royal Trust Company, The - Units	2,475,007	60,837
13Sep00		Royal Trust Company, The - Units	3,468,930	107,820
31Oct00		Sandford C. Bernstein International Equity (Cap-weight, Undedged) Fund - Units	32,849	1,220
31Oct00		Sandford C. Bernstein International Equity (Cap-weight, Undedged) Fund - Units	1,729,253	64,236
30Oct00		Sandford C. Berstein U.S. Diversified Value Equity Fund - Units	3,917	126
12Oct00		Silvercreek Limited Partnership -	152,484	4
22Jun00		State of Qatar. The - 9.75% Bonds due 2030	US$127,842	475,000
31Oct00		Target Sports International Inc. - Common Shares	857,000	857,000
01Nov00		Thales Active Asset Allocation Fund - Limited Partnership Units	1,850,000	1,850
06Nov00 to 10Nov00		Trimark Mutual Funds - Units (See Filing Document for Individual Fund Names)	3,359,367	359,886
30Oct00 to 03Nov00		Trimark Mutual Funds - Units (See Filing Document for Individual Fund Names)	1,339,362	149,239
01Aug00to 02Aug00		Trimark Mutual Funds - Units (See Filing Document for Individual Fund Names)	11,679,783	1,521,988

Trans. Date	Security	Price ($)	Amount
22Oct99 to 31Jul00	Trimark Mutual Funds - Units (See Filing Document for Individual Fund Names)	912,946,767	79,201,759
30Oct00	Trust Company of Bank of Montreal, The - 6.10% Variable Funding Credit Card-Backed Investor Certificate, Series 1999-2.	50,000,000	50,000,000
31Oct00	Vertex Fund Limited Partnership - Limited Partnership Units	650,000	26,532
31Oct00	YMG Institutional Fixed Income Fund -	416,999	42,072
31Oct00	YMG Institutional Fixed Income Fund -	1,051,756	106,115
31Oct00	YMG Institutional Fixed Income Fund -	1,707,999	172,024
20Oct00	Zucotto Wireless Inc. - Common Shares	US$101,359	48,801
28Sep00	Zucotto Wireless Inc. - Common Shares	3,879,203	1,242,645
01Nov00	Zweig-DiMenna International Limited - Shares of Common Stock	1,534,129	20

Resale of Securities - (Form 45-501f2)

Date of Resale	Date of Orig. Purchase	Seller	Security	Price ($)	Amount
04Oct00	27Feb97	Credit Lyonnais Canada	Great Lakes Power Limited - 6.69% First Mortgage Bonds Series 3 due December 31, 2001	24,989,890	254,479
20Oct00 to 02Nov00	29Mar00	Investors Group Trust Co. Ltd. as Trustee for Investors Canadian Small Cap	Stratos Global Corporation - Common Shares	2,836,614	159,800

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

Seller	Security	Amount
Shneer, David	AdvantEdge International Inc. - Subordinate Voting Shares	460,000
Melnick, Larry	Champion Natural Health.com Inc. - Subordinate Voting Shares and Multiple Voting Shares	19,765, 100,000 Resp.
1286917 Ontario Inc.	CPI Plastics Group Limited - Common Shares	6,000,826
EXEL Research Inc.	DALSA Corporation - Common Shares	250,000
Estill Holdings Limited	EMJ Data Systems Ltd. - Common Shares	1,282,000
Estill, James A.	EMJ Data Systems Ltd. - Common Shares	21,900
Snyder, Hugh R. & Jennifer	Fronteer Development Group Inc. - Common Shares	375,000, 350,000 Resp.
Axis Management Ltd.	Group West Systems Ltd. - Common Shares	250,000
Central Asian Industrial Holding N.V.	Hurricane Hydrocarbons Ltd. - Common Shares	1,250,000
Jalovec, John	John Jalovec - Shares	500,000
Xenolith Gold Limited	Kookaburra Resources Ltd. - Common Shares	2,000,000
Reichert, Hans-Jorg	RichTree Inc. - Class B Subordinate Voting Shares	225,000
Faye, Michael R.	Spectra Inc. - Common Shares	170,000
Malion, Andrew J.	Spectra Inc. - Common Shares	168,500
DKRT Family Corp.	Thomson Corporation The, - Common Shares	100,000

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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:
AIC Advantage Corporate Class II
AIC American Advantage Corporate Class
AIC World Advantage Corporate Class
AIC Global Advantage Corporate Class
AIC Diversified Canada Corporate Class
AIC Value Corporate Class
AIC World Equity Corporate Class
AIC Global Diversified Corporate Class
AIC Canadian Focused Corporate Class
AIC American Focused Corporate Class
AIC Global Technology Corporate Class
AIC Global Telecommunications Corporate Class
AIC Global Health Care Corporate Class
AIC Global Developing Technologies Corporate Class
AIC Global Science & Technology Corporate Class
AIC Global Medical Science Corporate Class
AIC Income Equity Corporate Class
AIC American Income Equity Corporate Class
AIC Money Market Corporate Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 16th, 2000
Mutual Reliance Review System Receipt dated November 17th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Registered Dealers
Promoter(s):
AIC Limited
Project #312345

Issuer Name:
AltaRex Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated November 15th, 2000
Mutual Reliance Review System Receipt dated November 17th, 2000
Offering Price and Description:
$* - * Common Shares
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
Dr. Antonie A. Noujaim
William R. McMahan
Project #312206

Issuer Name:
Cytovax Biotechnologies Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated November 16th, 2000
Mutual Reliance Review System Receipt dated November 17th, 2000
Offering Price and Description:
Common Shares
Underwriter(s), Agent(s) or Distributor(s):
Acumen Capital Finance Partners Limited
Goepel McDermid Inc.
Dlouhy Merchant Group Inc.
First Associates Investments Inc.
Promoter(s):
N/A
Project #312580

Issuer Name:
Gloucester Credit Card Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated November 21st, 2000
Mutual Reliance Review System Receipt dated November 21st, 2000
Offering Price and Description:
N/A
Underwriter(s), Agent(s) or Distributor(s):
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
RBC Dominion Securities Inc.
Promoter(s):
MBNA Canada Bank
Project #313663

Issuer Name:
Ironside Technologies Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated November 16th, 2000
Mutual Reliance Review System Receipt dated November 17th, 2000
Offering Price and Description:
Common Shares
Underwriter(s), Agent(s) or Distributor(s):
Merrill Lynch Canada Inc.
CIBC World Markets Inc.
Promoter(s):
N/A
Project #312496

Issuer Name:
Long-Term Equity Portfolio
Long-Term Equity RSP Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 17th, 2000
Mutual Reliance Review System Receipt dated November 20th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
RBC Dominion Securities Inc.
Promoter(s):
Frank Russell Canada Limited
Project #312920

Issuer Name:
PanGeo Pharma Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated November 15th, 2000
Mutual Reliance Review System Receipt dated November 17th, 2000
Offering Price and Description:
$4,969,020 - 3,549,300 Common Shares and 1,774,650 Shares Purchase Warrants
Underwriter(s), Agent(s) or Distributor(s):
Dundee Securities Corporation
Promoter(s):
N/A
Project #312306

Issuer Name:
Viracocha Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated November 21st, 2000
Mutual Reliance Review System Receipt dated November 22nd, 2000
Offering Price and Description:
$8,000,000 - 4,000,000 Common Shares issuable upon the exercise of Special Warrants
Underwriter(s), Agent(s) or Distributor(s):
Griffiths McBurney & Partners
Goepel McDermid Inc.
Promoter(s):
Robert Zakresky
Robert Jepson
Gary Anderson
Sean Monaghan
Shawn Kerkpatrick
Greg Fisher
Project #313968

Issuer Name:
Imperial PlasTech Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated November 20th, 2000
Mutual Reliance Review System Receipt dated 22nd day of November, 2000
Offering Price and Description:
$9,512,445.00 - 3,337,700 Units (Each Unit is comprised of One Common Share and One-half of one Common Share Purchase Warrant)
Underwriter(s), Agent(s) or Distributor(s):
TD Securities Inc.
Loewen Ondaatje McCutcheon Limited
Promoter(s):
Victor D'Souza
Nick Di Stefano
Project #306548

Issuer Name:
Merrill Lynch Mortgage Loans Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form PREP Prospectus dated November 17th, 2000
Mutual Reliance Review System Receipt dated 17th day of November, 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:
Westcoast Energy Inc.
Principal Jurisdiction - British Columbia
Type and Date:
Final Short Form Prospectus dated November 21st, 2000
Mutual Reliance Review System Receipt dated 21st day of November, 2000
Offering Price and Description:
$129,000,000.00 - 4,000,000 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:
The Friedberg Futures Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated November 16th, 2000
Mutual Reliance Review System Receipt dated 20th day of November 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #302916

Issuer Name:
HSBC Canadian Money Market Pooled Fund
HSBC Canadian Short-Term Bond Pooled Fund
HSBC Canadian Bond Pooled Fund
HSBC Foreign Bond Pooled Fund
HSBC International Bond Pooled Fund
HSBC Canadian Dividend Income Pooled Fund
HSBC Canadian Equity Pooled Fund
HSBC U.S. Equity Pooled Fund
HSBC International Equity Pooled Fund
HSBC Small Cap Growth Pooled Fund (Formerly HSBC Canadian Growth Pooled Fund)
HSBC Future Growth Pooled Fund
Principal Regulator - British Columbia
Type and Date:
Final Simplified Prospectus and Annual Information Form dated November 10th, 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):
HSBC Investment Funds (Canada) Inc.
Promoter(s):
HSBC Asset Management Canada Ltd.
Project #297742

Issuer Name:
Merrill Lynch Frontiers Canadian Equity Pool
Merrill Lynch Frontiers U.S. Equity Pool
Merrill Lynch Frontiers U.S. Equity RSP Pool
Merrill Lynch Frontiers International Equity Pool
Merrill Lynch Frontiers International Equity RSP Pool
Merrill Lynch Frontiers Emerging Markets Equity Pool
Merrill Lynch Frontiers Canadian Fixed Income Pool
Merrill Lynch Frontiers Global Bond Pool
Merrill Lynch Frontiers Canadian Short Term Income Pool
Principal Jurisdiction - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated November 17th, 2000
Mutual Reliance Review System Receipt dated 21st day of November, 2000
Offering Price and Description: Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Atlas Asset Management Inc.
Promoter(s):
Atlas Asset Management Inc.
Project #303649

Issuer Name:
Synergy Canadian Fund Inc. - Synergy Canadian Growth Class Series A and F
Synergy Canadian Fund Inc. - Synergy Canadian Momentum Class Series A and F
Synergy Canadian Fund Inc. - Synergy Canadian Small Cap Class Series A and F
Synergy Canadian Fund Inc. - Synergy Canadian Value Class Series A and F
Synergy Canadian Fund Inc. - Synergy Canadian Style Management Class Series A and F
Synergy Canadian Fund Inc. - Synergy Canadian Short-Term Income Class Series A and F
Synergy Global Fund Inc. - Synergy European Momentum Class Series A and F
Synergy Global Fund Inc. - Synergy Global Growth Class Series A and F
Synergy Global Fund Inc. - Synergy Global Momentum Class Series A and F
Synergy Global Fund Inc.- Synergy Global Short-Term Income Class Series A and F
Synergy Global Fund Inc. - Synergy Global Style Management Class Series A and F
Synergy Extreme Canadian Equity Fund Series A and F
Synergy European Momentum RSP Fund Series A and F
Synergy Global Growth RSP Fund Series A and F
Synergy Global Momentum RSP Fund Series A and F
Synergy Global Style Management RSP Fund Series A and F
Synergy Tactical Asset Allocation Fund Series A and F
Synergy Canadian Income Fund Series A and F (formerly, Synergy Canadian Fund Inc. - Synergy Canadian Income Class Series A and F)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated November 13th, 2000
Mutual Reliance Review System Receipt dated 16th day of November 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
Synergy Asset Management Inc.
Project #287035

Chapter 12

Registrations

12.1.1 Securities

Type	Company	Category of Registration	Effective Date
New Registration	John Bart Investments Inc. Attention: John Telesphore Bart 2 Carlton Street Suite 1317 Toronto, ON M5B 1J3	Investment Dealer	Nov. 15/00
New Registration	State Farm Investor Services (Canada) Co. Attention: Tracy Lee Pether 100 Consilium Place Suite 102 Scarborough, ON M1H 3G9	Mutual Fund Dealer	Nov. 16/00
Change of Name	Robertson Stephens, Inc. Attention: Kenneth G. Ottenbreit c/o 152928 Canada Inc. Suite 5300, Commerce Court W. Toronto, ON M5L 1B9	From: Fleetboston Robertson Stephens Inc. To: Robertson Stephens, Inc.	Sept. 5/00
Change of Name	Placements Elantis Inc./Elantis Investment Management Inc. Attention: Michel Lemieux 800 Square Victoria Suite 4500, P.O. Box 21 The Stock Exchange Tower Montreal,QC H4Z 1C3	From: Canagex Inc. To: Placements Elantis Inc./Elantis Investment Management Inc.	Sept. 27/00
Change in Category	Bank of Ireland Asset Management (U.S.) Limited Attention: Rose Haggarty Blakes Extra-Provincial Services Inc P.O. Box 25, Suite 2800 Commerce Court West Toronto, ON M5L 1A9	From: International Adviser Investment Counsel & Portfolio Manager To: Non-Canadian Advisor Investment Counsel & Portfolio Manager	Nov. 17/00

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1 SRO Notices and Disciplinary Decisions

13.1.1 Jeffrey Neil Turcotte

November 1, 2000

Discipline Penalties Imposed on Jeffrey Neil Turcotte. - Violation of regulation 1300.1(c) and By-law 29.1

Person Disciplined

The Ontario District Council (District Council) of the Investment Dealers Association of Canada (Association) has imposed a discipline penalty on Jeffrey Neil Turcotte, at the relevant time a Registered Representative with Midland Walwyn Capital Inc. (now Merrill Lynch Canada Inc.), a member of the Association.

By-laws, Regulations, Policies Violated

On October 18, 2000, the District Council, at the request of the parties and in light of a settlement reached by the parties, withdrew the Notice of Hearing in this matter and considered, reviewed and accepted a settlement agreement that had been negotiated by Association Enforcement Division staff with Mr. Turcotte. Pursuant to the settlement agreement, Mr. Turcotte admitted that during the period between July 1995 through June 1997 he:

1. Failed to ensure that recommendations made for an account were appropriate for one of his clients and in keeping with the client's investment objectives, contrary to Regulation 1300.1(c).

2. Engaged in business conduct or practice which is unbecoming or detrimental to the public interest in that he advised two clients to change the investment objectives on their RRSP new account application forms in order to conform with trading which had already occurred in the accounts, contrary to By-law 29.1.

Penalty Assessed

The discipline penalty assessed against Mr. Turcotte is a fine in the amount of $7000.00, disgorgement of commissions in the amount of $588.50, that he re-write the exam based on the Conduct and Practices Handbook and supervision of his activities for a period of six months. In addition, Mr. Turcotte is required to pay $500.00 toward the Association's costs of investigation of this matter.

Summary of Facts

In July 1995 Mr. Turcotte opened a margin account for an elderly client which indicated investment objectives to be 50% income, 25% medium term and 25% speculative investments.

In September 1995 Mr. Turcotte started purchasing shares of speculative securities, namely Tee-Comm Electronics Inc. and Multi Corp. Inc., in the margin account. In October 1995 Mr. Turcotte purchased, sold and re-purchased shares of these securities in the margin account; by month end 48% of the margin account consisted of speculative securities.

Mr. Turcotte also opened an RRSP account for the same client as well as the client's spouse. The investment objectives for the first client's RRSP account were 50% long term growth and 50% income. The spouse's investment objectives were 100% long term growth. At month end, October 1995 the first client's RRSP account contained 26% holdings in speculative securities and the spouse's RRSP account held 20% in speculative securities. In November 1995 Mr. Turcotte advised these clients to change the investment objectives in their RRSP accounts to 75% long term and 25% speculative trading in order to conform to the trading that had already occurred in their accounts.

Susanne M. Barrett
Association Secretary

13.1.2 In the Matter of Discipline Pursuant to By-law 20 of the Investment Dealers Association of Canada

Re: Jeffrey Neil Turcotte Settlement Agreement

I. Introduction

1. The staff ("Staff") of the Investment Dealers Association of Canada ("the Association") has conducted an investigation (the "Investigation") into the conduct of Jeffrey Neil Turcotte ("the Respondent").

2. The Investigation discloses matters for which the District Council of the Association ("the District Council") may penalize the Respondent by imposing discipline penalties.

II. Joint Settlement Recommendation

3. Staff and the Respondent consent and agree to the settlement of these matters by way of this Settlement Agreement in accordance with By-law 20.25.

4. This Settlement Agreement is subject to its acceptance, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council in accordance with By-law 20.26.

5. Staff and the Respondent jointly recommend that the District Council accept this Settlement Agreement.

6. If at any time prior to the acceptance of this Settlement Agreement, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council, there are new facts or issues of substantial concern in the view of Staff regarding the facts or issues set out in Section III of this Settlement Agreement, Staff will be entitled to withdraw this Settlement Agreement from consideration by the District Council.

III. Statement of Facts

(i) Acknowledgment

7. Staff and the Respondent agree with the facts set out in this Section III and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

(ii) Factual Background

(a) The Respondent

8. The Respondent was at all material times a RR working at the Ottawa office of Moss Lawson & Co. Limited ("Moss Lawson").

9. A summary of the Respondent's career in the securities industry is set forth as follows:

Sept. 2/87	Richardson Greenshields of Canada Ltd. ("RG")	RR
April 17/89	Resigned from RG	
April 25/89	Transferred to Prudential Bache Securities Canada Ltd. ("PBSC")	RR
July 27/90	Voluntary dismissal from PBSC	
Aug.9/ 90	Transferred to Midland Walwyn Capital Inc. ("Midland")	RR (VP/92)
Feb.16/95	Voluntary dismissal from Midland	
Apr.3/95	Transferred to Moss Lawson	RR
Mar./96	Disciplined by TSE	
July2/98	Voluntary dismissal from Moss Lawson transferred licence to Research Capital Corp working under strict supervision	RR
Jan. 7, 2000	UTN, unsolicited termination from Research	

(b) Eva Giles and George Giles

10. At all material times, Eva Giles and George Giles were clients of the Respondent. Eva Giles had retired from her job as a kindergarten teacher in 1988 and George Giles was retired from a post in the television unit of the CBC. During the relevant time, George Giles worked on a casual part time basis as a travel agent in Ottawa.

11. By letters dated June 2, 1997 and July 22, 1997 the Giles' complained to the OSC and the Association, respectively, alleging that the Respondent made recommendations of speculative securities for their accounts which were not appropriate for them given their conservative investment objectives.

12. The Giles' were initially clients at J.A. Gifford and Associates ("Giffords") investing primarily in GICs. When Giffords was unable to offer them investments in coupons and strip bonds they were referred to Midland and eventually to the Respondent. As each of the GICs at Gifford's came due, the money would be transferred to Midland and purchases of strip bonds would be made.

13. The Giles' developed a close personal and trusting relationship with the Respondent, so when he contacted them to advise that he had transferred to Moss Lawson and asked that they moved their account in order to continue to work with him, they did so.

14. In addition, the Respondent gave the Giles' a marketing document entitled "Celebrating over 70 Years as a Trusted Advisor to Private Investors."

15. The Respondent opened five accounts for the Giles'; a joint account, a cash account for each (both of which were subsequently changed to margin accounts), as well an RRSP account for each.

(c) Eva Giles' Cash/Margin Account and RRSP Account

16. The NAAFs on file for Eva Giles' accounts can be summarized as follows:

Date	Account	Risk	Investment Objectives	Net Worth	Income	Knowledge
July 1995	Mrs. Giles – Margin	Med-ium	40% I, 40% Mt, 20% Spec	1,000,000	50,000 – 100,000	Good
November 1995	Mrs. Giles – Margin	Med-ium	75% Lt, 25% Spec	1,000,000	50,000 – 100,000	Good
April 1995	Mrs. Giles – RRSP	N/A	100% Lt	< 200,000	50,000 – 100,000	Good
November 1995	Mrs. Giles – RRSP	Med-ium	75% Lt, 25% Spec	1,000,000	50,000 – 100,000	Good

- The shaded areas were the NAAFs that the client possessed.

17. Notwithstanding the indication on the NAAF that Eva Giles investment knowledge was good, she had no significant experience or training in securities in order to be so classified.

18. Following the opening of Eva Giles' RRSP account in April 1995, several coupons were transferred in by June 1995 and sold in August 1995. In September 1995 the account purchased shares of Tee-Comm Electronics Inc. ("Tee-Comm") a speculative security. At month end speculative holdings in this account formed 16% of the total value whereas the NAAF had investment objectives of 100% long term growth.

19. Eva Giles' margin account also showed conservative trading until September 1995 when Tee-Comm shares were purchased. At month end speculative holdings in this account formed 11% of the 20% allocated for speculative content on the NAAF.

20. Purchases of another speculative security commenced in October 1995 when shares of Multi-Corp Inc. ("Multi-Corp) were purchased in Eva Giles' margin account.

21. Purchases and sales of Tee-Comm and Multi-Corp. in Eva Giles' RRSP and margin accounts may be summarized as follows:

Account	Settle-ment Date	Security	Volume –Buy (Sell)	Price	Proceeds	Profit/ (Loss)
Margin	09/21/95	Tee-Comm	500	$13.25	$6,808.32	N/A
RRSP	09/29/95	Tee-Comm	1,000	$15.00	$15,389.24	N/A
Margin	10/05/95	Multi-Corp	500	$4.60	$2,382.61	N/A
Margin	10/06/95	Tee-Comm	1,400	$18.625	$26,651.98	N/A
Margin	10/26/95	Multi-Corp	(500)	$6.375	$3,102.51	$719.90
Margin	10/26/95	Tee-Comm	(200) (300)	$15.50 $15.75	$7,660.94	$(1,144.06)
Margin	10/31/95	Multi-Corp	400	$7.625	$3,146.89	N/A
Margin	10/31/95	Tee-Comm	500	$14.625	$7,470.88	N/A

Account	Settle-ment Date	Security	Volume –Buy (Sell)	Price	Proceeds	Profit/ (Loss)
RRSP	10/26/95	Tee-Comm	(700) (300)	$15.75 $16.00	$15,506.78	117.54
RRSP	10/31/95	Tee-Comm	1,000	$14.625	$14,930.10	N/A

22. Sales of Tee-Comm and Multi-Corp were completed in October 1995 in order to lock in profits prior to the upcoming referendum in Quebec, as it was believed that an unfavourable result of the referendum could adversely affect share prices.

23. Toward the end of October 1995 Eva Giles was advised by the Respondent to buy back both Tee-Comm and Multi-Corp shares. The purchase of these shares was facilitated by the redemption of a T-Bill. By month end 61% of the margin account consisted of these two securities, the remainder consisted of strip bonds.

24. Purchases of Tee-Comm in Eva Giles' RRSP account resulted in a 20% holding of speculative securities by end of October 1995.

25. The Respondent updated the NAAFs in each of the RRSP and margin accounts in November 1995. The new NAAFs reflected an increase in the speculative component of the accounts, which roughly came into line with trading that had already occurred in the accounts. Specifically, speculative content was increased from zero to 25% in the RRSP account and from 20% to 25% in the margin account.

26. In November 1995 another GIC came due and was deposited into the margin account as cash, which was then used to purchase more coupons. As a result speculative holdings dropped to 34%. The equity in the RRSP account did not change this month. At the suggestion of the Respondent, Eva Giles signed new NAAFs, which showed the amended investment objectives of 25% speculation in each account.

27. In December 1995 the Respondent sold 500 shares of Tee-Comm stock in the margin account and purchased 1,600 Tee-Comm warrants. The Respondent recommended Tee-Comm warrants to Eva Giles. The margin account had a speculative content of 29% at December month end.

28. In the RRSP account, the Respondent sold all Tee-Comm shares and bought 3,300 Tee-Comm warrants. At the end of December 1995 the RRSP account had a speculative content of 18%.

29. The purchases of Tee-Comm warrants in the margin and RRSP accounts can be summarized as follows:

Account	Settle-ment Date	Security	Volume– Buy (Sell)	Price	Proceeds	Profit/Loss
Margin	12/12/95	Tee-Comm	(500)	$14.75	$7,175.84	(1,629.16)
Margin	12/12/95	Tee-Comm Warrants	1,600	$4.10	$6,789.12	N/A
RRSP	12/12/95	Tee-Comm	1,000	$14.75	$13,983.07	(1,523.71)
RRSP	12/12/95	Tee-Comm Warrants	3,300	$4.10	$13,983.07	N/A

30. In March 1996 the Respondent recommended and completed a sale of the Multi-Corp. shares in the margin account and realized a profit of $1,075.28.

31. In November 1997 the Tee-Comm warrants expired unexercised. The loss on this investment was 100% of the cost, which amounted to $6,789.12 for the margin account and $13,983.07 in the RRSP account.

32. The Respondent encouraged them to hold the warrants right through the expiration date by advising them that there was to be a take over of Tee-Comm.

33. From December 1995 onward, the percentage of speculative securities held in Eva Giles' margin and RRSP accounts fell due to: the sale of Multi-Corp in March 1996; the expiration of the Tee-Comm warrants in November 1996; and the eroding value of Tee-Comm shares in the two accounts.

(d) George Giles' Cash/Margin and RRSP Accounts

34. The NAAFs on file for George Giles' accounts can be summarized as follows:

Date	Account	Risk	Investment Objectives	Net Worth	Income	Knowledge
April 1995	Mr. Giles – RRSP	N/A	50% I, 50% Lt	< 200,000	50,000 – 100,000	Good
November 1995	Mr. Giles - RRSP	Medium	75% Lt, 25% Spec	1,000,000	50,000 – 100,000	Good
June 1995	Mr. Giles - Margin	N/A	50% I, 25% Mt, 25%, Spec	< 200,000	50,000 – 100,000	Good
July 1995	Mr. Giles – Margin *	Medium	40% I, 40% Mt, 25% Spec	1,000,000	50,000 – 100,000	Good
November 1995	Mr. Giles – Margin	Medium	75% Lt, 25% Spec	1,000,000	50,000 –100,000	Good

- The shaded areas were the NAAFs that the client possessed.
- * The update to the objectives was in the RRSP column on the NAAF, however the account number on the top was for the margin account.

35. All of the NAAFs for George Giles showed him to be retired although he worked part time on a casual basis as a travel agent throughout the relevant time period.

36. George Giles had previously held a speculative security. During the time that the Respondent was his advisor at Midland, George Giles purchased shares of Seprotech Systems Inc. ("Seprotech"), a small-cap growth oriented security. George Giles held shares of Coca-Cola Inc. ("Coke") while at Midland. He had learned via media reports that Seprotech had a relationship with Coke. It was the relationship between the two companies that prompted the purchase of Seprotech rather than an interest in speculative securities. But for the association with Coke, George Giles would not have purchased Seprotech shares.

37. In September 1995, the Respondent purchased shares of Tee-Comm and Multi-Corp in both the RRSP and margin accounts for George Giles. The Respondent had told George Giles: that many of Moss Lawson's clients were purchasing Tee-Comm; that Tee-Comm was a satellite dish manufacturer and that CRTC approval for it was forthcoming; that it was a company that had a computer program which could translate English into Chinese and that it was a "winner of a stock".

38. The Respondent agrees that Tee-Comm and Multi-Corp were speculative in nature. In addition, notwithstanding the Respondent's claim that neither of these companies were recommendations of Moss Lawson, there is a document in the package of information received by the Giles' which is a research report authored by Moss Lawson about Tee-Comm.

39. In October 1995 the Respondent purchased, sold and re-purchased several shares of Tee-Comm and Multi-Corp. By month end 26% of the equity in the RRSP account was in these two securities and the rest in strip coupons and Seprotech. The margin account held 48% equity in Tee-Comm, Multi-Corp and Seprotech.

40. The trading in Tee-Comm and Multi-Corp in George Giles' margin and RRSP accounts can be summarized as follows:

Account	Settle-ment Date	Security	Volume– Buy (Sell)	Price	Proceeds
Margin	10/05/95	Multi-Corp	1,000	$4.60	$4,764.72
Margin	10/06/95	Tee-Comm	1,000	$18.75	$19,177.81
Margin	10/26/95	Multi-Corp	(1,000)	$6.375	$6,209.17
Margin	10/31/95	Multi-Corp	800	$7.625	$6,289.81
RRSP	10/26/95	Multi-Corp	(1,000)	$6.375	$6,209.17
RRSP	10/26/95	Tee-Comm	(500)	$16.00	$7,834.56
RRSP	10/31/95	Multi-Corp	800	$7.625	$6,289.81
RRSP	10/31/95	Tee-Comm	500	$14.625	$7,470.88

41. In November 1995, at the Respondent's suggestion the investment objectives for both of George Giles' accounts were changed to 75% long term growth and 25% speculation.

42. In December 1995 the Respondent sold all Tee-Comm shares in the RRSP account and purchased 1,600 Tee-Comm warrants. The margin account continued to hold Tee-Comm shares. The Respondent touted the warrants as an excellent investment, which would blossom and make some money after which a decision could be made as to whether to exercise them.

43. In March 1996 Multi-Corp was sold from the RRSP account resulting in a profit of $2,165.86 and a gain of 34% over the purchase price. The proceeds were reinvested in Kinross Gold Corporation ("Kinross"), a mining company and a speculative security. The margin account also sold Multi-Corp resulting in a 34% gain and a credit in the account.

44. In September 1996 the Respondent recommended the purchase of shares of Greystar Resources Ltd. ("Greystar"), a speculative growth venture. Shares were purchased with the proceeds of the sale of BC provincial coupons in the margin account.

45. In November 1996 the Tee-Comm warrants expired unexercised resulting in a 100% loss of $6,789.12 for the RRSP account.

46. In June 1997 Greystar was sold from the margin account at a loss of $2,243.93. No further trading took place in either the RRSP or margin account.

47. The trading of Kinross and Greystar can be summarized as follows:

Account	Settle-ment Date	Security	Volume –Buy (Sell)	Price	Proceeds	Profit/ Loss
Margin	03/15/96	Multi-Corp	(800)	$10.875	$8,455.67	$2,165.86
RRSP	03/15/96	Multi-Corp	(800)	$10.875	$8,455.67	$2,165.86
RRSP	03/15/96	Kinross	850	$11.39	$10,261.88	N/A
Margin	09/26/96	Greystar	2,500	$1.95	$5,049.54	N/A
Margin	06/05/96	Greystar	(1,500) (1,000)	$1.16 $1.17	$2,805.61	($2,243.93)

(e) Eva Giles and George Giles Joint Account

48. The NAAF information for the Giles' joint account is as follows:

Date	Ac-count	Risk	Investment Objectives	Net Worth	Income	Knowledge
April 1995	Joint	N/A	25% I, 25% St, 25% Lt, 25% Spec	1,000,000	50,000 - 100,000	Good
July 1995	Joint	Medium	40% I, 40% Mt, 20% Spec	1,000,000	50,000 - 100,000	Good

49. From July 1995 to October 1995 trading patterns in the joint account were the same as the Giles' other accounts at Moss Lawson. In October 1995, the Respondent purchased 500 shares of Tee-Comm at $18.625 for a cost of $9,532.17. This purchase represented 13% of account assets at month end. In this account the speculative component stayed within the 20% allocation on the NAAF. These shares were held through to June 1997 by which time they had lost virtually their entire value. No other speculative securities were purchased in this account.

IV. Contraventions

50. In or around July 1995 to June 1997, the Respondent failed to ensure that recommendations made for any account were appropriate for the client and in keeping with his or her investment objectives when he recommended the purchase, sale and re-purchase of shares and warrants of speculative securities in his client, George Giles' margin account, when the speculative component for this account was less than the amount of speculative securities purchased, and the purchases did not fit the his investment profile, contrary to Regulation 1300.1 (c).

51. In or around July 1995 to June 1997, the Respondent engaged in business conduct or practice which is unbecoming or detrimental to the public interest in that he advised his client George Giles to change his investment objectives on the NAAF on his RRSP account from 50% Income and 50% long term growth to 75% long term growth and 25% speculation in order to conform with the trading which had already occurred in the account; he advised his client Eva Giles to update and change her objectives on the NAAF in her RRSP account from 100% long term growth to 75% long term growth and 25% speculation in order to conform with the trading which had already occurred in the account contrary to By-Law 29.1 (ii).

V. Admission of Contraventions and Future Compliance

52. The Respondent admits the contravention of the Statutes or Regulations thereto, By-laws, Regulations, Rulings or Policies of the Association noted in Section IV of this Settlement Agreement. In the future, the Respondent shall comply with these and all By-laws, Regulations, Rulings and Policies of the Association.

VI. Discipline Penalties

53. The Respondent accepts the imposition of discipline penalties by the Association pursuant to this Settlement Agreement as follows:

(a) for each Contravention, a fine in the amount indicated below, payable to the Association within six (6) months of the effective date of this Settlement Agreement:

Contravention as set out in Section IV, paragraph 52: $3,000

Contravention as set out in Section IV, paragraph 53: $4,000

(b) for each Contravention as set out in Section IV, as a condition of his re-approval in any capacity with a member of the Association, re-writing and passing the examination based on the *Conduct and Practices Handbook for Securities Industry Professionals*, administered by the Canadian Securities Institute within six (6) months of any re-approval;

(c) for each Contravention as set out in Section IV, as a condition of his re-approval in any capacity with a Member of the Association, filing with the Association monthly supervision reports for a period of 6 months following any re-approval; and

(d) for each Contravention set out in Section IV, concurrent, a condition of re-approval that in the event the Respondent fails to comply with any of these discipline penalties within the time prescribed, the District Council may upon application by the Senior Vice President, Member Regulation and without further notice to the respondent suspend the re-approval of the Respondent until the penalties are complied with.

VII. Association Costs

54. The Respondent shall pay the Association's costs of this proceeding in the amount of $500.00, payable to the Association within six (6) months of the effective date of this Settlement Agreement.

VIII. Effective Date

55. This Settlement Agreement shall become effective and binding upon the Respondent and Staff in accordance with its terms as of the date of:

(a) its acceptance; or

(b) the imposition of a lesser penalty or less onerous terms; or

(c) the imposition, with the consent of the Respondent, of a penalty or terms more onerous,

by the District Council.

IX. Waiver

56. If this Settlement Agreement becomes effective and binding, the Respondent hereby waives his right to a hearing under the Association By-laws in respect of the matters described herein and further waives any right of appeal or review which may be available under such By-laws or any applicable legislation.

X. Staff Commitment

57. If this Settlement Agreement becomes effective and binding, Staff will not proceed with disciplinary proceedings under Association By-laws in relation to the facts set out in Section III of the Settlement Agreement.

XI. Public Notice of Discipline Penalty

58. If this Settlement Agreement becomes effective and binding:

(a) the Respondent shall be deemed to have been penalized by the District Council for the purpose of giving written notice to the public thereof by publication in an Association Bulletin and by delivery of the notice to the media, the securities regulators and such other persons, organizations or corporations, as required by Association By-laws and any applicable Securities Commission requirements; and

(b) the Settlement Agreement and the Association Bulletin shall remain on file and shall be disclosed to members of the public upon request.

XII. Effect of Rejection of Settlement Agreement

59. If the District Council rejects this Settlement Agreement:
   (a) the provisions of By-laws 20.10 to 20.24, inclusive, shall apply, provided that no member of the District Council rejecting this Settlement Agreement shall participate in any hearing conducted by the District Council with respect to the same matters which are the subject of the Settlement Agreement; and

   (b) the negotiations relating thereto shall be without prejudice and may not be used as evidence or referred to in any hearing.

Agreed to by the Respondent at the "City" of "Ottawa", in the Province of Ontario, this "16th" day of "October", 2000.

"Taffy Nahas" "Jeffrey Turcotte"

Witness **Respondent**

Agreed to by Staff at the City of Toronto, in the Province of Ontario, this "16th" day of "October", 2000.

"Dan McVicker"

Witness

"Natalija Popovic"
Enforcement Counsel, on behalf of Staff of the Investment Dealers Association of Canada

Accepted by the Ontario District Council of the Investment Dealers Association of Canada, at the City of "Toronto", in the Province of Ontario, this "18th" day of "October", 2000.

Investment Dealers Association of Canada
(Ontario District Council)

Per: "Hon. Robert Reid" (chair)
Per: "Hugh McNabney" (industry member)
Per: "Derek Nelson" (industry member)

13.1.3 John Francis Aiken

November 2, 2000

Discipline Penalties Imposed on John Francis Aiken
Violation of Regulation 800.11 and By-law 29.1

Person Disciplined

The Ontario District Council (District Council) of the Investment Dealers Association of Canada (Association) has imposed discipline penalties on John Francis Aiken, at the relevant time a Registered Representative with ScotiaMcLeod Inc. (now Scotia Capital Inc.) a Member of the Association.

By-laws, Regulations, Policies Violated

On October 17, 2000 the District Council concluded a discipline proceeding concerning allegations made by Enforcement staff that Mr. Aiken violated Association Regulation 800.11 and By-law 29.1. The District Council found that Mr. Aiken contravened Regulation 800.11 and By-law 29.1 as follows.

1. Between September, 1993 and September 22, 1995, Mr. Aiken had an undisclosed beneficial interest in an account with another Member firm without the knowledge or written permission of his employer-Member firm, contrary to Regulation 800.11 and contrary to the Conduct and Practices Handbook, Specific Regulations Concerning Registered Representatives Employed by the IDA and Exchange Members, Part J: Carrying Accounts at Other Firms.

2. Between September, 1993 and September 22, 1995, Mr. Aiken placed fictitious "air-trade" bond orders and misused his non-trading wash account at ScotiaMcLeod in order to facilitate and conceal bond trades that he effected for his own benefit and for the benefit of Mr. John Gregory Springer. Mr. Aiken thereby engaged in business conduct or practice, which is unbecoming or detrimental to the public interest, contrary to By-law 29.1 and the Conduct and Practices Handbook, Standard C-III, Public Respect and Confidence, Financial Integrity and Moral Responsibility.

Penalty Assessed

The discipline penalties assessed against Mr. Aiken are:

1. A permanent prohibition from receiving approval of the Association in any capacity; and

2. A fine in the amount of $50,000.

In addition, costs were assessed in the amount of $10,000.

Summary of Facts

From approximately September 1993 to September 1995 Mr. Aiken had an undeclared beneficial interest in an account belonging to Mr. Springer at Sanwa McCarthy Securities Inc. without the knowledge or prior consent of ScotiaMcLeod Inc.. Mr. Aiken and Mr. Springer embarked upon a scheme whereby they participated in bond trading for their own personal benefit and concealed the activity from their Member firms. Mr. Aiken utilized a non-trading wash account to facilitate the trades. The profits realized were split between Mr. Aiken and Mr. Springer, 25% and 75%, respectively, with Mr. Springer paying taxes of approximately 50%. In order to facilitate these activities Mr. Aiken would on occasion place fictitious "air trade" orders with bond traders when the trade was actually being placed for the benefit of himself and Mr. Springer.

Suzanne Barrett
Association Secretary

13.1.4 John Francis Aiken

IN THE MATTER OF
THE INVESTMENT DEALERS ASSOCIATION OF CANADA

AND

JOHN FRANCIS AIKEN

DECISION OF THE ONTARIO DISTRICT COUNCIL

October 17, 2000

District Council:

The Hon. Fred Kaufman, C.M., Q.C., Chair
Susan Latremoille
Diane Bohaker

Counsel:

Natalija Popovic, for the Investment Dealers Association of Canada

The hearing of this matter was held in Toronto, Ontario, on October 17, 2000, pursuant to a Notice of Hearing dated September 20, 2000, and served on the Respondent's counsel, John R. Campbell, Q.C., on the same day. By letter dated October 5, 2000, Mr. Campbell advised the Investment Dealers Association of Canada (IDA or the Association) that neither he nor his client would attend the hearing. He added:

> Our absence should not be taken as a discourtesy to the IDA; in fact your staff has shown nothing but courtesy in our dealings to date. However, the reason for our absence is that it has been made quite clear that nothing positive can be obtained for Mr. Aiken by virtue of our attendance. Monetary considerations (as well as Mr. Aiken's continuing fragile emotional condition) therefore dictate this response.

The Notice of Hearing alleged the following violations of the Regulations and By-laws of the IDA:

Count #1

Between September, 1993 and September 22, 1995, **John Francis Aiken** had an undisclosed beneficial interest in an account with another Member firm without knowledge or written permission of his employer-Member firm, contrary to **Regulation 800.11** and contrary to the Conduct and Practices Handbook, Specific Regulations Concerning Registered Representatives Employed by the IDA and Exchange Members, Part J: Carrying Accounts at Other Firms.

Count #2

Between September, 1993 and September 22, 1995, **John Francis Aiken** placed fictitious "air-trade" bond orders and misused his non-trading wash account at ScotiaMcLeod in order to facilitate and conceal bond trades that he effected for his own benefit and for the benefit of Mr. John Springer. Mr. Aiken thereby engaged in business conduct or practice, which is unbecoming or detrimental to the public interest, contrary to **By-law 29.1** and the Conduct and Practices Handbook, Standard C-III, Public Respect and Confidence, Financial Integrity and Moral Responsibility.

The Particulars set out in the Notice of Hearing show that the Respondent began working as a Registered Representative with a member of the IDA in 1957. He was last employed with ScotiaMcLeod Inc. as a bond salesman. He resigned from that position on September 22, 1995, and has remained out of the industry since then.

The details of the charges, as stated in the Particulars, are these:

1. From approximately September 1993 to September 22, 1995, the Respondent had an undeclared beneficial interest in an account belonging to Mr. John Gregory Springer (Springer) at Sanwa McCarthy Security Inc. (The Sanwa account), another Member of the Association, without the knowledge or prior written consent of the Respondent's Member-employer, ScotiaMcLeod.

2. From approximately September 1993 to September 22, 1995, the Respondent together with Springer, embarked upon a scheme whereby they participated in bond trading for their own personal benefit, and deliberately concealed the trading activities from his Member-employer firm.

3. The Respondent took advantage of his position with ScotiaMcLeod and utilized his non-trading wash account to facilitate the personal bond trades for Springer and himself. The trades were allocated out of the Respondent's wash account to the Sanwa account within a few days, where Springer would either sell the bonds or purchase bonds to cover a short position.

4. The profits realized in the Sanwa account were then split between Aiken and Springer, with Aiken receiving 25% and Springer retaining 75% but paying the taxes (approximately 50%).

5. The Respondent did not have the permission of ScotiaMcLeod to use his wash account to facilitate his own personal trading or to expose ScotiaMcLeod's capital to risk of loss.

6. In order to facilitate and conceal their personal bond trading activities, on occasion, the Respondent would place fictitious "air-trade" orders with bond traders when the trade was actually being placed for the personal benefit of the Respondent and Springer.

7. The Respondent's undisclosed personal trading activities, utilizing his wash account and deliberately concealing those activities from ScotiaMcLeod, as described above, constitute conduct which is unbecoming or detrimental to the public interest;

8. The Respondent swore an affidavit (the affidavit) on April 7, 1999. In the affidavit the Respondent admits:

- That he had a collaboration with Springer whereby they agreed that transactions were to be put through Springer's account at Sanwa.
- Springer was to pay the income taxes on the transactions (assumed at 50%) and the balance was to be split between the two.
- He did not disclose to ScotiaMcLeod that he had a 25% interest in an account at Sanwa.
- In June 1995, during the course of the collaboration with Springer, due to a back office cancellation error of one of his trades, of $5M bonds, there was a material book loss in the account of one of the Respondent's client's accounts, named Robert Dacks (Dacks). That the client did not authorize the trade and the Respondent put it through the account without the client's knowledge.
- That the Respondent did not report the situation to his supervisor, in light of the collaboration with Springer, but would try to work his way out of the loss.
- That the Respondent needed time to make up the loss and obtain it by rolling the losses forward, extending settlement dates and using his suspense (or wash) accounts and other client accounts.
- That the purpose of the delay was to provide time to create profits which would eliminate the loss in the Dacks account.
- That during the morning of September 13, 1995 he sold $15M bonds at $95.60 recorded for the Dacks account.
- That after lunch, during which the Respondent consumed alcohol, he bought $25M bonds at $92.25 to cover the morning purchases and to have $10M bonds against the existing shortage which would have eliminated the loss in the Dacks account completely.
- That since he apparently appeared to be intoxicated, the transaction was cancelled and the loss was not therefore covered.

9. The Respondent also executed a document entitled "Statement of John Frances Aiken" dated and witnessed on April 7, 1999 in which he admits:

"1. In having an undeclared approximate 25% interest in an account at Sanwa McCarthy Securities during an approximate one and half to two year period ending September 1995, I acted contrary to the requirements of the IDA Regulation 800.11.

2. Unrelated to my conduct referred to in paragraph 1 above and in an effort to try to make up the loss resulting from the cancellation of a trade in June 1995 (as referred in my affidavit herein), I acted contrary to the requirements of IDA Regulation 200.1 in recording of fictitious transactions through my suspense account at ScotiaMcLeod, including changing settlement dates and changing information on sales slips under the guise of correcting mistakes.

3. I have had independent legal advice in making this acknowledgement and statement and it is being made in conjunction with my affidavit on April 7, 1999."

As the particulars disclose, the Respondent admitted the violations, and his Affidavit and Statement may be found in Exhibit 1 (Tabs 3 and 4). It is relevant to add that, attached to the affidavit, is a letter from Dr. W. Ronald Porter, the Respondent's physician, setting out the Respondent's recent medical history.

We also have the Respondent's Reply (Tab 6), stressing that he co-operated fully with the investigations by ScotiaMcLeod and the Association and made full disclosure. In the same document, the Respondent also expresses and confirms his previous expression of contrition and regret for his conduct in this matter, which he acknowledges was and is unbecoming and detrimental to the public interest; and he hereby apologizes to the Association, its members and all persons adversely affected by his said conduct.

The Reply also states:

1. The Respondent's severely depressed mental condition since September 1995 has only very gradually improved and continues in a fragile condition. Further negative publicity is likely to be quite damaging.

2. The Respondent's continuing impecuniosity is a very relevant factor in the disposition of this matter. A careful examination of his records for the last five years has revealed an average net income of under $31,000, the highest being $56,575 in 1995 (his last year with ScotiaMcLeod) and the lowest being $9,540 in 1997; and he has no assets with which to satisfy any fine. He is unable to fund further legal expenses.

3. While the Association's investigation did record that ScotiaMcLeod paid $50,000 towards the Respondent's investigation and legal costs, the investigation did **not** reveal:

   (a) that in September 1995 ScotiaMcLeod froze the Respondent account (approx. $111,580) and coerced him into assigning it to them to be applied against any losses; or

   (b) that ScotiaMcLeod demanded the resignation of the Respondent just days before a bonus of approx. $120,000 would have been payable. (His net out-of-pock cash loss was therefore approx. $181,580)

4. No particulars of any loss claimed to have been suffered by ScotiaMcLeod as the direct result of the Respondent's actions have either been produced or offered. *(It is to be noted that by cancelling the particular trade in question, ScotiaMcLeod was the author of its own losses,*

if any; something that probably could not have happened had ScotiaMcLeod been exercising its supervisory responsibilities as required by law.) The Respondent's position is that he denies ScotiaMcLeod suffered any loss nor did any member of the public suffer any loss as a direct result of his actions. While it does not take away from the gravity of his offences, the Respondent alleges that the ScotiaMcLeod panic reaction without enquiry as to its impact, caused any loss it claims to have suffered.

5. In consideration of the disposition of this matter, the Respondent undertakes not to apply to the Association for or accept any registered status in the investment business for at least a period of fifteen years. As the Respondent is presently 63 years of age, the need to protect the public interest should thereby be well served

6. There has apparently been no investigation into the breach of the supervisory obligations of ScotiaMcLeod senior people, which breach obviously continued for about 12 years up to September 1995. Also, there has been no mention of the obvious conflict of interest of Mr. Hugh McNabney (formerly of ScotiaMcLeod) in conducting the original investigation into the matter. These two items give rise to the question in the public mind as to whether there is one law for the big bank owned firms, and another for the lowly bond trader.

7. The Respondent is willing to give evidence under oath in this or any other related proceeding in any way directly connected to the matter herein to confirm the fact and matters already referred to by him in the investigation herein.

The Respondent therefore requests the Council to give due consideration to disposing this matter in camera by: (1) reprimanding his conduct as alleged and admitted, and accepting his apology, (2) accepting his undertaking with respect to registration and imposing a further suspension (voluntarily accepted) as requested, (3) assessing, or permitting Association counsel to negotiate for some modest contribution to the costs herein, and (4) imposing such further terms and conditions as are consistent herewith. (Emphasis in the original)

For the reasons set out above B the Affidavit, the Statement and the Reply B the Council, in it discretion, accepts (in accordance with Paragraph 20.16 of the By-laws) the facts alleged or the conclusions drawn by the Association in the notice of hearing and particulars as having been proven by the Association.

As the Particulars demonstrate, the violations are of the utmost gravity, and counsel for the IDA therefore submits that, despite the Respondent's plea in mitigation, the penalty must reflect the serious nature of the Respondent's conduct. Considering some recent decisions of the Council (*Weppler, McCrea, Lafleur* and *Guillemette*), where permanent prohibitions were pronounced in addition to fines ranging from $20,000 (in *Weppler*) to $200,000 (in *Lafleur*), IDA counsel suggests that a permanent prohibition, together with a fine of $100,000, would be appropriate in the case now before us.

We agree that, in principle, a permanent prohibition and a fine of $100,000 would be appropriate in a case of this kind. However, we note that the violations committed by the Respondent occurred more than five years ago, and that the delays to bring this matter on for hearing are not attributable to him: personnel in the brokerage changed, and so did personnel within the IDA. This is regrettable because justice should not only be done, and seen to be done, but it should also be done with reasonable dispatch. It appears that unavoidable circumstances prevented a more speedy disposition in this case but we are mindful of the fact that had this matter come before the Council shortly after the Respondent's conduct was discovered, the monetary penalty would likely have been less than monetary penalties imposed in recent years. We are also mindful that the delay, with all the uncertainties that go with it, was not helpful to the Respondent's rehabilitation, healthwise and otherwise. Lastly, we consider the Respondent's contrition and regret and his apology.

Given these circumstances, the Council holds as follows:

1. The Respondent shall be permanently prohibited from receiving approval of the Association in any capacity;
2. The Respondent shall pay a fine of $50,000;
3. The Respondent shall pay costs in the amount of $10,000.

DATED AT TORONTO, ONTARIO, this 17th day of October, 2000.

Honourable Fred Kaufman, C.M., Q.C.,
Public Member (Chair)

Susan Latremoille (Member)

Diane Bohaker (Member)

13.1.5 Thomas Ulkutekin

October 31, 2000

Discipline Penalties Imposed on Thomas Ulkutekin Violation of Regulations 1300.1(a), 1300.4 and By-law 29.1

Person Disciplined

The Ontario District Council (District Council) of the Investment Dealers Association of Canada (Association) has imposed discipline penalties on Thomas Ulkutekin, at the relevant time a Registered Representative with Nesbitt Burns Inc., (now BMO Nesbitt Burns Inc.) a Member of the Association.

By-laws, Regulations, Policies Violated

On October 18, 2000 the District Council concluded a discipline proceeding concerning allegations made by Enforcement staff that Mr. Ulkutekin violated Association Regulations and By-law 29.1. The District Council found that Mr. Ulkutekin contravened Regulations 1300.1(a) and 1300.4 and By-law 29.1 as follows:

1. In or about Spring 1993 to late 1996, Mr. Ulkutekin failed to learn the essential facts relative to every customer and to every order or account accepted with respect to five clients, contrary to Regulation 1300.1(a);

2. In or about Spring 1993 to late 1996, Mr. Ulkutekin engaged in business conduct or practice which is unbecoming or detrimental to the public interest in that he acted against the interests of five clients by trading excessively in their accounts for the purposes of generating commissions, contrary to By-law 29.1; and

3. In or about Spring 1993 to late 1996, Mr. Ulkutekin engaged in discretionary trading in the accounts of three clients without prior written authorization of the clients and without having the accounts accepted in writing as discretionary accounts by a designated person at the Member firm, contrary to Regulation 1300.4.

Penalty Assessed

The discipline penalties assessed against Mr. Ulkutekin are:

1. A fine in the amount of $25,000;
2. Disgorgement of commissions in the amount of $144,521.50; 3.
3. Rewriting the Conduct and Practices Handbook examination administered by the Canadian Securities Institute;
4. Supervision for a period of 6 months; and
5. Suspension for a period of 3 months.

In addition, costs were assessed in the amount of $10,000.

Summary of Facts

Commencing in Spring 1993 Mr. Ulkutekin opened eight accounts for six new clients. All of the new clients, as well as Mr. Ulkutekin, were of Turkish descent. Mr. Ulkutekin met these clients as a result of his affiliation with various cultural organizations and events.

In the case of five of these clients, he overstated their income and net worth and incorrectly indicated their investment objectives on their new account application forms.

In the case of all eight accounts held by the six clients, Mr. Ulkutekin engaged in excessive trading for the purposes of generating commissions. In two accounts total commissions in one year exceeded invested capital and in one account the commissions as a percentage of average equity amounted to 122.90%. Total losses sustained in seven of the accounts ranged from approximately $5,900 in one account to $42,000 in another.

During a one year period, from June 1995 to July 1996, Mr. Ulkutekin executed 17 trades in the accounts of two clients while they were living out of the country. During a period from November 8 - 26, 1996, Mr. Ulkutekin executed 3 trades in a 3rd client's account while the client was out of the country. All trades were completed on a discretionary basis, however at no time was written authorization received from the clients nor were the accounts accepted in writing as discretionary accounts by Mr. Ulkutekin's Member firm.

Mr. Ulkutekin is no longer employed in the securities industry.

Suzanne Barrett
Association Secretary

Endorsement re: Thomas Ulkutekin

Mr. Ulkutekin has never appeared nor responded to the Notice of Hearing and Particulars.

Pursuant to By-law 20.16 we have proceeded with the hearing, and do accept the facts and conclusions drawn by the Association in this Notice of Hearing and Particulars and find the respondent guilty as charged.

We consider the penalties set out at page 12 under the Hearing "VI. Discipline Penalties" and the costs in paragraph VII of the proposed Settlement Agreement now requested by IDA counsel to be appropriate and justified, and we impose them. Page 12 aforesaid shall be Rider A to this endorsement.

"Robert Reid, Chair" "Hugh McNabney"
"Derek Nelson"

October 18th, 2000

RIDER "A"

VI. Discipline Penalties

67. The Respondent accepts the imposition of discipline penalties by the Association pursuant to this Settlement Agreement as follows:

(a) for each Contravention, a fine in the amount indicated below, payable to the Association within one (1) month of the effective date of this Settlement Agreement:
Contravention as set out in Section IV, paragraph 64: $5,000
Contravention as set out in Section IV, paragraph 65: $15,000
Contravention as set out in Section IV, paragraph 66: $5,000

(b) for each Contravention as set out in Section IV, concurrent, as a condition of his re-approval, the disgorgement of commissions earned in the amount of $144,521.25, payable to the Association within one (1) month of the effective date of any re-approval.

(c) for each Contravention as set out in Section IV, concurrent, as a condition of his re-approval in any capacity with a member of the Association, re-writing and passing the examination based on the *Conduct and Practices Handbook for Securities Industry Professionals*, administered by the Canadian Securities Institute within six (6) months following any re-approval;

(d) for each Contravention as set out in Section IV, concurrent, as a condition of his re-approval in any capacity with a Member of the Association, filing with the Association monthly supervision reports for a period of 6 months following any re-approval;

(e) for each Contravention as set out in Section IV, concurrent, a suspension of his re-approval in any capacity with a Member of the Association for a period of 3 months following any re-approval; and

(f) for each Contravention set out in Section IV, concurrent, a condition of re-approval that in the event the Respondent fails to comply with any of these discipline penalties within the time prescribed, the District Council may upon application by the Senior Vice President, Member Regulation and without further notice to the respondent suspend the approval of the Respondent until the penalties are complied with.

VII. Association Costs

68. The Respondent shall pay the Association's costs of this proceeding in the amount of $10,000.00, payable to the Association within one (1) month of the effective date of this Settlement Agreement.

13.1.6 Harold Hamilton

INVESTMENT DEALERS ASSOCIATION OF CANADA
ASSOCIATION CANADIENNE DES COURTIERS EN VALEURS MOBILIÈRES

NOTICE TO PUBLIC RE: DISCIPLINARY HEARING

November 20, 2000

RE: IN THE MATTER OF HAROLD HAMILTON

Toronto, Ontario – The Investment Dealers Association of Canada (Association) 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. Harold Hamilton is in respect of Mr. Hamilton's conduct while he was employed and registered at the Ottawa, Ontario Branch office of Burns Fry Limited (now BMO Nesbitt Burns Inc.) and then Midland Walwyn Capital Inc. (now Merrill Lynch Canada Inc.), both members of the Association. Mr. Hamilton is currently employed with and registered at Merrill Lynch Canada Inc., a Member of the Association in Ottawa, Ontario.

The hearing is scheduled to commence at **9:30 a.m.** or shortly thereafter on Wednesday, December 6, 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 Settlement Agreement is accepted by the Ontario District Council, the Association will issue a Bulletin setting out terms of settlement, including violation(s) committed, a summary of the agreed facts, and the discipline penalty imposed; copies of the Bulletin and Settlement Agreement will be made available.

Contact:

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

13.1.7 Andris Gravitis

November 21, 2000

Discipline Penalties Imposed on Andris Gravitis - Violation of Regulation 1300.1 and By-law 29.1

Person Disciplined

The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Andris Gravitis, at the relevant time a Registered Representative with Foster and Associates Financial Services Inc., a Member of the Association.

By-laws, Regulations, Policies Violated

On November 15, 2000, the District Council considered, reviewed and accepted, after making an amendment, a settlement agreement that had been negotiated by the Association Enforcement Division staff with Mr. Gravitis. Under the settlement agreement Mr. Gravitis admitted the following contraventions:

- that he failed to ensure that the recommendations made for the accounts of two separate clients were in keeping with the clients' objectives, contrary to Regulation 1300.1(c);
- that he failed to learn the essential facts relative to every customer by knowingly supplying false and misleading information on the New Client Account Forms of two clients, contrary to Regulation 1300.1(a);
- that he engaged in business conduct or practice which is unbecoming or detrimental to the public interst by failing to ensure proper account documentation existed for the account of a client giving her spouse a trading interest in the account, contrary to By-law 29.1(ii); and
- that he engaged in business conduct or practice unbecoming to the public interest by marking trade tickets "unsolicited" when they were in fact "solicited", contrary to By-law 29.1(ii).

Penalty Assessed

The discipline penalty assessed against Mr. Gravitis is as follows:

A total fine of $16,500, payable to the Association within one month of the acceptance of the Settlement Agreement by the Ontario District Council, and allocated as follows among the contraventions: a fine of five thousand dollars for making unsuitable recommendations contrary to Regulation 1300.1(c); a fine of three thousand and five hundred dollars for failing to learn the essential facts relative to every customer contrary to Regulation 1300.1(a); a fine of three thousand dollars for failing to ensure proper account documentation was in place contrary to By-law 29.1(ii); a fine of five thousand dollars for marking "solicited" trades as "unsolicited" contrary to By-law 29.1(ii); and

A condition of his re-approval in any capacity with a Member of the Association, that he re-write and pass the examination based on the *Conduct and Practices Handbook for Securities Industry Professionals* administered by the Canadian Securities Institute within six months following the effective date of the Settlement Agreement.

In addition, Mr. Gravitis is to pay the Association's costs in the amount of five thousand dollars.

Summary Of Facts

Two of Mr. Gravitis' clients transferred their accounts to Foster and Associates Financial Services Inc. in the fall of 1995 in order to remain with Mr. Gravitis. New Client Account Forms were made out for each of these clients after the transfer. One client's form indicated that the investment objectives were 50% income and 50% long-term capital, and the risk tolerance was 20% low, 50% medium and 30% high. Mr. Gravitis decreased the quality of this client's portfolio such that the original value of the portfolio of $400,000 in 1984 was reduced to $140,643.81 by December 31, 1995. Blue chip equities originally in the portfolio were replaced with a number of speculative securities. This client launched a civil law suit in relation to the investment portfolio; the law suit was settled. The New Client Account Form for the other client indicated that the investment objectives were 100% long-term capital appreciation, and the risk tolerance was 100% medium risk. The securities contained in the account were speculative and did not match the client's objectives.

One of Mr. Gravitis' clients gave Mr. Gravitis two New Client Account Forms in the names of the client's mother and daughter. The information contained on the forms regarding the age of the mother and the daughter, their investment knowledge, and their investment experience was incorrect and misleading. Mr. Gravitis knowingly supplied this false and misleading information to his firm. The firm did not open the accounts.

Mr. Gravitis took orders from the spouse of a client with respect to the client's account without ensuring that the proper documentation existed to permit this.

Mr. Gravitis marked a number of trades "unsolicited" when in actuality the trades had been "solicited".

Mr. Gravitis is currently registered with Rampart Securities Inc., but has been on long term disability since approximately July of 1998.

Suzanne M. Barrett
Association Secretary

13.1.8 Andris Gravitis - Settlement Agreement

In the Matter of Discipline Pursuant to By-law 20 of the Investment Dealers Association of Canada

Re: Andris Gravitis

Settlement Agreement

I. Introduction

1. The staff ("Staff") of the Investment Dealers Association of Canada ("the Association") has conducted an investigation (the "Investigation") into the conduct of Andris Gravitis ("the Respondent").

2. The Investigation discloses matters for which the District Council of the Association ("the District Council") may penalize the Respondent by imposing discipline penalties.

II. Joint Settlement Recommendation

3. Staff and the Respondent consent and agree to the settlement of these matters by way of this Settlement Agreement in accordance with By-law 20.25.

4. This Settlement Agreement is subject to its acceptance, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council in accordance with By-law 20.26.

5. Staff and the Respondent jointly recommend that the District Council accept this Settlement Agreement.

6. If at any time prior to the acceptance of this Settlement Agreement, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council, there are new facts or issues of substantial concern in the view of Staff regarding the facts or issues set out in Section III of this Settlement Agreement, Staff will be entitled to withdraw this Settlement Agreement from consideration by the District Council.

III. Statement of Facts

(i) Acknowledgment

7. Staff and the Respondent agree with the facts set out in this Section III and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

(ii) Factual Background

8. The Respondent was first employed as a Registered Representative by Richardson Greenshields ("Greenshields") in 1981.

Particulars for Count 1:

9. On October of 1995, the Respondent went to work for Foster and Associates Financial Services Inc. ("Fosters"). Carol Schofield ("Schofield") transferred her account from Richardson to Fosters in order to follow the Respondent.

10. Schofield's NCAF was dated November 20, 1995 and indicated that her investment objectives were 50% income and 50% long-term capital. The NCAF risk tolerance was listed as being 20% low, 50% medium and 30% high.

11. The Respondent decreased the quality of Schofield's portfolio such that the original value of the portfolio of $400,000 in 1984 was reduced to $140,643.81 by December 31, 1995. The blue chip equities originally in the portfolio had been replaced with the following speculative securities on the part of the Respondent: Arrowlink Corp.; CTB Industries Inc.; IPL Energy Inc.; Innotech Multimedia; Intermine LF Science; MRP Waste Management Corp.; Midas Capital Corp.; Newstar Resource Inc.; Norwall Group Inc.; Softcorp Corp. and Vasogen Inc.

12. In February of 1996 Mrs. Gladys Tobin ("Mrs. Tobin") transferred her account from Richardson to Fosters to follow the Respondent. At Fosters Mrs. Tobin had a new NCAF completed and her investment objectives were listed as being 100% long-term capital appreciation. Her risk tolerance was listed as being 100% medium risk. It is the opinion of the Association that all of the securities in the portfolio for Mrs. Tobin were speculative and included the following: AVI Software Inc.; Arrolink Corp.; MVS Modular Vehicles Systems; Midas Capital Corp.; Newstar Inc.; Trac Industries Inc.; Vasogen Inc. Nanci York ("York") Vice President and Head of Compliance at Foster and Associates, restricted the trading on Mrs. Tobin's account because of her concern that the trading in the account did not match the client's investment objectives.

Particulars for Count 2:

13. Paul Skowron ("Skowron") was a client of the Respondent while he was at Fosters. Skowron gave the Respondent two NCAF's in the names of Skowron's mother (Helena Skowron) and Skowron's daughter (Heather Skowron). The NCAF for the 17 year old daughter had been completed by Skowron and indicated that her age was 22 and that her investment objectives were 100% speculative trading and her risk tolerance was 100% high risk. The girl's investment knowledge was indicated to be "sophisticated". This information on the NCAF was incorrect and misleading.

14. The NCAF for Helena Skowron indicated correctly that she was 69 years of age but listed her investment objectives as 100% speculative and her risk tolerance as 100% high risk. Her investment knowledge was incorrectly stated as being "good". This information is incorrect and misleading.

Particulars for Count 3:

15. The Respondent verified the signature of Helena Skowron even though he was not there to see her sign and even though he was not sure that it was Helena Skowron who signed the document.

Particulars for Count 4:

16. While at Fosters, the Respondent would take orders for the account of Mrs. Gladys Tobin from her husband. The NCAF for this account did not indicate that anyone other than Mrs. Tobin had a trading interest in the account.

Particulars for Count 5:

17. The Respondent had a habit of marking solicited trades as "unsolicited" on the trade tickets even when he solicited a trade. This habit was noticed by York who was familiar with the securities the Respondent was promoting and who requested that the Respondent re-do the trade tickets after the fact. The Respondent corrected fifteen tickets where he had originally marked the trades as being "unsolicited". The trades occurred during the period of March to April 1996.

IV. Contraventions

18. **Count 1:** Between November 1995 to, and including, October 1996, Andris Gravitis, while a Registered Representative of a Member of the Association, failed to ensure that the recommendations made for the accounts of Mrs. Carol Schofield and Mrs. Gladys Tobin, were in keeping with the client's investment objectives, contrary to Regulation 1300.1(c).

19. **Count 2:** On or about September of 1996, Andris Gravitis, while a Registered Representative of a Member of the Association, failed to learn the essential facts relative to every customer by knowingly supplying false and misleading information on the NCAFs of both Mrs. Helena Skowron and Ms. Heather Skowron, contrary to Regulation 1300.1(a);

20. **Count 3:** On or about September of 1996, Andris Gravitis, while a Registered Representative of a Member of the Association, failed to observe high standards of ethics and conduct in the transaction of his business by verifying a signature that he had not witnessed on the NCAF of Mrs. Helena Skowron, contrary to By-law 29.1(i).

21. **Count 4:** Between February 1996 and October 1996, Andris Gravitis, while a Registered Representative of a Member of the Association, engaged in business conduct or practice which is unbecoming or detrimental to the public interest by failing to ensure proper account documentation existed for the account of Mrs. Gladys Tobin giving her spouse a trading interest in the account, contrary to By-law 29.1(ii).

22. **Count 5:** Between March 4, 1994 to, and including, April 03, 1996, Andris Gravitis, while a Registered Representative of a Member of the Association, engaged in business conduct or practice unbecoming to the public interest by marking trade tickets "unsolicited" when they were in fact "solicited", contrary to By-law 29.1(ii).

V. Admission of Contraventions and Future Compliance

23. The Respondent admits the contravention of the Statutes or Regulations thereto, By-laws, Regulations, Rulings or Policies of the Association noted in Section IV of this Settlement Agreement. In the future, the Respondent shall comply with these and all By-laws, Regulations, Rulings and Policies of the Association.

VI. Discipline Penalties

24. The Respondent accepts the imposition of discipline penalties by the Association pursuant to this Settlement Agreement as follows:

(a) for each Contravention, a fine in the amount indicated below, payable to the Association within one (1) month of the effective date of this Settlement Agreement:

Contravention as set out in Section IV, paragraph 18: $ 5,000.00
Contravention as set out in Section IV, paragraph 19: $ 3,500.00
Contravention as set out in Section IV, paragraph 20: $ 3,500.00
Contravention as set out in Section IV, paragraph 21: $ 2,000.00
Contravention as set out in Section IV, paragraph 22: $5,000.00

Total Fine: $20,000.00

(b) for each Contravention as set out in Section IV, concurrent, as a condition of his re-approval in any capacity with a member of the Association, re-writing and passing the examination based on the *Conduct and Practices Handbook for Securities Industry Professionals*, administered by the Canadian Securities Institute within six (6) months following the effective date of this Settlement Agreement;

(c) for each Contravention set out in Section IV, concurrent, a prohibition on his re-approval in any capacity until such time as the fine, and costs herein are paid in full;

(d) for each Contravention set out in Section IV, concurrent, a condition of continued approval that in the event the Respondent fails to comply with any of these discipline penalties within the time prescribed, the District Council may upon application by the Senior Vice President, Member Regulation and without further notice to the respondent suspend the approval of the Respondent until the penalties are complied with.

VII. Association Costs

25. The Respondent shall pay the Association's costs of this proceeding in the amount of $5,000.00, payable to the Association within one (1) month of the effective date of this Settlement Agreement.

VIII. Effective Date

26. This Settlement Agreement shall become effective and binding upon the Respondent and Staff in accordance with its terms as of the date of:

(a) its acceptance; or
(b) the imposition of a lesser penalty or less onerous terms; or
(c) the imposition, with the consent of the Respondent, of a penalty or terms more onerous,

by the District Council.

IX. Waiver

27. If this Settlement Agreement becomes effective and binding, the Respondent hereby waives his right to a hearing under the Association By-laws in respect of the matters described herein and further waives any right of appeal or review which may be available under such By-laws or any applicable legislation.

X. Staff Commitment

28. If this Settlement Agreement becomes effective and binding, Staff will not proceed with disciplinary proceedings under Association By-laws in relation to the facts set out in Section III of the Settlement Agreement.

XI. Public Notice of Discipline Penalty

29. If this Settlement Agreement becomes effective and binding:

(a) the Respondent shall be deemed to have been penalized by the District Council for the purpose of giving written notice to the public thereof by publication in an Association Bulletin and by delivery of the notice to the media, the securities regulators and such other persons, organizations or corporations, as required by Association By-laws and any applicable Securities Commission requirements; and

(b) the Settlement Agreement and the Association Bulletin shall remain on file and shall be disclosed to members of the public upon request.

XII. **Effect of Rejection of Settlement Agreement**

30. If the District Council rejects this Settlement Agreement:

(a) the provisions of By-laws 20.10 to 20.24, inclusive, shall apply, provided that no member of the District Council rejecting this Settlement Agreement shall participate in any hearing conducted by the District Council with respect to the same matters which are the subject of the Settlement Agreement; and

(b) the negotiations relating thereto shall be without prejudice and may not be used as evidence or referred to in any hearing.

Agreed to by Staff at the City of Toronto, in the Province of Ontario, this 14th day of November, 2000.

Gillian Roberts
Witness

Fredric Maefs
Vice President, Enforcement,
on behalf of Staff of the Investment Dealers Association of Canada

Agreed to by the Respondent at the City of Toronto, in the Province of Ontario, this 15th day of November, 2000.

Accepted by the Ontario District Council of the Investment Dealers Association of Canada, at the City of Toronto, in the Province of Ontario, this 15th day of November, 2000.

Investment Dealers Association of Canada
(Ontario District Council)

Per : Hon. Robert Reid

Per : Brigitte Geisler

Per: David Kerr

13.1.9 Rocco Meliambro

INVESTMENT DEALERS ASSOCIATION OF CANADA
ASSOCIATION CANADIENNE DES COURTIERS EN VALEURS MOBILIERES

NOTICE TO PUBLIC RE: DISCIPLINARY HEARING

November 20, 2000

RE: IN THE MATTER OF ROCCO MELIAMBRO

Toronto, Ontario - The investment Dealers Association of Canada(Association) 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 Rocco Meliambro is in respect of Mr. Meliambro's conduct while he was employed and registered at the Ottawa, Ontario Branch office of Moss, Lawson & Co. Limited(now HSBC Securities (Canada) Inc.). Mr. Meliambro is currently with and registered at Yorkton Securities Inc., a Member of the Association in Ottawa, Ontario.

The hearing is scheduled to commence at **9:30 a.m.** or shortly thereafter on Wednesday, December 6, 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 settlement Agreement is accepted by the Ontario District Council, the association will issue a Bulletin setting out terms of settlement, including violation(s) committed , a summary of the agreed facts, and the discipline penalty imposed; copies of the Bulletin and Settlement agreement will be made available.

Contact:

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

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