The Ontario Securities Commission

OSC Bulletin

January 12, 2001

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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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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

January 12, 2001

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

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

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
Suite 1700, Box 55
20 Queen Street West
Toronto, Ontario
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Derek Brown	—	DB
Robert W. Davis, FCA	—	RWD
John A. Geller, Q.C.	—	JAG
Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
R. Stephen Paddon, Q.C	—	RSP

SCHEDULED OSC HEARINGS

Date to be announced	**Mark Bonham and Bonham & Co. Inc.** s. 127 Mr. A.Graburn in attendance for staff. Panel: TBA
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
Jan 12/2001 1:30 p.m.	**MacDonald Oil Exploration Ltd., MacDonald Mines Exploration Ltd., Mario Miranda and Frank Smeenk** s. 127 and s.127.1 Mr. Tim Moseley in attendance for staff. Panel: JAG/SNA/RWD
Jan 23, 25 & 26/2001	**YBM Magnex International et al.** s. 127 Mr. M.Code & Mr. K.Daniels in attendance for staff. Panel: HIW/DB/RWD
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
Mar 19/2001	**Wayne Umetsu** s. 60 of the Commodity Futures Act 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- May 18/2001 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

Terry G. Dodsley

Offshore Marketing Alliance and Warren English

First Federal Capital (Canada) Corporation and Monter Morris Friesner

Southwest Securities

Global Privacy Management Trust and Robert Cranston

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
Jan 29/2001 - Jun 22/2001	**John Bernard Felderhof** Mssrs. J. Naster and I. Smith for staff. Courtroom TBA, Provincial Offences Court Old City Hall, Toronto
Jan 25/2000 10:00 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 Notice of Commission Decision Extending the Temporary Exemption Order of the Montreal Exchange from Recognition

NOTICE OF COMMISSION DECISION EXTENDING THE TEMPORARY EXEMPTION ORDER OF THE MONTREAL EXCHANGE FROM RECOGNITION

On October 3, 2000, the Commission granted the Montreal Exchange (the "ME") a temporary exemption from the requirement to be recognized as a stock exchange under section 21 of the *Securities Act* (Ontario) and registered as a commodity futures exchange under section 15 of the *Commodity Futures Act* (Ontario). The order was published in the Ontario Securities Commission Bulletin on October 6, 2000 at (2000) 23 OSCB 6862. The order provided that the exemption shall terminate at the earlier of:

(i) the date that the ME is granted an order by the Commission recognizing it as a stock exchange and registering it as a commodity futures exchange or exempting it from the requirement to be recognized as a stock exchange and registered as a commodity futures exchange; and

(ii) the expiry of four months from the date of the order.

On January 2, 2001, the Commission granted the ME an extension to the order temporarily exempting the ME from recognition as a stock exchange or registration as a commodity futures exchange.

The order is published in Chapter 2.

1.1.3 Notice of Minister of Finance Approval of Final Rule under the Securities Act - National Instrument 43-101 Standards of Disclosure for Mineral Projects, Form 43-101F1, Technical Report, and Companion Policy 43-101CP

On December 20, 2000, the Minister of Finance approved National Instrument 43-101 Standards of Disclosure for Mineral Projects (the "National Instrument") and Form 43-101F1 (the "Form"). Previously, materials related to the National Instrument, the Form and Companion Policy 43-101CP (the "Companion Policy") were published in the Bulletin in July 3, 1998, March 24, 2000 and on November 17, 2000. The National Instrument, the Companion Policy and the Form will come into effect on February 1, 2001.

The Commission is publishing the National Instrument, Companion Policy and Form in chapter 5 of this issue of the OSC Bulletin. These will also be published in the Ontario Gazette on January 20, 2001.

1.2 Notice of Hearings

1.2.1 Macdonald Oil Exploration Ltd. et al.- s.127 & 127.1

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

AND

IN THE MATTER OF MACDONALD OIL EXPLORATION LTD., MACDONALD MINES EXPLORATION LTD., MARIO MIRANDA AND FRANK SMEENK

NOTICE OF HEARING (Sections 127 and 127.1)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the Act at the Commission's offices on the 17th floor, 20 Queen Street West, Toronto, Ontario, commencing on Friday, January 12, 2001 at 1:30 p.m., or as soon thereafter as the hearing can be held (the "Hearing"), to consider whether it is in the public interest to make an order:

(a) pursuant to clause 2 of subsection 127(1) of the Act, that trading in any securities by Mario Miranda ("Miranda") and Frank Smeenk ("Smeenk") cease permanently or for such period as may be specified in the order;

(b) pursuant to clause 4 of subsection 127(1) of the Act, that MacDonald Oil Exploration Ltd. ("MacDonald Oil") submit to a review of its practices and procedures and institute such changes as may be ordered by the Commission;

(c) pursuant to clause 6 of subsection 127(1) of the Act, that MacDonald Oil, MacDonald Mines Exploration Ltd. ("MacDonald Mines"), Miranda and Smeenk be reprimanded;

(d) pursuant to clauses 7 and 8 of subsection 127(1) of the Act, that Miranda and Smeenk be prohibited from acting as an officer or director of any issuer and that Miranda and Smeenk resign any such office they currently hold;

(e) pursuant to subsections 127.1(1) and (2) of the Act, that MacDonald Oil, MacDonald Mines, Miranda and Smeenk pay amounts as a contribution in respect of the costs of the investigation that has been conducted by staff of the Commission ("Staff") into the affairs of the respondents and in respect of the costs of the Hearing; and

(f) such further and other order as the Commission may deem appropriate;

AND TAKE NOTICE that the purpose of the hearing will be for the Commission to consider whether to approve a settlement of the proceeding between Staff and the respondents, which approval will be sought by Staff and by the respondents;

AND TAKE NOTICE that, in the alternative, if the Commission does not approve the settlement, the Commission will consider an application by Staff for an order pursuant to subsection 127(5) of the Act, that trading by MacDonald Oil in common shares (the "Bresea Shares") of Bresea Resources Ltd. ("Bresea") and in the common shares (the "MacDonald Oil Common Shares") and warrants to purchase MacDonald Oil Common Shares to be issued as consideration pursuant to the take-over bid (the "Offer") by MacDonald Oil for all of the Bresea Shares cease;

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

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

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

January 9th, 2001

Secretary to the Commission

1.2.2 Statement of Allegations for MacDonald Oil Exploration et al.

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

AND

**IN THE MATTER OF
MACDONALD OIL EXPLORATION LTD.,
MACDONALD MINES EXPLORATION LTD.,
MARIO MIRANDA AND FRANK SMEENK**

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

Staff of the Ontario Securities Commission make the following allegations:

A. The Respondents

(i) MacDonald Oil

1. MacDonald Oil is a junior resource issuer currently focussed on oil and gas exploration opportunities in Cuba. Its principal asset is a 15% interest in an exploration licence relating to a block of land ("Block 22") in Cuba.

2. MacDonald Oil was continued under the *Business Corporations Act* (Ontario) (the "OBCA") in April 1997. Its head office is located in Ontario.

3. MacDonald Oil was, at all material times since December 1995, a reporting issuer in Ontario. Effective October 2, 2000, MacDonald Oil became a Tier 3 issuer on the Canadian Venture Exchange ("CDNX").

4. MacDonald Mines and Smeenk, among others, founded MacDonald Oil in 1994.

(ii) MacDonald Mines

5. MacDonald Mines was, at all material times, a reporting issuer in Ontario and certain other provinces. Its common shares (the "Mines Shares") are listed and quoted for trading on CDNX.

6. MacDonald Mines was, at all material times until August 2000, a shareholder of MacDonald Oil.

(iii) Smeenk

7. Smeenk was, at all material times, a director of MacDonald Oil and, until July 12, 2000, chairman of the board of directors of MacDonald Oil (the "MacDonald Oil Board"). From November 24, 1994 until January 20, 1995 and again from May 15, 1997 until July 12, 2000, he was MacDonald Oil's president and chief executive officer ("CEO").

8. From February 1993 to October 1997, Smeenk was the president and CEO of MacDonald Mines. At all material times, he has been a director of MacDonald Mines and, since October 1997, he has been the chairman of MacDonald Mines' board of directors.

(iv) Miranda

9. From January 1998 to July 12, 2000, Miranda was a director and the treasurer and chief financial officer ("CFO") of MacDonald Oil.

10. From June 1996 until October 1997, Miranda was the CFO of MacDonald Mines and, since October 1997, he has been the president and CEO of MacDonald Mines. Since January 1998, he also has been a director of MacDonald Mines.

B. Prior Proceedings

11. On June 8, 1999, MacDonald Oil commenced a securities exchange take-over bid (the "Prior Offer") for all of the outstanding common shares (the "Bresea Shares") of Bresea Resources Ltd. The OSC and the Alberta Securities Commission (the "ASC") issued temporary cease-trade orders (the "Temporary Orders") in respect of the Prior Offer shortly before its scheduled expiry

time on July 12, 1999. The Temporary Orders were subsequently extended and amended, pending a hearing by the OSC and ASC to consider whether permanent orders in respect of the Prior Offer should be issued. Following the hearing, the OSC and ASC issued permanent orders (the "Permanent Orders"), which, among other things, cease-traded the Prior Offer and directed that trading cease in Bresea Shares by MacDonald Oil, MacDonald Mines, Smeenk, Miranda and certain others (collectively, the "Prior Respondents") until, among other things, the Prior Respondents established to the satisfaction of the Executive Directors of the OSC and ASC that all Bresea Shares tendered to the Prior Offer had been withdrawn by, or returned to, their owners.

12. In October 1999, MacDonald Oil made an application (the"Application") to the OSC and ASC for:

    (a) a variation previously supported by Staff (the "Requested Variation") of the Permanent Orders; and

    (b) exemptive relief (the "Requested Exemptions") to enable it to proceed with a new securities exchange take-over bid (the "Proposed Offer") for the Bresea Shares.

13. In November 1999, Staff advised MacDonald Oil that Staff had concerns about whether MacDonald Oil and its directors, officers and principal shareholders had been complying with Ontario securities law and that these concerns needed to be resolved before Staff would be in a position to determine whether to recommend that the OSC and ASC grant the Requested Exemptions. Staff also asked that MacDonald Oil provide certain information addressing these concerns.

14. (a) Since November 1999, MacDonald Oil has cooperated with Staff and has provided information to Staff in response to Staff's initial request and follow-up requests.

    (b) On February 11, 2000 all terms of the Permanent Orders had been met except the Requested Variation.

15. On March 31, 2000, Staff provided a further response to the Application by delivering a memorandum (the "Staff Memorandum") describing in detail Staff's views, based upon information available at that time, regarding possible instances of non-compliance by MacDonald Oil, MacDonald Mines, Miranda and Smeenk with Ontario securities law.

16. In August 2000, MacDonald Oil advised Staff that:

    (a) the Staff Memorandum had received extensive review by management of MacDonald Oil;

    (b) in addition to taking steps to regularize past filing obligations, MacDonald Oil had undertaken numerous changes including procedural changes, personnel changes, by-law changes and policy changes in order to make every reasonable effort to ensure proper regulatory compliance and ensure that all regulatory filings and other requirements would be maintained on an up-to-date basis;

    (c) for various reasons, the Requested Exemptions were no longer required; and

    (d) accordingly, MacDonald Oil wished to proceed with that aspect of the Application relating to the Requested Variation.

17. On October 13, 2000, the OSC and ASC issued orders granting the Requested Variation (the "Variation Orders").

18. On December 21, 2000, MacDonald Oil commenced a new offer to acquire all of the outstanding Bresea Shares (the "New Offer"). The New Offer is scheduled to expire on January 18, 2001.

19. In response to concerns expressed by staff of the OSC, ASC, British Columbia Securities Commission and the Commission des valeurs mobilières du Québec (collectively, the "Commissions") regarding certain disclosure in the take-over bid circular relating to the New Offer (the "New Circular"), MacDonald Oil disseminated a Notice of Change dated January 5, 2001 (the "Notice of Change") containing, among other things, the following disclosure:

> "The proposed sponsor of MacDonald Oil and its take-over bid for Bresea, Jones Gable & Co. Ltd. ("Jones Gable"), has recently come under investigation by the Alberta Securities Commission for non-compliance with Alberta securities law. Although Jones Gable is not registered as a securities dealer in Alberta, it has approximately 98 accounts with Alberta addresses. Jones Gable has had accounts with Alberta addresses since 1984 without being registered as a securities dealer in Alberta. After being apprised of the requirement to be registered in Alberta in order to carry on a brokerage business in Alberta, Jones Gable agreed not to deal with Alberta residents until properly registered and agreed to apply for registration in Alberta. The Alberta Securities Commission has powers similar to the powers of the Ontario Securities Commission described in the foregoing paragraphs. The investigation of Jones Gable's conduct is not yet complete. Jones Gable may be subjected to certain sanctions as a result of such conduct. In addition, Jones Gable may also be considered by the Canadian Venture Exchange to be unacceptable to be the sponsor for MacDonald Oil and its take-over bid and, accordingly, the Exchange may not accept a sponsorship report from Jones Gable."

"An officer and director of the proposed sponsor, Donald M. Ross, has recently come under investigation by the Alberta Securities Commission for non-compliance with Alberta securities law. In late December 1999, Mr. Ross and members of his family directly or indirectly acquired beneficial ownership of, or the power to exercise control or direction over, more than 10% of the outstanding shares of Scaffold Connection Corporation through the facilities of the Toronto Stock Exchange. Mr. Ross issued a press release and filed an insider report with the Ontario Securities Commission. However, he did not make a similar filings with the Alberta Securities Commission. Subsequently from February 9, 2000 to March 22, 2000, Mr. Ross made additional purchases (12,000 shares) and sales (16,500 shares) resulting in net sales of 4,500 of shares of that company. A second insider report was filed with the Ontario Securities Commission on behalf of Mr. Ross (while he was hospitalized in the United States as a result of a major car accident); however, that report was deficient and was not rectified until August 2000. The investigation of Mr. Ross' conduct is not yet complete. The Alberta Securities Commission has powers similar to the powers of the Ontario Securities Commission described in the foregoing paragraph. Mr. Ross may be subject to certain sanctions as a result of such conduct. Policies of the Canadian Venture Exchange prohibit officers and directors of Exchange members who are directors of listed companies from putting themselves in an actual or perceived conflict of interest situation."

"Another proposed director of the Corporation, Thomas F. Bugg, has also recently come under investigation by the Alberta Securities Commission for non-compliance with Alberta securities law. Insider trading reports filed by Mr. Bugg with securities regulatory authorities in 1998 and 1999 contained errors on several occasions or were not filed; other filings may also have been neglected by Mr. Bugg. He subsequently filed an amended insider trading report. The Alberta Securities Commission has powers similar to the powers of the Ontario Securities Commission described in the foregoing paragraphs. The investigation of Mr. Bugg's conduct is not yet complete. Mr. Bugg may be subjected to certain sanctions as a result of his conduct."

20. The Notice of Change also provided disclosure that Donald A. Ross had determined that he would not seek or accept a nomination to the MacDonald Oil Board.

C. Insider Reports and Early Warning Reports

21. MacDonald Mines has represented to Staff that the following table sets forth all transactions in common shares of MacDonald Oil (the "Shares"), warrants to purchase Shares (each warrant entitling the holder to purchase one Share, a "Warrant") and options to purchase Shares (each option entitling the holder to acquire one Share, an "Option") since MacDonald Oil became a reporting issuer in Ontario that gave rise to a filing requirement either under sections 101 and/or 107 of the Act applicable to MacDonald Mines. Aggregate holdings are reported, post-transaction, on an undiluted basis and on a partially-diluted basis (allowing only for the exercise of those Warrants or Options held by MacDonald Mines).

Date	Transaction Details	Reporting Obligation
95-12-20	Aggregate holdings on date MacDonald Oil became a reporting issuer: 1,842,055 Shares and 2,500,000 Warrants (18.4% undiluted and 34.7% partially diluted)	Initial insider report
96-12-24	Disposed of 2,500,000 Warrants. Aggregate holdings: 1,842,055 Shares (18.4% undiluted and partially diluted)	Insider report
97-5-23	Acquired and immediately exercised 1,000,000 Warrants. Aggregate holdings: 2,842,055 Shares (17.2% undiluted and partially diluted)	Insider report Early warning report
97-6-27	Agreed to sell 2,800,000 Shares. Net aggregate beneficial holdings: 42,055 Shares (0.25% undiluted and partially diluted)	Insider report
99-4-15	Acquired 1,692,603 Shares and 1,692,603 Warrants. Aggregate holdings: 1,734,658 Shares and 1,692,603 Warrants (7.4% undiluted and 13.6% partially diluted)	Insider report Early warning report
99-7-8	Disposed of 30,000 Shares. Aggregate holdings: 1,704,658 Shares and 1,692,603 Warrants (7.3% undiluted and 13.5% partially diluted)	Insider report
00-3-1	Acquired 1,692,603 Shares upon exercise of Warrants. Aggregate holdings: 3,397,261 Shares (13.5% undiluted and partially diluted)	Insider report Early warning report
00-8-2	Agreed to dispose of 3,397,261 Shares. Net aggregate beneficial holdings: 0 (0% undiluted and partially diluted)	Insider report

22. In respect of six transactions effected between December 1995 and July 1999, MacDonald Mines failed to file timely insider reports, or filed inaccurate insider reports, contrary to section 107 of the Act.

23. On at least three occasions between May 1997 and March 2000, MacDonald Mines contravened subsections 101(1) or (2) of the Act, by failing to issue and file on a timely basis news releases ("Early Warning Releases") and/or failing to file reports ("Early Warning Reports") containing the information prescribed by the Act and/or regulation made under the Act (the "Regulation").

24. On two occasions, MacDonald Mines acquired beneficial ownership of Shares or securities convertible into Shares in circumstances where the prohibition upon such acquisitions and offers set out in subsection 101(3) of the Act (the "Early Warning Moratorium") applied.

25. On November 23, 1999 MacDonald Mines filed an omnibus insider report in respect of six reportable transactions that occurred between 1995 and 1999.

26. On July 20, 2000 MacDonald Mines filed an omnibus Early Warning Report and an omnibus Early Warning Release in respect of reportable transactions that occurred between 1997 and 2000.

27. MacDonald Mines has represented to Staff that it has now:

    (a) filed complete and accurate insider reports in respect of all transactions giving rise to a reporting obligation to which it is subject under section 107 of the Act; and

    (b) filed complete and accurate Early Warning Releases and Early Warning Reports in respect of all transactions giving rise to early warning disclosure requirements to which it became subject under section 101 of the Act (the "Early Warning Disclosure Requirements").

28. Smeenk has represented to Staff that the following table sets forth all transactions in Shares, Warrants and Options since MacDonald Oil became a reporting issuer in Ontario that gave rise to a filing requirement under sections 101 and/or 107 of the Act applicable to Smeenk. Aggregate holdings are reported on an undiluted basis and on a partially-diluted basis (allowing only for the exercise of those Warrants and Options held by Smeenk).

Date	Transaction Details	Reporting Obligation
95-12-20	At the time MacDonald Oil became a reporting issuer, Smeenk held 1,163,148 Shares, 60,000 Warrants and 380,000 Options (aggregate holdings: 11.6% undiluted and 15.3% partially diluted)	Initial insider report [Note corporate records are unclear as to whether 180,000 of these Options were granted on 95-7-31 or 96-7-31]
97-1-27	Acquired 30,000 Shares upon exercise of Warrants. Aggregate holdings: 1,193,184 Shares, 30,000 Warrants and 380,000 Options (8.0% undiluted and 10.5% partially diluted)	Insider report Early warning report
97-6-1	30,000 Warrants expired unexercised. Aggregate holdings: 1,193,184 Shares and 380,000 Options (7.2% undiluted and 9.3% partially diluted)	Insider report
97-6-27	Agreed to sell 1,200,000 Shares, subject to certain conditions. Aggregate holdings: 1,193,148 Shares and 380,000 Options (7.2% undiluted and 9.3% partially diluted) subject to an agreement to sell 1,200,000 Shares	Insider report
98-1-15	Acquired 200,000 Options. Aggregate holdings: 1,193,148 Shares and 580,000 Options (7.2% undiluted and 10.3% partially diluted) subject to an agreement to sell 1,200,000 Shares	Insider report
98-6-1	Reacquired beneficial ownership of 1,200,000 Shares. Aggregate holdings: 1,193,148 Shares and 580,000 Options (6.9% undiluted and 9.9% partially diluted)	Insider report
98-6-2	Acquired 600,000 Options. Aggregate holdings: 1,193,148 Shares and 1,180,000 Options (6.9% undiluted and 12.8% partially diluted)	Insider report Early warning report

Date	Transaction Details	Reporting Obligation
98-6-6	Acquired 400,000 Shares upon exercise of Options and then sold 400,000 Shares. Aggregate holdings: 1,193,148 Shares and 780,000 Options (6.6% undiluted and 10.4% partially diluted)	Insider report
99-2-16	Acquired 800,000 Shares and 800,000 Warrants. Aggregate holdings: 1,993,148 Shares, 800,000 Warrants and 780,000 Options (10.6% undiluted and 17.6% partially diluted)	Insider report Early warning report
99-6-2	200,000 Options expired unexercised. Aggregate holdings: 1,993,148 Shares, 800,000 Warrants and 580,000 Options (8.5% undiluted and 13.6% partially diluted)	Insider report
99-8-31	Acquired 500,000 Options. Aggregate holdings: 1,993,148 Shares, 800,000 Warrants and 1,080,000 Options (8.5% undiluted and 15.3% partially diluted)	Insider report
99-9-15	Disposed of 420,000 Warrants. Aggregate holdings: 1,993,148 Shares, 380,000 Warrants and 1,080,000 Options (8.5% undiluted and 13.9% partially diluted)	Insider report
99-11-15	Disposed of 800,000 Shares. Aggregate holdings: 1,193,148 Shares, 380,000 Warrants and 1,080,000 Options (5.1% undiluted and 10.7% partially diluted)	Insider report
00-3-1	Acquired 20,000 Warrants and exercised 400,000 Warrants. Aggregate holdings: 1,593,148 Shares and 1,080,000 Options (5.8% undiluted and 9.4% partially diluted)	Insider report
00-3-24	Exercised 300,000 Options. Aggregate holdings: 1,893,148 Shares and 780,000 Options (6.9% undiluted and 9.4% partially diluted)	Insider report
00-6-1	200,000 Options expired unexercised. Aggregate holdings: 1,893,148 Shares and 580,000 Options (6.9% undiluted and 8.7% partially diluted)	Insider report
00-6-21	200,000 Options expired unexercised. Aggregate holdings: 1,893,148 Shares and 380,000 Options (6.9% undiluted and 8.0% partially diluted)	Insider report
00-8-2	Agreed to sell 693,148 Shares. Aggregate beneficial holdings: 1,200,000 Shares and 380,000 Options (4.3% undiluted and 5.6% partially diluted)	Insider report
00-10-31	Returned 500,000 Shares to treasury for cancellation. Net aggregate holdings: 700,000 Shares and 380,000 Options (12.6% undiluted and 3.8% partially diluted)	Insider report

29. In respect of twelve transactions effected between December 1995 and September 1999, Smeenk either failed to file timely insider reports or filed inaccurate insider reports, contrary to section 107 of the Act.

30. On at least three occasions between January 1997 and February 1999, Smeenk failed to comply with the Early Warning Disclosure Requirements, by failing to issue and file Early Warning Releases and/or failing to file Early Warning Reports on a timely basis.

31. On at least six occasions between January 1998 and March 2000, Smeenk acquired, or offered to acquire, beneficial ownership of Shares or securities convertible into Shares in circumstances where the Early Warning Moratorium applied, contrary to subsection 101(3) of the Act.

32. On November 17, 1999 Smeenk filed an omnibus insider report in respect of a number of reportable transactions that occurred between 1995 and 1999.

33. On July 20, 2000 Smeenk filed an omnibus Early Warning Report and an omnibus Early Warning Release in respect of reportable transactions that occurred between 1998 and 2000.

34. Smeenk has represented to Staff that he has now:

(a) filed complete and accurate insider reports in respect of all transactions giving rise to a reporting obligation to which he became subject under section 107 of the Act; and

(b) filed complete and accurate Early Warning releases and Early Warning Reports in respect of all transactions giving rise to Early Warning Disclosure Requirements to which he became subject under section 101 of the Act.

35. Miranda has represented to Staff that the following table sets forth all transactions in securities of MacDonald Oil since it became a reporting issuer that gave rise to a filing requirement under sections 101 and/or 107 of the Act applicable to Miranda. Aggregate holdings are reported on a post-transaction, undiluted basis and on a partially-diluted basis (allowing only for the exercise of those Warrants and Options held by Miranda).

Date	Transaction Details	Reporting Obligation
96-12-08	Acquired 100,000 Options. Aggregate holdings: 100,000 Options (0% undiluted and 1.0% partially diluted)	Insider report
98-1-15	Acquired 200,000 Options. Aggregate holdings: 300,000 Options (0% undiluted and 1.8% partially diluted)	Insider report
98-5-15	Acquired 100,000 Shares upon exercise of Options and disposed of 100,000 Shares. Aggregate holdings: 200,000 Options (0% undiluted and 1.2% partially diluted).	Insider report
98-6-2	Acquired 200,000 Options. Aggregate holdings: 400,000 Options (0% undiluted and 2.3% partially diluted)	Insider report
99-6-21	200,000 Options expired unexercised. Aggregate holdings: 200,000 Options (0% undiluted and 1.1% partially diluted)	Insider report
99-8-1	Acquired 400,000 Options. Aggregate holdings: 600,000 Options (0% undiluted and 3.2% partially diluted)	Insider report

36. In respect of six transactions effected between December 1996 and August 1999, Miranda failed to file timely insider reports, or filed inaccurate insider reports, contrary to section 107 of the Act.

37. On November 24, 1999 Miranda filed omnibus insider reports in respect of a number of reportable transactions that occurred between 1996 and 1999.

38. Miranda has represented to Staff that he has now filed complete and accurate insider reports in respect of all transactions giving rise to a reporting obligation to which he became subject under section 107 of the Act.

D. Disclosure in Rights Offering Circulars

39. On June 27, 1997, Cubacan Exploration Ltd. ("Cubacan") issued and filed a news release and material change report disclosing that:

(a) it had agreed to acquire from MacDonald Mines and Smeenk approximately 25% of the outstanding Shares, subject to completion of due diligence and regulatory approval (the "Private Purchase Agreement");

(b) it had agreed to appoint Smeenk to its board of directors and that Allan Kent ("Kent"), Cubacan's CEO, would join the MacDonald Oil Board; and

(c) it had entered into tentative agreements with MacDonald Oil to consolidate their operations in Cuba and have Cubacan provide technical and operational support to MacDonald Oil.

40. On the same date, MacDonald Oil issued, but did not file, a news release disclosing similar information, except that the news release issued by MacDonald Oil did not indicate that completion of the Private Purchase Agreement was subject to due diligence and regulatory approval.

41. Immediately prior to the execution of the Private Purchase Agreement, MacDonald Mines and Smeenk were MacDonald Oil's two largest shareholders, holding approximately 17.2% and 7.2% of the outstanding Shares respectively on an undiluted basis and 17.2% and 9.3% respectively on a partially-diluted basis. To the best of the respondents' knowledge, the next largest shareholder at that time, Golden Shield Resources (Nassau) Ltd., held less than 3% of the Shares on a partially-diluted basis.

42. On July 18, 1997, MacDonald Oil filed a circular (the "1997 Rights Offering Circular") relating to the proposed offering (the "1997 Rights Offering") to its existing holders of Shares of rights to acquire Shares and Warrants. The 1997 Rights Offering expired on September 3, 1997.

43. The 1997 Rights Offering Circular stated, among other things, that:

> "2. To the knowledge of the Directors of MacDonald Oil, there has been no transfer of shares which has materially affected the control of MacDonald Oil since the date of the last Annual General Meeting [*i.e.*, April 1997].
>
> 3. Except as disclosed in this Rights Offering circular, there have been no material changes in the circumstances of MacDonald Oil since November 30, 1996, the date of the quarterly report for the nine months ending September 30, 1996."

44. The 1997 Rights Offering Circular disclosed that Kent had become a director of MacDonald Oil but did not disclose that:

(a) MacDonald Oil had entered into a tentative agreement with Cubacan to jointly develop MacDonald Oil's sole asset, Block 22; or

(b) Cubacan had agreed to acquire beneficial ownership of approximately 25% of the outstanding Shares pursuant to the Private Purchase Agreement.

45. MacDonald Oil did not file a material change report with the OSC in respect of the events referred to in paragraph 39 until December 1999, after Staff indicated to MacDonald Oil that such events appeared to constitute a material change that should have been disclosed in a material change report and in the 1997 Rights Offering Circular.

46. MacDonald Oil failed to disclose in the 1997 Rights Offering Circular that:

(a) MacDonald Oil's two largest shareholders had agreed, subject to due diligence and regulatory approval, to sell substantially all of their interest in MacDonald Oil, representing approximately 25% of the outstanding Shares, to Cubacan; and

(b) MacDonald Oil and Cubacan had entered into a tentative agreement to jointly develop MacDonald Oil's sole asset, Block 22.

47. MacDonald Oil acted contrary to the public interest when it failed to disclose the information referred to in paragraphs 46(a) and (b) above in the 1997 Rights Offering Circular.

48. On March 22, 1999, MacDonald Oil filed a circular (the "1999 Rights Offering Circular") relating to the proposed offering (the "1999 Rights Offering") to existing holders of its Shares of rights to acquire Shares and Warrants.

49. The 1999 Rights Offering Circular disclosed that MacDonald Oil intended to use the net proceeds of the 1999 Rights Offering (expected to be approximately $253,000) for working capital and exploration on Block 22. The 1999 Rights Offering Circular also stated that, since the date of MacDonald Oil's last annual meeting, its directors were not aware of any transfer of Shares materially affecting its control.

50. MacDonald Oil's interim financial statements for the three months ended February 28, 1999, disclosed that it had cash resources of US$ 1,759 and a deficit of US$ 512,521.

51. In order to fund the transaction costs of the 1999 Rights Offering, MacDonald Oil effected a private placement of Shares and Warrants, on the same terms provided for in the 1999 Rights Offering, to Smeenk in February 1999.

52. The 1999 Rights Offering expired on April 15, 1999. On the expiry date, MacDonald Mines exercised an over-subscription privilege under the 1999 Rights Offering to acquire 1,692,603 units not otherwise subscribed for, for approximately $101,556. In the aggregate, MacDonald Oil issued 4,683,952 Shares and 4,683,952 Warrants for gross proceeds of approximately $281,000.

53. To induce MacDonald Mines to exercise the over-subscription privilege, MacDonald Oil purchased 1,418,002 common shares of MacDonald Mines (the "Mines Shares") from Northfield Capital Corporation ("Northfield Capital"), a corporation of which Smeenk was a director, at a cost of approximately $141,800 so that Northfield Capital would subscribe for Mines Shares and warrants to purchase Mines Shares.

54. MacDonald Oil failed to disclose to holders of Shares ("MacDonald Oil Shareholders") prior to the expiry of the 1999 Rights Offering that it intended to spend approximately 50% of the proceeds of the 1999 Rights Offering to buy securities of a related party in order to induce that related party to exercise its over-subscription privilege, rather than using the proceeds for working capital, as it had disclosed in the 1999 Rights Offering Circular.

55. MacDonald Oil acted contrary to the public interest when it failed to disclose the information referred to in paragraph 54 above to MacDonald Oil Shareholders prior to the expiry of the 1999 Rights Offering.

E. OSC Policy 5.2 - Junior Resource Issuers

56. At all material times, MacDonald Oil was subject to OSC Policy 5.2 - Junior Resource Issuers, which became a deemed rule in March 1997 (the "Deemed Rule").

(i) Issuance of Options

57. From time to time, MacDonald Oil has remunerated its directors and officers by issuing Options to them. MacDonald Oil has represented to Staff that the following table sets out all of the transactions in which Options were issued to directors or officers of MacDonald Oil.

Date	Transaction Details	Exercise Price	Subsequent Treatment
95-7-31	200,000 Options expiring 00-6-1 issued to Russell Martel ("Martel")	$0.20	Exercised on 00-5-11
95-7-31	200,000 Options expiring 00-6-1 issued to A.D.G. Reid ("Reid")	$0.20	Cancelled 99-8-18
95-7-31	200,000 Options expiring 00-6-1 issued to Smeenk	$0.20	Expired on 00-6-1
95-7-31	200,000 Options expiring 00-6-1 issued to Michael K. Cohen	$0.20	Cancelled 97-3-6
95-7-31	200,000 Options expiring 00-6-1 issued to Thomas J. Pladsen	$0.20	Exercised
95-7-31	200,000 Options expiring 00-6-1 issued to Paul R. Ankcorn	$0.20	Exercised
95-7-31	180,000 Options expiring 01-5-1 issued to Martel	$0.20	Exercised on 00-5-11 [Note that there is some uncertainty as to whether these Options were issued on 95-7-31 or 96-7-31]
95-7-31	180,000 Options expiring 01-5-1 issued to Reid	$0.20	Cancelled 99-8-18 [Note that there is some uncertainty as to whether these Options were issued on 95-7-31 or 96-7-31]
95-7-31	180,000 Options expiring 01-5-1 issued to Smeenk	$0.20	180,000 Options outstanding [Note that there is some uncertainty as to whether these Options were issued on 95-7-31 or 96-7-31]
96-12-8	500,000 Options expiring 01-12-1 issued to James Podruski	$0.20	Cancelled 97-7-20
96-12-8	100,000 Options expiring 01-12-1 issued to Miranda	$0.20	Cancelled 00-10-10
97-3-27	50,000 Options expiring 00-4-1 issued to Sheila Martin	$0.40	Cancelled
97-3-27	950,000 Options expiring 00-4-1 issued to James Podruski in trust for employees	$0.40	Cancelled
97-4-21	500,000 Options expiring 01-12-1 issued to A.D. de Werth	$0.17	Cancelled 97-8-13

Date	Transaction Details	Exercise Price	Subsequent Treatment
98-1-15	200,000 Options expiring 02-1-15 issued to Kent	$0.10	Exercised on 98-5-26
98-1-15	200,000 Options expiring 02-1-15 issued to Miranda	$0.10	100,000 exercised on 98-5-15; exercise price reset to $0.20 for remaining 100,000 effective 00-5-2; 100,000 cancelled 00-10-10
98-1-15	200,000 Options expiring 02-1-15 issued to Smeenk	$0.10	Exercise price reset to $0.20 effective 00-5-2
98-1-15	50,000 Options expiring 02-1-15 issued to Sheila Martin	$0.10	Cancelled
98-6-2	200,000 Options expiring 99-6-1 granted to Kent	$0.08	Expired on 99-6-1
98-6-2	200,000 Options expiring 99-6-1 granted to Miranda	$0.08	Expired on 99-6-1
98-6-2	600,000 Options expiring 99-6-1 granted to Smeenk	$0.08	400,000 Options exercised on 98-6-6; 200,000 Options expired on 99-6-1
99-8-30	200,000 Options expiring 00-6-21 granted to Kent	$0.08	Exercise price reset to $0.20 on 00-5-2, expired 00-6-21
99-8-30	200,000 Options expiring 00-6-21 granted to Kent	$0.06	Exercise price reset to $0.20 on 00-5-2, expired 00-6-21
99-8-30	200,000 Options expiring 00-6-21 granted to Miranda	$0.08	Exercise price reset to $0.20 on 00-5-2, expired 00-6-21
99-8-30	200,000 Options expiring 00-6-21 granted to Miranda	$0.06	Exercise price reset to $0.20 on 00-5-2, expired 00-6-21
99-8-30	200,000 Options expiring 00-6-21 granted to Smeenk	$0.08	Exercise price reset to $0.20 on 00-5-2, expired 00-6-21
99-8-30	300,000 Options expiring 00-6-21 granted to Smeenk	$0.06	300,000 Options exercised on 00-2-28
00-2-29	200,000 Options expiring 00-6-21 granted to Cudney	$0.08	Exercise price reset to $0.20 on 00-5-2, expired 00-6-21
00-2-29	75,000 Options expiring 00-6-21 granted to Driedger	$0.06	Exercise price reset to $0.20 on 00-5-2, expired 00-6-21
00-2-29	200,000 Options expiring 00-6-21 granted to Sanderson	$0.08	Exercise price reset to $0.20 on 00-5-2, expired 00-6-21

58. At various times, MacDonald Oil had more than 10% of its then issued and outstanding Shares, calculated on an undiluted basis, reserved for issue upon the exercise of Options granted to its directors and officers.

59. MacDonald Oil contravened section 17.4 of the Deemed Rule when it:

(a) issued Options having exercise prices below the prescribed minimum exercise price of $0.20 specified in the Deemed Rule; and

(b) issued Options in circumstances when the total number of Shares reserved for issue upon the exercise of all of the outstanding Options granted to directors and officers exceeded 10% of its then issued and outstanding Shares calculated on an undiluted basis.

60. Pursuant to agreements entered into between MacDonald Oil and each holder of Options outstanding as of May 2, 2000 (the "Outstanding Options"), each Outstanding Option was repriced to provide for an exercise price of $0.20.

(ii) Financial Assistance

61. Pursuant to a private agreement entered into in February 1999 with MacDonald Oil and approved by the MacDonald Oil Board concurrently with the approval of the 1999 Rights Offering, Smeenk subscribed for 600,000 units, consisting of 600,000 Shares and 600,000 Warrants at a purchase price of $0.06 per unit. The purchase price equalled the price per unit provided for in the 1999 Rights Offering. MacDonald Oil and Smeenk have represented to Staff that the purpose of this transaction was to provide financial assistance to MacDonald Oil and, in particular, to provide it with funds to defray the anticipated transaction costs associated with the 1999 Rights Offering.

62. MacDonald Oil contravened section 18.1 of the Deemed Rule in permitting an insider to acquire Shares at a purchase price per Share below the prescribed minimum price of $0.20 per Share specified in the Deemed Rule.

(iii) Bonus for Loan

63. In June 1998, MacDonald Oil issued 100,000 Shares (having a value of $10,000) to Genoil Inc. ("Genoil") as a bonus for a loan provided to it by Genoil.

64. MacDonald Oil contravened section 12.1 of the Deemed Rule and contravened sections 25 and 53 of the Act by:

(a) issuing bonus Shares at an issue price per Share below the minimum issue price of $0.20 prescribed by the Deemed Rule; and

(b) effecting a distribution of securities for which prospectus and registration exemptions were not available.

(iv) Issuance of Shares for Debt

65. In January 1998, MacDonald Oil issued 222,920 Shares to Russell Martel ("Martel") prior to his resignation as a director of MacDonald Oil in order to obtain his resignation and in order to settle debts aggregating approximately $22,290 owed by MacDonald Oil to companies Martel controlled.

66. MacDonald Oil contravened section 13.1 of the Deemed Rule by issuing Shares in settlement of a debt:

(a) at an issue price per Share below the minimum price of $0.20 prescribed by the Deemed Rule; and

(b) without obtaining disinterested shareholder approval of the proposed transaction.

(v) Management Compensation

67. MacDonald Oil paid compensation to its management for management and professional services (indirectly through their management companies) in amounts aggregating:

(a) US $12,603 for management services in the fiscal year ended August 31, 1996;

(b) US $26,916 for management and US $13,555 for professional services in the fiscal year ended August 31, 1997;

(c) US $6,706 for management and US $18,352 for professional services in the fiscal year ended August 31, 1998;

(d) US $39,730 for management and US $28,200 for professional services in the fiscal year ended August 31, 1999; and

(e) US $16,326 for management services in the fiscal year ended August 31, 2000.

68. MacDonald Oil contravened section 17.1 of the Deemed Rule in paying an aggregate of more than $2,000 per month to its management in the fiscal years ended August 31, 1997, 1998 and 1999 without obtaining the Director's approval pursuant to section 17.2 of the Deemed Rule.

F. Other Filing Requirements: Financial Statements, Proxy Materials and Reports of Exempt Trades

69. MacDonald Oil contravened sections 77 and 78 of the Act in failing to file the following financial statements on a timely basis:

Annual statements for the year ended August 31, 1997

Interim statements for the period ended February 28, 1998

Interim statements for the period ended November 30, 1998

Annual statements for the year ended August 31, 1998

70. In April 1997, MacDonald Oil held an annual meeting of Shareholders (the "1997 Meeting"). It did not file the information circular and form of proxy (collectively, the "1997 Proxy Materials") sent to Shareholders in connection with the 1997 Meeting until September 15, 2000.

71. Miranda and Smeenk did not comply with section 112 of the OBCA by failing to file the 1997 Proxy Materials on a timely basis.

72. The MacDonald Oil Board did not convene an annual meeting of Shareholders between April 9, 1997 and May 4, 2000.

73. Miranda and Smeenk did not comply with section 94 of the OBCA by failing to have the MacDonald Oil Board call an annual meeting of Shareholders within fifteen months after the 1997 Meeting took place.

74. Each of MacDonald Mines, Miranda and Smeenk contravened section 53 of the Act (the "Prospectus Requirement") in effecting trades in securities of MacDonald Oil without satisfying all of the requirements of section 72 of the Act, which requirements apply to certain trades in previously issued securities acquired pursuant to certain exemptions from the Prospectus Requirement.

G. Prior Offer for Bresea

75. MacDonald Oil contravened Ontario securities law in disseminating to Bresea Shareholders a take-over bid circular (the "Prior Circular") that did not comply with the disclosure requirements in Ontario securities law applicable to securities exchange take-over bids.

76. MacDonald Oil took up Bresea Shares in circumstances where it knew that Temporary Orders were being sought by Staff and, if the Temporary Orders were made on that day, it would not be able to pay for the tendered Bresea Shares within the three day period prescribed by Ontario securities law and the terms of the Prior Offer.

77. Smeenk instructed the depositary for the Prior Offer to take up Bresea Shares on MacDonald Oil's behalf in circumstances where he knew that Temporary Orders were being sought by Staff and, if the Temporary Orders were made on that day, MacDonald Oil would not be able to pay for the tendered Bresea Shares within the three day period prescribed by Ontario securities law and the terms of the Prior Offer.

78. MacDonald Oil acted contrary to the public interest in taking up Bresea Shares in the circumstances described in paragraph 76 above and Smeenk acted contrary to the public interest by instructing the depositary for the Prior Offer to take up Bresea Shares on MacDonald Oil's behalf in the circumstances described in paragraph 77 above.

79. Such additional allegations as Staff may make and as the Commission may permit.

January 9th, 2001.

1.3 News Releases

1.3.1 OSC Hearing on Trilogy Enterprise LP's Bid for Chapters Inc.

FOR IMMEDIATE RELEASE

January 8, 2001

OSC TO HOLD HEARING ON TRILOGY RETAIL ENTERPRISE LP'S BID FOR CHAPTERS INC.

Toronto - The Ontario Securities Commission will hold a hearing to consider a complaint by Chapters Inc. regarding the take-over bid by Trilogy Retail Enterprise LP. The hearing will be held in the large hearing room on the 17th floor of the Commission's offices (20 Queen Street West, Toronto) on January 10, 2001 commencing at 10:00 a.m.

A separate complaint filed by Trilogy in respect of Chapters' Directors' Circular is under review by OSC staff. No determination has been made yet as to whether a hearing will be held in respect of that complaint.

Reference:

Rowena McDougall
Sr Communications Officer
(416) 593-8117

1.3.2 OSC Notice of Hearing Relating to MacDonald Oil Exploration et al.

FOR IMMEDIATE RELEASE

January 9, 2001

OSC ISSUES NOTICE OF HEARING RELATING TO MACDONALD OIL EXPLORATION LTD., MACDONALD MINES EXPLORATION LTD., MARIO MIRANDA AND FRANK SMEENK

Toronto - The Ontario Securities Commission (the "Commission") has issued a Notice of Hearing and related Statement of Allegations against MacDonald Oil Exploration Ltd., MacDonald Mines Exploration Ltd., Mario Miranda and Frank Smeenk.

A hearing to consider a proposed settlement agreement between Commission staff and the respondents has been set for Friday, January 12, 2001 and will commence at 1:30 p.m. Terms of the proposed settlement will be released if and when the Commission approves the proposal. If the proposed settlement is not approved by the Commission at the hearing scheduled for January 12, Commission staff intend to seek at the same hearing an order cease-trading the take-over bid made by MacDonald Oil for the common shares of Bresea Resources Ltd.

The hearing will be held in the Commission's Large Hearing Room, 17th Floor, 20 Queen Street West, Toronto, Ontario.

Copies of the Notice of Hearing and Statement of Allegations can be obtained from the Commission, 19th floor, 20 Queen Street West, Toronto, Ontario, and are posted on the Commission's website, www.osc.gov.on.ca, under the heading "Enforcement".

Reference:

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

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Northwest Sports Entreprises - MRRS Decision

Headnote

Mutual Reliance System for Exemptive Relief Applications – Issuer deemed to have ceased to be a reporting issuer following an amalgamation leaving only a small number of security holders.

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF NORTHWEST SPORTS ENTERPRISES LTD.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of British Columbia, Alberta, Saskatchewan, Ontario, Québec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Northwest Sports Enterprises Ltd. ("Northwest") for a decision pursuant to the securities legislation of each of the Jurisdictions (the "Legislation") that Northwest be deemed to have ceased to be a reporting issuer under the Legislation;

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

AND WHEREAS Northwest has represented to the Decision Makers that:

1. Northwest is a corporation amalgamated under the laws of the Province of British Columbia, and is a reporting issuer in each of the Jurisdictions;

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

3. as of November 6, 2000 the authorized capital of Northwest consisted of 10,439,966 shares divided into:

   (a) 10,000,000 Common Shares without par value;

   (b) 200,000 Class A Preferred Shares without par value;

   (c) 39,966 Class B Preferred Shares with a par value of $0.000000001; and

   (d) 200,000 Class C Preferred Shares with a par value of $1,000 of which:

      (i) 33,000 are designated Class C Preferred Shares, Series 1;
      (ii) 35,000 are designated Class C Preferred Shares, Series 2;
      (iii) 30,000 are designated Class C Preferred Shares; Series 3; and
      (iv) 30,000 are designated Class C Preferred Shares, Series 4,

   of which the following shares are issued and outstanding:

   (a) 1,007,070 Common Shares;

   (b) 39,966 Class B Preferred Shares;

   (c) 33,000 Class C Preferred Shares, Series 1;

   (d) 35,000 Class C Preferred Shares, Series 2;

   (e) 30,000 Class C Preferred Shares, Series 3; and

   (f) 20,000 Class C Preferred Shares, Series 4;

4. all of the issued and outstanding securities of Northwest have been held by four securityholders since November 13, 2000;

5. Northwest resulted from the amalgamation (the "Amalgamation") of Northwest Sports Enterprises Ltd. ("Original Northwest"), 457774 B.C. Ltd., a wholly-owned subsidiary of Original Northwest, and Orca Bay Hockey Holdings Inc. ("Orca Bay") effective November 6, 2000. Original Northwest was a reporting issuer under the Legislation of each Jurisdiction and, pursuant to the Legislation, Northwest became a reporting issuer in each Jurisdiction;

6. under the terms of the Amalgamation, common shareholders of Original Northwest, other than Orca Bay and Primex Investments Ltd., received Class A Preferred Shares of Northwest in exchange for their shares. All of the outstanding Class A Preferred Shares were redeemed or deemed to be redeemed as of November 14, 2000;

7. Northwest is not in default of any of its obligations as a reporting issuer under the Legislation with the exception of its obligation to file its quarterly financial statements for period ended September 30, 2000; the amalgamation was completed before the obligation of Northwest to file the financial statements arose;

8. the Common Shares of Northwest are delisted from the Canadian Venture Exchange and no securities of Northwest are listed or quoted on any exchange or market;

9. Northwest has no other securities, including debt securities, outstanding; and

10. Northwest does not intend to seek public financing by way of an offering of its securities;

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

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

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

December 14th, 2000.

Brenda Leong
Director

2.1.2 Canadian Anaesthetist's Mutual Accumulating Fund Limited - MRRS Decision

Headnote

Exemptive Relief Applications - Extension of lapse date to permit fund to address a contravention of the concentration restriction under National Instrument 81-102 Mutual Funds - proposed resolution of the contravention possibly having implications with respect to disclosure in renewal prospectus of fund.

Statutes Cited
Securities Act, R.S.O. 1990, c.S.5, as am., ss 62(1), 62(2) and 62(5).

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

AND

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

AND

IN THE MATTER OF
CANADIAN ANAESTHETISTS' MUTUAL ACCUMULATING FUND LIMITED

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec,Nova Scotia, New Brunswick, Newfoundland, the Northwest Territories, the Yukon Territory and Nunavut Territory (the "Jurisdictions") has received an application from Canadian Anaestetists' Mutual Accumulating Fund Limited (the "Applicant" or the "Fund") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the time limits prescribed by the Legislation for filing the pro forma prospectus and final simplified prospectus for the Fund (the "Renewal Prospectus"), and the receipting thereof, be extended to the time periods that would be applicable if the lapse date for the distribution of the securities of the Fund was January 2, 2001;

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

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

1. The Fund is an open-ended mutual fund corporation incorporated under the laws of Canada by letters patent dated September 13, 1957 and continued under the Canada Business Corporations Act February 28, 1980.

2. The principal office of the Fund is located at 94 Cumberland Street, Suite 503, Toronto, Ontario, M5R 1A3.

3. The Fund has no separate manager, trustee or promoter.

4. The Fund is a reporting issuer in the Jurisdictions and is not in default of any requirements of the Legislation or the regulations made thereunder.

5. Class A shares of the Fund are offered for sale on a continuous basis in the Jurisdictions by way of a simplified prospectus and an annual information form, both dated December 15, 1999, and receipted December 20, 1999.

6. Pursuant to the Legislation, the earliest lapse date for the distribution of the Class A shares of the Fund is December 15, 2000 (the "Lapse Date").

7. As a result, the filing of final materials for the Renewal Prospectus, unless otherwise extended, must be effected on or before December 27, 2000 (inclusive of additional time due to holidays and weekends).

8. The Fund filed a pro forma simplified prospectus and pro forma annual information form (together, the "Pro Forma Prospectus") in each Jurisdiction on November 15, 2000.

9. The Fund had telephone conversations with staff of the principal regulator on November 16 and 17, 2000 describing an inadvertent contravention of section 2.1(1) of National Instrument 81-102 Mutual Funds (the "Issue").

10. The Fund filed a letter with the principal regulator dated November 24, 2000 addressing the Issue.

11. The principal regulator issued a first comment letter dated December 1, 2000 in respect of the Pro Forma Prospectus in which the Issue was identified as a matter under consideration.

12. The principal regulator issued a second comment letter dated December 20, 2000 in which it requested that the Fund advise, prior to the issuance of the receipt for the Renewal Prospectus, on how it proposes to resolve the Issue. The resolution of the Issue may have implications with respect to the disclosure in the Renewal Prospectus.

13. The Renewal Prospectus has been cleared for filing in all Jurisdictions other than Ontario.

14. The time available before the Fund's filing deadline runs through the holiday season when office closures and personal obligations greatly reduce availability of key personnel - both among the Decision Makers and at the Applicant - thereby making it extremely difficult for a satisfactory resolution of the Issue to be achieved without causing the Fund's distribution to lapse.

15. It is not contrary to the public interest to grant the requested relief.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the time limits prescribed by the Legislation for filing the Renewal Prospectus for the Fund, and the receipting thereof, be extended to the time periods that would be applicable if the Lapse Date for the distribution of the Class A shares of the Fund was January 2, 2001.

December 28, 2000.

Paul A. Dempsey
Assistant Manager / Senior Legal Counsel
Investment Funds, Capital Markets

2.1.3 Photon Dynamics Inc., Photo Dynamics Nova Scotia Company and Image Processing Systems Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from the registration and prospectus requirements in respect of certain trades made in connection with a merger involving a Canadian reporting issuer and a U.S. company where exemptions not available for technical reasons - first trade in shares of Canadian reporting issuer shall be a distribution unless in compliance with certain conditions - first trade in shares of U.S. issuer shall be a distribution unless executed on a stock exchange outside of Canada.

Continuous Disclosure - Canadian reporting issuer exempted from continuous disclosure requirements provided U.S. issuer files continuous disclosure materials in Canada.

Applicable Ontario Statutory Provisions

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

Applicable Ontario Rules

Rule 45-501 Exempt Distributions, (1998) 21 OSCB 6548
Rule 72-501 Prospectus Exemption for First Trade over a Market outside Ontario (1998) 21 OSCB 3873.

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

AND

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

AND

IN THE MATTER OF PHOTON DYNAMICS, INC., PHOTON DYNAMICS NOVA SCOTIA COMPANY AND IMAGE PROCESSING SYSTEMS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Ontario, Prince Edward Island, Quebec and Saskatchewan (collectively, the "Jurisdictions") has received an application from Photon Dynamics, Inc. ("Photon"), Photon Nova Scotia Company ("Photon ULC") and Image Processing Systems Inc. ("IPS") (collectively, the "Filer") for a decision under the securities legislation, regulations and/or rules of the Jurisdictions (the "Legislation") that:

a. the requirements contained in the Legislation to be registered to trade in a security and to file a preliminary prospectus and a prospectus and receive receipts therefor prior to distributing a security (the "Registration and Prospectus Requirements") shall not apply to certain trades of securities in connection with the proposed reorganization of the capital structure of IPS by way of plan of arrangement (the "Plan of Arrangement") and the simultaneous acquisition by Photon ULC, a wholly-owned subsidiary of Photon, of certain securities of IPS (the "Transaction");

b. the requirements contained in the Legislation requiring IPS to issue a press release and file a report regarding material changes (the "Material Change Reporting Requirements"), to file an annual report (where applicable), to file and deliver interim and annual financial statements and to file an information circular (collectively with the Material Change Reporting Requirements, the "Continuous Disclosure Requirements") shall not apply to IPS; and

c. the requirement contained in the Legislation for an insider of a reporting issuer to file reports disclosing the insider's direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer (the "Insider Reporting Requirements") shall not apply to each insider of IPS;

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. Photon was incorporated in the State of California on May 12, 1986. Photon is subject to the reporting requirements of the *United States Securities Exchange Act of 1934*, as amended. Photon is not currently a reporting issuer or the equivalent in any province or territory of Canada, will not become a reporting issuer or the equivalent by virtue of the Transaction and does not intend to become a reporting issuer or the equivalent in any province or territory of Canada after the completion of the Transaction.

2. Photon's authorized capital consists of 20,000,000 shares of common stock, no par value (the "Photon Common Shares") and 5,000,000 shares of preferred stock, no par value. As of July 31, 2000, there were 11,720,470 Photon Common Shares and no preferred shares issued and outstanding. As part of the Transaction, Photon will issue one share of Series A preferred stock (the "Special Voting Share") to a trustee (the "Trustee") in accordance with the Exchange Agreement (as defined below in paragraph 19).

3. The Photon Common Shares trade on the Nasdaq National Market (the "NASDAQ"). Photon will make applications as required to the NASDAQ to list the additional Photon Common Shares issuable from time to time in connection with the Transaction.

4. Photon ULC is a wholly-owned subsidiary of Photon which was incorporated under the laws of the Province

of Nova Scotia as an unlimited liability company on September 26, 2000. Photon ULC was incorporated as a vehicle to hold all of the IPS Common Shares which will be outstanding after the effective time of the completion of the Transaction (the "Effective Time") and to hold the various call rights related to the Exchangeable Shares. Photon ULC s only material asset upon completion of the Transaction will be the issued and outstanding IPS Common Share.

5. IPS is a corporation incorporated pursuant to the *Business Corporations Act* (Ontario) on April 8, 1988. Its authorized capital currently consists of an unlimited number of common shares (the "IPS Common Shares"). As at September 30, 2000, there were 25,286,253 IPS Common Shares issued and outstanding. As at September 30, 2000 there were outstanding warrants to purchase up to 476,191 IPS Common Shares (the "IPS Warrants") and options to purchase up to 2,826,495 IPS Common Shares (the "IPS Options").

6. IPS is a reporting issuer or the equivalent in each of the Jurisdictions and the IPS Common Shares trade on the Toronto Stock Exchange (the "TSE").

7. Pursuant to an Acquisition Agreement for Plan of Arrangement (the "Acquisition Agreement") made as of September 27, 2000 between Photon, Photon ULC and IPS, the acquisition of IPS by Photon is intended to occur in a sequence of transactions that effectively converts all of IPS's existing outstanding securities into Exchangeable Shares which will be exchangeable for Photon Common Shares.

8. Pursuant to the Acquisition Agreement and prior to the closing of the Transaction, a special meeting (the "Meeting") of the shareholders of IPS will be held in accordance with an interim order of the Ontario Superior Court of Justice whereby such shareholders will be asked to pass certain resolutions approving the arrangement (the "Arrangement") and authorizing the filing of articles of arrangement (the "Articles of Arrangement").

9. In connection with the Meeting, IPS will mail to each shareholder (i) a notice of special meeting, (ii) a form of proxy, (iii) the text of the special resolution approving the Arrangement and (iv) an information circular (the "Circular") containing prospectus level disclosure regarding the Transaction, each shareholder's dissent rights, the Arrangement, and the characteristics of the Exchangeable Shares and the Photon Common Shares.

10. Pursuant to the terms of the Plan of Arrangement, commencing at the Effective Time, the following events will occur:

    (a) the filing of the Articles of Arrangement will create (i) a new class of voting, convertible preferred shares designated as "preferred shares" (the "IPS Preferred Shares"); and (ii) a new class of shares designated as "exchangeable shares" (the "Exchangeable Shares");

    (b) Photon ULC will subscribe for one IPS Preferred Share for $1.00;

    (c) each outstanding IPS Common Share held by a shareholder (other than IPS Common Shares held by a shareholder who exercises its dissent rights and is ultimately entitled to be paid the fair value of its IPS Common Shares) will be automatically converted into Exchangeable Shares on the basis of the Exchange Ratio (as such term is defined in the Acquisition Agreement);

    (d) Photon ULC will convert its IPS Preferred Share into one IPS Common Share. At such time, Photon ULC will be the only holder of IPS Common Shares;

    (e) each IPS Option will be assumed by Photon and each such IPS Option previously outstanding shall then represent an option to acquire Photon Common Shares (the "Photon Options") provided that the number of Photon Common Shares that may be acquired and the strike price for each Photon Option will be adjusted on the basis of the Exchange Ratio (and after giving effect to currency conversions);

    (f) each IPS Warrant will be converted into warrants ("Replacement Warrants") to acquire Exchangeable Shares on the basis of the Exchange Ratio; and

    (g) Photon will issue and deposit the Special Voting Share with the Trustee in accordance with the Exchange Agreement (described below).

11. Each Exchangeable Share, together with the Exchange Agreement and Support Agreement described below, will provide holders thereof with a security of a Canadian issuer having economic attributes which are substantially equivalent, in all material respects, to those of a Photon Common Share. Exchangeable Shares will be received by holders of IPS Common Shares on a Canadian tax-deferred, roll-over basis. The Exchangeable Shares will be exchangeable by a holder thereof for Photon Common Shares on a one-for-one basis (subject to certain adjustments) at any time at the option of such holder and will be required to be exchanged upon the occurrence of certain events, as more fully described below. Dividends will be payable on the Exchangeable Shares contemporaneously and in the equivalent amount per share as dividends on the Photon Common Shares.

12. The Exchangeable Shares will rank senior to the IPS Common Shares and the IPS Preferred Shares, in respect of the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of IPS. The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares (the "Exchangeable Share Provisions") will provide that

each Exchangeable Share will entitle the holder to dividends from IPS payable at the same time as, and economically equivalent to, each dividend paid by Photon on Photon Common Shares. Subject to the Liquidation Call Right of Photon ULC (described below in this paragraph), on the liquidation, dissolution or winding-up of IPS, a holder of Exchangeable Shares will be entitled to receive from IPS for each Exchangeable Share held an amount equal to the then current market price of a Photon Common Share, to be satisfied by delivery of one Photon Common Share (subject to adjustment), together with, on the designated payment date therefor and to the extent not already paid by IPS on a dividend payment date, all declared and unpaid dividends on each such Exchangeable Share (such aggregate amount, the "Liquidation Amount"). Upon a proposed liquidation, dissolution or winding-up of IPS, Photon ULC will have an overriding call right (the "Liquidation Call Right") to purchase all of the outstanding Exchangeable Shares from the holders thereof (other than Photon or its affiliates) for a price per share equal to the Liquidation Amount.

13. 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 Retraction Call Right of Photon ULC (described below in this paragraph), upon retraction the holder will be entitled to receive from IPS for each Exchangeable Share retracted an amount equal to the then current market price of a Photon Common Share, to be satisfied by delivery of one Photon Common Share (subject to adjustment), together with, on the designated payment date therefor and to the extent not already paid by IPS on a dividend payment date, all declared and unpaid dividends on each such retracted Exchangeable Share (such aggregate amount, the "Retraction Price"). Upon being notified by IPS of a proposed retraction of Exchangeable Shares, Photon ULC will have an overriding call right (the "Retraction Call Right") to purchase from the holder all of the Exchangeable Shares that are the subject of the retraction notice for a price per share equal to the Retraction Price.

14. Subject to the Redemption Call Right of Photon ULC (described below in this paragraph), IPS shall redeem all the Exchangeable Shares then outstanding on the date which is five years from the Effective Date (the "Automatic Redemption Date"). The board of directors of IPS may accelerate the Automatic Redemption Date in certain circumstances, as described in the Exchangeable Share Provisions, including if there are fewer than 10% of the number of Exchangeable Shares issued as a result of the Arrangement outstanding (other than Exchangeable Shares held by Photon and its affiliates, and as such number of shares may be adjusted as deemed appropriate by the board of directors to give effect to any subdivision or consolidation of or stock dividend on the Exchangeable Shares, any issue or distribution of rights to acquire Exchangeable Shares or securities exchangeable for or convertible into Exchangeable Shares, any issue or distribution of other securities or rights or evidences of indebtedness or assets, or any other capital reorganization or other transaction affecting the Exchangeable Shares). Upon such redemption, a holder will be entitled to receive from IPS for each Exchangeable Share redeemed, an amount equal to the then current market price of a Photon Common Share on the last business day prior to the Automatic Redemption Date, to be satisfied by the delivery of one Photon Common Share (subject to adjustment), together with, to the extent not already paid by IPS on a dividend payment date, all declared and unpaid dividends on each such redeemed Exchangeable Share (such aggregate amount, the "Redemption Price"). Upon being notified by IPS, of a proposed redemption of Exchangeable Shares, Photon ULC will have an overriding call right (the "Redemption Call Right") to purchase from the holders all of the outstanding Exchangeable Shares (other than Photon or its affiliates) for a price per share equal to the Redemption Price.

15. Upon the liquidation, dissolution or winding-up of Photon, the Exchangeable Shares will be automatically exchanged for Photon Common Shares pursuant to the Exchange Agreement (described below), in order that holders of Exchangeable Shares may participate in the dissolution of Photon on the same basis as holders of Photon Common Shares. Upon the insolvency of IPS, holders of Exchangeable Shares may put their shares to Photon in exchange for Photon Common Shares, pursuant to the Exchange Right described in greater detail below.

16. The Special Voting Share will be authorized for issuance pursuant to the Acquisition Agreement and will be issued under the Exchange Agreement (described in paragraph 19 below) to the Trustee for the benefit of the holders of the Exchangeable Shares outstanding from time to time (other than Photon and its affiliates). The Special Voting Share will carry a number of voting rights, exercisable at any meeting of the holders of Photon Common Shares, equal to the number of Exchangeable Shares outstanding from time to time (that are not owned by Photon and its affiliates). The holders of the Photon Common Shares and the holder of the Photon Special Voting Share will vote together as a single class on all matters. Holders of Exchangeable Shares will exercise the voting rights attached to the Photon Special Voting Share through the mechanism of the Exchange Agreement. 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, the Trustee will not be entitled to exercise any voting rights.

17. Upon the exchange of all of a holder's Exchangeable Shares for Photon Common Shares, all rights of the holder of Exchangeable Shares to exercise votes attached to the Special Voting Share will cease.

18. In order to assist non-residents of Canada in exchanging their Exchangeable Shares without having to deliver a certificate under section 116 of the *Income Tax Act* (Canada), the Exchangeable Shares will be

listed on the TSE for two or three trading days following the Effective Date. However, the Exchangeable Shares are generally non-transferrable. In the event that, on or prior to the Automatic Redemption Date, any holder of Exchangeable Shares notifies IPS that such holder desires to (i) transfer or otherwise attempts to transfer any such shares to any other person or entity or (ii) vote against or dissent from any resolution other than a matter which would have an adverse affect on the attributes of the Exchangeable Shares (any such notification or attempt, a "Transfer/Dissent Attempt"), then such holder shall, by such action, be deemed to have made a Retraction Request and the sole right of the transferee in respect of such shares shall be to receive the Photon Common Shares and dividends to which such person is entitled as a result of the Retraction Request.

19. Contemporaneously with the closing of the Transaction, Photon, Photon ULC, IPS and the Trustee will enter into an exchange agreement (the "Exchange Agreement"). Under the Exchange Agreement, Photon will grant to the Trustee, as trustee for and on behalf of the holders of the Exchangeable Shares, a put right (the "Exchange Right"), exercisable upon the insolvency or bankruptcy of IPS or Photon, to require Photon to purchase from a holder of Exchangeable Shares all or any part of its Exchangeable Shares. The purchase price for each Exchangeable Share purchased by Photon will be an amount equal to the then current market price of a Photon Common Share, to be satisfied by the delivery to the holder, of one Photon Common Share (subject to adjustment), together with an additional amount equivalent to the full amount of all declared and unpaid dividends on such Exchangeable Share.

20. Under the Exchange Agreement, upon the liquidation, dissolution or winding-up of Photon, Photon will be required to purchase each outstanding Exchangeable Share, and each holder will be required to sell all of its Exchangeable Shares (such purchase and sale obligations are hereafter referred to as the "Automatic Exchange Right"), for a purchase price per share equal to the then current market price of a Photon Common Share, to be satisfied by the delivery to the holder of one Photon Common Share (subject to adjustment), together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each such Exchangeable Share.

21. Contemporaneously with the closing of the Transaction, Photon, Photon ULC and IPS will enter into a Support Agreement which will provide that Photon will not declare or pay any dividend on the Photon Common Shares unless IPS simultaneously declares and pays an economically equivalent dividend on the Exchangeable Shares and that Photon will ensure that IPS and Photon ULC will be able to honour the redemption and retraction rights and dissolution entitlements that are attributes of the Exchangeable Shares under the Exchangeable Share Provisions and the related Redemption, Retraction and Liquidation Call Rights described above.

22. The Support Agreement will also provide that if Photon makes any changes to the Photon Common Shares (e.g., subdivision, consolidation or reclassification), then the Exchangeable Shares are automatically adjusted such that the holders of such Exchangeable Shares will receive, upon exercise of their Exchangeable Shares, the same number of Photon Common Shares and other consideration that they would have received had they exchanged their Exchangeable Shares immediately prior to the effective date or record date of such event.

23. The steps under the Transaction and the attributes of the Exchangeable Shares contained in the Exchangeable Share Provisions, the Support Agreement and the Exchange Agreement as described above involve or may involve a number of trades of securities (the "Trades") and there may be no registration and prospectus exemptions available under the Legislation for certain of the Trades.

24. The fundamental investment decision to be made by an IPS shareholder is made at the time of the Transaction, when such holder votes in favour of the special resolution approving the Arrangement. As a result of this decision, a holder receives Exchangeable Shares in exchange for its IPS Common Shares. As the Exchangeable Shares will provide certain Canadian tax benefits to certain Canadian holders but will otherwise be the economic equivalent in all material respects to the Photon Common Shares, all subsequent exchanges of Exchangeable Shares are in furtherance of the holder's initial investment decision to acquire Exchangeable Shares on the closing of the Transaction.

25. If not for income tax considerations, Canadian holders of IPS Common Shares could have received Photon Common Shares without receiving Exchangeable Shares. The receipt of Exchangeable Shares under the Transaction will enable certain holders of IPS Common Shares to defer Canadian income tax.

26. As a result of the economic and voting equivalency between the Exchangeable Shares and the Photon Common Shares, holders of Exchangeable Shares will have a participating interest determined by reference to Photon, rather than IPS; accordingly it is the information relating to Photon, not IPS, that will be relevant to holders of both the Photon Common Shares and the Exchangeable Shares. Certain information required to be provided in respect of IPS as a reporting issuer under the Legislation would not be relevant to the holders of the Exchangeable Shares.

27. All disclosure material furnished to the holders of Photon Common Shares in the United States will be provided to the holders of Photon Common Shares, Exchangeable Shares and Replacement Warrants resident in Canada.

28. The Circular discloses that, in connection with the Arrangement, applications have been made for exemptions from disclosure and insider reporting obligations; the Circular specifies the disclosure

requirements from which IPS has applied to be exempted and identifies the disclosure that will be made in substitution therefor if such exemptions are granted.

29. Upon completion of the Transaction, Canadian shareholders will hold less than 10% of the issued and outstanding Photon Common Shares and will represent in number less than 10% of the total number of holders of Photon Common Shares.

30. There is currently no market in Canada for the Photon Common Shares and none is expected to develop.

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

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

THE DECISION of the Decision Makers under the Legislation is:

1. the Registration and Prospectus Requirements shall not apply to the Trades, provided that:

   1.1 the first trade in the Exchangeable Shares or Replacement Warrants acquired pursuant to this Decision in a Jurisdiction shall be deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction (the "Applicable Legislation") (other than such first trades which are Trades or which are exempted under the Applicable Legislation), unless:

   (a) at the time of the first trade, IPS is a reporting issuer or the equivalent under the Applicable Legislation or where the Applicable Legislation does not recognize the status of a reporting issuer, the requirements described in paragraph two below are met;

   (b) no unusual effort is made to prepare the market or to create a demand for the Exchangeable Shares or Replacement Warrants;

   (c) no extraordinary commission or consideration is paid to a person or company in respect of the trade;

   (d) if the seller of the Exchangeable Shares or Replacement Warrants is an insider or officer of IPS the seller has no reasonable grounds to believe that IPS is in default of any requirement of the Applicable Legislation; and

   (e) except in Quebec, the first trade is not from the holdings of a person or company or a combination of persons or companies holding a sufficient number of any securities of IPS so as to affect materially the control of IPS or more than 20% of the outstanding voting securities of IPS, except where there is evidence showing that the holding of those securities does not affect materially the control of IPS, unless:

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

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

   (A) a notice of intention to sell in the form prescribed by the Applicable Legislation for control block distributions (the "Control Block Rules") disclosing particulars of the control position known to the seller, the number of Exchangeable Shares or Replacement Warrants 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 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 1.1(e)(ii)(A) and the declaration required to be filed under section 1.1(e)(ii)(B) shall be renewed and filed at the end of sixty days after the original date of filing and thereafter at the end of each twenty-eight day period so long as any of the Exchangeable Shares or Replacement Warrants specified under the original notice have not been sold or until notice has been filed that the Exchangeable Shares or Replacement Warrants so specified or any part thereof are no longer for sale;

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

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

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

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

(B) the seller acquires Exchangeable Shares or Replacement Warrants pursuant to any such prescribed exemptions;

then all Exchangeable Shares or Replacement Warrants, as applicable, held by the seller will be subject to such hold period commencing on the date any such subsequent Exchangeable Shares or Replacement Warrants are so acquired; and

1.2 the first trade in Photon Common Shares or Photon Options acquired pursuant to one of the Trades (other than a first trade of Photon Common Shares or Photon Options that is a Trade) in a Jurisdiction shall be deemed a distribution or primary distribution to the public under the Legislation of the Applicable Jurisdiction unless such first trade is executed on an exchange or market outside Canada.

2. the Continuous Disclosure Requirements shall not apply to IPS for as long as:

(a) Photon sends to all holders of Exchangeable Shares and Replacement Warrants resident in Canada all disclosure material furnished to holders of Photon Common Shares resident in the United States, including, without limitation, copies of its annual financial statements and all proxy solicitation materials prepared in connection with Photon's shareholder meetings;

(b) Photon 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 solicitation materials prepared in connection with Photon's shareholders' meetings;

(c) Photon complies with the requirements of the 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 Photon's affairs;

(d) IPS complies with the Material Change Reporting Requirements in respect of material changes in the affairs of IPS that would be material to holders of Exchangeable Shares or Replacement Warrants, but not holders of Photon Common Shares;

(e) prior to or coincident with the distribution of the Exchangeable Shares, Photon causes IPS to provide to each recipient or proposed recipient of Exchangeable Shares or Replacement Warrants resident in Canada a statement that, as a consequence of this Decision, IPS and its insiders will be exempt from certain disclosure requirements in Canada applicable to reporting issuers and their insiders and specifying those requirements IPS 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 Circular);

(f) Photon 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 Photon and not in relation to IPS, such statement to include a reference to the economic equivalency between the Exchangeable Shares and the Photon Common Shares and the right to direct voting at Photon's stockholders' meetings pursuant to the Exchange Agreement;

(g) Photon remains the direct or indirect beneficial owner of all the issued and outstanding common shares of IPS; and

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

3. The Insider Reporting Requirements shall not apply to insiders of IPS in respect of securities of IPS provided such insider:

(a) does not receive, in the ordinary course, information as to material facts or material changes concerning Photon before the material facts or material changes are generally disclosed;

(b) is not a director or senior officer of a significant subsidiary of Photon as defined in Proposed National Instrument 55-101 (a "Significant Subsidiary"); or

(c) is not also an insider of Photon, excluding any director or senior officer of a subsidiary of Photon that is not a Significant Subsidiary.

December 20th, 2000.

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

2.1.4 Versent Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - It is not prejudicial to the public interest for issuer to not be a reporting issuer - 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 AND ALBERTA

AND

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

AND

IN THE MATTER OF VERSENT CORPORATION

MRRS DECISION DOCUMENT

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

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

AND WHEREAS Amalco has represented to the Decision Maker that:

1. Amalco was formed by articles of amalgamation on October 12, 2000 under the laws of Province of Ontario and is a reporting issuer in each of the Jurisdictions. Other than a failure to file the financial statements for the quarter ended September 30, 2000 on November 29, 2000 Amalco is not in default of any of the requirements of the Legislation.

2. Amalco's head office is located in Toronto, Ontario.

3. On October 12, 2000, Buckingham Technology Acquisition Group Inc. ("Buckingham") amalgamated with predecessor Versent Corporation ("Versent") (the "Amalgamation") and all of the issued and outstanding common shares (the "Versent Common Shares") of Versent (other than those held by Buckingham and dissenting shareholders) were converted into Class A redeemable preferred shares of Amalco (the "Class A

Preferred Shares"). As a consequence of the Amalgamation, all issued and outstanding Class A Preferred Shares shall be redeemed for $1.75 per share (the "Redemption Consideration") on presentation and surrender, by the holders of such shares, of the certificates representing the Versent Common Shares which were converted into Class A Preferred Shares upon the Amalgamation.

4. As of October 17, 2000, Amalco had taken all necessary steps to redeem (the "Redemption") all of the issued and outstanding Class A Preferred Shares. As a result, holders of Class A Preferred Shares which have not yet taken the necessary steps to have their Class A Preferred Shares redeemed for the Redemption Consideration are not entitled to exercise any rights as a shareholder of Amalco and are only entitled to receive the Redemption Consideration. As of the date hereof, there are 184,416 Class A Preferred Shares issued and outstanding.

5. Pursuant to the Amalgamation, all the issued and outstanding common shares of Buckingham, which were directly or indirectly, beneficially owned by Mr. Jerry Zucker, were converted into common shares of Amalco ("Amalco Common Shares"). As a result, all of the Amalco Common Shares are now directly or indirectly, beneficially owned by Mr. Jerry Zucker. As of the date hereof, there are 891,291 Amalco Common Shares issues and outstanding.

6. The Amalco Common Shares were delisted from trading on the Toronto Stock Exchange as of the close of business on October 17, 2000 such that none of Amalco's securities are listed or quoted on any exchange or market.

7. Following the completion of the Redemption, Amalco will not have any securities, including debt securities, outstanding other than the Amalco Common Shares. Until the completion of the Redemption, Class A Preferred Shares will be outstanding. However, holders of the Class A Preferred Shares have no rights as a shareholder of Amalco and are only entitled to receive the Redemption Consideration.

8. Amalco does not intend to seek public financing by way of an issue of securities at this time.

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

AND WHEREAS each Decision Maker is of the opinion 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 Amalco is deemed to have ceased to be a reporting issuer or the equivalent thereof under the Legislation.

January 2nd, 2001.

John Hughes
Manager, Continuous Disclosure

2.1.5 Canadian Medical Discoveries Fund Inc. - MRRS Decision

Headnote

Extention of lapse date

Statutes Cited

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

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

AND

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

AND

IN THE MATTER OF CANADIAN MEDICAL DISCOVERIES FUND INC. (the "Fund")

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces and territories of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Yukon Territory, Nunavut Territory and Northwest Territories (the "Jurisdictions") has received an application (the "Application") from the Fund for a decision pursuant to securities legislation of the Jurisdictions (the "Legislation") that the time limits pertaining to the distribution of securities under the prospectus of the Fund be extended to the time limits that would be applicable if the lapse date was January 9, 2001.

AND WHEREAS under 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 the Fund has represented to the Decision Makers that:

1. The Fund is a labour sponsored investment fund incorporated under the *Canada Business Corporations Act* and is registered, prescribed or approved, as the case may be, under the *Community Small Business Investments Funds Act* (Ontario), the *Income Tax Act* (Canada), the *Equity Tax Credit Act* (Nova Scotia), the *Income Tax Act* (New Brunswick) and the *Labour-Sponsored Venture Capital Corporations Act* (Saskatchewan).

2. The Fund is a reporting issuer as defined in the Legislation and is not in default of any of the requirements of the Legislation.

3. The earliest lapse date for the distribution of qualified securities (the "Securities") of the Fund pursuant to its prospectus dated December 22, 1999 (the "Prospectus") is December 22, 2000 (the "Lapse Date").

4. On November 22, 2000, the Fund filed a *pro forma* prospectus (the "Renewal Prospectus"), under SEDAR project number 314232 in each of the Jurisdictions, within the time limits specified by the Legislation.

5. In connection with the filing of the Renewal Prospectus, discussions between staff of the Commission and the Fund are currently ongoing with respect to the reporting of performance fees on financial statements and the restatement of audited financial statements. As a result of the ongoing discussions, there is insufficient time to settle these issues so that the (final) prospectus of the Fund can be filed and receipted with the time limits imposed by the Legislation based on the Lapse Date.

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 under the Legislation 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 that the time periods provided by the Legislation for the filing of the Renewal Prospectus and receipting thereof, in connection with the distribution of the Securities under the Prospectus, are hereby extended to the time limits that would be applicable if the lapse date for distribution of the Securities under the Prospectus was January 9, 2001.

January 2nd, 2001.

"Paul A. Dempsey"
Assistant Manager/Senior Legal Counsel
Investment Funds, Capital Markets
(416) 593-8091

2.1.6 I.G. Investment Management Ltd. and iProfile Global Equity RSP Pool - MRRS Decison

Headnote

Investment by RSP fund in securities of two other mutual funds for specified purpose exempted from the reporting requirements and self-dealing prohibitions of clauses 111(2)(a) and (b) and clauses 117(1)(a) and (d) subject to certain specified conditions.

Statutes Cited

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

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

I.G. INVESTMENT MANAGEMENT, LTD.

AND

iPROFILE GLOBAL EQUITY RSP POOL

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from I.G. Investment Management, Ltd. ("IGIM) and the iProfile Global Equity RSP Pool (the "Top Fund") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following provisions in the Legislation (the "Applicable Requirements") shall not apply in connection with certain investments to be made by the Top Fund in the iProfile U.S. Equity Pool (the "U.S. Equity Fund") and the iProfile International Equity Pool (the "International Equity Fund", and collectively referred to as the "Underlying Funds"):

1. the restrictions contained in the Legislation prohibiting a mutual fund from knowingly making or 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 a management company, or in British Columbia, a mutual fund manager, 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 IGIM to the Decision Makers that:

1. The Top Fund and the Underlying Funds will be open-ended mutual fund trusts established under the laws of the Province of Manitoba. IGIM is a corporation established under the laws of the Province of Manitoba and will be the manager for the Top Fund and the Underlying Funds. The head office of IGIM is in Winnipeg, Manitoba.

2. The Top Fund and the Underlying Funds will be reporting issuers. The securities of the Top Fund and the Underlying Funds will be qualified under a simplified prospectus and annual information form and filed in all provinces and territories.

3. The simplified prospectus will disclose the investment objectives, investment strategies, risks and restrictions of the Top Fund and the Underlying Funds. The investment objective of the Top Fund will include the disclosure of the names of the Underlying Funds and the Top Fund's total aggregate derivative exposure to, and direct investment in, the Underlying Funds.

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

5. The Top Fund seeks to achieve its investment objective while ensuring that its securities do not constitute foreign property" for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and similar plans ("Registered Plans").

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

7. The aggregate of derivative exposure to, and direct investment in, the Underlying Funds, will equal 80% (the "Permitted Aggregate Investment") of the assets of

the Top Fund, subject to a variation to account for market fluctuations as described in paragraph 9.

8. The amount of direct investment by the Top Fund in the Underlying Funds will be adjusted from time to time so that, except for transitional cash (ie. cash from purchases not yet invested or cash held to satisfy redemptions), the Top Fund will invest its assets in accordance with the Permitted Aggregate Investment and the Fixed Percentages disclosed in the simplified prospectus.

9. To achieve its investment objective, the Top Fund invests an aggregate specified percentage (the "Fixed Percentages") of its assets directly and indirectly (through derivative exposure) in each of the Underlying Funds, subject to a variation of 2.5% above or below the Fixed Percentages (the "Permitted Ranges") to account for market fluctuations. The Fixed Percentages disclosed in the simplified prospectus of the Top Fund are 60% in the U.S. Equity Fund and 20% in the International Equity Fund. The balance of the assets of the Top Fund not invested in the Underlying Funds will be invested directly or indirectly (through derivative exposure) in other securities or cash.

10. Except to the extent evidenced by this Decision and specific approvals granted by the Canadian securities administrators pursuant to National Instrument 81-102 Mutual Funds ("NI 81-102"), the investments by the Top Fund in the Underlying Funds will be structured to comply with the investment restrictions of the Legislation and NI 81-102.

11. In the absence of this Decision, pursuant to the Legislation, the Top Fund is prohibited from (a) knowingly making an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder; and (b) knowingly holding an investment referred to in clause (a) hereof. As a result, in the absence of this Decision the Top Fund would be required to divest itself of any investments referred to in clause (a) hereof.

12. In the absence of the Decision, the Legislation requires IGIM to file a report on every purchase or sale of securities of the Underlying Funds by the Top Fund.

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 so as to prevent the Top Fund from making or holding an investment 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 section 2.5 of NI 81-102; and

2. the Decision shall only apply if, at the time the Top Fund makes or holds an investment in the Underlying Funds, the following conditions are satisfied:

   (a) the securities of both the Top Fund and the Underlying Funds are being offered for sale in the jurisdiction of the Decision Maker pursuant to a simplified prospectus and annual information form which has been filed with and accepted by the Decision Maker;

   (b) the investment by the Top Fund in the Underlying Funds is compatible with the fundamental investment objectives of the Top Fund;

   (c) the simplified prospectus discloses the intent of the Top Fund to invest directly and indirectly (through derivative exposure) in the Underlying Funds, the names of the Underlying Funds, the Fixed Percentages and the Permitted Ranges within which such Fixed Percentages may vary;

   (d) the investment objective of the Top Fund discloses names of the Underlying Funds and the Permitted Aggregate Investment;

   (e) the Underlying Funds are not mutual funds whose investment objective includes investing directly or indirectly in other mutual funds;

   (f) except as permitted by this Decision, the Top Fund will not invest in any other mutual funds;

   (g) the Top Fund restricts its aggregate direct investment in the Underlying Funds to a percentage of its assets that is within the Permitted Limit;

   (h) the Top Fund invests its assets directly and indirectly (through derivative exposure) in the Underlying Funds in accordance with the Permitted Aggregate Investment and the Fixed Percentages disclosed in the simplified prospectus;

   (i) the Top Fund's derivative exposure to, and direct investment in, the Underlying Funds does not deviate from the Permitted Ranges;

   (j) any deviation from the Fixed Percentages is caused by market fluctuations only;

   (k) if a direct or indirect investment by the Top Fund in any of the Underlying Funds has deviated from the Permitted Ranges as a result of market fluctuations, the Top Fund's investment portfolio was re-balanced to comply with the Fixed

Percentages on the next day on which the net asset value was calculated following the deviation.

(l) if the Fixed Percentages which are disclosed in the simplified prospectus have been changed, either the simplified prospectus has been amended or a new simplified prospectus filed to reflect the change, and the securityholders of the Top Fund have been given at least 60 days' notice of the change;

(m) there are compatible dates for the calculation of the net asset value of the Top Fund and the Underlying Funds for the purpose of the issue and redemption of securities of such mutual funds;

(n) no sales charges are payable by the Top Fund in relation to its purchases of securities of the Underlying Funds;

(o) no redemption fees or other charges are charged by an Underlying Fund in respect of the redemption by the Top Fund of securities of the Underlying Funds owned by the Top Fund;

(p) no fees or charges of any sort are paid by the Top Fund and the Underlying Funds, by their respective managers or principal distributors, or by any affiliate or associate of any of the foregoing entities, to anyone in respect of the Top Fund's purchase, holding or redemption of the securities of the Underlying Funds;

(q) the arrangements between or in respect of the Top Fund and the Underlying Funds are such as to avoid the duplication of management fees;

(r) any notice provided to securityholders of an Underlying Fund as required by applicable laws or the constating documents of that Underlying Fund, has been delivered by the Top Fund to its securityholders along with all voting rights attached to the securities of the Underlying Fund which are directly owned by the Top Fund;

(s) all of the disclosure and notice material prepared in connection with a meeting of securityholders of the Underlying Funds and received by the Top Fund has been provided to its securityholders, the securityholders have been permitted to direct a representative of the Top Fund to vote its holdings in the Underlying Fund in accordance with their direction, and the representative of the Top Fund has not voted its holdings in the Underlying Funds except to the extent the securityholders of the Top Fund have directed;

(t) in addition to receiving the annual and, upon request, the semi-annual financial statements, of the Top Fund, securityholders of the Top Fund have received the annual and, upon request, the semi-annual financial statements of the Underlying Funds in either a combined report, containing financial statements of the Top Fund and the Underlying Funds, or in a separate report containing the financial statements of the Underlying Funds; and

(u) to the extent that the Top Fund and the Underlying Funds do not use a combined simplified prospectus and annual information form containing disclosure about the Top Fund and the Underlying Funds, copies of the simplified prospectus and annual information form of the Underlying Funds have been provided upon request to securityholders of the Top Fund and this right is disclosed in the prospectus of the Top Fund;

January 2, 2001.

"J.A. Geller" "Howard I. Weston"

2.1.7 BLC-Edmond De Rothschild Asset Management - MRRS Decision

Headnote

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

Statutes Cited

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

IN THE MATTER OF
THE SECURITIES LEGISLATION OF THE PROVINCES 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
BLC-EDMOND DE ROTHSCHILD ASSET MANAGEMENT INC.
("BLC-Rothschild")

AND

R LIFE & HEALTH RSP FUND
R WORLD LEADERS RSP FUND
R AMERICAN RSP FUND
R EUROPEAN RSP FUND
R ASIAN RSP FUND
R TECHNO-MEDIA RSP FUND
(collectively, the "**Existing Top Funds**")

AND

R EUROPE TECHNO-MEDIA RSP FUND
R SMALL & MID-CAP EUROPEAN RSP FUND
(collectively, the "New Top Funds")

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from BLC-Rothschild as manager of the Existing Top Funds and the New Top Funds and other mutual funds managed by BLC-Rothschild after the date of this Decision (the "Future Top Funds", and together with the Existing Top Funds and the New Top Funds, the "Top Funds") having an investment objective or strategy that is linked to the returns of another specified BLC-Rothschild mutual fund 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 Top Funds or BLC-Rothschild, as the case may be, in respect of certain investments to be made by the Top Funds in applicable corresponding mutual funds from time to time (the funds in which such investments are to be made, 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 the Decision Maker in each of the Jurisdictions has received an application from BLC-Rothschild, as manager of the Existing Top Funds for a Decision under the Legislation revoking and replacing the MRRS Decision Document dated January 11, 2000 entitled *"In the Matter of R American RSP Fund et al"* (the "Original Decision") which decided that the Applicable Legislation and other requirements of the Legislation which applied to the Existing Top Funds and BLC-Rothschild at the time of the Original Decision, did not apply in respect of certain investments made by the Existing Top Funds in their corresponding Underlying Funds.

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 BLC-Rothschild has represented to the Decision Makers that:

1. The Top Funds and the Underlying Funds are or will be open-end mutual fund trusts established under the laws of the Province of Ontario, and each Top Fund and Underlying Fund is, or will be, qualified for distribution in the Jurisdictions by means of a prospectus. The Existing Top Funds and their corresponding Underlying Funds are qualified for distribution in all the provinces of Canada except Prince Edward Island pursuant to simplified prospectuses and annual information forms dated December 15, 1999 and February 18, 2000 (for Newfoundland, New Brunswick and Nova Scotia). Each of the New Top Funds and their corresponding Underlying Funds will be established on or immediately prior to the date on which a receipt is issued by the Decision Makers for the simplified prospectus and annual information form qualifying the units of the New Top Funds and their corresponding Underlying Funds for distribution to the public (the "Prospectus").

2. BLC-Rothschild is a corporation established under the laws of Canada and constitutes a joint venture between Laurentian Bank of Canada (the "Bank") and La Compagnie Financière Edmond de Rothschild Banque ("Rothschild"). BLC-Rothschild, the Bank and Rothschild are or will be considered the promoters of the Top Funds and Underlying Funds, where such concept exists, under the securities legislation of the Jurisdictions.

3. The trustee of the of the Top Funds and Underlying Funds is or will be Laurentian Trust of Canada Inc., a wholly-owned subsidiary of the Bank.

4. Each Existing Top Fund and its corresponding Underlying Fund is not in default of any requirements of the Legislation.

5. Each Top Fund seeks or will seek, to achieve its investment objective while ensuring that securities of the Top Fund do not constitute "foreign property" for registered retirement savings plans ("RRSPs"), including "group RRSPs" and locked-in retirement accounts, registered retirement income funds, including life income funds, deferred profit sharing plans and registered education savings plans (the "Registered Plans").

6. The Prospectus for each Top Fund does, or will, contain disclosure with respect to the investment objective, strategies, risks and restrictions of the Top Fund and the Underlying Fund.

7. The investment objective of the Top Fund is, or will be, to achieve long-term capital appreciation primarily by investing in derivative instruments that permit the Top Fund to link its performance to its named corresponding Underlying Fund, while ensuring that securities of the Top Fund do not constitute "foreign property" for Registered Plans. In order to achieve its investment objective, each Top Fund will invest directly in, and will use derivative instruments to obtain exposure to, its corresponding Underlying Fund, as described in paragraph 9 herein.

8. The investment objective of each Underlying Fund is, or will be, achieved through investment primarily in foreign securities.

9. Each Top Fund does, or will, invest, its assets in securities such that its securities will be "qualified investments" for Registered Plans and will not constitute foreign property in a Registered Plan. The direct investment by each Top Fund in its corresponding Underlying Fund is, or will be, in an amount which will not exceed the amount prescribed from time to time as the maximum permitted amount capable of being made as a foreign property investment under the *Income Tax Act* without the imposition of tax under Part XI of that Act (the "Permitted Limit"). The amount of direct investment by each Top Fund will be adjusted from time to time so that, except for transitional cash, the aggregate of direct investment in, and derivative exposure to, its corresponding Underlying Fund will equal 100% of the assets of the Fund.

10. 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 a Top Fund in its corresponding Underlying Fund has been, and will be, structured to comply with the investment restrictions of the Legislation and National Instrument 81-102.

11. In the absence of this Decision, each Top Fund 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. As a result, in the absence of this Decision, a Top Fund would be required to divest itself of any investments referred to in subsection (a) herein.

12. In the absence of this Decision, BLC-Rothschild would be required to file a report of every purchase or sale by a Top Fund of the securities of its corresponding Underlying Fund.

13. Each Top Fund's investment in, or redemption of, securities of its corresponding Underlying Fund represents, or will represent, as the case may be, the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Top Fund.

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;

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Original Decision is hereby revoked and replaced with the following Decision with effect as of, and from, the date hereof; and

THE DECISION of the Decision Makers pursuant to the Legislation is that the Applicable Legislation shall not apply so as to prevent each Top Fund from making and holding an investment in securities of the corresponding Underlying Fund or require BLC-Rothschild to file a report relating to the purchase or sale of such securities.

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 section 2.5 of NI 81-102; and

2. the Decision shall only apply if, at the time a Top Fund makes or holds an investment in its corresponding Underlying Fund, the following conditions are satisfied:

(a) the securities of both the Top Fund and the Underlying Fund are being offered for sale in the jurisdiction of the Decision Maker pursuant to a simplified prospectus and annual information form which has been filed with and accepted by the Decision Maker;

(b) the investment by the Top Funds in the Underlying Fund is compatible with the fundamental investment objectives of the Top Fund;

(c) the simplified prospectus discloses the intent of the Top Fund to invest directly and indirectly (through derivative exposure) in the Underlying Fund;

(d) the investment objective of the Top Fund discloses the name of the Underlying Fund;

(e) the Underlying Fund is not a mutual fund whose investment objective includes investing directly or indirectly in other mutual funds;

(f) the Top Fund restricts its direct investment in the Underlying Fund to a percentage of its assets that is within the Permitted Limit;

(g) the Top Fund invests its assets directly and indirectly (through derivative exposure) in the Underlying Fund in accordance with this Decision and as is disclosed in the simplified prospectus;

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

(i) no sales charges are payable by the Top Fund in relation to its purchases of securities of the Underlying Funds;

(j) no redemption fees or other charges are charged by the Underlying Fund in respect of the redemption by the Top Fund of securities of the Underlying Fund owned by the Top Fund;

(k) no fees or charges of any sort are paid by the Top Fund and the Underlying Fund, by their respective managers or principal distributors, or by any affiliate or associate of any of the foregoing entities, to anyone in respect of the Top Fund's purchase, holding or redemption of the securities of the Underlying Fund;

(l) the arrangements between or in respect of the Top Fund and the Underlying Fund are such as to avoid the duplication of management fees;

(m) any notice provided to securityholders of the Underlying Fund as required by applicable laws or the constating documents of that Underlying Fund, has been delivered by the Top Fund to its securityholders along with all voting rights attached to the securities of the Underlying Fund which are directly owned by the Top Fund;

(n) all of the disclosure and notice material prepared in connection with a meeting of securityholders of the Underlying Fund and received by the Top Fund has been provided to its securityholders, the securityholders have been permitted to direct a representative of the Top Fund to vote its holdings in the Underlying Fund in accordance with their direction, and the representative of the Top Fund has not voted its holdings in the Underlying Fund except to the extent the securityholders of the Top Fund have directed;

(o) in addition to receiving the annual and, upon request, the semi-annual financial statements, of the Top Fund, securityholders of the Top Fund have received the annual and, upon request, the semi-annual financial statements of the Underlying Fund in either a combined report, containing financial statements of the Top Fund and the Underlying Fund, or in a separate report containing the financial statements of the Underlying Fund; and

(p) to the extent that a Top Fund and the Underlying Fund do not use a combined simplified prospectus and annual information form containing disclosure about the Top Fund and the Underlying Fund, copies of the simplified prospectus and annual information form of the Underlying Fund have been provided upon request to securityholders of the Top Fund and this right is disclosed in the prospectus of the Top Fund;

December 22nd, 2000.

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

2.1.8 CIBC - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Exemptive relief for certain directors and senior officers of the Applicant and its affiliates from the insider reporting requirements in relation to two automatic securities purchase plans.

Applicable Ontario Statutes

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

Applicable Ontario Regulations

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

Applicable Policies

National Policy 12-201 – Mutual Reliance Review System for Exemptive Relief Applications

Proposed National Policy 55-101 – Exemption from Certain Insider Reporting Requirements

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

AND

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

AND

IN THE MATTER OF CANADIAN IMPERIAL BANK OF COMMERCE

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Ontario and Québec (the "Jurisdictions") has received an application from Canadian Imperial Bank of Commerce (the "Applicant") for a decision pursuant to the securities legislation and securities directions of the Jurisdictions (the "Legislation") providing an exemption from the insider reporting requirements for insiders of the Applicant, subject to certain conditions;

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

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

1. The Applicant is a Schedule 1 Canadian chartered bank governed by the *Bank Act* (Canada) and is a reporting issuer in each of the provinces of Canada and is not in default of any requirements of the securities legislation of each province of Canada.

2. The authorized share capital of the Applicant consists of an unlimited number of common shares without par value, the aggregate consideration of which shall not exceed $10,000 million (the "Common Shares"), an unlimited number of Class A preferred shares and Class B preferred shares without par value, issuable in series, the aggregate consideration of which shall not exceed $5,000 million for each class. As at October 30, 2000, 377,140,195 Common Shares were issued and outstanding.

3. The Common Shares are listed and posted for trading on the Toronto, New York and London stock exchanges (the "Exchanges").

4. The Applicant has established two incentive plans (the "Plans"): (a) the Special Incentive Program ("SIP"); and (b) the Restricted Share Award ("RSA").

5. SIP is available to certain senior officers and directors of CIBC and its affiliates. RSA is available to certain senior officers of CIBC.

6. Under the terms of the Plans, CIBC and/or its affiliates fund contributions into trust funds that purchase Common Shares in the open market. Amounts contributed to a trust fund are determined in accordance with the applicable plan document.

7. A participant's award under each of the Plans is denominated into share equivalents by dividing the value of the participant's award by the average cost (as determined in accordance with the applicable plan document) of Common Shares purchased by a trust fund.

8. Each share equivalent represents a right (a "Right") to receive one Common Share from the trust fund when the Right has vested. Under SIP, a Right vests on October 31, 2003 for certain participants and for other participants, on the later of October 31, 2003 or October 31 in the year that certain performance conditions are met. Under RSA, a Right vests in equal installments over a three year period on October 31 in each year. Under each of the Plans, the Rights are not transferable.

9. Under the Plans, Rights are allocated to a participant effective the same day in each fiscal year. A participant does not receive notification of the number of Rights that have been granted until four to six weeks after the effective date of the allocation.

10. An insider of the Applicant has no authority to determine the number of Rights or Common Shares acquired under the Plans or the prices or times at which such acquisitions are made.

11. Each of the Plans is an "automatic securities purchase plan" as such term is defined in proposed National Instrument NI 55-101 - Exemption From Certain Insider Reporting Requirements.

12. Neither Plan permits the acquisition of securities by an insider pursuant to a "lump sum provision" as such term is defined in NI 55-101.

13. Unless the decision sought is made, and failing any other exemptive relief, each insider of CIBC who acquires Rights or Common Shares under the Plans would be subject to the insider reporting requirements in the Legislation and would be unable to satisfy such requirements on a timely basis.

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;

IT IS THE DECISION of the Decision Makers pursuant to the Legislation that each current and future insider is exempt from the insider reporting requirements of the Legislation in respect of any Rights and Common Shares acquired upon the vesting of Rights, provided that:

(a) each insider who relies on the exemption contained in this Decision shall report, in the form prescribed for insider trading reports under the Legislation, all acquisitions of Rights and Common Shares under the Plans that have not been previously reported by or on behalf of the insider,

  (i) for any Common Shares under the Plans, during any financial year of CIBC, which have been disposed of or transferred, within the time required by the Legislation for reporting the disposition or transfer; and

  (ii) for any Rights acquired during a calendar year within 90 days of the calendar year;

  (iii) for any Common Shares acquired under the Plans during a calendar year which have not been disposed of or transferred, within 90 days of the calendar year; and

(b) such exemption is not available to an insider who beneficially owns, directly or indirectly, voting securities of CIBC, or exercises control or direction over voting securities of CIBC or a combination of both, that carry more than 10% of the voting rights attached to CIBC's outstanding voting securities.

December 21st, 2000.

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

2.1.9 Tetonka Drilling Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief deeming a corporation to have ceased to be a reporting issuer following the acquisition of all of its outstanding securities pursuant to a take-over bid.

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, SASKATCHEWAN AND ONTARIO

AND

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

AND

IN THE MATTER OF
TETONKA DRILLING INC.

MRRS DECISION DOCUMENT

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

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

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

   3.1 Tetonka is a corporation organized and subsisting under the *Business Corporations Act* (Alberta);

   3.2 the head and principal offices of Tetonka are located in Calgary, Alberta;

   3.3 Tetonka is a reporting issuer or the equivalent under the Legislation, and except for a failure to file its most recent interim financial statements which were due on November 29, 2000, it is not in default of any of the requirements of the Legislation;

   3.4 the authorized share capital of Tetonka consists of an unlimited number of common shares and an unlimited number of preferred shares, each issuable in series, of which 31,651,325 common shares (the "Shares") are issued and outstanding as of the date hereof. There are no other securities, including debt obligations, currently issued and outstanding other than the Shares;

   3.5 pursuant to a take-over bid dated September 25, 2000 and extended on October 17, 2000 by Bonus Resource Services Corp. ("Bonus") and a subsequent compulsory acquisition, Bonus became the sole beneficial owner of all of the Shares of Tetonka;

   3.6 on November 3, 2000, the Shares were delisted from The Toronto Stock Exchange, and as a result, there are no securities of Tetonka listed on any stock exchange or traded over the counter in Canada or elsewhere; and

   3.7 Tetonka does not intend to seek public financing by way of an issuance of securities;

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

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

6. **THE DECISION** of the Decision Makers pursuant to the Legislation is that Tetonka is deemed to have ceased to be a reporting issuer or the equivalent under the Legislation as of the date hereof.

DATED at Calgary, Alberta this 21st day of December, 2000.

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

2.1.10 Global Strategy Funds individually - MRRS Decision

Headnote

Extension of lapse date.

Statutes Cited

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

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

AND

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

AND

IN THE MATTER OF

GLOBAL STRATEGY CANADA GROWTH FUND, GLOBAL STRATEGY CANADIAN COMPANIES FUND, GLOBAL STRATEGY CANADIAN OPPORTUNITIES FUND, GLOBAL STRATEGY CANADIAN SMALL CAP FUND, GLOBAL STRATEGY GOLD PLUS FUND, GLOBAL STRATEGY INCOME PLUS FUND, GLOBAL STRATEGY BOND FUND, GLOBAL STRATEGY MONEY MARKET FUND, GLOBAL STRATEGY EUROPE PLUS FUND, GLOBAL STRATEGY U.S. EQUITY FUND, GLOBAL STRATEGY WORLD BALANCED FUND, GLOBAL STRATEGY WORLD BOND FUND, GLOBAL STRATEGY WORLD COMPANIES FUND, GLOBAL STRATEGY WORLD EQUITY FUND, GLOBAL STRATEGY WORLD OPPORTUNITIES FUND, GLOBAL STRATEGY EUROPE PLUS RSP FUND, GLOBAL STRATEGY JAPAN PLUS RSP FUND, GLOBAL STRATEGY WORLD BALANCED RSP FUND (CLASS A UNITS ONLY), GLOBAL STRATEGY WORLD BOND RSP FUND, GLOBAL STRATEGY WORLD COMPANIES RSP FUND (CLASS A UNITS ONLY), AND GLOBAL STRATEGY WORLD EQUITY RSP FUND

(individually a "Fund" and collectively, the "Funds")

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, Yukon, Northwest Territories and Nunavut Territory (the "Jurisdictions") has received a joint application from Global Strategy Financial Inc. ("Global") in its capacity as manager of the Funds and AGF Management Limited ("AGF") as the recent acquirer of control of the Global Strategy group of companies, including Global, for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the lapse date of the securities offered by each Fund pursuant to the simplified prospectuses and annual information forms dated January 7, 2000 be extended;

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

AND WHEREAS Global and AGF have represented to the Decision Makers that:

1. Each of the Funds is an open-end mutual fund trust established under the laws of Ontario by a declaration of trust or trust agreement;

2. The Funds, other than the Global Strategy World Balanced RSP and Global Strategy World Companies RSP Funds, are qualified for distribution in the Jurisdictions by means of a simplified prospectus and annual information form dated January 7, 2000 (the "January Prospectus") which was prepared and filed in accordance with the Legislation;

3. The Global Strategy World Balanced RSP Fund, Class A Units, and Global Strategy World Companies RSP Fund, Class A Units, are qualified for distribution in the Jurisdictions by means of a separate simplified prospectus and annual information form dated January 7, 2000 (the "January RSP Prospectus") which was prepared and filed in accordance with the Legislation;

4. The January Prospectus was amended by an amended simplified prospectus dated July 21, 2000 (the "July Amended Prospectus");

5. Each Prospectus was amended by Amendment No. 1 dated November 1, 2000 and Amendment No. 2 dated November 20, 2000 (the "November Amendments");

6. Pursuant to the Legislation, the lapse date for the securities of the Funds:

   a. qualified under the January Prospectus is January 10, 2001 in Ontario and New Brunswick, January 12, 2001 in Quebec, and January 7, 2001 in all of the other Jurisdictions; and

   b. qualified under the January RSP Prospectus is January 10, 2001 in Ontario, New Brunswick and Quebec, and January 7, 2001 in all other Jurisdictions;

7. Pursuant to the Legislation, final versions of the renewal simplified prospectus and annual information form (the "Final Renewal Documents") for each Fund must be filed with the securities regulatory authority in

each of the Jurisdictions within a specified period of the lapse date in each Jurisdiction, in the absence of the exemptive relief granted hereby;

8. On November 20, 2000, Global became a wholly-owned indirect subsidiary of AGF;

9. Without an extension to the Funds' lapse dates, there will not be sufficient time for AGF to: (i) fully understand the detailed operations of the Funds; (ii) finalize and prepare to implement any systems and other operational decisions with Global in order to make standard certain operations of the Funds and the funds in the AGF family; and (iii) include accurate and complete disclosure of such changes in the relevant Final Renewal Documents and ensure that consistent descriptions are included in the disclosure documents for the Funds and the AGF groups of funds;

10. Each Fund is a reporting issuer in each of the Jurisdictions and is not in default of any of the requirements of the securities laws of such Jurisdictions;

11. There have been no material changes in the affairs of the Funds since the dates of the January, January RSP and July Amended Prospectuses respectively and the November Amendments, in respect of which an amendment to the January or January RSP Prospectuses (as amended) has not been prepared and filed in accordance with the Legislation;

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the time limits provided by the Legislation for the filing of the Final Renewal Documents of the Funds and the receipting thereof, in connection with the distribution of securities of the Funds are hereby extended to the times that would be applicable if the lapse date for the distribution of securities under the January and January RSP Prospectuses was March 16, 2001.

January 4th, 2001.

"Paul A. Dempsey"
Assistant Manager/ Senior Legal Counsel
Investment Funds, Capital Markets

2.1.11 Scotia Securities Inc. and Capital Funds - MRRS Decision

Headnote

Investment of virtually all assets of Top Fund in specified third party managed mutual funds exempted from the self-dealing and reporting requirements of subsections 111(2)(b), 111(3) 117(1)(a) and 117(1)(d) subject to certain specified conditions, including unique condition with respect to investment objective.

Statutes Cited

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

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

AND

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

AND

IN THE MATTER OF

**SCOTIA SECURITIES INC.
CAPITAL U.S. LARGE COMPANIES FUND
CAPITAL U.S. SMALL COMPANIES FUND
CAPITAL INTERNATIONAL LARGE COMPANIES FUND
CAPITAL GLOBAL DISCOVERY FUND
CAPITAL GLOBAL SMALL COMPANIES FUND**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Québec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from Scotia Securities Inc. (the "Manager") in its own capacity and on behalf of Capital U.S. Large Companies Fund, Capital U.S. Small Companies Fund, Capital International Large Companies Fund, Capital Global Discovery Fund and Capital Global Small Companies Fund (the "Existing Funds") and other mutual funds managed by the Manager after the date of this Decision (defined herein) having an investment objective or strategy that is linked to the returns of a single specified mutual fund (together with the Existing Funds, the "Top Funds") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following prohibitions or requirements under the Legislation (the "Applicable Requirements") shall not apply to the Top Funds or the Manager, as the case may be, in respect of certain investments made by the Top Funds in Capital International - U.S. Equity, Capital International - U.S. Small Cap, Capital International - International Equity, Capital International - Global Discovery and Capital International - Global Small Cap

and such other specific prospectus-qualified mutual funds which the Top Funds may invest in from time to time (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 shall not apply in respect of investments to be made by the Top Funds in the Underlying Funds (collectively, the "Funds"); and

2. the requirements contained in the Legislation requiring the management company or, in British Columbia, a mutual fund manager, 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, shall not apply in respect of investments to be made by a Top Fund in an Underlying Fund.

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:

3. The Top Funds will be open-ended mutual fund trusts established under the laws of the Province of Ontario. The Manager is a corporation established under the laws of the Province of Ontario. The Manager is the manager, trustee and promoter of the Top Funds.

4. The Underlying Funds will be open-end mutual funds established under the laws of the Province of Ontario. The units of the Underlying Funds are to be qualified in the jurisdiction of the Decision Makers for sale pursuant to a simplified prospectus and annual information form which has been filed with and accepted by the Decision Makers.

5. The Funds will be reporting issuers. The units of the Top Funds are to be qualified under a simplified prospectus and annual information form (collectively, the "Prospectus") which will be filed in the Jurisdictions and are not in default of the requirements of the Legislation.

6. To achieve its investment objective, each Top Fund attempts to replicate the return of an Underlying Fund by investing its assets, excluding cash and cash equivalents held to meet redemptions and expenses, in securities of a single Underlying Fund. The investment objective of an Underlying Fund will align with the investment objective of the corresponding Top Fund.

7. The Underlying Fund in which a Top Funds invest will at all times be a prospectus-qualified mutual fund.

8. The investment objectives of each of the Top Funds and its corresponding Underlying Fund will be described in the Prospectus. The name of the Underlying Fund in which a Top Fund invests will be included in the investment objectives of that Top Fund and the Underlying Fund will not be changed unless the prior approval of the unitholders of that Top Fund has been obtained. A new prospectus or an amended prospectus will be filed with the Decision Makers forthwith disclosing the change in the Underlying Fund.

9. The manager of each Underlying Fund will deal at arm's length with the Manager and will be chosen on the basis of, among other criteria, its management style, its choice of sub-advisers and other consultants, its efficiency of administration, the calibre of its reporting procedures and the historic performance of its mutual funds.

10. The arrangements between the Top Funds and Underlying Funds will avoid the duplication of management fees and operating expenses. Either no management fee will be charged by the Underlying Funds' manager in connection with the units held by the Top Fund or the management fee charged by the Underlying Funds' manager will be reduced through the payment of a management fee distribution or the use of a class of securities with a lower management fee than is available to the general investing public, with the result that, except as described below, the aggregate of the management fees payable by the Top Fund at the Underlying Fund level and the management fee payable at the Top Fund level will not exceed the management fee which is otherwise charged indirectly to the general investing public at the Underlying Fund level.

11. Except to the extent evidenced by this Decision and specific approvals granted or to be granted by the Canadian securities administrators under National Instrument 81-102 ("NI 81-102"), the investment by each Top Fund in an Underlying Fund will be structured to comply with the investment restrictions of the Legislation and NI 81-102.

12. The investments by the Top Funds in securities of the Underlying Funds will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Top Funds.

13. In the absence of this Decision, pursuant to the Legislation, each Top Fund is prohibited from (a) knowingly making an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder; and (b) knowingly holding an investment referred to in subsection (a) hereof. As a result, in the absence of this Decision, a Top Fund would be required to divest itself of any investments referred to in subsection (a) hereof.

14. In the absence of this Decision, the Legislation requires the Manager to file a report on every purchase or sale of securities of the Underlying Funds by the Top Funds.

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

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

THE DECISION of the Decision Makers under the Legislation is that the Applicable Requirements do not apply to the Top Funds or the Manager, as the case may be, in respect of investments to be made by the Top 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 of NI 81-102; and

2. the foregoing Decision shall only apply in respect of investments in, or transactions with, an Underlying Fund that are made by a Top Fund in compliance with the following conditions:

   (a) the investment by a Top Fund in an Underlying Fund is compatible with the fundamental investment objective of such Top Fund;

   (b) the securities of the Top Funds and the Underlying Funds are and will continue to be offered for sale in the jurisdiction of the Decision Maker pursuant to a prospectus which has been filed with and accepted by the Decision Maker;

   (c) the investment objective outlined in the Prospectus of a Top Fund will describe the intent of the Top Fund to invest substantially all of its assets in units of a specified Underlying Fund and will name the Underlying Fund, and the Prospectus of a Top Fund will disclose the manager of the specified Underlying Fund and include all of the disclosure in respect of such Underlying Fund that the Underlying Fund will be required to include in its own simplified prospectus in accordance with the disclosure requirements of Part B of Form 81-101F1 Contents of Simplified Prospectus;

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

   (e) the particular Underlying Fund in which a Top Fund will invest, and which will be disclosed in the investment objective outlined in the Top Fund's Prospectus, may not be changed unless the prior approval of the unitholders of the Top Fund has been obtained and the Prospectus is amended or a new prospectus is filed forthwith with the Decision Makers ;

   (f) there are compatible dates for the calculation of the net asset value of the Top Fund and its Underlying Fund for the purpose of the issue and redemption of the securities of such mutual funds;

   (g) in the event of the provision of any notice to securityholders of an Underlying Fund as required by the constating documents of that Underlying Fund or by the laws applicable to that Underlying Fund, such notice will also be delivered to the securityholders of the applicable Top Fund; all voting rights attached to the securities of the Underlying Fund which are owned by an applicable Top Fund will be passed through to the securityholders of the applicable Top Fund.

   (h) if a securityholders' meeting is called by the Underlying Fund in respect of a matter requiring securityholder approval under NI 81-102, all of the disclosure and notice material prepared in connection with such meeting will be provided to the security holders of the Top Fund and such security holders will be entitled to direct a representative of the Top Fund to vote the Top Fund's holding in the Underlying Fund in accordance with their direction; and the representative of a Top Fund will not be permitted to vote the Top Fund's holdings in the Underlying Fund except to the extent the security holders of the Top Fund so direct;

   (i) no sales charges will be payable by a Top Fund in relation to its purchases of securities of an Underlying Fund;

   (j) no trailing fees will be payable in respect of a Top Fund's investments in a specified Underlying Fund;

   (k) no redemption fees or other charges are charged by an Underlying Fund in respect of the redemption by a Top Fund of securities of that Underlying Fund owned by that Top Fund;

   (l) the arrangements between or in respect of a Top Fund and its Underlying Fund are such as to avoid the duplication of management fees;

   (m) in addition to receiving the annual and, upon request, the semi-annual financial statements of a Top Fund, security holders of that Top Fund will receive appropriate summary disclosure in respect of a Top Fund's holdings of securities of its corresponding Underlying Fund; and

(n) copies of the simplified prospectus, annual information form and annual and semi-annual financial statements relating to the applicable Underlying Fund may be obtained, upon request, by a security holder of the Top Fund without charge and this fact will be disclosed in the Prospectus of the Top Funds.

December 13, 2000.

"J.A. Geller" "David Brown"

2.1.12 Maxxum Fund Management Inc. - MRRS Decision

Headnote

Investment by mutual funds in the securities of other mutual funds in specified percentages exempted from the self-dealing prohibition in clause 111(2)(b) and subsection 111(3), and from reporting requirements of 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), 117(1)(a) & (d).

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

AND

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

AND

IN THE MATTER OF MAXXUM FUND MANAGEMENT INC.

AND

CONSERVATIVE FOLIO FUND
MODERATE FOLIO FUND
BALANCED FOLIO FUND
ADVANCED FOLIO FUND
AGGRESSIVE FOLIO FUND
FIXED INCOME FOLIO FUND
CANADIAN EQUITY FOLIO FUND
GLOBAL EQUITY FOLIO FUND

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Quebec, New Brunswick, Nova Scotia, Newfoundland and Prince Edward Island (the "Jurisdictions") has received an application (the "Application") from Maxxum Fund Management Inc. ("MFMI"), in its own capacity and on behalf of Conservative Folio Fund, Moderate Folio Fund, Balanced Folio Fund, Advanced Folio Fund, Aggressive Folio Fund, Fixed Income Folio Fund, Canadian Equity Folio Fund and Global Equity Folio Fund, (collectively, the "Top Funds", individually, the "Top Fund") for a decision (the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following requirements or prohibitions under the Legislation (the "Applicable Requirements") shall not apply in connection

with the investment by the H class and Quadrus class of the Top Funds directly in a portfolio of H class units of selected funds within the Quadrus Group of Funds (the "Underlying Funds", as further defined in paragraph 3 below):

(a) the provision prohibiting a mutual fund from knowingly making or holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder; and

(b) the provision requiring a management company of a mutual fund to file a report, or in British Columbia, a mutual fund manager, 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 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 it has been represented by MFMI to the Decision Makers that:

1. MFMI is a corporation incorporated under the laws of Ontario and is or will be the manager and portfolio advisor of each of the Top Funds and Underlying Funds. MFMI is an indirect wholly-owned subsidiary of Investors Group Inc.

2. Each of the Top Funds will be an open-end mutual fund trust governed by the laws of the province of Ontario. Each Top Fund and each Underlying Fund will offer two classes of securities, being the Quadrus class securities and the H class securities, both of which will be referable to the same portfolio of assets. The Quadrus class securities and the H class securities of the Top Funds and of the Underlying Funds will be qualified for sale in each of the provinces of Canada under (final) simplified prospectuses and annual information forms that will be filed shortly in each of the provinces of Canada under SEDAR project numbers 307279 and 307524, respectively (together, the Prospectuses").

3. The Top Funds will each invest specified percentages (the "Fixed Percentages") of their assets (exclusive of cash and cash equivalents) in a portfolio of H class securities of selected Underlying Funds listed in the 3rd column of the table below as follows:

Quadrus Group of Funds Top Fund	Fixed Percentage of Net Assets	Quadrus Group of Funds Underlying Funds - H class
Conservative Folio Fund	7.0% 3.0% 25.0% 13.8% 3.0% 3.0% 3.4% 25.0% 13.8% 3.0%	GWLIM Corporate Bond Fund GWLIM Equity/Bond Fund LLIM Canadian Bond Fund LLIM Income Plus Fund LLIM Balanced Strategic Growth Fund Scudder US Growth and Income Fund Janus Global Equity Fund MAXXUM Income Fund MAXXUM Canadian Balanced Fund Templeton Canadian Equity Fund
Moderate Folio Fund	3.0% 4.8% 3.0% 13.7% 19.7% 3.0% 4.9% 3.0% 7.3% 23.0% 6.9% 7.7%	GWLIM Corporate Bond Fund GWLIM Equity/Bond Fund GWLIM Canadian Mid Cap Fund LLIM Canadian Bond Fund LLIM Income Plus Fund LLIM Balanced Strategic Growth Fund LLIM Canadian Diversified Equity Fund Scudder Canadian Equity Fund Janus American Equity Fund MAXXUM Income Fund MAXXUM Canadian Balanced Fund Templeton International Equity Fund
Balanced Folio Fund	6.1% 3.0% 3.0% 3.5% 3.0% 4.5% 6.0% 5.4% 25.0% 10.5% 25.0% 5.0%	GWLIM Corporate Bond Fund GWLIM Equity/Bond Fund GWLIM Canadian Growth Fund LLIM Income Plus Fund LLIM Balanced Strategic Growth Fund Scudder US Growth and Income Fund Scudder Canadian Equity Fund Janus Global Equity Fund MAXXUM Income Fund MAXXUM Canadian Balanced Fund MAXXUM Dividend Fund Templeton International Equity Fund

Quadrus Group of Funds Top Fund	Fixed Percentage of Net Assets	Quadrus Group of Funds Underlying Funds - H class
Advanced Folio Fund	3.9% 3.0% 3.0% 20.1% 3.0% 13.2% 7.0% 3.9% 10.0% 22.0% 5.9% 5.0%	GWLIM Corporate Bond Fund GWLIM Canadian Growth Fund GWLIM Canadian Mid Cap Fund LLIM Income Plus Fund LLIM Balanced Strategic Growth Fund LLIM Canadian Diversified Equity Fund LLIM US Growth Sectors Fund Scudder Canadian Equity Fund Janus American Equity Fund MAXXUM Canadian Equity Growth Fund MAXXUM Natural Resource Fund Templeton International Equity Fund
Aggressive Folio Fund	3.0% 3.0% 7.2% 7.0% 7.0% 5.1% 3.0% 9.9% 25.0% 23.8% 3.0% 3.0%	GWLIM US Mid Cap Fund GWLIM Emerging Industries Fund LLIM Canadian Diversified Equity Fund LLIM Canadian Growth Sectors Fund LLIM US Equity Fund Scudder Greater Europe Fund Scudder Emerging Markets Fund Janus American Equity Fund MAXXUM Dividend Fund MAXXUM Canadian Equity Growth Fund MAXXUM Natural Resource Fund Templeton Canadian Equity Fund
Fixed Income Folio Fund	20.0% 37.0% 43.0%	GWLIM Corporate Bond Fund LLIM Canadian Bond Fund MAXXUM Income Fund
Canadian Equity Folio Fund	18.1% 3.0% 3.0% 20.0% 10.0% 3.0% 20.0% 18.6% 4.3%	GWLIM Canadian Growth Fund GWLIM Canadian Mid Cap Fund GWLIM Emerging Industries Fund LLIM Canadian Diversified Equity Fund LLIM Canadian Growth Sectors Fund Scudder Canadian Equity Fund MAXXUM Dividend Fund MAXXUM Canadian Equity Growth Fund Templeton Canadian Equity Fund
Global Equity Folio Fund	6.9% 20.0% 10.0% 3.0% 10.0% 11.4% 6.7% 9.0% 3.0% 20%	GWLIM US Mid Cap Fund LLIM US Equity Fund LLIM US Growth Sectors Fund Scudder US Growth and Income Fund Scudder Greater Europe Fund Scudder Pacific Fund Scudder Emerging Markets Fund Janus American Equity Fund Janus Global Equity Fund Templeton International Equity Fund

4. It is proposed by MFMI that the Fixed Percentages of assets invested by a Top Fund in the H class securities of the Underlying Funds may not deviate more than 2.5% above or below the Fixed Percentages (the "Permitted Ranges"). MFMI will review the investments made by each Top Fund in H class securities of the Underlying Funds on a daily basis and will adjust them as needed to keep within the Fixed Percentages.

5. In addition, the appropriateness of each Top Fund's selection of Underlying Funds and Fixed Percentages will also be reviewed by MFMI on an ongoing basis to ensure that a particular Underlying Fund or Fixed Percentage continues to be appropriate for a Top Fund's investment objectives. MFMI may, as the result of that review, decide to change the Fixed Percentages in one or more Underlying Funds, remove an existing Underlying Fund or add a new Underlying Fund. MFMI will give unitholders of the H class and of the Quadrus class of the Top Funds 60 days' prior notice of any such change and amend the Prospectuses of the H class and Quadrus class of the Top Fund to reflect any such change.

6. The H class securities, which are designed for high net worth investors, will be sold on a no-load basis and will carry a low management fee. The Quadrus class securities, which are designed for the average retail investor, will be sold on an initial sales commission or deferred sales commission basis and will have a higher management fee than the H class securities.

7. Given the different fees payable by each class of securities, the Top Funds will be investing only in the H class securities of the Underlying Funds because if they were to invest in Quadrus class securities of the Underlying Funds, this would have the effect of forcing investors in the H class securities of the Top Funds to pay higher fees associated with a Quadrus class investment.

8. The management fee structure for the Top Funds will be such as to avoid the duplication of management fees. The Top Funds, in issuing H class securities to high net worth investors, will charge only a nominal fee, currently estimated to be 15 basis points per annum, to

compensate MFMI for Underlying Fund selection, asset allocation and ongoing monitoring, re-balancing and related investment management services which are in addition to the administrative and portfolio management services provided to the Underlying Funds. The Top Funds, in issuing Quadrus class securities to investors, will charge a management fee that will be approximately equal to the management fee that an investor in Quadrus class securities would pay if he or she invested directly into the Underlying Funds, plus the estimated 15 basis point fee referred to above. The purpose of this structure is to allow both H class and Quadrus class investors to pay sales charges and management fees for their Top Fund investment similar to what they would pay if they invested in the Underlying Funds in the same proportions directly.

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

10. In the absence of this Decision, pursuant to the Legislation, the Top Funds are each prohibited from (a) knowingly making an investment in H class securities of the Underlying Funds to the extent that the Top Fund, either alone or in combination with other MFMI managed funds, is a substantial security holder of the H class of the Underlying Funds; and (b) knowingly holding an investment referred to in subsections (a) hereof. As a result, in the absence of this Decision, the Top Funds would be required to divest themselves of any investments referred to in subsections (a) and (b) herein.

11. In the absence of this Decision, the Legislation requires MFMI to file a report on every purchase or sale of securities of the Underlying Funds by the Top Funds.

12. Each investment by the Top Funds in H class securities of the Underlying Funds will be in the best interests of the Top Funds and represents the business judgment of "responsible persons" (as defined in the Legislation), uninfluenced by considerations other than the best interests of the Top Funds and the Underlying Funds.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Applicable Requirements shall not apply so as to prevent the Top Funds from investing in, or redeeming the securities of, the H class securities of the Underlying Funds;

PROVIDED THAT IN RESPECT OF the investment by the Top Funds directly in H class securities of the Underlying Funds:

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

2. the Decision shall only apply if, at the time the Top Funds make or hold an investment in H class securities of the Underlying Funds, the following conditions are satisfied:

   (a) the securities of the H class and Quadrus class of the Top Funds and the securities of the H class of the Underlying Funds are being offered for sale in the jurisdiction of the Decision Maker pursuant to a simplified prospectus and annual information form which have been filed with and accepted by the Decision Maker;

   (b) the investment by a Top Fund in H class securities of the Underlying Funds is compatible with the investment objective of the Top Fund;

   (c) the simplified prospectus discloses the intent of the Top Fund to invest in the H class securities of the Underlying Funds, the names of the Underlying Funds, the Fixed Percentages and the Permitted Ranges within which such Fixed Percentages may vary;

   (d) the Underlying Funds are not mutual funds whose investment objective includes investing directly or indirectly in other mutual funds;

   (e) the Top Funds each invest their assets (exclusive of cash and cash equivalents) in H class securities of the Underlying Funds in accordance with the Fixed Percentages disclosed in the simplified prospectus;

   (f) the holdings of the Top Funds in the H class of the Underlying Funds do not deviate from the Permitted Ranges;

   (g) any deviation from the Fixed Percentages is caused by market fluctuations only;

   (h) if an investment by a Top Fund in the H class securities of any of the Underlying Funds has deviated from the Permitted Ranges as a result of market fluctuations, the investment portfolio of the Top Fund was re-balanced to comply with the Fixed Percentages on the next day on which the net asset value was calculated following the deviation;

   (i) if the Fixed Percentages and the Underlying Funds which are disclosed in the prospectus have been changed, either the simplified prospectus has been amended or a new simplified prospectus filed to reflect the change,

and the securityholders of the H class and Quadrus class of the affected Top Fund have been given at least 60 days' notice of the change;

(j) there are compatible dates for the calculation of the net asset value of the Top Funds and the H class of the Underlying Funds for the purpose of the issue and redemption of the securities of such mutual funds;

(k) no sales charges are payable by the Top Funds in relation to their purchases of securities of the H class of the Underlying Funds;

(l) no redemption fees or other charges are charged by an Underlying Fund in respect of the redemption by a Top Fund of securities of the H class of the Underlying Funds owned by the Top Fund;

(m) no fees or charges of any sort are paid by a Top Fund and the Underlying Funds, by their respective managers or principal distributors, or by any affiliate or associate of any of the foregoing entities, to anyone in respect of the purchase, holding or redemption by a Top Fund of the securities of the H class of the Underlying Funds;

(n) the arrangements between or in respect of the H class and Quadrus class of each Top Fund and the H class of the Underlying Funds are such as to avoid the duplication of management fees;

(o) any notice provided to securityholders of the H class of an Underlying Fund, as required by applicable laws or the constating documents of the Underlying Fund, has been delivered by the H class and the Quadrus class of a Top Fund to its securityholders along with all voting rights attached to the securities of the H class of the Underlying Fund which are directly owned by the H class and Quadrus class of the Top Fund;

(p) all of the disclosure and notice material prepared in connection with a meeting of securityholders of the H class of an Underlying Fund and received by the H class and Quadrus class of the Top Fund has been provided to its securityholders, the securityholders have been permitted to direct a representative of the H class and of the Quadrus class of the Top Fund to vote such class' holdings in the H class of the Underlying Fund in accordance with their direction, and the representative of the H class and of the Quadrus class of the Top Fund has not voted such class' holdings in the H class of the Underlying Funds except to the extent the securityholders of the H class and Quadrus class of the Top Fund have directed;

(q) in addition to receiving the annual and, upon request, the semi-annual financial statements, of the H class or Quadrus class of the Top Funds, as the case may be, securityholders of the H class and Quadrus class of a Top Fund have received (i) appropriate summary disclosure in the financial statements of each H class and Quadrus class of a Top Fund in respect of that Top Fund's holdings of H class securities of the Underlying Funds; or (ii) upon request, the annual and semi-annual financial statements of the H class of the Underlying Funds in either a combined report, containing financial statements of the H class and Quadrus class of a Top Fund and of the H class of the Underlying Funds, or in a separate report containing the financial statements of the H class of the Underlying Funds; and

(r) to the extent that either the H class or Quadrus class of securities of the Top Funds do not use a combined simplified prospectus and annual information form containing disclosure about the H class and Quadrus class of the Top Funds and the H class of the Underlying Funds, copies of the simplified prospectus and annual information form of the H class of the Underlying Funds have been provided upon request to securityholders of the H class and Quadrus class of the Top Funds and this right is disclosed in the prospectus of the H class and Quadrus class of the Top Funds.

January 5th, 2001.

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

2.1.13 Mellon Bank, N.A. - MRRS Decision

Headnote

MRRS - Underwriter and advisor registration relief for Schedule III Bank - prospectus and registration relief for trades where Schedule III Bank purchasing as principal and first trade relief for Schedule III Bank - prospectus and registration relief for trades of bonds, debentures and other evidences of indebtedness of or guaranteed by Schedule III Bank provided trades involve only specified purchasers - prospectus and registration relief for evidences of deposits by Schedule III Bank to specified purchasers - fee relief for trades made in reliance on Decision.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am. ss. 25(1)(a)&(c), 34(a), 35(1)(3)(i), 35(2)1(c), 53(i), 72(1)(a)(i), 73(1)(a), 74(1), 147.

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am. ss. 151, 206, 218, Schedule 1 s. 28.

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

AND

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

AND

IN THE MATTER OF MELLON BANK, N.A.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Nunavut Territory and Yukon Territory (the "Jurisdictions") has received an application (the "Application") from Mellon Bank, N.A. ("Mellon Bank") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that Mellon Bank is exempt from various registration, prospectus and filing requirements of the Legislation in connection with the banking business to be carried on by Mellon Bank in the Jurisdictions;

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 Mellon Bank to the Decision Makers that:

1. Mellon Bank is the principal bank subsidiary of Mellon Financial Corporation in the United States. Mellon Bank is established under the laws of the United States. Mellon Financial Corporation is a multi-bank holding company whose principal wholly-owned subsidiaries are Mellon Bank, The Boston Company, Inc., Mellon Bank (DE) National Association and Buck Consultants Inc. The Dreyfus Corporation, one of the largest mutual fund management companies in the United States, is a wholly-owned subsidiary of Mellon Bank. Mellon Bank is establishing a full service branch which will appear on Schedule III of the *Bank Act* (Canada) (the "Bank Act").

2. The businesses of Mellon Bank in Canada will be commercial loans, foreign exchange, current accounts, lock-box and cash management services to companies operating in Canada. Local treasury operations of Mellon Bank will provide funding and liquidity for commercial lending activity of Mellon Bank and deal in foreign exchange. Mellon Bank is a major participant in the interbank market and accepts terms deposits from major Canadian and multi-national corporations.

3. Mellon Bank only accepts deposits from the following:

   (a) Her Majesty in right of Canada or in right of a province or territory, an agent of Her Majesty in either of those rights and includes a municipal or public body empowered to perform a function of government in Canada, or an entity controlled by Her Majesty in either of those rights;

   (b) the government of a foreign country or any political subdivision thereof, an agency of the government of a foreign country or any political subdivision thereof, or an entity that is controlled by the government of a foreign country or any political subdivision thereof;

   (c) an international agency of which Canada is a member, including an international agency that is a member of the World Bank Group, the Inter American Development Bank, the Asian Development Bank, the Caribbean Development Bank and the European Bank for Reconstruction and Development and any other international regional bank;

   (d) a financial institution (i.e.: (a) a bank or an authorized foreign bank under the Bank Act; (b) a body corporate to which the *Trust and Loan Companies Act* (Canada) applies; (c) an association to which the *Cooperative Credit Association Act* (Canada) applies; (d) an insurance company or a fraternal benefit society to which the *Insurance Companies Act* (Canada) applies; (e) a trust, loan or insurance corporation incorporated by or under an Act of the legislature of a province or territory in Canada; (f) a

cooperative credit society incorporated and regulated by or under an Act of the legislature of a province or territory in Canada; (g) an entity that is incorporated or formed by or under an Act of Parliament or of the legislature of a province or territory in Canada and that is primarily engaged in dealing in securities, including portfolio management and investment counseling, and is registered to act in such capacity under the applicable Legislation; and (h) a foreign institution that is (i) engaged in the banking, trust, loan or insurance business, the business of a cooperative credit society or the business of dealing in securities or is otherwise engaged primarily in the business of providing financial services, and (ii) is incorporated or formed otherwise than by or under an Act of Parliament or of the legislature of a province or territory in Canada);

(e) a pension fund sponsored by an employer for the benefit of its employees or employees of an affiliate that is registered and has total plan assets under administration of greater than $100 million;

(f) a mutual fund corporation that is regulated under an Act of the legislature of a province or territory in Canada or under the laws of any other jurisdiction and has total assets under administration of greater than $10 million;

(g) an entity (other than an individual) that has, for the fiscal year immediately preceding the initial deposit, gross revenues on its own books and records of greater than $5 million; or

(h) any other person if the deposit is, in the aggregate, greater than $150,000;

collectively referred to for purposes of this Decision as "Authorized Purchasers".

4. The only advising activities which Mellon Bank will undertake are incidental to its primary business and it has not and will not advertise itself as an adviser or allow itself to be advertised as an adviser in the Jurisdictions.

5. In June of 1999 amendments to the Bank Act were proclaimed that permit foreign commercial banks to establish direct branches in Canada. These amendments have created a new Schedule III listing foreign banks permitted to carry on banking activities through branches in Canada.

6. Mellon Bank has filed an application under the Bank Act to establish a full service branch under the Bank Act and designating it on Schedule III to the Bank Act.

7. The Legislation applicable in each Jurisdiction refers to either "Schedule I and Schedule II banks", "banks", "savings institutions" or "financial institutions" in connection with certain exemptions however no reference is made in any of the Legislation to entities listed on Schedule III to the Bank Act.

8. In order to ensure that Mellon Bank, as an entity listed on Schedule III to the Bank Act, is able to provide banking services to businesses in the Jurisdictions it requires exemptions under the Legislation that are similar to the exemptions applicable to banking institutions incorporated under the Bank Act to the extent that the current exemptions applicable to such banking institutions are relevant to the banking business being undertaken by Mellon Bank in the Jurisdictions.

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 in connection with the banking business to be carried on by Mellon Bank in the Jurisdictions:

1. Mellon Bank is exempt from the requirement under the Legislation, where applicable, to be registered as an underwriter with respect to the same types of securities that an entity listed on Schedule I or II to the Bank Act may act as an underwriter in respect of without being required to be registered under the Legislation as an underwriter.

2. Mellon Bank is exempt from the requirement under the Legislation to be registered as an adviser where the performance of the service as an adviser is solely incidental to its primary banking business.

3. A trade of a security to Mellon Bank where Mellon Bank purchases the security as principal shall be exempt from the registration and prospectus requirements of the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation") provided that:

(i) the forms that would have been filed and the fees that would have been paid under the Applicable Legislation if the trade had been made, on an exempt basis, to an entity listed on Schedule I or II to the Bank Act purchasing as principal (referred to in this Decision as a "Schedule I or II Bank Exempt Trade") are filed and paid in respect of the trade to Mellon Bank, and

(ii) the first trade in a security acquired by Mellon Bank pursuant to this Decision is deemed a distribution (or primary distribution to the public) under the Applicable Legislation unless:

(a) the issuer of the security is a reporting issuer, or the equivalent, under the Applicable Legislation and, if Mellon Bank is in a special relationship (where such

term is defined in the Applicable Legislation) with such issuer, Mellon Bank has reasonable grounds to believe that such issuer is not in default of any requirements of the Applicable Legislation;

(b) (i) the securities are listed and posted for trading on a stock exchange, that is recognized by the Decision Maker of the applicable Jurisdiction for purposes of the resale of a security acquired in a Schedule I or II Bank Exempt Trade, and comply with the requirements set out in paragraph (a) or (b) of Appendix A to this Decision and have been held at least six months from the date of the initial exempt trade to Mellon Bank or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is the later, or

(ii) the securities are bonds, debentures or other evidences of indebtedness issued or guaranteed by an issuer or are preferred shares of an issuer and comply with the requirements set out in paragraph (a) or (c), of Appendix A to this Decision, and have been held at least six months from the date of the initial exempt trade to Mellon Bank or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is the later, or

(iii) the securities are listed and posted for trading on a stock exchange, that is recognized by the Decision Maker of the applicable Jurisdiction for purposes of the resale of a security acquired in a Schedule I or II Bank Exempt Trade, or are bonds, debentures or other evidences of indebtedness issued or guaranteed by the reporting issuer, or the equivalent, under the Applicable Jurisdiction whose securities are so listed, and have been held at least one year from the date of the initial exempt trade to Mellon Bank or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is later, or

(iv) the securities have been held at least eighteen months from the date of the initial exempt trade to Mellon Bank or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is later; and

(c) Mellon Bank files a report within 10 days of the trade prepared and executed in accordance with the requirements of the Applicable Legislation that would apply to a Schedule I or II Bank Exempt Trade,

provided that no unusual effort is made to prepare the market or to create a demand for such securities and no extraordinary commission or consideration is paid in respect of such trade and provided Mellon Bank does not hold sufficient number of securities to materially affect the control of the issuer of such securities but any holding by Mellon Bank of more than 20 per cent of the outstanding voting securities of the issuer of such securities shall, in the absence of evidence to the contrary, be deemed to affect materially the control of such issuer.

4. Provided Mellon Bank only trades the types of securities referred to in this paragraph 4 with Authorized Purchasers, trades of bonds, debentures or other evidences of indebtedness of or guaranteed by Mellon Bank shall be exempt from the registration and prospectus requirements of the Legislation.

5. Evidences of deposit issued by Mellon Bank to Authorized Purchasers shall be exempt from the registration and prospectus requirements of the Legislation.

THE FURTHER DECISION of the Decision Maker in Ontario is that in connection with the banking business to be carried on by Mellon Bank in Ontario:

A. Subsection 25(1)(a) of the *Securities Act* (Ontario) R.S.O. 1990 c. S.5 (as amended) (the "Act") does not apply to a trade by Mellon Bank:

(i) of a type described in subsection 35(1) of the Act or section 151 of the Regulations made under the Act; or

(ii) in securities described in subsection 35(2) of the Act.

B. Except as provided for in paragraph 3 of this Decision, section 28 of Schedule I to the Regulations made under the Act shall not apply to trades made by Mellon Bank in reliance on this Decision.

December 4th, 2000.

"Howard I. Wetston" "Stephen N. Adams"

APPENDIX A

(a) are preferred shares of a corporation if,

(i) the corporation has paid a dividend in each of the five years immediately preceding the date of the initial exempt trade at least equal to the specified annual rate upon all of its preferred shares, or

(ii) the common shares of the corporation are, at the date of the initial exempt trade, in compliance with paragraph (b) of this Appendix A;

(b) are fully paid common shares of a corporation that during a period of five years that ended less than one year before the date of the initial exempt trade has either,

(i) paid a dividend in each such year upon its common shares, or

(ii) had earnings in each such year available for the payment of a dividend upon its common shares of at least 4% of the average value at which the shares were carried in the capital stock account of the corporation during the year in which the dividend was paid or in which the corporation had earnings available for the payment of dividends as the case may be;

(c) are bonds debentures or other evidences of indebtedness issued or guaranteed by,

(i) a corporation if, at the date of the initial exempt trade, the preferred shares or the common shares of the corporation which comply with paragraph (a) or (b) of this Appendix A, or

(ii) a corporation if its earnings in a period of five years ended less than one year before the date of the initial exempt trade have been equal in sum total to at least ten times and in each of any four of the five years have been equal to at least 1-1/2 times the annual interest requirements at the date of the initial exempt trade on all indebtedness of or guaranteed by it, other than indebtedness classified as a current liability in its balance sheet, and, if the corporation at the date of the initial exempt trades owns directly or indirectly more than 50% of the common shares of another corporation, the earnings of the corporations during the said period of five years may be consolidated with due allowance for minority interests, if any, and in that event the interest requirements of the corporation shall be consolidated and such consolidated earnings and consolidated interest requirements shall be taken as the earnings and interest requirements of the corporation, and, for the purpose of this subclause, "earnings" mean earnings available to meet interest charges on indebtedness other than indebtedness classified as a current liability.

2.1.14 U.S. Bank, N.A. - MRRS Decision

Headnote

MRRS - Underwriter and advisor registration relief for Schedule III Bank - prospectus and registration relief for trades where Schedule III Bank purchasing as principal and first trade relief for Schedule III Bank - prospectus and registration relief for trades of bonds, debentures and other evidences of indebtedness of or guaranteed by Schedule III Bank provided trades involve only specified purchasers - prospectus and registration relief for evidences of deposits by Schedule III Bank to specified purchasers - fee relief for trades made in reliance on Decision.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am. ss. 25(1)(a)&(c), 34(a), 35(1)(3)(i), 35(2)1(c), 53(i), 72(1)(a)(i), 73(1)(a), 74(1), 147.

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am. ss. 151, 206, 218, Schedule 1 s. 28.

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

AND

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

AND

IN THE MATTER OF U.S. BANK, N.A.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Nunavut Territory and Yukon Territory (the "Jurisdictions") has received an application (the "Application") from U.S. Bank, N.A. ("U.S. Bank") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that U.S. Bank is exempt from various registration, prospectus and filing requirements of the Legislation in connection with the banking business to be carried on by U.S. Bank in the Jurisdictions;

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 U.S. Bank to the Decision Makers that:

1. U.S. Bank is established under the laws of the United States and is the principal bank subsidiary of U.S. Bancorp in the United States. U.S. Bancorp is an entity formed under the laws of the State of Delaware. U.S. Bank is seeking an order under the *Bank Act* (Canada) (the "Bank Act") permitting it to establish a full service branch under the Bank Act and designating it on Schedule III.

2. Initially, the business of U.S. Bank in Canada will be the delivery of corporate and purchasing card services to Canada businesses and government entities. Local treasury operations of U.S. Bank in Canada will provide funding and liquidity for the various activities of U.S. Bank in Canada. It is expected that the U.S. Bank in Canada will be an active participant in the overnight interbank market and offer commercial paper programs.

3. U.S. Bank only accepts deposits from the following:

   (a) Her Majesty in right of Canada or in right of a province or territory, an agent of Her Majesty in either of those rights and includes a municipal or public body empowered to perform a function of government in Canada, or an entity controlled by Her Majesty in either of those rights;

   (b) the government of a foreign country or any political subdivision thereof, an agency of the government of a foreign country or any political subdivision thereof, or an entity that is controlled by the government of a foreign country or any political subdivision thereof;

   (c) an international agency of which Canada is a member, including an international agency that is a member of the World Bank Group, the Inter American Development Bank, the Asian Development Bank, the Caribbean Development Bank and the European Bank for Reconstruction and Development and any other international regional bank;

   (d) a financial institution (i.e.: (a) a bank or an authorized foreign bank under the Bank Act; (b) a body corporate to which the *Trust and Loan Companies Act* (Canada) applies; (c) an association to which the *Cooperative Credit Association Act* (Canada) applies; (d) an insurance company or a fraternal benefit society to which the *Insurance Companies Act* (Canada) applies; (e) a trust, loan or insurance corporation incorporated by or under an Act of the legislature of a province or territory in Canada; (f) a cooperative credit society incorporated and regulated by or under an Act of the legislature of a province or territory in Canada; (g) an entity that is incorporated or formed by or under an Act of Parliament or of the legislature of a province or territory in Canada and that is primarily engaged in dealing in securities, including portfolio management and investment counseling, and is registered to act in such capacity under the applicable Legislation; and (h) a foreign institution that is (i) engaged in the banking, trust, loan or insurance business, the business of a cooperative credit society or the business of dealing in securities or is otherwise engaged primarily in the business of providing financial services, and (ii) is incorporated or formed otherwise than by or under an Act of Parliament or of the legislature of a province or territory in Canada);

   (e) a pension fund sponsored by an employer for the benefit of its employees or employees of an affiliate that is registered and has total plan assets under administration of greater than $100 million;

   (f) a mutual fund corporation that is regulated under an Act of the legislature of a province or territory in Canada or under the laws of any other jurisdiction and has total assets under administration of greater than $10 million;

   (g) an entity (other than an individual) that has, for the fiscal year immediately preceding the initial deposit, gross revenues on its own books and records of greater than $5 million; or

   (h) any other person if the deposit is, in the aggregate, greater than $150,000;

collectively referred to for purposes of this Decision as "Authorized Purchasers".

4. The only advising activities which U.S. Bank will undertake are incidental to its primary business and it has not and will not advertise itself as an adviser or allow itself to be advertised as an adviser in the Jurisdictions.

5. In June of 1999 amendments to the Bank Act were proclaimed that permit foreign commercial banks to establish direct branches in Canada. These amendments have created a new Schedule III listing foreign banks permitted to carry on banking activities through branches in Canada.

6. U.S. Bank has filed an application under the Bank Act to establish a full service branch under the Bank Act and designating it on Schedule III to the Bank Act.

7. The Legislation applicable in each Jurisdiction refers to either "Schedule I and Schedule II banks", "banks", "savings institutions" or "financial institutions" in connection with certain exemptions however no reference is made in any of the Legislation to entities listed on Schedule III to the Bank Act.

8. In order to ensure that U.S. Bank, as an entity listed on Schedule III to the Bank Act, is able to provide banking services to businesses in the Jurisdictions it requires

exemptions under the Legislation which are similar to the exemptions applicable to banking institutions incorporated under the Bank Act to the extent that the current exemptions applicable to such banking institutions are relevant to the banking business being undertaken by U.S. Bank in the Jurisdictions.

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 in connection with the banking business to be carried on by U.S. Bank in the Jurisdictions:

1. U.S. Bank is exempt from the requirement under the Legislation, where applicable, to be registered as an underwriter with respect to the same types of securities that an entity listed on Schedule I or II to the Bank Act may act as an underwriter in respect of without being required to be registered under the Legislation as an underwriter.

2. U.S. Bank is exempt from the requirement under the Legislation to be registered as an adviser where the performance of the service as an adviser is solely incidental to its primary banking business.

3. A trade of a security to U.S. Bank where U.S. Bank purchases the security as principal shall be exempt from the registration and prospectus requirements of the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation") provided that:

   (i) the forms that would have been filed and the fees that would have been paid under the Applicable Legislation if the trade had been made, on an exempt basis, to an entity listed on Schedule I or II to the Bank Act purchasing as principal (referred to in this Decision as a "Schedule I or II Bank Exempt Trade") are filed and paid in respect of the trade to U.S. Bank, and

   (ii) the first trade in a security acquired by U.S. Bank pursuant to this Decision is deemed a distribution (or primary distribution to the public) under the Applicable Legislation unless:

      (a) the issuer of the security is a reporting issuer, or the equivalent, under the Applicable Legislation and, if U.S. Bank is in a special relationship (where such term is defined in the Applicable Legislation) with such issuer, U.S. Bank has reasonable grounds to believe that such issuer is not in default of any requirements of the Applicable Legislation;

      (b) (i) the securities are listed and posted for trading on a stock exchange, that is recognized by the Decision Maker of the applicable Jurisdiction for purposes of the resale of a security acquired in a Schedule I or II Bank Exempt Trade, and comply with the requirements of either paragraph (a) or (b) of Appendix A to this Decision and have been held at least six months from the date of the initial exempt trade to U.S. Bank or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is the later, or

      (ii) the securities are bonds, debentures or other evidences of indebtedness issued or guaranteed by an issuer or are preferred shares of an issuer and comply with the requirements set out in paragraph (a) or (c), of Appendix A to this Decision, and have been held at least six months from the date of the initial exempt trade to U.S. Bank or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is the later, or

      (iii) the securities are listed and posted for trading on a stock exchange, that is recognized by the Decision Maker of the applicable Jurisdiction for purposes of the resale of a security acquired in a Schedule I or II Bank Exempt Trade, or are bonds, debentures or other evidences of indebtedness issued or guaranteed by the reporting issuer, or the equivalent, under the Applicable Jurisdiction whose securities are so listed, and have been held at least one year from the date of the initial exempt trade to U.S. Bank or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is later, or

      (iv) the securities have been held at least eighteen months from the date of the initial exempt trade to U.S. Bank or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is later; and

(c) U.S. Bank files a report within 10 days of the trade prepared and executed in accordance with the requirements of the Applicable Legislation that would apply to a Schedule I or II Bank Exempt Trade,

provided that no unusual effort is made to prepare the market or to create a demand for such securities and no extraordinary commission or consideration is paid in respect of such trade and provided U.S. Bank does not hold sufficient number of securities to materially affect the control of the issuer of such securities but any holding by U.S. Bank of more than 20 per cent of the outstanding voting securities of the issuer of such securities shall, in the absence of evidence to the contrary, be deemed to affect materially the control of such issuer.

4. Provided U.S. Bank only trades the types of securities referred to in this paragraph 4 with Authorized Purchasers, trades of bonds, debentures or other evidences of indebtedness of or guaranteed by U.S. Bank shall be exempt from the registration and prospectus requirements of the Legislation.

5. Evidences of deposit issued by U.S. Bank to Authorized Purchasers shall be exempt from the registration and prospectus requirements of the Legislation.

THE FURTHER DECISION of the Decision Maker in Ontario is that in connection with the banking business to be carried on by U.S. Bank in Ontario:

A. Subsection 25(1)(a) of the *Securities Act* (Ontario) R.S.O. 1990 c. S.5 (as amended) (the "Act") does not apply to a trade by U.S. Bank:

(i) of a type described in subsection 35(1) of the Act or section 151 of the Regulations made under the Act; or

(ii) in securities described in subsection 35(2) of the Act.

B. Except as provided for in paragraph 3 of this Decision, section 28 of Schedule I to the Regulations made under the Act shall not apply to trades made by U.S. Bank in reliance on this Decision.

December 4th, 2000.

"Howard I. Wetston" "Stephen N. Adams"

APPENDIX A

(a) are preferred shares of a corporation if,

(i) the corporation has paid a dividend in each of the five years immediately preceding the date of the initial exempt trade at least equal to the specified annual rate upon all of its preferred shares, or

(ii) the common shares of the corporation are, at the date of the initial exempt trade, in compliance with paragraph (b) of this Appendix A;

(b) are fully paid common shares of a corporation that during a period of five years that ended less than one year before the date of the initial exempt trade has either,

(i) paid a dividend in each such year upon its common shares, or

(ii) had earnings in each such year available for the payment of a dividend upon its common shares of at least 4% of the average value at which the shares were carried in the capital stock account of the corporation during the year in which the dividend was paid or in which the corporation had earnings available for the payment of dividends as the case may be;

(c) are bonds debentures or other evidences of indebtedness issued or guaranteed by,

(i) a corporation if, at the date of the initial exempt trade, the preferred shares or the common shares of the corporation which comply with paragraph (a) or (b) of this Appendix A, or

(ii) a corporation if its earnings in a period of five years ended less than one year before the date of the initial exempt trade have been equal in sum total to at least ten times and in each of any four of the five years have been equal to at least 1-1/2 times the annual interest requirements at the date of the initial exempt trade on all indebtedness of or guaranteed by it, other than indebtedness classified as a current liability in its balance sheet, and, if the corporation at the date of the initial exempt trades owns directly or indirectly more than 50% of the common shares of another corporation, the earnings of the corporations during the said period of five years may be consolidated with due allowance for minority interests, if any, and in that event the interest requirements of the corporation shall be consolidated and such consolidated earnings and consolidated interest requirements shall be taken as the earnings and interest requirements of the corporation, and, for the purpose of this subclause, "earnings" mean earnings available to meet interest charges on indebtedness other than indebtedness classified as a current liability.

2.1.15 Husky Oil Operations Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Decision deeming a corporation to no longer be a reporting issuer following an amalgamation effected pursuant to a statutory plan of arrangement.

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF
HUSKY OIL OPERATIONS LIMITED

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Ontario, Québec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Husky Oil Operations Limited (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;

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

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

   3.1 the Filer is a corporation under the *Business Corporations Act* (Alberta) (the "ABCA") with its head office located in Calgary, Alberta;

   3.2 the Filer is a reporting issuer or the equivalent thereof in each of the Jurisdictions and is not in default of any of the requirements under the Legislation;

   3.3 the Filer is the result of an amalgamation (the "Amalgamation") effected by way of a statutory plan of arrangement under the ABCA (the "Arrangement") dated effective August 25, 2000 which took place among Husky Oil Limited ("Husky Oil"), Renaissance Energy Ltd. ("Renaissance"), Husky Oil Operations Limited ("HOOL"), Husky Energy Inc. ("Husky Energy") and RES Acquisition Corp.;

   3.4 pursuant to the Arrangement, HOOL, Renaissance and Husky Oil amalgamated and continued as the Filer, and Husky Energy became the sole shareholder of the Filer;

   3.5 prior to the Amalgamation, Renaissance was a reporting issuer or the equivalent thereof in each of the Jurisdictions, and therefore, as a result of the Amalgamation, the Filer became a reporting issuer or the equivalent thereof in each of the Jurisdictions;

   3.6 the Filer's authorized capital consists of an unlimited number of common shares ("Common Shares") and an unlimited number of intercompany preferred shares, of which 415,803,083 Common Shares were issued and outstanding as at August 28, 2000, all of which were held by Husky Energy;

   3.7 the Filer has no securities, including debt securities, currently issued and outstanding, other than the Common Shares held by Husky Energy;

   3.8 the Filer does not have any securities listed or quoted on any exchange or organized market in Canada or elsewhere; and

   3.9 the Filer does not intend to seek public financing by way of an offering of its securities;

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

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

6. **THE DECISION** of the Decision Makers under the Legislation is that the Filer is deemed to have ceased to be a reporting issuer or the equivalent thereof in each of the Jurisdictions as of the date of this Decision

DATED at Calgary, Alberta this 1st day of November, 2000.

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

2.1.16 Northwest RSP International Fund, Marathon Resource and Plus Aggressive Growth Fund- MRRS Decision

Headnote

Extension of Lapse Date for Mutual Funds' prospectus filing.

Statutes Cited

Securities Act, R.S.O. 1990, c. S5, as amended, ss. 62(5).

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

AND

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

AND

IN THE MATTER OF
NORTHWEST RSP INTERNATIONAL FUND
MARATHON RESOURCE FUND
MARATHON PLUS AGGRESSIVE GROWTH FUND

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator(the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland, and Northwest Territories, Yukon Territory and Nunavut (the "Jurisdictions") has received an application from Northwest Mutual Funds Inc. ("Northwest"), FM&DK Management Limited ("FMDK") and Marathon Mutual Funds, Inc. ("MMFI") (together the "Applicants") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the times prescribed by the Legislation for the refiling of the simplified prospectuses and annual information forms of Northwest RSP International Fund (the "International Fund"), Marathon Resource Fund (the "Resource Fund") and Marathon Plus Aggressive Growth Fund (the "Growth Fund") (the International Fund, the Resource Fund, and the Growth Fund collectively, the "Funds") be extended;

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

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

1. Each of the Funds is a mutual fund existing under the laws of the Province of Ontario. The Funds are reporting issuers under the Legislation and are not in default of any filing requirements of the Legislation or the Regulations made thereunder.

2. Units of

   (a) International Fund are currently offered for sale on a continuous basis in each of the provinces and territories of Canada pursuant to a simplified prospectus and annual information form dated December 23, 1999, receipted in Ontario on December 24, 1999;

   (b) Resource Fund are currently offered for sale on a continuous basis in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick and Newfoundland pursuant to a simplified prospectus and annual information form dated February 2, 2000, receipted in Ontario February 7, 2000;

   (c) Growth Fund are currently offered for sale on a continuous basis in each of the provinces of Canada pursuant to a simplified prospectus and annual information form dated December 14, 1999, receipted in Ontario December 14, 1999;

   and accordingly, the earliest lapse date for the International Fund is December 23, 2000, the earliest lapse date for the Resource Fund is February 2, 2000 and the earliest lapse date for the Growth Fund is December 14, 2000.

3. Northwest is currently the manager of the International Fund. FM&DK is currently the manager of the Resource Fund. MMFI is the manager of the Growth Fund, and pursuant to a proposed reorganization, MMFI will become the manager of all three of the Funds.

4. The indirect controlling shareholder of all the Applicants intends to undertake reorganizations (the "Reorganization") intended to achieve greater efficiencies among the Northwest family of mutual funds and the Marathon family of mutual funds.

5. In order to achieve a common lapse date for all funds in the Northwest and Marathon families of funds pursuant to the Reorganization, the Applicants will renew the offering documents for funds managed by MMFI and Northwest (including the Funds) on the basis of a March 31, 2001 lapse date, such that no later than February 28, 2001 pro forma simplified prospectuses and annual information forms would be filed for all funds managed by MMFI and Northwest.

6. Pursuant to the Legislation, the lapse date for the simplified prospectuses of the Northwest and Marathon funds (other than the Funds) discussed in paragraph 5 are as follows:

   (i) Northwest Specialty High Yield Bond Fund, Northwest Growth Fund, Northwest Money Market Fund, Northwest Dividend Fund,

Northwest Balanced Fund, and Northwest International Fund, June 20, 2001;

(ii) Marathon Equity Fund, August 17, 2001; and

(iii) Northwest Specialty Innovations Fund, November 22, 2001.

7. An extension of the lapse date for the Funds to March 31, 2001 will allow the Applicants to proceed with filing in accordance with paragraph 5.

8. Since the date of the Prospectus no material change has occurred and no amendments to the simplified prospectus have been made.

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 times provided by the Legislation for the refiling of the simplified prospectuses and annual information forms of the Funds, and the receipting thereof, in connection with the distribution of Units of the Funds are hereby extended to March 31, 2001.

December 14, 2000

Paul A. Dempsey
Assistant Manager/Senior Legal Counsel, Investment Funds
(416) 593-8091
pdempsey@osc.gov.on.ca

2.1.17 Bank of America, N.A. - MRRS Decision

Headnote

MRRS - Underwriter and advisor registration relief for Schedule III Bank - prospectus and registration relief for trades where Schedule III Bank purchasing as principal and first trade relief for Schedule III Bank - prospectus and registration relief for trades of bonds, debentures and other evidences of indebtedness of or guaranteed by Schedule III Bank provided trades involve only specified purchasers - prospectus and registration relief for evidences of deposits by Schedule III Bank to specified purchasers - fee relief for trades made in reliance on Decision.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am. ss. 25(1)(a)&(c), 34(a), 35(1)(3)(i), 35(2)1(c), 53(i), 72(1)(a)(i), 73(1)(a), 74(1), 147.

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am. ss. 151, 206, 218, Schedule 1 s. 28.

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

MRRS DECISION DOCUMENT

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, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Nunavut Territory and Yukon Territory (the "Jurisdictions") has received an application (the "Application") from Bank of America, N.A. ("Bank of America") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that Bank of America is exempt from various registration, prospectus and filing requirements of the Legislation in connection with the banking business to be carried on by Bank of America in the Jurisdictions;

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 Bank of America to the Decision Makers that:

1. Bank of America is the principal bank subsidiary of BankAmerica Corporation in the United States. Bank of America is an entity formed under the laws of the United States. BankAmerica Corporation is an entity formed under the laws of the State of Delaware. Bank of America has maintained an active presence in Canada since 1975. Bank of America Canada ("BACAN") is a foreign bank subsidiary of Bank of America currently listed on Schedule II of the *Bank Act* (Canada) (the "Bank Act").

2. The key businesses of BACAN are corporate and investment banking, commercial finance, global capital markets, global treasury, global bank note, specialty finance, financial leasing, real estate services to major Canadian corporations and their subsidiaries. Local treasury operations of BACAN provide funding and liquidity for the various activities of BACAN. BACAN is an active participant in the overnight interbank market, accepts term deposits from major Canadian and multinational corporations and derives a portion of its funding from brokered deposits. These deposits are evidenced by certificates of deposit registered in the holder's name, bearer deposit notes or printed confirmations addressed to the depositor.

3. Bank of America will only accept deposits from the following:

   (a) Her Majesty in right of Canada or in right of a province or territory, an agent of Her Majesty in either of those rights and includes a municipal or public body empowered to perform a function of government in Canada, or an entity controlled by Her Majesty in either of those rights;

   (b) the government of a foreign country or any political subdivision thereof, an agency of the government of a foreign country or any political subdivision thereof, or an entity that is controlled by the government of a foreign country or any political subdivision thereof;

   (c) an international agency of which Canada is a member, including an international agency that is a member of the World Bank Group, the Inter American Development Bank, the Asian Development Bank, the Caribbean Development Bank and the European Bank for Reconstruction and Development and any other international regional bank;

   (d) a financial institution (i.e.: (a) a bank or an authorized foreign bank under the Bank Act; (b) a body corporate to which the *Trust and Loan Companies Act* (Canada) applies; (c) an association to which the *Cooperative Credit Association Act* (Canada) applies; (d) an insurance company or a fraternal benefit society to which the *Insurance Companies Act* (Canada) applies; (e) a trust, loan or insurance corporation incorporated by or under an Act of the legislature of a province or territory in Canada; (f) a cooperative credit society incorporated and regulated by or under an Act of the legislature of a province or territory in Canada; (g) an entity that is incorporated or formed by or under an Act of Parliament or of the legislature of a province or territory in Canada and that is primarily engaged in dealing in securities, including portfolio management and investment counseling, and is registered to act in such capacity under the applicable Legislation; and (h) a foreign institution that is (i) engaged in the banking, trust, loan or insurance business, the business of a cooperative credit society or the business of dealing in securities or is otherwise engaged primarily in the business of providing financial services, and (ii) is incorporated or formed otherwise than by or under an Act of Parliament or of the legislature of a province or territory in Canada);

   (e) a pension fund sponsored by an employer for the benefit of its employees or employees of an affiliate that is registered and has total plan assets under administration of greater than $100 million;

   (f) a mutual fund corporation that is regulated under an Act of the legislature of a province or territory in Canada or under the laws of any other jurisdiction and has total assets under administration of greater than $10 million;

   (g) an entity (other than an individual) that has, for the fiscal year immediately preceding the initial deposit, gross revenues on its own books and records of greater than $5 million; or

   (h) any other person if the deposit is, in the aggregate, greater than $150,000;

   collectively referred to for purposes of this Decision as "Authorized Purchasers".

4. In June of 1999 amendments to the Bank Act were proclaimed that permit foreign commercial banks, to establish direct branches in Canada. These amendments have created a new Schedule III listing foreign banks permitted to carry on banking activities through branches in Canada.

5. Bank of America is seeking an order under the Bank Act permitting it to establish a full service branch under the Bank Act and designating it on Schedule III. Bank of America will take over the current corporate and investment banking, commercial finance, global capital markets, global treasury, global bank note, specialty finance, financial leasing, real estate and operations and systems services and treasury functions currently conducted by BACAN.

6. The Legislation applicable in each Jurisdiction refers to either "Schedule I and Schedule II banks", "banks", "savings institutions" or "financial institutions" in connections with certain exemptions however no reference is made in any of the Legislation to entities listed on Schedule III to the *Bank Act*.

7. In order to ensure that Bank of America , as an entity listed on Schedule III, is able to provide banking services to businesses in the Jurisdictions it requires exemptions under the Legislation which are similar to the exemptions applicable to banking institutions incorporated under the Bank Act to the extent that the

current exemptions applicable to Schedule I and II listed banks are relevant to the business being undertaken by BACAN in the Jurisdictions.

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 in connection with the banking business to be carried on by Bank of America in the Jurisdictions:

1. Bank of America is exempt from the requirement under the Legislation, where applicable, to be registered as an underwriter with respect to the same types of securities that an entity listed on Schedule I or II to the Bank Act may act as an underwriter in respect of without being required to be registered under the Legislation as an underwriter.

2. Bank of America is exempt from the requirement under the Legislation to be registered as an adviser where the performance of the service as an adviser is solely incidental to its primary banking business.

3. A trade of a security to Bank of America and where Bank of America purchases the security as principal shall be exempt from the registration and prospectus requirements of the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation") provided that:

   (i) the forms that would have been filed and the fees that would have been paid under the Applicable Legislation if the trade had been made, on an exempt basis, to an entity listed on Schedule I or II to the Bank Act purchasing as principal (referred to in this Decision as a "Schedule I or II Bank Exempt Trade") are filed and paid in respect of the trade to Bank of America, and

   (ii) the first trade in a security acquired by Bank of America pursuant to this Decision is deemed a distribution (or primary distribution to the public) under the Applicable Legislation unless

      (a) the issuer of the security is a reporting issuer, or the equivalent, under the Applicable Legislation and, if Bank of America is in a special relationship (where such term is defined in the Applicable Legislation) with such issuer, Bank of America has reasonable grounds to believe that such issuer is not in default of any requirements of the Applicable Legislation;

      (b) (i) the securities are listed and posted for trading on a stock exchange, that is recognized by the Decision Maker of the applicable Jurisdiction for purposes of the resale of a security acquired in a Schedule I or II Bank Exempt Trade, and comply with the requirements set out in paragraph (a) or (b) of Appendix A to this Decision and have been held at least six months from the date of the initial exempt trade to Bank of America or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is the later, or

      (ii) the securities are bonds, debentures or other evidences of indebtedness issued or guaranteed by an issuer or are preferred shares of an issuer and comply with the requirements set out in paragraph (a) or (c), of Appendix A to this Decision, and have been held at least six months from the date of the initial exempt trade to Bank of America or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is the later, or

      (iii) the securities are listed and posted for trading on a stock exchange, that is recognized by the Decision Maker of the applicable Jurisdiction for purposes of the resale of a security acquired in a Schedule I or II Bank Exempt Trade, or are bonds, debentures or other evidences of indebtedness issued or guaranteed by the reporting issuer, or the equivalent, under the Applicable Jurisdiction whose securities are so listed, and have been held at least one year from the date of the initial exempt trade to Bank of America or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is later, or

      (iv) the securities have been held at least eighteen months from the date of the initial exempt trade to Bank of America or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is later; and

   (c) Bank of America files a report within 10 days of the trade prepared and executed in accordance with the requirements of the Applicable Legislation that would apply to a Schedule I or II Bank Exempt Trade,

provided that no unusual effort is made to prepare the market or to create a demand for such securities and no extraordinary commission or consideration is paid in respect of such trade and provided Bank of America does not hold sufficient number of securities to materially affect the control of the issuer of such securities but any holding by Bank of America of more than 20 per cent of the outstanding voting securities of the issuer of such securities shall, in the absence of evidence to the contrary, be deemed to affect materially the control of such issuer.

4. Provided Bank of America only trades the types of securities referred to in this paragraph 4 with Authorized Purchasers, trades of bonds, debentures or other evidences of indebtedness of or guaranteed by Bank of America shall be exempt from the registration and prospectus requirements of the Legislation.

5. Evidences of deposit issued by Bank of America to Authorized Purchasers shall be exempt from the registration and prospectus requirements of the Legislation.

THE FURTHER DECISION of the Decision Maker in Ontario is that in connection with the banking business to be carried on by Bank of America in Ontario:

A. Subsection 25(1)(a) of the *Securities Act* (Ontario) R.S.O. 1990 c. S.5 (as amended) (the "Act") does not apply to a trade by Bank of America:

(i) of a type described in subsection 35(1) of the Act or section 151 of the Regulations made under the Act; or

(ii) in securities described in subsection 35(2) of the Act.

B. Except as provided for in paragraph 3 of this Decision, section 28 of Schedule I to the Regulations made under the Act shall not apply to trades made by Bank of America in reliance on this Decision.

December 4th, 2000.

"Howard I. Wetston" "Stephen N. Adams"

APPENDIX A

(a) are preferred shares of a corporation if,

(i) the corporation has paid a dividend in each of the five years immediately preceding the date of the initial exempt trade at least equal to the specified annual rate upon all of its preferred shares, or

(ii) the common shares of the corporation are, at the date of the initial exempt trade, in compliance with paragraph (b) of this Appendix A;

(b) are fully paid common shares of a corporation that during a period of five years that ended less than one year before the date of the initial exempt trade has either,

(i) paid a dividend in each such year upon its common shares, or

(ii) had earnings in each such year available for the payment of a dividend upon its common shares of at least 4% of the average value at which the shares were carried in the capital stock account of the corporation during the year in which the dividend was paid or in which the corporation had earnings available for the payment of dividends as the case may be;

(c) are bonds debentures or other evidences of indebtedness issued or guaranteed by,

(i) a corporation if, at the date of the initial exempt trade, the preferred shares or the common shares of the corporation which comply with paragraph (a) or (b) of this Appendix A, or

(ii) a corporation if its earnings in a period of five years ended less than one year before the date of the initial exempt trade have been equal in sum total to at least ten times and in each of any four of the five years have been equal to at least 1-1/2 times the annual interest requirements at the date of the initial exempt trade on all indebtedness of or guaranteed by it, other than indebtedness classified as a current liability in its balance sheet, and, if the corporation at the date of the initial exempt trades owns directly or indirectly more than 50% of the common shares of another corporation, the earnings of the corporations during the said period of five years may be consolidated with due allowance for minority interests, if any, and in that event the interest requirements of the corporation shall be consolidated and such consolidated earnings and consolidated interest requirements shall be taken as the earnings and interest requirements of the corporation, and, for the purpose of this subclause, "earnings" mean earnings available to meet interest charges on indebtedness other than indebtedness classified as a current liability.

2.1.18 Donohue Inc. - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF DONOHUE INC.

MRRS DECISION DOCUMENT

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

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief (the "System"), the Commission des valeurs mobilières du Québec is the principal regulator for this Application;

AND WHEREAS Donohue has represented to the Decision Makers that:

1. Donohue is a company existing under the Companies Act (Quebec) (the "Act").

2. Donohue is a reporting issuer or the equivalent under the Legislation.

3. The authorized capital of Donohue consists of an unlimited number of Class A subordinate voting shares and Class B shares (the "Donohue Shares").

4. Pursuant to a takeover-bid, Abitibi-Consolidated Inc. acquired, directly or indirectly, approximately 96% of the Donohue Shares, and subsequently acquired on June 19, 2000, in accordance with the compulsory acquisition provisions of the Act, the remaining Donohue Shares not tendered under the takeover-bid, and is currently the sole beneficial holder of Donohue Shares.

5. The Donohue Shares were listed on The Toronto Stock Exchange but have been delisted from such exchange and no securities of Donohue are currently listed or posted on any exchange or over the counter in Canada.

6. Other than the Donohue Shares, Donohue does not have any securities outstanding.

7. Donohue does not have any intention of distributing the Donohue Shares to the public.

8. Other than a failure to mail its first quarter financial statements (March 31, 2000) to its shareholders and to file its second quarter (June 30, 2000), Donohue is not in default of any requirements under the Legislation.

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

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

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

DATED at Montréal, Québec this, October 11, 2000.

Le chef du service de l'information financière,

"Original signed by
(s) Michel Vadnais"

2.1.19 Bank One, N.A. - MRRS Decision

Headnote

MRRS - Underwriter and advisor registration relief for Schedule III Bank - prospectus and registration relief for trades where Schedule III Bank purchasing as principal and first trade relief for Schedule III Bank - prospectus and registration relief for trades of bonds, debentures and other evidences of indebtedness of or guaranteed by Schedule III Bank provided trades involve only specified purchasers - prospectus and registration relief for evidences of deposits by Schedule III Bank to specified purchasers - fee relief for trades made in reliance on Decision.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am. ss. 25(1)(a)&(c), 34(a), 35(1)(3)(i), 35(2)1(c), 53(i), 72(1)(a)(i), 73(1)(a), 74(1), 147.

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am. ss. 151, 206, 218, Schedule 1 s. 28.

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

AND

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

AND

IN THE MATTER OF BANK ONE, NA

MRRS DECISION DOCUMENT

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, Prince Edward Island, Newfoundland and Labrador, Nunavut, Yukon and Northwest Territories (the "Jurisdictions") has received an application (the "Application") from Bank One, NA ("Bank One") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that Bank One is exempt from various registration, prospectus and filing requirements of the Legislation in connection with the banking business to be carried on by Bank One in the Jurisdictions;

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 Bank One to the Decision Makers that:

1. Bank One is established under the laws of the United States and is the principal bank subsidiary of Bank One Corporation in the United States. Bank One has maintained an active presence in Canada since 1981. Bank One Canada is a foreign bank subsidiary of Bank One currently listed on Schedule II of the *Bank Act* (Canada) (the "Bank Act").

2. Bank One Canada provides a wide range of corporate banking services to Canadian companies and subsidiaries of U.S. companies carrying on business in Canada, including cash management, foreign exchange, credit and related banking services. Local treasury operations of Bank One Canada provide funding and liquidity for the various activities of Bank One Canada. Bank One Canada is an active participant in the overnight interbank market, accepts term deposits from major Canadian and multinational corporations and derives a portion of its funding from brokered deposits. These deposits are evidenced by certificates of deposit registered in the holder's name, bearer deposit notes or printed confirmations addressed to the depositor.

3. Bank One will only accept deposits from the following:

   (a) Her Majesty in right of Canada or in right of a province or territory, an agent of Her Majesty in either of those rights and includes a municipal or public body empowered to perform a function of government in Canada, or an entity controlled by Her Majesty in either of those rights;

   (b) the government of a foreign country or any political subdivision thereof, an agency of the government of a foreign country or any political subdivision thereof, or an entity that is controlled by the government of a foreign country or any political subdivision thereof;

   (c) an international agency of which Canada is a member, including an international agency that is a member of the World Bank Group, the Inter American Development Bank, the Asian Development Bank, the Caribbean Development Bank and the European Bank for Reconstruction and Development and any other international regional bank;

   (d) a financial institution (i.e.: (a) a bank or an authorized foreign bank under the Bank Act; (b) a body corporate to which the *Trust and Loan Companies Act* (Canada) applies; (c) an association to which the *Cooperative Credit Association Act* (Canada) applies; (d) an insurance company or a fraternal benefit society to which the *Insurance Companies Act* (Canada) applies; (e) a trust, loan or insurance corporation incorporated by or under an Act of the legislature

of a province or territory in Canada; (f) a cooperative credit society incorporated and regulated by or under an Act of the legislature of a province or territory in Canada; (g) an entity that is incorporated or formed by or under an Act of Parliament or of the legislature of a province or territory in Canada and that is primarily engaged in dealing in securities, including portfolio management and investment counseling, and is registered to act in such capacity under the applicable Legislation; and (h) a foreign institution that is (i) engaged in the banking, trust, loan or insurance business, the business of a cooperative credit society or the business of dealing in securities or is otherwise engaged primarily in the business of providing financial services, and (ii) is incorporated or formed otherwise than by or under an Act of Parliament or of the legislature of a province or territory in Canada);

(e) a pension fund sponsored by an employer for the benefit of its employees or employees of an affiliate that is registered and has total plan assets under administration of greater than $100 million;

(f) a mutual fund corporation that is regulated under an Act of the legislature of a province or territory in Canada or under the laws of any other jurisdiction and has total assets under administration of greater than $10 million;

(g) an entity (other than an individual) that has, for the fiscal year immediately preceding the initial deposit, gross revenues on its own books and records of greater than $5 million; or

(h) any other person if the deposit is, in the aggregate, greater than $150,000;

collectively referred to for purposes of this Decision as "Authorized Purchasers".

4. In June of 1999 amendments to the Bank Act were proclaimed that permit foreign commercial banks, to establish direct branches in Canada. These amendments have created a new Schedule III listing foreign banks permitted to carry on banking activities through branches in Canada.

5. Bank One is seeking an order under the Bank Act permitting it to establish a full service branch under the Bank Act and designating it on Schedule III. Bank One will take over the current corporate banking services and treasury functions currently conducted by Bank One Canada.

6. The Legislation applicable in each Jurisdiction refers to either "Schedule I and Schedule II banks", "banks", "savings institutions" or "financial institutions" in connections with certain exemptions however no reference is made in any of the Legislation to entities listed on Schedule III to the Bank Act.

7. In order to ensure that Bank One, as an entity listed on Schedule III, is able to provide banking services to businesses in the Jurisdictions it requires the exemptions under the Legislation which are similar to the exemptions applicable to banking institutions incorporated under the Bank Act to the extent that the current exemptions applicable to Schedule I and II listed banks are relevant to the business being undertaken by Bank One in the Jurisdictions.

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 in connection with the banking business to be carried on by Bank One in the Jurisdictions:

1. Bank One is exempt from the requirement under the Legislation, where applicable, to be registered as an underwriter with respect to the same types of securities that an entity listed on Schedule I or II to the Bank Act may act as an underwriter in respect of without being required to be registered under the Legislation as an underwriter.

2. Bank One is exempt from the requirement under the Legislation to be registered as an adviser where the performance of the service as an adviser is solely incidental to its primary banking business.

3. A trade of a security to Bank One where Bank One purchases the security as principal shall be exempt from the registration and prospectus requirements of the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation") provided that:

(i) the forms that would have been filed and the fees that would have been paid under the Applicable Legislation if the trade had been made, on an exempt basis, to an entity listed on Schedule I or II to the Bank Act purchasing as principal (referred to in this Decision as a "Schedule I or II Bank Exempt Trade") are filed and paid in respect of the trade to Bank One, and

(ii) the first trade in a security acquired by Bank One pursuant to this Decision is deemed a distribution (or primary distribution to the public) under the Applicable Legislation unless:

(a) the issuer of the security is a reporting issuer, or the equivalent, under the Applicable Legislation and, if Bank One is in a special relationship (where such term is defined in the Applicable Legislation) with such issuer, Bank One has reasonable grounds to believe that such

issuer is not in default of any requirements of the Applicable Legislation;

(b) (i) the securities are listed and posted for trading on a stock exchange, that is recognized by the Decision Maker of the applicable Jurisdiction for purposes of the resale of a security acquired in a Schedule I or II Bank Exempt Trade, and comply with the requirements set out in paragraph (a) or (b) of Appendix A to this Decision and have been held at least six months from the date of the initial exempt trade to Bank One or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is the later, or

(ii) the securities are bonds, debentures or other evidences of indebtedness issued or guaranteed by an issuer or are preferred shares of an issuer and comply with the requirements set out in paragraph (a) or (c), of Appendix A to this Decision, and have been held at least six months from the date of the initial exempt trade to Bank One or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is the later, or

(iii) the securities are listed and posted for trading on a stock exchange, that is recognized by the Decision Maker of the applicable Jurisdiction for purposes of the resale of a security acquired in a Schedule I or II Bank Exempt Trade, or are bonds, debentures or other evidences of indebtedness issued or guaranteed by the reporting issuer, or the equivalent, under the Applicable Jurisdiction whose securities are so listed, and have been held at least one year from the date of the initial exempt trade to Bank One or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is later, or

(iv) the securities have been held at least eighteen months from the date of the initial exempt trade to Bank One or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is later; and

(c) Bank One files a report within 10 days of the trade prepared and executed in accordance with the requirements of the Applicable Legislation that would apply to a Schedule I or II Bank Exempt Trade,

provided that no unusual effort is made to prepare the market or to create a demand for such securities and no extraordinary commission or consideration is paid in respect of such trade and provided Bank One does not hold sufficient number of securities to materially affect the control of the issuer of such securities but any holding by Bank One of more than 20 per cent of the outstanding voting securities of the issuer of such securities shall, in the absence of evidence to the contrary, be deemed to affect materially the control of such issuer.

4. Provided Bank One only trades the types of securities referred to in this paragraph 4 with Authorized Purchasers, trades of bonds, debentures or other evidences of indebtedness of or guaranteed by Bank One shall be exempt from the registration and prospectus requirements of the Legislation.

5. Evidences of deposit issued by Bank One to Authorized Purchasers shall be exempt from the registration and prospectus requirements of the Legislation.

THE FURTHER DECISION of the Decision Maker in Ontario is that in connection with the banking business to be carried on by Bank One in Ontario:

A. Subsection 25(1)(a) of the *Securities Act* (Ontario) R.S.O. 1990 c. S.5 (as amended) (the "Act") does not apply to a trade by Bank One:

(i) of a type described in subsection 35(1) of the Act or section 151 of the Regulations made under the Act; or

(ii) in securities described in subsection 35(2) of the Act.

B. Except as provided for in paragraph 3 of this Decision, section 28 of Schedule I to the Regulations made under the Act shall not apply to trades made by Bank One in reliance on this Decision.

December 5th, 2000.

"Howard I. Wetston" "Stephen N. Adams"

APPENDIX A

(a) are preferred shares of a corporation if,

(i) the corporation has paid a dividend in each of the five years immediately preceding the date of the initial exempt trade at least equal to the specified annual rate upon all of its preferred shares, or

(ii) the common shares of the corporation are, at the date of the initial exempt trade, in compliance with paragraph (b) of this Appendix A;

(b) are fully paid common shares of a corporation that during a period of five years that ended less than one year before the date of the initial exempt trade has either,

(i) paid a dividend in each such year upon its common shares, or

(ii) had earnings in each such year available for the payment of a dividend upon its common shares of at least 4% of the average value at which the shares were carried in the capital stock account of the corporation during the year in which the dividend was paid or in which the corporation had earnings available for the payment of dividends as the case may be;

(c) are bonds debentures or other evidences of indebtedness issued or guaranteed by,

(i) a corporation if, at the date of the initial exempt trade, the preferred shares or the common shares of the corporation which comply with paragraph (a) or (b) of this Appendix A, or

(ii) a corporation if its earnings in a period of five years ended less than one year before the date of the initial exempt trade have been equal in sum total to at least ten times and in each of any four of the five years have been equal to at least 1-1/2 times the annual interest requirements at the date of the initial exempt trade on all indebtedness of or guaranteed by it, other than indebtedness classified as a current liability in its balance sheet, and, if the corporation at the date of the initial exempt trades owns directly or indirectly more than 50% of the common shares of another corporation, the earnings of the corporations during the said period of five years may be consolidated with due allowance for minority interests, if any, and in that event the interest requirements of the corporation shall be consolidated and such consolidated earnings and consolidated interest requirements shall be taken as the earnings and interest requirements of the corporation, and, for the purpose of this subclause, "earnings" mean earnings available to meet interest charges on indebtedness other than indebtedness classified as a current liability.

2.1.20 ADP Independent Investor Communications Corporation - MRRS Decision

Headnote

MRRS - Reporting issuers and intermediaries holding securities on behalf of beneficial owners exempted from requirements contained in sections 85 and 86 of the Act and National Policy 41 that certain proxy-related materials be delivered by prepaid mail or personal delivery, where delivery is effected in accordance with electronic delivery procedures offered behalf of the reporting issuers and intermediaries by a shareholder communications service provider - three-year sunset period.

Statutes Cited
Securities Act, R.S.O. 1990, c.S.5, as am., ss. 85, 86, 88(2)

Rules Cited

In the Matter of Certain Reporting Issuers (1988), 11 OSCB 1029.
In the Matter of Certain Reporting Issuers (1997), 20 OSCB 1219 as amended by (1999) 22 OSCB 152 and (2000) 23 OSCB 288.

Policies Cited
National Policy Statement No. 41 (1987), 10 OSCB 6386

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

AND

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

AND

IN THE MATTER OF
ADP INDEPENDENT INVESTOR COMMUNICATIONS CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker"), in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, Prince Edward Island, New Brunswick, Newfoundland, Yukon, Northwest Territories and Nunavut (collectively, the "Jurisdictions") has received an application from ADP Independent Investor Communications Corporation ("IICC"), as an interested company, for a decision pursuant to the securities legislation, regulations, rules and/or policies of the Jurisdictions (the "Legislation") that (i) Participating Issuers (as defined below), and (ii) Participating Intermediaries, as defined

below, on whose behalf IICC delivers Proxy-Related Materials (as defined below) using the IICC Electronic Delivery Procedures (as defined below), be exempt from requirements of the Legislation that delivery of such Proxy-Related Materials be made by prepaid mail, postage-paid first class mail, personal delivery, or similar forms of delivery as applicable (the "Paper Delivery Requirements");

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 IICC has represented to the Decision Makers that:

1. IICC, a corporation incorporated under the laws of Ontario in 1987, is an indirect wholly-owned subsidiary of Automatic Data Processing, Inc. ("ADP"), a corporation incorporated under the laws of the State of Delaware, United States of America.

2. IICC is a service company for the purposes of National Policy 41 - *Shareholder Communication* ("NP 41") that provides shareholder communication services as agent for other persons and companies that are intermediaries, as defined in NP 41.

3. In connection with a meeting (the "Meeting") of security holders of a reporting issuer or the equivalent, IICC proposes to deliver proxy-related materials, as defined in NP 41, and where applicable, a request for voting instructions in lieu of a form of proxy (collectively, the "Proxy-Related Materials"), to (i) the registered holders, as defined in NP 41, on behalf of such reporting issuer or the equivalent (the "Participating Issuer") and, (ii) the non-registered holders, as defined in NP 41, on behalf of certain intermediaries (the "Participating Intermediaries"), using IICC's electronic delivery procedures as described in paragraph 5 below (the "IICC Electronic Delivery Procedures").

4. The IICC Electronic Delivery Procedures were developed by ADP and first implemented in the United States in 1998 for U.S. reporting issuers.

5. The material aspects of the IICC Electronic Delivery Procedures are as follows:

   (a) IICC Electronic Delivery Procedures will be offered as an alternative to the traditional paper-based mail system of document delivery, and registered and non-registered holders (collectively, the "Security Holders") of a Participating Issuer that wish to receive Proxy-Related Materials in paper form may have such Proxy-Related Materials delivered in accordance with the applicable Paper Delivery Requirements.

   (b) Enrolment for delivery of Proxy-Related Materials by the IICC Electronic Delivery Procedures will be initiated by an advance consent electronic or paper communication (the "Consent Notice") to a Participating Issuer's Security Holders; the Consent Notice, among other things, will give the Security Holders a detailed explanation of the IICC Electronic Delivery Procedures including the specific Proxy-Related Materials that will be electronically available, technical requirements for viewing such Proxy-Related Materials and the period of time that such Proxy-Related Materials will be available for electronic delivery.

   (c) The Consent Notice will direct the Security Holders that wish to enrol for the IICC Electronic Delivery Procedures to IICC's web site, www.investordeliverycanada.com (the "IICC Web Site").

   (d) For secure processing, IICC uses SSL (Secure Sockets Layer) 40-bit encryption on the IICC Web Site.

   (e) In order to enrol for the IICC Electronic Delivery Procedures, a Security Holder must use an enrolment number provided to it in the Consent Notice to access an enrollment screen on the IICC Web Site; to complete enrolment, the Security Holder must provide, among other information, its e-mail address and a self-determined confidential personal identification number ("PIN").

   (f) IICC validates the e-mail address provided by the Security Holder by sending a test e-mail that, in turn must be replied to by such Security Holder to complete enrolment; if such Security Holder's e-mail address is found to be invalid, the relevant Proxy-Related Materials will be delivered to the Security Holder in accordance with the applicable Paper Delivery Requirements.

   (g) The IICC Web Site's enrolment system provides instructions in English and French and is available 24 hours a day.

   (h) On the date that Proxy-Related Materials are to be mailed to a Participating Issuer's registered holders in accordance with the requirements of the Legislation, a Security Holder that is enrolled for IICC Electronic Delivery Procedures will receive from IICC an e-mail notification (the "Delivery Notice") that such Proxy-Related Materials are available electronically at the Participating Issuer's URL Web site (the "Participating Issuer Web Site").

   (i) The Security Holder will be able to access, view and download the relevant Proxy-Related Materials at the Participating Issuer Web Site by following the detailed instructions contained in the Delivery Notice.

6. The IICC Electronic Delivery Procedures do not meet the Paper Delivery Requirements applicable to certain Proxy-Related Materials which must be delivered to registered and/or non-registered holders; however, the

IICC Electronic Delivery Procedures will comply with the principles set out in National Policy 11-201 - *Delivery of Documents by Electronic Means*, and with the delivery requirements for applicable Proxy-Related Materials under proposed National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

7. The IICC Electronic Delivery Procedures are functionally equivalent to delivering the Proxy-Related Materials in accordance with the Paper Delivery Requirements, because they appropriately address the elements of notice, access, evidence of delivery and non-corruption or alteration of documents in the delivery process.

8. The IICC Electronic Delivery Procedures improve the efficiency and competitiveness of the Canadian system for shareholder communications.

9. Canadian and U.S. markets are increasingly interdependent and electronic delivery and voting is already available to Canadian security holders of U.S. issuers.

10. The proposed IICC Electronic Delivery Procedures are well-accepted and field-tested in the U.S. market.

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, with respect to a Meeting:

(i) a Participating Issuer be exempt from the requirements of the Legislation to send Proxy-Related Materials to its registered holders in accordance with the Paper Delivery Requirements where IICC, on the Participating Issuer's behalf, delivers such Proxy-Related Materials to the Participating Issuer's registered holders pursuant to the IICC Electronic Delivery Procedures; and

(ii) a Participating Intermediary be exempt from the requirement of the Legislation to send Proxy-Related Materials to non-registered holders of a Participating Issuer in accordance with the Paper Delivery Requirements where IICC, on the Participating Intermediary's behalf, sends such Proxy-Related Materials to such non-registered holders pursuant to the IICC Electronic Delivery Procedures; provided that this Decision shall cease to be effective in a Jurisdiction on the day that is three years after the date hereof.

December , 2000.

"R.W.Korthals" "R.W Davis"

2.1.21 ADF Group Inc. - MRRS Decision

Headnote

MRRS - relief from eligibility requirement contained in section 4.1((1)(c) of National Policy 47 with respect to $75,000,000 public float - relief based on aplicant satisfying the eligibility requirement contained in proposed National Instrument 44-101.

Applicable Ontario Statutory Provisions

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

Regulations Cited

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

Policies Cited

National Policy 47 - s. 4.1(1)(c).
Proposed National Instrument 44-101.

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

AND

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

AND

IN THE MATTER OF ADF GROUP INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the jurisdictions of Alberta, British Columbia, New Brunswick, Newfoundland, Nova Scotia, Manitoba, Ontario, Prince Edward Island, Saskatchewan and Québec (the "Jurisdictions") has received an application from ADF Group Inc. (the "Filer") for a decision under the securities legislation and policies of the Jurisdictions (the "Legislation") that the provisions of section 4.1(2)(b) of National Policy Statement No. 47 ("NPS 47") and the corresponding provisions of the securities legislation of Québec (together, the "Market Capitalization Requirement") be waived to permit the Filer to participate in the prompt offering qualification system (the "POP System");

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

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

1. The Filer is a corporation incorporated under the laws of Canada.

2. The head office of the Filer is located in Terrebonne (Québec).

3. The Filer has been a reporting issuer in all the Jurisdictions since the filing of a prospectus dated July 7, 1999 and is not in default of its obligations under the Legislation.

4. The authorized capital of the Filer consists of an unlimited number of subordinate voting shares (the "Subordinate Voting Shares"), an unlimited number of multiple voting shares (the "Multiple Voting Shares") and an unlimited number of preferred shares issuable in series (the "Preferred Shares") of which, as of January 31, 2000, the Filer's most recent financial year end, 7,162,793 Subordinate Voting Shares; 14,343,107 Multiple Voting Shares and no Preferred Shares were issued and outstanding. As at January 31, 2000, no Subordinate Voting Shares were beneficially owned, directly or indirectly, or subject to the control or direction of persons that alone or together with their respective affiliates or Associates (as defined in the Market Capitalization Requirement) beneficially own or exercise control or direction over more than 10% of the Equity Securities of the Filer (the "Insiders").

5. On October 23, 2000, the Filer completed a private placement of 454,545 Subordinate Voting Shares with Le Fonds d'investissement RÉA Inc.

6. As at October 31, 2000, 7,617,338 Subordinate Voting Shares, 7,162,793 Multiple Voting Shares and no Preferred Shares were issued and outstanding. As at such date, no Subordinate Voting Shares were held by Insiders.

7. The Subordinate Voting Shares are listed and posted for trading on The Toronto Stock Exchange under the symbol "DRX".

8. The Filer's financial year end is January 31.

9. As at January 31, 2000, the aggregate market value of the Filer's Equity Securities, calculated in accordance with the Market Capitalization Requirement was $70,840,023 (based on an average closing price for the month of January of $9.89). Therefore, the aggregate market value of the Filer's Subordinate Voting Shares as at January 31, 2000, as defined and calculated in accordance with the Market Capitalization Requirement did not exceed $75,000,000.

10. As at September 30, 2000, the aggregate market value of the Filer's Equity Securities calculated in accordance with the Market Capitalization Requirement was $81,369,328 (based on an average closing trading price for the month of September, 2000 of $11.36). The closing price for the Subordinate Voting Shares for the month of September, 2000 has ranged from $10.75 to $12.00 per Subordinate Voting Share. As at October 31, 2000 the aggregate market value of the Filer's Equity Securities calculated in accordance with the

Market Capitalization Requirement was $81,886,384 (based on an average closing trading price for the month of October, 2000 of $10.75). The closing price for the Subordinate Voting Shares for the month of October, 2000 has ranged from $10.50 to $11.15.

11. The Filer would be eligible to be a part of the POP System if the market value of its Equity Securities was calculated as of October 31, 2000.

12. Under the Proposed National Instrument 44-101, the current calculations of the market value of an issuer's Equity Securities under NP 47 are replaced with a calculation as of a date within 60 days before the filing of the issuer's preliminary short form prospectus. The Filer undertakes not to file a preliminary short form prospectus until such time as the market value of its Equity Securities has been at least $75,000,000 calculated in accordance with the 60-day period prescribed by Proposed National Instrument 44-101.

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

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

The Decision of the Decision Makers under the Legislation is that the Market Capitalization Requirement be waived to permit the Filer to participate in the prompt offering qualification system provided that:

1. the Filer complies in all other respects with the eligibility requirements of the POP System;

2. the aggregate market value of the Equity Securities of the Filer, calculated in accordance with the Market Capitalization Requirement is $75,000,000 or more on a date within 60 days before the filing of the preliminary short form prospectus;

3. the eligibility certificate to be filed in respect of the Filer's Initial AIF shall state that the Filer satisfies the Market Capitalization Requirement in accordance with this decision; and

4. this decision shall terminate on the earlier of:

   (a) 140 days after the end of the Filer's financial year ending January 31, 2001, and

   (b) the date of the filing a renewal annual information form in respect of the Filer's financial year ending January 31, 2001.

5. the Filer shall be exempt in Québec from providing the additional disclosure required by Schedule IX.I of the Regulation in its initial annual information form and Part B of Schedule IV of the Regulation in the Filer's short form prospectus.

December 27, 2000.

"Jean-Francois Bernier"

2.1.22 Trilon Financial Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Dutch auction issuer bid - With respect to securities tendered at or below the clearing price, offer providing for full take-up of and payment for shares tendered by odd lot holders, as well as additional purchases from certain shareholders in order to prevent the creation of odd lots - Offeror exempt from the requirement in the legislation to take up and pay for securities proportionately according to the number of securities deposited by each securityholder and the associated disclosure requirement, the requirement to disclose the exact number of shares it intends to purchase, and from the valuation requirement on the basis that there is a liquid market for the securities.

Ontario Statutes Cited

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

Ontario Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., s. 189(b) and Items 2 and 9 of Form 33.

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

AND

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

AND

IN THE MATTER OF
TRILON FINANCIAL CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, and Newfoundland (collectively, the "Jurisdictions") has received an application (the "Application") from Trilon Financial Corporation ("Trilon") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that, in connection with the proposed purchase by Trilon of a portion of its outstanding Class A shares ("Shares") pursuant to an issuer bid (the "Offer"), Trilon be exempt from the requirements in the Legislation to:

1. take up and pay for securities proportionately according to the number of securities deposited by each securityholder (the "Proportionate Take-up and Payment Requirement");

2. provide disclosure in the issuer bid circular (the "Circular") of such proportionate take-up and payment (the "Associated Disclosure Requirement");

3. state the class and number of securities sought under the Offer (the "Number of Securities Requirement"); and

4. obtain a valuation of the Shares and provide disclosure in the Circular of such valuation, or a summary thereof (the "Valuation Requirement").

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

AND WHEREAS Trilon has represented to the Decision Makers that:

1. Trilon is a reporting issuer in each of the Jurisdictions. It is not in default of any requirement of the Legislation and is not on the list of defaulting reporting issuers maintained pursuant to such Legislation, where applicable.

2. The authorized capital of Trilon includes an unlimited number of Shares, of which approximately 115,326,680 Shares were issued and outstanding as at November 28, 2000.

3. The Shares are listed and posted for trading on The Toronto Stock Exchange. On November 28, 2000, the closing price of the Shares on The Toronto Stock Exchange was $10.70 and on such date the Shares had an aggregate market value of approximately $1.234 billion, based on such closing price.

4. No person or company holds more than 10% of the Shares other than Brascan Corporation ("Brascan"), which owns 58,254,553 Shares, representing approximately 50.5% of the outstanding Shares. Brascan also owns 47,914,450 Class B shares of the Company, representing 99.9% of the issued and outstanding Class B shares of the Company. The Class B shares of the Company are non-voting and convertible into Shares at any time at the option of the holder. Trilon has been advised by Brascan that Brascan does not intend to tender any Shares to the Offer.

5. Trilon proposes to purchase approximately 25,000,000 Shares, representing approximately 21.7% of the outstanding Shares, through an issuer bid (the "Issuer Bid") by way of the Circular.

6. The Issuer Bid will be made pursuant to a modified Dutch auction procedure as follows:

   a. the Circular will specify that the aggregate number of Shares (the "Specified Number") that

Trilon intends to purchase under the Issuer Bid will be 25,000,000, excluding any Shares that Trilon intends to purchase in accordance with the procedures described in subparagraph 6(j) below;

b. the Circular will also specify the range of prices (the "Range") within which Trilon is prepared to purchase Shares under the Issuer Bid;

c. holders of Shares (the "Shareholders") wishing to tender to the Issuer Bid will be able to specify the lowest price within the Range at which they are willing to sell their Shares (an "Auction Tender");

d. Shareholders wishing to tender to the Issuer Bid but who do not wish to make an Auction Tender may elect to be deemed to have tendered at the Clearing Price determined in accordance with subparagraph 6(e) below (a "Purchase Price Tender");

e. the purchase price (the "Clearing Price") of the Shares tendered to the Issuer Bid and not withdrawn will be the lowest price that will enable Trilon to purchase the Specified Number of Shares and will be determined based upon the number of Shares tendered and not withdrawn pursuant to an Auction Tender at each price within the Range and the number of Shares tendered and not withdrawn pursuant to a Purchase Price Tender, with each Purchase Price Tender being considered a tender at the lowest price in the Range for the purpose of calculating the Clearing Price;

f. the aggregate amount that Trilon will expend pursuant to the Issuer Bid will not be ascertained until the Clearing Price is determined;

g. all Shares tendered and not withdrawn at or below the Clearing Price pursuant to an Auction Tender and all Shares tendered and not withdrawn pursuant to a Purchase Price Tender will be taken up and paid for at the Clearing Price, subject to pro ration if the aggregate number of Shares tendered and not withdrawn at or below the Clearing Price pursuant to Auction Tenders and the number of Shares tendered and not withdrawn pursuant to Purchase Price Tenders exceeds the Specified Number;

h. all Shares tendered and not withdrawn at prices above the Clearing Price will be returned to the appropriate Shareholders;

i. in the event more than 25,000,000 Shares are tendered at or below the Clearing Price (an "Over-Subscription"), the Shares to be purchased will be pro rated from the Shares so tendered;

j. in the event of an Over-Subscription, in order to avoid the creation of "odd lots" as a result of proration, the number of Shares to be purchased from each shareholder who tenders at or below the Purchase Price will be increased as follows: in addition to the Specified Number, Trilon will purchase an additional number of Shares at the Purchase Price from each tendering shareholder equal to the minimum number of Shares necessary such that the number of Shares not purchased from and returned to such Shareholder as a result of prorationing (the "Return Number") will be a whole multiple of 100, except that, if the Return Number for any such shareholder is less than 100, Trilon will purchase from each such shareholder that number of Shares equal to the Return Number. Multiple tenders by the same shareholder will be aggregated for this purpose;

k. in the event the bid is under-subscribed by the initial expiration date but all the terms and conditions thereof have been complied with except those waived by Trilon, Trilon may wish to extend the bid for at least 10 days, in which case Trilon must first take up and pay for all Shares deposited thereunder and not withdrawn. In the event the bid is under-subscribed at the expiration date, there would be no pro-rationing among the tenders taken up and paid for at such time. However, by the time any extension is over, the bid may be oversubscribed, in which case Trilon intends to only pro-rate among tenders received during the extension and after the original expiration date;

l. all Shares tendered and not withdrawn by Shareholders who specify a tender price for such tendered Shares that falls outside the Range will be considered to have been improperly tendered, will be excluded from the determination of the Clearing Price, will not be purchased by Trilon and will be returned to the tendering Shareholders; and

m. all Shares tendered and not withdrawn by Shareholders who fail to specify any tender price for such tendered Shares and fail to indicate that they have tendered their Shares pursuant to a Purchase Price Tender will be considered to have been tendered pursuant to a Purchase Price Tender and will be dealt with as described in paragraph (h) above.

7. Prior to the expiry of the Issuer Bid, all information regarding the number of Shares tendered and the prices at which such Shares are tendered will be kept confidential, and the depository will be directed by Trilon to maintain such confidentiality until the Clearing Price is determined.

8. Since the Issuer Bid is for less than all the Shares, if the number of Shares tendered to the Issuer Bid at or below the Clearing Price and not withdrawn exceeds the Specified Number, the Legislation would require Trilon to take up and pay for deposited Shares proportionately, according to the number of Shares

deposited by each Shareholder. In addition, the Legislation would require disclosure in the Circular that Trilon would, if Shares tendered to the Issuer Bid and not withdrawn exceeded the Specified Number, take up such Shares proportionately according to the number of Shares tendered and not withdrawn by each Shareholder.

9. During the 12 months ended October 31, 2000:

   a. the number of outstanding Shares was at all times at least 5,000,000, excluding Shares that either were beneficially owned, directly or indirectly, or over which control or direction was exercised, by related parties with respect to Trilon or were not freely tradeable;

   b. the aggregate trading volume of the Shares on the TSE was at least 1,000,000 Shares;

   c. there were at least 1,000 trades in Shares on the TSE; and

   d. the aggregate trading value based on the price of the trades referred to in paragraph (c) was at least $15,000,000.

10. The market value of the Shares on the TSE was at least $75,000,000 for the month of October 2000.

11. Provided that the information contained in paragraphs 9 and 10 above remains accurate as of the date of the announcement of the Offer, and because it is reasonable to conclude that, following completion of the Offer, there will be a market for the beneficial owners of Shares who do not tender to the Offer that is not materially less liquid than the market that exists at the time the Offer is made, Trilon intends to rely upon the exemption from the Valuation Requirement in Ontario contained section 3.4(3) of Ontario Securities Commission Rule 61-501 (the "Presumption of Liquid Market Exemption").

12. The Circular will:

   a. disclose the mechanics for the take-up of and payment for, or the return of, Shares as described in paragraph 6 above;

   b. explain that, by tendering Shares at the lowest price in the Range or pursuant to a Purchase Price Tender, a Shareholder can reasonably expect that the Shares so tendered will be purchased at the Clearing Price, subject to pro ration as described in paragraph 6 above;

   c. include a description of the effect that Trilon anticipates the Offer, if successful, will have on the direct or indirect voting interest of Brascan; and

   d. disclose the facts supporting Trilon's reliance on the Presumption of Liquid Market Exemption, calculated with reference to the date of the announcement of the Issuer Bid.

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

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met and is of the opinion that it would not be prejudicial to the public interest to grant this decision;

THE DECISION of the Decision Makers in the Jurisdictions pursuant to the Legislation is that, in connection with the Offer, Trilon is exempt from the Proportionate Take-up and Payment Requirement, the Associated Disclosure Requirement, the Number of Securities Requirement and the Valuation Requirement, provided that Shares tendered to the Offer and not withdrawn are taken up and paid for, or returned to the Shareholders, in the manner and circumstances described in paragraph 6 above, and provided that the facts supporting Trilon's reliance on the Presumption of Liquid Market Exemption calculated with reference to the date of the announcement of the Issuer Bid meet or exceed the thresholds set out in paragraph 9 above.

January 5, 2001.

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

2.2.23 Architel Systems Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer has, in effect, 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 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
ARCHITEL SYSTEMS CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Makers") in each of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Architel Systems Corporation (the "Applicant") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the Applicant be deemed to have ceased to be a reporting issuer or its equivalent under the Legislation;

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

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

1. The Applicant is a corporation governed by the *Canada Business Corporations Act* (the "CBCA").

2. The head office of the Applicant is located in Toronto, Ontario.

3. The Applicant is a reporting issuer, or the equivalent thereof, under the Legislation and is not in default of any of the requirements of the Legislation.

4. The Applicant is an entity resulting from the amalgamation of Architel Systems Corporation ("Architel") and NNC Brookline Acquisition Corporation ("NNC Brookline"), a wholly-owned subsidiary of Nortel Networks Corporation ("Nortel Networks"), by way of an arrangement under section 192 of the CBCA (the "Arrangement").

5. Pursuant to the amalgamation, holders of Architel common shares (other than dissenting shareholders, Nortel Networks or NNC Brookline) received 0.38682 Nortel Networks common shares ("Nortel Shares") for each Architel common share (the "Exchange Ratio"). The Arrangement was effected by articles of arrangement dated July 1, 2000. As a result of the Arrangement, the Applicant is a wholly-owned subsidiary of Nortel Networks.

6. In connection with the Arrangement, each and every option to acquire Architel common shares outstanding under the Architel stock option plans at the effective time of the Arrangement was, in accordance with the terms of such plans, assumed by Nortel Networks, became an option to acquire Nortel Shares and no longer represents an interest in Architel. The number of shares subject to such options and the exercise price thereof was adjusted to give effect to the Exchange Ratio. There are no outstanding options to acquire securities of Architel.

7. The common shares of Architel were delisted from The Toronto Stock Exchange on July 6, 2000 and The NASDAQ Stock Market on June 30, 2000. No securities of the Applicant are listed or posted for trading on any stock exchange or organized market.

8. The authorized capital of the Applicant consists of an unlimited number of common shares and an unlimited number of preferred shares, of which 6,028,835 common shares and 1 preferred share, series 1 share are currently issued and outstanding. All of the issued and outstanding shares are owned by Nortel Networks.

9. There are no issued and outstanding securities of the Applicant other than the shares held by Nortel Networks and there are no issued and outstanding debt securities of the Applicant.

10. The Applicant does not intend to seek public financing by way of an offer 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 Applicant is deemed to have ceased to be a reporting issuer, or the equivalent thereof, under the Legislation.

October 18, 2000.

John Hughes
Manager, Continuous Disclosure

2.1.24 TD Split Inc. - MRRS Decision

Headnote

MRRS - Relief granted from requirement to file annual financial statements to split share company holding fixed portfolio of shares - Financial position of issuer at year-end reflected in financial statements included in prospectus filed just prior to year-end.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., s. 80(b)(iii).

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

AND

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

AND

IN THE MATTER OF TD SPLIT 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, Nova Scotia, and Newfoundland (the "Jurisdictions") has received an application from TD Split Inc. (the "Issuer") for a decision under the securities legislation (the "Legislation") of the Jurisdictions that the Issuer be exempted from filing and distributing an annual report and annual financial statements for its fiscal year ended November 15, 2000, as would otherwise be required pursuant to applicable Legislation;

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

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

1. The Issuer filed a final prospectus dated August 31, 2000 (the "Prospectus") with the securities regulatory authority in each of the Provinces of Canada pursuant to which a distribution of 6,075,000 capital shares (the "Capital Shares") and 6,075,000 preferred shares (the "Preferred Shares") of the Issuer was completed on September 7, 2000.

2. The Issuer was incorporated under the laws of the Province of Ontario on July 31, 2000. The fiscal year end of the Issuer is November 15, with the first fiscal year end occurring on November 15, 2000. The final

redemption of the publicly held shares of the Issuer is scheduled to occur on November 15, 2005.

3. The authorized capital of the Issuer consists of an unlimited number of Capital Shares, of which 6,075,000 are issued and outstanding, an unlimited number of Preferred Shares, of which 6,075,000 are issued and outstanding, an unlimited number of class B, class C and class D capital shares, issuable in a series, none of which are issued and outstanding, an unlimited number of class B, class C and class D preferred shares, issuable in a series, none of which are issued and outstanding, and an unlimited number of class E voting shares (the "Class E Shares"), of which 100 are issued and outstanding. The attributes of the Capital Shares and the Preferred Shares are described in the Prospectus under "Description of Share Capital".

4. The Class E Shares are the only class of voting securities of the Issuer. TD Securities Inc. ("TD Securities") owns 50 of the issued and outstanding Class E Shares and TD Split Holdings Corporation owns the remaining issued and outstanding Class E Shares. Two employees of TD Securities each own 50% of the common shares of TD Split Holdings Corporation. TD Securities acted as an agent for, and was the promoter of, the Issuer in respect of the offering of the Capital Shares and the Preferred Shares.

5. The principal undertaking of the Issuer is the holding of a portfolio of common shares (the "Portfolio Shares") of The Toronto-Dominion Bank. The operations of the Issuer commenced on or about August 23, 2000 at which time it began to acquire the Portfolio Shares now held by it. The Portfolio Shares held by the Issuer will only be disposed of as described in the Prospectus.

6. The Prospectus included an audited balance sheet of the Issuer as at August 31, 2000 and an unaudited pro forma balance sheet prepared on the basis of the completion of the sale and issue of Capital Shares and Preferred Shares of the Issuer. As such, the financial position of the Issuer as at November 15, 2000 will have been substantially reflected in the pro forma financial statements contained in the Prospectus as the financial position of the Issuer is not materially different from the pro forma financial statements of the Issuer contained in the Prospectus. Furthermore, no material acquisition or disposition of shares has occurred during the period from the date the Portfolio Shares were acquired to November 15, 2000.

7. The Issuer is an inactive company, the sole purpose of which is to provide a vehicle through which different investment objectives with respect to participation in the Portfolio Shares may be satisfied. Holders of Capital Shares will be entitled on redemption to the benefits of any capital appreciation in the market price of the Portfolio Shares or increase in the dividends paid on the Portfolio Shares, and holders of Preferred Shares will be entitled to receive fixed preferential cumulative distributions on a quarterly basis substantially equal to the full amount of quarterly cash dividends paid in the ordinary course on the Portfolio Shares held by the Issuer less the administrative and operating expenses of the Issuer.

8. The benefit to be derived by the security holders of the Issuer from receiving an annual report, where applicable, and financial statements for the fiscal year ended November 15, 2000 would be minimal in view of the short period from the date of the Prospectus to its fiscal year end and given the nature of the business carried on by the Issuer.

9. The expense to the Issuer of preparing, filing and sending to its security holders an annual report, where applicable, and financial statements for the fiscal year ended November 15, 2000 would not be justified in view of the minimal benefit to be derived by the security holders from receiving such annual report and financial statements.

10. The interim unaudited financial statements of the Issuer for the period ending May 15, 2001 and the annual report where applicable, and the annual audited financial statements for the period ending November 15, 2001 will include the period from August 31, 2000 to November 15, 2000.

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;

IT IS HEREBY DECIDED by the Decision Makers pursuant to the Legislation that the Issuer is exempted from the requirement to file and distribute an annual report, where applicable, and annual financial statements for its fiscal year ended November 15, 2000, provided that the interim unaudited financial statements of the Issuer for the period ending May 15, 2001 and the annual report, where applicable, and the annual audited financial statements for the period ending November 15, 2001 will include the period from August 31, 2000 to November 15, 2000.

January 9th, 2001.

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

2.1.25 Equatorial Energy Inc. - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provision

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

Regulation Cited

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

Policies Cited

Ontario Securities Commission Policy Statement No. 10.1.

Instrument Cited

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

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

AND

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

AND

IN THE MATTER OF
EQUATORIAL ENERGY INC.

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta and Ontario (the "Jurisdictions") has received an application from Equatorial Energy Inc. (the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation for an insider of a reporting issuer or the equivalent thereof to file insider reports disclosing the insider's direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer (the "Insider Reporting Requirement") shall not apply to the acquisition by insiders of the Filer of certain securities of the Filer pursuant to an automatic securities purchase plan of the Filer under certain conditions;

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** in this Decision Document the terms;

   3.1 "automatic securities purchase plan" means a plan designated by a reporting issuer or equivalent to facilitate the acquisition of previously issued securities of the reporting issuer or equivalent by employees of the reporting issuer or equivalent where:

   (a) the timing of acquisitions of securities, the number of securities acquired by each participant and the price paid for the securities are established by a procedure set out in the Plan; and

   (b) the acquisitions of securities pursuant to the Plan are made by a trustee on the open market; and

   3.2 "lump sum provision" means a provision of an automatic securities purchase plan which allows a director or senior officer to acquire securities pursuant to an optional lump-sum or cash payment provision;

4. **AND WHEREAS** the Filer has represented to the Decision Makers that:

   4.1 the Filer is an independent energy company engaged in the acquisition, exploration and development of oil and gas properties in Western Canada and Indonesia, continued under the laws of the Province of Alberta, is a reporting issuer or equivalent under the Legislation and is not in default of any requirements of the Legislation;

   4.2 the Filer's head office is located in Calgary, Alberta;

   4.3 the Filer is authorized to issue an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares without nominal or par value, issuable in series, of which 19,164,935 Common Shares and 21,134,203 series 1 convertible preferred shares were issued and outstanding as at the date hereof. An aggregate of 1,875,000 common shares have been reserved for issuance pursuant to the Filer's incentive share option plan dated May 18, 1999;

   4.4 the Filer has established the employee share purchase plan (the "Plan") for certain of its directors, officers and employees, which Plan is an automatic securities purchase plan;

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

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

7. **THE DECISION** of the Decision Makers pursuant to the Legislation is that, subject to the restrictions set forth below, the Insider Reporting Requirement shall not apply to the insiders of the Filer with respect to the acquisition of common shares in the capital of the Filer pursuant to the Plan provided that:

   7.1 each insider files a report, in the form prescribed for insider trading reports under the Legislation, disclosing each acquisition of securities under the Plan that has not been disclosed by or on behalf of the insider:

      (a) for any securities acquired under the Plan which have been disposed of or transferred, within the time required by securities legislation for filing a report disclosing the disposition or transfer; and

      (b) for any securities acquired under the Plan during a calendar year which have not been disposed of or transferred, within 90 days of the end of the calendar year;

   7.2 the exemptive relief granted by this Decision shall not apply to the acquisition of securities of the Filer pursuant to a lump-sum provision of the Plan;

   7.3 the exemptive relief granted by this Decision shall not apply to an insider that beneficially owns, directly or indirectly, voting securities of the Filer, or exercises control or direction over voting securities of the Filer, or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Filer.

DATED at Calgary, Alberta on the 9th of January, 2000.

Mavis Legg, CA
Manager, Securities Analysis

2.2 Orders

2.2.1 BLC-Edmond De Rothschild Asset Management Inc. ss.59(1)

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

AND

IN THE MATTER OF
BLC-EDMOND DE ROTHSCHILD ASSET MANAGEMENT INC. ("BLC-Rothschild")

AND

R LIFE & HEALTH FUND R WORLD LEADERS FUND R AMERICAN FUND R EUROPEAN FUND

R ASIAN FUND R TECHNO-MEDIA FUND
(collectively, the "Existing Underlying Funds")

AND

R EUROPE TECHNO-MEDIA FUND R SMALL & MID-CAP EUROPEAN FUND
(collectively, the "**New Underlying Funds**")

ORDER
(subsection 59(1) of Schedule I of the Regulation under the Act (the "**Regulation**"))

UPON the application to the Ontario Securities Commission (the "**Commission**") of BLC-Rothschild, the manager of a R Europe Techno-Media RSP Fund, R Small & Mid-Cap European RSP Fund, R Life & Health RSP Fund, R World Leaders RSP Fund, R American RSP Fund, R European RSP Fund, R Asian RSP Fund, R Techno-Media RSP Fund and other similar mutual funds created by BLC-Rothschild from time to time (collectively, the "**Top Funds**") and the manager of the Existing Underlying Funds, the New Underlying Funds and other similar foreign content mutual funds to which an RSP Fund is linked created by BLC-Rothschild from time to time (collectively, the "**Underlying Funds**") for an order pursuant to subsection 59(1) of Schedule I of the Regulation exempting the Underlying Funds from the requirement to pay the filing fees set forth in the Fee Schedule on an annual basis in respect of the distribution of Retail Class Units ("**Units**") of the Underlying Funds (i) to the counterparties with which the Top Funds have entered into specified derivatives and (ii) as a result of the reinvestment of distributions with respect to units held by such counterparties;

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

AND UPON BLC-Rothschild having represented to the Commission that:

(a) The Top Funds and the Underlying Funds (collectively, the "**Funds**") are or will be open-end mutual fund trusts established under the laws of the Province of Ontario. Each of the New Underlying Funds will be established on or immediately prior to the date on which a receipt is issued by the Director for the final simplified prospectus qualifying the units of the Funds for distribution to the public.

(b) The Manager is a corporation established under the laws of Canada and constitutes a joint venture between Laurentian Bank of Canada (the "**Bank**") and La Compagnie Financière Edmond de Rothschild Banque ("**Rothschild**"). The Manager, the Bank and Rothschild are considered the promoters of the Funds under the Act.

(c) The trustee of the Funds is or will be Laurentian Trust of Canada Inc., a wholly-owned subsidiary of the Bank.

(d) The Funds are or will be reporting issuers under the Act. The Units of the Funds are, or will be, qualified for distribution pursuant to a simplified prospectus and annual information form filed with the Commission.

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

(f) The Counterparties may hedge their obligations under the Forward Contracts by investing an amount equal to their exposure to the net assets of the Top Funds in Units of the corresponding Underlying Funds (the "**Hedge Units**").

(g) Relief from certain requirements of the Act and of National Instrument 81-102 *Mutual Funds* has been or will be obtained in order to allow the Top Funds to achieve their investment objective and carry out their investment strategy.

(h) Annually, each of the Top Funds will be required to pay filing fees to the Commission in respect of the distribution of its Units in Ontario pursuant to Section 14 of Schedule I of the Regulation.

(i) Annually, each of the Underlying Funds will be required to pay filing fees in respect of the distribution of its Units in Ontario, including the distribution of Hedge Units, pursuant to Section 14 of Schedule I of the Regulation.

(j) A duplication of filing fees pursuant to Section 14 of Schedule I of the Regulation may result when (a) Hedge Units are distributed and (b) a distribution is paid by an Underlying Fund on Units of the Underlying Fund held as Hedge Units which are reinvested in additional Units of the Underlying Fund (the "**Reinvested Units**").

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

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

December 22nd, 2000.

"J. A. Geller" "R. Stephen Paddon"

2.2.2 Pursuit Financial Management Corporation and Pursuit Funds ss. 62(5)

Headnote

Exemptive Relief Application - Extension of lapse date.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5., as am., ss. 62(2) and 62(5).

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

AND
IN THE MATTER OF
PURSUIT FINANCIAL MANAGEMENT CORPORATION

AND

IN THE MATTER OF

PURSUIT CANADIAN BOND FUND
PURSUIT CANADIAN EQUITY FUND
PURSUIT MONEY MARKET FUND
PURSUIT GLOBAL BOND FUND
PURSUIT GLOBAL EQUITY FUND
PURSUIT GROWTH FUND
(collectively, the "Funds")

ORDER
(Subsection 62(5))

UPON an application (the "Application") from Pursuit Financial Management Corporation (the "Manager") on behalf of the Funds for an order pursuant to subsection 62(5) of the Act that the time limits pertaining to the distribution of Mutual Fund units under the current simplified prospectus and annual information form (the "Prospectus") of the Funds be extended to those time limits that would be applicable if the lapse date of the Prospectus was January 2, 2001;

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

AND UPON the Manager having represented as follows:

1. Each of the Funds is established under the laws of the Province of Ontario by its respective declaration of trust.

2. The Funds are reporting issuers under the Act and are not in default of any of the requirements of the Act or the Regulations made thereunder.

3. The units of the Funds are currently being offered only in Ontario and this Application is not being made in any other jurisdiction.

4. Pursuant to subsection 62(5) of the Act, the lapse date (the "Lapse Date") for distribution of the securities of the Funds is December 22, 2000.

5. A pro forma simplified prospectus and annual information form for the securities of the Funds was filed in Ontario on November 22, 2000. The Manager has received comments from the Ontario Securities Commission indicating a concern with the disclosure provided for the Pursuit Global Bond Fund and, due to the nature of the concerns raised, the Manager needs additional time to consider the comments and reach a resolution with staff at the Ontario Securities Commission.

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

IT IS ORDERED pursuant to subsection 62(5) of the Act that the time limits provided by the Act as they apply to the distribution of units pursuant to the Prospectus are hereby extended to the time limits that would be applicable if the Lapse Date for the distribution of securities under the Prospectus of the Funds was January 2, 2001.

January 2, 2001

Paul A. Dempsey
Assistant Manager/Senior Legal Counsel
Investment Funds, Capital Markets

2.2.3 Montreal Exchange Inc. s. 147 and s. 80

IN THE MATTER OF THE SECURITIES ACT, R.S.O. 1990, CHAPTER c.S. 5, AS AMENDED (THE "Act") AND THE COMMODITY FUTURES ACT, R.S.O 1990, CHAPTER 20, AS AMENDED (THE "CFA")

AND

IN THE MATTER OF THE MONTRÉAL EXCHANGE INC.

ORDER
(section 147 of the Act and section 80 of the CFA)

UPON the application of the Montréal Exchange and the Montréal Exchange Inc. (collectively referred to as the "ME"), pursuant to section 147 of the Act and section 80 of the CFA for an order exempting the ME from the requirement to be recognized as a stock exchange under section 21 of the Act and registered as a commodity futures exchange under section 15 of the CFA (the "Application");

AND UPON the ME having represented to the Commission that the ME carries on business as a stock exchange and a derivatives exchange in Québec and is recognized under the *Securities Act* (Québec) as a self-regulatory organization;

AND UPON an Order being granted by the Commission dated October 3, 2000 (the "Exemption Order") exempting the ME on an interim basis from the requirement to be recognized as a stock exchange under section 21 of the Act and registered as a commodity futures exchange under section 15 of the CFA;

AND UPON the Commission being satisfied that granting the ME an extension of the Exemption Order pursuant to section 147 of the Act and section 80 of the CFA on an interim basis would not be contrary to the public interest;

IT IS ORDERED, pursuant to section 147 of the Act and section 80 of the CFA, that the ME be exempt from the requirement to be recognized as a stock exchange under section 21 of the Act and registered as a commodity futures exchange under section 15 of the CFA, so long as the ME continues to be recognized as a self-regulatory organization under the *Securities Act* (Québec); provided that:

1. the exemption provided for in this Order shall terminate at the earlier of (i) the date that the ME is granted an order by the Commission recognizing it as a stock exchange and registering it as a commodity futures exchange or exempting it from the requirement to be recognized as a stock exchange and registered as a commodity futures exchange; and (ii) May 31, 2001.

January 2, 2001.

"Howard Wetston" "J.A. Geller"

2.2.4 Business Development Bank of Canada s. 83

Headnote

Crown Corporation, that became a reporting issuer by virtue of the listing of its notes on the TSE, deemed to have ceased to be a reporting issuer - Except for shares held in trust for Crown, all issued and outstanding securities of issuer are securities referred to in paragraph 1(a) of subsection 35(2) of the Act.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am. ss. 35(2)1(a), 73(1)(a), 83 and 83.1.

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

AND

IN THE MATTER OF THE
BUSINESS DEVELOPMENT BANK OF CANADA

ORDER
(Section 83)

UPON the application (the "Application") of Business Development Bank of Canada (the "Bank") to the Ontario Securities Commission (the "Commission") for an order, pursuant to section 83 of the Act, that the Bank be deemed to have ceased to be a reporting issuer.

AND UPON the Bank having represented to the Commission that:

1. the Bank is a body corporate governed by the *Business Development Bank of Canada Act* (the "BDB Act");

2. the purpose of the Bank is to support Canadian entrepreneurship by providing financial and management services and by issuing securities or otherwise raising funds or capital in support of those services;

3. subsection 3(4) of the BDB Act provides that the Bank is for all purposes an agent of Her Majesty in right of Canada (the "Federal Crown");

4. subsection 23(2) of the BDB Act provides that the shares of the Bank may be issued only to the Designated Minister (as defined in the BDB Act) to be held in trust for the Federal Crown;

5. subsection 18(1) of the BDB Act provides that the Bank may borrow money by issuing and selling or pledging debt obligations of the Bank;

6. the Bank has, and may, from time to time, borrow money by issuing notes ("Notes") that constitute direct unconditional obligations of the Bank which are also direct unconditional obligations of the Federal Crown;

7. the terms of any Notes issued by the Bank may provide for a return to the holder that is linked to various market indices (such as currencies, commodities, interest rates, swap rates), an equity index, or basket of securities or equity indices or other underlying interests;

8. except for shares that are held in trust for the Federal Crown, all other securities ("Outstanding Securities") of the Bank that are issued and outstanding are securities ("exempt securities") that :

   (a) are referred to in paragraph 1(a) of subsection 35(2) of the Act; and

   (b) do not, by their terms, limit the liability of the Bank to the assets of the Bank, or provide for any return that may be dependent upon the financial condition or performance of the Bank, so that the financial condition or performance of the Bank is not relevant to any holder of Outstanding Securities;

9. the Outstanding Securities were issued by the Bank in reliance upon the prospectus exemption contained in clause 73(1)(a) of the Act, that refers to securities in paragraph 1(a) of subsection 35(2) of the Act;

10. the Bank may, from time to time, arrange for the listing of its securities on The Toronto Stock Exchange (the "TSE"), so that upon such listing the Bank may, by virtue of the definition of "reporting issuer" in the Act, become a reporting issuer; in each such case, the Bank intends to apply to the Commission for an order(s), pursuant to section 83 of the Act, that it be deemed to have ceased to be a reporting issuer;

11. on December 6, 1999, the Bank became a reporting issuer by virtue of the transfer of listing of Internet Stock Basket Protected Notes Due 2009 of the Bank from the Montreal Exchange to the TSE. On January 21, 2000, the Commission issued an order pursuant to Section 83 of the Act deeming the Bank to have ceased to be a reporting issuer under the Act;

12. on February 7, 2000, the Bank became a reporting issuer by virtue of the listing of Global Giants Equity–Linked Notes, Series 1 of the Bank on the TSE. On February 29, 2000, the Commission issued an order pursuant to Section 83 of the Act deeming the Bank to have ceased to be a reporting issuer under the Act;

13. on April 28, 2000, the Bank became a reporting issuer by virtue of the listing of International Equity Index Linked Notes, Series 1 of the Bank on the TSE. On June 2, 2000, the Commission issued an order pursuant to Section 83 of the Act deeming the Bank to have ceased to be a reporting issuer under the Act;

14. on December 6, 2000, the Bank became a reporting issuer by virtue of the listing of Global Equity Index Linked Notes, Series 1 of the Bank on The Toronto

Stock Exchange (the "TSE"). The Bank is not in default of any requirements of the Act or regulations;

15. if the Outstanding Securities should cease to be exempt securities, the Bank will so advise the Director, so that the Director may consider whether, in the circumstances, it may be appropriate to apply to the Commission for an order, pursuant to section 83.1 of the Act, deeming the Bank to be a reporting issuer for the purposes of Ontario securities law;

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

AND UPON the Commission being satisfied that to do so would be in the public interest;

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

January 5th, 2001.

"Howard I. Wetson" "J.A. Geller"

2.2.5 Working Ventures II Technology Fund Inc. s. 9.1

Headnote

Exemption granted to labour sponsored investment fund corporation to permit it to pay certain specified distribution costs out of fund assets contrary to section 2.1 of National Instrument 81-105 Mutual Fund Sales Practices. Exemption granted on the condition that the distribution costs so paid are permitted by, and otherwise paid in accordance with the National Instrument.

Statutes Cited

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

Rules Cited

National Instrument 81-105 Mutual Fund Sales Practices.

IN THE MATTER OF
NATIONAL INSTRUMENT 81-105 – MUTUAL FUND SALES PRACTICES UNDER
THE SECURITIES ACT, R.S.O. 1990, c.S-5

AND

IN THE MATTER OF
WORKING VENTURES II TECHNOLOGY FUND INC.

ORDER
(Section 9.1)

WHEREAS Working Ventures II Technology Fund Inc. (the "Fund") has made an application to the Ontario Securities Commission (the "Commission") for an order pursuant to Section 9.1 of National Instrument 81-105 – Mutual Fund Sales Practices (the "National Instrument") for an exemption from Section 2.1 of the National Instrument to permit the Fund to make certain payments to participating dealers or their representatives;

AND WHEREAS it was represented by the Fund that:

1. The Fund is a corporation incorporated under the laws of Canada on October 27, 2000.

2. The Fund was registered as a labour-sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario) (the "CSBIF Act") on November 29, 2000, and as a result is prescribed as a labour-sponsored venture capital corporation under the *Income Tax Act* (Canada).

3. The Fund is a mutual fund as defined in Subsection 1(1) of the *Securities Act*, R.S.O. 1990, as amended (the "Act") and will distribute securities in Ontario under a prospectus. The Fund filed a preliminary prospectus dated October 31, 2000.

4. The Fund will invest in small and medium-sized Canadian technology companies with the objective of achieving long-term capital appreciation.

5. The sponsor of the Fund is the Canadian Federation of Labour, and the manager of the Fund is Working Ventures Investment Services Inc. (the "Manager").

6. The authorized capital of the Fund consists of an unlimited number of Class A Shares, 1,000 Class B Shares and an unlimited number of Class C Shares issuable in series.

7. As is disclosed in the preliminary prospectus, and as will be disclosed in the Fund's prospectus, it is proposed that the Fund pay the costs of distributing its shares directly to dealers (such costs to include sales commissions, trailing commissions, co-operative marketing expenses and fees for sales and distribution services and administrative services, including sub-distribution of the Class A Shares (collectively, the "Distribution Costs")).

8. It is proposed that the Fund pay a sales commission in an amount of up to 6% of the subscription price of Class A Shares sold by the dealer. Sales commissions payable by the Fund will be amortized to Retained Earnings over a period of eight years and are recoverable through redemption fees on a straight line basis at the rate of 0.75% per annum in the event that Class A Shares are redeemed by the holders thereof prior to the expiry of an eight-year period following the purchase thereof. Additionally, it is proposed that the Fund pay a trailing commission of up to 0.5% per annum to a dealer on the basis of the average daily net asset value of the Class A Shares issued and held by the customers of the sales representatives of such registered dealer. It is also proposed that 1% of the net asset value of the Fund be paid by the Fund to AGF Management Limited for sales and distribution services and administrative services, including sub-distribution of the Class A Shares.

9. The Fund may enter into co-operative marketing programs with participating dealers, from time to time, in compliance with the National Instrument.

10. The structural aspects of the Fund relating to the payment of commissions are consistent with the legislative requirements contemplated under the CSBIF Act. Gross investment amounts will be paid to the Fund in respect of a subscription as opposed to, for example, first deducting sales commissions and then remitting the net amount to the Fund. This is to ensure that the entire subscription price paid by the investor is counted for applicable federal and provincial tax credits in connection with the purchase of Class A Shares of the Fund. Subsection 25(4) of the CSBIF Act, for example, provides that the provincial tax credit is the lesser of $750 and "an amount equal to 15 per cent of the equity capital received by the corporation from the eligible investor".

11. The Manager does not earn profits from performing its services but receives reimbursement for the expenses it incurs on behalf of the Fund. As a result, the Manager itself has no resources from which to pay Distribution Costs.

12. The payment of commissions on the sale of Class A Shares by the Fund is an event contemplated uner the *Income Tax Act* (Canada) and the *Community Small Business Investment Funds Act* (Ontario).

13. Section 2.1 of the National Instrument prohibits the Fund, in connection with the distribution of securities, from making payments or providing benefits to participating dealers or representatives of such dealers, including the payment of commissions and other distribution costs to a participating dealer or a representative of such dealer.

14. Subsection 2.3(4) of Companion Policy 81-105CP to the National Instrument stipulates that applicable securities regulatory authorities will entertain applications by funds that are labour-sponsored venture capital corporations for relief from the provision of the National Instrument which proscribes the payment of distribution costs directly by such funds.

15. The prospectus of the Fund will disclose the payment by the Fund of the Distribution Costs to be paid by it and that the Fund is responsible for payment of such expenses.

16. The Fund desires to incur, directly, the Distribution Costs. The Fund and the Manager will comply with all of the relevant provisions of the National Instrument, other than the prohibitions in the National Instrument from which the Fund is applying for relief.

AND WHEREAS the Commission is satisfied that to do so would not be prejudicial to the public interest;

NOW THEREFORE, pursuant to section 9.1 of the National Instrument, the Commission hereby exempts the Fund from section 2.1 of the National Instrument to permit the Fund to pay the Distribution Costs.

December 22nd, 2000.

"J. A. Geller" "R. Stephen Paddon"

2.2.6 Orogrande Resources Inc. s. 83.1(1)

Headnote

Subsection 83.1(1) - Issuer deemed to be a reporting issuer in Ontario - issuer has been a reporting issuer in Alberta and British Columbia for more than 12 months and its common shares are listed and posted for trading on the Canadian Venture Exchange - continuous disclosure requirements of Alberta and British Columbia substantially similar to those of Ontario.

Statutes Cited

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

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

AND

IN THE MATTER OF OROGRANDE RESOURCES INC.

ORDER (Subsection 83.1(1))

UPON the application of Orogrande Resources Inc. ("Orogrande") for an order pursuant to subsection 83.1(1) of the Act deeming Orogrande to be a reporting issuer for the purposes of Ontario securities law.

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

AND UPON Orogrande having represented to the Commission as follows:

1. Orogrande was incorporated under the laws of British Columbia on December 4, 1980.

2. Orogrande has been a reporting issuer under the *Securities Act* (Alberta)(the "Alberta Act") since June 24, 1987 and became a reporting issuer under the *Securities Act* (British Columbia) (the "B.C. Act") on November 26, 1999 as a result of the merger of the Vancouver Stock Exchange and the Alberta Stock Exchange to form the Canadian Venture Exchange (the "CDNX"). Orogrande is not in default of any of the requirements of the Alberta Act or the B.C. Act.

3. Orogrande is not a reporting issuer in Ontario or any other jurisdiction.

4. The capital stock of Orogrande consists of an unlimited number of common shares and an unlimited number of preferred shares.

5. As at September 30, 2000, 23,084,117 common shares and 1,878,568 Series A preferred shares were outstanding, and 1,273,000 options and warrants to purchase common shares of Orogrande were outstanding.

6. The common shares of Orogrande are listed on the CDNX and Orogrande is compliance with all requirements of the CDNX.

7. The continuous disclosure requirements of the Alberta Act and the B.C. Act are substantially the same as the requirements under the Act.

8. The continuous disclosure materials filed by Orogrande under the Alberta Act and the B.C. Act are available on the System for Electronic Document Analysis and Retrieval.

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

IT IS HEREBY ORDERED pursuant to subsection 83.1(1) of the Act that Orogrande is deemed to be a reporting issuer for the purposes of Ontario securities law.

December 22nd, 2000

"J.A. Geller" "R. Stephen Paddon"

2.2.7 Devlan Exploration Inc. ss. 83.1(1)

Headnote

Subsection 83.1(1) – issuer deemed to be reporting issuer in Ontario – issuer has been reporting issuer in Alberta and British Columbia for more than 18 months – issuer listed and posted for trading on Tier 1 of the Canadian Venture Exchange – continuous disclosure requirements of Alberta and British Columbia substantially similar to those of Ontario.

Applicable Ontario Statutory Provisions

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

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

AND

IN THE MATTER OF DEVLAN EXPLORATION INC.

ORDER (Subsection 83.1(1))

UPON the application of Devlan Exploration Inc. ("Devlan") for an Order pursuant to subsection 83.1(1) of the Act deeming Devlan to be a reporting issuer for the purpose of Ontario securities law;

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

AND UPON Devlan representing to the Commission as follows:

1. Devlan plans to complete a private placement (the "Share Private Placement") of approximately 708,338 common shares to be issued on a "flow-through" basis under the *Income Tax Act* (Canada) (the "Flow-Through Shares") pursuant to exemptions under applicable securities legislation. Some or all of the subscribers are anticipated to include certain flow-through limited partnerships located in Ontario (the "Ontario Partnerships").

2. Devlan (or its predecessors) was originally listed on the ASE on April 14, 1993. Devlan is, and has for more than 18 months been, a reporting issuer under the *Securities Act* (Alberta) (the "Alberta Act") and the *Securities Act* (British Columbia) (the "British Columbia Act").

3. Devlan is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. As at October 30, 2000, there were 10,090,527 common shares and no preferred shares issued and outstanding. As at that date, there were also options and warrants outstanding to purchase an aggregate of 1,630,944 common shares. Devlan is also planning to issue a convertible unsubordinated debenture in the amount of $1,000,000 which, subject to CDNX approval and certain conditions to be set forth in the debenture, would be convertible into 740,741 common shares.

4. The common shares of Devlan are presently listed on Tier 1 of the Canadian Venture Exchange ("CDNX") under the symbol "DXI".

5. On October 31, 2000, Devlan closed a private placement of 1,787,420 special warrants (the "Special Warrant Private Placement") on a "flow-through" basis under the Income Tax Act (Canada), pursuant to exemptions under applicable securities legislation, to subscribers in Alberta, Ontario and British Columbia. The terms of the flow-through special warrants require Devlan to prepare and file a preliminary prospectus and a (final) prospectus (the "Prospectus") with the Alberta, British Columbia and Ontario securities commissions (the "Securities Commissions") to qualify the common shares issuable upon exercise of the flow-through special warrants. Devlan filed, and obtained a receipt on December 1, 2000 for, a preliminary prospectus in Alberta, British Columbia and Ontario.

6. Each flow-through special warrant entitles the holder thereof to acquire, at no additional cost, one flow-through common share of the Corporation at any time on or before the earlier of: (i) the date which is five business days after the date upon which a final receipt (the "Final Receipts") for the Prospectus has been obtained from the last of Securities Commissions; and (ii) October 31, 2001 (the first of such events to occur being the "Expiry Date"). Any flow-through special warrant not exercised prior to the Expiry Date shall be automatically exercised immediately prior to the Expiry Date without any further action on the part of the holder.

7. If the Corporation does not obtain Final Receipts dated on or before February 28, 2001, being 120 days following closing of the Special Warrant Private Placement, each flow-through special warrant held for which a Final Receipt has not been so obtained will be exchangeable for 1.1 common shares (of which 0.1 of a common share will not entitle the holder to any additional flow-through tax benefits) in lieu of the one Common Share that each flow-through special warrant was previously exercisable into.

8. Devlan is not on the list of defaulting reporting issuers maintained pursuant to section 113 of the Alberta Act or section 77(3) of the British Columbia Act.

9. The Ontario Partnerships have indicated that they wish to invest in the Share Private Placement but that they will not do so unless Devlan becomes a reporting issuer in Ontario within a certain period of time which, in this case, is expected to expire prior to filing of the Prospectus.

10. Devlan is incorporated under the laws of Alberta and is a reporting issuer in Alberta and British Columbia and as such, the continuous disclosure material filed by Devlan with the Alberta and British Columbia securities commissions is comparable to the material that would

have been filed in Ontario had Devlan been a reporting issuer in Ontario.

11. It is anticipated that Final Receipts for the Prospectus will not be issued, and that consequently Devlan will not yet be a reporting issuer under the Act, within the time period required by the Ontario Partnerships as a condition of their participation in the Share Private Placement.

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

IT IS HEREBY ORDERED pursuant to subsection 83.1(1) of the Act that Devlan be deemed a reporting issuer for the purposes of the Act.

December 8th, 2000.

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

2.2.8 Mellon Bank, N.A. s.80

Headnote

Section 80 of the Commodity Futures Act - relief for Schedule III bank from requirement to register as an adviser where the performance of the service as an adviser is incidental to principal banking business.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c.S.20, as am., sections 22(1)(b), 80.

IN THE MATTER OF THE COMMODITIES FUTURES ACT, R.S.O. 1990, CHAPTER S.20, AS AMENDED (the "Act")

AND

IN THE MATTER OF MELLON BANK, N.A.

ORDER
(Section 80)

UPON application (the "Application") by Mellon Bank, N.A. ("Mellon Bank") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 80 of the Act exempting Mellon Bank from the requirement to obtain registration as an adviser under clause 22(1)(b) of the Act in connection with the banking business carried on by Mellon Bank in Ontario;

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

AND UPON Mellon Bank having represented to the Commission that:

1. Mellon Bank is a banking subsidiary of Mellon Financial Corporation in the United States. Mellon Bank is establishing a full service branch which will appear on Schedule III of the *Bank Act* (Canada) (the "Bank Act").

2. The businesses of Mellon Bank in Canada will be commercial loans, foreign exchange, current accounts, lock-box and cash management services to companies operating in Canada. Local treasury operations of Mellon Bank will provide funding and liquidity for commercial lending activity of Mellon Bank and deal in foreign exchange. Mellon Bank is a major participant in the interbank market and accepts terms deposits from major Canadian and multi-national corporations.

3. Mellon Bank only accepts deposits from the following:

   (a) Her Majesty in right of Canada or in right of a province or territory, an agent of Her Majesty in either of those rights and includes a municipal or public body empowered to perform a function of government in Canada, or an entity controlled by Her Majesty in either of those rights;

(b) the government of a foreign country or any political subdivision thereof, an agency of the government of a foreign country or any political subdivision thereof, or an entity that is controlled by the government of a foreign country or any political subdivision thereof;

(c) an international agency of which Canada is a member, including an international agency that is a member of the World Bank Group, the Inter American Development Bank, the Asian Development Bank, the Caribbean Development Bank and the European Bank for Reconstruction and Development and any other international regional bank;

(d) a financial institution (i.e.: (a) a bank or an authorized foreign bank under the Bank Act; (b) a body corporate to which the *Trust and Loan Companies Act* (Canada) applies; (c) an association to which the *Cooperative Credit Association Act* (Canada) applies; (d) an insurance company or a fraternal benefit society to which the *Insurance Companies Act* (Canada) applies; (e) a trust, loan or insurance corporation incorporated by or under an Act of the legislature of a province or territory in Canada; (f) a cooperative credit society incorporated and regulated by or under an Act of the legislature of a province or territory in Canada; (g) an entity that is incorporated or formed by or under an Act of Parliament or of the legislature of a province or territory in Canada and that is primarily engaged in dealing in securities, including portfolio management and investment counseling, and is registered to act in such capacity under the applicable legislation; and (h) a foreign institution that is (i) engaged in the banking, trust, loan or insurance business, the business of a cooperative credit society or the business of dealing in securities or is otherwise engaged primarily in the business of providing financial services, and (ii) is incorporated or formed otherwise than by or under an Act of Parliament or of the legislature of a province or territory in Canada);

(e) a pension fund sponsored by an employer for the benefit of its employees or employees of an affiliate that is registered and has total plan assets under administration of greater than $100 million;

(f) a mutual fund corporation that is regulated under an Act of the legislature of a province or territory in Canada or under the laws of any other jurisdiction and has total assets under administration of greater than $10 million;

(g) an entity (other than an individual) that has for the fiscal year immediately preceding the initial deposit, gross revenues on its own books and records of greater than $5 million; or

(h) any other person if the deposit is, in the aggregate, greater than $150,000.

4. In June of 1999 amendments to the Bank Act were proclaimed that permit foreign commercial banks, to establish direct branches in Canada. These amendments have created a new Schedule III listing foreign banks permitted to carry on banking activities through branches in Canada.

5. Mellon Bank has applied for an order under the Bank Act permitting it to establish a full service branch under the Bank Act and designating it on Schedule III.

6. Section 31(a) of the Act refers to "a bank listed on Schedule I or II to the Bank Act" in connection with the exemption from the adviser registration requirement however no reference is made in the Act to entities listed on Schedule III to the Bank Act.

7. In order to ensure that Mellon Bank, as an entity listed on Schedule III to the Bank Act, is able to provide banking services to businesses in Ontario it requires similar exemptions under the Act enjoyed by banking institutions incorporated under the Bank Act to the extent that the current exemptions applicable to such banking institutions are relevant to the banking business being undertaken by Mellon Bank in Ontario.

8. Mellon Bank will be performing certain foreign exchange advisory services in connection with its principal banking business.

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

IT IS RULED pursuant to section 80 of the Act that Mellon Bank is exempt from the requirement of clause 22(1)(b) of the Act where the performance of the service as an adviser is solely incidental to Mellon Bank's principal banking business in Ontario.

December 4th, 2000.

"Howard I. Wetston" "Stephen N. Adams"

2.2.9 U.S. Bank, N.A. s.80

Headnote

Section 80 of the Commodity Futures Act - relief for Schedule III bank from requirement to register as an adviser where the performance of the service as an adviser is incidental to principal banking business.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c.S.20, as am., sections 22(1)(b), 80.

IN THE MATTER OF THE COMMODITIES FUTURES ACT, R.S.O. 1990, CHAPTER S.20, AS AMENDED (the "Act")

AND

IN THE MATTER OF U.S. BANK, N.A.

ORDER
(Section 80)

UPON application (the "Application") by U.S. Bank, N.A. ("U.S. Bank") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 80 of the Act exempting U.S. Bank from the requirement to obtain registration as an adviser under clause 22(1)(b) of the Act in connection with the banking business carried on by U.S. Bank in Ontario;

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

AND UPON U.S. Bank having represented to the Commission that:

1. U.S. Bank is the principal bank subsidiary of U.S. Bancorp in the United States. U.S. Bancorp is an entity formed under the laws of the State of Delaware. U.S. Bank is establishing a full service branch which will appear on Schedule III of the *Bank Act* (Canada) (the "Bank Act").

2. Initially, the business of U.S. Bank in Canada will be the delivery of corporate and purchasing card services to Canada businesses and government entities. Local treasury operations of U.S. Bank in Canada will provide funding and liquidity for the various activities of U.S. Bank in Canada. It is expected that U.S. Bank will be an active participant in the overnight interbank market and offer commercial paper programs in Canada.

3. U.S. Bank only accepts deposits from the following:

   (a) Her Majesty in right of Canada or in right of a province or territory, an agent of Her Majesty in either of those rights and includes a municipal or public body empowered to perform a function of government in Canada, or an entity controlled by Her Majesty in either of those rights;

   (b) the government of a foreign country or any political subdivision thereof, an agency of the government of a foreign country or any political subdivision thereof, or an entity that is controlled by the government of a foreign country or any political subdivision thereof;

   (c) an international agency of which Canada is a member, including an international agency that is a member of the World Bank Group, the Inter American Development Bank, the Asian Development Bank, the Caribbean Development Bank and the European Bank for Reconstruction and Development and any other international regional bank;

   (d) a financial institution (i.e.: (a) a bank or an authorized foreign bank under the Bank Act; (b) a body corporate to which the *Trust and Loan Companies Act* (Canada) applies; (c) an association to which the *Cooperative Credit Association Act* (Canada) applies; (d) an insurance company or a fraternal benefit society to which the *Insurance Companies Act* (Canada) applies; (e) a trust, loan or insurance corporation incorporated by or under an Act of the legislature of a province or territory in Canada; (f) a cooperative credit society incorporated and regulated by or under an Act of the legislature of a province or territory in Canada; (g) an entity that is incorporated or formed by or under an Act of Parliament or of the legislature of a province or territory in Canada and that is primarily engaged in dealing in securities, including portfolio management and investment counselling, and is registered to act in such capacity under the applicable legislation; and (h) a foreign institution that is (i) engaged in the banking, trust, loan or insurance business, the business of a cooperative credit society or the business of dealing in securities or is otherwise engaged primarily in the business of providing financial services, and (ii) is incorporated or formed otherwise than by or under an Act of Parliament or of the legislature of a province or territory in Canada);

   (e) a pension fund sponsored by an employer for the benefit of its employees or employees of an affiliate that is registered and has total plan assets under administration of greater than $100 million;

(f) a mutual fund corporation that is regulated under an Act of the legislature of a province or territory in Canada or under the laws of any other jurisdiction and has total assets under administration of greater than $10 million;

(g) an entity (other than an individual) that has for the fiscal year immediately preceding the initial deposit, gross revenues on its own books and records of greater than $5 million; or

(h) any other person if the deposit is, in the aggregate, greater than $150,000.

4. In June of 1999 amendments to the Bank Act were proclaimed that permit foreign commercial banks, to establish direct branches in Canada. These amendments have created a new Schedule III listing foreign banks permitted to carry on banking activities through branches in Canada.

5. U.S. Bank has applied for an order under the Bank Act permitting it to establish a full service branch under the Bank Act and designating it on Schedule III.

6. Section 31(a) of the Act refers to "a bank listed on Schedule I or II to the Bank Act" in connection with the exemption from the adviser registration requirement however no reference is made in the Act to entities listed on Schedule III to the Bank Act.

7. In order to ensure that U.S. Bank, as an entity listed on Schedule III to the Bank Act, is able to provide banking services to businesses in Ontario it requires similar exemptions under the Act enjoyed by banking institutions incorporated under the Bank Act to the extent that the current exemptions applicable to such banking institutions are relevant to the banking business being undertaken by U.S. Bank in Ontario.

8. U.S. Bank will be performing certain foreign exchange advisory services in connection with its principal banking business.

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

IT IS RULED pursuant to section 80 of the Act that U.S. Bank is exempt from the requirement of clause 22(1)(b) of the Act where the performance of the service as an adviser is solely incidental to U.S. Bank's principal banking business in Ontario.

December 4th, 2000.

"Howard I. Wetston" "Stephen N. Adams"

2.2.10 Bank of America, N.A. s.80

Headnote

Section 80 of the Commodity Futures Act - relief for Schedule III bank from requirement to register as an adviser where the performance of the service as an adviser is incidental to principal banking business.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c.S.20, as am., sections 22(1)(b), 80.

IN THE MATTER OF THE COMMODITIES FUTURES ACT, R.S.O. 1990, CHAPTER S.20, AS AMENDED (the "Act")

AND

IN THE MATTER OF BANK OF AMERICA, N.A.

ORDER
(Section 80)

UPON application (the "Application") by Bank of America, N.A. ("Bank of America") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 80 of the Act exempting Bank of America from the requirement to obtain registration as an adviser under clause 22(1)(b) of the Act in connection with the banking business to be carried on by Bank of America in Ontario;

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

AND UPON Bank of America having represented to the Commission that:

1. Bank of America is the principal bank subsidiary of BankAmerica Corporation in the United States. BankAmerica Corporation is an entity formed under the laws of Delaware. Bank of America has maintained an active presence in Canada since 1975. BACAN ("BACAN") is a foreign bank subsidiary of Bank of America currently listed on Schedule II of the *Bank Act* (Canada) (the "Bank Act").

2. The key businesses of BACAN are corporate and investment banking, commercial finance, global capital markets, global treasury, global bank note, specialty finance, financial leasing, real estate and operations and systems services to major Canadian corporations and their subsidiaries. Local treasury operations of BACAN provide funding and liquidity for the various activities of BACAN. BACAN is an active participant in the overnight interbank market, accepts term deposits from major Canadian and multinational corporations and derives a portion of its funding from brokered deposits. These deposits are evidenced by certificates of deposit registered in the holder's name, bearer deposit notes or printed confirmations addressed to the depositor.

3. The treasury function within BACAN also engages in derivatives advisory activities.

4. Bank of America will only accept deposits from the following:

   (a) Her Majesty in right of Canada or in right of a province or territory, an agent of Her Majesty in either of those rights and includes a municipal or public body empowered to perform a function of government in Canada, or an entity controlled by Her Majesty in either of those rights;

   (b) the government of a foreign country or any political subdivision thereof, an agency of the government of a foreign country or any political subdivision thereof, or an entity that is controlled by the government of a foreign country or any political subdivision thereof;

   (c) an international agency of which Canada is a member, including an international agency that is a member of the World Bank Group, the Inter American Development Bank, the Asian Development Bank, the Caribbean Development Bank and the European Bank for Reconstruction and Development and any other international regional bank;

   (d) a financial institution (i.e.: (a) a bank or an authorized foreign bank under the Bank Act; (b) a body corporate to which the *Trust and Loan Companies Act* (Canada) applies; (c) an association to which the *Cooperative Credit Association Act* (Canada) applies; (d) an insurance company or a fraternal benefit society to which the *Insurance Companies Act* (Canada) applies; (e) a trust, loan or insurance corporation incorporated by or under an Act of the legislature of a province or territory in Canada; (f) a cooperative credit society incorporated and regulated by or under an Act of the legislature of a province or territory in Canada; (g) an entity that is incorporated or formed by or under an Act of Parliament or of the legislature of a province or territory in Canada and that is primarily engaged in dealing in securities, including portfolio management and investment counseling, and is registered to act in such capacity under the applicable legislation; and (h) a foreign institution that is (i) engaged in the banking, trust, loan or insurance business, the business of a cooperative credit society or the business of dealing in securities or is otherwise engaged primarily in the business of providing financial services, and (ii) is incorporated or formed otherwise than by or under an Act of Parliament or of the legislature of a province or territory in Canada);

   (e) a pension fund sponsored by an employer for the benefit of its employees or employees of an affiliate that is registered and has total plan assets under administration of greater than $100 million;

   (f) a mutual fund corporation that is regulated under an Act of the legislature of a province or territory in Canada or under the laws of any other jurisdiction and has total assets under administration of greater than $10 million;

   (g) an entity (other than an individual) that has for the fiscal year immediately preceding the initial deposit, gross revenues on its own books and records of greater than $5 million; or

   (h) any other person if the deposit is, in the aggregate, greater than $150,000.

5. In June of 1999 amendments to the Bank Act were proclaimed that permit foreign commercial banks, to establish direct branches in Canada. These amendments have created a new Schedule III listing foreign banks permitted to carry on banking activities through branches in Canada.

6. Bank of America is seeking an order under the Bank Act to establish a full service branch under the Bank Act and designating it on Schedule III. Bank of America will take over the banking functions currently conducted by BACAN.

7. Section 31(a) of the Act refers to "a bank listed on Schedule I or II to the Bank Act" in connection with the exemption from the adviser registration requirement however no reference is made in the Act to entities listed on Schedule III to the Bank Act.

8. In order to ensure that Bank of America, as an entity listed on Schedule III to the Bank Act, is able to provide banking services to businesses in Ontario it requires similar exemptions under the Act enjoyed by banking institutions incorporated under the Bank Act to the extent that the current exemptions applicable to such banking institutions are relevant to the banking business being undertaken by BACAN in Ontario.

9. Bank of America will be performing certain foreign exchange advisory services in connection with its principal banking business.

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

IT IS RULED pursuant to section 80 of the Act that Bank of America is exempt from the requirement of clause 22(1)(b) of the Act where the performance of the service as an adviser is solely incidental to Bank of America's principal banking business in Ontario.

December 4th, 2000.

"Howard I. Wetston" "Stephen N. Adams"

2.2.11 Bank One, N.A. s. 80

Headnote

Section 80 of the Commodity Futures Act - relief for Schedule III bank from requirement to register as an adviser where the performance of the service as an adviser is incidental to principal banking business.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c.S.20, as am., sections 22(1)(b), 80.

IN THE MATTER OF
THE COMMODITIES FUTURES ACT,
R.S.O. 1990, CHAPTER S.20, AS AMENDED
(the "Act")

AND

IN THE MATTER OF
BANK ONE, NA

ORDER
(Section 80)

UPON application (the "Application") by Bank One, NA ("Bank One") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 80 of the Act exempting Bank One from the requirement to obtain registration as an adviser under clause 22(1)(b) of the Act in connection with the banking business to be carried on by Bank One in Ontario;

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

AND UPON Bank One having represented to the Commission that:

1. Bank One is the principal bank subsidiary of Bank One Corporation in the United States. Bank One has maintained an active presence in Canada since 1981. Bank One Canada is a foreign bank subsidiary of Bank One currently listed on Schedule II of the *Bank Act* (Canada) (the "Bank Act").

2. Bank One Canada provides a wide range of corporate banking services to Canadian companies and subsidiaries of U.S. companies carrying on business in Canada, including cash management, foreign exchange, credit and related banking services. Local treasury operations of Bank One Canada provide funding and liquidity for the various activities of Bank One Canada. Bank One Canada is an active participant in the overnight interbank market, accepts term deposits from major Canadian and multinational corporations and derives a portion of its funding from brokered deposits. These deposits are evidenced by certificates of deposit registered in the holder's name, bearer deposit notes or printed confirmations addressed to the depositor;

3. The treasury function within Bank One Canada also engages in derivatives advisory activities.

4. Bank One will only accept deposits from the following:

   (a) Her Majesty in right of Canada or in right of a province or territory, an agent of Her Majesty in either of those rights and includes a municipal or public body empowered to perform a function of government in Canada, or an entity controlled by Her Majesty in either of those rights;

   (b) the government of a foreign country or any political subdivision thereof, an agency of the government of a foreign country or any political subdivision thereof, or an entity that is controlled by the government of a foreign country or any political subdivision thereof;

   (c) an international agency of which Canada is a member, including an international agency that is a member of the World Bank Group, the Inter American Development Bank, the Asian Development Bank, the Caribbean Development Bank and the European Bank for Reconstruction and Development and any other international regional bank;

   (d) a financial institution (i.e.: (a) a bank or an authorized foreign bank under the Bank Act; (b) a body corporate to which the *Trust and Loan Companies Act* (Canada) applies; (c) an association to which the *Cooperative Credit Association Act* (Canada) applies; (d) an insurance company or a fraternal benefit society to which the *Insurance Companies Act* (Canada) applies; (e) a trust, loan or insurance corporation incorporated by or under an Act of the legislature of a province or territory in Canada; (f) a cooperative credit society incorporated and regulated by or under an Act of the legislature of a province or territory in Canada; (g) an entity that is incorporated or formed by or under an Act of Parliament or of the legislature of a province or territory in Canada and that is primarily engaged in dealing in securities, including portfolio management and investment counseling, and is registered to act in such capacity under the applicable legislation; and (h) a foreign institution that is (i) engaged in the banking, trust, loan or insurance business, the business of a cooperative credit society or the business of dealing in securities or is otherwise engaged primarily in the business of providing financial services, and (ii) is incorporated or formed otherwise than by or under an Act of Parliament or of the legislature of a province or territory in Canada);

   (e) a pension fund sponsored by an employer for the benefit of its employees or employees of an affiliate that is registered and has total plan assets under administration of greater than $100 million;

(f) a mutual fund corporation that is regulated under an Act of the legislature of a province or territory in Canada or under the laws of any other jurisdiction and has total assets under administration of greater than $10 million;

(g) an entity (other than an individual) that has for the fiscal year immediately preceding the initial deposit, gross revenues on its own books and records of greater than $5 million; or

(h) any other person if the deposit is, in the aggregate, greater than $150,000.

5. In June of 1999 amendments to the Bank Act were proclaimed that permit foreign commercial banks, to establish direct branches in Canada. These amendments have created a new Schedule III listing foreign banks permitted to carry on banking activities through branches in Canada.

6. Bank One is seeking an order under the Bank Act to establish a full service branch under the Bank Act and designating it on Schedule III. Bank One will take over the banking functions currently conducted by Bank One Canada.

7. Section 31(a) of the Act refers to "a bank listed on Schedule I or II to the Bank Act" in connection with the exemption from the adviser registration requirement however no reference is made in the Act to entities listed on Schedule III to the Bank Act.

8. In order to ensure that Bank One, as an entity listed on Schedule III to the Bank Act, is able to provide banking services to businesses in Ontario it requires similar exemptions under the Act enjoyed by banking institutions incorporated under the Bank Act to the extent that the current exemptions applicable to such banking institutions are relevant to the banking business being undertaken by Bank One Canada in Ontario.

9. Bank One will be performing certain foreign exchange advisory services in connection with its principal banking business.

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

IT IS RULED pursuant to section 80 of the Act that Bank One is exempt from the requirement of clause 22(1)(b) of the Act where the performance of the service as an adviser is solely incidental to Bank One's principal banking business in Ontario.

December 5th, 2000.

"Howard I. Wetston" "Stephen N. Adams"

2.2.12 MRF 1999 Limited Partnership Request for Waiver of OSC Policy Statement 5.10

Headnote

Waiver granted under OSC Policy 5.10. Issuer's activities restricted to investing in flow-through shares of public resource companies. Issuer to be liquidated shortly. Based on the nature of the issuer, existing disclosure on the public record, and issuer's short duration, requiring compliance with Policy 5.10 would not provide investors with meaningful additional information.

Applicable Policies

OSC Policy Statement 5.10 *Annual Information Form and Management's Discussion and Analysis of Financial Condition and Results of Operations*

MRF 1999 Limited Partnership (the "Partnership)
Request for Waiver from the Requirements of OSC Policy Statement 5.10

We refer to your letter (the "Letter") dated October 2, 2000, requesting relief from the provisions of OSC Policy Statement 5.10 (the "Policy") concerning the preparation and filing of an annual Information Form ("AIF") and Management's Discussion and Analysis of Financial Condition and Results of Operation ("MD&A").

You have advised that all of the information which would be disclosed in an AIF is either already available in public documents of the Partnership or of little relevance at this time to unit holders of the Partnership. Based on the information and representations contained in the Letter, this letter confirms that the waiver sought is granted and that compliance with the Policy is not necessary.

Should the facts as set out in the Letter change materially in the future, we may revisit the appropriateness of this waiver.

Margo Paul
Manager, Corporate Finance
(416) 593-8136

2.2.13 MRF II Limited Partnership Request for Waiver from OSC Policy Statement 5.10

Headnote

Waiver granted under OSC Policy 5.10. Issuer's activities restricted to investing in flow-through shares of public resource companies. Issuer to be liquidated shortly. Based on the nature of the issuer, existing disclosure on the public record, and issuer's short duration, requiring compliance with Policy 5.10 would not provide investors with meaningful additional information.

Applicable Policies

OSC Policy Statement 5.10 *Annual Information Form and Management's Discussion and Analysis of Financial Condition and Results of Operations*

MRF 1999 II Limited Partnership (the "Partnership)
Request for Waiver from the Requirements of OSC Policy Statement 5.10

We refer to your letter (the "Letter") dated October 2, 2000, requesting relief from the provisions of OSC Policy Statement 5.10 (the "Policy") concerning the preparation and filing of an annual Information Form ("AIF") and Management's Discussion and Analysis of Financial Condition and Results of Operation ("MD&A").

You have advised that all of the information which would be disclosed in an AIF is either already available in public documents of the Partnership or of little relevance at this time to unit holders of the Partnership. Based on the information and representations contained in the Letter, this letter confirms that the waiver sought is granted and that compliance with the Policy is not necessary.

Should the facts as set out in the Letter change materially in the future, we may revisit the appropriateness of this waiver.

Margo Paul
Manager, Corporate Finance
(416) 593-8136

2.2.14 New Generation Biotech (Equity) Fund Inc. s. 9.1

Headnote

Exemption granted to labour sponsored investment fund corporation to permit it to pay certain specified distribution costs out of fund assets contrary to section 2.1 of National Instrument 81-105 Mutual Fund Sales Practices. Exemption granted on the condition that the distribution costs so paid are permitted by, and otherwise paid in accordance with the National Instrument.

Statutes Cited

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

Rules Cited

National Instrument 81-105 Mutual Fund Sales Practices.

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

AND

IN THE MATTER OF
NATIONAL INSTRUMENT 81-105
MUTUAL FUND SALES PRACTICES

AND

IN THE MATTER OF
NEW GENERATION BIOTECH (EQUITY) FUND INC.

EXEMPTION
(Section 9.1)

UPON the application (the "Application") of New Generation Biotech (Equity) Fund Inc. (the "Fund") to the Ontario Securities Commission (the "Commission") for an exemption pursuant to section 9.1 of National Instrument 81-105 Mutual Fund Sales Practices (the "National Instrument") from section 2.1 of the National Instrument to permit the Fund to make certain payments to participating dealers;

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

AND UPON the Fund and NGB Management Inc. (the "Manager") having represented to the Commission that:

1. The Fund is a corporation incorporated under the Business Corporations Act (Ontario) which is registered as a labour sponsored investment fund corporation under the Community Small Business Investments Fund Act (Ontario) and is prescribed as a labour-

sponsored venture capital corporation under the Income Tax Act (Canada).

2. The Fund is a mutual fund as defined in subsection 1(1) of the Act. The Fund has filed a preliminary prospectus dated October 31, 2000 (the "Preliminary Prospectus") with the Commission and intends to distribute Class A Shares once a receipt for a final prospectus has been issued by the Director.

3. The authorized capital of the Fund consists of an unlimited number of Class A Shares, of which none are issued and outstanding as of the date hereof and an unlimited number of Class B Shares, of which 100 are issued and outstanding as of the date hereof.

4. The Manager, Triax Investment Management Inc. ("Triax") and the United Steelworkers of America, TCU National Local 1976 (the "Sponsor") formed and organized the Fund.

5. The Fund intends to pay to participating dealers a sales commission of 6% of the net asset value per Class A share purchased for certain costs of distributing its shares directly. The Fund will also pay a corporate finance fee of 0.5% of the gross proceeds raised on the initial offering of Class A Shares to TD Securities Inc. (collectively, these costs are referred to as "Distribution Costs"). These costs are fully disclosed in the Preliminary Prospectus. The fact that the Fund intends to pay the Distribution Costs out of fund assets is also disclosed in the Preliminary Prospectus.

6. Triax intends to pay trailing commissions to participating dealers as disclosed in the Preliminary Prospectus.

7. Due to the structure of the Fund, the most tax efficient way for the Distribution Costs to be financed is for the Fund to pay them directly.

8. Triax is the only member of the organization of the Fund, other than the Fund, available to pay the Distribution Costs. Triax is unlikely to have sufficient resources to pay the Distribution Costs, and would likely be obliged to finance the obligation to pay the Distribution Costs through borrowings and would thereby incur borrowing costs.

9. In order for the Fund to comply with section 2.1 of the National Instrument, the Fund would have to increase the fees payable to Triax by an amount equal to the borrowing costs incurred by Triax, plus an amount required to compensate Triax for any risks associated with fluctuations in the net asset value of the Fund and, therefore, fluctuations in Triax's fee. Requiring compliance with section 2.1 of the National Instrument would cause the expenses of the Fund to increase above those contemplated in the Preliminary Prospectus.

10. The Fund undertakes to comply with all other provisions of the National Instrument. In particular, the Fund undertakes that all Distribution Costs paid by it will be compensation permitted to be paid to participating dealers under the National Instrument. The trailing commissions to be paid by Triax will be paid in compliance with the National Instrument.

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

NOW THEREFORE pursuant to section 9.1 of the National Instrument, the Commission hereby exempts the Fund from section 2.1 of the National Instrument to permit the Fund to pay the Distribution Costs.

December 22, 2000.

"J.A. Geller" "R. Stephen Paddon"

2.2.15 New Generation Biotech (Balanced) Fund Inc. s. 9.1

Headnote

Exemption granted to labour sponsored investment fund corporation to permit it to pay certain specified distribution costs out of fund assets contrary to section 2.1 of National Instrument 81-105 Mutual Fund Sales Practices. Exemption granted on the condition that the distribution costs so paid are permitted by, and otherwise paid in accordance with the National Instrument.

Statutes Cited

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

Rules Cited

National Instrument 81-105 Mutual Fund Sales Practices.

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

AND

IN THE MATTER OF
NATIONAL INSTRUMENT 81-105
MUTUAL FUND SALES PRACTICES

AND

IN THE MATTER OF
NEW GENERATION BIOTECH (BALANCED) FUND INC.

EXEMPTION
(Section 9.1)

UPON the application (the "Application") of New Generation Biotech (Balanced) Fund Inc. (the "Fund") to the Ontario Securities Commission (the "Commission") for an exemption pursuant to section 9.1 of National Instrument 81-105 Mutual Fund Sales Practices (the "National Instrument") from section 2.1 of the National Instrument to permit the Fund to make certain payments to participating dealers;

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

AND UPON the Fund and NGB Management Inc. (the "Manager") having represented to the Commission that:

1. The Fund is a corporation incorporated under the Business Corporations Act (Ontario) which is registered as a labour sponsored investment fund corporation under the Community Small Business Investments Fund Act (Ontario) and is a prescribed as a labour-sponsored venture capital corporation under the Income Tax Act (Canada).

2. The Fund is a mutual fund as defined in subsection 1(1) of the Act. The Fund has filed a preliminary prospectus dated October 31, 2000 (the "Preliminary Prospectus") with the Commission and intends to distribute Class A Shares once a receipt for a final prospectus has been issued by the Director.

3. The authorized capital of the Fund consists of an unlimited number of Class A Shares, of which none are issued and outstanding as of the date hereof and an unlimited number of Class B Shares, of which 100 are issued and outstanding as of the date hereof.

4. The Manager, Triax Investment Management Inc. ("Triax") and the United Steelworkers of America, TCU National Local 1976 (the "Sponsor") formed and organized the Fund.

5. The Fund intends to pay to participating dealers a sales commission of 6% of the net asset value per Class A share purchased for certain costs of distributing its shares directly. The Fund will also pay a corporate finance fee of 0.5% of the gross proceeds raised on the initial offering of Class A Shares to TD Securities Inc. (collectively, these costs are referred to as "Distribution Costs"). These costs are fully disclosed in the Preliminary Prospectus. The fact that the Fund intends to pay the Distribution Costs out of fund assets is also disclosed in the Preliminary Prospectus.

6. Triax intends to pay trailing commissions to participating dealers as disclosed in the Preliminary Prospectus.

7. Due to the structure of the Fund, the most tax efficient way for the Distribution Costs to be financed is for the Fund to pay them directly.

8. Triax is the only member of the organization of the Fund, other than the Fund, available to pay the Distribution Costs. Triax is unlikely to have sufficient resources to pay the Distribution Costs, and would likely be obliged to finance the obligation to pay the Distribution Costs through borrowings and would thereby incur borrowing costs.

9. In order for the Fund to comply with section 2.1 of the National Instrument, the Fund would have to increase the fees payable to Triax by an amount equal to the borrowing costs incurred by Triax, plus an amount required to compensate Triax for any risks associated with fluctuations in the net asset value of the Fund and, therefore, fluctuations in Triax's fee. Requiring compliance with section 2.1 of the National Instrument would cause the expenses of the Fund to increase above those contemplated in the Preliminary Prospectus.

10. The Fund undertakes to comply with all other provisions of the National Instrument. In particular, the Fund undertakes that all Distribution Costs paid by it will be compensation permitted to be paid to participating dealers under the National Instrument. The trailing commissions to be paid by Triax will be paid in compliance with the National Instrument.

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

NOW THEREFORE pursuant to section 9.1 of the National Instrument, the Commission hereby exempts the Fund from section 2.1 of the National Instrument to permit the Fund to pay the Distribution Costs.

December 22, 2000

"J.A. Geller" "R. Stephen Paddon"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 Decisions

3.1.1 McRae J., Somers J., Molloy J.

COURT FILE NO.: 232/2000
DATE: 20000911

ONTARIO

SUPERIOR COURT OF JUSTICE
(DIVISIONAL COURT)

McRAE J., SOMERS J., MOLLOY J.

B E T W E E N:	)	
	)	
IN THE MATTER OF TERRENCE D. COUGHLAN	)	Christopher D. Bredt and Freya Kristjanson, for the Appellant
	)	
Appellant (Respondent)	)	
	)	
-and-	)	
	)	
THE ONTARIO SECURITIES COMMISSION	)	Tim Mosley, for the Respondent (Ontario Securities Commission)
	)	
Respondent(Respondent)	)	
	)	
-and-	)	
	)	
WMC INTERNATIONAL LIMITED, WMC INTERNATIONAL HOLDINGS LIMITED, WMC LIMITED, JAMES H. LALOR, PETER MALONEY, WILLIAM BRAITHWAITE and COLIN WISE	)	David A. Hausman and Yvonne B. Chisolm, for the other Respondents
	)	
Respondents (Applicants)	)	**HEARD**: June 1, 2000

MOLLOY J.:

A. INTRODUCTION

[1] Terrence D. Coughlan appeals from a decision of the Ontario Securities Commission ("the OSC") dated April 11, 2000. The respondents in this appeal (collectively referred to as "Westminer") had applied to the OSC to obtain disclosure of transcripts of evidence and related documents given by Mr. Coughlan to OSC staff in April 1989 during the course of an investigation under s.13 (then s.11) of the *Securities Act*. Westminer sought production of this material for use in its defence in an ongoing civil proceeding in the Nova Scotia Supreme Court. The OSC, in a 2:1 decision, ordered the disclosure on public interest grounds.

B. BACKGROUND FACTS

[2] Prior to 1988, Mr. Coughlan had been the CEO and a director of Seabright, a company developing a gold mine in Nova Scotia. Seabright was a reporting issuer in Ontario and its shares were traded on the Toronto Stock Exchange and the Montreal Exchange. Westminer is an Australian-based mining conglomerate that obtained control of Seabright in January 1988 after a hostile take-over bid. Subsequent to that acquisition, Westminer learned the gold reserves it expected to find, were not there. In July 1988 Westminer complained to the OSC that Mr. Coughlan and others had made material misrepresentations and non-disclosure in respect of Seabright, in contravention of the *Securities Act*. In August 1988, Westminer commenced an action in Ontario against Mr. Coughlan and other Seabright directors claiming $60 million for fraud, deceit, conspiracy and negligent misrepresentation. In response, Mr. Coughlan (and the other Seabright directors who had been sued in Ontario) commenced actions in Nova Scotia against the Westminer group seeking, *inter alia*, damages for conspiracy to injure. On February 9, 1989, the OSC initiated a formal investigation into the conduct of Mr. Coughlan and others by investigation order under section 11 (2) of the *Securities Act*. Thus, at that time there were three ongoing proceedings: the OSC investigation, the Ontario action and the Nova Scotia action (hereinafter referred to as the "Seabright Action").

[3] The Ontario action commenced by Westminer and the Seabright Action in Nova Scotia covered the same issues. Motions were brought to determine which action should proceed. In the result, the Ontario action remained dormant, while the Seabright Action proceeded to trial in Nova Scotia.

[4] In the meantime, the OSC investigation had commenced in Ontario pursuant to the February 1989 investigation order. Mr. Coughlan was a resident of Nova Scotia and the OSC at that time did not have extra-provincial power to summons. However, at the request of the OSC Mr. Coughlan attended voluntarily in Toronto to be examined under oath by legal counsel for the OSC as part of its investigation. As a practical matter, Mr. Coughlan could ill-afford to ignore the OSC's request as he hoped to be involved in other publicly traded ventures in the future for which OSC approval would be needed.

[5] Mr. Coughlan's examination by the OSC took place on April 13, 1989. At that time, s. 14 of the *Securities Act* provided that information or evidence obtained from a s. 11 examination could not be disclosed "without the consent of the Commission". Further, the OSC's written policy at the time (Policy Statement 2.8) provided that "the Commission does not view it as being in the public interest, and the conduct of effective investigations, to consent to the release of information or evidence obtained through an investigation order issued under section 11". In addition, at the time of the examination, Mr. Coughlan's counsel sought and obtained an undertaking of confidentiality from the OSC's lawyer, Mr. Campbell. Mr. Campbell advised that he was "familiar with the civil litigation and certainly would ensure that no material would be made available to Westminer".

[6] Having completed its investigation, the OSC issued a Notice of Hearing on November 29, 1989 alleging that between 1985 and 1987 Mr. Coughlan, as CEO and a director of Seabright, had made misrepresentations in materials filed with the OSC, failed to disclose material changes, and failed to satisfy timely disclosure requirements.

[7] On March 14, 1990, Mr. Coughlan and the OSC entered into a settlement agreement resolving all matters raised in the Notice of Hearing. Pursuant to the settlement, Mr. Coughlan agreed to pay $40,000.00 in costs to the OSC and accepted some restrictions on his trading exemptions for a period of one year. In the settlement agreement, Mr. Coughlan specifically denied the allegations against him and stated that "at all material times he acted lawfully, honestly, in good faith, and with a view to the best interests of Seabright". There was no hearing before the OSC as to the merits of the allegations against Mr. Coughlan, and hence no adjudication on those issues by the OSC.

[8] The trial of the Seabright Action commenced in the Nova Scotia Supreme Court in 1992 and proceeded for 83 days of trial testimony with 1,659 exhibits being filed. The Reasons of the trial judge, Nunn J., were released in March 1993. The reported judgment covers 127 pages: see (1994) 120 N.S.R.(2d) and 332 A.P.R. 91. Nunn J. rejected Westminer's allegations of fraud, misrepresentation and non-disclosure against Mr. Coughlan. He held that at all relevant times Mr. Coughlan had acted honestly, in good faith and in the best interests of Seabright. Further, he held that Coughlan had not breached any of the provisions of the Ontario *Securities Act*. Westminer was ordered to pay to Mr. Coughlan general damages in the amount of $1 million for conspiracy to injure based on Nunn J.'s finding that the Ontario action had been commenced by Westminer for the purpose of injuring Coughlan and the other Seabright directors. Further, he awarded special damages to Mr. Coughlan in respect of his costs arising from the OSC investigation, including the $40,000.00 he had paid to the OSC as part of the settlement agreement. The trial judge found that although the OSC might have launched an inquiry on its own once it learned of the allegations made by Westminer in the Ontario action, it was Westminer that originally and deliberately caused the OSC to act and this conduct supported the plaintiffs' allegation that "the real intent of the defendants was to injure Coughlan in every way they could". The decision of Nunn J. was upheld by the Nova Scotia Court of Appeal in a unanimous 71 page judgment, reported at (1994) 127 N.S.R.(2d) and 355 A.P.R. 241.

[9] When Mr. Coughlan left Seabright in 1988, he formed a corporation known as Cavalier Corporation which was to be involved in oil and gas in Western Ontario. Cavalier Corporation borrowed $15 million to finance this venture, which loan was guaranteed by a group of individual investors. The $15 million loan was intended to be bridge financing only, to be reimbursed from the proceeds of a public offering of the shares of Cavalier Corporation. The prospectus was filed on July 22, 1988, with Wood Gundy acting as the lead underwriter. After Westminer commenced the Ontario action in August 1988, Wood Gundy withdrew it services. The public offering never proceeded and the investors lost their money.

[10] In 1995, an action was commenced in Nova Scotia (the Cavalier Action) by a number of the investors who had guaranteed the $15 million borrowing by Cavalier Corporation. The plaintiffs in the Cavalier Action had not been parties in the Seabright Action. The Westminer respondents in the appeal before us are the defendants in the Cavalier action (and had also been defendants in the earlier Seabright Action). The Cavalier plaintiffs allege that Wood Gundy decided to withdraw from the Cavalier public offering because of the Ontario Action. They further allege that as a result Cavalier could not retire its bank debt, ultimately went into receivership and the plaintiffs became liable on their guarantees. They claim damages in that regard as against Westminer. Mr. Coughlan is not a party in the Cavalier action.

[11] The trial of the Cavalier Action was to commence in Nova Scotia on April 25, 2000. On March 20, 2000, the OSC heard a motion brought by Westminer for disclosure of the transcript of Mr. Coughlan's 1989 examination (and related documents) for use in its defence in the Cavalier action. On April 14, 2000, the OSC released its decision ordering the disclosure of the requested material to Westminer. Mr. Coughlan appealed to this court by notice of appeal dated April 19, 2000 and immediately moved for an order staying the decision of the OSC pending the hearing of this appeal. A stay was granted by Blair R.S.J. on April 20, 2000. The appeal itself came on before us on June 1, 2000. Meanwhile, the trial of the Cavalier Action has begun in Nova Scotia and substantial evidence has already been heard. The plaintiff's case is expected to conclude in July, at which point the defence will begin. The trial will then be adjourned for August and September and will recommence in October. It is expected that there are 6 to 8 weeks of evidence remaining. Mr. Coughlan was called as a witness by the plaintiffs. His examination and cross-examination have been completed but he is subject to being recalled in the event this appeal is unsuccessful and Westminer obtains the OSC material it is seeking. Westminer alleges that it needs this material in order to complete its cross-examination of Mr. Coughlan and to prepare the OSC witness (Mr. Groia) who is being called to testify as part of Westminer's defence.

C. STATUTORY FRAMEWORK

[12] I have referred in paragraph [5] above to the statutory framework as it existed at the time of Mr. Coughlan's examination in 1989. There was a statutory requirement that the information from the examination could not be disclosed without the OSC's consent. As well, there was a written OSC policy that the OSC considered it not to be in the public interest to consent to such release. Since 1988, there has been some development of the applicable law with respect to the requirement of confidentiality and the circumstances in which disclosure is authorized, both through case law and statutory amendment.

[13] In *Biscotti v. Ontario Securities Commission* (1991), 1 O.R. (3d) 409 (C.A.), the Court of Appeal ruled that it was an error in principle for the OSC to make a blanket ruling prior to a hearing that it would not consent to the disclosure of s. 11 transcripts for use by the respondents at the hearing. The Court held that the OSC was required to make such a decision on a witness by witness basis, in each case exercising its discretion by weighing all the relevant interests and determining whether principles of fairness and justice required disclosure. The Court specifically rejected the suggestion that the confidentiality requirements under the then s. 14 of the Act were diminished once the investigation had been completed. The Court held that the Commission's rulings as to whether to disclose s. 11 material should be guided by the purposes for which s. 14 was enacted and cited with approval (at p. 413-414) the following excerpt from the decision of the OSC Chairman as correctly setting out those purposes:

> The power of the Commission to compel a person to come forward and give statements under oath relating to an investigation is a broad and unusual power afforded by the Legislature to the Commission to enable it to carry out its responsibilities to the public under the Securities Act. It is not a power to be lightly used nor in our view should the information gathered be made available to anyone other than staff and counsel conducting the investigation, except in the most unusual circumstances. Any other treatment would prejudice the investigatory responsibilities of the Commission, and could severely prejudice persons whom the Commission staff require to give such statements.
>
> The fact that, under s.14 of the Act, statements made pursuant to s.11 may not be disclosed in any way without the consent of the Commission itself, indicates the understanding of the Legislature of the necessity of confidentiality. This power to compel testimony under s.11 is exercised, and the statements are given, in the course of an investigation on the understanding that they will not become public in any way.
>
> We refer in this regard to OSC Policy 2.8, Section A, subsection 3. The information gathered is not intended to be and indeed cannot be used as evidence without appropriate proof at a hearing before the Commission.
>
> The right to compel a witness to make a statement under oath is perhaps the most important tool which staff has in conducting investigations. Information and opinions are divulged which could not be admitted in any proceedings before this tribunal or any other. The very nature of this process under which they are obtained in our view dictates that these statements should not be released or used in the manner suggested by the respondents.

> There undoubtedly are circumstances in which the consent provided for in s. 14 might be given, but it appears to us that the basis for this consent should be that the confidentiality clearly provided for in the statute is outweighed by the public interest in disclosure.

[14] In *Re Glendale Securities Inc.* (1995), 18 O.S.C.D. 5975, the OSC applied the underlying principles of the Supreme Court's decision in *R. v. Stinchcombe*, [1991] 3 S.C.R. 326. *Stinchcombe* addressed the disclosure obligations of the Crown in criminal cases involving indictable offences. While holding that the Crown's obligation to disclose is not absolute, the Court ruled that the constitutional right of the accused to make full answer and defence requires that the Crown produce all relevant information whether or not it will be presented at trial. The Crown has discretion in relation to disclosure of irrelevant materials and the timing of disclosure. As well, the rules of privilege limit the Crown's disclosure obligations. The OSC found the principles relating to disclosure and fairness instructive in its deliberation on the fairness obligations of administrative tribunals. Particular reference was made to the elimination of the element of surprise from proceedings to better serve the interests of justice and to the fact that there are no proprietary rights in the "fruits of investigation".

[15] The *Securities Act* has been revised since *Biscotti* and *Stinchcombe*. The disclosure requirements established by both cases have now been codified in the Act. Policy 2.8 (dealing with the OSC's position on disclosure) is no longer in force. The current law on confidentiality and disclosure is set out in sections 16 and 17 of the *Securities Act*. Section 16 (1) prohibits the disclosure of any information obtained from a section 13 examination (the equivalent of the s. 11 examination in 1989), except in accordance with section 17. Section 16 (2) provides as follows:

> 16 (2) Any . . .testimony given or documents or other things obtained under section 13 shall be for the exclusive use of the Commission and shall not be disclosed or produced to any other person or company or in any other proceeding except in accordance with section 17.

[16] Disclosure by the OSC is now governed by s. 17 of the Act. There are specific subsections dealing with disclosure by an OSC investigator for the purposes of an examination or a *Securities Act* proceeding (ss.17 (6)) and disclosure that may be ordered by a court hearing a *Provincial Offences Act* prosecution initiated by the OSC for breach of the *Securities Act* (ss.17(5)). In addition, ss. 17(1) gives the OSC a discretion to order disclosure "in the public interest". It was pursuant to ss. 17(1) that the OSC ordered the disclosure in this case. It provides:

> 17. (1) If the Commission considers that it would be in the public interest, it may make an order authorizing the disclosure to any person or company of,
>
> a) the nature or content of an order under section 11 or 12;
>
> b) the name of any person examined or sought to be examined under section 13, any testimony given under section 13, any information obtained under section 13, the nature or content of any questions asked under section 13, the nature or content of any demands for the production of any document or other thing under section 13, or the fact that any document or other thing was produced under section 13; or
>
> c) all or part of a report provided under section 15.

D. THE OSC DECISION

[17] Westminer argued before the OSC that the Cavalier Plaintiffs had called into question the integrity of the OSC's investigative processes by "in effect [alleging] that Staff acted as a 'pawn' of [Westminer]". Westminer advised that it intended to call Joe Groia (who was Director of Enforcement at the OSC in 1989) as a witness at trial and required the material obtained by the OSC through its examination of Mr. Coughlan in 1989 to refresh Mr. Groia's memory and prepare his evidence for trial.

[18] The OSC majority decision, delivered by Vice Chair Wetston and Commissioner Carscallen, found the disclosure of the material from Mr. Coughlan's 1989 examination to be in the public interest. The majority members of the panel found that the burden of justifying the release of the 1989 material was on Westminer. They held that in exercising their discretion under s. 17 they should consider the specific purpose for which the evidence is sought and the special circumstances of the case and then determine "whether the disclosure of the evidence would serve a useful purpose in the public interest": see Reasons at page 10. They further held that the test to be applied involved striking a balance "between the continued requirement for confidentiality and our assessment of the public interest at stake": see Reasons page 11. The majority found that the public interest was invoked because the Cavalier plaintiffs had made "unambiguous" allegations that the OSC "did not act independently by exercising its own discretion to commence proceedings against Mr. Coughlan": see Reasons page 13. They accepted Westminer's submission that the material was necessary for Mr. Groia to refresh his memory and prepare for trial. Since disclosure of the material would assist Westminer to refute the plaintiffs' allegations, disclosure would enhance, rather than undermine, public confidence in the administration of the Securities Act: see Reasons page 14-15. Because the OSC investigation is finished and the limitation period for proceedings under the Act against Mr. Coughlan has expired, the majority found there is "no longer any ongoing public interest in maintaining confidentiality for the 'exclusive use' of the Commission in the enforcement and administration of the Securities Act": see Reasons page 12. With respect to the potential harm to Mr. Coughlan, the majority held that the issue is not one of personal privacy, but rather of confidentiality "as related to activities of Mr. Coughlan as a participant in Ontario's capital markets". Further, "market participants recognize that their rights to confidentiality are not equivalent to non-market participants": see Reasons at page 11-12. In

light of the time that has elapsed since the s. 13 evidence was given in 1989 and the extensive examinations Mr. Coughlan has undergone at discoveries and trial in the earlier Seabright Action as well as the ongoing Cavalier Action, the majority members found that "Mr. Coughlan's confidentiality rights are affected only minimally" and that there is no "specific direct harm" to him as a result of disclosure: see Reasons page 15. In reaching their conclusion, the majority members applied the current legislation and distinguished the *Biscotti* decision on the basis that it was decided before amendments to the legislation. They referred to the assurance of confidentiality given to Mr. Coughlan by Commission counsel at the time of the examination but held that such assurance was in the context of the original Ontario action and, in any event, could not bind the Commission.

[19] Commissioner Paddon delivered a dissenting decision. At the outset, he emphasized that the right of the OSC to compel testimony under s. 13 is an exception to the long-recognized privilege against self-incrimination. The confidentiality provisions in the Securities Act reflect that principle and any exception to it "must be rigidly tested": see Reasons pages 2-4. Commissioner Paddon reviewed the pleadings and pre-trial memoranda in the Cavalier Action and found "it is unquestionable that the Cavalier Action is based on the commencement of the Ontario Action" rather than the OSC proceeding. However, even if the OSC proceeding could be considered as relevant to the Cavalier Plaintiff's claim, he rejected Westminer's argument that the Cavalier plaintiffs had taken the position that the OSC staff had acted as mere "pawns" of Westminer instead of conducting its own independent investigation: see Reasons pages 7-8. He found this was not borne out by an examination of the pleadings in the Cavalier Action. Commissioner Paddon noted the absence of any direct evidence from Mr. Groia that he needed the transcript of Mr. Coughlan's testimony to refresh his memory and stated that "given the remoteness of the relevance of the evidence sought, I cannot agree that it is required by the moving parties at this time": see Reasons page 6. He queried, "Is it the public interest that the moving parties are concerned about or rather their own narrow interest in a private law suit?" He then stated that the motion before the OSC did not support a finding that disclosure was required in the public interest: see Reasons page 8. Commissioner Paddon reviewed a number of authorities (*Biscotti, supra; Weram Investments Ltd. v. Ontario Securities Commission* (June 10, 1988 OSCB 2433; appeal dismissed June 8, 1990 OSCB 2287; 39 O.A.C. 52 (Div.Ct.); *Norcen Energy Resources* (April 29, 1983 OSCB 760); *In Re Rush*, 1967, OSC Bulletin 2 OA (OSC) at 20A-21A)) supporting the proposition that confidentiality is essential to the functioning of the OSC because the affected parties rely on it. He held that disclosure to Westminer in this case was not in the public interest.

E. THE STANDARD OF REVIEW

The Standard of Review Spectrum

[20] In recent years the Supreme Court of Canada has articulated a "pragmatic and functional" approach to determining the appropriate standard of review of administrative tribunals. The Court has identified a "spectrum" ranging from the standard of "correctness" (the lowest level of deference to the tribunal) to the standard of "patently unreasonable" (the highest level of deference): *Pezim v. British Columbia (Superintendent of Brokers)*, [1994] 2 S.C.R. 557; *Canada (Director of Investigation and Research) v. Southam Inc.*, [1997] 1 S.C.R. 748; *Pushpanathan v. Canada (Minister of Citizenship and Immigration)*, [1998] 1 S.C.R. 982.

[21] The appropriate standard of review in any given case may fall at one of the two extremes on the spectrum or at some point in between, depending on the circumstances. In *Southam* the Court adopted a middle-ground standard of review described as "reasonableness *simpliciter*". In that case, Iacobucci J. identified the need for a third standard of review: one that is less exacting than the patently unreasonableness standard traditionally applied on judicial review of administrative tribunals protected by strong privative clauses but more deferential than mere correctness (recognizing that Parliament has chosen to vest the tribunal and not the courts with primary decision-making power in the area). He held at p. 776-777:

> I conclude that the third standard should be whether the decision of the Tribunal is unreasonable. This test is to be distinguished from the most deferential standard of review, which requires courts to consider whether a tribunal's decision is patently unreasonable. An unreasonable decision is one that, in the main, is not supported by any reasons that can stand up to a somewhat probing examination. Accordingly, a court reviewing a conclusion on the reasonableness standard must look to see whether any reasons support it. The defect, if there is one, could presumably be in the evidentiary foundation itself or in the logical process by which conclusions are sought to be drawn from it. An example of the former kind of defect would be an assumption that had no basis in the evidence, or which was contrary to the overwhelming weight of the evidence. An example of the latter kind of defect would be a contraindication in the premises or an invalid inference.

[22] Iacobucci J. noted the similarity between this "reasonableness *simpliciter*" standard and the well-established "clearly wrong" test set out in *Stein v. "Kathy K" (The Ship)*,[1976] 2 S.C.R. 802 and applied since then by appeal courts in reviewing findings of fact by trial judges. He stated at p. 778:

> Even as a matter of semantics, the closeness of the "clearly wrong" test to the standard of reasonableness *simpliciter* is obvious. It is true that many things are wrong that are not unreasonable; but when "clearly" is added to "wrong", the meaning is brought much nearer to that of "unreasonable". Consequently, the clearly wrong test represents a striking out from the correctness test in the direction of deference. But the clearly wrong test does not go so far as the standard of patent unreasonableness. For if many things are wrong that are not unreasonable, then many things are clearly wrong that are not patently unreasonable (on the assumption that "clearly" and "patently" are close

> synonyms). It follows, then, that the clearly wrong test, like the standard of reasonableness *simpliciter*, falls on the *continuum* between correctness and the standard of patent unreasonableness. Because the clearly wrong test is familiar to Canadian judges, it may serve as a guide to them in applying the standard of reasonableness *simpliciter*. (Emphasis added.)

And further (at page 779):

> In the final result, the standard of reasonableness simply instructs reviewing courts to accord considerable weight to the views of tribunals about matters with respect to which they have significant expertise. While a policy of deference to expertise may take the form of a particular standard of review, at bottom the issue is the weight that should be accorded to expert opinions. In other words, deference in terms of a "standard of reasonableness" and deference in terms of "weight" are two sides of the same coin. (Emphasis added.)

[23] The determination of where a particular decision of a particular tribunal will fall on the spectrum involves the consideration of a number of factors including: the terms of the statute creating the right of review; the relative expertise of the tribunal; the nature and purpose of the legislation administered by the tribunal; and, the nature of the problem before the tribunal: *Southam* at 766-775; *Pushpanathan* at 1005-1012. The interaction of these various factors means that the standard of review will vary not only from one tribunal to another, but also with respect to different issues before the same tribunal.

Statutory Appeal Provision

[24] The *Securities Act* provides a broad right of appeal to this Court from final decisions of the OSC. The powers of the court on appeal are set out in s. 9(5) as follows:

> 9.(5) – Where an appeal is taken under this section, the court may by its order direct the Commission to make such decision or to do such other act as the Commission is authorized and empowered to do under this Act or the regulations and as the court considers proper, having regard to the material and the submissions before it and to this Act and the regulations, and the Commission shall make such decision or do such act accordingly.

[25] The absence of a privative clause and the existence of a right of appeal from all final orders of the OSC indicate that the "patently unreasonable" standard of review at the most deferential end of the spectrum is not appropriate here. On the other hand, although the appeal provision is broad, there is no specific direction that the appeal court may substitute its own opinion for that of the tribunal (as is stipulated in other statutes such as the Ontario *Human Rights Code*). In *Pezim* the Supreme Court of Canada considered the appropriate standard of review from a decision of the British Columbia Securities Commission (a tribunal equivalent to the OSC) as to whether the respondents had violated timely disclosure and insider trading provisions in the Act. There was a general statutory right of appeal, substantially similar to the one before us. The Court held at p. 591, per Iacobucci J.:

> The case at bar falls between these two extremes. On the one hand, we are dealing with a statutory right of appeal pursuant to s. 149 of the Act. On the other hand, we are dealing with an appeal from a highly specialized tribunal on an issue which arguably goes to its regulatory mandate and expertise.

[26] Thus, in *Pezim* the nature of the statutory right of appeal suggested a standard of review at the correctness end of the spectrum but the expertise of the tribunal and the nature of the question before it moved the standard to the middle ground of reasonableness. In the case before this court, the statutory right of appeal, in and of itself, is a factor supporting a standard of correctness. Whether other factors will militate against such a standard will depend on their interaction, as dealt with below.

Expertise of the Tribunal

[27] The OSC is a highly specialized tribunal with expertise in the regulation of capital markets. The complexity of the securities markets and the extent to which the OSC must balance competing interests while at the same time protecting the public interest are factors supporting a high degree of deference to the expertise of this tribunal. As was stated *Pushpanathan* (at p. 1008), "a decision which involves in some degree the application of a highly specialized expertise will militate in favour of a high degree of deference, and towards a standard of review at the patent unreasonableness end of the spectrum." However, the Court in *Pushpanathan* also stressed (at p. 1007) that expertise must be understood as a relative, not an absolute concept". The reviewing court must consider the issue of expertise in three dimensions: (i.) the expertise of the tribunal itself; (ii.) the expertise of the tribunal relative to that of the court; and, (iii.) the expertise of the tribunal relative to the specific issue before the tribunal: *Pushpnathan* at p. 1007.

[28] Broadly speaking, the expertise of the OSC would be a factor moving it toward the highest level of deference on the spectrum. However, this must be re-evaluated in light of the particular issue before this tribunal and the court's own relative expertise on that issue, as will be seen below.

Nature and Purpose of the Subject Legislation

[29] The primary goal of securities legislation is the regulation of the securities markets for the protection of the investing public: *Pezim* at p. 592-593 and cases referred to therein. If a statute is less concerned with legal interests between competing parties and more concerned with economic or business interests, this is a factor which tends to support a greater degree of deference: *Southam* at p. 773-774. Similarly, where a statute requires "a delicate balancing between constituencies" rather than the establishing rights between parties, the "appropriateness of court supervision diminishes": *Pushpanathan* at p. 1008. In this case, the balancing of interests required under the *Securities Act*, the protective role of the OSC under the Act, and the nature of the

economic interests involved are all factors supporting a standard of review at the deferential end of the spectrum.

Nature of the Question Before the Tribunal

[30] Generally, deference is given on questions of fact because of the "signal advantage" enjoyed by the primary finder of fact: *Canada (Attorney General) v. Mossop*, [1993] 1 S.C.R. 554 per L'Heureux-Dubé J. at 599. Conversely, on an appeal from a pure question of law the usual standard is correctness: *Pushpanathan* at p. 1010. This is particularly, although not necessarily, the case where the question of law goes to jurisdiction or involves the interpretation of the subject legislation. However, a standard of correctness on questions of law is by no means an absolute rule. Even pure questions of law may be given a wide degree of deference where other factors of the pragmatic and functional analysis suggest that such deference is the legislative intention: *Pushpanathan* at p. 1010; *Pezim* at 596-599.

[31] Further, it is often difficult to characterize a question as being one of either fact or law; many are questions of mixed law and fact. In *Southam*, Iacobucci J. defined the differences between these three classifications as follows (at p. 766):

> Briefly stated, questions of law are questions about what the correct legal test is; questions of fact are questions about what actually took place between the parties; and questions of mixed law and fact are questions about whether the facts satisfy the legal tests.

[32] His Lordship recognized, however, that fitting particular decisions within one of these three categories is still not clear-cut. As a further means of distinguishing between questions of law and mixed questions of fact and law he considered whether the point in issue had a broad precedential value (making it a question of law), as opposed to being so particular that it would be of limited application to other cases (making it a mixed question of fact and law). Thus, the more a decision is a reflection of very specific facts, the less likely it is to be a question of law and the more likely it is to be a question of mixed fact and law. He stated at p. 768:

> By contrast, the matrices of facts at issue in some cases are so particular, indeed so unique, that decisions about whether they satisfy legal tests do not have any great precedential value. If a court were to decide that driving at a certain speed on a certain road under certain conditions was negligent, its decision would not have any great value as a precedent. In short, as the level of generality of the challenged proposition approaches utter particularity, the matter approaches pure application, and hence draws nigh to being an unqualified question of mixed law and fact. See R. P. Kerans, *Standards of Review Employed by Appellate Courts* (1994), at pp. 103-108. Of course, it is not easy to say precisely where the line should be drawn; though in most cases it should be sufficiently clear whether the dispute is over a general proposition that might qualify as a principle of law or over a very particular set of circumstances that is not apt to be of much interest to judges and lawyers in the future.

[33] This concept was affirmed in *Pushpanathan* but in a slightly different context. Bastarache J. held in that case that in considering the "nature of the question" factor and weighing it with other factors, the extent to which a question is one of general application is a factor supporting less deference from the court and moving more towards a correctness standard. He stated at p. 1011-1012:

> Keeping in mind that all the factors discussed here must be taken together to come to a view of the proper standard of review, the generality of the proposition decided will be a factor in favour of the imposition of a correctness standard. This factor necessarily intersects with the criteria described above, which may contradict such a presumption . . . In the usual case, however, the broader the propositions asserted, and the further the implications of such implications stray from the core expertise of the tribunal, the less likelihood that deference will be shown. Without an implied or express legislative intent to the contrary as manifested in the criteria above, legislatures should be assumed to have left highly generalized propositions of law to the courts.

F. ANALYSIS

Applicable Law

[34] The OSC held that the applicable law on the application before it was the current law, rather than the law as it existed at the time of Mr. Coughlan's examination. The OSC therefore applied the test under s. 17 of the existing legislation. The OSC further held that it was not bound to follow its Policy Directive with respect to non-disclosure which was in place in 1989 but since rescinded and that it was not bound by any undertaking given by its legal counsel prior to Mr. Coughlan giving his evidence. These are questions of law of general application and are not squarely within the OSC's area of expertise. On these questions the OSC is required to be correct.

[35] In my opinion, the OSC answered all of these questions correctly. The application for disclosure was made in 2000 and the OSC's decision as to whether to release the material sought must be made based on the legislative requirements now in force. In determining whether to release material "in the public interest", as well as in determining under the old regime whether to consent to the release of s. 11 material, the OSC is exercising a discretion given to it under the legislation. It is improper now, just as it would have been improper in 1989, for the OSC to fetter that discretion by making blanket rulings or enforcing mandatory policies: *Biscotti, supra; Ainsley Financial Corp. v. Ontario Securities Commission* (1993), 14 O.R. (3d) 280 (Gen.Div.) at 290, aff'd (1994), 21 O.R. (3d) 104 (C.A.). Further, the OSC, in determining whether disclosure in 2000 is warranted in the public interest, cannot be bound by any assurances given by its staff in 1989: *Re Mithras Management Ltd.* (1988), 14 OSCB 1600 (OSC). This is because the OSC is a statutory decision-maker vested with a

discretion to be exercised in the public interest. Its decisions must be independent and cannot be fettered by statements made by its staff.

[36] Therefore, the OSC correctly decided: (i.) that its decision should be in accordance with the provisions of today's legislation, (ii.) that it was not bound to follow the legislation or written policies in force in 1989, and (iii.) that it was not obliged to refuse disclosure because of assurances given by its counsel in 1989. That said, it does not follow that the OSC is entitled to ignore these matters altogether, as they may well be relevant factors in applying aspects of the public interest test.

Defining the Public Interest Test for Disclosure

[37] Section 16 of the Act mandates the confidentiality of testimony obtained under s. 13 (formerly s.11). Section 16 is stated to be subject to section 17 which merely provides that disclosure of such material may be made "if the Commission considers that it would be in the public interest". The Act does not set out any criteria for applying this "public interest" test. The OSC's decision as to the nature of the test to be applied under the Act is a pure question of law. It falls squarely within the definition articulated by Iacobucci J. in *Southam* as it is a determination of the "correct legal test" to be applied (see paragraph [31] above). It is also a question of broad application with precedential value for future cases, thus falling within the "question of law" category identified by Iacobuuci J. in *Southam* and the type of decision likely to attract a standard of correctness as described by Bastarache J. in *Pushpanathan* (see paragraphs [32] and [33] above). However, questions of law are not automatically subject to a correctness standard of review. Here there are a number of factors that suggest a standard of review less restrictive than that of correctness. The Legislature has chosen to leave "public interest" undefined and to vest the initial decision-making on this issue in the OSC. The OSC is a body with a high degree of expertise in a specialized field and is accustomed to making public interest determinations in the ordinary course of its duties under the Act. Further, the nature and purpose of the legislation itself (and consequently the subject matter of the "public interest") is one of economic or business interests, rather than strictly legal matters, and is more within the expertise of the tribunal than that of the Court. Accordingly, it is not clear whether the standard of review on this issue should be one of correctness (because it is a general legal question of broad application) or one of reasonableness (in light of the expertise of the tribunal and the public interest issues involved). However, regardless of which standard is applied, it is clear that considerable deference should be accorded to the OSC ruling on how the public interest test should be applied.

[38] In terms of the general test applied in this particular case, the result is the same whether the standard of review applied is "reasonableness" or "correctness" or something in between. The OSC held that confidentiality was the expressed intent of the Act and that the onus was on the applicant to justify disclosure as being in the public interest. That is clearly consistent with the scheme and intent of the legislation as well as with existing jurisprudence: see *Biscotti*. The OSC also held (at p. 10 of the majority Reasons) that in exercising its discretion it must consider the purpose for which the evidence is sought and the specific circumstances of the case. It recognized that a s. 17 order should not be granted merely because a party in an action seeks production of s. 13 evidence for use in private litigation. Finally, the OSC held (at page 11 of the majority Reasons) that in determining whether to order disclosure it must balance the continued requirement for confidentiality with its assessment of the public interest at stake, including harm to the person whose testimony is sought.

[39] I have no difficulty with the test to be applied as articulated in the majority Reasons. It is reasonable, and it is consistent with both the legislative scheme and judicial interpretations of it: see *Biscotti, supra* and *Re Weram Investments Ltd.* (1988), 11 OSCB 2433 (OSC). Thus, regardless of which standard of review is used, there is no reviewable error by the OSC in defining the legal test to be applied under s. 17 of the Act.

Applying the Public Interest Test in this Case

[40] I come now to the crux of this case: whether it was in the public interest that the 1989 testimony given by Mr. Coughlan be disclosed to Westminer for use in the Cavalier Action. The answer to this question requires the consideration of whether the particular facts of this case satisfy the legal test for disclosure. The circumstances are unusual and it is unlikely that the answer to the question will have broad application to individuals other than those involved in this case. This is therefore a mixed question of fact and law. Given the expertise of the tribunal, the subject matter of the legislation and the fact that the tribunal is being called upon to exercise a discretion on a matter of public interest, a standard of correctness is clearly not appropriate. However, the tribunal is not operating within its core area of expertise as would be the case in determining issues such as licensing or market regulation. There are aspects of the issue before the tribunal that relate to its core expertise (*e.g.* the importance of confidentiality to the operations of the OSC). But there are other aspects that are outside that specialized expertise and where the expertise of the tribunal relative to the court may not be as apparent (*e.g.* the appropriate procedures to be followed when contemplating the disclosure of previously confidential material, determining the harm to the individual from disclosure, applying the doctrine of legitimate expectation, determining from the pleadings in a civil action whether particular issues are raised, and determining issues of relevance in the context of a civil action). Taking all of these factors into account, in my opinion, the appropriate standard of review is the middle ground defined in *Southam*. The tribunal's decision must be reasonable.

[41] In my opinion, the decision of the majority members of the tribunal is unreasonable due to the following defects:

(i) they incorrectly determined that the independence and integrity of the OSC and its staff had been raised as an issue in the Cavalier Action and therefore based their decision on an invalid premise;

(ii) even if the independence of the OSC had been called into question in the Cavalier Action, there was no evidence that the transcript of Mr. Coughlan's testimony in 1989 could have any bearing on that issue and the assumption that it was relevant was not a logical inference;

(iii) they erred in concluding that Mr. Groia required the transcript to refresh his memory in the absence of any evidence to that effect;

(iv) they erred in holding that there was no longer any public interest in maintaining confidentiality of s. 11 testimony once the investigation of that matter has concluded and therefore failed to take into account other public interest reasons for maintaining confidentiality;

(v) they failed to take into account the legitimate expectation of Mr. Coughlan as a factor relevant to the public interest;

(vi) they erred in assuming that disclosure would cause no harm to Mr. Coughlan based on the fact that Mr. Coughlan had failed to produce evidence of specific harm and in the absence of any review of the materials;

(vii) in any event, even if disclosure of the material was warranted, the tribunal erred by simply ordering disclosure to Westminer rather than addressing other possibilities that would minimize the impact of disclosure, protect the rights of third parties and restrict the use of the material.

(i) Public Interest in Protecting Integrity of the OSC

[42] The majority members of the tribunal held that disclosure of the s. 11 material was justified because it was in the public interest to protect the integrity of the OSC from the attack upon it by the plaintiffs in the Cavalier Action. They recognized that disclosure would not have been warranted but for this issue of the independence of the OSC. In particular, they stated (at page 10) that production of confidential material for use by a party in a civil action would not in and of itself be in the public interest. This is consistent with longstanding OSC policy and practice and has been approved by this Court: see *e.g. Weram Investments Ltd. v. Ontario Securities Commission* (June 10, 1988 OSCB 2433; appeal dismissed June 8, 1990 OSCB 2287, 39 O.A.C. 52 (Div.Ct.).

[43] Thus, the OSC's conclusion that the integrity of the OSC is at issue in the Cavalier Action is a pivotal determination, without which there is no foundation for the disclosure order. The basis for this important conclusion is not clear from the majority Reasons. The Reasons do not refer to any pleading in the Cavalier Action that makes such an allegation. However, the majority stated (at page 13), "We now have an application which in our view is unambiguous as to the allegations of the Cavalier Plaintiffs, that is, the Commission did not act independently by exercising its own discretion to commence proceedings against Mr. Coughlan." It is certainly the case that the application before the OSC made allegations to that effect. In its Notice of Motion to the OSC, Westminer included among the stated grounds for the motion, the following assertion:

> (x) In the Cavalier Action, the Cavalier Plaintiffs appear to advance a position that will call into question the integrity of the Commission's investigative and adjudicative processes. They have, in effect, alleged that Staff acted as a "pawn" of the moving parties throughout its investigation of Coughlan. By necessary implication, the Cavalier Plaintiffs have thus put in issue public confidence in the integrity and independence of the Commission. (Emphasis added)

Similar assertions were made in Westminer's factum on the appeal before this Court, as follows:

> 26. The Cavalier Plaintiffs allege that the Westminer Parties somehow directed Staff [of the OSC] to conduct an investigation respecting the adequacy of Seabright's public disclosure and, correspondingly, that Staff did not exercise independent judgment in conducting the investigation and pursuing the consequent proceedings against Coughlan.

Significantly, no authority is cited for these assertions and no attempt is made to tie the assertions to any provision in the Cavalier Action pleadings.

[44] However, notwithstanding Westminer's bald assertion as to the Cavalier Plaintiffs' allegations, those allegations are quite simply not in the pleadings. The amended statement of claim covers 43 paragraphs. The essence of the plaintiffs' cause of action is set out in paragraph 28 which alleges that "the cause of the failed initial public offering was the Ontario Action" and that "but for the Ontario Action the initial public offering would have proceeded". The Cavalier Plaintiffs also plead and rely upon the findings made by Nunn J. in the Seabright Action and in particular state at paragraph 33:

> 33. The Nova Scotia actions [referring to the Seabright Action] determined that there were four distinct means used by the Defendants in their execution of the conspiracy against the former directors of Seabright, namely:
>
> a) the Ontario Action as amended;
>
> b) initiating an Ontario Securities Commission investigation;
>
> c) depriving the former Seabright directors of an insured defence; and,
>
> d) depriving the former Seabright directors of indemnity available under company by-laws.
>
> (Emphasis added)

The reference at paragraph 33(b) of the statement of claim to Westminer "initiating an Ontario Securities Commission investigation" is the one and only mention of the OSC in the entire statement of claim.

[45] There is no allegation of improper conduct against the OSC and no suggestion that the OSC did not proceed independently or that its staff were "pawns" of Westminer. Further, it would appear that no such inference was drawn by defence counsel at the time. Although the statement of

defence and amended statement of defence make numerous references to the Ontario Action, there is not one single reference to the Ontario Securities Commission. In this regard, I agree with the conclusion reached by Commissioner Paddon (at pages 5-6 of his Dissenting Opinion) that based on a detailed review of the pleadings, neither the OSC proceeding nor the OSC Staff's investigation is an issue in the Cavalier Action.

[46] On the hearing before this Court (and also apparently before the OSC) counsel for Westminer made reference to a 103 page pre-trial memorandum filed by counsel for the Cavalier Plaintiffs for the use of the trial judge in that action. In that memorandum, the plaintiffs state (at paragraph 107) that there were numerous interventions by Westminer with the OSC over the course of the 20 months from the complaint to the settlement and assert that this, and subsequent interventions, had "a serious effect on Cavalier Capital's ability to mitigate its losses". Westminer's factum before this Court also quotes the following excerpt (paragraph 109) from the pre-trial memorandum:

> On December 13, 1989 Messrs. Wise and Roy [representing Westminer] attended at the OSC to discuss the status of the investigation. The OSC had advised it was of the view the investigation should be suspended pending the resolution of the lawsuits, either the *Ontario Action* or the *Seabright Action* in Nova Scotia, in which the allegations of fraud against Coughlan et al. could better be pursued. The OSC's reluctance was met, however, with the Defendants' insistence that the OSC proceed with its investigation instead.

[47] In its factum, Westminer referred to this excerpt as supporting its contention that the Cavalier Plaintiffs "allege that the Westminer Parties somehow forced or coerced the Commission to pursue regulatory proceedings against Coughlan that Staff was not inclined to take". This, in my view, is not accurate. There is no direct allegation by the Cavalier Plaintiffs that the OSC was "coerced" or "forced" to proceed or that it was a "pawn" of Westminer. Neither is there any logical basis for inferring such an allegation from the words used by the Cavalier Plaintiffs. The Cavalier Plaintiffs have focussed exclusively on the conduct of Westminer and have never suggested that the integrity or independence of the OSC was in any way at issue. Commissioner Paddon, in his dissent, held that there was nothing in the pre-trial memorandum to change his impression from the statement of claim that the OSC proceeding and investigation were not at issue. Again, I agree.

[48] The majority decision that disclosure of the s. 11 evidence was warranted in the public interest was predicated on the finding that the Cavalier Action called into question the independence and integrity of the OSC. There is no evidence to support the conclusion that this is an issue in the Cavalier Action. An assumption made without an evidentiary foundation is unreasonable: *Southam* at pages 776-777, see paragraph [21] above.

[49] At the outset of the hearing of this appeal, counsel for Westminer sought to introduce fresh evidence in the form of further amended statements of claim and defence in the Cavalier Action which had been delivered after the release of the OSC decision now under appeal. Counsel before us asserted that the new evidence would assist the argument that the integrity of and independence of the OSC was an issue in the Cavalier Action. This Court granted that motion and reviewed the fresh pleadings. The only amendment to the statement of claim was the addition of two words ("and pursuing") to paragraph 33 (b) so that the allegation as to the means of executing the conspiracy includes "initiating and pursuing an Ontario Securities Commission investigation". The defendants thereupon delivered an amended defence adding a page and a half of allegations including that the OSC investigation was conducted independently of the defendants. In my view, this adds nothing to the issues before us. The fact still remains that the plaintiff in the Nova Scotia proceedings has never challenged the integrity of the OSC. The gratuitous pleading of the independence of the OSC in the amended defence cannot operate to create an issue not raised by the plaintiffs.

[50] In my opinion, since the determination that the integrity of the OSC was challenged by the plaintiffs in the Nova Scotia action is the underpinning of the majority decision, a finding that this determination is unreasonable is sufficient to dispose of this appeal. However, since a conclusion of unreasonableness can also be based on the cumulative effect of a number of lesser errors, it is relevant to consider all of the points I have listed in paragraph [41] above.

(ii) Relevance of Coughlan Evidence to the Independence of the OSC

[51] Assuming for present purposes that the independence of the OSC investigation is raised as an issue in the Cavalier Action, the next question to be determined is whether the transcript of Mr. Coughlan's s.11 testimony is relevant to that issue. The majority held in its Reasons at page 14-15:

> In our opinion, the Motion Applicants should be given the opportunity to provide Mr. Groia with this evidence to refresh his memory and to prepare a defence to the allegations. The disclosure of the evidence **may** be the best way to resolve disputes as to adjudicative facts. **It is not our role to determine relevancy or how the evidence will be used at trial. That is for the court.** (Emphasis added)

[52] Obviously, the tribunal cannot rule on the ultimate admissibility of the evidence at trial. That is a matter for the trial judge. However, that does not mean that relevancy is not a matter for the tribunal to consider in determining whether disclosure is warranted in the public interest. It is not sufficient to say that disclosure of the material "may" be the best way to resolve disputes. That is nothing more than speculation. Such a standard is not even sufficient to meet a minimum threshold to warrant reviewing the material itself to determine if there may be some relevance. It certainly is not sufficient to warrant disclosure. To do so is to sanction what is nothing more than a fishing expedition in material statutorily deemed to be confidential.

[53] The subject matter of the OSC investigation was whether between 1985 and 1987 Mr. Coughlan, as CEO and director of Seabright, had misrepresented matters to the OSC,

failed to disclose material changes and failed to make timely disclosure. I cannot fathom how the transcript of an examination of Mr. Coughlan on those issues can have any potential relevance to whether the OSC between October 1988 and March 1990 was a "pawn" of Westminer. If there is any connection between the two, and I do not see one, then it is remote. There was no evidence before the OSC to establish that the material sought would likely have any probative value on the issue of the OSC's integrity and independence. The OSC did not review the subject material to determine its relevance. Accordingly, the decision of the majority that disclosure of the subject material was warranted in order to address the independence issue is without a rational and evidentiary basis and, hence, unreasonable. Again, I agree with the following observation at page 7 of the dissenting opinion of Commissioner Paddon on this point:

> The OSC investigation was conducted to deal with timely disclosure of material facts concerning Seabright in the period before December, 1987. How the evidence and questions at that investigation could be relevant to the current Cavalier Action escapes me. It is complete speculation to anticipate whether the material sought will have any relevance to the issues in the Cavalier Action. It is the speculative and questionable relevance and questionable use at trial that leads me to conclude that release of such material would not be in the public interest. The onus required to be met to satisfy section 17 of the *Act* has not been met. A clear direct need has not been established.

(iii) Requirement of the s. 11 Material to Refresh Mr. Groia's Memory

[54] Westminer stated in its factum (paragraph 37) that it intended to call Joseph Groia (the Director of the OSC's Enforcement Branch during the Coughlan investigation) as a witness at the trial of the Cavalier Action to address the issue of "whether the Westminer Parties influenced Staff's investigation regarding Coughlan or forced or coerced Staff to pursue regulatory proceedings against him". A similar representation was made to the OSC. The majority members of the tribunal accepted Westminer's submission that the transcript of Mr. Coughlan's testimony would be required by Joseph Groia to refresh his memory on this issue and ordered disclosure on this basis: Reasons page 14-15. There was no evidence whatsoever before the OSC tribunal to establish that Mr. Groia needed or requested this material in order to refresh his memory. Further, it is hard to imagine that Mr. Groia would be unable to deal with questions as to whether the OSC had been a mere pawn of Westminer during the course of its investigation without first having reviewed the transcript of Mr. Coughlan's evidence. Likewise, there was no evidence before the tribunal that Mr. Groia would not himself have had access to his working files during the time in question and that those files were inadequate for him to be prepared to testify as to whether the OSC conducted an independent investigation (as opposed to being coerced or forced to do so by Westminer). On this point, one can see the potential relevance of the OSC's internal staff memoranda and correspondence and documents relating to its dealings with Westminer. However, it is difficult to imagine that the questions posed by staff to Mr. Coughlan and the answers he provided could have anything to do with whether Westminer was pulling the OSC's strings. The majority's decision on this point is irrational, based on an invalid premise and without an evidentiary basis. Therefore, it is unreasonable: *Southam* at pages 776-777.

[55] Again, I agree with the observations of Commissioner Paddon on this point at pages 6 and 8:

> . . .They can put this proposition [that OSC Staff acted as a pawn of Westminer] to Groia whom they have, in effect represented to us that they are going to call at the trial and see how he reacts to it, bearing in mind his former role at the OSC.
>
> It might have been useful for us to have had before us on this motion, direct evidence from Groia that if he is going to be a witness in the Cavalier Action he needed to read the transcript of the evidence. Mindful of the fact that the issues before the Commission back in 1989 had no relevance to anything alleged in the Cavalier Action, it would have been helpful to this Commissioner to have Groia's explanation as to why he might need such assistance. Given the remoteness of the relevance of the evidence sought, I cannot agree that it is required by the moving parties at this time.

(iv) Public Interest in Maintaining Confidentiality

[56] In balancing the competing interests under the public interest test, the majority held that the since the OSC investigation of Mr. Coughlan had been completed, "there is no longer any ongoing interest in maintaining confidentiality for the 'exclusive use' of the Commission in the enforcement and administration of the Securities Act": Majority Reasons page 12. The Court of Appeal rejected this very form of analysis in *Biscotti,* stating (at 414):

> Section 14 of the Act requires that it be and remain confidential and that the prohibition against disclosure continues unless the Commission consents to its disclosure. The requirement for consent does not end after the investigation ends or after a hearing has commenced. **Further, the need for confidentiality does not diminish once the investigation is complete.** There is no reason for why the legislation should be construed that way. If that had been the legislature's intention, the section would have expressly so provided. (Emphasis added)

While some of the legislative provisions and practices with respect to confidentiality and disclosure have changed since 1991 when *Biscotti* was decided, the underlying policy and purpose of the confidentiality provisions remains the same and *Biscotti* is still binding authority on this point.

[57] The fact that there is no ongoing investigation that might be compromised by disclosure is a relevant factor to be taken into account in determining the public interest in disclosure.

However, it is by no means the only factor supporting a public interest in maintaining confidentiality. This point was noted by Commissioner Paddon, who quoted with approval the following excerpt from the decision of the OSC Chairman in *Norcen Energy Resources* (April 29, 1983 OCSB 760):

> Commission investigations, whether conducted under sections 11 or 13 of the Act . . . are performed by Commission staff on a confidential basis. Confidentiality is essential in order to facilitate the investigation and in order to avoid, either prejudicing a person's right to fair process in the event that the findings of the investigation justify proceedings, or damaging a person's reputation when the results of the investigation do not support further proceedings. **The effective functioning of the Commission depends upon the reliance which parties affected by its operations can place upon the confidentiality of the Commission's administrative proceedings.** (Emphasis added)

[58] To this I would add that in the circumstances of this case it would have been relevant for the OSC to consider the fact that at the time Mr. Coughlan gave his evidence he was given assurances by Commission counsel that the confidentiality of his testimony would be protected and that it would not be released for use by Westminer in the then ongoing Ontario Action. As I have stated above, the OSC's discretion is not fettered in the sense that it is bound to follow this assurance given by its counsel. However, it seems to me that public confidence in the integrity of the OSC and its Staff would not be enhanced if assurances given by counsel are simply dismissed out of hand as "not binding". There is at the very least a public interest to be considered in whether the OSC should be seen as honouring such commitments and written OSC Policy which have been relied upon by individuals. This is a factor that the OSC majority failed to consider.

[59] Thus, the OSC majority erroneously held that upon the completion of the investigation there was no longer a public interest in maintaining confidentiality and then failed to consider key factors relevant to why protecting confidentiality was in the public interest. By considering an improper factor and failing to consider relevant factors, the OSC majority committed an error in principle and therefore acted unreasonably.

(v) The Doctrine of Legitimate Expectations

[60] The appellant relied upon the doctrine of legitimate expectations as that principle has been defined by the Ontario Court of Appeal in *Libbey Canada Inc. v. Ontario (Ministry of Labour)* (1999), 42 O.R. (3d) 417 at 435 as follows:

> The doctrine of reasonable expectations in administrative law is founded on notions of fairness. Broadly speaking, those who deal with government bodies and agencies entrusted with the authority to wield power for the public good should be able to rely on representations made to them by those bodies and agencies and to govern their affairs accordingly. In some circumstances, the court will intervene by way of judicial review where a public authority attempts to resile from a representation to the detriment of someone who has relied on that representation. Judicial intervention is, however, limited to cases where the unfairness is manifest. As Lord Justice Bingham said in R. v. Board of Inland Revenue Ex Parte M.F.K., [1990] 1 All E.R. 91 at pp. 110-11:
>
> > If a public authority so conducts itself as to create a legitimate expectation that a certain course will be followed it would often be unfair if the authority were permitted to follow a different course to the detriment of one who entertained the expectation, particularly if he acted on it. If in private law a body would be in breach of contract in so acting or estopped from so acting a public authority should generally be in no better position. The doctrine of legitimate expectation is rooted in fairness. But fairness is not a one way street. It imports the notion of equitableness, of fair and open dealing, to which the authority I is as much entitled as the citizen. The Revenue's discretion, while it exists, is limited. Fairness requires that its exercise should be on a basis of full disclosure. Counsel for the applicants accepted that it would not be reasonable for representee to rely on an unclear or equivocal representation. Nor I think on such facts as the present, would it be fair to hold the Revenue bound by anything less than a clear, unambiguous and unqualified representation.

[61] In this case the OSC was called upon to make a discretionary decision based on its assessment of the public interest. In that context, it was not bound by the doctrine of legitimate expectations to exercise its discretion in a particular way. However, it was required to take Mr. Coughlan's expectation into account as one of the factors to be weighed in the balance. As was stated by counsel in the Coughlan factum, "In such a case, protection of the legitimate expectations of those who gave their testimony under the protection of an existing OSC Policy and a specific assurance are values which are deserving of protection pursuant to the doctrine." The failure of the OSC majority to take this principle into account is another factor supporting my conclusion that their decision was unreasonable.

(vi) Evidence of Harm to Mr. Coughlan

[62] The majority members held (at page 15) that they were "not satisfied there is any specific direct harm" to Mr. Coughlan if the material is disclosed. This conclusion is apparently based on the finding at page 13 that Mr. Coughlan testified in

the Seabright Action for 16 days, including 9 days of cross-examination, about the very issues that were the subject of the Commission investigation. Upon noting this fact the majority stated, "In this context it becomes difficult to ascertain any specific harm to Mr. Coughlan as a result of a s. 17 order." In coming to this conclusion the majority apparently assumed that the testimony given under the Act in 1989 was subsumed by the evidence given at trial 3 years later. What the Commission failed to consider was that testimony provided under a s. 11 investigation is not subject to evidentiary strictures and may therefore include irrelevant, speculative, opinion or hearsay statements as well as information about others: see *In Re Rush* (1967,OSCB 2 OA) quoted at page 12 of Commissioner Paddon's Dissenting Reasons. It therefore does not necessarily follow that everything Mr. Coughlan said in his s. 11 evidence was subject to examination and cross-examination at trial. At a minimum, the OSC should have reviewed the transcript of the s.11 evidence before concluding that it covered the same ground as the trial evidence and that therefore Mr. Coughlan could not be harmed by its release.

[63] The determination of whether there will be specific harm caused by disclosure is awkward. On the one hand, the existence of specific harm is clearly a relevant factor to take into account in deciding whether the public interest warrants disclosure. However, the absence of any evidence of specific harm cannot be taken as proof, or even an inference, that no such harm exists. To require the affected individual to provide evidence of harm, failing which disclosure will be made, is to put him in an untenable position. In order to avoid the harm of disclosure he will have to disclose the existence of the harmful material. Care must be taken not to place an onus on the individual to prove harm. It is clear from the statutory scheme that the presumption is in favour of protecting confidentiality, not the other way around. In this case, it does appear that the OSC majority put undue weight on the absence of specific harm to Mr. Coughlan in a manner that was unfair to him and therefore unreasonable.

(vii) Procedure for Disclosure

[64] Finally, upon reaching the conclusion that disclosure of the s. 11 testimony "would serve a useful purpose in the public interest", would not harm Mr. Coughlan and would only minimally affect his confidentiality rights, the OSC simply directed that disclosure be made to all parties. It did so without reviewing the material and without any restriction on its use. It is instructive to compare the OSC's procedure in this regard to the strict terms under which a court can order the disclosure of compelled testimony to an individual being prosecuted by the OSC under the *Provincial Offences Act*. Section 17(5) of the *Securities Act* provides that in that situation the trial judge must first inspect the material and obtain the submissions of all interested parties. After that, the material may be disclosed but only if the judge is satisfied that it is relevant, is not protected by privilege and is necessary to enable the accused to make full answer and defence.

[65] An inspection of requested material is also necessary under the Ontario *Freedom of Information Act*. The head of the institution from whom the information is being requested must review the record to determine if any or all of the information falls within statutory exceptions that limit disclosure. A record may be severed if portions of it are subject to an exception (section 10(2)). The decision maker must also balance the purpose of confidentiality with the public interest in disclosure (section 23). This balancing involves determining if the public interest is "compelling" and whether or not it "clearly outweighs" the purpose of the exception: *Re John Doe et al. v. Information and Privacy Commissioner et al.* (1993), 13 O.R. (3d) 767). Appeals of initial decisions are heard by the Information and Privacy Commissioner who also reviews the documents in question.

[66] None of these types of protections were provided in this case. Not having reviewed the material, the tribunal has no way of knowing whether the material is harmful to the interests of individuals other than Mr. Coughlan who are not parties and who have not been heard on the issue. Neither is the tribunal in a position to determine whether the material contains things subject to privilege or which are clearly irrelevant to the issue for which the disclosure is sought. No attempt was made to edit out irrelevant or privileged material or to remove references to third parties (although the majority's reasons note that Westminer advised at the time of the hearing that it did not require references to third parties). If the purpose of the disclosure is to allow Mr. Groia to refresh his memory, there would seem to be no immediate necessity to release the material to Westminer, or to anybody else other than Mr. Groia. This possibility was considered by the tribunal and raised with counsel during the course of the hearing but nothing further was done because the suggestion was not taken up by counsel at the time. With respect, that is not sufficient. It is not only Mr. Coughlan whose interests are at stake. There is a public interest in maintaining confidentiality and disclosure should only be made in a manner consistent with that public interest. Simply turning over confidential material to a third party with no vetting of the material and no restrictions on its ultimate use is not consistent with protecting the public interest. In the circumstances of this case, it is not necessary to deal any more extensively with the appropriate procedures to employ. Suffice to say, for present purposes, that the kinds of safeguards used by the courts in considering the release of confidential medical records should be considered: see *O'Connor*, [1995] 4 S.C.R. 411 and *R. v. B.M.* (1998), 42 O.R. (3d) 1 (C.A.) where the *O'Connor* procedure was followed.

G. CONCLUSION

[67] The majority decision of the tribunal cannot withstand the "somewhat probing examination" identified by the Supreme Court of Canada in *Southam* as the hallmark of the reasonableness test. For the reasons set out above, the decision of the majority cannot stand and is hereby set aside. Given this result, it is not necessary to deal with the constitutional arguments advanced by the appellant.

[68] The appellant has been wholly successful and is entitled to his costs. Counsel urged that such costs should be on a solicitor and client basis given the background and history of the dispute with Westminer. While I can understand the aggravation and expense this matter has caused the appellant, and the extent to which this must rankle given the history between the parties, I am unable to agree that the position taken by the respondent was so unmeritorious as to warrant an award of solicitor and client costs. Mr. Coughlan shall have his costs both of this appeal and of the motion before Blair J.

on a party and party basis, fixed in the total amount of $18,000.00.

MOLLOY J.

Released: September 11, 2000

Chapter 4

Cease Trading Orders

4.1.1 Temporary and Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
Environmental Reclamation Inc.	20 Dec 00	-	-	-
GCL Evergreen Inc.	19 Dec 00	-	-	29 Dec 00
Great Grandad Resources Inc.	19 Dec 00	-	-	29 Dec 00
Coastal Acquisition Corporation	-	-	-	4 Jan 01

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Chapter 5

Rules and Policies

5.1 Rules and Policies

5.1.1 National Instrument 43-101, Standards of Disclosure for Mineral Projects

NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

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NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

PART 1 APPLICATION, DEFINITIONS AND INTERPRETATION

1.1 **Application** - This Instrument applies to all oral statements and written disclosure of scientific or technical information, including disclosure of a mineral resource or mineral reserve, made by or on behalf of an issuer in respect of a mineral project of the issuer.

1.2 **Definitions** - In this Instrument

"adjacent property" means a property

(a) in which the issuer does not have an interest;

(b) that has a boundary reasonably proximate to the closest boundary of the property being reported on; and

(c) that has geological characteristics similar to those of the property being reported on;

"data verification" means the process of confirming that data has been generated with proper procedures, has been accurately transcribed from the original source and is suitable to be used;

"development property" means a property that is being prepared for mineral production and for which economic viability has been demonstrated by a feasibility study;

"disclosure" means any oral statement or written disclosure made by or on behalf of an issuer and intended to be, or reasonably likely to be, made available to the public in a Canadian jurisdiction, whether or not filed under securities legislation, but does not include written disclosure that is made available to the public only by reason of having been filed with a government or agency of government pursuant to a requirement of law other than securities legislation;

"disclosure document" means an annual information form, prospectus, material change report or annual financial statement filed with a regulator pursuant to a requirement of securities legislation;

"exploration information" means geological, geophysical, geochemical, sampling, drilling, analytical testing, assaying, mineralogical, metallurgical and other similar information concerning a particular property that is derived from activities undertaken to locate, investigate, define or delineate a mineral prospect or mineral deposit;

"feasibility study" means a comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production;

"IMM system" means the classification system and definitions for mineral resources and mineral reserves approved from time to time by The Institution of Mining and Metallurgy in the United Kingdom;

"JORC Code" means the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia as amended or supplemented;

"mineral project" means any exploration, development or production activity in respect of natural, solid, inorganic or fossilized organic, material including base and precious metals, coal and industrial minerals;

"preliminary assessment" means a preliminary assessment permitted to be disclosed pursuant to subsection 2.3(3);

"preliminary feasibility study" and "pre-feasibility study" each mean a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating, economic factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve;

"producing issuer" means an issuer the annual audited financial statements of which disclose

(a) gross revenues, derived from mining operations, of at least $30 million for the issuer's most recently completed financial year; and

(b) gross revenues, derived from mining operations, of at least $90 million in the aggregate for the issuer's three most recently completed financial years;

"professional association" means a self-regulatory organization of engineers, geoscientists or both engineers and geoscientists that

(a) has been given authority or recognition by statute;

(b) admits members primarily on the basis of their academic qualifications and experience;

(c) requires compliance with the professional standards of competence and ethics established by the organization; and

(d) has disciplinary powers, including the power to suspend or expel a member;

and until February 1, 2002 includes an association of geoscientists in Ontario and until February 1, 2003 includes an association of geoscientists in a Canadian jurisdiction other than Ontario that does not have a statutorily recognized self-regulatory association;

"qualified person" means an individual who

(a) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these;

(b) has experience relevant to the subject matter of the mineral project and the technical report; and

(c) is a member in good standing of a professional association;

"quantity" means either tonnage or volume, depending on which term is the standard in the mining industry for the type of mineral;

"technical report" means a report prepared, filed and certified in accordance with this Instrument and Form 43-101F1 Technical Report;

"USGS Circular 831" means the circular published by the United States Bureau of Mines/United States Geological Survey entitled "Principles of a Resource/Reserve Classification for Minerals", as amended or supplemented; and

"written disclosure" includes any writing, picture, map or other printed representation whether produced, stored or disseminated on paper or electronically.

1.3 **Mineral Resource** - In this Instrument, the terms "mineral resource", "inferred mineral resource", "indicated mineral resource" and "measured mineral resource" have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines adopted by CIM Council on August 20, 2000, as those definitions may be amended from time to time by the Canadian Institute of Mining, Metallurgy and Petroleum.

1.4 **Mineral Reserve** - In this Instrument, the terms "mineral reserve", "probable mineral reserve" and "proven mineral reserve" have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines adopted by CIM Council on August 20, 2000, as those definitions may be amended from time to time by the Canadian Institute of Mining, Metallurgy and Petroleum.

1.5 **Interpretation**

(1) In this Instrument, a person or company is considered to be an affiliated entity of another person or company if

(a) one is a subsidiary of the other,

(b) both are subsidiaries of the same person or company, or

(c) each is controlled by the same person or company.

(2) In this Instrument, a person or company is considered to be controlled by a second person or company if

(a) in the case of a company,

(i) voting securities of the company carrying 50 percent or more of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the second person or company; and

(ii) the votes carried by such securities entitle the second person or company to elect a majority of the directors of the company;

(b) in the case of a partnership, other than a limited partnership, the second person or company holds an interest of 50 percent or more in the partnership; or

(c) in the case of a limited partnership, the general partner is the second person or company.

(3) In this Instrument, a person or company is considered to be a subsidiary entity of a second person or company, if

(a) the person or company is controlled by

(i) the second person or company, or

(ii) the second person or company and one or more other persons or companies, each of which is controlled by the second person or company, or

(iii) one or more other persons or companies, each of which is controlled by the second person or company; or

(b) the person or company is a subsidiary entity of a person or company that is itself a subsidiary entity of the second person or company.

(4) In this Instrument, a qualified person involved in the preparation of a technical report is not considered to be independent of the issuer in respect of the technical report, if

(a) the qualified person, or any affiliated entity of the qualified person, is, or by reason of an agreement, arrangement or understanding expects to become, an insider, associate, affiliated entity or employee of

(i) the issuer,

(ii) an insider of the issuer, or

(iii) an affiliated entity of the issuer;

(b) the qualified person, or any affiliated entity of the qualified person, is, or by reason of an agreement, arrangement or understanding expects to become, a partner of any person or company referred to in paragraph (a);

(c) the qualified person, or any affiliated entity of the qualified person, owns, or by reason of an agreement, arrangement or understanding expects to receive, any securities of the issuer or of an affiliated entity of the issuer or an ownership or royalty interest in the property that is the subject of the technical report;

(d) the qualified person, or any affiliated entity of the qualified person, has received the majority of his or her income in the three years preceding the date of the technical report from one or more of the issuer and insiders and affiliated entities of the issuer; or

(e) the qualified person, or any affiliated entity of the qualified person,

(i) is, or by reason of an agreement, arrangement or understanding expects to become, an insider, affiliate or partner of the person or company which has an ownership or royalty interest in a property which has a boundary within two kilometres of the closest boundary of the property being reported on; or

(ii) has, or by reason of an agreement, arrangement or understanding expects to obtain, an ownership or royalty interest in a property which has a boundary within two kilometres of the closest boundary of the property being reported on.

PART 2 REQUIREMENTS APPLICABLE TO ALL DISCLOSURE

2.1 Requirements Applicable to All Disclosure - An issuer shall ensure that all disclosure of a scientific or technical nature, including disclosure of a mineral resource or mineral reserve, concerning mineral projects on a property material to the issuer is based upon a technical report or other information prepared by or under the supervision of a qualified person.

2.2 All Disclosure of Mineral Resources or Mineral Reserves - An issuer shall ensure that any disclosure of a mineral resource or mineral reserve, including disclosure in a technical report filed by an issuer

(a) utilizes only the applicable mineral resource and mineral reserve categories set out in sections 1.3 and 1.4;

(b) reports each category of mineral resources and mineral reserves separately, and if both mineral resources and mineral reserves are disclosed, states the extent, if any, to which mineral reserves are included in total mineral resources; and

(c) does not add inferred mineral resources to the other categories of mineral resources.

2.3 Prohibited Disclosure

(1) An issuer shall not make any disclosure of

(a) quantity or grade of a deposit which has not been categorized as an inferred mineral resource, an indicated mineral resource, a measured mineral resource, a probable mineral reserve or a proven mineral reserve, or

(b) results of an economic evaluation which uses inferred mineral resources.

(2) Despite paragraph (1)(a), an issuer may disclose in writing the potential quantity and grade, expressed as ranges, of a possible mineral deposit that is to be the target of further exploration, provided that the disclosure includes

(a) a proximate statement that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a mineral resource on the property and that it is uncertain if further exploration will result in discovery of a mineral resource on the property, and

(b) the basis on which the disclosed potential quantity and grade has been determined.

(3) Despite paragraph (1)(b), an issuer may disclose a preliminary assessment that includes an economic evaluation which uses inferred mineral resources, provided

(a) the preliminary assessment is a material change in the affairs of the issuer or a material fact;

(b) the disclosure includes

(i) a proximate statement that the preliminary assessment is preliminary in nature, that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized, and

(ii) the basis for the preliminary assessment and any qualifications and assumptions made by the qualified person; and

(c) in Ontario, if the issuer is a reporting issuer in Ontario, the issuer shall deliver to the regulator in Ontario the disclosure it proposes to make together with the preliminary assessment and the technical report required pursuant to section 4.2 at least five business days prior to making the disclosure and the regulator in Ontario shall not have advised the issuer that it objects to the disclosure.

(4) An issuer shall not use the terms preliminary feasibility study, pre-feasibility study or feasibility study when referring to a study unless the study satisfies the criteria set out in the definitions of the applicable terms in section 1.2.

2.4 **Disclosure of Historical Estimates** - Despite section 2.2 an issuer may disclose an estimate of mineral resources or mineral reserves made before this Instrument came into force if

(a) the estimate is an estimate of mineral resources or mineral reserves prepared by or on behalf of a person or company other than the issuer, or

(b) the estimate accompanies disclosure of an estimate of mineral resources and mineral reserves made in accordance with section 2.2

and provided that the disclosure:

(i) identifies the source of the historical estimate;

(ii) confirms that the historical estimate is relevant;

(iii) comments on the reliability of the historical estimate;

(iv) states whether the historical estimate uses categories other than the ones stipulated in sections 1.3 and 1.4 and, if so, includes an explanation of the differences; and

(v) includes any more recent estimates or data available to the issuer.

PART 3 ADDITIONAL REQUIREMENTS FOR WRITTEN DISCLOSURE

3.1 **Written Disclosure to Include Name of Qualified Person** - An issuer shall ensure that all written disclosure of a scientific or technical nature, other than a news release, concerning a mineral project on a property material to the issuer identifies and discloses the relationship to the issuer of the qualified person who prepared or supervised the preparation of the technical report or other information that forms the basis for the written disclosure.

3.2 **Written Disclosure to Include Data Verification** - An issuer shall ensure that all written disclosure of a scientific or technical nature concerning mineral projects on a property material to the issuer:

(a) states whether a qualified person has verified the data disclosed, including sampling, analytical and test data underlying the information or opinions contained in the written disclosure;

(b) describes the nature of, and any limitations on, the verification of data disclosed; and

(c) explains any failure to verify the data disclosed.

3.3 **Requirements Applicable to Written Disclosure of Exploration Information**

(1) An issuer shall ensure that all written disclosure containing scientific or technical exploration information concerning a property material to the issuer includes:

(a) to the extent not previously disclosed in writing and filed by the issuer, the results, or a summary of the material results, of surveys and investigations regarding the property;

(b) a summary of the interpretation of the exploration information to the extent that such interpretation has not been previously disclosed in writing and filed by the issuer; and

(c) a description of the quality assurance program and quality control measures applied during the execution of the work being reported on.

(2) An issuer shall ensure that all written disclosure containing sample or analytical or testing results on a property material to the issuer includes

(a) to the extent not previously disclosed in writing and filed by the issuer, a summary description of the geology, mineral occurrences and nature of mineralization found;

(b) to the extent not previously disclosed in writing and filed by the issuer, a summary description of rock types, geological controls and widths of mineralized zones, and the identification of any significantly higher grade intervals within a lower grade intersection;

(c) the location, number, type, nature and spacing or density of the samples collected and the location and dimensions of the area sampled;

(d) identification of any drilling, sampling, recovery or other factors that could materially affect the accuracy or reliability of the data referred to in this subsection;

(e) a summary description of the type of analytical or testing procedures utilized, sample size, the name and location of each analytical or testing laboratory used, the certification of each laboratory, if known to the issuer, and any relationship of the laboratory to the issuer; and

(f) a listing of the lengths of individual samples or sample composites with analytical values, widths and, to the extent known to the issuer, the true widths of the mineralized zone.

3.4 **Requirements Applicable to Written Disclosure of Mineral Resources and Mineral Reserves** - An issuer shall ensure that all written disclosure of mineral resources or mineral reserves on a property material to the issuer includes:

(a) the effective date of each estimate of mineral resources and mineral reserves;

(b) details of quantity and grade or quality of each category of mineral resources and mineral reserves;

(c) details of the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves;

(d) a general discussion of the extent to which the estimate of mineral resources and mineral reserves may be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues; and

(e) a statement that mineral resources which are not mineral reserves do not have demonstrated economic viability.

3.5 **Exception for Written Disclosure Already Filed** - The requirements of sections 3.3 and 3.4 are satisfied by reference, in written disclosure, to a previously filed disclosure document that complies with those requirements.

PART 4 OBLIGATION TO FILE A TECHNICAL REPORT

4.1 Obligation to File a Technical Report Upon Becoming a Reporting Issuer

(1) Upon first becoming a reporting issuer in a Canadian jurisdiction an issuer shall file with the regulator in that Canadian jurisdiction a current technical report for each property material to the issuer.

(2) An issuer may satisfy the requirement of subsection (1) by filing a technical report or a report prepared and filed in accordance with National Policy Statement No. 2-A before February 1, 2001 that it has previously filed in another Canadian jurisdiction in which it is a reporting issuer, amended or supplemented, if necessary, to reflect material changes in the information contained in the technical report since the date of filing in the other Canadian jurisdiction.

4.2 Obligation to File a Technical Report in Connection with Certain Written Disclosure Concerning Mineral Projects on Material Properties

(1) An issuer shall file a current technical report to support information in the following documents filed or made available to the public in a Canadian jurisdiction describing mineral projects on a property material to the issuer:

1. A preliminary prospectus, other than a preliminary short form prospectus filed in accordance with National Instrument 44-101.

2. A preliminary short form prospectus filed in accordance with National Instrument 44-101 that includes material information concerning mining projects on material properties not contained in

(a) a disclosure document filed before February 1, 2001;

(b) a previously filed technical report; or

(c) a report prepared in accordance with National Policy Statement No. 2-A and filed with a regulator before February 1, 2001.

3. An information or proxy circular concerning a direct or indirect acquisition of a mineral property, including an acquisition of control of a person or company with an interest in the property, that upon completion of the acquisition would be material to the issuer if the consideration includes securities of the issuer or the person or company which continues to hold an interest in the property upon completion of the acquisition.

4. An offering memorandum.

5. A rights offering circular.

6. An annual information form or annual report that includes material information concerning mining projects on material properties not contained in

(a) a disclosure document filed before February 1, 2001;

(b) a previously filed technical report; or

(c) a report prepared in accordance with National Policy Statement No. 2-A and filed with a regulator before February 1, 2001.

7. A valuation required to be prepared and filed under securities legislation.

8. A directors' circular that discloses for the first time a preliminary assessment or mineral resources or mineral reserves on a property material to the issuer that constitutes a material change in respect of the affairs of the issuer, or discloses any change in a preliminary assessment or in mineral resources or mineral reserves, from the most recently filed technical report of the issuer, that constitutes a material change in respect of the affairs of the issuer.

9. A take-over bid circular that discloses a preliminary assessment or mineral resources or mineral reserves on a property material to the offeror if securities of the offeror are being offered in exchange on the take-over bid.

10. Any written disclosure, made other than in a document referred to in paragraphs 1 to 9 above, which is either

(i) first time disclosure of a preliminary assessment or mineral resources or mineral reserves on a property material to the issuer that constitutes a material change in respect of the affairs of the issuer; or

(ii) disclosure of any change in a preliminary assessment or in mineral resources and mineral reserves from the most recently filed technical report, that constitutes a material change in respect of the affairs of the issuer.

(2) If there has been a material change to the information in the technical report filed under paragraph 1 or 2 of subsection (1) before the filing of the final version of a prospectus or short form prospectus, the issuer shall file an updated technical report or an addendum to the technical report with the final version of the prospectus or short form prospectus.

(3) Subject to subsections (4), (5), and (6), the technical report required to be filed under subsection (1) shall be filed not later than the time of the filing of the document listed in subsection (1) that it supports.

(4) Despite subsection (3), a technical report concerning mineral reserves and mineral resources that supports disclosure described in paragraph 10 of subsection (1) shall

(a) be filed not later than 30 days after the disclosure; and

(b) if filed subsequent to the disclosure, be accompanied by a contemporaneous disclosure that reconciles any material differences between the technical report filed and the previous disclosure in connection with which the technical report was prepared.

(5) Despite subsection (3), if a property referred to in a document described in paragraph 6 of subsection (1) first becomes material to the issuer less than 30 days before the filing deadline for the document, the issuer shall file the technical report required by subsection (1) within 30 days of the date that the property first became material to the issuer.

(6) Despite subsection (3), a technical report that supports a directors' circular shall be filed not less than 3 business days prior to the expiry of the take-over bid.

4.3 **Required Form of Technical Report** - A technical report that is required to be filed under this Part shall be in accordance with Form 43-101F1.

PART 5 AUTHOR OF TECHNICAL REPORT

5.1 **Prepared by a Qualified Person** - A technical report shall be prepared by or under the supervision of one or more qualified persons.

5.2 **Execution of Technical Report** - A technical report shall be dated, signed and, if the qualified person has a seal, sealed, by the qualified person who prepared it or supervised its preparation, or if such an individual is an employee, officer, director or associate of a person or company the principal business of which is the provision of engineering or geoscientific services, by that person or company.

5.3 **Independent Technical Report**

(1) Subject to subsection (2), a technical report required under any of the following provisions of this Instrument shall be prepared by a qualified person that is, at the date of the technical report, independent of the issuer:

1. **First-time Reporting Issuer** - Subsection 4.1(1)

2. **Long Form Prospectus and Valuation** - Paragraphs 4.2(1)I and 7

3. **Other** - Paragraphs 4.2(1)2, 3, 4, 5, 6, 8, 9 and 10 if the document discloses a preliminary assessment, or mineral resources or mineral reserves on a property material to the issuer for the first time, or discloses a 100 percent or greater change, from the most recently filed technical report prepared by a qualified person who is independent of the issuer, in mineral resources or mineral reserves on a property material to the issuer

4. **Reporting Issuer in an Additional Canadian Jurisdiction** - Subsection 4.1(2)

(2) A technical report required to be filed by a producing issuer under paragraphs 3 and 4 of subsection (1) is not required to be prepared by an independent qualified person.

(3) A technical report required to be filed by an issuer that is or has contracted to become a joint venture participant, concerning a property which is or will be the subject of the joint venture's activities, is not required to be prepared by an independent qualified person if the qualified person preparing the report is an employee of, or retained by, another participant in the joint venture that is a producing issuer.

PART 6 PREPARATION OF TECHNICAL REPORT

6.1 **Nature of the Technical Report** - A technical report shall be prepared on the basis of all available factual data that is relevant to the disclosure which it supports.

6.2 **Personal Inspection** - At least one qualified person preparing or supervising the preparation of the technical report shall inspect the property that is the subject of the technical report.

6.3 **Maintenance of Records** - The issuer shall keep copies of assay and other analytical certificates, drill logs and other information referenced in the technical report or used as a basis for the technical report for 7 years.

PART 7 USE OF FOREIGN CODE

7.1 **Use of Foreign Code**

(1) An issuer that is incorporated or organized in a foreign jurisdiction may make disclosure and file a technical report that utilizes the mineral resource and mineral reserve categories of the JORC Code, USGS Circular 831 or the IMM system provided that a reconciliation to the mineral resource and mineral reserve categories set out in sections 1.3 and 1.4 is filed with the technical report and certified by a qualified person. The reconciliation shall address the confidence levels required for the categorization of mineral resources and mineral reserves.

(2) An issuer that is incorporated or organized under the laws of Canada or a province or territory of Canada may make disclosure and file a technical report that utilizes the mineral resource and mineral reserve categories of the JORC Code, USGS Circular 831 or the IMM system for properties located in a foreign jurisdiction, provided that a reconciliation to the mineral resource and mineral reserve categories set out in sections 1.3 and 1.4, which reconciliation addresses the confidence levels required for the categorization of mineral resources and mineral reserves, is certified by a qualified person and is filed with the technical report.

PART 8 CERTIFICATES AND CONSENTS OF QUALIFIED PERSONS FOR TECHNICAL REPORTS

8.1 **Certificates of Qualified Persons**

(1) An issuer shall, when filing a technical report, also file a certificate of each of the individuals who are qualified persons and who have been primarily responsible for the technical report, or

a portion of the technical report, dated, signed and, if the signatory has a seal, sealed, by the signatory.

(2) The certificate of each qualified person shall state

(a) the name, address and occupation of the qualified person;

(b) the qualified person's qualifications, including relevant experience, the name of all professional associations to which the qualified person belongs, and that the qualified person is a "qualified person" for purposes of this Instrument;

(c) the date and duration of the qualified person's most recent visits to each applicable site;

(d) the section or sections of the technical report for which the qualified person is responsible;

(e) that the qualified person is not aware of any material fact or material change with respect to the subject matter of the technical report which is not reflected in the technical report, the omission to disclose which makes the technical report misleading;

(f) if the qualified person is independent of the issuer applying the tests set out in section 1.5;

(g) what prior involvement, if any, the qualified person has had with the property that is the subject of the technical report; and

(h) that the qualified person has read this Instrument and Form 43-101F1, and the technical report has been prepared in compliance with this Instrument and Form 43-101F1.

8.2 **Addressed to Issuer** - All technical reports shall be addressed to the issuer.

8.3 **Consents of Qualified Persons** - All technical reports and addenda to technical reports that are required by this Instrument to be filed shall

(a) be accompanied by the written consent of the qualified person, addressed to the securities regulatory authorities, consenting to the filing of the technical report and to the written disclosure of the technical report and of extracts from or a summary of the technical report in the written disclosure being filed; and

(b) be accompanied by a certificate confirming that the qualified person has read the written disclosure being filed and does not have any reason to believe that there are any misrepresentations in the information derived from the technical report or that the written disclosure contains any misrepresentation of the information contained in the technical report.

PART 9 EXEMPTION

9.1 Exemption

(1) The regulator or the securities regulatory authority may, on application, grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption in response to an application.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

(3) Despite subsection (1), in Alberta, only the regulator may grant such an exemption.

PART 10 EFFECTIVE DATE

10.1 **Effective Date** - This Instrument shall come into force on February 1, 2001.

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FORM 43-101F1
TECHNICAL REPORT

INSTRUCTIONS

(1) The objective of the technical report is to provide scientific and technical information concerning mineral exploration, development and production activities on a mineral property that is material to an issuer. This Form sets out specific requirements for the preparation and contents of a technical report. Item 25 of this Form includes additional requirements for technical reports on development and production properties.

(2) Terms used and not defined in this Form that are defined or interpreted in National Instrument 43-101 Standards of Disclosure for Mineral Projects (the "Instrument") shall bear that definition or interpretation. In particular, the terms "mineral resource" and "mineral reserve" and the categories of each are defined in the Instrument. In addition, a general definition instrument has been adopted as National Instrument 14-101 Definitions which contains definitions of certain terms used in more than one national instrument. Readers of this Form shall review both these national instruments for defined terms.

(3) The author preparing the technical report shall use the headings of the Items in this Form. If unique or infrequently used technical terms are required, clear and concise explanations shall be included.

(4) No disclosure need be given in respect of inapplicable items and, unless otherwise required by this Form, negative answers to items may be omitted. Disclosure included under one heading is not required to be repeated under another heading.

(5) The technical report is not required to include the information required in Items 6 through 11 of this Form to the extent that the required information has been previously filed in a report for the property being reported on, the previous report is referred to in the technical report and there has not been any change in the information.

CONTENTS OF THE TECHNICAL REPORT

Item 1: **Title Page** - Include a title page setting out the title of the technical report, the general location of the mineral project, the name(s) and the professional designation(s) of the authors and the effective date of the technical report.

Item 2: **Table of Contents** - Provide a table of contents listing the contents of the technical report, including figures and tables.

Item 3: **Summary** - Provide a summary which briefly describes the property, its location, ownership, geology and mineralization, the exploration concept, the status of exploration, development and operations and the author's conclusions and recommendations.

Item 4: **Introduction and Terms of Reference** - Include a description of

(a) the terms of reference;

(b) the purpose for which the technical report was prepared;

(c) the sources of information and data contained in the technical report or used in its preparation, with citations if applicable; and

(d) the extent of field involvement of the qualified person.

Item 5: **Disclaimer** - If the author of all or a portion of the technical report has relied on a report, opinion or statement of legal or other experts who are not qualified persons for information concerning legal, environmental, political or other issues and factors relevant to the technical report, the author may include a disclaimer of responsibility in which the author identifies the report, opinion or statement relied upon, the maker of that report, opinion or statement, the extent of reliance and the portions of the technical report to which the disclaimer applies.

Item 6: **Property Description and Location** - To the extent applicable, with respect to each property reported on, describe

(a) the area of the property in hectares or other appropriate units;

(b) the location, reported by section, township, range mining division or district, municipality, province, state, country and National Topographic System designation or Universal Transverse Mercator (UTM) system, as applicable, or by latitude and longitude;

(c) the claim numbers or equivalent, whether they are patented or unpatented, or the applicable characterization in the jurisdiction in which they are situated, and whether the claims are contiguous;

(d) the nature and extent of the issuer's title to, or interest in, the property including surface rights, the obligations that must be met to retain the property, and the expiration date of claims, licences or other property tenure rights;

(e) whether or not the property has been legally surveyed;

(f) the location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailing ponds, waste deposits and important natural features and improvements, relative to the outside property boundaries by showing the same on a map;

(g) to the extent known, the terms of any royalties, back-in rights, payments or other agreements and encumbrances to which the property is subject;

(h) to the extent known, all environmental liabilities to which the property is subject; and

(i) to the extent known, the permits that must be acquired to conduct the work proposed for the property, and if the permits have been obtained.

Item 7: **Accessibility, Climate, Local Resources, Infrastructure and Physiography** - With respect to each property reported on, describe

(a) topography, elevation and vegetation;

(b) the means of access to the property;

(c) the proximity of the property to a population centre, and the nature of transport;

(d) to the extent relevant to the mineral project, the climate and the length of the operating season; and

(e) to the extent relevant, the sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pad areas and potential processing plant sites.

Item 8: **History** - To the extent known, with respect to each property reported on, describe

(a) the prior ownership of the property and ownership changes;

(b) the type, amount, quantity and results of exploration and/or development work

undertaken by the owners and any previous owners;

(c) historical mineral resource and mineral reserve estimates, including the reliability of the historical estimates and whether the estimates are in accordance with the categories set out in sections 1.3 and 1.4 of the Instrument; and

(d) any production from the property.

INSTRUCTION: *If a reporting system other than the one stipulated by the Instrument has been used, the author shall include an explanation of the differences and reliability.*

Item 9: **Geological Setting** - Include a description of the regional, local and property geology.

Item 10: **Deposit Types** - Describe the mineral deposit type(s) being investigated or being explored for and the geological model or concepts being applied in the investigation and on the basis of which the exploration program is planned.

Item 11: **Mineralization** - Describe the mineralized zones encountered on the property, the surrounding rock types and relevant geological controls, detailing length, width, depth and continuity, together with a description of the type, character and distribution of the mineralization.

Item 12: **Exploration** - Describe the nature and extent of all relevant exploration work conducted by, or on behalf of, the issuer on each property being reported on, including

(a) results of surveys and investigations, and the procedures and parameters relating to the surveys and investigations;

(b) an interpretation of the exploration information;

(c) a statement as to whether the surveys and investigations have been carried out by the issuer or by a contractor and, if the latter, identifying the contractor; and

(d) a discussion of the reliability or uncertainty of the data obtained in the program.

Item 13: **Drilling** - Describe the type and extent of drilling including the procedures followed and a summary and interpretation of all results. The relationship between the sample length and the true thickness of the mineralization must be stated, if known, and if the orientation of the mineralization is unknown, state this.

Item 14: **Sampling Method and Approach** - Include

(a) a description of sampling methods and details of location, number, type, nature and spacing or density of samples collected, and the size of the area covered;

(b) identification of any drilling, sampling or recovery factors that could materially impact the accuracy and reliability of the results;

(c) a discussion of the sample quality and of whether the samples are representative and of any factors that may have resulted in sample biases;

(d) a description of rock types, geological controls, widths of mineralized zones and other parameters used to establish the sampling interval and identification of any significantly higher grade intervals within a lower grade intersection;and

(e) a list of individual samples or sample composites with values and estimated true widths.

Item 15: **Sample Preparation, Analyses and Security** - Describe sample preparation methods and quality control measures employed prior to dispatch of samples to an analytical or testing laboratory, the method or process of sample splitting and reduction, and the security measures taken to ensure the validity and integrity of samples taken, including

(a) if any aspect of the sample preparation was conducted by an employee, officer, director or associate of the issuer;

(b) details regarding sample preparation, assaying and analytical procedures used, including the sub-sample size, the name and location of the analytical or testing laboratories and whether the laboratories are certified by any standards association and the particulars of any certification;

(c) a summary of the nature and extent of all quality control measures employed and check assay and other check analytical and testing procedures utilized, including the results and corrective actions taken; and

(d) a statement of the author's opinion on the adequacy of sampling, sample preparation, security and analytical procedures.

Item 16: **Data Verification** - Include a discussion of

(a) quality control measures and data verification procedures applied;

(b) whether the author has verified the data referred to or relied upon, referring to sampling and analytical data;

(c) the nature of and any limitations on such verification; and

(d) the reasons for any failure to verify the data.

Item 17: Adjacent Properties - A technical report may include information concerning an adjacent property if

(a) such information was publicly disclosed by the owner or operator of the adjacent property;

(b) the source of the information and any relationship of the author of the information on the adjacent property to the issuer is identified;

(c) the technical report states that its author has been unable to verify the information and, in bold face type, that the information is not necessarily indicative of the mineralization on the property that is the subject of the technical report;

(d) the technical report clearly distinguishes between mineralization on the adjacent property and mineralization on the property being reported on; and

(e) if any historical estimates of mineral resources and mineral reserves are included in the technical report, they are disclosed in accordance with section 2.4 of the Instrument.

Item 18: Mineral Processing and Metallurgical Testing - Where mineral processing and/or metallurgical testing analyses have been carried out, include the results of testing and details of sample selection representativity and testing and analytical procedures.

Item 19: Mineral Resource and Mineral Reserve Estimates - Each technical report on mineral resources and mineral reserves shall

(a) use only the applicable mineral resource and mineral reserve categories set out in sections 1.3 and 1.4 of the Instrument;

(b) report each category of mineral resources and mineral reserves separately and if both mineral resources and mineral reserves are disclosed, state the extent, if any, to which mineral reserves are included in total mineral resources;

(c) not add inferred mineral resources to the other categories of mineral resources;

(d) disclose the name, qualifications and relationship, if any, to the issuer of the qualified person who estimated mineral resources and mineral reserves;

(e) include appropriate details of quantity and grade or quality for each category of mineral resources and mineral reserves;

(f) include details of the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves;

(g) include a general discussion on the extent to which the estimate of mineral resources and mineral reserves may be materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant issues;

(h) identify the extent to which the estimates of mineral resources and mineral reserves may be materially affected by mining, metallurgical, infrastructure and other relevant factors;

(i) use only indicated mineral resources, measured mineral resources, probable mineral reserves and proven mineral reserves when referring to mineral resources or mineral reserves in an economic evaluation that is used in a preliminary feasibility study or a feasibility study of a mineral project;

(j) state the grade or quality, quantity and category of the mineral resources and mineral reserves if the quantity of contained metal is reported; and

(k) when the grade for a polymetallic mineral resource or mineral reserve is reported as metal equivalent, report the individual grade of each metal, and consider and report the recoveries, refinery costs and all other relevant conversion factors in addition to metal prices and the date and sources of such prices.

INSTRUCTIONS

(1) The methods and procedures to be used in estimating mineral resources and mineral reserves are the responsibility of the authors preparing the estimate.

(2) A statement of quantity and grade or quality is an estimate and shall be rounded to reflect the fact that it is an approximation.

(3) An issuer that is incorporated or organized in a foreign jurisdiction may file a technical report that utilizes the mineral resource and mineral reserve categories of the JORC Code, USGS Circular 831 or IMM system provided that a reconciliation to the mineral resource and mineral reserve categories referred to in sections 1.3 and 1.4 of the Instrument is filed with the technical report and certified by the

author. The reconciliation shall also address the confidence levels required for the categorizations of mineral resources and mineral reserves.

Item 20: **Other Relevant Data and Information** - Include any additional information or explanation necessary to make the technical report understandable and not misleading.

Item 21: **Interpretation and Conclusions** - Include the results and reasonable interpretations of all field surveys, analytical and testing data and other relevant information. Discuss the adequacy of data density and the data reliability as well as any areas of uncertainty. A technical report concerning exploration information shall include the conclusions of the author. The author must discuss whether the completed project met its original objectives.

Item 22: **Recommendations** - If successive phases of work are recommended, each phase must culminate in a decision point. The recommendations shall not apply to more than two phases of work. The recommendations shall state whether advancing to a subsequent phase is contingent on positive results in the previous phase. Provide particulars of the recommended programs and a breakdown of costs for each phase. A technical report that contains recommendations for expenditures on exploration or development work on a property shall include a statement by a qualified person that, in the qualified person's opinion, the character of the property is of sufficient merit to justify the program recommended.

Item 23: **References** - Include a detailed list of all references cited in the technical report.

Item 24: **Date** - Include the effective date of the technical report on both the title page and the page of the technical report that is signed. The date of signing must also be included on the signature page.

Item 25: **Additional Requirements for Technical Reports on Development Properties and Production Properties** - Technical reports on development properties and production properties shall also include

(a) Mining Operations - information and assumptions concerning the mining method, metallurgical processes and production forecast;

(b) Recoverability - information concerning results of all test and operating results relating to the recoverability of the valuable component or commodity and amenability of the mineralization to the proposed processing methods;

(c) Markets - information concerning the markets for the issuer's production and the nature and material terms of any agency relationships;

(d) Contracts - a discussion of whether the terms of mining, concentrating, smelting, refining, transportation, handling, sales and hedging and forward sales contracts or arrangements, rates or charges are within market parameters;

(e) Environmental Considerations - a discussion of bond posting, remediation and reclamation;

(f) Taxes - a description of the nature and rates of taxes, royalties and other government levies or interests applicable to the mineral project or to production, and to revenues or income from the mineral project;

(g) Capital and Operating Cost Estimates - capital and operating cost estimates, with the major components being set out in tabular form;

(h) Economic Analysis - an economic analysis with cash flow forecasts on an annual basis using proven mineral reserves and probable mineral reserves only, and sensitivity analyses with variants in metal prices, grade, capital and operating costs;

(i) Payback - a discussion of the payback period of capital with imputed or actual interest;

(j) Mine Life - a discussion of the expected mine life and exploration potential.

Item 26: **Illustrations** -

(a) Technical reports shall be illustrated by legible maps, plans and sections. All technical reports shall be accompanied by a location or index map and more detailed maps showing all important features described in the text. In addition, technical reports shall include a compilation map outlining the general geology of the property and areas of historical exploration. The location of all known mineralization, anomalies, deposits, pit limits, plant sites, tailings storage areas, waste disposal areas and all other significant features shall be shown relative to property boundaries. Maps, drawings and diagrams that have been created by the author, in whole or in part, and that are based on the work that the author has done or supervised, shall be signed and dated by the author. Where information from other sources, either government or private, is used in preparing these maps or diagrams, the source of the information shall be named.

(b) If adjacent or nearby properties have an important bearing on the potential of the property under consideration, their location

and any mineralized structures common to two or more such properties shall be shown on the maps.

(c) If the potential merit of a property is predicated on geophysical or geochemical results, maps showing the results of surveys and their interpretations shall be included in the technical report.

(d) Maps shall include a scale in bar form and an arrow indicating North. Information taken from government maps or from drawings of other engineers or geoscientists shall be acknowledged on the map.

COMPANION POLICY 43-101CP TO NATIONAL INSTRUMENT 43-101 STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

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COMPANION POLICY 43-101CP TO NATIONAL INSTRUMENT 43-101 STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

PART 1 PURPOSE AND DEFINITIONS

1.1 **Purpose** - This companion policy sets out the views of the Canadian Securities Administrators (the "CSA") as to the manner in which certain provisions of National Instrument 43-101 (the "Instrument") are to be interpreted and applied.

1.2 **Evolving Industry Standards and Modifications to the Instrument** - Mining industry practice and professional standards are evolving in Canada and internationally. The Canadian securities regulatory authorities will monitor developments in these fields and will solicit and consider recommendations from their staff and external advisers, from time to time, as to whether modifications to the Instrument are appropriate.

1.3 **Application of the Instrument** - The Instrument does not apply to disclosure concerning petroleum, natural gas, bituminous sands or shales, groundwater or other substances that do not fall within the meaning of the term "mineral resource" in section 1.3 of the Instrument. The Instrument establishes standards for all oral statements and written disclosure of scientific and technical information regarding mineral projects, including disclosure in news releases, prospectuses and annual reports, and requires that the disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person. In the circumstances set out in section 5.3 of the Instrument, the technical report that is required to be filed must be prepared by a qualified person who is independent of the issuer, the property and any adjacent property.

1.4 **Mineral Resources and Mineral Reserves Definitions** - The Instrument incorporates by reference the definitions and categories of mineral resources and mineral reserves as set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves Definitions and Guidelines (the "CIM Standards") adopted by the CIM Council on August 20, 2000. These definitions, together with guidance on their interpretation and application prepared by the CIM, are reproduced in the Appendix to this Companion Policy. Issuers, qualified persons and other market participants are encouraged to consult the CIM Standards for guidance.

Any changes made by the CIM to these definitions in the future will automatically be incorporated by reference into the Instrument.

1.5 **Non-Metallic Mineral Deposits** - Issuers making disclosure regarding the following commodities are encouraged to follow these additional guidelines:

(a) **Industrial Minerals** - For an industrial mineral deposit to be classified as a mineral resource, there should be recognition by the qualified person preparing the quantity and quality estimate that there is a viable market for the product or that a market can be reasonably developed. For an industrial mineral deposit to be classified as a mineral reserve, the qualified person preparing the estimate should be satisfied, following a thorough review of specific and identifiable markets for the product, that there is, at the date of the technical report, a viable market for the product and that the product can be mined and sold at a profit.

(b) **Coal** - Technical reports on coal resources and reserves should conform to the definitions and guidelines of Paper 88-21 of the Geological Survey of Canada: A Standardized Coal Resource/Reserve Reporting System for Canada, as amended, supplemented or replaced; and

(c) **Diamonds** - Technical reports on the resources and reserves of diamond deposits should conform to the Guidelines for Reporting of Diamond Exploration Results, Identified Mineral Resources and Ore Reserves, published by the Association of Professional Engineers, Geologists and Geophysicists of the Northwest Territories, as amended, supplemented or replaced.

1.6 **Objective Standard of Reasonableness**

(a) The Instrument requires the application of an objective standard of reasonableness in determining such things as whether a statement constitutes "disclosure" and is thereby subject to the requirements of the Instrument. Where a determination turns on reasonableness, the test is an objective, rather than subjective one in that it turns on what a person acting reasonably would conclude. It is not sufficient for an officer of an issuer or a qualified person to determine that he or she personally believes the matter under consideration. The person must form an opinion as to what a reasonable person would believe in the circumstances. Formulating the definitions using an objective test rather than a subjective test strengthens the basis upon which the regulator may object to a person's application of the definition in particular circumstances.

(b) The definition of "preliminary feasibility study" and "pre-feasibility study" requires the application of an objective test. For a study to fall within the definition, the considerations or assumptions underlying the study must be reasonable and sufficient for a qualified person,

acting reasonably, to determine if the mineral resource may be classified as a mineral reserve.

PART 2 DISCLOSURE

2.1 **Disclosure is the Responsibility of the Issuer** - Primary responsibility for public disclosure remains with the issuer and its directors and officers. The qualified person is responsible for preparing the technical report and providing scientific and technical advice in accordance with applicable professional standards. The proper use, by or on behalf of the issuer, of the technical report and other scientific and technical information provided by the qualified person is the responsibility of the issuer and its directors and officers. The onus is on the issuer and its directors and officers and, in the case of a document filed with a regulator, each signatory of the document, to ensure that disclosure in the document is consistent with the related technical report or advice. Issuers are strongly urged to have the qualified person review disclosure that summarizes or restates the technical report or the technical advice or opinion to ensure that the disclosure accurately reflects the qualified person's work.

2.2 **Use of Plain Language** - Disclosure made by or on behalf of an issuer regarding mineral projects on properties material to the issuer should be understandable. Written disclosure should be presented in an easy to read format using clear and unambiguous language. Wherever possible, data should be presented in table format. The CSA recognize that the technical report required by the Instrument is a document that does not lend itself well to a "plain language" format and therefore urge issuers to consult the responsible qualified person when restating the data and conclusions from a technical report in plain language for use in other public disclosure.

2.3 **Prohibited Disclosure**

(1) Paragraph 2.2(c) of the Instrument prohibits the addition of inferred mineral resources to the other categories of mineral resources. Issuers are cautioned not to show a sum of mineral resources, or to refer to an aggregate number of mineral resources that includes inferred mineral resources.

(2) Issuers are reminded that any disclosure of a target of further exploration pursuant to subsection 2.3(2) or a of preliminary assessment pursuant to subsection 2.3(3) must be based on information prepared by or under the supervision of a qualified person.

2.4 **Materiality**

(1) Materiality should be determined in the context of the particular issuer's overall business and financial condition taking into account quantitative and qualitative factors. Materiality is a matter of judgment in the particular circumstances and should be determined in relation to the significance of the information to investors, analysts and other users of the disclosure.

(2) In assessing materiality, issuers should refer to the definition of "material fact" in securities legislation, which in most jurisdictions means a fact that significantly affects or would reasonably be expected to have a significant effect on the market price or value of the securities of the issuer.

(3) Materiality of a property should be assessed in light of the extent of the interest in the property held, or to be acquired, by the issuer. A small interest in a sizeable property may, in the circumstances, not be material to the issuer.

(4) In assessing whether interests represented by multiple claims or other documents of title constitute a single property for the purpose of the Instrument, issuers should be guided by the reasonable understanding and expectations of investors.

(5) Subject to developments not reflected in the issuer's financial statements, for purposes of the Instrument, a property will generally not be considered material to an issuer if the book value of the property, as reflected in the issuer's most recently filed financial statements or the value of the consideration paid or required to be paid for the property, including exploration expenditures required to be made during the next 12 months, is less than 10 percent of the book value of the total of the issuer's mineral properties and related property, plant and equipment.

2.5 **Material Information not yet Confirmed by a Qualified Person** - Issuers are reminded that they have an obligation under securities legislation to disclose material facts and to make timely disclosure of material changes. The Canadian securities regulatory authorities recognize that there may be circumstances in which the issuer expects that certain information concerning a mineral project may be material notwithstanding the fact that a qualified person has not prepared or supervised the preparation of the information. In this situation the Canadian securities regulatory authorities suggest that issuers file a confidential material change report concerning this information while a qualified person reviews the situation. Once a qualified person has confirmed the information, a the issuer may issue a news release and the basis of confidentiality will end.

2.6 **Exception in Section 3.5 of the Instrument** - Section 3.5 of the Instrument provides that the disclosure requirement of sections 3.3 and 3.4 of the Instrument may be satisfied by referring to a previously filed document that includes the required

disclosure. Issuers relying on this exception are reminded that all disclosure should provide sufficient information to permit market participants to make informed investment decisions and should not present or omit information in a manner that is misleading.

2.7 **Meaning of Current Technical Report** - In the view of the CSA, the "current technical report" referred to in sections 4.2 and 4.3 of the Instrument is a technical report that contains all information required under the Form 43-101F1 in respect of the subject property as at the date on which the technical report is filed. A technical report may constitute a current technical report, even if prepared considerably before the filing date, if the information in the technical report remains accurate and does not omit materially new information as at the date of filing.

2.8 **Exceptions from Requirement for Technical Report with Annual Information Form, Annual Report and Preliminary Short Form Prospectus if Information Previously Disclosed** - If an issuer has disclosed scientific and technical information on a mineral property in a disclosure document (as defined in section 1.2 of the Instrument), or in a technical report prepared in accordance with National Policy No. 2-A filed before February 1, 2001, the issuer will not be required to prepare and file a technical report with the issuer's annual information form, annual report or preliminary short form prospectus, unless the annual information form, annual report or preliminary short form prospectus contains new and material scientific and technical information about that mineral property.

PART 3 AUTHOR OF THE TECHNICAL REPORT

3.1 **Selection of Qualified Person** - It is the responsibility of the issuer and its directors and officers to appoint a qualified person with experience and competence appropriate for the subject matter of the technical report.

3.2 **Qualified Person** - Section 2.1 of the Instrument requires that all disclosure be based upon a technical report or other information prepared by or under the supervision of a qualified person and section 5.1 of the Instrument provides that a technical report must be prepared by or under the supervision of one or more qualified persons. The Canadian securities regulatory authorities recognize that certain individuals who currently provide technical expertise to issuers will not be considered qualified persons for purposes of the Instrument. These individuals may have the necessary experience and expertise but may lack the professional accreditation because of differences in provincial registration requirements or for other reasons. Application can be made by an issuer under section 9.1 of the Instrument for an exemption from the requirement for involvement of a qualified person and the acceptance of another person. The application should demonstrate the person's competence and qualification to prepare the technical report or other information in support of the disclosure despite the fact that he or she is not a member of a professional association or otherwise does not meet the requirements set out in the definition in the Instrument of qualified person.

3.3 **Independence of Qualified Person**

(1) Paragraph 1.5(4)(c) of the Instrument provides that a qualified person is not considered to be independent of the issuer if the qualified person, or any affiliated entity of the qualified person, owns or by reason of an agreement, arrangement or undertaking expects to receive any securities of the issuer or an affiliated entity of the issuer or an interest in the property that is the subject of the technical report. The Canadian securities regulatory authorities recognize that issuers undergoing restructuring may settle outstanding debt to a qualified person with securities. In these circumstances, an issuer may apply for an exemption under section 9.1 of the Instrument to preserve the independence of the qualified person with respect to the issuer.

(2) There may be circumstances in which the staff at the securities regulatory authorities question the objectivity of the author of the technical report. The issuer may be asked to provide further information, additional disclosure or the opinion of another qualified person to address concerns about possible bias or partiality on the part of the original author.

PART 4 PREPARATION OF TECHNICAL REPORT

4.1 **"Best Practices" Guidelines** - Issuers and authors shall follow the Mineral Exploration "Best Practices" Guidelines prepared on the recommendation of the TSE-OSC Mining Standards Task Force by a committee comprised of mining and exploration industry professionals and regulators. These Guidelines were published in June, 2000.

PART 5 USE OF INFORMATION

5.1 **Use of Information** - The Instrument requires that technical reports be prepared and filed with Canadian securities regulatory authorities to support certain disclosure of mineral exploration, development and production activities and results in order to permit the public and analysts to have access to information that will assist them in making investment decisions and recommendations. Persons and companies, including registrants, who wish to make use of information concerning mineral exploration, development and production activities and results including mineral resource and mineral reserve estimates are encouraged to review the technical reports that will be on the public file for the issuer and if they are summarizing or referring to this information

they are strongly encouraged to use the applicable mineral resource and mineral reserve categories and terminology found in the technical report.

PART 6 PERSONAL INSPECTION

6.1 **Personal Inspection-** Canadian securities regulatory authorities consider personal inspection particularly important because it enables the qualified person to become familiar with conditions on the property, to observe the geology and mineralization, to verify the work done, and on that basis to design or review and recommend to the issuer an appropriate exploration or development program. It is the responsibility of the issuer to arrange its affairs so that a property inspection can be carried out by a qualified person.

6.2 **Exemption from Personal Inspection Requirement** - There may be circumstances in which it is not possible or beneficial for a qualified person to inspect the property. In such instances the qualified person or the issuer should apply in writing to the securities regulatory authority for relief, stating the reasons why a personal inspection is considered impossible or not beneficial. It would likely be a condition of any such relief that the technical report state that no inspection was carried out by a qualified person and provide reasons.

6.3 **Responsibility of the Issuer** - The requirement set out in section 6.2 of the Instrument sets a minimum standard for personal inspection. The issuer should have property inspections conducted by one or more qualified persons as appropriate, taking into account the work being carried out on the property and the technical report being prepared by the qualified person or persons.

PART 7 REGULATORY REVIEW

7.1 **Review**

(1) Disclosure and technical reports filed under the Instrument may be subject to review by Canadian securities regulatory authorities.

(2) An issuer that files a technical report that does not meet the requirements of the Instrument will be in breach of securities legislation. The issuer may be required to issue or file corrected disclosure, file a revised technical report or file revised consents, and may be subject to other sanctions.

CANADIAN INSTITUTE OF MINING, METALLURGY AND PETROLEUM - DEFINITIONS

ADOPTED BY CIM COUNCIL AUGUST 20, 2000

Mineral Resource

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.

A Mineral Resource is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

The term Mineral Resource covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which Mineral Reserves may subsequently be defined by the consideration and application of technical, economic, legal, environmental, socio-economic and governmental factors. The phrase 'reasonable prospects for economic extraction' implies a judgement by the Qualified Person in respect of the technical and economic factors likely to influence the prospect of economic extraction. A Mineral Resource is an inventory of mineralization that under realistically assumed and justifiable technical and economic conditions, might become economically extractable. These assumptions must be presented explicitly in both public and technical reports.

Inferred Mineral Resource

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

Due to the uncertainty which may attach to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure. Inferred Mineral Resources must be excluded from estimates forming the basis of feasibility or other economic studies.

Indicated Mineral Resource

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

Mineralization may be classified as an Indicated Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such as to allow confident interpretation of the geological framework and to reasonably assume the continuity of mineralization. The Qualified Person must recognize the importance of the Indicated Mineral Resource category to the advancement of the feasibility of the project. An Indicated Mineral Resource estimate is of sufficient quality to support a Preliminary Feasibility Study which can serve as the basis for major development decisions.

Measured Mineral Resource

A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Mineralization or other natural material of economic interest may be classified as a Measured Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such that the tonnage and grade of the mineralization can be estimated to within close limits and that variation from the estimate would not significantly affect potential economic viability. This category requires a high level of confidence in, and understanding of, the geology and controls of the mineral deposit.

Mineral Reserve

Mineral Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves. A Probable Mineral Reserve has a lower level of confidence than a Proven Mineral Reserve.

A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

Mineral Reserves are those parts of Mineral Resources which, after the application of all mining factors, result in an estimated tonnage and grade which, in the opinion of the Qualified Person(s) making the estimates, is the basis of an economically viable project after taking account of all relevant processing, metallurgical, economic, marketing, legal, environment, socio-economic and government factors. Mineral Reserves are inclusive of diluting material that will be mined in conjunction with the Mineral Reserves and delivered to the treatment plant or equivalent facility. The term 'Mineral Reserve' need not necessarily signify that extraction facilities are in place or operative or that all governmental approvals have been received. It does signify that there are reasonable expectations of such approvals.

Probable Mineral Reserve

A 'Probable Mineral Reserve' is the economically mineable part of an Indicated, and in some circumstances a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

Proven Mineral Reserve

A 'Proven Mineral Reserve' is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

Application of the Proven Mineral reserve category implies that the Qualified Person has the highest degree of confidence in the estimate with the consequent expectation in the minds of the readers of the report. The term should be restricted to that part of the deposit where production planning is taking place and for which any variation in the estimate would not significantly affect potential economic viability.

Chapter 6

Request for Comments

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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.

8.1 Reports of Trades Submitted on Form 45-501f1

Trans. Date		Security	Price ($)	Amount
17Nov00		3D Visit Inc. - Special Shares	150,000	250,000
20Dec00		724 Solutions Inc. - Common Shares	8,387,600	260,000
20Dec00		724 Solutions Inc. - Common Shares	8,065,000	250,000
14Dec00		Agnico-Eagle Mines Limited - Common Stock	4,500,000	375,000
08Dec00 & 15Dec00		Arrow Capital Advance Fund - Class A Trust Units	296,250	31,673
10Nov00		Aztech New Media Corp. - Common Shares	225,000	1,500,000
22Dec00		Benson Petroleum Ltd. - Flow-Through Common Shares	2,254,000	920,000
13Dec00		Biosign Inc. - Units	3,596,153	2,337,500
18Dec00		Bonham & Co. Inc. Canadian Small Companies Fund - Units	200,000	21,621
18Dec00		Bonham & Co. Inc. American High Risk Equity Fund - Units	150,000	10,224
18Dec00		Bonham & Co. Inc. Global High Risk Equity Fund - Units	150,000	14,245
01Dec00		BPI American Opportunities Fund - Units	450,000	3,196
27Dec00		Canabrava Diamond Corporation - Series A Units	250,000	625,000
01Dec00		Canadian Protected Fund - Units	953,896	77,628
31Dec00		Cantex Energy Inc. - Flow-Through Units	165,000	164
06Dec00		Catena Networks, Inc. - Series C Preferred Stock	US$1,222,117	159,963
22Dec00		Cedara Software Corp. - Units	6,150,000	6,150
04Dec00		China Clipper Gold Mines Ltd. - Common Shares	361,184	3,611,841
15Aug00		Coactive Networks, Inc. - Series C Preferred Stock	7,605,501	1,514,234
19Dec00		Compton Petroleum Corporation - Common Shares	11,340,000	2,800,000
20Dec00		Cumberland Resources Ltd. - Units	1,100,000	1,000,000
15Dec00		Cybersight Acquisition Co. Inc. - Shares of Common Stock	250,000	125,000
18Dec00		Daedalian eSolutions, Inc. - Units	1,900,000	9,500,000
28Dec00		Datawire Communications Networks Inc. - Class A Preferred Shares	2,637,425	1,035,871
29Dec00	#	Deer Creek Energy Limited - Common Shares	325,000	260,000
22Dec00		Devlan Exploration Inc. - Flow-Through Common Shares	890,400	530,000
28Dec00		Devlan Exploration Inc. - Flow-Through Common Shares	470,001	247,369
20Dec00		Dumont Nickel Inc. - Units	300,000	1,500,000
15Dec00		Dynex Power Inc. - Special Warrants	5,500,000	2,750,000
21Dec00		Elk Point Resources Inc. - Common Shares	4,900,000	980,000
27Dec00		Expatriate Resources Ltd. - "Flow-Through" Special Warrants	244,000	542,222

Trans. Date	Security	Price ($)	Amount
29Dec00	Explorers Alliance Corporation - Flow Through Common Shares	310,000	499,998
21Dec00	ExtendMedia Inc. - Units Comprised of Debentures and Warrants to Purchase Common Shares	2,200,000	2,200,000
12Dec00	Funder On-Line Corp. - Class C shares	2,500,250	250
29Dec00	Goldcorp Inc. - Common Shares	4,600,000	400,000
21Dec00	Grosvenor Services 2000 Limited Partnership - Limited Partnership Units	2,152,568	14
21Dec00	Grosvenor Services 2000 Limited Partnership - Limited Partnership Units	2,119,061	13
21Dec00	Grosvenor Services 2000 Limited Partnership - Limited Partnership Units	2,732,632	17
21Dec00	GS Protection Limited Partnership - Class A Units	2,094,500	2,094
21Dec00	GS Promark Limited Partnership - Class A Units	2,700,900	2,700
21Dec00	GS Tart Limited Partnership - Class A Units	2,127,600	2,127
19Dec00	Illinois Superconductor Corporation - Common Shares	US$2,656,250	2,500,000
07Dec00	Integrative Proteomics, Inc. - common Shares	900,000	650,000
12Dec00	itemus inc. - Common Shares	15,175,000	27,590,909
31Dec00	Kicking Horse Resources Ltd. - Flow-Through Common Shares	823,500	3,294,400
15Dec00	Kingwest Avenue Portfolio - Units	579,000	31,189
28Dec00	Kinross Gold Corporation - Common Shares	2,040,000	2,000,000
02Nov00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	25,486	216
14Nov00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	38,497	284
31Oct00	Lifepoints Achievement Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	4,208	32
08Nov00	Lifepoints Balanced Growth, Lifepoints Balanced Income - Units	8,169	76
05Dec00	Master Credit Card Trust - 6.15% Credit Card Receivable-Backed Notes	$7,611,400	76,000
18Dec00	MediaVentures Productions Limited Partnership - Limited Partnership Units	124,041,490	120,884
21Dec00	Moore Corporation Limited - 8.70% Subordinated Convertible Debentures	US$70,500,000	70,500,000
20Dec00	Morphometrix Technologies Inc. - Special Warrants	3,000,000	631,579
28Dec00	Murgor Resources Inc. - Units	3,000	3
21Dec00	Navigator Exploration Corp. - Units	499,999	909,090
20Dec00	Necho Systems Corp. - Secured Note with Accompanying Share Purchase Warrants	$2,500,000	$1
22Dec00	Neuromed Technologies Inc. - Preferred Shares B-1 Convertible into Common Shares	1,142,856	571,428
19Dec00	Opti Canada Inc. - Class A Common Shares issued on a "Flow-Through" Basis	91,519	26
28Dec00	Pele Mountain Resources Inc. - Common Shares	32,000	128,000
20Dec00	Prolessons I Limited Partnership - Units	3,750,000	15
20Dec00	Promax Energy Inc. - Common Shares	799,999	695,652
15Nov00	Russell Canadian Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund - Units	14,387	91
17Nov00	Russell Canadian Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund - Units	55,075	275
16Oct00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Income Fund - Units	31,066	185
03Jan01	Silvercreek Limited Partnership - Units	178,588	4
06Dec00	Southern Company - Common Stock	685,551	15,500
27Dec00	Southernera Resources Limited - Units	1,650,000	733,333
12Dec00	Sportscalc.com Ltd. - Units	20,000	2
28Nov00	Stonestreet Limited Partnership - Limited Partnership Units	603,150	60,315
27Oct00	SureFire Commerce Inc. - Purchase Warrants	150,000	500,000
21Dec00	Tabsurf.com Limited - Class A Special Warrants	150,000	12,500

Trans. Date		Security	Price ($)	Amount
19Dec00		TGW Corp. Inc. -	1,000,000	1
24Nov00		Thundermin Resources Inc. - Common Shares	100,000	500,000
19Dec00		TradeMC Inc. - Series B Convertible Preferred Stock	4,557,000	450,000
04Dec00 to 29Dec00		Trimark Mutual Funds - Units (See Filing Document for Individual Fund Names)	5,914,073	603,099
22Dec00		True Energy Inc. - Common Share on a "Flow-Through Basis"	300,000	200,000
20Dec00		Vermilion Resources Ltd. - Common Shares	3,375,000	314,000
21Dec00	#	Vesey Street Portfolio, L.P. - Limited Partnership Interest	7,592,500	7,592,500
18Dec00		Villabar Real Estate Inc. - Units	1,303,200	9
30Nov00 & 22Dec00		Vision Logistics Group Inc. - Common Shares	275,923	290,446
07Dec00		W.P. Stewart & Co., Ltd. - Common Shares	1,135,826	37,000

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

Seller	Security	Amount
Melnick, Larry	Champion Natural Health.com Inc. - Subordinate Voting Shares	29,900
Central Asian Industrial Holdings N.V.	Hurricane Hydrocarbons Ltd. - Common Shares	1,249,000
963037 Ontario Limited	Jetcom Inc. - Common Shares	1,000,000

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Chapter 9

Legislation

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Aurora Platinum Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated December 28th, 2000
Mutual Reliance Review System Receipt dated December 29th, 2000
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
Haywood Securities Inc.
Dundee Securities Corporation
Promoter(s):
N/A
Project #323111

Issuer Name:
Bioniche Life Sciences Inc.
Type and Date:
Preliminary Prospectus dated January 10th, 2001
Receipted on January 10th, 2001
Offering Price and Description:
$6,446,000 - 2,014,375 Common Shares issuable upon the exercise of 2,014,375 previously issued Special Warrants
Underwriter(s), Agent(s) or Distributor(s):
Canaccord Capital Corporation
CIBC Mellon Trust Company
Promoter(s):
-
Project #324744

Issuer Name:
Concert Industries Ltd.
Principal Jurisdiction - British Columbia
Type and Date:
Preliminary Prospectus dated December 22nd, 2000
Mutual Reliance Review System Receipt dated January 2nd, 2001
Offering Price and Description:
$18,150,000 - 3,300,000 Common Shares
Underwriter(s), Agent(s) or Distributor(s):
Loewen, Ondaatje, McCutcheon Limited
National Bank Financial Corp.
Promoter(s):
N/A
Project #322651

Issuer Name:
Itera Technologies Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated December 29th, 2000
Mutual Reliance Review System Receipt dated January 2nd, 2001
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
Yorkton Securities Inc.
Promoter(s):
Douglas A. Kind
Project #323165

Issuer Name:
Meritas Money Market Fund
Meritas Canadian Bond Fund
Meritas Jantzi Social Index Fund
Meritas U.S. Equity Fund
Meritas International Equity Fund
Type and Date:
Preliminary Simplified Prospectus dated January 8th, 2001
Mutual Reliance Review System Receipt dated January 9th, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Meritas Financial Inc.
Promoter(s):
-
Project #324443

Issuer Name:
NT2 Corp.
Principal Regulator
Type and Date:
Preliminary Prospectus dated January 2nd, 2001
Mutual Reliance Review System Receipt dated January 5th, 2001
Offering Price and Description:
$ * - * Preferred Shares and * Capital Shares
Underwriter(s), Agent(s) or Distributor(s):
TD Securities Inc.
Computershare Investor Services Inc.
Promoter(s):
TD Securities Inc.
Project #323885

Issuer Name:
Viscount RSP U.S. Equity Pool
Viscount RSP International Equity Pool
Viscount RSP High Yield U.S. Bond Pool
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated January 8th, 2001
Mutual Reliance Review System Receipt dated January 10th, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
-
Promoter(s):
-
Project #324486

Issuer Name:
LLIM Canadian Bond Fund
LLIM Income Plus Fund
LLIM Balanced Strategic Growth Fund
LLIM Canadian Diversified Equity Fund
Scudder US Growth and Income Fund
Scudder Canadian Equity Fund
Scudder Greater Europe Fund
Scudder Pacific Fund
Scudder Emerging Markets Fund
Templeton Canadian Equity Fund
Templeton International Equity Fund
(Quadrus Class Units)
Principal Regulator - Ontario
Type and Date:
Amended and Restated Simplified Prospectus and Annual Information Form dated January 4th, 2001, Amending and Restated the Simplified Prospectus and Annual Information Form dated August 29th, 2000
Mutual Reliance Review System Receipt dated 5th day of January, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Quadrus Investment Services Limited
Promoter(s):
Scudder Maxxum Co.
Project #284574 & 307279

Issuer Name:
GS American Equity Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated December 20th, 2000 to Simplified Prospectus and Annual Information Form dated September 20th, 2000
Mutual Reliance Review System Receipt dated 4th day of January, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Investors Group Financial Services Inc.
Promoter(s):
N/A
Project #282860

Issuer Name:
Bolivar Goldfields Ltd.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 4th, 2000
Mutual Reliance Review System Receipt dated 4th day of December, 2000
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #307160

Issuer Name:
Canadian Medical Discoveries Fund Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated January 5th, 2001
Mutual Reliance Review System Receipt dated 9th day of January, 2001
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #314232

Issuer Name:
Double Down Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated December 7th, 2000
Mutual Reliance Review System Receipt dated 12th day of December, 2000
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
Brawley Cathers Limited
Promoter(s):
N/A
Project #300952

Issuer Name:
Gammon Lake Resources Inc.
Principal Regulator - Quebec
Type and Date:
Final Prospectus dated December 19th, 2000
Mutual Reliance Review System dated December 21st, 2000
Offering Price and Description:
$5,000,000.00 - 1,000,000 Units
Underwriter(s), Agent(s) or Distributor(s):
Thomson Kernaghan & Co. Limited
Promoter(s):
Bradley H. Langille
Fred George
Project #309676

Issuer Name:
Versatile Mobile Systems (Canada) Inc.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated December 27th, 2000
Mutual Reliance Review System Receipt dated 29th day of December, 2000
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
Dundee Securities Corporation
Promoter(s):
N/A
Project #315213

Issuer Name:
Alternative Fuel Systems Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 19th, 2000
Mutual Reliance Review System Receipt dated 20th day of December, 2000
Offering Price and Description:
$10,513,597.50 - 7,009,065 Common Shares and 3,504,533 Common Shares Purchase Warrants Issuable Upon Exercise of 7,009,065
Underwriter(s), Agent(s) or Distributor(s):
Acumen Capital Finance Partners Limited
Octagon Capital Corporation
Promoter(s):
N\A
Project #309474

Issuer Name:
Bema Gold Corporation
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated December 20th, 2000
Mutual Reliance Review Receipt dated 21st day of December, 2000
Offering Price and Description:
6,856,033 Common Shares Issuable in Partial Repayment of U.S.$3,000,000 Credit Facility; 1,984,685 Common Shares Issuable on Conversion of CDN$1,026,479.15 Principal Amount Convertible Promissory Note
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
N\A
Project #304925

Issuer Name:
The Jean Coutu Group (PJC) Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated December 28th, 2000
Mutual Reliance Review System Receipt dated 28th day of December, 2000
Offering Price and Description:
$146,250,000 - 6,500,000 Class "A" Subordinate Voting Shares
Underwriter(s), Agent(s) or Distributor(s):
National Bank Financial Inc.
Merrill Lynch Canada Inc.
Scotia Capital Inc.
BMO Nesbit Burns Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Desjardins Securities Inc.
Promoter(s):
N/A
Project #320969

Issuer Name:
GWLIM Corporate Bond Fund
GWLIM Equity/Bond Fund
GWLIM Canadian Growth Fund
GWLIM Canadian Mid Cap Fund
GWLIM US Mid Cap Fund
GWLIM Emerging Industries Fund
GWLIM Ethics Fund
LLIM Canadian Bond Fund
LLIM Income Plus Fund
LLIM Balanced Strategic Growth Fund
LLIM Canadian Diversified Equity Fund
LLIM Canadian Growth Sectors Fund
LLIM US Equity Fund
LLIM US Growth Sectors Fund
Scudder US Growth and Income Fund
Scudder Canadian Equity Fund
Scudder Greater Europe Fund
Scudder Pacific Fund
Scudder Emerging Markets Fund
Janus American Equity Fund
Janus Global Equity Fund
MAXXUM Money Market Fund
MAXXUM Income Fund
MAXXUM Canadian Balanced Fund
MAXXUM Dividend Fund
MAXXUM Canadian Equity Growth Fund
MAXXUM Natural Resource Fund
MAXXUM Precious Metals Fund
Templeton Canadian Equity Fund
Templeton International Equity Fund
Conservative Folio Fund
Moderate Folio Fund
Balanced Folio Fund
Advanced Folio Fund
Aggressive Folio Fund
Fixed Income Folio Fund
Canadian Equity Folio Fund
Global Equity Folio Fund
(H Class Units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated January 4th, 2001
Mutual Reliance Review System dated 5th day of January, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Quadrus Investment Services Limited
Promoter(s):
MAXXUM Fund Management Inc.
Scudder Maxxum Co.
Project #307524

Issuer Name:
Type and Date:
GWLIM Corporate Bond Fund
GWLIM Equity/Bond Fund
GWLIM Canadian Growth Fund
GWLIM Canadian Mid Cap Fund
GWLIM US Mid Cap Fund
GWLIM Emerging Industries Fund
GWLIM Ethics Fund
LLIM Canadian Growth Sectors Fund
LLIM US Equity Fund
LLIM US Growth Sectors Fund
Janus American Equity Fund
Janus Global Equity Fund
MAXXUM Money Market Fund
MAXXUM Income Fund
MAXXUM Canadian Balanced Fund
MAXXUM Dividend Fund
MAXXUM Canadian Equity Growth Fund
MAXXUM Natural Resource Fund
MAXXUM Precious Metals Fund
Conservative Folio Fund
Moderate Folio Fund
Balanced Folio Fund
Advanced Folio Fund
Aggressive Folio Fund
Fixed Income Folio Fund
Canadian Equity Folio Fund
Global Equity Folio Fund
(Quadrus Class Units)
Janus RSP American Equity Fund
Janus RSP Global Equity Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated January 4th, 2001
Mutual Reliance Review System dated 5th day of January, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Quadrus Investment Services Limited
Promoter(s):
MAXXUM Fund Management Inc.
Scudder Maxxum Co.
Project #307279

Issuer Name:
Mackenzie Industrial Growth Fund (formerly, Industrial Growth Fund)
Mackenzie Industrial Horizon Fund (formerly, Industrial Horizon Fund)
Mackenzie Industrial Dividend Growth Fund (formerly, Industrial Dividend Growth Fund)
Mackenzie Ivy Canadian Fund (formerly, Ivy Canadian Fund)
Mackenzie Ivy Enterprise Fund (formerly, Ivy Enterprise Fund)
Mackenzie Universal Select Managers Canada Fund (formerly, Universal Select Managers Canada Fund)
Mackenzie Universal Canadian Growth Fund (formerly, Universal Canadian Growth Fund)
Mackenzie Universal Future Fund (formerly, Universal Future Fund)
Mackenzie Industrial Pension Fund (formerly, Industrial Pension Fund)
Mackenzie Industrial Balanced Fund (formerly, Industrial Balanced Fund)
Mackenzie Bond Fund (formerly, Industrial Bond Fund)
Mackenzie Yield Advantage Fund (formerly, Industrial Yield Advantage Fund)
Mackenzie Ivy Growth and Income Fund (formerly, Ivy Growth and Income Fund)
Mackenzie Mortgage Fund (formerly, Ivy Mortgage Fund)
Mackenzie Universal Canadian Balanced Fund (formerly, Universal Canadian Balanced Fund)
Mackenzie Universal U.S. Blue Chip Fund (formerly, Universal U.S. Blue Chip Fund)
Mackenzie Universal RSP U.S. Blue Chip Fund (formerly, Universal RSP U.S. Blue Chip Fund)
Mackenzie Universal U.S. Emerging Growth Fund (formerly, Universal U.S. Emerging Growth Fund)
Mackenzie Universal RSP U.S. Emerging Growth Fund (formerly, Universal RSP U.S. Emerging Growth Fund)
Mackenzie Universal RSP Select Managers USA Fund (formerly, Universal RSP Select Managers USA Fund)
(Series A, F, I and O Units)
Mackenzie Cash Management Fund (formerly, Industrial Cash Management Fund)
(Series A and O Units)
Mackenzie Money Market Fund (formerly, Industrial Short Term Fund)
(Series A and I Units)
Mackenzie U.S. Money Market Fund (formerly, Universal U.S. Money Market Fund)
(Series A Units)
Mackenzie Cundill Canadian Security Fund (formerly, Cundill Canadian Security Fund)
Mackenzie Cundill Canadian Balanced Fund (formerly, Cundill Canadian Balanced Fund)
(Series C, F, I and O Units)
Mackenzie Industrial Income Fund (formerly Industrial Income Fund)
(Series B, F, I and O Units)
Type and Date:
Final Simplified Prospectus and Annual Information Form dated December 22nd, 2000
Mutual Reliance Review System dated 4th day of January, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Registered Dealer
Promoter(s):
N/A
Project #29064

Issuer Name:
Mackenzie Universal World Balanced RRSP Fund (formerly, Universal World Balanced RRSP Fund)
Mackenzie Universal World High Yield Fund (formerly, Universal World High Yield Fund)
Mackenzie Universal World Asset Allocation Fund (formerly, Universal World Asset Allocation Fund)
Mackenzie Universal World Income RRSP Fund (formerly, Universal World Income RRSP Fund)
Mackenzie Universal World Tactical Bond Fund (formerly, Universal World Tactical Bond Fund)
Mackenzie Ivy Foreign Equity Fund (formerly, Ivy Foreign Equity Fund)

Mackenzie Ivy RSP Foreign Equity Fund (formerly, Ivy RSP Foreign Equity Fund)
Mackenzie Universal Americas Fund (formerly, Universal Americas Fund)
Mackenzie Universal Far East Fund (formerly, Universal Far East Fund)
Mackenzie Universal Japan Fund (formerly, Universal Japan Fund)
Mackenzie Universal World Emerging Growth Fund (formerly, Universal World Emerging Growth Fund)
Mackenzie Universal World Growth RRSP Fund (formerly, Universal World Growth RRSP Fund)
Mackenzie Universal World Value Fund (formerly, Universal World Value Fund)
Mackenzie Universal Global Ethics Fund (formerly, Universal Global Ethics Fund)
Mackenzie Universal RSP Global Ethics Fund (formerly, Universal RSP Global Ethics Fund)
Mackenzie Universal European Opportunities Fund (formerly, Universal European Opportunities Fund)
Mackenzie Universal RSP European Opportunities Fund (formerly, Universal RSP European Opportunities Fund)
Mackenzie Universal International Stock Fund (formerly, Universal International Stock Fund)
Mackenzie Universal RSP International Stock Fund (formerly, Universal RSP International Stock Fund)
Mackenzie Universal Select Managers Fund (formerly, Universal Select Managers Fund)
Mackenzie Universal RSP Select Managers Fund (formerly, Universal RSP Select Managers Fund)
Mackenzie Universal RSP Select Managers Japan Fund (formerly, Universal RSP Select Managers Japan Fund)
Mackenzie Universal RSP Select Managers Far East Fund (formerly, Universal RSP Select Managers Far East Fund)
Mackenzie Universal RSP Select Managers International Fund (formerly, Universal RSP Select Managers International Fund)
Mackenzie Universal Canadian Resource Fund (formerly, Universal Canadian Resource Fund)
Mackenzie Universal World Real Estate Fund (formerly, Universal World Real Estate Fund)
Mackenzie Universal Precious Metals Fund (formerly, Universal Precious Metals Fund)
Mackenzie Universal World Resource Fund (formerly, Universal World Resource Fund)
Mackenzie Universal Communications Fund (formerly, Universal Communications Fund)
Mackenzie Universal RSP Communications Fund (formerly, Universal RSP Communications Fund)
Mackenzie Universal Financial Services Fund (formerly, Universal Financial Services Fund)
Mackenzie Universal RSP Financial Services Fund (formerly, Universal RSP Financial Services Fund)
Mackenzie Universal Health Sciences Fund (formerly, Universal Health Sciences Fund)
Mackenzie Universal RSP Health Sciences Fund (formerly, Universal RSP Health Sciences Fund)
Mackenzie Universal Internet Technologies Fund (formerly, Universal Internet Technologies Fund)
Mackenzie Universal RSP Internet Technologies Fund (formerly, Universal RSP Internet Technologies Fund)
Mackenzie Universal World Science & Technology Fund (formerly, Universal World Science & Technology Fund)
Mackenzie Universal RSP World Science & Technology Fund (formerly, Universal RSP World Science & Technology Fund)
(Series A, F, I and O Units)
Mackenzie Cundill Global Balanced Fund (formerly, Cundill Global Balanced Fund)
Mackenzie Cundill Recovery Fund (formerly, Cundill Recovery Fund)
Mackenzie Cundill Value Fund (formerly, Cundill Value Fund)
Mackenzie Cundill RSP Value Fund (formerly, Cundill RSP Value Fund)
(Series C,F,I and O units)
Type and Date:
Final Simplified Prospectus and Annual Information Form dated December 22nd, 2000
Mutual Reliance Review System dated 4th day of January, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Registered Dealer
Promoter(s):
N/A
Project #297091

Issuer Name:
Digital Dispatch Systems Inc
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated April 3rd, 2000
Withdrawn 6th day of December, 2000
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #251655

Issuer Name:
Jaws Technologies, Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated April 28, 2000
Withdrawn on 4th day of January, 20001
Offering Price and Description:
N/A
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
Bankton Financial Corporation
Project #260616

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Chapter 12

Registrations

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1 SRO and Disciplinary Proceedings

13.1.1 Essex Capital Management - Ms. Robin Moriarty and Mr. Nelson Allen

NOTICE TO PUBLIC RE: DISCIPLINARY HEARINGS

January 8, 2001

RE: IN THE MATTER OF ESSEX CAPITAL MANAGEMENT - MS. ROBIN MORIARTY AND MR. NELSON ALLEN

Toronto, Ontario – The Investment Dealers Association of Canada announced today that a hearing date has been set for a discipline hearing regarding Ms. Robin Moriarty and Mr. Nelson Allen before the Ontario District Council of the Association.

The proceeding is in respect of matters alleged by the Member Regulation staff of the Association to have occurred between 1997 and 2000, at which time Ms. Robin Moriarty and Mr. Nelson Allen were employed as Registered Representatives at Essex Capital Management Inc., a Member of the Association. Ms. Moriarty and Mr. Allen are not presently working in the securities industry.

The hearing is scheduled to commence at **10:00 a.m. Tuesday, January 23, and continuing thereafter Wednesday, January 24, Wednesday, January 31, and Thursday, February 1, 2001** at the Association's offices located at 1600 – 121 King Street West, Toronto, Ontario. The hearing is open to the public except as may be required for the protection of confidential matters. If the Ontario District Council determines that discipline penalties are to be imposed on Ms. Moriarty and Mr. Allen, the Association will issue an Association Bulletin giving notice of the discipline penalties assessed, the regulatory violation(s) committed by Ms. Moriarty and Mr. Allen, and a summary of the facts. Copies of the Association Bulletin and the Decision of the District Council will be made available.

Contact:

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

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Chapter 25

Other Information

25.1 Other Information

25.1.1 Securities

TRANSFER WITHIN ESCROW

COMPANY NAME	DATE	FROM	TO	NO. OF SHARES
ExtendMedia Inc.	January 5, 2001	BCE Inc.	Bell Globemedia Inc.	5,211,898 common shares
ExtendMedia Inc.	January 5, 2001	3588513	BCE Inc.	3,439,853 common shares

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