

The Ontario Securities Commission

OSC Bulletin

March 23, 2001

Volume 24, Issue 12

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

The Ontario Securities Commission

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

March 23, 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
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20 Queen Street West
Toronto, Ontario
M5H 3S8

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Kerry D. Adams, FCA	—	KDA
Stephen N. Adams, Q.C.	—	SNA
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

Apr 4/2001-2:00 p.m. **Michael Bourgon**
s. 127

Mr. Hugh Corbett in attendance for staff.

Panel: HIW

Apr 16/2001-10:00 a.m. - Apr 30/2001 10:00 a.m. **Philip Services Corp., Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey, Colin Soule, Robert Waxman and John Woodcroft**

s. 127

Ms. K. Manarin & Ms. K. Wootton in attendance for staff.

Panel: TBA

May 7/2001-10:00 a.m. - 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

PROVINCIAL DIVISION PROCEEDINGS

DJL Capital Corp. and Dennis John Little

Date to be announced

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

s. 122

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

Ms. M. Sopinka in attendance for staff.

Ottawa

First Federal Capital (Canada) Corporation and Monter Morris Friesner

Jan 29/2001 - Jun 22/2001

John Bernard Felderhof

Mssrs. J. Naster and I. Smith for staff.

Global Privacy Management Trust and Robert Cranston

Courtroom TBA, Provincial Offences Court

Irvine James Dyck

Old City Hall, Toronto

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

May 4, 2001 1:30 p.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

Offshore Marketing Alliance and Warren English

s. 122

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

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

S. B. McLaughlin

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.

Southwest Securities

Reference:

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

Terry G. Dodsley

Wayne Umetsu

1.1.2 CSA Notice of News Release - CSA Seeks Comment on Possible Changes to Accounting Rules

FOR IMMEDIATE RELEASE
March 16, 2001

CSA SEEKS COMMENT ON POSSIBLE CHANGES TO ACCOUNTING RULES

Toronto - Canadian securities regulators want to find out whether Canadian and foreign issuers should be allowed to file financial statements according to U.S. Generally Accepted Accounting Principles (GAAP) or the new International Accounting Standards (IAS), recently endorsed by the International Organisation of Securities Commissions, rather than Canadian standards.

The Canadian Securities Administrators has posted a discussion paper on the Ontario, Alberta and British Columbia websites and is seeking public comment on the pros and cons of changing the rules governing financial statements.

"We want to determine if the current rules requiring foreign issuers to reconcile their financial statements to Canadian GAAP deter companies from public offerings in Canada," said Doug Hyndman, CSA Chair.

"A growing number of large Canadian companies listed in the U.S. now prepare a complete set of both Canadian and U.S. statements," added John Carchrae, Chief Accountant for the Ontario Securities Commission. "These companies tell us this is a costly exercise and that the Canadian GAAP statements do not provide clear benefits to Canadian investors."

However, the potential changes present some issues that must be addressed. For example, allowing the use of more than one set of accounting standards will make it more difficult for Canadian investors to compare results for different companies.

The Canadian accounting profession would face the significant challenge of gaining the necessary level of expertise with US GAAP and the new IAS. As well, there are some statutory requirements for Canadian companies that require the continued preparation of Canadian GAAP information.

Mr. Hyndman stressed the CSA wants to hear from the public and investment industry before any changes are made that could significantly affect the information available to investors.

To assist in fully assessing the issues, the CSA is seeking responses to 17 detailed questions set out in a discussion paper (as attached) available on the Ontario Securities Commission website (http://www.osc.gov.on.ca/en/Regulation/Rulemaking/Notices/conceptpro/52-401_cp_010316.html), the Alberta Securities Commission website (www.albertasecurities.com) and the BC Securities Commission website (www.bcsc.bc.ca).

For more information, contact:

In Ontario:

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Chief Accountant, OSC
(416) 593-8221

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

In British Columbia:

Carla Marie Hait
Chief Accountant, BCSC
(604) 899-6726

Dean Pelkey
Media Relations Officer, BCSC
(604) 899-6880

In Alberta:

Fred Snell
Chief Accountant
(403) 297-6553

**1.1.3 Request for Comments Re. Statement of
Priorities for Fiscal Year Ending March 31,
2002**

**REQUEST FOR COMMENTS REGARDING STATEMENT
OF PRIORITIES
FOR FISCAL YEAR ENDING MARCH 31, 2002**

The *Securities Act* requires the Commission to deliver to the Minister and publish in its Bulletin by June 30 of each year a statement of the Chairman setting out the proposed priorities of the Commission for its current fiscal year in connection with the administration of the Act, the regulations and rules, together with a summary of the reasons for the adoption of the priorities.

In an effort to obtain feedback and specific advice on the proposed objectives and initiatives, the Commission is publishing a draft of the Statement of Priorities which follows this Request for Comments. The Commission will consider the feedback, and make any necessary revisions prior to finalizing and publishing its 2001/2002 Statement of Priorities.

The Statement of Priorities, once approved by the Minister of Finance, will serve as the guide for the Commission's ongoing operations.

The draft of the Statement of Priorities can be found in Chapter 6 of this Bulletin.

Comments

Interested parties are invited to make written submissions by May 25, 2001 to:

Robert Day
Manager, Business Planning
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8
[416] 593-8179

1.2 News Releases

1.2.1 Wayne S. Umetsu

FOR IMMEDIATE RELEASE
March 19, 2001

RE: OSC PROCEEDINGS AGAINST WAYNE S. UMETSU

Toronto - The Ontario Securities Commission (the "Commission") ordered that the hearing of this matter, which was scheduled to commence today, Monday, March 19, 2001, be adjourned *sine die*, returnable on two weeks notice by either party to the proceeding.

Copies of the Notice of Hearing and the Statement of Allegations are available at www.osc.gov.on.ca or from the Commission, 19th Floor, 20 Queen Street West, Toronto, Ontario. Any questions from members of the investing public can be directed to the inquiries line at the Commission at (416) 593-8314.

References:

Rowena McDougall
Senior Communications Officer
(416) 593-8117

Michael Watson
Director, Enforcement Branch
(416) 593-8156

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Golden Rule Resources Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief under subsection 116(1) of the Act from the registration and prospectus requirements under sections 54 and 81 of the Act in connection with the distribution of securities by an issuer in settlement of outstanding litigation against that issuer.

Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended - ss. 54, 81, 116(1) and 116(1.1).

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

AND

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

AND

IN THE MATTER OF
GOLDEN RULE RESOURCES LTD.

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Golden Rule Resources Ltd. ("Golden Rule") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements under the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirement") shall not apply to the issuance by Golden Rule of certain securities in settlement of outstanding litigation;

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

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

3.1 Golden Rule is a corporation incorporated under the *Business Corporations Act* (Alberta);

3.2 the head office of Golden Rule is in Calgary, Alberta;

3.3 the authorized capital of Golden Rule consists of an unlimited number of common shares (the "Common Shares");

3.4 26,654,081 Common Shares were issued and outstanding as of February 5, 2001;

3.5 the Common Shares are listed for trading on The Toronto Stock Exchange (the "TSE") and quoted on the National Association of Securities Dealers OTC Bulletin Board;

3.6 the TSE suspended trading in the Common Shares on February 21, 2001 for failure to meet continuing listing requirements;

3.7 Golden Rule has applied to the Canadian Venture Exchange ("CDNX") to list the Common Shares on the CDNX. The CDNX is in the process of considering the application;

3.8 Golden Rule is a reporting issuer or the equivalent in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec and Nova Scotia;

3.9 Golden Rule is subject to the reporting requirements under the *Securities Exchange Act of 1934* in the United States of America (the "United States");

3.10 Golden Rule is not in default of any of the requirements of the Legislation;

3.11 on February 23, 1998, Herman Krangel and Lillian Krangel (the "Representative Plaintiffs") commenced a lawsuit (the "Class Action") against Golden Rule and certain of its directors (the "Defendants") in the United States District Court for the Eastern District of Pennsylvania (the "Court");

- 3.12 the Representative Plaintiffs brought the Class Action on behalf of all purchasers of Common Shares during the period from October 3, 1996 to May 14, 1997 who suffered damage thereby (the "Plaintiff Class");
- 3.13 the Class Action alleged that the Defendants had, among other things, failed to disclose certain facts regarding Golden Rule in violation of applicable securities laws of the United States;
- 3.14 on November 30, 1999, the Representative Plaintiffs and the Defendants agreed, subject to the approval of the Court, to the settlement of the claims of the Representative Plaintiffs under the Class Action and to the release and discharge of the Defendants (the "Settlement Agreement");
- 3.15 the Settlement Agreement provided for the denial by the Defendants of all liability or wrongdoing and the acceptance of such by the Representative Plaintiffs;
- 3.16 on July 27, 2000, the Court issued an order approving the Settlement Agreement and dismissing the Class Action (the "Order");
- 3.17 the terms of the Settlement Agreement will require Golden Rule to:
- 3.17.1 create an administration fund of up to US\$250,000 for the purpose of paying the expenses actually and reasonably incurred by the Representative Plaintiffs in effecting the settlement of the Class Action; and
- 3.17.2 issue to the members of the Plaintiff Class 1,500,000 Common Shares and 3,000,000 warrants to purchase Common Shares ("Warrants");
- 3.18 each Warrant will be exercisable to purchase one Common Share at a price of \$0.65 for a period of five years from the date of issuance;
- 3.19 the Warrants will only be exercisable if the closing price of the Common Shares on the TSE or such other exchange upon which the Common Shares are listed equals or exceeds \$0.65 for twenty consecutive trading days prior to their expiry;
- 3.20 the Common Shares and Warrants will be allocated to members of the Plaintiff Class in accordance with a formula set out in the Settlement Agreement;
- 3.21 the Settlement Agreement excludes the following entities from the Plaintiff Class:
- 3.21.1 the Defendants;
- 3.21.2 members of the immediate family of any individual Defendant;
- 3.21.3 directors, officers, affiliates and subsidiaries of Golden Rule;
- 3.21.4 any entity in which any of the above has a controlling interest; and
- 3.21.5 the legal representatives, heirs, successors or assigns of any of the above;
- 3.22 prior to the granting of the Order, Golden Rule provided each member of the Plaintiff Class of record with a form of notice (the "Notice") detailing the history of the Class Action, the terms of the Settlement Agreement and the right of each member of the Plaintiff Class to lodge objections and review documents filed with the Court;
- 3.23 prior to the granting of the Order, Golden Rule published a summary form of the Notice in the national editions of The Globe and Mail and The Wall Street Journal for the purpose of providing notice of the Class Action and Settlement Agreement to members of the Plaintiff Class who may not have received the Notice;
- 3.24 prior to the granting of the Order, each member of the Plaintiff Class was afforded the opportunity to voluntarily exclude themselves from the Plaintiff Class and the effect of the Settlement Agreement. No member of the Plaintiff Class requested that they be so excluded;
- 3.25 there are 154 members of the Plaintiff Class resident in the United States;
- 3.26 there are 415 members of the Plaintiff Class resident in the Jurisdictions, distributed as follows:
- | | |
|----------------------|-----|
| British Columbia | 180 |
| Alberta | 50 |
| Saskatchewan | 23 |
| Manitoba | 13 |
| Ontario | 60 |
| Québec | 45 |
| Nova Scotia | 23 |
| New Brunswick | 5 |
| Prince Edward Island | 3 |
| Newfoundland | 13 |
- 3.27 1,152,211 Common Shares will be issued to members of the Plaintiff Class resident in the Jurisdictions under the Settlement Agreement, distributed as follows:
- | | |
|------------------|---------|
| British Columbia | 86,439 |
| Alberta | 314,932 |
| Saskatchewan | 23,698 |
| Manitoba | 9,666 |

Ontario	549,692
Québec	86,191
Nova Scotia	50,921
New Brunswick	2,879
Prince Edward Island	1,329
Newfoundland	26,464

3.28 2,257,307 Warrants will be issued to members of the Plaintiff Class resident in the Jurisdictions under the Settlement Agreement, distributed as follows:

British Columbia	172,879
Alberta	629,864
Saskatchewan	47,396
Manitoba	19,356
Ontario	1,099,384
Québec	172,242
Nova Scotia	101,841
New Brunswick	5,758
Prince Edward Island	2,659
Newfoundland	5,928

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 distribution of Common Shares and Warrants to members of the Plaintiff Class under the terms of the Settlement Agreement shall not be subject to the Registration Requirement and the Prospectus Requirement provided that:

6.1 the first trade in a Jurisdiction of Warrants distributed in reliance on this Decision shall be deemed a distribution or primary distribution to public under the Legislation of such Jurisdiction; and

6.2 the first trade in a Jurisdiction of Common Shares distributed in reliance on this Decision and Common Shares acquired upon the exercise of Warrants distributed in reliance on this Decision shall be deemed a distribution or primary distribution to the public under the Legislation of such Jurisdiction (the "Applicable Legislation") unless:

6.2.1 at the time of the first trade, Golden Rule is and has been a reporting issuer or the equivalent under the Applicable Legislation for the 12 months immediately preceding the trade or, if Golden Rule is not a reporting issuer or the equivalent under the Applicable Legislation, Golden Rule has filed all continuous disclosure documents filed by it in the Jurisdictions in which it is a reporting issuer or the

equivalent with the Decision Maker of the Jurisdiction;

6.2.2 no unusual effort is made to prepare the market or create a demand for the Common Shares;

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

6.2.4 if the seller of the securities is an insider or officer Golden Rule, the seller has no reasonable grounds to believe that Golden Rule is in default of any requirement of the Applicable Legislation; and

6.2.5 except in Quebec, the trade is not a trade from the holdings of any person, company or combination of persons or companies that holds a sufficient number of securities of Golden Rule so as to affect materially the control of Golden Rule or more than twenty percent of the outstanding voting securities of Golden Rule, except where there is evidence showing that the holding of those securities does not affect materially the control of Golden Rule.

March 14, 2001.

"Glenda A. Campbell"

"John W. Cranston"

**2.1.2 CIBC World Markets Inc. & Biotech
RAIDers™ Trust - MRRS Decision**

Headnote

Section 233 of the Regulation - offering where underlying interest consists of portfolio of common shares of American biotechnology companies - issuer related and/or connected to the agent - agent exempt from clause 224(1)(b) of the Regulation.

Section 113 and clause 121(2)(a) - investment by a mutual fund trust for specified purpose in securities of a related issuer - trust exempt from the self-dealing prohibitions of clauses 111(2)(a) and 111(2)(c)(ii), subsection 111(3) and clauses 118(2)(a) and (c).

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as amended, ss 1(1), 111(2)(a), 111(2)(c)(ii), 111(3), 113, 118(2)(a), 118(2)(c) and 121(2)(a).

Regulations Cited

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

**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
CIBC WORLD MARKETS INC. AND
BIOTECH RAIDERS™ TRUST**

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Québec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from CIBC World Markets Inc. ("CIBC WM") and Biotech RAIDers™ Trust (the "Trust") (collectively, the "Filer") in connection with the distribution of units of the Trust by prospectus (the "Offering") by CIBC WM and such other agents as may be appointed (collectively, the "Agents") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

(i) in the case of the Legislation of each applicable Jurisdiction, that the requirements which apply to

underwriters or agents in connection with a distribution of securities of a related issuer (or equivalent) and/or connected issuer (or equivalent) (the "Independent Underwriter Requirements") shall not apply to the Agents in respect of the Offering; and

(ii) in the case of the Legislation of each applicable Jurisdiction, that the requirements that a mutual fund shall not knowingly: (i) make or hold an investment in a person or company who is a substantial security holder of the mutual fund, its management company or distribution company; (ii) make or hold an investment in an issuer in which any person or company who is a substantial security holder of the mutual fund, its management company or its distribution company has a significant interest; (iii) make or hold an investment in an issuer in which a responsible person or an associate of a responsible person is an officer or director unless the specific fact is disclosed to the client and the written consent of the client to the investment is obtained before the purchase; or (iv) make a loan to a responsible person or an associate of a responsible person or the portfolio manager (the "Conflict of Interest Provision") shall not apply to the Trust or CIBC WM as Administrator (defined below) of the Trust;

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

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

1. The Trust is an investment trust to be established under the laws of Ontario pursuant to a declaration of trust. The administrator (the "Administrator") of the Trust will be CIBC WM and the trustee (the "Trustee") of the Trust will be CIBC Mellon Trust Company. The head office of CIBC WM is located in the Province of Ontario.
2. The Trust units (the "Units") are designed to allow the holder thereof (a "Unitholder") to make a diversified investment in the biotechnology industry through a single investment instrument. The value of the Units will be linked to the value of a portfolio (the "Portfolio") of equity shares (the "Shares") of approximately 28 companies (collectively, the "Companies", and each a "Company") that are currently involved in various segments of the biotechnology industry.
3. The Trust will be a "mutual fund" as defined under the Legislation of each of the Jurisdictions, except Québec. Unlike a conventional mutual fund, the Portfolio will not be actively managed and the Units will not be offered on a continuous basis. The Units will be listed on The Toronto Stock Exchange, subject to the receipt of all necessary approvals.
4. The Administrator will be entitled to a fee payable by the Trust quarterly in arrears at an annual rate equal to 0.6% of the Trust's net asset value.
5. The Portfolio will initially be comprised of approximately equal weightings by value of the Shares of each

- Company, determined promptly following the closing of the Offering. Immediately following such determination, the actual number of Shares of each Company in the Portfolio and their market prices at such time will be disseminated in a press release by the Administrator, and will also be available from the Administrator.
6. Given that the Portfolio is not actively managed, the relative weighting of the value of a Share in the Portfolio will change over time with market fluctuations, and the sectoral focus of the Portfolio may change from time to time if one or more of the Companies changes the focus of its business. The composition of the Portfolio may also be affected from time to time by stock splits, stock dividends, stock consolidations, take-over or issuer bids (tender or self-tender offers), rights offerings, mergers, corporate reorganizations, insolvencies, delistings or suspensions or other events, in each case as determined by the Administrator in its discretion ("Reconstitution Events") affecting a Company.
 7. The Trust may choose to own directly certain Shares (the "Direct Portfolio") but this direct holding will be limited so that the Units will not constitute foreign property under the *Income Tax Act* (Canada). Otherwise, the Trust will not own or have any interest in the remainder of the Portfolio (the "Notional Portfolio"). The Trust will own a limited recourse non-transferable deposit note (the "Deposit Note") issued by the Canadian Imperial Bank of Commerce ("CIBC"), the value of which will be linked to the Canadian dollar equivalent of the value of the Notional Portfolio. CIBC will enter into arrangements in respect of the Notional Portfolio in order to hedge its obligations under the Deposit Note.
 8. The Trust has adopted the Deposit Note structure in order that the Units may qualify as "Canadian property" under the *Income Tax Act* (Canada) thereby enabling Unitholders to include the Units in their registered retirement savings plan ("RRSP") or other similar tax-deferred arrangements.
 9. Under the terms of the Deposit Note, the Trust is entitled to receive the Canadian dollar equivalent of the total return on the Notional Portfolio, less expenses and withholding taxes.
 10. Due to the structure of the transaction, the Trust will not benefit from, or be subject to the risks associated with, the creditworthiness of CIBC in respect of the Deposit Note.
 11. The Trust intends to distribute sufficient net taxable income to Unitholders in the year earned to ensure that it has no income on which it has to pay tax. Subject to a reasonable reserve for redemptions, fees and expenses, the Trust intends to distribute all cash it receives (including any net proceeds earned thereon while held in short-term investments). The Trust will make distributions on an annual basis, or more frequently if so determined by the Administrator. Cash payments received by the Trust will generally be held in short-term deposits with CIBC or may be held in other bank deposits, evidences of indebtedness with terms to maturity of 365 days or less or similar money market instruments pending distribution or use in redemptions of Units or in the payment of fees and expenses.
 12. Units may be surrendered at any time but will only be redeemed on a monthly basis on the second last business day of each month (the "Elected Redemption Date") or on the Scheduled Redemption Date (as defined below) or other termination of the Trust, as applicable. Upon redemption, Unitholders will be entitled to receive an amount equal to the net asset value per Unit on the applicable Elected Redemption Date, less a redemption charge (the "Redemption Charge") equal to 1.5% of the net asset value per Unit of the Units being redeemed. The Redemption Charge will not apply on the Scheduled Redemption Date or other termination of the Trust. Shares in the Direct Portfolio shall be disposed of and the Deposit Note shall be redeemed in the discretion of the Administrator to fund such redemption obligations. This right of redemption may be suspended in certain circumstances.
 13. On approximately the fifth anniversary of the closing of the Offering (the "Scheduled Redemption Date"), each Unit will be redeemed automatically by the Trust for cash proceeds equal to the net asset value per Unit on that date, and will not be subject to the Redemption Charge. This right of redemption may be suspended in certain circumstances.
 14. The Trust intends to file a preliminary prospectus (the "Preliminary Prospectus") and a final prospectus (the "Final Prospectus") as soon as possible to qualify the Offering in the Jurisdictions.
 15. The Trust may be considered to be a "connected issuer" (or equivalent) and/or "related issuer" (or equivalent) of CIBC WM within the meaning of the Legislation as a cumulative result of the following factors. The Trustee will be CIBC Mellon Trust Company, which is partly owned by CIBC. CIBC Mellon Trust Company is also the custodian of the Trust. CIBC WM, one of the Agents, is the Administrator and is a wholly-owned subsidiary of CIBC and an associate of the Trustee. CIBC will issue the Deposit Note to the Trust.
 16. The Offering will not comply with the Independent Underwriter Requirements. While Agents other than CIBC WM will be invited to participate, there can be no assurance that they will agree to participate in the Offering or to what extent.
 17. The nature and details of the relationship between the Trust and CIBC WM will be described in the Preliminary Prospectus and Final Prospectus, including the information specified in Appendix C of proposed Multi-Jurisdictional Instrument 33-105 – Underwriting Conflicts (the "Proposed Instrument").
 18. The Trust is not a "specified party" as defined in the Proposed Instrument. The Trust is not in financial difficulty.

19. With the exception of CIBC WM, whose relationship with the Trust will be fully disclosed in the Preliminary Prospectus and Final Prospectus, the Agents will not benefit in any manner from the Offering other than the payment of their agent fees in connection with the Offering.
20. The certificate in the Preliminary Prospectus and Final Prospectus will be signed by each of the Agents as required by the Legislation.
21. Upon the issuance of a receipt for the Final Prospectus, the Trust will become a reporting issuer (or equivalent) in each applicable Jurisdiction.
22. Each of the Companies that comprise the Portfolio, including a brief description of the nature of their business, will be disclosed in the Preliminary Prospectus and Final Prospectus, and are among the largest and most liquid companies in the biotechnology industry, as measured by market capitalization and trading volume.
23. The following criteria were used in selecting the Shares (based on information as at November 14, 2000): (i) market capitalization equal to or greater than US\$ 750 million; (ii) average daily trading volume of at least 235,000 shares over the past twelve months (or since the inception of the Company, if less than twelve months); (iii) average daily trading volume of at least US\$ 8,500,000 over the past twelve months (or since the inception of the Company, if less than twelve months); and (iv) a trading history of at least 90 calendar days.
24. The Shares are registered under the *U.S. Securities Exchange Act of 1934*. Accordingly, each of the Companies files extensive financial and other information on a periodic and timely basis as specified by the U.S. Securities and Exchange Commission (the "SEC"). Such information is generally available through the SEC's web site. In addition, information regarding the Companies may be obtained from other sources, including, but not limited to, press releases, newspaper articles and other publicly available information.
25. The Trust will prepare, file and deliver annual and semi-annual financial statements. The Trust will also prepare and file on an annual basis a report to unitholders that includes a brief description of the activities of the Trust during the last financial year, as well as a discussion of the results of the Trust, including an explanation of changes from the previous financial year and material changes in accounting principles or practices applied thereto.
26. In the event of a material change to the affairs of the Trust, the Trust will issue a press release and file a material change report in accordance with the requirements of the Legislation. In addition, if any of the Shares change because of a Reconstitution Event, a revised list of the Shares and their numbers will be made available from the Administrator or may be found on the Trust's website.

27. In the absence of the relief granted by this Decision, the Conflict of Interest Provision would prohibit the Trust from purchasing the Deposit Note issued by CIBC. As described in paragraph 8 above, the Deposit Note structure has been adopted for tax purposes for the benefit of Unitholders. In addition, the value of the Deposit Note will be linked to the value of the Portfolio. Neither the Trust, CIBC WM nor CIBC are related to any issuer of the Shares. In addition, the parties and their relationship will be described in detail in the Preliminary Prospectus and Final Prospectus.

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

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

THE DECISION of the Decision Makers under the Legislation is that:

- (i) in the case of the Legislation of each applicable Jurisdiction, that the Independent Underwriter Requirements shall not apply to CIBC WM in respect of the Offering provided that the information specified in Appendix C of the Proposed Instrument is disclosed in the Preliminary Prospectus and Final Prospectus and the Trust is not a "specified party" as defined in the Proposed Instrument at the time of the Offering; and
- (ii) in the case of the Legislation of each applicable Jurisdiction, that the Conflict of Interest Provision shall not apply to the Trust or CIBC WM in connection with the issuance by CIBC of the Deposit Note to the Trust.

March 9, 2001.

"Howard I. Wetston"

"Theresa McLeod"

2.1.3 SDM Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from registration and prospectus requirements in connection with the distribution, from time to time, of non-voting shares to Associates (Pharmacy owners) - Associates not technically employees or consultants but required under contract to devote their full time and attention to the pharmacy business - relief from the issuer bid requirements where issuer repurchases the non-voting shares from the Associates pursuant to certain agreements entered into concurrently with the distribution.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O., 1990, c.S.5, as amended, ss. 25, 53, 74(1) and 104(2)(c).

Applicable Ontario Rules

Ontario Securities Commission Rule 45-503 - Trades to Employees, Executives and Consultants.

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

AND

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

AND

IN THE MATTER OF
SDM Corporation

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, Prince Edward Island, Newfoundland, New Brunswick, Northwest Territories, and Yukon (the "Jurisdictions") has received an application from SDM Corporation ("SDM") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security and to file and receive a receipt for a prospectus (the "Registration and Prospectus Requirements") do not apply to SDM with respect to certain proposed distributions, from time to time, of non-voting shares by it and that the requirement contained

in the Legislation to comply with the rules governing issuer bids (the "Issuer Bid Requirement") does not apply to SDM with respect to certain repurchases by SDM of non-voting shares issued by it pursuant to the distribution;

2. **AND WHEREAS** under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;
3. **AND WHEREAS** SDM has represented to the Decision Makers that:
 - 3.1 SDM is a corporation amalgamated under the laws of the Province of New Brunswick;
 - 3.2 SDM is not a reporting issuer, or its equivalent, in any of the Jurisdictions;
 - 3.3 the authorized capital of SDM consists of an unlimited number of voting common shares ("Common Shares") and an unlimited number of non-voting shares ("Non-Voting Shares");
 - 3.4 the securities of SDM are not listed on any stock exchange or traded over the counter;
 - 3.5 in February, 2000 SDM acquired the Shoppers Drug Mart/Pharmaprix business ("Shoppers") from British America Tobacco (Canada) Limited (the "Acquisition"). SDM is a holding company whose only business is holding the shares of the companies which operate Shoppers;
 - 3.6 Shoppers Drug Mart/Pharmaprix business includes the licensing of retail operations consisting of over 790 drug stores. Each drug store is operated by a pharmacist (an "Associate") who, through a wholly-owned corporation, has entered into a licensing agreement with a wholly-owned subsidiary of SDM. Each such licensing agreement requires that the Associate devote their full time and attention to the operation and management of the drug store that is the subject of the license. As a result, each Associate has detailed knowledge of the business operated by SDM;
 - 3.7 the shareholders of SDM include certain institutional investors, the senior management and other employees of Shoppers, and over 550 Associates who invested an aggregate of over \$41,000,000 in SDM in connection with the Acquisition;
 - 3.8 SDM proposes to offer Non-Voting Shares of SDM, from time to time, to (i) Associates who have joined Shoppers after the initial investment opportunity in connection with the Acquisition; (ii) ongoing Associates who did not invest at that time; and (iii) Associates who are already shareholders of SDM;
 - 3.9 SDM also proposes to allow Associates to purchase Non-Voting Shares through a

Registered Retirement Savings Plan ("RRSP") of which they are the beneficiary. In order to permit RRSP investment by Associates in connection with the Acquisition, SDM created the Non-Voting Shares as a separate class of securities. The Common Shares and the Non-Voting Shares are RRSP eligible investments under the *Income Tax Act* (Canada);

- 3.10 Associates who purchase Non-Voting Shares, either directly or through an RRSP of which they are the beneficiary, will be required to enter into a unanimous shareholders' agreement and certain other agreements (the "Governing Agreements") which will restrict their ability to deal with the Non-Voting Shares so acquired. Among other things, the Governing Agreements will place certain transfer restrictions on the Non-Voting Shares, will provide SDM with a right of first refusal in certain circumstances and will give SDM the right to repurchase the Non-Voting Shares from the Associate in certain circumstances, including in the event that the licensing agreement respecting the Associate is terminated. The Governing Agreements will also provide drag-along rights to certain institutional holders of Common Shares and will provide certain coattail and tag-along rights to the holders of Non-Voting Shares;
 - 3.11 prior to any purchase by them of Non-Voting Shares, Associates will be provided with a full description of the attributes of the Non-Voting Shares, copies of the Governing Agreements, a summary of the provisions of the Governing Agreements and full information concerning resale restrictions applicable to the Non-Voting Shares;
 - 3.12 the participation of Associates in any offering of Non-Voting Shares will be voluntary. No Associate will be induced, directly or indirectly, to purchase Non-Voting Shares by expectation of maintaining or continuing their status as an Associate;
 - 3.13 there are Associates resident in each of the Jurisdictions;
 - 3.14 associates are not employees of SDM, no exemption from the Registration and Prospectus Requirements exists under the Legislation to allow SDM to issue Non-Voting Shares to Associates;
 - 3.15 any repurchase by SDM of Non-Voting Shares pursuant to the terms of the Governing Agreements will constitute an issuer bid under the Legislation. No exemption from the Issuer Bid Requirement exists under the Legislation with respect to such repurchases;
4. **AND WHEREAS** pursuant to 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:

6.1 the Prospectus and Registration Requirements shall not apply to the distribution, from time to time, by SDM of Non-Voting Shares to Associates or to RRSPs of which an Associate is the beneficiary, provided that the first trade of any Non-Voting Share so acquired shall be deemed a distribution, or a primary distribution to the public, in each Jurisdiction where such concept applies; and

6.2 the Issuer Bid Requirement shall not apply to any repurchase of Non-Voting Shares from Associates or RRSPs of which an Associate is the beneficiary by SDM pursuant to the terms of the Governing Agreements, provided that at the time of any repurchase there is no published market for the Non-Voting Shares.

DATED at Calgary, Alberta this 14th day of March, 2001.

"Stephen P. Sibold"

"Glenda A. Campbell"

2.1.4 iPerformance Fund Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief under subsection 116(1) of the Act from the registration and prospectus requirements under sections 54 and 81 of the Act in connection with the transfer of securities of an issuer by former officers and directors of the issuer to a current officer and director of the issuer.

Applicable Alberta Statutory Provisions

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

**IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA AND ONTARIO**

AND

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

AND

**IN THE MATTER OF
iPERFORMANCE FUND INC.**

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta and Ontario (the "Jurisdictions") has received an application from iPerformance Fund Inc. ("iPerformance") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements under the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirement") shall not apply to the trade by certain former directors and officers of iPerformance of certain common shares of iPerformance to a current director and officer of iPerformance;
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** iPerformance has represented to the Decision Makers that:
 - 3.1 iPerformance is a corporation existing under the *Business Corporations Act* (Alberta);
 - 3.2 iPerformance is a reporting issuer in Alberta and British Columbia, but is not a reporting issuer in Ontario;

- 3.3 iPerformance has been a reporting issuer in Alberta since July 12, 2000 and in British Columbia since October 4, 2000;
- 3.4 the authorized capital of iPerformance includes an unlimited number of common shares ("Common Shares");
- 3.5 there are currently 17,158,350 Common Shares issued and outstanding;
- 3.6 the Common Shares are listed and posted for trading on the Canadian Venture Exchange ("CDNX");
- 3.7 iPerformance is a CPC as defined in CDNX Policy 2.4 (the "Policy");
- 3.8 iPerformance completed its Qualifying Transaction, as defined in the Policy, effective January 12, 2001, subject to the issuance by the CDNX of a bulletin in accordance with the Policy;
- 3.9 in connection with the completion by iPerformance of its Qualifying Transaction, certain shareholders of iPerformance (the "Selling Shareholders") have agreed (the "Agreement") to sell a total of 666,667 Common Shares (the "Subject Shares") held by them to Toreigh Stuart (the "Purchaser") at a price of \$0.25 per share;
- 3.10 the Selling Shareholders and the number of Common Shares to be sold by each under the Agreement are as follows:

Locksley Capital Limited	266,667
Canhart Investments Inc.	266,667
James E. Lorimer	66,667
Ron Miller	66,666
- 3.11 each of the Selling Shareholders is a former director or officer of iPerformance or is a corporation controlled by such an individual;
- 3.12 there are Selling Shareholders resident in each of the Jurisdictions;
- 3.13 the Purchaser is an officer and director of iPerformance;
- 3.14 the Purchaser is resident in Ontario;
- 3.15 the Subject Shares are subject to certain escrow restrictions imposed by the CDNX;
- 3.16 the Purchaser and the Selling Shareholders have applied to the CDNX to have the Subject Shares transferred within escrow from the Selling Shareholders to the Purchaser;
- 3.17 the Selling Shareholders acquired the Subject Shares under exemptions from the Registration Requirement and Prospectus Requirement

existing under the Legislation concerning the securities of private issuers or companies;

- 3.18 no exemptions from the Registration Requirement and Prospectus Requirement exist under the Legislation to permit the proposed trade by the Selling Shareholders of the Subject Shares to the Purchaser under the Agreement;
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 trade by the Selling Shareholders of the Subject Shares to the Purchaser under the Agreement shall not be subject to the Registration Requirement and the Prospectus Requirement provided that the first trade in a Jurisdiction of Subject Shares shall be deemed a distribution under the Legislation of such Jurisdiction (the "Applicable Legislation") unless:
- 6.2.1 at the time of the first trade, iPerformance is and has been a reporting issuer under the Applicable Legislation for the 12 months immediately preceding the trade;
- 6.2.2 no unusual effort is made to prepare the market or create a demand for the Subject Shares;
- 6.2.3 no extraordinary commission or consideration is paid to a person or company in respect of the trade;
- 6.2.4 if the seller of the securities is an insider or officer iPerformance, the seller has no reasonable grounds to believe that iPerformance is in default of any requirement of the Applicable Legislation; and
- 6.2.5 the trade is not a trade from the holdings of any person, company or combination of persons or companies that holds a sufficient number of securities of iPerformance so as to affect materially the control of iPerformance or more than twenty percent of the outstanding voting securities of iPerformance, except where there is evidence showing that the holding of those securities does not affect materially the control of iPerformance.

March 12, 2001.

"James E. Allard"

"John W. Cranston"

2.1.5 Electronics Manufacturing Group Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief from issuer bid requirements granted in connection with the exercise by an issuer of a previously-granted option to acquire certain of its common shares - Exercise price of option is below current market price of underlying shares, and exercise of option will not adversely affect the issuer or its security holders.

Applicable Ontario Statute

Securities Act, R.S.O. 1990, c.S.5, as amended, ss. 95-98, 100 and 104(2)(c).

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

AND

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

AND

IN THE MATTER OF ELECTRONICS MANUFACTURING GROUP INC.

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Ontario and Québec (the "Jurisdictions") has received an application from Electronics Manufacturing Group Inc. ("EMG") for a decision under the securities legislation of the Jurisdictions (the "Legislation") exempting the exercise by EMG of an option to acquire common shares from one of its shareholders from the requirements concerning issuer bids under the Legislation (the "Issuer Bid Requirements");
2. **AND WHEREAS** under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;
3. **AND WHEREAS** EMG has represented to the Decision Makers that:
 - 3.1 EMG is a corporation amalgamated under the *Business Corporations Act* (Alberta);
 - 3.2 EMG is a reporting issuer or the equivalent in each of the Jurisdictions;
 - 3.3 the authorized capital of EMG includes an unlimited number of common shares ("Common Shares");

- 3.4 20,387,950 Common Shares are currently issued and outstanding;
- 3.5 the Common Shares are listed and posted for trading on the Canadian Venture Exchange ("CDNX");
- 3.6 EMG has applied to have the Common Shares listed on The Toronto Stock Exchange (the "TSE");
- 3.7 the TSE has granted EMG conditional approval for the listing of the Common Shares;
- 3.8 on December 10, 1998, Wray Hodgson (the "Grantor") granted a predecessor of EMG an option to purchase certain common shares of that predecessor held by him (the "Option");
- 3.9 the Grantor is a former employee of a predecessor of EMG;
- 3.10 the Grantor is not employed by EMG and is at arm's length to EMG and its officers and directors;
- 3.11 the Grantor is resident in Ontario;
- 3.12 the Option is currently exercisable by EMG to acquire 1,100,000 Common Shares (the "Subject Shares") from the Grantor at a price of \$1.00 per share;
- 3.13 EMG now wishes to exercise the Option;
- 3.14 the trading history of the Common Shares on CDNX for the 2000 calendar year is as follows:

Month	High(\$)	Low(\$)	Close(\$)	Volume
January	5.00	3.50	4.80	799,488
February	8.95	4.85	7.30	1,937,061
March	7.60	6.00	7.00	1,054,652
April	8.00	5.50	5.90	1,099,840
May	6.00	4.16	4.95	892,733
June	5.90	4.76	5.10	769,215
July	5.30	4.61	4.80	202,457
August	5.50	4.35	5.40	420,095
September	6.75	5.50	5.70	906,967
October	6.00	4.90	5.05	328,478
November	5.75	4.60	4.98	909,913
December	5.00	4.00	4.60	400,801

- 3.15 the closing price of the Common Shares on CDNX on January 26, 2001 was \$4.76;
- 3.16 the existence of the Option has previously been disclosed in prospectuses filed by EMG with the Decision Makers on March 23, 2000 and November 6, 2000 and in various other publicly available disclosure documents;

- 3.17 the exercise of the Option by EMG will not materially affect the control of EMG;
- 3.18 no undisclosed material changes concerning EMG exist;
- 3.19 EMG has no reason to believe that the exercise of the Option will adversely affect EMG or its security holders;
- 3.20 the exercise of the Option by EMG to acquire the Subject Shares from the Grantor will be an issuer bid under the Legislation;
- 3.21 no exemption from the Issuer Bid Requirements exists under the Legislation to permit the exercise of the Option by EMG to acquire the Subject Shares from the Grantor;

- 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 exercise by EMG of the Option to acquire the Subject Shares from the Grantor shall be exempt from the Issuer Bid Requirements.

February 8, 2001.

"Glenda A. Campbell"

"James E. Allard"

**2.1.6 Canada 3000 Inc. & Royal Aviation Inc. -
MRRS Decision**

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - employment agreement between offeror and senior officer and director who is major shareholder of offeree made for reasons other than to increase the value of the consideration paid to the senior officer and may be entered into despite the prohibition on collateral agreements in the Legislation.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 97 and 104(2)(a).

**IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ONTARIO AND QUEBEC**

AND

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

AND

**IN THE MATTER OF
CANADA 3000 INC.
AND ROYAL AVIATION INC.**

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the "Decision Maker") in each of Ontario and Quebec (the "Jurisdictions") has received an application from Canada 3000 Inc. (the "Offeror") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that, in connection with an offer dated February 28, 2001 (the "Offer") by the Offeror to acquire all of the issued and outstanding common shares (the "Royal Shares") of Royal Aviation Inc. ("Royal"), certain employment arrangements entered into between the Offeror and a senior officer and director of Royal have been entered into for reasons other than to increase the value of the consideration paid to such senior officer and director of Royal for his Royal Shares and may be entered into despite the provision in the Legislation that prohibits an offeror who makes or intends to make a take-over bid and any person acting jointly or in concert with the offeror from entering into any collateral agreement, commitment or understanding with any holder or beneficial owner of securities of the offeree issuer that has the effect of providing to the holder or owner a consideration of greater value than that offered to other holders of the same class of securities (the "Prohibition on Collateral Agreements");

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 Offeror has represented to the Decision Makers that:

1. The Offeror is a corporation incorporated under the *Business Corporations Act* (Alberta), with its registered office located in Calgary, Alberta and its corporate head office located in Toronto, Ontario.
2. The Offeror is Canada's second largest scheduled air carrier providing reliable and affordable air travel to value conscious passengers. The Offeror operates flights to over 90 destinations worldwide, offering scheduled passenger service domestically within Canada and internationally to the United States and Europe. The Offeror also provides vacation packages and other travel related services.
3. The Offeror is a reporting issuer or the equivalent in all provinces of Canada and its common shares are listed for trading on The Toronto Stock Exchange (the "TSE") under the symbol "CCC".
4. Royal is a corporation incorporated under the *Canada Business Corporations Act* (the "CBCA").
5. Royal operates, through its Royal Division, principally as a charter airline company. It provides its services in price sensitive markets through tour operators to Canadian customers. Royal serves the needs of an extensive base of Canadian, American and European tour operators, and offers flights from most major Canadian cities to destinations in the Caribbean, Latin American and Europe. Through its Royal Cargo Division, Royal also offers air freight services to major couriers, freight forwarders and industrial companies. Through its Conifair Division, Royal also provides aircraft maintenance services.
6. The authorized capital of Royal consists of an unlimited number of Royal Shares and an unlimited number of preference shares ("Preference Shares"). As at April 30, 2000, there were 19,156,000 Royal Shares and no Preference Shares issued and outstanding.
7. Royal is a reporting issuer or the equivalent in all provinces of Canada and the Royal Shares are listed and posted for trading on the TSE under the symbol "ROY".
8. Michel Leblanc ("Leblanc") and Groupe Royal Aviation Inc., a company controlled by Leblanc, (collectively, the "Vendors") currently own 9,470,000 Royal Shares, representing approximately 45% of the issued and outstanding Royal Shares (on a fully diluted basis).
9. The Offer is for each of the issued and outstanding Royal Shares, in exchange for 0.40 of a common share of the Offeror, subject to conditions that are customary for transactions of this nature, including that all regulatory approvals have been obtained and there be validly deposited under the Offer and not withdrawn at the expiry time of the Offer at least 66 2/3% of the outstanding Royal Shares to which the Offer relates.

10. If the Offeror takes up and pays for less than 90% but not less than 66 2/3% of the Royal Shares (excluding Royal Shares held by or on behalf of the Offeror or its associates and affiliates) but is unable to rely on the compulsory acquisition provisions under the CBCA, the Offeror currently intends to propose a statutory arrangement, amalgamation, consolidation of Royal Shares or other transaction with Royal that constitutes a going-private transaction.
11. On January 28, 2000, the Offeror and the Vendors entered into an agreement (the "Lock-Up Agreement") pursuant to which, among other things, the Vendors agreed to deposit all of the 9,470,000 Royal Shares owned by the Vendors, together with any additional Royal Shares acquired after the date of the Lock-Up Agreement and prior to the expiry of the Offer, to the Offeror.
12. On January 28, 2001, the Offeror and Royal entered into an agreement (the "Support Agreement") pursuant to which, among other things, the Offeror agreed to make the Offer on certain terms and conditions, including representations and warranties of Royal that it recommend acceptance of the Offer to holders of the Royal Shares (the "Shareholders") and for Royal to cooperate with the Offeror in connection with the Offer and to take all reasonable actions to support the Offer.
13. Leblanc holds, directly and indirectly, or exercises control or direction over 9,470,000 Royal Shares, representing approximately 45% of the issued and outstanding Royal Shares (on a fully diluted basis). Leblanc also currently holds options to purchase 100,000 Royal Shares pursuant to the Royal stock option incentive plan (the "Royal Stock Option Plan").
14. Royal currently has a consulting agreement (the "Consulting Agreement") with Gestion Conifair Inc. ("Gestion"), a company controlled by Leblanc, that provides for Gestion to make available the services of Leblanc as President and Chief Executive Officer of Royal for the general management and supervision of Royal's operations. The terms and conditions of the Consulting Agreement are generally typical of agreements with similarly situated senior officers of companies with comparable businesses to Royal and the Offeror. The Consulting Agreement is for an unspecified term and can be terminated upon thirty (30) days notice by Royal or Gestion or immediately by Royal for just and sufficient cause. The Consulting Agreement provides for no severance payments in the event of termination other than upon the death or disability of Leblanc. The annual fee currently paid under the Consulting Agreement to Gestion is \$215,000 in addition to reasonable expenses. Gestion is also eligible to receive fees related to Royal's profit sharing plan. Leblanc is also eligible to participate in the Royal Stock Option Plan.
15. The Offeror proposes to enter into certain employment arrangements (the "Employment Arrangements") with Leblanc, the principal terms of which are set forth below.
 16. The principal terms of the proposed Employment Arrangements with Leblanc provide for Leblanc to be appointed Vice-Chairman and Managing Director, Canadian Scheduled Services for the Offeror, as well as a director and a member of the executive committee of the Offeror. The term of the employment agreement to be entered into will be for a period of five (5) years (the "Employment Term") and Leblanc will be entitled to receive an initial annual base salary of \$250,000. Leblanc will also be entitled to participate in the Offeror's senior management bonus, stock option and employee stock purchase plans. Leblanc, if terminated without cause prior to the expiry of the Employment Term, will be entitled to a severance payment based on his base salary and one-half of his bonus until the end of his Employment Term, unless there is a change of control of the Offeror in respect of a transaction of which Leblanc voted in favour.
 17. The execution of an employment agreement between Leblanc and the Offeror is a condition of the Offer in favour of the Offeror.
 18. The Offeror believes that Leblanc has been an integral part of the successful development and operation of Royal and has substantial and valuable experience and expertise in the airline business, which will be of significant value to the Offeror. The Offeror views the continued participation of Leblanc as critical to the making of the Offer, as Leblanc was the founder of Royal, has contributed to the development of Royal and has made a significant contribution to Royal's current business products and services, which will be combined with those of the Offeror. The Employment Arrangements will be entered into primarily for the purpose of ensuring Leblanc's participation in the successful management and development of the Offeror's operations following the successful consummation of the Offer.
 19. The Employment Arrangements have been and will continue to be negotiated at arm's length and will be on terms and conditions that are commercially reasonable. The compensation to be provided to Leblanc, pursuant to the Employment Arrangements, is reasonable in light of the services to be rendered by Leblanc to the Offeror following completion of the Offer and is commensurate of similarly situated executives of the Offeror.
 20. The severance provisions for Leblanc are commensurate with the entitlements of similarly situated executives of the Canadian airline industry.
 21. The Employment Arrangements are to be entered into for valid business reasons unrelated to the Leblanc's holdings of Royal, and not for the purpose of conferring an economic or collateral benefit on Leblanc that other Shareholders do not enjoy, and are being made for reasons other than to increase the value of the consideration to be paid to Leblanc pursuant to the Offer.

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

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

THE DECISION of the Decision Makers, under the Legislation, is that the Employment Arrangements are being made for reasons other than to increase the value of the consideration to be paid to Leblanc for his Royal Shares and that the Employment Arrangements may be entered into despite the Prohibition on Collateral Agreements contained in the Legislation.

March 13, 2001.

"J. A. Geller"

"Stephen N. Adams"

**2.1.7 Maxxum Financial Services Co. & Janus
RSP American Value Fund - MRRS
Decision**

Headnote

Investment for specified purpose by mutual funds in securities of another mutual fund that is under common management exempted from the requirements of clauses 111(2)(b), 111(2)(c) 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(2)(c), 111(3), 113, 117(1)(a), 117(1)(d), 117(2), and 121(2)(a)(ii).

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

AND

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

AND

IN THE MATTER OF
MAXXUM FINANCIAL SERVICES CO. AND
JANUS RSP AMERICAN VALUE 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, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from Maxxum Financial Services Co. ("Maxxum Financial"), Janus RSP American Value Fund and other mutual funds managed by Maxxum Financial on or after the date of this Decision (defined herein) having an investment objective that is linked to the returns or portfolio of another specified Maxxum Financial managed mutual fund (collectively referred to as the "Top Funds") (the funds in which such investments are to be made being collectively referred to as the "Underlying Funds") for a decision by each Decision Maker (the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

1. the provisions 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 security holder shall not apply in respect of investments to be made by the Top Fund in its corresponding Underlying Fund;
2. the provisions 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 shall not apply in respect of investments to be made by the Top Fund in its corresponding Underlying Fund; and

3. the provisions contained in the Legislation prohibiting a mutual fund from knowingly making an investment in an issuer in which any person or company who is a substantial security holder of the mutual fund, its management company or distribution company has a significant interest shall not apply in respect of investments to be made by the Top Fund in its corresponding 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 Maxxum Financial to the Decision Makers that:

1. Maxxum Financial is a general partnership formed under the laws of Ontario. Maxxum Financial is, or will be, the manager and promoter of the Top Funds and the Underlying Funds.
2. The Top Funds and Underlying Funds will be open-end mutual fund trusts established under the laws of the Province of Ontario. The units of such Funds will be qualified for distribution in all of the provinces and territories of Canada pursuant to simplified prospectuses and annual information forms.
3. The Top Funds and Underlying Funds will be reporting issuers in each of the provinces and territories of Canada.
4. The simplified prospectuses will disclose the investment objectives, investment strategies, risks and restrictions of the Top Funds and the Underlying Funds. The investment objective of the Top Funds will include disclosure of the names of the Underlying Funds.
5. Upon the creation of a Top Fund and an Underlying Fund, Maxxum Financial will invest seed money so that for a short period of time Maxxum Financial will have a significant interest in, and be a substantial securityholder of, both the Top Fund and the Underlying Fund.
6. The investment objectives of the Underlying Funds will be achieved through investment primarily in foreign securities.
7. To achieve their investment objective, the Top Funds will invest their assets in securities such that their units will, in the opinion of tax counsel to the Top Funds, be "qualified investments" for registered retirement savings plans, registered retirement income funds, and deferred

profit sharing plans (collectively, "Registered Plans") under the *Income Tax Act* (Canada) (the "Tax Act"). This will primarily be achieved through the implementation of a derivative strategy that provides a return linked to the returns of the Underlying Fund. The Top Fund will also invest a portion of its assets directly in securities of the Underlying Fund. This investment will at all times be below the maximum foreign property limit described for Registered Plans (the "Permitted Limit").

8. The amount of direct investment by each Top Fund in its corresponding Underlying Fund will be adjusted from time to time so that, except for the transitional cash, the aggregate of the derivative exposure to, and direct investment in, the Underlying Fund will equal 100% of the assets of that Top Fund.
9. Except to the extent evidenced by this Decision and specific approvals granted by the Canadian securities administrators pursuant to National Instrument 81-102 Mutual Funds ("NI 81-102"), the investment by each Top Fund in the relevant Underlying Fund has been and will be structured to comply with the investment restrictions of the Legislation and NI 81-102.
10. In the absence of this Decision, pursuant to the Legislation, each of the Top Funds is prohibited from (a) knowingly making an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder; and (b) knowingly holding an investment referred to in subsection (a) hereof. As a result, in the absence of this Decision, the Top Funds would be required to divest themselves of any investments referred to in subsection (a) herein.
11. In the absence of this Decision, the Legislation requires Maxxum Financial to file a report on every purchase or sale of securities of the Underlying Funds by the Top Funds.
12. The Top Funds' investment in or redemption of units of their corresponding Underlying Funds will represent the business judgment of "responsible persons" (as defined in the Legislation) uninfluenced by considerations other than the best interests of 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 is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the applicable requirements shall not apply so as to prevent a Top Fund from making or holding an investment in securities of an Underlying Fund or require Maxxum Financial 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 an 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 Fund in the Underlying Fund is compatible with the fundamental investment objectives of the Top Fund;
 - c. the investment objective of the Top Fund discloses that the Top Fund invests directly and indirectly (through derivative exposure) in the Underlying Fund, the name of the Underlying Fund and that the Top Fund is fully eligible for registered plans.
 - d. the Underlying Fund is not a mutual fund whose investment objective includes investing directly or indirectly in other mutual funds;
 - e. the Top Fund restricts its direct investment in the Underlying Fund to a percentage of its assets that is within the Permitted Limit;
 - f. 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;
 - g. no sales charges are payable by the Top Fund in relation to its purchases of securities of the Underlying Fund;
 - h. 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;
 - i. no fees and 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;
 - j. the arrangements between or in respect of the Top Fund and the Underlying Fund are such as to avoid the duplication of management fees;
 - k. any notice provided to securityholders of the Underlying Fund, as required by applicable laws or the constating documents of the Underlying Fund, has been delivered by the Top Fund to its securityholders;
 - l. 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 Funds except to the extent the securityholders of the Top Fund have directed;
 - m. 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
 - n. to the extent that the 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 simplified prospectus of the Top Fund.

March 19, 2001.

"J.A. Geller"

"Stephen N. Adams"

2.1.8 ARC Energy Trust et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief from registration and prospectus requirements in respect of trades in connection with the combination of two issuers using an exchangeable share structure where exemptions not available for technical reasons.

First trade relief for exchangeable shares and units, subject to certain conditions. In view of active nature of exchangeable subsequent to the combination, limited relief from continuous disclosure requirements for exchangeable so long as certain conditions hold.

Spin-off of assets of one of the combining issuers into new issuer by plan of arrangement. New issuer deemed to be a reporting issuer in Ontario, notwithstanding the fact that securities of the new issuer to be listed on the TSE, due to unique transaction requirement that new issuer be reporting issuer as at the date of the arrangement rather than the date of the listing. First trade relief for shares of new issuer.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., sections 25, 53, 74(1), 80(b)(iii), 83.1, 88(2)(b).

Ontario Rules

Rule 41-501 – General Prospectus Requirements.

National Policies

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

**IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA, 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
ARC ENERGY TRUST, ARC RESOURCES LTD.,
908563 ALBERTA LTD., STARTECH ENERGY INC.
AND IMPACT ENERGY INC.**

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Nova Scotia, the Yukon Territory, the Nunavut Territory and the Northwest Territories (the "Jurisdictions") has received an application from ARC Energy Trust ("ARC Trust"), ARC Resources Ltd. ("ARC Resources"), 908563 Alberta Ltd. ("ARC Subco"), Startech Energy Inc. ("Startech") and Impact Energy Inc. ("Impact") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

1.1 the requirements contained in the Legislation:

1.1.1 to be registered to trade in a security (the "Registration Requirements"), to file a preliminary prospectus and a prospectus and to obtain receipts therefor (the "Prospectus Requirements") shall not apply to certain trades and distributions of securities to be made in connection with an agreement to combine the business of ARC Trust and Startech and to issue shares of Impact through a plan of arrangement involving ARC Trust, ARC Resources, ARC Subco, Startech and Impact; and

1.1.2 for a reporting issuer or the equivalent to issue a press release and file a report with the Decision Makers upon the occurrence of a material change, file and deliver interim and audited annual financial statements and annual reports (where applicable), information circulars and annual information forms and provide management's discussion and analysis of financial conditions and results of operations (the "Continuous Disclosure Requirements") shall not apply to ARC Resources provided certain conditions are met; and

1.2 Impact be declared a reporting issuer for the purposes of the Legislation of the Jurisdictions, other than Saskatchewan, Manitoba, Newfoundland, New Brunswick, Prince Edward Island, Northwest Territories, Nunavut Territory and Yukon Territory; and

1.3 Certain of the Prospectus Requirements not be applicable to the first trade of certain shares of Impact issued to Startech Shareholders pursuant to the Arrangement.

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** ARC Trust, ARC Resources, ARC Subco, Startech and Impact have represented to the Decision Makers that:

- 3.1 Startech is a corporation organized and subsisting under the Alberta Business Corporations Act (the "ABCA");
- 3.2 Startech's principal business is the acquisition of interests in crude oil and natural gas rights and the exploration for, development, production and marketing of crude oil and natural gas;
- 3.3 Startech's principal executive offices are located at Suite 1400, 440 - 2nd Avenue SW, Calgary, Alberta, T2P 5E9;
- 3.4 the authorized share capital of Startech consists of an unlimited number of common shares (the "Startech Shares"), an unlimited number of Class "A" Subordinate Voting Shares, an unlimited number of Class "B" Preferred Shares and an unlimited number of Class "C" Preferred Shares, issuable in series. As of December 15, 2000, 28,060,895 Startech Shares were issued and outstanding and no Class "A" Subordinate Voting Shares, Class "B" Preferred Shares or Class "C" Preferred Shares are issued or outstanding. As of December 15, 2000, options (the "Startech Options") to purchase an aggregate of 3,166,250 Startech Shares were outstanding pursuant to Startech's option plan;
- 3.5 the Startech Shares are fully participating voting shares and are listed on The Toronto Stock Exchange (the "TSE") and on NASDAQ;
- 3.6 Startech is a reporting issuer or the equivalent and has been a reporting issuer or the equivalent for more than one year under the Legislation of the provinces of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland and Startech is not in default of any of the requirements of the Legislation;
- 3.7 to the knowledge of the directors and officers of Startech, the only persons who own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all Startech Shares is AIM Funds Management Inc. which holds approximately 17.77% of the outstanding Startech Shares;
- 3.8 ARC Trust is a open-end investment trust created on May 7, 1996 under the laws of the Province of Alberta pursuant to a trust indenture between ARC Resources and Montreal Trust Company of Canada;
- 3.9 ARC Trust was created for the purposes of issuing ARC Trust Units to the public and investing the funds so raised to purchase a royalty in certain oil and gas properties (the "Royalty") from ARC Resources. In addition to the Royalty, the ARC Trust currently holds an indirect interest in ARC (Sask.) Energy Trust, which trust holds direct working interests in certain oil and gas assets in the Province of Saskatchewan;
- 3.10 ARC Trust is authorized to issue an unlimited number of ARC Trust Units. As of November 30, 2000, there were 72,524,120 Trust Units outstanding and there were outstanding rights to acquire 1,723,072 ARC Trust Units under ARC Trust's Trust Unit Incentive Rights Plan;
- 3.11 all ARC Trust Units share equally in all distributions from ARC Trust and all ARC Trust Units carry equal voting rights at meetings of unitholders. The ARC Trust Units are currently traded on the TSE;
- 3.12 ARC Trust is a reporting issuer or the equivalent under the Legislation of all provinces in Canada and is not in default of any of the requirements under such Legislation;
- 3.13 to the knowledge of ARC Resources Management Ltd., being the manager of ARC Trust, none of the holders of the ARC Trust Units own in excess of 10% of the outstanding ARC Trust Units;
- 3.14 ARC Resources was incorporated under the ABCA on January 22, 1996 and was amalgamated with Orion Energy Holdings Inc. and Pencor Petroleum Limited on March 31, 1999;
- 3.15 all of the issued and outstanding shares of ARC Resources are held by the ARC Trust;
- 3.16 the business of ARC Resources is the acquisition, development, exploitation and disposition of oil and natural gas properties and the granting of the Royalty to the ARC Trust. The head and principal office of ARC Resources is located at Suite 2100, 440 - 2nd Avenue S.W., Calgary, Alberta, T2P 5E9;
- 3.17 the authorized capital of ARC Resources consists of an unlimited number of common shares. Before the effective time of the Arrangement, ARC Resources will amend its articles to allow it to issue up to 50,000,000 Exchangeable Shares and an unlimited number of second preferred shares, issuable in series;
- 3.18 as soon as practicable following the completion of the Arrangement, it is intended that the Exchangeable Shares will be listed and posted for trading on the TSE;
- 3.19 ARC Subco was incorporated as 908563 Alberta Ltd. on November 30, 2000 under the ABCA;
- 3.20 all of the issued and outstanding shares of ARC Subco are owned by the ARC Trust;
- 3.21 ARC Subco was incorporated solely for the purposes of facilitating the acquisition of the

- Exchangeable Shares under the various call rights of the ARC Trust and ARC Subco under the Exchangeable Shares on a tax-effective basis;
- 3.22 Impact was incorporated as 719480 Alberta Inc. on December 5, 1996 under the ABCA. On December 8, 2000 Articles of Amendment were filed to, among other things, change its name to Impact Energy Inc. Impact has not carried on business since its incorporation;
- 3.23 Impact's principal executive offices are located at Suite 1400, 440 - 2nd Avenue S.W., Calgary, Alberta, T2P 5E9; and
- 3.24 the authorized share capital of Impact consists of an unlimited number of common shares and an unlimited number of preferred shares issuable in series. As of December 15, 2000, one common share was outstanding and no preferred shares were outstanding. Impact is currently a private company and it is a wholly-owned subsidiary of Startech.
4. **AND WHEREAS**, with respect to the ARC - Startech Combination, ARC Trust, ARC Resources, ARC Subco, Startech and Impact have further represented to the Decision Makers that:
- 4.1 ARC Trust, ARC Resources, Startech and Impact have entered into an agreement made as of December 15, 2000 (the "Arrangement Agreement") which provides for:
- 4.1.1 the combination of the businesses of ARC Trust and Startech (the "ARC - Startech Combination"); and
- 4.1.2 the transfer by Startech to Impact of certain oil and gas assets of Startech consisting primarily of interests in oil and gas exploratory acreage and in developed oil and gas acreage constituting less than 5% of Startech's daily oil and gas production and the issuance of common shares in the capital of Impact (the "Impact Shares") to the Startech Shareholders (the "Impact Spin-off");
- 4.2 the Exchangeable Shares will provide a holder with a security having economic, ownership and voting rights which are, as nearly as practicable (with the exception of dividend treatment), equivalent to those of ARC Trust Units;
- 4.3 the ARC - Startech Combination and the Impact Spin-off will be effected through an arrangement under section 186 of the ABCA involving ARC Trust, ARC Resources, ARC Subco, Startech and Impact (the "Arrangement");
- 4.4 the Arrangement is subject to approval of the holders of Startech Shares (the "Startech Shareholders") and Startech Options (the "Startech Optionholders") and the Court of Queen's Bench of Alberta;
- 4.5 the Startech Shareholders and the Startech Optionholders approved the Arrangement at a meeting held on January 25, 2001 (the "Meeting");
- 4.6 an information circular and proxy statement (the "Information Circular") prepared in accordance with the Legislation was provided to Startech Shareholders and Startech Optionholders in connection with the Meeting;
- 4.7 the Information Circular contains prospectus-level disclosure concerning the Arrangement and the businesses of ARC Trust, Startech and Impact;
- 4.8 under the terms of the ARC - Startech Combination, the Startech Shareholders will transfer each of the Startech Shares held by them to ARC Resources in consideration for, at the option of each such Startech Shareholder:
- 4.8.1 0.96 of an ARC Trust Unit; or
- 4.8.2 0.96 of an Exchangeable Share, subject to a maximum of 15,000,000 Exchangeable Shares being issued pursuant to the Arrangement. Notwithstanding the foregoing, Startech Shareholders that are resident in the United States will only be entitled to receive ARC Trust Units in exchange for their Startech Shares;
- 4.9 as a result of such exchange, Startech will become wholly-owned by ARC Resources and immediately thereafter Startech and ARC Resources will amalgamate as part of the Arrangement;
- 4.10 under the terms of the Exchangeable Shares and certain rights to be granted in connection with the Arrangement, holders of Exchangeable Shares will be able to exchange them at their option for ARC Trust Units;
- 4.11 under the terms of the Exchangeable Shares and certain rights to be granted in connection with the Arrangement, ARC Trust, ARC Subco or ARC Resources will be able to redeem, retract or acquire Exchangeable Shares in exchange for ARC Trust Units in certain circumstances;
- 4.12 in order to ensure that the Exchangeable Shares remain the voting and economical equivalent of ARC Trust Units prior to their exchange, the Arrangement provides for:
- 4.12.1 a support agreement to be entered into between ARC Trust, ARC Subco, ARC Resources and Montreal Trust Company

of Canada (the "Trustee") which will, among other things, restrict ARC Trust from changing the rights, privileges or other terms of ARC Trust Units unless economically equivalent changes are made to the Exchangeable Shares;

4.12.2 a voting and exchange trust agreement to be entered into between ARC Trust, ARC Subco, ARC Resources and the Trustee which will, among other things, grant to the Trustee, for the benefit of holders of Exchangeable Shares, the right to require ARC Trust or ARC Subco to exchange the Exchangeable Shares for ARC Trust Units, or to trigger automatically the exchange of the Exchangeable Shares for Trust Units upon the occurrence of certain specified events;

4.12.3 the deposit by ARC Trust of a special voting unit with the Trustee which will effectively provide the holders of Exchangeable Shares with voting rights equivalent to those attached to the ARC Trust Units;

4.13 with respect to the ARC - Startech Combination, the terms of the Arrangement, the terms of the Exchangeable Shares and the exercise of certain rights provided for in connection with the Arrangement will result in a number of trades or distributions of securities (collectively, the "ARC - Startech Combination Trades") for which no exemption is available under the Legislation;

4.14 ARC Resources has applied for, and has received, conditional approval for the listing of the Exchangeable Shares on the TSE following the completion of the Arrangement;

4.15 the Information Circular discloses that ARC Trust, ARC Subco and ARC Resources have applied for relief from the Registration and Prospectus Requirements and the Continuous Disclosure Requirements as they apply to ARC Resources and that ARC Resources will provide holders of the Exchangeable Shares with the documents filed by ARC Trust pursuant to the Continuous Disclosure Requirements; and

4.16 ARC Trust will concurrently send to holders of Exchangeable Shares resident in the Jurisdictions all disclosure material it sends to holders of ARC Trust Units pursuant to the Legislation;

5. **AND WHEREAS**, with respect to the Impact Spin-Off, ARC Trust, ARC Resources, Startech and Impact have further represented to the Decision Makers that:

5.1 pursuant to the Arrangement, Startech will transfer to Impact certain exploratory and development oil and gas properties located primarily in the provinces of British Columbia,

Alberta and Saskatchewan and in the State of Montana as well as all of the issued and outstanding shares of Startech Energy Corp., a wholly-owned subsidiary of Startech incorporated under the laws of the State of Montana (the "Retained Assets") and Impact will issue Impact Shares to the Startech Shareholders through the following steps:

5.1.1 Startech will declare and pay to each Startech Shareholder (other than those who dissent) a dividend in specie of its pro rata share of one Impact Share;

5.1.2 Startech will sell the Retained Assets to Impact in consideration for certain debt consideration and certain preferred shares of Impact (collectively, the "Roll-in Consideration");

5.1.3 Startech will sell the Roll-in Consideration to ARC Resources in consideration of payment by ARC Resources of a demand promissory note;

5.1.4 in addition to their entitlements to the ARC Trust Units and the Exchangeable Shares, each Startech Shareholder will receive from ARC Resources in exchange for each Startech Share, consideration equal its pro rata share of the Roll-in Consideration; and

5.1.5 each Startech Shareholder will exchange with Impact its pro-rata share of the Roll-in Consideration for its pro-rata share of such number of Impact Shares (the "Consideration Impact Shares") for each Startech Share held by it such that following such exchange there is issued and outstanding one Impact Share for each one Startech Share held by the Startech Shareholders immediately prior to the Arrangement;

5.2 as a result of the Arrangement, upon completion of the Arrangement, the former Startech Shareholders will hold all of the issued and outstanding Impact Shares;

5.3 the maximum number of Impact Shares that will be outstanding immediately after completion of the Arrangement, assuming all outstanding Startech Options are exercised immediately prior to the Arrangement, will be 31,226,915;

5.4 the Information Circular contains prospectus-level disclosure concerning Impact and it business immediately after the completion of the Arrangement, including with respect to the Retained Assets;

5.5 Impact has applied for, and has received, conditional approval for the listing of the Impact

Shares on the TSE following the completion of the Arrangement;

- 5.6 although Impact will become a reporting issuer in Ontario upon becoming listed and posted for trading on the TSE, because of the timing of the closing of the Arrangement, it is necessary for Impact to be deemed a reporting issuer in Ontario;
- 5.7 with respect to the Impact Spin-off, the terms of the Arrangement will result in a number of trades or distributions, or the equivalent, under the Legislation (collectively, the "Impact Spin-off Trades"), including:
 - 5.7.1 the trade by Startech to the Startech Shareholders of their pro-rata portion of the one Impact Share by way of the dividend-in-specie;
 - 5.7.2 the trade by ARC Resources to the Startech Shareholders of their pro rata portion of the Roll-in Consideration;
 - 5.7.3 the issuance by Impact to the Startech Shareholders of their pro-rata portion of the Consideration Impact Shares; and
 - 5.7.4 the trade by Startech Shareholders to Impact of their pro rata portions of the Roll-in Consideration in exchange for the Consideration Impact Shares; and
- 6. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Makers (collectively, the "Decision");
- 7. **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;
- 8. **THE DECISION** of the Decision Makers pursuant to the Legislation is that:
 - 8.1 with respect to the ARC - Startech Combination:
 - 8.1.1 the Registration and Prospectus Requirements shall not apply to the ARC - Startech Combination Trades;
 - 8.1.2 the first trade of Exchangeable Shares and ARC Trust Units acquired by Startech Shareholders in exchange for their Startech Shares under the Arrangement shall be deemed to be a distribution or a primary distribution to the public under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation") unless:
 - 8.1.2.1 the trade is exempt from or not subject to the Prospectus Requirements under the

Legislation of the Jurisdiction in which the trade takes place (the "Applicable Jurisdiction"); or

- 8.1.2.2(a) ARC Trust is a reporting issuer or the equivalent in the Applicable Jurisdictions except Manitoba, Prince Edward Island, New Brunswick, Northwest Territories, Nunavut Territory and Yukon Territory;
 - (b) if the seller is in a special relationship with ARC Resources or ARC Trust, as defined in the Legislation of the Applicable Jurisdiction, the seller has no reasonable ground to believe that ARC Resources or ARC Trust is in default of any requirements of the Legislation of the Applicable Jurisdiction;
 - (c) no unusual effort is made to prepare the market or to create a demand for the Exchangeable Shares or the ARC Trust Units and no extraordinary commission or consideration is paid in respect of such first trade; and
 - (d) except in Quebec, such first trade is not a trade from the holdings of any person, company or combination of persons or companies holding a sufficient number of securities of ARC Trust, or a combination of securities of ARC Resources and ARC Trust, to affect materially the control of ARC Trust or holds, in the absence of evidence showing that the holding of those securities does not affect materially the control of ARC Trust, more than 20 percent of the outstanding voting securities of ARC Trust (and for these purposes the Exchangeable Shares shall be considered to be voting securities of ARC Trust);
- 8.1.3 the first trade of ARC Trust Units acquired by the holders thereof on the exercise of

all rights, automatic or otherwise, under the Exchangeable Shares, shall be deemed to be a distribution or a primary distribution to the public under the Applicable Legislation, unless:

8.1.3.1 the trade is exempt from or not subject to the Prospectus Requirement under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Jurisdiction"); or

8.1.3.2 (a) ARC Trust is a reporting issuer or the equivalent in the Applicable Jurisdiction except Manitoba, Prince Edward Island, New Brunswick, the Northwest Territories, Nunavut Territory and Yukon Territory;

(b) if the seller is in a special relationship with ARC Trust, as defined in the Legislation of the Applicable Jurisdiction, the seller has no reasonable grounds to believe that ARC Trust is in default of any requirements of the Legislation of the Applicable Jurisdiction;

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

(d) except in Quebec, such first trade is not from the holdings of any person, company or combination of persons or companies holding a sufficient number of securities of ARC Trust, or a combination of securities of ARC Resources and ARC Trust, to affect materially the control of ARC Trust or holds, in the absence of evidence showing that the holding of those securities does not affect materially the control of ARC Trust, more than 20 percent of the outstanding voting securities of ARC Trust (and for these purposes the Exchangeable Shares shall be considered to be voting securities of ARC Trust); and

8.1.4 the Continuous Disclosure Requirements shall not apply to ARC Resources for as long as:

8.1.4.1 ARC Trust sends to all holders of Exchangeable Shares resident in the Jurisdictions all disclosure material furnished to holders of ARC Trust Units pursuant to Legislation;

8.1.4.2 ARC Trust complies with the requirements of the TSE, or such other market or exchange on which the ARC Trust Units may be quoted or listed, in respect of making public disclosure of material information on a timely basis;

8.1.4.3 ARC Resources is in compliance with the requirements of the Legislation to issue a press release and file a report with the Decision Makers upon the occurrences of a material change in respect of the affairs of ARC Resources that is not also a material change in the affairs of ARC Trust;

8.1.4.4 ARC Trust shall include in all future mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise insert explaining the reason for the mailed material being solely in relation to ARC Trust and not to ARC Resources, such insert to include a reference to the economic equivalency between the Exchangeable Shares and ARC Trust Units and the right to direct voting at ARC Trust Unitholders' meetings;

8.1.4.5 all continuous disclosure documents filed by ARC Trust with the Jurisdictions pursuant to the Continuous Disclosure Requirements shall also be filed with the Jurisdictions by ARC Resources;

8.1.4.6 ARC Resources does not declare any dividends on the Exchangeable Shares;

8.1.4.7 ARC Trust remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of ARC Resources; and

8.1.4.8 ARC Resources does not issue any second preferred shares or debt obligations other than debt obligations issued to banks, loan corporations, trust corporations, treasury branches, credit unions,

insurance companies or other financial institutions;

8.2 with respect to the Impact Spin-off:

8.2.1 the Registration and Prospectus Requirements shall not apply to the Impact Spin-off Trades;

8.2.2 Impact be declared a reporting issuer for the purposes of the Legislation of the Jurisdictions, other than Saskatchewan, Manitoba, Newfoundland, New Brunswick, Prince Edward Island, Northwest Territories, Nunavut Territory and Yukon Territory; and

8.2.3 the first trade of Impact Shares issued to Startech Shareholders pursuant to the Arrangement shall be deemed to be a distribution or a primary distribution to the public under the Applicable Legislation unless:

8.2.3.1 the trade is exempt from or not subject to the Prospectus Requirement under the Legislation of the Applicable Jurisdiction; or

8.2.3.2(a) at the time of such first trade, Impact is a reporting issuer in the Applicable Jurisdiction, other than Manitoba, Newfoundland, New Brunswick, Prince Edward Island, Northwest Territories, Nunavut Territory and Yukon Territory;

(b) if the seller is in a special relationship with Impact, as defined in the Legislation of the Applicable Jurisdiction, the seller has no reasonable grounds to believe that Impact is in default of any requirements of the Legislation of the Applicable Jurisdiction;

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

(d) except in Quebec, such first trade is not a trade from the holdings of any person, company or combination of persons or companies holding a sufficient number

of securities of Impact to affect materially the control of Impact or holds, in the absence of evidence showing that the holding of those securities does not affect materially the control of Impact, more than 20 percent of the outstanding voting securities of Impact.

January 31, 2001.

"Stephen P. Sibold"

"Glenda A. Campbell"

2.1.9 Louisiana-Pacific Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – trades made to former employees and beneficiaries in accordance with provisions of employee stock purchase plan exempt from registration and prospectus requirements - first trade is shares acquired by former employees and beneficiaries of former employees deemed a distribution unless issuer not a reporting issuer and trade is executed through facilities of an exchange outside of Canada – issuer exempt from payment of certain fees, subject to conditions

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am. ss. 25, 53.

Applicable Ontario Regulations

Regulation made under the Securities Act, R.R.O., 1990, Reg. 1015, as am., Schedule I ss. 28(2) and 59.

Applicable Ontario Rules

Rule 45-503 Trades to Employees, Executives and Consultants (1998) 22 O.S.C.B. 117

Rule 72-501 Prospectus Exemption for First Trade Over a Market Outside Ontario (1998) 21 O.S.C.B. 3873

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
MANITOBA, ONTARIO AND NOVA SCOTIA**

AND

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

AND

**IN THE MATTER OF
LOUISIANA-PACIFIC CORPORATION**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Manitoba, Ontario, and Nova Scotia (the "Jurisdictions") has received an application from Louisiana-Pacific Corporation ("LP") for a decision pursuant to the securities legislation (the "Legislation") of the Jurisdictions that certain trades in securities of LP shall not be subject to the registration requirements (the "Registration Requirements") or the prospectus requirements (the "Prospectus Requirements") of the Legislation as such terms are defined in National Instrument 14-101;

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 LP has represented to the Decision Makers that:

1. LP is a corporation incorporated under the laws of the State of Delaware in the United States of America;
2. LP is subject to the requirements of the United States *Securities Exchange Act of 1934*, as amended (the "1934 Act") and is not exempt from the reporting requirements of the 1934 Act;
3. LP is not, and has no present intention of becoming, a reporting issuer or the equivalent thereof under the securities legislation of any jurisdiction in Canada;
4. the \$1.00 par value common shares of LP (the "Shares") are listed on the New York Stock Exchange and as at September 30, 2000 the authorized share capital of LP consisted of 200,000,000 Shares and 15,000,000 \$1.00 par value preferred shares (the "Preferred Shares"), of which 116,937,022 Shares (12,756,831 Shares of which were held in treasury) and no Preferred Shares were issued and outstanding;
5. as at September 30, 2000, persons or companies whose last address as shown on the books of LP was in Canada and who held Shares held less than 10% of the outstanding Shares, and such persons or companies represented in number less than 10% of the total number of holders of Shares;
6. the Plan was established for the benefit of employees (the "Employees") of LP and its subsidiaries (the "LP Subsidiaries"), including Employees resident in the Jurisdictions (the "Canadian Employees") and as at September 30, 2000 there were approximately 825 Canadian Employees eligible to participate in the Plan;
7. under the Plan, eligible Employees, including the Canadian Employees, may subscribe for Shares by means of payroll deductions;
8. participation in the Plan is voluntary and Canadian Employees will not be induced to participate in the Plan or to acquire Shares under the Plan by expectation of employment or continued employment;
9. on each Purchase Date (as defined in the Plan), LP issues and delivers to participants in the Plan a stock certificate or certificates representing the number of Shares purchased by the participant during the Purchase Period (as defined in the Plan) or, alternatively, distributes Shares in book-entry form where the participant in the Plan is provided with a statement that reflects the number of Shares registered electronically in the participant's name on LP's books;
10. although an Employee's participation in the Plan ends upon termination of employment for any reason, a former Employee (a "Former Employee") and, in the case of death, a beneficiary of a Former Employee (a "Beneficiary") has the right, for a period of time following the date of termination of the employment but prior to an

applicable Purchase Date, to receive the Shares that can be purchased at the applicable Purchase Price (as defined in the Plan) with the amount withheld from the participant in accordance with the terms of the Plan; in addition, each Former Employee whose employment terminates by reason of injury, illness or retirement, and each Beneficiary have the additional right to pay a lump sum for the entire unpaid balance of the Purchase Price of the Shares covered by the participant's subscription agreement relating to the applicable Purchase Period and to receive the Shares;

11. the Canadian Employees who acquire Shares under the Plan will be provided with a copy of all continuous disclosure material relating to LP which is provided to holders of Shares resident in the United States;
12. there are no exemptions from the Registration Requirements and Prospectus Requirements to permit certain issuances of securities of LP pursuant to the Plan to Former Employees resident in the Jurisdictions ("Former Canadian Employees") and to Beneficiaries resident in the Jurisdictions ("Canadian Beneficiaries");
13. first trades in Shares acquired in connection with the Plan require relief from the Registration Requirements and Prospectus Requirements, since exemptions for such requirements are not available under the Legislation in all Jurisdictions in respect of such first trade; and
14. the acts of the LP Subsidiaries in furtherance of trades in securities of LP pursuant to the Plan will require relief from the Registration Requirements in certain Jurisdictions since exemptions from such requirements are not available under the Legislation in all Jurisdictions in respect of such trades;

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that:

- (a) the Registration Requirements and Prospectus Requirements shall not apply to the distribution or initial trade of securities of LP to Former Canadian Employees and Canadian Beneficiaries under the Plan provided that the first trade in securities of LP acquired pursuant to this Decision shall be deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction;
- (b) the Registration Requirements and Prospectus Requirements shall not apply to a first trade in Shares acquired under the Plan and held by Canadian Employees, Former Canadian Employees and Canadian Beneficiaries provided that:

- (i) at the time of the trade in the Shares, LP is not a reporting issuer or its equivalent under the Legislation of the Jurisdiction of residence of such person; and

- (ii) the trade is made through the facilities of an exchange outside of Canada in accordance with all the rules and laws applicable to such exchange; and

- (c) the Registration Requirements shall not apply to the acts of the LP Subsidiaries in furtherance of the trades in securities of LP made to participants in the Plan resident in Canada;

AND IT IS THE FURTHER DECISION of the Ontario Securities Commission that LP be exempt from the fees applicable to the trades in securities of LP to Former Canadian Employees and Canadian Beneficiaries under the Ontario Legislation provided that LP complies with section 11.1 of Ontario Securities Commission Rule 45-503 Trades to Employees, Executives and Consultants and for that purpose, the reference to service providers shall be deemed to include the Former Canadian Employees and Canadian Beneficiaries.

March 21, 2001.

"J.A. Geller"

"Robert W. Davis"

2.2 Orders

**2.2.1 CPL Long Term Real Estate Investment Trust
- s. 147**

Headnote

Section 15.1 of Rule 41-501 - relief from certain requirements of Rule 41-501 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Subsection 5.1(1) of National Instrument 41-101 – relief from requirements of 41-101 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Section 147 – relief from the requirement that a period of ten days elapse between the issuance of a receipt for a preliminary prospectus and the issuance of a receipt for (final) prospectus.

Paragraph 80(b)(iii) – relief from the requirement to mail annual comparative financial statements concurrently with the filing of such financial statements, subject to conditions.

Subsection 59(2) of Schedule I – waiver of fees.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5. as am, ss. 65(1), 78, 79, 80(b)(iii), 147.

Regulation Cited

Schedule I to General Regulation, Ont. Reg. 1015 R.R.O 1990, as am., s.59(2).

Rules Cited

National Instrument 41-101 Prospectus Disclosure Requirements (2000) 23 OSCB (Supp) 759.

Commission Rule 41-501 General Prospectus Requirements (2000) 23 OSCB (Supp) 765.

National Instrument 44-101 Short Form Prospectus Distributions (2000) 23 OSCB (Supp) 867.

**Subsection 5.1(1) of the Disclosure Rule and
Subsection 59(2) of Schedule I to the Regulation)**

WHEREAS CPL Long Term Real Estate Investment Trust (the "Applicant") filed a preliminary prospectus dated February 23, 2001 (the "Preliminary Prospectus") in accordance with the Short Form Rule relating to the offering of 2,200,000 units of the Applicant (the "Offering") and received a receipt therefor dated February 23, 2001;

AND WHEREAS the Applicant intends to file a (final) prospectus (the "Prospectus") in accordance with the Short Form Rule and is desirous of receiving a receipt therefor forthwith thereafter;

AND WHEREAS the Applicant has applied for certain relief from the provisions of the Act, the Disclosure Rule and the General Prospectus Rule and for relief from the requirement to pay fees in connection with such application;

AND WHEREAS pursuant to an assignment dated April 12, 1999, as amended on September 7, 1999, February 15, 2000 and January 23, 2001, the Commission assigned certain of its powers and duties under the Act to each "Director", as that term is defined in subsection 1(1) of the Act;

AND WHEREAS on April 12, 1999 the Executive Director issued a determination and designation which designated, *inter alia*, each Manager in the Corporate Finance Branch of the Commission as a "Director" for the purposes of subsection 1(1) of the Act;

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

IT IS HEREBY DECIDED pursuant to section 15.1 of the General Prospectus Rule that the General Prospectus Rule, other than section 13.9 thereof, does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS FURTHER DECIDED pursuant to subsection 5.1(1) of the Disclosure Rule that the Disclosure Rule does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS HEREBY ORDERED pursuant to section 147 of the Act that the Offering is exempt from the requirement contained in subsection 65(1) of the Act that a period of ten days elapse between the issuance by the Director of a receipt for the Preliminary Prospectus and the issuance of a receipt for the Prospectus;

AND IT IS HEREBY DECIDED pursuant to subsection 59(2) of Schedule I to the Regulation that the Applicant be exempt from the requirement under the Act to pay fees in connection with the making of this application.

March 2, 2001.

"John Hughes"

**IN THE MATTER OF
THE SECURITIES ACT**

**R.S.O. 1990, C.S.5, AS AMENDED (the "Act"),
ONTARIO REGULATION 1015, R.R.O. 1990, AS AMENDED
(the "Regulation")**

**NI 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS
(the "Short Form Rule"),**

**NI 41-101 PROSPECTUS DISCLOSURE REQUIREMENTS
(the "Disclosure Rule")**

**and COMMISSION RULE 41-501 GENERAL PROSPECTUS
REQUIREMENTS
(the "General Prospectus Rule")**

AND

**IN THE MATTER OF
CPL LONG TERM REAL ESTATE INVESTMENT TRUST**

**ORDER AND DECISION
(Section 147 of the Act,
Section 15.1 of the General Prospectus Rule,**

2.2.2 G.T.C. Transcontinental Group Ltd. - s. 147 & 80(b)(iii)

Headnote

Section 15.1 of Rule 41-501 - relief from certain requirements of Rule 41-501 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Subsection 5.1(1) of National Instrument 41-101 - relief from requirements of 41-101 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Section 147 - relief from the requirement that a period of ten days elapse between the issuance of a receipt for a preliminary prospectus and the issuance of a receipt for (final) prospectus.

Paragraph 80(b)(iii) - relief from the requirement to mail annual comparative financial statements concurrently with the filing of such financial statements, subject to conditions.

Subsection 59(2) of Schedule I - waiver of fees.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5. as am, ss. 65(1), 78, 79, 80(b)(iii), 147.

Regulation Cited

Schedule I to General Regulation, Ont. Reg. 1015 R.R.O 1990, as am., s.59(2).

Rules Cited

National Instrument 41-101 Prospectus Disclosure Requirements (2000) 23 OSCB (Supp) 759.

Commission Rule 41-501 General Prospectus Requirements (2000) 23 OSCB (Supp) 765.

National Instrument 44-101 Short Form Prospectus Distributions (2000) 23 OSCB (Supp) 867.

(Section 147 and Paragraph 80(b)(iii) of the Act, Section 15.1 of the General Prospectus Rule, Subsection 5.1(1) of the Disclosure Rule and Subsection 59(2) of Schedule I to the Regulation)

WHEREAS G.T.C. Transcontinental Group Ltd. (the "Applicant") filed a preliminary prospectus dated February 1, 2001 (the "Preliminary Prospectus") in accordance with the Short Form Rule relating to the qualification of Class A Subordinate Voting Shares (the "Offering") and received a receipt therefor dated February 2, 2001;

AND WHEREAS the Applicant intends to file a (final) prospectus (the "Prospectus") in accordance with the Short Form Rule and is desirous of receiving a receipt therefor forthwith;

AND WHEREAS the Applicant has applied for certain relief from the provisions of the Act, the Disclosure Rule and the General Prospectus Rule and for relief from the requirement to pay fees in connection with such application;

AND WHEREAS pursuant to an assignment dated April 12, 1999, as amended on September 7, 1999, February 15, 2000 and January 23, 2001, the Commission assigned certain of its powers and duties under the Act to each "Director", as that term is defined in subsection 1(1) of the Act;

AND WHEREAS on April 12, 1999 the Executive Director issued a determination and designation which designated, *inter alia*, each Manager in the Corporate Finance Branch of the Commission as a "Director" for the purposes of subsection 1(1) of the Act;

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

IT IS HEREBY DECIDED pursuant to section 15.1 of the General Prospectus Rule that the General Prospectus Rule, other than section 13.9 thereof, does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS FURTHER DECIDED pursuant to subsection 5.1(1) of the Disclosure Rule that the Disclosure Rule does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS HEREBY ORDERED pursuant to section 147 of the Act that the Offering is exempt from the requirement contained in subsection 65(1) of the Act that a period of ten days elapse between the issuance by the Director of a receipt for the Preliminary Prospectus and the issuance of a receipt for the Prospectus;

AND IT IS FURTHER ORDERED pursuant to paragraph 80(b)(iii) of the Act that section 79 of the Act does not apply to the Applicant insofar as it requires the Applicant to send financial statements filed under section 78 of the Act to each holder of its securities concurrently with their filing, if:

- (a) the Applicant files those financial statements earlier than 140 days from the end of its last financial year because it is required to do so, in connection with the Offering, by the Short Form Rule; and

**IN THE MATTER OF
THE SECURITIES ACT**

**R.S.O. 1990, C.S.5, AS AMENDED (the "Act"),
ONTARIO REGULATION 1015, R.R.O. 1990, AS AMENDED
(the "Regulation")**

**NI 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS
(the "Short Form Rule"),**

**NI 41-101 PROSPECTUS DISCLOSURE REQUIREMENTS
(the "Disclosure Rule")**

**and COMMISSION RULE 41-501 GENERAL PROSPECTUS
REQUIREMENTS
(the "General Prospectus Rule")**

AND

**IN THE MATTER OF
G.T.C. TRANSCONTINENTAL GROUP LTD.**

ORDER AND DECISION

- (b) the financial statements are sent within the time period specified in the Act for filing;

AND IT IS HEREBY DECIDED pursuant to subsection 59(2) of Schedule I to the Regulation that the Applicant be exempt from the requirement under the Act to pay fees in connection with the making of this application.

February 7, 2001.

"Margo Paul"

2.2.3 Pembina Pipeline Income Fund - s.147 & 80(b)(iii)

Headnote

Section 15.1 of Rule 41-501 - relief from certain requirements of Rule 41-501 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Subsection 5.1(1) of National Instrument 41-101 – relief from requirements of 41-101 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Section 147 – relief from the requirement that a period of ten days elapse between the issuance of a receipt for a preliminary prospectus and the issuance of a receipt for (final) prospectus.

Paragraph 80(b)(iii) – relief from the requirement to mail annual comparative financial statements concurrently with the filing of such financial statements, subject to conditions.

Subsection 59(2) of Schedule I – waiver of fees.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5. as am, ss. 65(1), 78, 79, 80(b)(iii), 147.

Regulation Cited

Schedule I to General Regulation, Ont. Reg. 1015 R.R.O 1990, as am., s.59(2).

Rules Cited

National Instrument 41-101 Prospectus Disclosure Requirements (2000) 23 OSCB (Supp) 759.

Commission Rule 41-501 General Prospectus Requirements (2000) 23 OSCB (Supp) 765.

National Instrument 44-101 Short Form Prospectus Distributions (2000) 23 OSCB (Supp) 867.

**IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, C.S.5, AS AMENDED (the "Act"),
ONTARIO REGULATION 1015, R.R.O. 1990, AS AMENDED
(the "Regulation")
NI 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS
(the "Short Form Rule"),
NI 41-101 PROSPECTUS DISCLOSURE REQUIREMENTS
(the "Disclosure Rule")
and COMMISSION RULE 41-501 GENERAL PROSPECTUS
REQUIREMENTS
(the "General Prospectus Rule")**

AND

**IN THE MATTER OF
PEMBINA PIPELINE INCOME FUND**

ORDER AND DECISION

**(Section 147 and Paragraph 80(b)(iii) of the Act,
Section 15.1 of the General Prospectus Rule,
Subsection 5.1(1) of the Disclosure Rule and
Subsection 59(2) of Schedule I to the Regulation)**

WHEREAS Pembina Pipeline Income Fund (the "Applicant") filed a preliminary prospectus dated March 5, 2001 (the "Preliminary Prospectus") in accordance with the Short Form Rule relating to the qualification of \$50,000,000 principal amount of 8.25% convertible unsecured subordinated debentures due March 31, 2006 (the "Offering") and received a receipt therefor dated March 5, 2001;

AND WHEREAS the Applicant intends to file a (final) prospectus (the "Prospectus") in accordance with the Short Form Rule and is desirous of receiving a receipt therefor forthwith;

AND WHEREAS the Applicant has applied for certain relief from the provisions of the Act, the Disclosure Rule and the General Prospectus Rule and for relief from the requirement to pay fees in connection with such application;

AND WHEREAS pursuant to an assignment dated April 12, 1999, as amended on September 7, 1999, February 15, 2000 and January 23, 2001, the Commission assigned certain of its powers and duties under the Act to each "Director", as that term is defined in subsection 1(1) of the Act;

AND WHEREAS on April 12, 1999 the Executive Director issued a determination and designation which designated, *inter alia*, each Manager in the Corporate Finance Branch of the Commission as a "Director" for the purposes of subsection 1(1) of the Act;

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

IT IS HEREBY DECIDED pursuant to section 15.1 of the General Prospectus Rule that the General Prospectus Rule, other than section 13.9 thereof, does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS FURTHER DECIDED pursuant to subsection 5.1(1) of the Disclosure Rule that the Disclosure Rule does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS HEREBY ORDERED pursuant to section 147 of the Act that the Offering is exempt from the requirement contained in subsection 65(1) of the Act that a period of ten days elapse between the issuance by the Director of a receipt for the Preliminary Prospectus and the issuance of a receipt for the Prospectus;

AND IT IS FURTHER ORDERED pursuant to paragraph 80(b)(iii) of the Act that section 79 of the Act does not apply to the Applicant insofar as it requires the Applicant to send financial statements filed under section 78 of the Act to each holder of its securities concurrently with their filing, if:

- (a) the Applicant files those financial statements earlier than 140 days from the end of its last financial year because it is required to do so, in connection with the Offering, by the Short Form Rule; and

- (b) the financial statements are sent within the time period specified in the Act for filing;

AND IT IS HEREBY DECIDED pursuant to subsection 59(2) of Schedule I to the Regulation that the Applicant be exempt from the requirement under the Act to pay fees in connection with the making of this application.

March 7, 2001.

"John Hughes"

2.2.4 Enbridge Inc. - s: 147 & 80(b)(iii)

Headnote

Section 15.1 of Rule 41-501 - relief from certain requirements of Rule 41-501 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Subsection 5.1(1) of National Instrument 41-101 – relief from requirements of 41-101 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Section 147 – relief from the requirement that a period of ten days elapse between the issuance of a receipt for a preliminary prospectus and the issuance of a receipt for (final) prospectus.

Paragraph 80(b)(iii) – relief from the requirement to mail annual comparative financial statements concurrently with the filing of such financial statements, subject to conditions.

Subsection 59(2) of Schedule I – waiver of fees.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5. as am, ss. 65(1), 78, 79, 80(b)(iii), 147.

Regulation Cited

Schedule I to General Regulation, Ont. Reg. 1015 R.R.O 1990, as am., s.59(2).

Rules Cited

National Instrument 41-101 Prospectus Disclosure Requirements (2000) 23 OSCB (Supp) 759.

Commission Rule 41-501 General Prospectus Requirements (2000) 23 OSCB (Supp) 765.

National Instrument 44-101 Short Form Prospectus Distributions (2000) 23 OSCB (Supp) 867.

**IN THE MATTER OF
THE SECURITIES ACT**

**R.S.O. 1990, C.S.5, AS AMENDED (the "Act"),
ONTARIO REGULATION 1015, R.R.O. 1990, AS AMENDED
(the "Regulation")**

**NI 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS
(the "Short Form Rule"),**

**NI 41-101 PROSPECTUS DISCLOSURE REQUIREMENTS
(the "Disclosure Rule")**

**and COMMISSION RULE 41-501 GENERAL PROSPECTUS
REQUIREMENTS
(the "General Prospectus Rule")**

AND

**IN THE MATTER OF
ENBRIDGE INC.**

**ORDER AND DECISION
(Section 147 and Paragraph 80(b)(iii) of the Act,**

**Section 15.1 of the General Prospectus Rule,
Subsection 5.1(1) of the Disclosure Rule and
Subsection 59(2) of Schedule I to the Regulation)**

WHEREAS Enbridge Inc. (the "Applicant") filed a preliminary prospectus dated February 27, 2001 (the "Preliminary Prospectus") in accordance with the Short Form Rule relating to the qualification of \$1.25 billion aggregate principal amount of Medium Term Notes (the "Offering") and received a receipt therefor dated February 27, 2001;

AND WHEREAS the Applicant intends to file a (final) prospectus (the "Prospectus") in accordance with the Short Form Rule and is desirous of receiving a receipt therefor forthwith;

AND WHEREAS the Applicant has applied for certain relief from the provisions of the Act, the Disclosure Rule and the General Prospectus Rule and for relief from the requirement to pay fees in connection with such application;

AND WHEREAS pursuant to an assignment dated April 12, 1999, as amended on September 7, 1999, February 15, 2000 and January 23, 2001, the Commission assigned certain of its powers and duties under the Act to each "Director", as that term is defined in subsection 1(1) of the Act;

AND WHEREAS on April 12, 1999 the Executive Director issued a determination and designation which designated, *inter alia*, each Manager in the Corporate Finance Branch of the Commission as a "Director" for the purposes of subsection 1(1) of the Act;

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

IT IS HEREBY DECIDED pursuant to section 15.1 of the General Prospectus Rule that the General Prospectus Rule, other than section 13.9 thereof, does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS FURTHER DECIDED pursuant to subsection 5.1(1) of the Disclosure Rule that the Disclosure Rule does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS HEREBY ORDERED pursuant to section 147 of the Act that the Offering is exempt from the requirement contained in subsection 65(1) of the Act that a period of ten days elapse between the issuance by the Director of a receipt for the Preliminary Prospectus and the issuance of a receipt for the Prospectus;

AND IT IS FURTHER ORDERED pursuant to paragraph 80(b)(iii) of the Act that section 79 of the Act does not apply to the Applicant insofar as it requires the Applicant to send financial statements filed under section 78 of the Act to each holder of its securities concurrently with their filing, if:

- (a) the Applicant files those financial statements earlier than 140 days from the end of its last financial year because it is required to do so, in connection with the Offering, by the Short Form Rule; and

- (b) the financial statements are sent within the time period specified in the Act for filing;

AND IT IS HEREBY DECIDED pursuant to subsection 59(2) of Schedule I to the Regulation that the Applicant be exempt from the requirement under the Act to pay fees in connection with the making of this application.

March 1, 2001.

"John Hughes"

2.2.5 Royal Host Real Estate Investment Trust - s. 147 & 80(b)(iii)

Headnote

Section 15.1 of Rule 41-501 - relief from certain requirements of Rule 41-501 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Subsection 5.1(1) of National Instrument 41-101 - relief from requirements of 41-101 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101
Section 147 - relief from the requirement that a period of ten days elapse between the issuance of a receipt for a preliminary prospectus and the issuance of a receipt for (final) prospectus.

Paragraph 80(b)(iii) - relief from the requirement to mail annual comparative financial statements concurrently with the filing of such financial statements, subject to conditions.

Subsection 59(2) of Schedule I - waiver of fees.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5. as am, ss. 65(1), 78, 79, 80(b)(iii), 147.

Regulation Cited

Schedule I to General Regulation, Ont. Reg. 1015 R.R.O. 190, as am., s.59(2).

Rules Cited

National Instrument 41-101 Prospectus Disclosure Requirements (2000) 23 OSCB (Supp) 759.

Commission Rule 41-501 General Prospectus Requirements (2000) 23 OSCB (Supp) 765.

National Instrument 44-101 Short Form Prospectus Distributions (2000) 23 OSCB (Supp) 867.

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, C.S.5, AS AMENDED (the "Act"),
ONTARIO REGULATION 1015, R.R.O. 1990, AS AMENDED
(the "Regulation")
NI 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS
(the "Short Form Rule"),
NI 41-101 PROSPECTUS DISCLOSURE REQUIREMENTS
(the "Disclosure Rule") and COMMISSION RULE 41-501
GENERAL PROSPECTUS REQUIREMENTS (the "General
Prospectus Rule")

AND

IN THE MATTER OF
ROYAL HOST REAL ESTATE INVESTMENT TRUST

ORDER AND DECISION
(Section 147 and Paragraph 80(b)(iii) of the Act,
Section 15.1 of the General Prospectus Rule,

**Subsection 5.1(1) of the Disclosure Rule and
Subsection 59(2) of Schedule I to the Regulation)**

WHEREAS Royal Host Real Estate Investment Trust (the "Application") filed a preliminary prospectus dated March 8, 2001 (the "Preliminary Prospectus") in accordance with the Short Form Rule relating to the qualification of 3,390,000 Units (the "Offering") and received a receipt therefor dated March 8, 2001;

AND WHEREAS the Applicant intends to file a (final) prospectus (the "Prospectus") in accordance with the Short form Rule and is desirous of receiving a receipt therefor forthwith;

AND WHEREAS the Applicant has applied for certain relief from the provisions of the Act, the Disclosure Rule and the General Prospectus Rule and for relief from the requirement to pay fees in connection with such application;

AND WHEREAS pursuant to an assignment dated April 12, 1999, as amended on September 7, 1999, February 15, 2000 and January 23, 2001, the Commission assigned certain of its powers and duties under the Act to each "Director", as that term is defined in subsection 1(1) of the Act;

AND WHEREAS on April 12, 1999 the Executive Director issued a determination and designation which designated, *inter alia*, each Manager in the Corporate Finance Branch of the Commission as a "Director" for the purposes of subsection 1(1) of the Act;

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

IT IS HEREBY DECIDED pursuant to section 15.1 of the General Prospectus Rule that the General Prospectus Rule, other than section 13.9 thereof, does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS FURTHER DECIDED pursuant to subsection 5.1(1) of the Disclosure Rule that the Disclosure Rule does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS HEREBY ORDERED pursuant to section 147 of the Act that the Offering is exempt from the requirement contained in subsection 65(1) of the Act that a period of ten days elapse between the issuance by the Director of a receipt for the Preliminary Prospectus and the issuance of a receipt for the Prospectus;

AND IT IS FURTHER ORDERED pursuant to paragraph 80(b)(iii) of the Act that section 79 of the Act does not apply to the Applicant insofar as it requires the Applicant to send financial statements filed under section 78 of the Act to each holder of its securities concurrently with their filing, if:

- (a) the Applicant files those financial statements earlier than 140 days from the end of its last financial year because it is required to do so, in connection with the Offering, by the Short Form Rule; and
- (b) the financial statements are sent within the time period specified in the Act for filing;

AND IT IS HEREBY DECIDED pursuant to subsection 59(2) of Schedule I to the Regulation that the Applicant be exempt from the requirement under the Act to pay fees in connection with the making of this application.

March 15, 2001.

"Iva Vranic"

2.2.6 Astral Media Inc. - s. 147 & 80(b)(iii)

Headnote

Section 15.1 of Rule 41-501 - relief from certain requirements of Rule 41-501 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Subsection 5.1(1) of National Instrument 41-101 – relief from requirements of 41-101 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Section 147 – relief from the requirement that a period of ten days elapse between the issuance of a receipt for a preliminary prospectus and the issuance of a receipt for (final) prospectus.

Paragraph 80(b)(iii) – relief from the requirement to mail annual comparative financial statements concurrently with the filing of such financial statements, subject to conditions.

Subsection 59(2) of Schedule I – waiver of fees.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5. as am, ss. 65(1), 78, 79, 80(b)(iii), 147.

Regulation Cited

Schedule I to General Regulation, Ont. Reg. 1015 R.R.O 1990, as am., s.59(2).

Rules Cited

National Instrument 41-101 Prospectus Disclosure Requirements (2000) 23 OSCB (Supp) 759.

Commission Rule 41-501 General Prospectus Requirements (2000) 23 OSCB (Supp) 765.

National Instrument 44-101 Short Form Prospectus Distributions (2000) 23 OSCB (Supp) 867.

**IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, C.S.5, AS AMENDED (the "Act"),
ONTARIO REGULATION 1015, R.R.O. 1990, AS AMENDED
(the "Regulation")
NI 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS
(the "Short Form Rule"),
NI 41-101 PROSPECTUS DISCLOSURE REQUIREMENTS
(the "Disclosure Rule")
and COMMISSION RULE 41-501 GENERAL PROSPECTUS
REQUIREMENTS
(the "General Prospectus Rule")**

AND

**IN THE MATTER OF
THE ISSUANCE OF 2,130,000 CLASS A NON-VOTING
SHARES
(2,630,000 CLASS A NON-VOTING SHARES IF THE
UNDERWRITERS' OPTION IS EXERCISED IN FULL)**

OF ASTRAL MEDIA INC.

**ORDER AND DECISION
(Section 147 and Paragraph 80(b)(iii) of the Act,
Section 15.1 of the General Prospectus Rule,
Subsection 5.1(1) of the Disclosure Rule and
Subsection 59(2) of Schedule I to the Regulation)**

WHEREAS Astral Media Inc. (the "**Applicant**") filed a preliminary prospectus dated March 12, 2001 (the "**Preliminary Prospectus**") in accordance with the Short Form Rule relating to the qualification of 2,130,000 Class A non-voting shares (2,630,000 if the Underwriters' Option is exercised in full) (the "**Offering**") and received a receipt therefor dated March 12, 2001;

AND WHEREAS the Applicant intends to file a (final) prospectus (the "**Prospectus**") in accordance with the Short Form Rule and is desirous of receiving a receipt therefor forthwith;

AND WHEREAS the Applicant has applied for certain relief from the provisions of the Act, the Disclosure Rule and the General Prospectus Rule and for relief from the requirement to pay fees in connection with such application;

AND WHEREAS pursuant to an assignment dated April 12, 1999, as amended on September 7, 1999, February 15, 2000 and January 23, 2001, the Commission assigned certain of its powers and duties under the Act to each "Director", as that term is defined in subsection 1(1) of the Act;

AND WHEREAS on April 12, 1999 the Executive Director issued a determination and designation which designated, *inter alia*, each Manager in the Corporate Finance Branch of the Commission as a "Director" for the purposes of subsection 1(1) of the Act;

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

IT IS HEREBY DECIDED pursuant to section 15.1 of the General Prospectus Rule that the General Prospectus Rule, other than section 13.9 thereof, does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS FURTHER DECIDED pursuant to subsection 5.1(1) of the Disclosure Rule that the Disclosure Rule does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS HEREBY ORDERED pursuant to section 147 of the Act that the Offering is exempt from the requirement contained in subsection 65(1) of the Act that a period of ten days elapse between the issuance by the Director of a receipt for the Preliminary Prospectus and the issuance of a receipt for the Prospectus;

AND IT IS FURTHER ORDERED pursuant to paragraph 80(b)(iii) of the Act that section 79 of the Act does not apply to the Applicant insofar as it requires the Applicant to send financial statements filed under section 78 of the Act to each holder of its securities concurrently with their filing, if:

- (a) the Applicant files those financial statements earlier than 140 days from the end of its last financial year because it is required to do so, in

connection with the Offering, by the Short Form Rule; and

- (b) the financial statements are sent within the time period specified in the Act for filing;

AND IT IS HEREBY DECIDED pursuant to subsection 59(2) of Schedule I to the Regulation that the Applicant be exempt from the requirement under the Act to pay fees in connection with the making of this application.

March 15, 2001.

"Margo Paul"

2.2.7 Alliance Atlantis Communications Inc. - s. 147 & 80(b)(iii)

Headnote

Section 15.1 of Rule 41-501 - relief from certain requirements of Rule 41-501 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Subsection 5.1(1) of National Instrument 41-101 – relief from requirements of 41-101 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Section 147 – relief from the requirement that a period of ten days elapse between the issuance of a receipt for a preliminary prospectus and the issuance of a receipt for (final) prospectus.

Paragraph 80(b)(iii) – relief from the requirement to mail annual comparative financial statements concurrently with the filing of such financial statements, subject to conditions.

Subsection 59(2) of Schedule I – waiver of fees.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5. as am, ss. 65(1), 78, 79, 80(b)(iii), 147.

Regulation Cited

Schedule I to General Regulation, Ont. Reg. 1015 R.R.O 1990, as am., s.59(2).

Rules Cited

National Instrument 41-101 Prospectus Disclosure Requirements (2000) 23 OSCB (Supp) 759.

Commission Rule 41-501 General Prospectus Requirements (2000) 23 OSCB (Supp) 765.

National Instrument 44-101 Short Form Prospectus Distributions (2000) 23 OSCB (Supp) 867.

**IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, C.S.5, AS AMENDED (the "Act"),
ONTARIO REGULATION 1015, R.R.O. 1990, AS AMENDED
(the "Regulation")
NI 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS
(the "Short Form Rule"),
NI 41-101 PROSPECTUS DISCLOSURE REQUIREMENTS
(the "Disclosure Rule")
and COMMISSION RULE 41-501 GENERAL PROSPECTUS
REQUIREMENTS
(the "General Prospectus Rule")**

AND

**IN THE MATTER OF
ALLIANCE ATLANTIS COMMUNICATIONS INC.**

ORDER AND DECISION

**(Section 147 and Paragraph 80(b)(iii) of the Act,
Section 15.1 of the General Prospectus Rule,
Subsection 5.1(1) of the Disclosure Rule and
Subsection 59(2) of Schedule I to the Regulation)**

WHEREAS Alliance Atlantis Communications Inc. (the "Applicant") filed a preliminary prospectus dated March 5, 2001 (the "Preliminary Prospectus") in accordance with the Short Form Rule relating to the offer to exchange 13% Senior Subordinated Notes Due December 15, 2009 (US \$95,000,000 principal amount outstanding) for 13% Senior Subordinated Exchange Notes due 2009 (the "Offering");

AND WHEREAS the Applicant intends to file a (final) prospectus (the "Prospectus") in accordance with the Short Form Rule and is desirous of receiving a receipt therefor forthwith;

AND WHEREAS the Applicant has applied for certain relief from the provisions of the Act, the Disclosure Rule and the General Prospectus Rule and for relief from the requirement to pay fees in connection with such application;

AND WHEREAS pursuant to an assignment dated April 12, 1999, as amended on September 7, 1999, February 15, 2000 and January 23, 2001, the Commission assigned certain of its powers and duties under the Act to each "Director", as that term is defined in subsection 1(1) of the Act;

AND WHEREAS on April 12, 1999 the Executive Director issued a determination and designation which designated, *inter alia*, each Manager in the Corporate Finance Branch of the Commission as a "Director" for the purposes of subsection 1(1) of the Act;

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

IT IS HEREBY DECIDED pursuant to section 15.1 of the General Prospectus Rule that the General Prospectus Rule, other than section 13.9 thereof, does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS FURTHER DECIDED pursuant to subsection 5.1(1) of the Disclosure Rule that the Disclosure Rule does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS HEREBY ORDERED pursuant to section 147 of the Act that the Offering is exempt from the requirement contained in subsection 65(1) of the Act that a period of ten days elapse between the issuance by the Director of a receipt for the Preliminary Prospectus and the issuance of a receipt for the Prospectus;

AND IT IS FURTHER ORDERED pursuant to paragraph 80(b)(iii) of the Act that section 79 of the Act does not apply to the Applicant insofar as it requires the Applicant to send financial statements filed under section 78 of the Act to each holder of its securities concurrently with their filing, if:

- (a) the Applicant files those financial statements earlier than 140 days from the end of its last financial year because it is required to do so, in connection with the Offering, by the Short Form Rule; and

- (b) the financial statements are sent within the time period specified in the Act for filing;

AND IT IS HEREBY DECIDED pursuant to subsection 59(2) of Schedule I to the Regulation that the Applicant be exempt from the requirement under the Act to pay fees in connection with the making of this application.

March 12, 2001.

"Margo Paul"

**2.2.8 Coca-Cola Enterprises (Canada) Bottling
Finance Company - s. 147 & 80(b)(iii)**

Headnote.

Section 15.1 of Rule 41-501 - relief from certain requirements of Rule 41-501 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Subsection 5.1(1) of National Instrument 41-101 - relief from requirements of 41-101 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Section 147 - relief from the requirement that a period of ten days elapse between the issuance of a receipt for a preliminary prospectus and the issuance of a receipt for (final) prospectus.

Subsection 59(2) of Schedule I - waiver of fees.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5. as am, ss. 65(1), 78, 79, 80(b)(iii), 147.

Regulation Cited

Schedule I to General Regulation, Ont. Reg: 1015 R.R.O 1990, as am., s.59(2).

Rules Cited

National Instrument 41-101 Prospectus Disclosure Requirements (2000) 23 OSCB (Supp) 759.

Commission Rule 41-501 General Prospectus Requirements (2000) 23 OSCB (Supp) 765.

National Instrument 44-101 Short Form Prospectus Distributions (2000) 23 OSCB (Supp) 867.

National Instrument 44-102 Shelf Distributions (2000) 23 OSCB (Supp) 985.

**IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, C.S.5, AS AMENDED (the "Act"),
ONTARIO REGULATION 1015, R.R.O. 1990, AS AMENDED
(the "Regulation") NI 44-101 SHORT FORM PROSPECTUS
DISTRIBUTIONS
(the "Short Form Rule"), NI 44-102 SHELF DISTRIBUTIONS
(the "Shelf Rule")
NI 41-101 PROSPECTUS DISCLOSURE REQUIREMENTS
(the "Disclosure Rule")
and COMMISSION RULE 41-501 GENERAL PROSPECTUS
REQUIREMENTS
(the "General Prospectus Rule")**

AND

**IN THE MATTER OF
COCA-COLA ENTERPRISES (CANADA) BOTTLING
FINANCE COMPANY**

**ORDER AND DECISION
(Section 147 and Paragraph 80(b)(iii) of the Act,
Section 15.1 of the General Prospectus Rule,
Subsection 5.1(1) of the Disclosure Rule and
Subsection 59(2) of Schedule I to the Regulation)**

WHEREAS Coca-Cola Enterprises (Canada) Bottling Finance Company (the "**Applicant**") filed a preliminary base shelf prospectus dated March 13, 2001 (the "**Preliminary Prospectus**") in accordance with the Short Form Rule and the Shelf Rule relating to the qualification of up to \$2,000,000,000 of unsecured debt securities (the "**Offering**") and received a receipt therefor dated March 15, 2001;

AND WHEREAS the Applicant intends to file a (final) base shelf prospectus (the "**Prospectus**") in accordance with the Short Form Rule and the Shelf Rule and is desirous of receiving a receipt therefor forthwith;

AND WHEREAS the Applicant has applied for certain relief from the provisions of the Act, the Disclosure Rule and the General Prospectus Rule and for relief from the requirement to pay fees in connection with such application;

AND WHEREAS pursuant to an assignment dated April 12, 1999, as amended on September 7, 1999, February 15, 2000 and January 23, 2001, the Commission assigned certain of its powers and duties under the Act to each "Director", as that term is defined in subsection 1(1) of the Act;

AND WHEREAS on April 12, 1999 the Executive Director issued a determination and designation which designated, *inter alia*, each Manager in the Corporate Finance Branch of the Commission as a "Director" for the purposes of subsection 1(1) of the Act;

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

IT IS HEREBY DECIDED pursuant to section 15.1 of the General Prospectus Rule that the General Prospectus Rule, other than section 13.9 thereof, does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS FURTHER DECIDED pursuant to subsection 5.1(1) of the Disclosure Rule that the Disclosure Rule does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS HEREBY ORDERED pursuant to section 147 of the Act that the Offering is exempt from the requirement contained in subsection 65(1) of the Act that a period of ten days elapse between the issuance by the Director of a receipt for the Preliminary Prospectus and the issuance of a receipt for the Prospectus;

AND IT IS HEREBY DECIDED pursuant to subsection 59(2) of Schedule I to the Regulation that the Applicant be exempt from the requirement under the Act to pay fees in connection with the making of this application.

March 19, 2001.

"Margo Paul"

2.2.9 Bell Canada - s. 147 & 80(b)(iii)

Headnote

Section 15.1 of Rule 41-501 - relief from certain requirements of Rule 41-501 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Subsection 5.1(1) of National Instrument 41-101 - relief from requirements of 41-101 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Section 147 - relief from the requirement that a period of ten days elapse between the issuance of a receipt for a preliminary prospectus and the issuance of a receipt for (final) prospectus.

Paragraph 80(b)(iii) - relief from the requirement to mail annual comparative financial statements concurrently with the filing of such financial statements, subject to conditions.

Subsection 59(2) of Schedule I - waiver of fees.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5. as am, ss. 65(1), 78, 79, 80(b)(iii), 147.

Regulation Cited

Schedule I to General Regulation, Ont. Reg. 1015 R.R.O 1990, as am., s.59(2).

Rules Cited

National Instrument 41-101 Prospectus Disclosure Requirements (2000) 23 OSCB (Supp) 759.

Commission Rule 41-501 General Prospectus Requirements (2000) 23 OSCB (Supp) 765.

National Instrument 44-101 Short Form Prospectus Distributions (2000) 23 OSCB (Supp) 867

**Section 15.1 of the General Prospectus Rule,
Subsection 5.1(1) of the Disclosure Rule and
Subsection 59(2) of Schedule I to the Regulation)**

WHEREAS Bell Canada (the "Applicant") filed a preliminary prospectus dated March 13, 2001 (the "Preliminary Prospectus") in accordance with the Short Form Rule relating to the qualification of 14,000,000 Cumulative Redeemable Class A Preferred Shares, Series 17 (the "Offering") and received a receipt therefor dated March 14, 2001;

AND WHEREAS the Applicant intends to file a (final) prospectus (the "Prospectus") in accordance with the Short Form Rule and is desirous of receiving a receipt therefor forthwith;

AND WHEREAS the Applicant has applied for certain relief from the provisions of the Act, the Disclosure Rule and the General Prospectus Rule and for relief from the requirement to pay fees in connection with such application;

AND WHEREAS pursuant to an assignment dated April 12, 1999, as amended on September 7, 1999, February 15, 2000 and January 23, 2001, the Commission assigned certain of its powers and duties under the Act to each "Director", as that term is defined in subsection 1(1) of the Act;

AND WHEREAS on April 12, 1999 the Executive Director issued a determination and designation which designated, *inter alia*, each Manager in the Corporate Finance Branch of the Commission as a "Director" for the purposes of subsection 1(1) of the Act;

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

IT IS HEREBY DECIDED pursuant to section 15.1 of the General Prospectus Rule that the General Prospectus Rule, other than section 13.9 thereof, does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS FURTHER DECIDED pursuant to subsection 5.1(1) of the Disclosure Rule that the Disclosure Rule does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS HEREBY ORDERED pursuant to section 147 of the Act that the Offering is exempt from the requirement contained in subsection 65(1) of the Act that a period of ten days elapse between the issuance by the Director of a receipt for the Preliminary Prospectus and the issuance of a receipt for the Prospectus;

AND IT IS FURTHER ORDERED pursuant to paragraph 80(b)(iii) of the Act that section 79 of the Act does not apply to the Applicant insofar as it requires the Applicant to send financial statements filed under section 78 of the Act to each holder of its securities concurrently with their filing, if:

- (a) the Applicant files those financial statements earlier than 140 days from the end of its last financial year because it is required to do so, in connection with the Offering, by the Short Form Rule; and
- (b) the financial statements are sent within the time period specified in the Act for filing;

**IN THE MATTER OF
THE SECURITIES ACT**

**R.S.O. 1990, C.S.5, AS AMENDED (the "Act"),
ONTARIO REGULATION 1015, R.R.O. 1990, AS AMENDED
(the "Regulation")**

**NI 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS
(the "Short Form Rule"),**

**NI 41-101 PROSPECTUS DISCLOSURE REQUIREMENTS
(the "Disclosure Rule")**

**and COMMISSION RULE 41-501 GENERAL PROSPECTUS
REQUIREMENTS**

(the "General Prospectus Rule")

AND

**IN THE MATTER OF
BELL CANADA**

ORDER AND DECISION

(Section 147 and Paragraph 80(b)(iii) of the Act,

AND IT IS HEREBY DECIDED pursuant to subsection 59(2) of Schedule I to the Regulation that the Applicant be exempt from the requirement under the Act to pay fees in connection with the making of this application.

March 19, 2001.

"Margo Paul"

2.2.10 Conquest Resources Ltd. - s. 147

Headnote

Section 147 - Exemption from provisions of sections 13.2 and 13.5 of OSC Policy 5.2 where price per share at which debt is to be converted into shares is below \$0.20 per share and the amount of debt exceeds \$50,000.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am. Ss. 6 and 147.

Regulations Cited

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

Rules Cited

In the Matter of Certain Trades in Securities of Junior Natural Resource Issuers (1997), 20 OSCB 1218, as amended.

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

AND

**IN THE MATTER OF
CONQUEST RESOURCES LIMITED**

**ORDER
(Section 147)**

UPON the application (the "Application") of Conquest Resources Limited (the "Issuer") to the Ontario Securities Commission ("the Commission") for an order pursuant to section 147 of the Act exempting the Issuer from the provisions of section 13.2 and clause 13.5(b) of the Ontario Securities Commission Policy Statement No. 5.2 now deemed to be a rule pursuant to the rule entitled *In the Matter of Certain Trades in Securities of Junior Resources Issuers* (1997) 20 O.S.C.B. 1218 as amended (the "Junior Resources Issuers Rule"), which restricts the price per share at which any debt may be converted to shares;

AND UPON the Issuer having represented to the Commission that:

1. The Issuer was incorporated under the laws of the Province of Ontario on January 23, 1945.
2. The Issuer is a reporting issuer under the Act and under the securities legislation of British Columbia and Alberta and is not on the list of defaulting reporting issuers maintained pursuant to the Act.
3. The common shares in the capital of the Issuer are quoted on the Canadian Venture Exchange ("CDNX").
4. The price of the Conquest shares, as of January 11, 2001, applied without discount is \$0.10.

5. In connection with the debt settlement agreements entered into between the Issuer and certain creditors pursuant to which the Issuer (subject to regulatory approval) would issue shares in settlement of certain debts (the "Debt Settlement"), the Issuer proposes to issue 552,698 Conquest shares having a deemed value of \$55,269.80 and cash payments of \$22,960.08 in satisfaction of accounts payable to various arm's-length creditors (the "Creditors") in the amount of \$78,255.95.
6. The Issuer has complied with all applicable CDNX rules in reaching the debt settlement agreements.
7. Section 13.2 of the Junior Resource Issuers Rule would require that the Conquest shares be issued at \$0.20 per share and requires the approval of disinterested shareholders for shares for debt settlements over \$50,000.00.
8. Section 13.5, clause (b) of the Junior Resource Issuers Rule would require that Conquest obtain the approval of disinterested shareholders where the amount of the debt which has been settled by the issuance of shares in any 12-month period exceeds \$50,000.
9. The Creditors have expressed their willingness to receive 552,698 Conquest shares at \$0.10 per share and cash payments of \$22,960.08 in satisfaction of such accounts payable.
10. The disinterested shareholders will suffer no discernable prejudice if approval for the issuance of 552,698 shares to the Creditors is not sought.
11. In entering these agreements with Creditors, Conquest has advised them that of the applicable provisions of the Junior Resource Issuers Rule and that Conquest would be seeking relief from such provisions.
12. The Debt Settlement agreement will otherwise comply with the provisions of Article 13 of the Junior Resource Issuers Rule.

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

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

IT IS ORDERED, pursuant to section 147 of the Act, that the Issuer is exempt from the provisions of sections 13.2 and clause 13.5(b) of the Junior Resource Issuers Rule in respect of the issuance of Conquest shares to the Creditors in relation to the Debt Settlement.

March 19, 2001.

"Iva Vranic"

2.2.11 Heller Financial Canada, Ltd. - s. 147 & 80(b)(iii)

Headnote

Section 15.1 of Rule 41-501 - relief from certain requirements of Rule 41-501 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Subsection 5.1(1) of National Instrument 41-101 - relief from requirements of 41-101 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Section 147 - relief from the requirement that a period of ten days elapse between the issuance of a receipt for a preliminary prospectus and the issuance of a receipt for (final) prospectus.

Paragraph 80(b)(iii) - relief from the requirement to mail annual comparative financial statements concurrently with the filing of such financial statements, subject to conditions.

Subsection 59(2) of Schedule I - waiver of fees.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5. as am, ss. 65(1), 78, 79, 80(b)(iii), 147.

Regulation Cited

Schedule I to General Regulation, Ont. Reg. 1015 R.R.O 1990, as am., s.59(2).

Rules Cited

National Instrument 41-101 Prospectus Disclosure Requirements (2000) 23 OSCB (Supp) 759.

Commission Rule 41-501 General Prospectus Requirements (2000) 23 OSCB (Supp) 765.

National Instrument 44-101 Short Form Prospectus Distributions (2000) 23 OSCB (Supp) 867.

**IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, C. S.5, AS AMENDED (the "Act"),
ONTARIO REGULATION 1015, R.R.O. 1990, AS AMENDED
(the "Regulation")
NI 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS
(the "Short Form Rule"),
NI 41-101 PROSPECTUS DISCLOSURE REQUIREMENTS
(the "Disclosure Rule")
and COMMISSION RULE 41-501 GENERAL PROSPECTUS
REQUIREMENTS
(the "General Prospectus Rule")**

AND

**IN THE MATTER OF
THE SHORT FORM PROSPECTUS
OF HELLER FINANCIAL CANADA, LTD. DATED MARCH 9,
2001**

ORDER AND DECISION

(Section 147 and Paragraph 80(b)(iii) of the Act,
Section 15.1 of the General Prospectus Rule,
Subsection 5.1(1) of the Disclosure Rule and
Subsection 59(2) of Schedule I to the Regulation)

WHEREAS Heller Financial Canada, Ltd. (the "Applicant") filed a preliminary prospectus dated March 9, 2001 (the "Preliminary Prospectus") in accordance with the Short Form Rule relating to an offering of notes in an aggregate principal amount of up to \$750,000,000 (the "Offering") and received a receipt therefor dated March 9, 2001;

AND WHEREAS the Applicant intends to file a (final) prospectus (the "Prospectus") in accordance with the Short Form Rule and is desirous of receiving a receipt therefor forthwith;

AND WHEREAS the Applicant has applied for certain relief from the provisions of the Act, the Disclosure Rule and the General Prospectus Rule and for relief from the requirement to pay fees in connection with such application;

AND WHEREAS pursuant to an assignment dated April 12, 1999, as amended on September 7, 1999, February 15, 2000 and January 23, 2001, the Commission assigned certain of its powers and duties under the Act to each "Director", as that term is defined in subsection 1(1) of the Act;

AND WHEREAS on April 12, 1999 the Executive Director issued a determination and designation which designated, *inter alia*, each Manager in the Corporate Finance Branch of the Commission as a "Director" for the purposes of subsection 1(1) of the Act;

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

IT IS HEREBY DECIDED pursuant to section 15.1 of the General Prospectus Rule that the General Prospectus Rule, other than section 13.9 thereof, does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS FURTHER DECIDED pursuant to subsection 5.1(1) of the Disclosure Rule that the Disclosure Rule does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS HEREBY ORDERED pursuant to section 147 of the Act that the Offering is exempt from the requirement contained in subsection 65(1) of the Act that a period of ten days elapse between the issuance by the Director of a receipt for the Preliminary Prospectus and the issuance of a receipt for the Prospectus;

AND IT IS FURTHER ORDERED pursuant to paragraph 80(b)(iii) of the Act that section 79 of the Act does not apply to the Applicant insofar as it requires the Applicant to send financial statements filed under section 78 of the Act to each holder of its securities concurrently with their filing, if:

- (a) the Applicant files those financial statements earlier than 140 days from the end of its last financial year because it is required to do so, in connection with the Offering, by the Short Form Rule; and

- (b) the financial statements are sent within the time period specified in the Act for filing;

AND IT IS HEREBY DECIDED pursuant to subsection 59(2) of Schedule I to the Regulation that the Applicant be exempt from the requirement under the Act to pay fees in connection with the making of this application.

March 19, 2001.

"Margo Paul"

2.2.12 The BRUT ECN, L.L.C. - s. 211

Headnote

Applicant for registration as international dealer exempted from requirement in subsection 208(2) that it carry on the business of underwriter in a country other than Canada, provided the Applicant does not act as underwriter in Ontario and agrees to terms and conditions addressing the Applicant's activities as an alternative trading system ("ATS").

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

AND

**IN THE MATTER OF
THE BRUT ECN, L.L.C.**

**ORDER
(Section 211 of the Regulation)**

UPON the application (the "Application") of The BRUT ECN, L.L.C. (the "Applicant") dated December 21, 2000, as amended, to the Ontario Securities Commission (the "Commission") in connection with its application for registration as an international dealer under the Act, for an order (the "Order") pursuant to section 211 of the Regulations made under the Act (the "Regulation") exempting the Applicant from the requirement in subsection 208(2) of the Regulation that it carry on the business of an underwriter in a country other than Canada;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a limited liability company organized under the laws of the State of Delaware with its registered office in the City of New York.
2. The Applicant is a registered broker-dealer under the United States Securities Exchange Act of 1934, and is also registered as an "alternative trading system" pursuant to Regulation ATS in the United States.
3. The Applicant is a member in good standing of the National Association of Securities Dealers in the United States and a participant in the Securities Investor Protection Corporation.
4. The Applicant carries on the business of a "dealer" (as defined in subsection 1(1) of the Act) in the United States.
5. The Applicant does not carry on the business of an underwriter (as defined in subsection 1(1) of the Act) in the United States.
6. The Applicant operates an electronic communications network ("ECN") that allows broker-dealer and institutional subscribers to trade U.S. equity securities. Subscribers

connect to the ECN through a variety of interfaces, including proprietary and marketed front-end systems.

7. An application was submitted by the Applicant for registration as an International Dealer on December 21, 2000.
8. In the absence of the relief requested in this Application, the Applicant would not meet the requirements of the Regulations for registration as an International Dealer as it does not carry on the business of an underwriter in a country other than Canada.
9. The Applicant does not intend to act as an underwriter in Ontario and undertakes not to act as an underwriter in Ontario, despite the fact that section 100(3) of the Regulations provides that an International Dealer is deemed to have been granted registration as an underwriter for the purposes of a distribution which it is permitted to make.

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

IT IS ORDERED pursuant to section 211 of the Regulation that the Applicant is not subject to the requirement in subsection 208(2) of the Regulation that an applicant for registration as an international dealer must carry on the business of an underwriter in a country other than Canada, provided that:

- (1) notwithstanding subsection 100(3) of the Regulations, the Applicant shall not act as an underwriter in Ontario; and
- (2) the Applicant agrees to the terms and conditions of registration as set forth in Appendix "A".

"March 16, 2001"

"J.A. Geller"

"Robert W. Davis"

APPENDIX "A"

The BRUT ECN, L.L.C. (the "Registrant")
Terms and Conditions of International Dealer Registration

Part A: Trading Restrictions

In this Part A:

"Canadian issuer" means an issuer incorporated, formed or created under the laws of Canada or any province or territory of Canada.

"foreign security" means a security issued by an issuer that is not a Canadian issuer.

The Registrant shall be permitted to execute orders on behalf of customers resident in Ontario but only in foreign securities that are not listed and posted on the Toronto Stock Exchange, The Montreal Exchange or the Canadian Venture Exchange ("CDNX").

Part B: Information to be Supplied by the Registrant on a Confidential Basis

The Registrant agrees to:

- (a) advise the Ontario Securities Commission (the "Commission") of any substantial or material changes to its electronic trading system and business including, but not limited to, substantial or material changes in the criteria used to screen potential customers, changes in the algorithm regarding matching orders and complying with trading rules (but without prejudice to the Registrant's discretion to exercise its business judgement in accepting and evaluating customers), and whether securities listed only on any of The Toronto Stock Exchange, The Montreal Exchange or CDNX are proposed to be traded through the Registrant's electronic trading system;
- (b) furnish, upon the request of the Commission, access on a confidential basis to filings and/or copies of filings effected by the Registrant with the Securities and Exchange Commission of the United States ("SEC"); the most recent No-Action Letter dated January 12, 2001, its Form BD, its Focus Report and notify the Commission if it discontinues the filing of any of these documents;
- (c) furnish on a quarterly basis a report identifying Ontario resident customers by code and listing stocks traded on behalf of Ontario resident customers so that compliance with the trading restrictions set forth in Part A can be monitored. (Ontario resident customers may be identified on such quarterly reports by identification codes only);
- (d) make available on a quarterly basis a list of foreign securities and securities of Canadian issuers traded through the Registrant's electronic trading system which cannot be traded on behalf of the Registrant's customers resident in Ontario by virtue of the trading restrictions set forth in Part A;

- (e) furnish promptly upon a request of the Commission any of the following information:
 - (i) a complete list of names and addresses of Ontario-resident customers on the system and their identification codes ("IDs");
 - (ii) a complete list of customer IDs for Ontario resident customers whose access to certain securities traded through the Registrant's electronic trading system has been blocked by a mechanism (the "Blocking Mechanism") implemented by virtue of the trading restrictions set forth in Part A;
 - (iii) a list of identification acronyms used for Ontario resident customers with Canadian addresses;
 - (iv) an exception report showing Ontario addresses with IDs out of range or with the Blocking Mechanism switched off;
 - (v) a complete description of the controls over and procedures for identifying Ontario resident customers on the system and implementing the Blocking Mechanism to prevent trading through the Registrant's terminals in both interlisted and Canadian non-interlisted securities including specifically, who initially activates the switch, who has access to or the ability to change the setting, and how changes are authorized and logged;
 - (vi) records of all trades by Ontario-resident customers including a description of the securities traded;
 - (vii) identification from the trading records of those trades made directly through a terminal of the Registrant and those trades which were made by other means;
 - (viii) the process and criteria used by the Registrant to screen potential customers, the identification of parties that have not been accepted as customers and documentation of procedures and reasons for accepting or rejecting a specific customer application;
 - (ix) information regarding the system's algorithm for matching orders and compliance with trading rules; and
 - (x) confirmation of trades and settlement process including procedures for dealing with failed trades.
- (f) maintain books and records necessary to record properly the Registrant's business transactions and financial affairs and make these available upon request to staff of the Commission for any valid regulatory purpose.

- (g) report all information to the Securities and Exchange Commission which shall include all transactions involving Ontario resident customer investors and which can be segregated from other information and made available on that basis.

Part C: Expiration of Terms and Conditions

The Terms and Conditions set forth in Parts A and B shall cease to apply to the registrant upon the expiry of the sixty day period following the date that Proposed National Instrument 21-101 Marketplace Operation becomes effective.

2.2.13 N-45° First CMBS Issuer Corporation - s. 147 & 80(b)(iii)

Headnote

Section 15.1 of Rule 41-501 - relief from certain requirements of Rule 41-501 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Subsection 5.1(1) of National Instrument 41-101 – relief from requirements of 41-101 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Section 147 – relief from the requirement that a period of ten days elapse between the issuance of a receipt for a preliminary prospectus and the issuance of a receipt for (final) prospectus.

Paragraph 80(b)(iii) – relief from the requirement to mail annual comparative financial statements concurrently with the filing of such financial statements, subject to conditions.

Subsection 59(2) of Schedule I – waiver of fees.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5. as am, ss. 65(1), 78, 79, 80(b)(iii), 147.

Regulation Cited

Schedule I to General Regulation, Ont. Reg. 1015 R.R.O 1990, as am., s.59(2).

Rules Cited

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National Instrument 44-101 Short Form Prospectus Distributions (2000) 23 OSCB (Supp) 867.

**IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, C.S.5, AS AMENDED (the "Act"),
ONTARIO REGULATION 1015, R.R.O. 1990, AS AMENDED
(the "Regulation")
NI 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS
(the "Short Form Rule"),
NI 41-101 PROSPECTUS DISCLOSURE REQUIREMENTS
(the "Disclosure Rule")
and COMMISSION RULE 41-501 GENERAL PROSPECTUS
REQUIREMENTS
(the "General Prospectus Rule")**

AND

**IN THE MATTER OF
N-45° FIRST CMBS ISSUER CORPORATION**

ORDER AND DECISION
(Section 147 and Paragraph 80(b)(iii) of the Act,
Section 15.1 of the General Prospectus Rule,
Subsection 5.1(1) of the Disclosure Rule and
Subsection 59(2) of Schedule I to the Regulation)

WHEREAS N-45° First CMBS Issuer Corporation (the "Applicant") filed a preliminary prospectus dated March 14, 2001 (the "Preliminary Prospectus") in accordance with the Short Form Rule relating to the qualification of Commercial Mortgage-Backed Bonds Series 2001-1 (the "Offering") and received a receipt therefor dated March 16, 2001;

AND WHEREAS the Applicant intends to file a (final) prospectus (the "Prospectus") in accordance with the Short Form Rule and is desirous of receiving a receipt therefor forthwith;

AND WHEREAS the Applicant has applied for certain relief from the provisions of the Act, the Disclosure Rule and the General Prospectus Rule and for relief from the requirement to pay fees in connexion with such application;

AND WHEREAS pursuant to an assignment dated April 12, 1999, as amended on September 7, 1999, February 15, 2000 and January 23, 2001, the Commission assigned certain of its powers and duties under the Act to each "Director", as that term is defined in subsection 1(1) of the Act;

AND WHEREAS on April 12, 1999 the Executive Director issued a determination and designation which designated, *inter alia*, each Manager in the Corporate Finance Branch of the Commission as a "Director" for the purposes of subsection 1(1) of the Act;

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

IT IS HEREBY DECIDED pursuant to section 15.1 of the General Prospectus Rule that the General Prospectus Rule, other than section 13.9 thereof, does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS FURTHER DECIDED pursuant to subsection 5.1(1) of the Disclosure Rule that the Disclosure Rule does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS HEREBY ORDERED pursuant to section 147 of the Act that the Offering is exempt from the requirement contained in subsection 65(1) of the Act that a period of ten days elapse between the issuance by the Director of a receipt for the Preliminary Prospectus and the issuance of a receipt for the Prospectus;

AND IT IS FURTHER ORDERED pursuant to paragraph 80(b)(iii) of the Act that section 79 of the Act does not apply to the Applicant insofar as it requires the Applicant to send financial statements filed under section 78 of the Act to each holder of its securities concurrently with their filing, if:

- (a) the Applicant files those financial statements earlier than 140 days from the end of its last financial year because it is required to do so, in connexion with the Offering, by the Short Form Rule; and

- (b) the financial statements are sent within the time period specified in the Act for filing;

AND IT IS HEREBY DECIDED pursuant to subsection 59(2) of Schedule I to the Regulation that the Applicant be exempt from the requirement under the Act to pay fees in connexion with the making of this application.

March 20, 2001.

"Margo Paul"

Chapter 3

Reasons: Decisions, Orders and Rulings

THERE IS NO MATERIAL FOR THIS CHAPTER
IN THIS ISSUE

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Chapter 4

Cease Trading Orders

4.1.1 Temporary and Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
Procyon Biopharma Inc.	15 Mar 01	27 Mar 01	-	-
Procyon Biopharma Inc.	15 Mar 01	-	-	16 Mar 01
Arlington Resources Inc.	16 Mar 01	28 Mar 01	-	-
The Art Vault International Ltd.	22 Mar 01	03 Apr 01	-	-
Clarion Resources Ltd.	09 Mar 01	-	21 Mar 01	-

4.1.2 Cease Trading Orders

Company Name	Date of Lapse/Expire
Uranium Resources, Inc.	21 Mar 01
Ariel Resources Ltd.	21 Mar 01

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Chapter 5

Rules and Policies

THERE IS NO MATERIAL FOR THIS CHAPTER
IN THIS ISSUE

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Chapter 6

Request for Comments

6.1 Request for Comments

6.1.1 Statement of Priorities for Fiscal Year Ending March 31, 2002

REQUEST FOR COMMENTS REGARDING STATEMENT OF PRIORITIES FOR FISCAL YEAR ENDING MARCH 31, 2002

The *Securities Act* requires the Commission to deliver to the Minister and publish in its Bulletin by June 30 of each year a statement of the Chairman setting out the proposed priorities of the Commission for its current fiscal year in connection with the administration of the Act, the regulations and rules, together with a summary of the reasons for the adoption of the priorities.

In an effort to obtain feedback and specific advice on the proposed objectives and initiatives, the Commission is publishing a draft of the Statement of Priorities which follows this Request for Comments. The Commission will consider the feedback, and make any necessary revisions prior to finalizing and publishing its 2001/2002 Statement of Priorities.

The Statement of Priorities, once approved by the Minister of Finance, will serve as the guide for the Commission's ongoing operations.

The draft of the Statement of Priorities can be found in Chapter 6 of this Bulletin.

Comments

Interested parties are invited to make written submissions by May 25, 2001 to:

Robert Day
Manager, Business Planning
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8
[416] 593-8179



THE ONTARIO SECURITIES COMMISSION

REQUEST FOR COMMENTS

STATEMENT OF PRIORITIES FOR FISCAL 2001/2002

March 2001

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INTRODUCTION

BUSINESS STRATEGY

STRATEGIC CONSIDERATIONS AND KEY CHALLENGES

OSC PRIORITIES

REPORT ON 2000/2001 ORGANIZATIONAL PRIORITIES

INTRODUCTION

The *Securities Act* requires the Ontario Securities Commission (OSC) to deliver to the Minister, and to publish in its Bulletin by June 30 of each year, a statement by the Chair setting out the proposed priorities for the Commission for its current financial year.

During 2000/2001, additional staffing resources allowed the Commission to significantly increase its regulatory presence and effectiveness, and respond more effectively to the needs of its constituents. A summary of the performance of the Commission in meeting the goals and priorities identified in the 2000/2001 Statement of Priorities is included in this document.

In the May 2, 2000 Ontario Budget the Minister of Finance announced that the Ontario Securities Commission and the Financial Services Commission of Ontario will be merged into a single agency that will provide regulation of the capital markets and financial services sectors. This new agency will provide more integrated regulation of capital markets and financial services sectors and is the next logical step in the evolution of the financial services regulatory framework. The legislation required to create

the proposed new organization and specify its regulatory responsibilities and powers is expected to be enacted during 2001. The merged entity will provide strong consumer and investor protection and education across all financial sectors. It will also contribute to timely regulatory responses to the changing structures of the capital markets and financial services industries.

The Commission remains committed to delivering its regulatory services in a business like manner and working closely with its CSA colleagues and market participants to ensure that the regulatory system remains relevant to the changing market landscape. The 2001/2002 Statement of Priorities articulates the business strategy and priorities the Commission has set to accomplish these goals.

BUSINESS STRATEGY

Our Vision

To be and be seen to be a regulator that establishes and aggressively enforces clear and unambiguous rules to protect investors, while at the same time ensuring efficient capital markets.

Our Mandate

To provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets in Ontario and confidence in their integrity.

Our Approach

To be efficient and proactive in carrying out our mandate... to be aggressive and fair in applying the rules of the marketplace ... to be innovative in applying our regulatory powers to a rapidly changing marketplace.

STRATEGIC CONSIDERATIONS AND KEY CHALLENGES

The OSC recognizes the challenges in its operating environment that it must address to achieve its goals. These challenges are not unique to the OSC and take the form of changes to the business environment, capital markets, market participants and the regulatory framework.

Global Integration of Markets

Increasingly, the business environment is subject to global influences where firms are being serviced by integrated banking, insurance and securities conglomerates which operate worldwide. The growing mobility of capital flows magnifies the importance of maximizing Ontario market liquidity and eliminating unnecessary regulatory costs.

Rapid Pace of Technological Change

Technology is driving market innovation and facilitating the creation of increasingly more sophisticated financial products, trading techniques and strategies. Technology is facilitating the emergence of a class of retail investor who makes investment decisions without receiving advice or a recommendation from an investment dealer. Increases in online trading and anticipated competition from alternative trading systems has prompted changes to existing marketplaces and will continue to have a significant impact on the competitive structure of the industry.

Redefinition of Roles of Regulators of Financial Services

Relaxation of restrictions on the types of financial products offered by financial service providers, increased competition among the different providers, increased consumer demand for new products and services and the rapid pace of new information-based electronic technologies has resulted in regulatory gaps and overlap. Harmonized regulation of similar products and services across sectors and jurisdictions is required. As a result, there is a need to redefine the mandates and activities of financial regulators.

Increased Direct Investor Participation in Equities Markets

Direct ownership of equities continues to increase dramatically. Explosive growth in use of the Internet has provided enhanced access to and greater reliance on a wide range of information outside the framework of required securities regulatory filings (e.g. bulletin boards, whisper numbers etc.). These trends present challenges to inform, educate and protect investors. The continued growth in investor sophistication heightens the need for continuous disclosure of clear and accurate information in order to ensure the integrity of the secondary market.

Continued Importance of Investment Funds to Investors and for the Canadian Market

Investors continue to invest significant amounts in investment funds, including mutual funds, exchange traded funds, pooled funds and segregated funds. An important component of this investment is intended to fund investors' retirement, often as an alternative to traditional defined benefit pension plans. The investment fund industry is changing through consolidation of players and the proliferation of new products and services as a response to increased competition. Investors are seeking, and have access to, many sources of information about their investments, including that provided by third party information providers. The unprecedented importance of investment funds on the Canadian marketplace can be largely explained due to continued growth in investments into retirement tax plans.

Need to Foster Public Confidence in the Integrity of the Market

Market participants and investors want regulators to provide clearer rules. Investors want assurance that appropriate safeguards are in place to sustain the integrity of capital markets. Continuing growth in wealth management activities places greater importance on the need for regulators to establish rules which ensure the appropriate training and conduct of investment advisors and other registrants who provide investment advice.

Need For Continued Expansion of OSC Expertise

The OSC is committed to providing high quality, user-friendly services and faster response times. Increasingly competitive labour markets present a challenge for the OSC to attract and build upon staff expertise in order to effectively address increasingly complex issues and meet the needs of its constituents.

OSC PRIORITIES

The integration activities associated with the merger of the Ontario Securities Commission and the Financial Services Commission of Ontario will be a prime focus during 2001/2002. In parallel with this process, during 2001/2002 the Commission will continue to advance its regulatory agenda by directing its resources towards achievement of the priorities set out below. There is no precedence to the ordering of the priorities.

1. *Redefine Approaches to the Financial Regulatory Framework*

The Commission will work to develop approaches to financial regulation which support market integration and innovations due to technological change. The Commission will continue to strive to develop approaches which will maintain or enhance the ability of small businesses to access capital through junior and venture capital markets and which will ensure the efficiency, fairness and integrity of capital markets. Proposed initiatives include:

- a) Develop and implement coordination and cooperation model for oversight of markets.
- b) Finalize and implement a regulatory response to the exempt market recommendations of the Task Force on Small Business.
- c) Streamline and strengthen registration processes including the development of a National Registration Database.
- d) Consider implications of growth in electronic communications (Internet, ATS's) and develop appropriate regulatory solutions.
- e) Seek amendments to the Personal Property Security Act to implement changes to Conflict of Law re: tiered holdings and T + 1.
- f) Respond to the Securities Industry Committee Report on analyst standards.
- g) Support the Ministry of Finance in developing legislation to address issues related to the transfer of securities.
- h) Review and assess the regulatory model governing the provision of financial advice.
- i) Address issues identified as part of the Five Year Legislative Review.
- j) In cooperation with the Joint Forum of Financial Market regulators, develop a comprehensive and integrated consumer complaint management and dispute resolution system.
- k) Review current underwriting practices to determine whether additional regulation is needed (this would include due diligence practices, allocation processes for new issues, indemnification arrangements, roadshows).

- l) Continue to develop rules to address frequently occurring requests for exemptive relief.

2. *Strengthen the Compliance - Enforcement Continuum*

The Commission will increase its focus on disclosure review and strengthen SRO oversight to ensure effective and efficient regulation of the securities industry. The OSC will continue to increase its presence and effectiveness through the following compliance monitoring and enforcement activities:

Continue development of the surveillance and intelligence unit.

Develop and implement a comprehensive, risk based approach to compliance which will result in more effective OSC oversight of non SRO members, fund managers and SRO's.

Increase resources allocated to SRO oversight activities and review of continuous disclosure documents. Conduct examinations of non SRO members, SRO's and public companies.

Improve effectiveness by continuing to develop and strengthen protocols within the OSC and with external organizations (e.g. IDA, TSE, CIPF etc.).

Continue to oversee the regulatory functions of the IDA and work with the IDA to improve any perceived deficiencies.

Provide Mutual Fund Dealers Association of Canada (MFDA) with reasonable implementation support. Work with the MFDA to:

- implement an oversight program
- ensure adequate membership reviews are undertaken
- develop an approved investor protection plan to which members of the MFDA would be required to belong.

3. *Enhance the Quality of Continuous Disclosure by Reporting Issuers*

The Commission will take action to strengthen the framework of requirements for timely and reliable continuous disclosure of information by reporting issuers and will actively pursue inappropriate financial reporting practices and address emerging issues either directly or through private sector standards setting bodies. Key initiatives will include:

Continue to provide additional resources to the review of continuous disclosure filings.

Continue the comprehensive program for the review of continuous disclosure documents of reporting issuers, complete targeted review of revenue recognition practices and commence review of interim reporting.

Issue a policy statement to communicate the CSA's interpretation of law in the area of selective disclosure and identify best disclosure practices for both issuers and analysts.

Following implementation of an electronic system for filing of insider trading reports (SEDI), design and implement a comprehensive CSA program for reviewing these reports.

Advocate the adoption of statutory amendments to implement a statutory civil liability regime for misrepresentations in continuous disclosure filings.

In conjunction with other members of the CSA, develop a harmonized, integrated disclosure system ("IDS") for offerings and continuous disclosure filings. Publish for comment a draft rule which harmonizes disclosure requirements across Canada by Spring 2002.

4. *Improve Secondary Market Regulation*

The Commission will focus on completing the necessary legislative, regulatory and operational changes to address the growing importance of continuous disclosure and technological change in the secondary markets. Key initiatives will include:

Review delivery and proxy solicitation requirements in the Internet context.

Conduct a review of foreign issuer requirements for continuous disclosure and prospectuses in light of recent SEC and IOSCO initiatives. Publish a proposed rule by December 2001.

Publish a discussion paper to promote discussion of possible regulatory changes to permit Canadian and foreign reporting issuers to file financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) or International Accounting Standards. Evaluate the results of the consultation process and the need for rule changes.

Review the regulatory regime related to unlisted companies and consider whether changes are necessary.

Examine the practice of "equity monetarization" and consider whether changes to the regulatory regime are necessary in areas such as insider reporting, escrow and resale restrictions.

Review information circulars and consider whether changes to Rule 54-501 or supplementary guidance is necessary.

Review and consider amending staff notice on the revocation of cease trade orders.

5. *Foster the Development of Harmonized Regulation and Cooperative Review Mechanisms among Canadian Financial Regulators*

In conjunction with CSA counterparts and other regulatory entities, the OSC will continue to develop national harmonized approaches to the regulation of financial

products, services and SRO's in order to maintain a globally competitive regulatory framework. The Commission will continue to work with other CSA members to implement standards for intermediaries and expand the scope and use of mutual reliance review systems. Key initiatives will include:

Continue to foster the development of a cooperative and efficient Canadian Securities Regulatory System.

Continue development of Mutual Reliance Systems where appropriate.

Initiate the re-architecture of SEDAR into a web-based system.

Develop amendments to the regulatory framework applicable to salespersons and dealers to allow salespersons to provide registerable services through a corporation.

Harmonize the regulation of segregated funds and mutual funds by implementing the Joint Forum recommendations (published in December 1999).

Work with regulators and industry to maintain and update financial planning proficiency standards (exam, experience and continuing education requirements) for financial planners.

Work with the Joint Forum to establish minimum standards for proficiency, continuing education and licensing of financial services intermediaries.

6. *Implement Fee Reduction Strategy*

The Commission will implement a more streamlined fee structure which aligns its revenues more closely to costs. The new fee approach will be developed through consultation with CSA partners and key industry constituents and a rule establishing the new fee structure will be implemented.

7. *Enhance Investor Protection Through Education*

Through its support of the newly created Investor Education Fund as well as through partnerships with other organizations (e.g. CSA, SRO's), more emphasis will be placed on investor education initiatives aimed at enabling investors to protect themselves better. Greater efforts will be made to increase the level of understanding of investors and other market participants through the use of plain language, more transparent rule making and more inclusive consultation. Investor education reach will also be expanded through public awareness campaigns as well as implementation of web-based initiatives.

8. *Foster Development of an Improved Mutual Fund Regulatory Framework*

The Commission is committed to developing approaches to strengthen the governance of mutual funds and to making other changes necessary to improve the structure, management and distribution of mutual funds. The OSC in cooperation with the CSA will continue to improve the

point of sale disclosure given to investors and to develop approaches for improved continuous disclosure. Key operational initiatives will include:

Develop approaches to strengthen mutual fund governance and the framework applicable to mutual fund managers.

Develop recommendations for an improved financial disclosure regime for mutual funds.

Develop clear parameters for specialized investment products and practices such as funds of funds, commodity pools and pooled funds.

9. Support the Implementation of the OSC/FSCO Merger

In his Spring 2000 Budget the Minister announced his intention to merge the OSC and FSCO. Since then, and in partnership with the Financial Services Commission of Ontario (FSCO), the OSC has been supporting the Minister in the development and implementation of a new merged financial services agency that will better meet the needs of investors and market participants and continue to provide a high level of protection to consumers. Legislation has been prepared and is expected to be released for public consultation. Implementation of the merged organization is expected to be underway by Fall 2001.

10. Continue the Role of OSC as a Key Member of the International Securities Regulatory Community.

The Commission plans to continue to participate proactively in the international regulatory community. Through these efforts the Commission will contribute to the harmonization of international regulation and potentially reduce the regulatory burden on Canadian companies doing business internationally. Key initiatives will include:

Optimize OSC participation on key initiatives of IOSCO and other similar bodies.

Continue to work with Council of Securities Regulators of the Americas (COSRA) towards development of harmonized standards for clearing and settlement.

Participate actively in promoting the convergence of accounting standards internationally with a view to facilitating the continued development, acceptance and use of a single set of high quality, internationally accepted accounting standards for use both domestically and in cross border offerings and listings.

Participate actively in IOSCO's efforts to promote the development and use of high quality, internationally accepted auditing standards supported by appropriate standards governing auditor independence and quality assurance monitoring systems.

11. Continue to Develop and Implement Accountability Mechanisms

The Commission has developed and implemented accountability mechanisms to ensure that the OSC continues to effectively and efficiently meet the needs of its constituents. As part of the Commission's comprehensive planning process, each operational area develops detailed operating plans for the upcoming fiscal year. The Commission will continue to strengthen its accountability through the following:

Communicate pro-actively on progress towards identified OSC priorities.

Provide excellent service through Contact Centre.

More effective use of electronic communication initiatives.

Continue to refine balanced scorecard measures and performance targets and to improve internal management information tracking systems.

12. Foster the Continued Development of the OSC as an "Employer of Choice".

The Commission will strive to provide a dynamic and stimulating environment in order to attract, retain and motivate employees who are capable of and committed to achieving our business goals in a performance based culture. Key initiatives will include:

Develop and complete annual employee satisfaction survey and address results as necessary.

Maintain competitiveness of OSC compensation package.

Implement competency based performance plans for management and management competency training program.

As part of the Commission's comprehensive planning process, each operational area develops detailed operating plans for the upcoming fiscal year. Operational priorities for 2001/2002 for each area have been established which will support achievement of the initiatives set out above as well as delivery of our ongoing regulatory services.

REPORT ON 2000/2001 ORGANIZATIONAL PRIORITIES

Significant progress was achieved against the priorities identified in the 2000/2001 Statement of Priorities. Progress towards achievement of the identified initiatives is outlined below:

1. Redefine Approaches to the Financial Regulatory Framework

OSC/FSCO Merger

The Government released in September 2000 a discussion paper "Improving Ontario's Financial Services Regulation: Establishing a Single Financial Services Regulator" and announced public consultations with David Young, Parliamentary Assistant to the Minister. The

discussion paper provided a background of the existing regulatory structure and context for the merger, a vision for the new regulator and outlined the key legislative components of the proposed legislation. The paper served as the basis for consultations with stakeholders which took place in October 2000.

Staff from the Commission, the Financial Services Commission ("FSCO") and the Ministry of Finance and external legal counsel have developed the framework legislation to govern the proposed merger of the OSC and FSCO and the necessary consequential amendments to the underlying legislation resulting from the framework legislation. The legislative package outlines the corporate governance model of the new entity, the enforcement powers of the entity, ability to collect fees and assessments and proposed parameters of rule-making authority.

CSA Legislation Co-Ordination Committee

The CSA established a staff committee whose mandate is to identify areas where legislative harmonization across Canada is desirable. The staff committee submitted a report to the CSA Chairs in November 2000 which identified a number of recommendations for legislative convergence. Commission staff have submitted a number of proposed amendments to the Ministry of Finance for inclusion in a proposed red tape legislative package. The CSA Chairs will consider the balance of the recommendations as part of their strategic planning process.

Significant progress was achieved towards completing the reformulation of major OSC rules and policies. The following rules were completed during the past year:

- 61-501: Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions
- 31-502: Proficiency Requirements for Registrants
- 35-502: Non-Resident Advisers
- 44-101: Prompt Offering Qualification System
- 44-102: Shelf Distributions
- 44-103: Post Receipt Pricing
- 51-501: Annual Information Form and Management's Discussion and Analysis
- 54-501: Prospectus Disclosure in Certain Information Circulars
- 43-101: Standards of Disclosure for Mineral Exploration and Development and Mining Properties

OSC Rule 41-501, General Prospectus Requirements and National Instrument 41-101, Prospectus Disclosure Requirements came into force on December 31, 2000. The Commission's adoption of Rule 41-501 and related instruments was the culmination of a huge effort which took place over a five year period to achieve greater harmonization with regard to prospectus provisions and practices across the country.

The Commission's General Counsel is involved as an appointee on the Five Year Legislative Review advisory committee established by the Minister. The Committee published for comment in April 2000 a comprehensive issues list to stimulate public input. OSC staff have been

actively involved in preparing background materials and memos on specific issues for the Committee to consider and make recommendations on. The Committee has substantially completed its review of the issues originally published for comment and is well along in formulating recommendations on these issues. The Committee hopes to publish a draft report for comment in the second quarter of 2001. The Committee's report should serve as a blueprint for legislative and regulatory consideration and change pending the next five year review.

In cooperation with an industry advisory group, Commission staff have worked through the issues relating to the provision of financial advice to investors and developed a framework for a new regulatory model. A draft concept proposal has been completed and is expected to be released for comment by June 2001.

As a member of the Joint Forum of Financial Market regulators, the OSC has contributed towards the development of proficiency requirements for financial planners, the harmonization of individual variable insurance contracts (IVICs) and mutual funds and the preparation of a concept paper dealing with investment disclosure in capital accumulation plans that provide retirement benefits to employees.

Significant development work on streamlining and strengthening registration processes has been completed and the National Registration Database system is expected to be operational by 2002.

The CDNX application for recognition and an exemption order were finalized and published and an memorandum of understanding governing oversight of the CDNX was completed with the Alberta and British Columbia Securities Commissions. Work towards recognition of the ME was substantially completed.

2. *Strengthen the Compliance - Enforcement Continuum*

A coordinated CSA oversight plan for the IDA was developed for implementation in 2001. Compliance examinations and inspections of dealers and advisors, including one national compliance review, were completed as planned. Examinations of the IDA and CIPF were completed and the TSE review will be completed early in 2001/2002.

The Market Integrity Computer Analysis system (MICA) was completed and delivered to the CSA members in June 2000. An agreement to form a RCMP/OSC Securities Fraud Task Force was signed August 31, 2000.

3. *Strengthen Secondary Market Regulation and Enhance the Quality of Continuous Disclosure by Reporting Issuers*

A comprehensive program for review of continuous disclosure documents provided by reporting issuers was implemented July 1, 2000. The program is on track to complete the number of reviews targeted for this fiscal year.

A targeted review of revenue recognition practices commenced in August and a preliminary report was completed.

Consultations were completed on a proposed Alternative Trading Systems (ATS) rule. An RFP for the ATS Consolidator was completed and a candidate was selected to develop the system.

A CSA Report, Responses to Comments and revised draft legislation related to statutory civil liability for continuous disclosure were published for information purposes in November 2000. The draft legislative package was delivered to Ministry of Finance staff for their consideration. At this time, the Government has made no decision to proceed with the amendments.

Implementation of the SEDI insider trade reporting system has been delayed until Fall 2001 as its development has required more extensive CSA involvement than expected.

4. Enhance Investor Protection Through Education

The OSC stepped up its investor education programs in 2000/01 by expanding the number of initiatives outside the Annual Investor Education Week, and by partnering with community agencies such as the Canadian Association of Retired Persons to deliver community-based seminars.

The OSC established the Investor Education Fund to develop research, programs and partnerships which promote investor education. The articles of incorporation for the fund were filed in June, 2000. The By-Laws establishing the structure and governance requirements for the investor education fund were finalized in September 2000. The IEF is funded by enforcement settlements and governed by an independent Board of Directors, which is responsible for developing criteria to determine how funds will be dispersed.

5. Implement Fee Reduction Strategy

A further 10% across the board reduction in OSC fees was implemented in June 2000. Extensive consultations on proposed fee approaches were completed with stakeholders. A draft concept proposal has been completed and will be released for comment following review and approval by the Minister of Finance.

6. Foster Development of an Improved Mutual Fund Governance Framework

The MFDA was recognized as a self-regulatory organization for mutual fund dealers on February 6, 2001 and Rule 31-506 SRO Membership - Mutual Fund Dealers came into force March 2001.

Rules to permit mutual funds to lend their securities and to use repurchase agreements and to permit index mutual funds to track their specified index without investment limits were approved by the Commission.

A report to the CSA on alternatives for a mutual fund governance regime (prepared by Stephen Erlichman) was released in July 2000 and work was commenced by staff

on a CSA proposal for a new mutual fund regulatory regime that is to include an independent governance mechanism and additional regulation and registration of fund managers.

All simplified prospectus and annual information forms filed by mutual funds under NI 81-101 were reviewed to ensure compliance with the Form requirements and the goals of the CSA in requiring a new mutual fund prospectus regime. Work is underway to develop proposed new rules defining the financial information mutual funds give investors on a periodic basis after investment.

A two-year implementation plan was agreed to between insurance regulators and CSA partners to achieve harmonization of the regulation of mutual funds and segregated funds in the 15 areas noted in December 1999. Work is underway in accordance with implementation plan.

7. Strengthen the Role of OSC as a Key Member of the International Securities Regulatory Community.

The role of the OSC in the international community was strengthened significantly through the appointment of the Chair of the OSC as chair of the IOSCO Technical Committee. The OSC, as a participant on IOSCO Working Party 3, has assumed responsibility for completing a study on dealer funding and liquidity risk. The OSC also played a key role in the adoption by IOSCO of international accounting standards which will facilitate cross border capital raising activities by issuers.

The OSC continue to represent IOSCO on the Financial Stability Forum. The Forum brings together leading national authorities responsible for financial stability in significant international financial centres, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. The Forum seeks to co-ordinate the efforts of these various bodies in order to promote international financial stability, improve the functioning of markets, and reduce systemic risk.

The OSC lead a task force which released a discussion paper examining the regulatory issues raised by stock exchange demutualization and outlining the responses which have been adopted by various securities regulators to these issues.

8. Continue to Develop and Implement Accountability Mechanisms

More resources were devoted to the OSC's Contact Centre and to increasing the flow of timely information about OSC initiatives to the news media. The annual *Dialogue with the OSC* conference in Toronto was expanded via satellite to include market participants in Ottawa and London. A benchmark survey of the stakeholder community was conducted to assess their views of the OSC's performance.

9. ***Foster the Continued Development of the OSC as an "Employer of Choice".***

The Commission undertook a comprehensive market salary review to ensure that its compensation package remained competitive and a survey of all employees was conducted to enable the Commission to identify areas on which to focus its ongoing organizational development work. Recruitment efforts also continued with staff increasing by 12% over the fiscal year.

Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

Exempt Financings

The Ontario Securities Commission reminds Issuers of exempt financings that they are responsible for the completeness, accuracy and timely filing of Forms 20 and 21 pursuant to section 72 of the Securities Act and section 14 of the Regulation to the Act. The information provided is not verified by staff of the Commission and is published as received except for confidential reports filed under paragraph E of the Ontario Securities Commission Policy Statement No. 6.1.

Reports of Trades Submitted on Form 45-501f1

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
01Mar01	Active Pass Pharmaceuticals, Inc. - Common Shares	2,007,999	1,115,555
28Feb01	Avalon Ventures Ltd. - Flow-Through Units	150,000	258,621
02Feb01	BPI Global Opportunities III Fund - Units	474,471	4,482
09Feb01	BPI American Opportunities Fund - Units	672,702	5,252
01Dec00	Brandes Canada Global Equity Unit Trust - Trust Units	232,447,199	11,295,309
29Dec99	Byng Properties Inc. - Common Shares - Amended	17,000	17
08Mar01	Canadian Hydro Developers, Inc. - Special Warrants	1,492,952	420,550
02Feb01	CFO&V Balanced Fund - Units	2,331,078	189,823
02Feb01	CGO&V Cumberland Fund - Units	316,376	21,463
02Feb01	CGO&V Enhanced Yield Fund - Units	450,000	48,099
02Feb01	CGO&V Hazelton Fund - Units	500,040	38,416
02Feb01	CGO&V International Fund - Units	1,062,056	91,257
26Feb01	e-Manufacturing Networks Inc. - Special Warrants	1,500,005	1,153,850
01Mar01	e-Success Incorporated - Units	50,000	100,000
01Feb01 to 28Feb01	Elliott & Page Cabot Blue Chip Fund - Class G Units	2,324,679	109,680
01Feb01 to 28Feb01	Elliott & Page Money Fund - Class G Units	11,824,537	1,182,453
01Feb01 to 28Feb01	Elliott & Page Balanced Fund - Class G Units	117,598	9,156
01Feb01 to 28Feb01	Elliott & Page Cabot Emerging Growth Fund - Class G Units	268,375	21,123
01Feb01 to 28Feb01	Elliott & Page Value Equity Fund - Class G Units	619,411	56,834
01Feb01 to 28Feb01	Elliott & Page Monthly High Income Fund - Class G Units	983,463	97,315
01Feb01 to 28Feb01	Elliott & Page U.S. Mid-Cap Fund - Class G Units	1,820,328	120,585
01Feb01 to 28Feb01	Elliott & Page Sector Rotation Fund - Class G Units	3,756,673	280,719
01Feb01 to 28Feb01	Elliott & Page Cabot Multi-Style Fund - Class G Units	6,018,275	374,575
01Feb01 to 28Feb01	Elliott & Page American Growth Fund - Class G Units	37,624	1,590
01Mar01	Equatorial Energy Inc. - Special B Warrants	4,257,500	1,310,000

Notice of Exempt Financings

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
28Feb01	Equity International Investment Trust - Units in a Unit Trust	300,000	191
01Mar01	ERAC Canada Finance Limited - 7.125% unconditionally guaranteed Senior Notes due March 1, 2006	\$190,683,690	\$190,850,000
28Feb01	Fleming Canada Offshore Select Trust - Units in a Unit Trust	349,999	1,451
15Feb01	Fleming Canada Offshore Select Trust - Units in a Unit Trust	350,004	1,400
01Mar01	Groupe Bocenor Inc. - Common Shares	3,000,000	7,317,073
01Mar01	Imaging Dynamics Corporation - Special Warrants	700,000	875,000
12Mar01	Impact Energy Inc. - Common Shares and Common Shares (on a Flow-Through Basis)	824,999, 75,000	1,499,999, 75,000 Resp.
23Feb01	K2 Arbitrage Fund, L.P. The - Class A Limited Partnership Units	50,000	50
31Jan01	K2 Arbitrage Fund, L.P. The, - Class A Limited Partnership Units	250,000	250
28Feb01	Kingwest Avenue Portfolio - Units	686,705	35,853
28Feb01	Lakeside Cypress Investments Limited Partnership - Class B Limited Partnership Unit	214,323	1
09Feb01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Fixed Income Fund, Russell Canadian Equity Fund, Russell Global Equity Fund - Units	34,860	348
02Feb01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	47,937	428
16Jan01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	169,598	1,545
07Feb01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Overseas Equity Fund - Units	302	2
07Feb01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	24,060	196
25Jan01	Lifepoints Achievement Fund - Units	11,885	114
01Feb01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	223,126	1,915
02Feb01	Lifepoints Balanced Growth Fund - Unit	38	36
09Feb01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Global Equity Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	108,648	1,005
06Feb01	Lifepoints Balanced Growth Fund, Lifepoints balanced Income Fund - Units	115,716	1,058
09Feb01	Lifepoints Balanced Long Term Growth, Lifepoints Balanced Growth, Lifepoints Balanced Income - Units	346	3
01Feb01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	170,212	1,447
08Feb01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Overseas Equity Fund - Units	459,343	4,220
02Feb01	Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	16,206	129
05Feb01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Global Equity Fund, Russell Overseas Equity Fund - Units	119,750	969
06Feb01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	138,813	1,192
02Feb01	Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Global Equity Fund - Units	800	5
06Feb01	Lifepoints Opportunity Fund, Russell Overseas Equity Fund - Units	327	2
30Jan01	Lifepoints Opportunity Fund - Units	457	3
07Feb01	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	1,323	12
30Jan01	Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	3,773	34

Notice of Exempt Financings

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
08Feb01	Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	2,064	.18
05Feb01	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	1,287	11
29Jan01	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	1,024,366	9,818
28Feb01	MakeaRez.com Inc. - Common Shares	155,000	1,255,000
28Feb01	Marquest Balanced Fund #750 - Units	921,934	82,986
28Feb01	Marquest Canadian Equity Growth Fund #501 - Units	1,419,470	118,201
28Feb01	Marquest Canadian Equity Fund #650 - Units	10,000	1,214
28Feb01	Marquest Dividend Income Fund #850 - Units	633,781	61,919
01Mar01	McElvaine Investment Trust, The - Units	288,500	22,419
08Mar01	O&Y Properties Corporation - Series A 6% Convertible Debenture due September 25, 2007	3,000,000	6
28Feb01	Optisonic Inc. - Common Shares	500,050	.50
12Mar01	Ranchero Energy Inc. - Flow-Through Class A Shares	490,914	272,730
12Mar01	Ranchero Energy Inc. - Flow-Through Class A Shares	655,200	364,000
09Mar01	Ranchero Energy Inc. - Flow-Through Class A Shares	1,240,912	681,820
15Jan01	Russell Canadian Fixed Income Fund - Unit	101	.88
08Feb01	Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund - Units	68,374	583
05Feb01	Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund - Units	35,162	291
09Feb01	Russell Canadian Equity Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund - Units	110,639	758
01Feb01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund - Units	201,406	1,248
19Feb01	Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	194,781	1,724
31Jan01	Russell Canadian Fixed Income Fund, Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Global Equity Fund - Units	12,679	116
24Jan01	Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund - Units	30,451	265
30Jan01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund - Units	37,733	283
02Feb01	Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	133,961	1,181
19Jan01	Russell Canadian Fixed Income Fund - Units	17,049	147
25Jan01	Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund - Units	26,840	228
16Jan01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	153,357	1,256
17Jan01	Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Income Fund - Units	9,956	82
18Jan01	Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund - Units	130,095	1,115
05Feb01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	261,313	2,231
07Feb01	Russell Canadian Equity Fund, Russell Global Equity Fund, Russell Overseas Equity Fund - Units	4,666	30
22Jan01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	422,576	3,576

Notice of Exempt Financings

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
23Jan01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	312,234	2,610
06Feb01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund - Units	115,948	923
25Jan01	Russell Canadian Equity Fund, Russell US Equity Fund - Units	131,622	715
29Jan01	Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund - Units	16,813	144
14Dec00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	534,547	3,674
30Jan01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund - Units	114,896	612
14Dec00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	8,652,171	59,483
29Jan01	Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund - Units	291,068	2,545
31Jan01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	1,000,000	7,857
30Jan01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	25,812	194
26Jan01	Russell Canadian Equity Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund - Units	36,985	283
07Feb01	Russell Canadian Equity Fund, Lifepoints Balanced Long Term Growth Fund - Units	77,354	461
22Dec01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	7,307,426	56,998
14Dec00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	9,613,026	68,025
30Jan01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	8,268	62
14Dec00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	264,692	1,873
15Jan01	Russell Canadian Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	986,912	8,828
09Feb01	Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund - Units	21,577	184
08Jan01	Russell Canadian Equity Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	7,322,123	51,416
01Feb01	Russell Overseas Equity Fund - Units	47,513	392
09Feb01	Russell Overseas Equity Fund - Units	2,580	21
16Jan01	Russell Overseas Equity Fund, Russell US Equity Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	129,937	1,064
24Jan01	Russell Overseas Equity Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	120,058	1,071
23Jan01	Russell Overseas Equity Fund, Russell US Equity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	39,728	326
28Dec00	Russell Overseas Equity Fund - Units	55,834	458
05Feb01	Russell Overseas Equity Fund - Units	4,701	39
26Jan01	Russell Overseas Equity Fund, Russell US Equity Fund - Units	9,440	96
06Feb01	Russell Overseas Equity Fund - Units	848	7
01Feb01	Russell Overseas Equity Fund - Units	27,603	227
02Feb01	Russell Overseas Equity Fund - Units	3,780	31
19Dec00	Russell U.S. Equity Fund - Units	295,767	2,127
22Dec00	Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	550,000	4,163
01Feb01	Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	56,000	406
22Jan01	Russell U.S. Equity Fund - Units	556	4
08Jan01	Russell U.S. Equity Fund - Units	7,339	54
02Feb01	Russell US Equity Fund - Units	1,405	10
15Jan01	Russell US Equity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund- Units	74,973	684

Notice of Exempt Financings

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
06Feb01	Russell US Equity Fund, Russell Overseas Equity Fund - Units	125,842	943
09Feb01	Russell US Equity Fund, Russell Overseas Equity Fund - Units	26,497	207
28Feb01	Sears Canada Receivables Trust - 1992 - 6.681% Senior Debentures, Series 1999-4	520,920,000	5,000,000
05Mar01	Sentinel Equicap Partnership - Units of Limited Partnership Interest	162,000	10
02Mar01	Stacey Investment Limited Partnership - Limited Partnership Units	50,065	2,320
15Mar01	Thomson Corporation, The - Common Shares	57,702,238	1,071,630
28Dec00 to 12Feb01	Vanguard Institutional Index Funds, Vanguard Total Stock Market Index Fund - Units	1,585,890	26,681
01Mar01	Zweig-DiMenna International Limited - Shares of Common Stock	1,541,319	25

Resale of Securities - (Form 45-501f2)

<u>Date of Resale</u>	<u>Date of Orig. Purchase</u>	<u>Seller</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
04Oct00	07May99	MRF 1998 III Limited Partnership	Berkley Petroleum Corp. - Common Shares	212,250	25,000
14Dec98	16Jan01	MRF 1998 III Limited Partnership	Burlington Resources Canada Inc. - Exchangeable Common Shares	1,291,615	16,666
31Dec99	15Jan01	MRF 1998 III Limited Partnership	Canadian 88 Energy Corporation - Common Shares	111,272	30,909
30Dec98	02Jan01	MRF 1998 III Limited Partnership	Compton Petroleum Corporation - Common Shares	1,585,000	500,000
16Jul99	16Jan01	MRF 1998 III Limited Partnership	Elk Point Resources - Common Shares	283,500	70,000
21Dec98	10Jan98	MRF 1998 III Limited Partnership	Magin Energy Inc. - Common Shares	952,850	295,000
09Sep99	16Jan01	MRF 1998 III Limited Partnership	Maxx Petroleum Ltd. - Common Shares	58,500	13,000
04Oct99	19Jan01	MRF 1998 III Limited Partnership	Paramount Resources Ltd. - Common Shares	150,000	10,000

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

<u>Seller</u>	<u>Security</u>	<u>Amount</u>
Apotex Holdings Inc.	Cangene Corporation - Common Shares	2,214,800
Xenolith Gold Limited	Kookaburra Resources Ltd. - Common Shares	1,893,700
Lagasco Inc.	Lagasco Corp. - Common Shares	9,817,968
SEB Family Corp.	Thomson Corporation, The - Common Shares	100,000
Mourin, Stanley	Western Troy Capital Resources Inc. - Common Shares	60,000

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Chapter 9
Legislation

THERE IS NO MATERIAL FOR THIS CHAPTER
IN THIS ISSUE

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

AGF Canadian Aggressive Equity Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated March 19th, 2001
Mutual Reliance Review System Receipt dated March 20th, 2001

Offering Price and Description:

Series F3- Securities - Net Asset Value

Underwriter(s) or Distributor(s):

AGF Funds Inc.

Promoter(s):

-

Project #339955

Issuer Name:

AIM Global Fund Inc. - Trimark U.S. Companies Class
AIM Global Fund Inc. - Trimark Select Growth Class
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated March 15th, 2001
Mutual Reliance Review System Receipt dated March 16th, 2001

Offering Price and Description:

Offering Series A and Series F Shares

Underwriter(s) or Distributor(s):

AIM Funds Management Inc.

Promoter(s):

-

Project #339559

Issuer Name:

Aliant Telecom Inc.
Principal Regulator - Nova Scotia

Type and Date:

Preliminary Short Form Shelf Prospectus dated March 15th, 2001
Mutual Reliance Review System Receipt dated March 19th, 2001

Offering Price and Description:

\$350,000,000 - Medium Term Notes (Unsecured)

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

CIBC World Markets Inc.

Scotia Capital Inc.

BMO Nesbitt Burns Inc.

National Bank Financial Inc.

TD Securities Inc.

Promoter(s):

-

Project #339643

Issuer Name:

Canadian Western Bank
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated March 19th, 2001
Mutual Reliance Review System Receipt dated March 19th, 2001

Offering Price and Description:

\$26,750,000 - 1,000,000 Common Shares @ \$26.75 per
Common Shares

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.

TD Securities Inc.

Promoter(s):

-

Project #339922

Issuer Name:

Coca-Cola Enterprises (Canada) Bottling Finance Company
Principal Regulator - Nova Scotia

Type and Date:

Preliminary Short Form Base Shelf Prospectus dated March 13th,
2001

Mutual Reliance Review System Receipt dated March 15th, 2001

Offering Price and Description:

\$2,000,000,000 Debt Securities (Unsecured)

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.

RBC Dominion Securities Inc.

Scotia Capital Inc.

TD Securities Inc.

Promoter(s):

-

Project #339011

Issuer Name:

Imaging Dynamics Corporation
Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated March 20th, 2001
Mutual Reliance Review System Receipt dated March 21st, 2001

Offering Price and Description:

(Minimum) * Common Shares or \$ * (Maximum) - * Common
Shares or \$ * . Price per Common Shares \$ *

Minimum Subscription Level \$ * and 4,043,750 Common Shares
and 2,021,875

Warrants Issuable upon the Exercise of Special Warrants

Underwriter(s) or Distributor(s):

Jennings Capital Inc.

Promoter(s):

Douglas Street

Project #340630

Issuer Name:

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

Type and Date:

Preliminary Short Form Prospectus dated March 14th, 2001
Mutual Reliance Review System Receipt dated March 16th, 2001

Offering Price and Description:

\$344,073,000 (Approximate) Commercial Mortgage-Backed
Bonds Series 2001-1

\$268,809,000 principal amount of * % Class A Bonds, due
January 15, 2012

\$25,088,000 principal amount of * % Class B Bonds, due
January 15, 2012

\$25,088,000 principal amount of * % Class C Bonds, due
January 15, 2012

\$25,088,000 principal amount of * % Class D Bonds, due
January 15, 2012

\$358,412,535 notional amount of Class 10 Bonds (interest
only)

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
Laurentian Bank Securities Inc.
Valeurs mobilières Desjardins Inc.

Promoter(s):

Hypothèques CDPQ Inc.
Project #339415

Issuer Name:

NHC Communications Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Prospectus dated March 15th, 2001
Mutual Reliance Review System Receipt dated March 15th, 2001

Offering Price and Description:

\$10,005,000 - 3,335,000 Units @ \$3.00 per Unit

Underwriter(s) or Distributor(s):

Yorkton Securities Inc.

Promoter(s):

Project #339305

Issuer Name:

Triple G Systems Group, Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated March 19th, 2001
Mutual Reliance Review System Receipt dated March 21st, 2001

Offering Price and Description:

\$6,000,000 to \$7,500,000 - * to * Common Shares and * Common
Shares issuable upon conversion
of \$3,000,000 principal amount, plus accrued interest, of
Convertible Debentures

Underwriter(s) or Distributor(s):

Yorkton Securities Inc.
Baystreetdirect Inc.

Promoter(s):

F. Lee Green
Project #340351

Issuer Name:

iUnits Government of Canada 5-Year Bond Fund
iUnits Government of Canada 10-Year Bond Fund

Principal Regulator - Ontario

Type and Date:

Amended and Restated Prospectus dated March 9th, 2001,
amending and restating

Prospectus dated November 1st, 2000

Mutual Reliance Review System Receipt dated 20th day of March,
2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Promoter(s):

Barclays Global Investors Canada Limited
Project #271337

Issuer Name:

iUnits S&P/TSE 60 Capped Index Fund
iUnits S&P/TSE Canadian MidCap Index Fund
iUnits S&P/TSE Canadian Energy Index Fund
iUnits S&P/TSE Canadian Information Technology Index Fund
iUnits S&P/TSE Canadian Gold Index Fund
iUnits S&P/TSE Canadian Financials Index Fund
Principal Regulator - Ontario

Type and Date:

Amended and Restated Prospectus dated March 9th, 2001,
amending and restating

Prospectus dated February 15th, 2001

Mutual Reliance Review System Receipt dated 20th day of March,
2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Promoter(s):

Barclays Global Investors Canada Limited
Project #301092

Issuer Name:

Royal Bank of Canada
Principal Regulator - Quebec

Type and Date:

Amended and Restated Short Form Prospectus dated March 7th,
2001 to Short Form Prospectus
dated May 14th, 1999

Mutual Reliance Review System Receipt dated 13th day of March,
2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Promoter(s):

Project #167459

Issuer Name:

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

Type and Date:

Amendment #5 dated March 5th, 2001 to Amended Simplified Prospectus and Annual Information Form dated July 21st, 2000
Mutual Reliance Review System Receipt dated 15th day of March, 2001

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

Underwriter(s) or Distributor(s):

Registered Dealer

Promoter(s):

AGF Funds Inc.

Project #216957

Issuer Name:

Global Strategy Growth & Income Fund
Principal Regulator - Ontario

Type and Date:

Amendment #5 dated March 5th, 2001 to Simplified Prospectus and Annual Information Form dated March 20th, 2000
Mutual Reliance Review System Receipt dated 15th day of March, 2001

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

Underwriter(s) or Distributor(s):

Registered Dealer

Promoter(s):

AGF Fund Inc.

Project #233505

Issuer Name:

Global Strategy World Companies RSP Fund
Global Strategy World Balanced RSP Fund
Principal Regulator - Ontario

Type and Date:

Amendment #5 dated March 5th, 2001 to Simplified Prospectus and Annual Information Form dated April 12th, 2000
Mutual Reliance Review System Receipt dated 15th day of March, 2001

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

Underwriter(s) or Distributor(s):

Registered Dealer

Promoter(s):

AGF Funds Inc.

Project #235240

Issuer Name:

Global Strategy World Companies RSP Fund
Global Strategy World Balanced RSP Fund
Principal Regulator - Ontario

Type and Date:

Amendment #5 dated March 5th, 2001 to Simplified Prospectus and Annual Information Form dated January 7th, 2000
Mutual Reliance Review System Receipt dated 15th day of March, 2001

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

Underwriter(s) or Distributor(s):

Registered Dealer

Promoter(s):

AGF Funds Inc

Project #176350

Issuer Name:

NETWORK CORP.
Principal Regulator - Ontario

Type and Date:

Amendment #2 dated March 13th, 2001 to Prospectus dated January 10th, 2001
Mutual Reliance Review System Receipt dated 16th day of March, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Promoter(s):

Project #307729

Issuer Name:

Purcell Energy Ltd.
Principal Regulator - Alberta

Type and Date:

Final Prospectus dated March 20th, 2001
Mutual Reliance Review System Receipt dated 21st day of March, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Salman Partners Inc.

Promoter(s):

-
Project #335818

Issuer Name:

Certicom Corp.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated March 16th, 2001
Mutual Reliance Review System Receipt dated 16th day of March, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Yorkton Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
TD Securities Inc.

Promoter(s):

-
Project #338004

Issuer Name:

Heller Financial Canada, Ltd.
Principal Regulator - Ontario

Type and Date:

Final Short Form Shelf Prospectus dated March 20th, 2001
Mutual Reliance Review System Receipt dated 21st day of March, 2001

Offering Price and Description:

750,000,000 Medium Term Notes (unsecured), guaranteed by Heller U.S.

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.

Promoter(s):

Heller Financial, Inc.

Project #338143

Issuer Name:

Royal Host Real Estate Investment Trust
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated March 16th, 2001
Mutual Reliance Review System Receipt dated 16th day of March, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
Raymond James Ltd.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.

Promoter(s):

-
Project #337738

Issuer Name:

Canada's Leading Companies Growth Trust, 2001 Portfolio
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form dated March 13th, 2001
Mutual Reliance Review System Receipt dated 16th day of March, 2001

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

Underwriter(s) or Distributor(s):

Promoter(s):

-
Project #328928

Chapter 12

Registrations

12.1.1 Securities

Type	Company	Category of Registration	Effective Date
Change in Category	First Trust Advisors L.P. Attention: Marlene Davidge c/o Torys Maritime Life Tower, Suite 3000, P.O. Box 270 Toronto Dominion Centre Toronto ON M5K 1N2	From: International Adviser (Investment Counsel & Portfolio Manager) To: Non-Canadian Advisor Investment Counsel & Portfolio Manager	Mar 15/01
New Registration	TN Capital Equities, Ltd. Attention: Wayne T. Egan c/o Weir & Foulds Exchange Tower, Suite 1600 P.O. Box 480, 130 King Street West Toronto ON M5X 1J5	International Dealer	Mar 15/01
New Registration	Brenton Reef Investment Management Inc. Attention: Philip Kenelm Gow 49 Front Street East, 3 rd Floor Toronto ON M5E 1B3	Investment Counsel & Portfolio Manager	Mar 16/01
New Registration	Meritas Financial Inc. Attention: Gary Alan Hawton 410 Hespeler Road, Unit 5 Cambridge ON N1R 6J6	Limited Market Dealer (Conditional) Investment Counsel & Portfolio Manager	Mar 20/01
New Registration	Lighthouse Private Client Corporation Attention: Frank Christopher Jurjevich 1 London Place, Suite 2350 London ON N6A 5R8	Investment Dealer Equities	Mar 20/01

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SRO Notices and Disciplinary Proceedings

13.1 SRO Notices and Disciplinary Decisions

13.1.1 IDA - Proposed Regulation Amendment - Early Warning Level 2

INVESTMENT DEALERS ASSOCIATION OF CANADA – PROPOSED REGULATION AMENDMENT – EARLY WARNING LEVEL 2

I OVERVIEW

A Current Rules

The IDA early warning rules serve to identify Member firms that face financial difficulty that may result in future impairment of regulatory capital.

Early Warning Level 1, in addition to capital, profitability, and liquidity tests, provides discretionary powers to the IDA to designate a Member firm in this early warning category for operational and record keeping difficulties. The primary sanctions available under this early warning designation include increasing the frequency of regulatory financial reporting to the IDA and restricting the firm's ability to alter its capital structure and its ability to pay discretionary bonuses.

Early Warning Level 2 is based on a higher threshold of capital, profitability and liquidity tests than Level 1. The sanctions include those covered in Early Warning Level 1. They also include further business restrictions at the discretion of applicable District Council. These business restrictions may include all or any of the following:

- Prohibiting a firm from opening new branches;
- Prohibiting a firm from hiring new registered representatives;
- Prohibiting a firm from opening new customer accounts;
- Prohibiting a firm from materially changing inventory positions;
- Prohibiting a firm from making significant capital expenditures.

There are presently no Early Warning Level 2 discretionary business restriction sanctions applicable for any Member firm that encounters serious record keeping or operational difficulties, resulting from changes in clearing methods, system conversions, etc.

It should be noted that IDA By-law 30.4 was amended April, 1999 to include the criteria of failure to adequately prepare for Year 2000 which may lead to financial and/or operational difficulties. This was an interim emergency measure implemented at the suggestion of the CSA to deal with Member firms that did not appear to have made appropriate preparations for the Year 2000.

B The Issues

When a Member firm is experiencing significant operational difficulties, it may cast doubts on the accuracy of its capital calculations. It may also raise questions about its ability to cope with significant new business initiatives such as entering new product areas or opening new branches. The IDA Member Regulation staff currently has no authority to prevent Members from taking such steps even where these steps could potentially result in further significant operational problems, effect client service and even result in a loss to the Canadian Investor Protection Fund.

District Councils are provided with reports by Member Regulation staff of Member firms and their financial condition that are designated in level 2 early warning. This places the District Councils in a difficult role in assessing the significance of this information and to further determine, at their discretion, whether to place business restrictions on the Member firm.

C Objective

The objective of the proposed change is to give the IDA staff the authority to prevent a Member from taking action that could exacerbate an already unacceptable situation.

D Effect of the Proposed Rules

The proposed rules would have no effect on market structure or other rules. It may have short-term impact on the competitiveness of an effected Member. However, typically Members in this state are already providing inferior service and are at a significant competitive disadvantage because of these inferior service levels.

II DETAILED ANALYSIS

A Present Rules, Relevant History and Proposed Policy

Over the years, a number of Members have experienced significant operational problems because of systems conversions, mergers, entering new businesses or staff turnover. At times, these problems have been so significant that the accuracy of capital and other reports prepared by the Member has been questionable. Generally, under these circumstances, Members have recognized the wisdom of not making further significant changes to their business until the problems were resolved. However, the IDA has not been in a position to prevent the Member from making further significant changes. The IDA's only course of action has been to monitor the firm's condition closely and suggest that the firm refrain from making significant business changes until their problems were resolved.

It is recommended that the Early Warning Level 2 rules be extended to allow discretionary business restrictions to apply to Member firms that encounter serious operational difficulties. Such difficulties would include failing to maintain an adequate system

of books and records. This would permit the IDA to exercise its regulatory authority and intervene on a timely basis by imposing business restrictions on any expansion plans of Members experiencing serious record keeping or operational difficulties. The regulatory alternative available is suspension of membership if there is the possibility of financial loss to the public.

There is a need to balance the timeliness of applying discretionary business restrictions on any Member firm and affording firms' the opportunity to have such restrictions reviewed independently. The IDA rules should permit the immediate application of discretionary business restrictions when warranted and allow any Member firm to request a review, and make submissions before, at least two members of the applicable District Council within 10 business days of the request.

In addition to the foregoing substantive issues, related technical amendments are required to clarify the basis on which Member firms will be determined to be no longer in Early Warning level 1 or 2.

It is recommended that By-law 30.4, 30.5 and 30.6 Early Warning Level 2 be amended as follows:

- 1) Provide the Vice-President of Financial Compliance with discretion to designate a Member firm in level 2 early warning for serious operational difficulties including failing to maintain an adequate system of books and records.
- 2) Allow the Vice-President of Financial Compliance to determine whether any business restrictions should be imposed on any Member firm triggering level 2 early warning. The Member firm has 3 business days from the date of the order to request for a review of by a at least two designated members of the applicable District Council (the "Panel"). Within 7 business days of the request for a review by the Member firm or longer has may be agreed upon, the Panel will hear representations from both the Member firm and IDA Regulation staff on the matter. The Panel will then determine whether to revoke, amend or confirm the business restrictions as determined by the IDA to become effective immediately.
- 3) Require that the Vice-President of Financial Compliance to report to the applicable District Council on a no name basis any Member firm designated in level 2 early warning.
- 4) Clarify the basis on which it will be determined that a Member firm is no longer designated in Early Warning level 1 or 2.

B Comparison with Similar Provisions

This rule amendment regarding designating a Member firm in Early Warning level 2 for financial and operational difficulties is consistent with rule changes implemented by the Vancouver Stock Exchange, The Alberta Stock Exchange (prior to their merger into the Canadian Venture Exchange Inc.) and the Montreal Exchange. The mechanics by which discretionary business restrictions are implemented by the SROs generally include the approval of an internal governance committee. However, there is no provision to allow the Member firm to appeal the decision.

The National Association of Securities Dealers ("NASD") has the power to direct a member to not expand its business or to reduce its business as required by the Association when it restricts a member for any financial or operational reason.

The NASD Manual states that "In the opinion of the Board of Governors, it would be impractical and unwise to attempt to identify and list all of the situations and practices which might lead to the imposition of restrictions or the types of remedial actions the Association may direct be taken because they are numerous and cannot be totally identified or specified with any degree of precision. The Board believes, however, that it would be helpful to members' understanding to list some of the other bases upon which the Association may conclude that a member is in or approaching financial difficulty." Included in this list are the following:

- The member has experienced a substantial change in the manner in which it processes its business that, in the view of the Association, increases the potential risk of loss to customers and members.
- The member is not in compliance, or is unable to demonstrate compliance, with applicable net capital requirements.
- The member is not in compliance, or is unable to demonstrate compliance, with SEC Rule 15c3-3 (Customer Protection – Reserves and Custody of Securities).
- The member is unable to clear and settle transactions promptly.
- The member's overall business operations are in such a condition, given the nature and kind of its business that, notwithstanding the absence of any of the conditions enumerated above, a determination of financial or operational difficulty should be made.

C Public Interest Objective

The amendment is designed to promote the protection of investors and just and equitable principles of trade and high standards of operations, business conduct and ethics.

It does not permit unfair discrimination among customers, issuers, brokers, dealers, members or others. It also does not impose any burden on competition that is not necessary or appropriate in furtherance of the above purposes.

III COMMENTARY

A Filing in Other Jurisdictions

Similar filings are being made in Alberta, British Columbia and Nova Scotia.

B Effectiveness

While the proposed rule will not result in solving the operational problems being experienced by a Member firm, they do allow the IDA to ensure that the Member does not take actions which will create further problems. For this reason, the IDA believes that the proposed rule will be reasonably effective.

C Process

This amendment was developed by IDA staff and approved by the FAS, IDA District Councils and Board of Directors.

IV SOURCES

- IDA By-law 30
- NASD Manual – NASD-M 3130 Regulation of Activities of Members Experiencing Financial and/or Operational Difficulties
- Montreal Exchange Rules
- Rules of the former Vancouver Stock Exchange
- Rules of the former Alberta Stock Exchange

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is required to publish for comment the accompanying rule amendments so that the issue referred to above may be considered by OSC staff.

The Association has determined that the entry into force of the proposed amendments would be in the public interest. Comments are sought on the proposed rule amendments. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of the Association Secretary, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager, Document Management, Market Operations, Ontario Securities Commission, 20 Queen Street West, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

Keith Rose
Vice-President, Regulatory Policy
Investment Dealers Association of Canada
(416) 943-6907

or

Louis P. Piergeti
Vice-President, Financial Compliance
Investment Dealers Association of Canada
(416) 865-3026

INVESTMENT DEALERS ASSOCIATION OF CANADA

BY-LAW NO. 30

EARLY WARNING SYSTEM

The **BOARD OF DIRECTORS** of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

30.1 A Member shall be designated in early warning level 1 or level 2 according to its capital, profitability and liquidity position from time to time and frequency of designation or at the discretion of the Vice-President, Financial Compliance as provided in this By-law 30. The terms and definitions used in this By-law shall have the same meanings as used in Statement C and Schedules 13 and 13A to Form 1 of the Association, unless otherwise defined in the By-laws or Regulations or the context requires, and reference shall be made to such Statement and Schedules in interpreting this By-law 30.

30.2 LEVEL 1.

A Member shall be designated in early warning level 1 if at any time:

Liquidity

Its early warning reserve is a negative number; or

Capital

Its risk adjusted capital is less than 5% of total margin required; or

Profitability

1. The quotients obtained by dividing each of
 - (a) risk adjusted capital as at the date of calculation; and
 - (b) risk adjusted capital as at the end of the preceding month.

by the average of the net profit or loss (before interest on internal subordinated debt, bonuses, income taxes and extraordinary items) for the six month periods ending with (i) the current month and (ii) the preceding month, respectively, where such average is a loss, are

- (c) both greater than or equal to three but less than six, or
- (d) the quotient obtained using the number in paragraph (a) as a divisor is greater than or equal to three but less than six and the quotient using the

number in paragraph (b) as a divisor is less than three; or

2. The risk adjusted capital at the time of calculation is less than six times the net loss (as defined above) for the current month; or

Discretionary

The condition of the Member, in the sole discretion of the Vice-President, Financial Compliance, is not satisfactory for any reason including, without limitation, financial or operating difficulties, problems arising from record keeping conversion or significant changes in clearing methods, the fact that the Member is a new Member or the Member has been late in any filing or reporting required pursuant to the By-laws and Regulations.

30.3 If a Member is designated in early warning level 1 then, notwithstanding the provisions of any By-law (other than By-law 30.5), Regulation, Ruling or Policy of the Association, the following provisions shall apply:

- (i) the chief executive officer and chief financial officer of the Member shall immediately deliver to the Vice-President, Financial Compliance a letter containing the following:

- (1) advice of the fact that any of the circumstances in By-law 30.2 are applicable;
- (2) an outline of the problems associated with the circumstances referred to in (1);
- (3) an outline of the proposal of the Member to rectify the problems identified; and
- (4) an acknowledgement that the Member is in early warning category and that the restrictions contained in By-law 30.3(iv) apply;

a copy of which letter shall be provided to the Member's auditor and to the Canadian Investor Protection Fund:

- (ii) the Vice-President, Financial Compliance shall immediately designate the Member as being in an early warning category level 1 and shall deliver to the chief executive officer and chief financial officer a letter containing the following:

- (1) advice that the Member is designated as being in early warning category level 1;
- (2) a request that the Member file its next monthly financial report required pursuant to By-law 16.4 no later than 15 business days or, in the discretion of the Vice-President, Financial Compliance if he considers it to be practicable, such earlier time following the end of the relevant month;
- (3) a request that the Member respond to the letter as required under paragraph (iii) and that such response, together with the notice received pursuant to paragraph (i), will be forwarded to the Canadian Investor Protection Fund and may be

forwarded to any securities commission having jurisdiction over the Member;

- (4) advice that the restrictions referred to in paragraph (iv) shall apply to the Member;
 - (5) such other information as the Vice-President, Financial Compliance shall consider relevant;
- (iii) the chief executive officer and the chief financial officer of the Member shall respond by letter signed by them both within five business days of receipt of the letter referred to in paragraph (ii), with a copy to be sent to the auditor of the Member, containing the information and acknowledgement required pursuant to paragraphs (1)(2), (3) and (4), to the extent not previously provided, or an update of such information if any material circumstances or facts have changed.
- (iv) if and so long as the Member remains designated as being in an early warning category, it shall not without the prior written consent of the Vice-President, Financial Compliance:
- (1) reduce its capital in any manner including by redemption, re-purchase or cancellation of any of its shares;
 - (2) reduce or repay any indebtedness which has been subordinated with the approval of the Association;
 - (3) directly or indirectly make any payments by way of loan, advance, bonus, dividend, repayment or capital or other distribution of assets to any director, officer, partner, shareholder, related company, affiliate or associate; or
 - (4) increase its non-allowable assets (as specified by the Vice-President, Financial Compliance) unless a prior binding commitment to do so exists or enter into any new commitments which would have the effect of materially increasing the non-allowable assets of the Member;
- (v) if and so long as the member remains designated as being in an early warning category it shall continue to file its monthly financial reports within the time specified pursuant to clause (2) of By-law 30.3(ii);
- (vi) as soon as practicable after the Member is designated as being in an early warning category, the Vice-President, Financial Compliance shall conduct an on-site review of the Member's procedures for monitoring capital on a daily basis and prepare a report as to the results of the review.

The Vice-President, Financial Compliance shall also report monthly to the applicable District Council of the Association of the fact that a Member has been designated as being in an early warning category level 1 without naming the Member.

No Member shall enter into any transaction or take any action, as described in any of sub-clauses (1), (2), (3) or (4) of clause (iv) of this By-law 30.3 which, when completed, would have or would reasonably be expected to have the effect on the Member as

described in any of paragraphs (a), (b), (c) or (d), without first notifying the Vice-President, Financial Compliance in writing of its intention to do so and receiving the written approval of the Vice-President, Financial Compliance prior to implementing such transaction or action.

30.7 LEVEL 2.

A Member shall be designated in early warning level 2 if at any time:

Liquidity

Its early warning excess is a negative number; or

Capital

Its risk adjusted capital is less than 2% of total margin required; or

Profitability

1. The quotients obtained by dividing each of
 - (a) risk adjusted capital as at the date of calculation; and
 - (b) risk adjusted capital as at the end of the preceding month,by the average of the net profit or loss (before interest on internal subordinated debt, bonuses, income taxes and extraordinary items) for the six month periods ending with (i) the current month and (ii) the preceding month, respectively, where such average is a loss, are
 - (c) both less than three, or
 - (d) the quotient obtained by using the number in paragraph (b) as a divisor is greater than or equal to three but less than six, and the quotient obtained by using the number in paragraph (a) is less than three, or
2. the risk adjusted capital at the date of calculation is less than three times the net loss (as defined above) for the current month; or
3. the risk adjusted capital at the time of calculation is less than the total net profit or loss (as defined above) for the three months ending with the current month; or

Discretionary

The condition of the Member, in the sole discretion of the Vice-President, Financial Compliance, is not satisfactory for any reason including, without limitation, financial or operating difficulties, problems arising from record keeping conversion or significant changes in clearing methods, the fact that the Member is a new Member or the Member has been late in any filing or reporting required pursuant to the By-laws and Regulations.

Frequency

1. It has been designated in an early warning level (any combination of levels 1 and 2) three or more times in the preceding six months; or
2. it has been designated in early warning level 1 under the Profitability criteria and at the time has been designated in early warning level 1 under either the Liquidity or Capital criteria.

30.8 If the Member is designated as being in early warning level 2, the following provisions shall apply in addition to the provisions of By-law 30.3 which shall continue to apply except to the extent inconsistent with this By-law 30.5:

- (a) the chief executive officer and the chief financial officer of the Member shall immediately deliver to the Vice-President, Financial Compliance a letter advising that the circumstances of this By-law 30.5 are applicable to the Member;
- (b) the Member shall file its monthly financial reports required pursuant to By-law 16.4 no later than 10 business days, or, in the discretion of the Vice-President, Financial Compliance if she or she considers it to be practicable, such earlier time following the end of the relevant month;
- (c) the chief executive officer and the chief financial officer of the Member shall attend at the offices of the Association to outline the proposals of the Member for rectifying the problems which account for the Member being designated as being in early warning category Level 2;
- (d) the Member shall files a weekly capital report containing the same information required in a monthly financial report pursuant to By-law 16.4 no later than five business days or, in the discretion of the Vice-President, Financial Compliance if he or she considers it to be practicable, such earlier time following the end of the relevant week;
- (e) the Member shall file weekly on a form prescribed by the Vice-President, Financial Compliance a report of its aged segregation deficiencies and an explanation of the actions proposed to be taken pursuant to Regulation 2000.10 to correct such deficiencies;
- (f) the Member shall prepare and file a business plan relating to the Member's business within such time, for such period and covering such matters as the Vice-President, Financial Compliance may direct;
- (g) the Vice-President, Financial Compliance may request and the Member shall provide in such time as the Vice-President, Financial Compliance considers practicable, such reports or information, on a daily or a less frequent basis, as may be necessary or desirable in the opinion of the Vice-President, Financial Compliance to assess and monitor the financial condition or operations of the Member;
- (h) the Vice-President, Financial Compliance shall report monthly to the applicable District Council of the

Association of the fact that a Member has been designated as being in an early warning category level 2 and any restrictions imposed in respect to By-law 30.6 without naming the Member;

- (i) the member shall pay, at the discretion of the Vice-President, Financial Compliance, the reasonable costs and expenses of the Association incurred in connection with the administration of this By-law 30 in respect of the Member;
- (j) the amount of client's free credit balances permitted to be used by a Member pursuant to Regulation 1200 may be reduced to such amount as the Vice-President, Financial Compliance may in his opinion consider desirable.

30.9 The Vice-President, Financial Compliance may, in his or her sole discretion, propose that a Member which is designated as being in the early warning category level 2 be prohibited from opening any new branch offices, hiring any new registered representative or investment representative, opening any new customer accounts or changing in any material respect the inventory positions of the Member. If the Vice-President, Financial Compliance proposes any such prohibitions pursuant to this By-law, he or she shall give written notice to the Member, and the Member may request in writing within 3 business days of receipt of notice that the proposal be reviewed by members of the applicable District Council. If no request for review is made, the prohibitions shall apply as of such date designated by the Vice-President, Financial Compliance occurring on or after the expiration of the said 3 business days. In the event that such a request is made, the Chair or the Vice-Chair of the applicable District Council shall designate at least two members of the District Council to review the order and to confirm, amend, or revoke the proposal of the Vice-President, Financial Compliance within 7 business days of the request for review, or such longer time as may be agreed by the Member. The Member and the Vice-President, Financial Compliance shall be permitted to make representations in such review in person (including by their respective staff, agents or counsel) or in writing. Pending the expiration of the said 3 business days notice by the Vice-President, Financial Compliance and the result of the review, if applicable, the prohibitions shall not apply, but on becoming effective shall continue until the Member is so designated as not being in an early warning category Level 2.

30.10 The Vice-President, Financial Compliance shall promptly advise any other participating institution of the Canadian Investor Protection Fund of which a Member is also a member of the fact that the Member has been designated as being early warning category level 2, the reasons for such designation and any sanctions or restrictions that have been imposed upon the Member pursuant to By-law 30.6 or By-law 19.

30.11 A Member shall remain designated as being in early warning level 1 or level 2, as the case may be, and subject to the provisions in this By-law 30 as are applicable, until the latest filed monthly financial reports of the Member, or such other evidence or assurances as may be appropriate in the circumstances demonstrate, in the opinion of the Vice-President, Financial Compliance, that the Member no longer is required to be designated as being in an early warning category and the Member has otherwise complied with this By-law 30.

13.1.2 IDA - Joseph Michael Shaughnessy

**IN THE MATTER OF
THE INVESTMENT DEALERS ASSOCIATION OF CANADA**

AND

JOSEPH MICHAEL SHAUGHNESSY

RULING OF THE ONTARIO DISTRICT COUNCIL

Hearing: February 13, 2001

District Council: Philip Anisman, Chair
Thomas A. Flanagan
Brigitte J. Geisler

Counsel: Alice L. Abbott, for the Investment
Dealers Association of Canada

David Harris, for the respondent,
Joseph Michael Shaughnessy

INTRODUCTION

Following the District Council's ruling of July 26, 2000, a hearing was scheduled for February 13, 2001 to consider on the merits the outstanding matters in the Notice of Hearing of August 9, 1999 (the "Notice of Hearing") relating to Mr. Shaughnessy. On February 8, 2001 the members of the District Council were advised in a letter dated February 7, 2001 from Ms. Abbott, counsel for the Association, that the Association's enforcement staff had decided to withdraw the Notice of Hearing and all of the allegations against Mr. Shaughnessy. Mr. Harris, counsel for Mr. Shaughnessy, subsequently indicated his intention to make submissions as to costs and to request an adjournment to enable him to do so. As a result, the District Council requested counsel for the Association to provide a fuller explanation of the reasons for the decision to withdraw the Notice of Hearing and requested counsel for both parties to address the District Council's jurisdiction to award costs to a respondent.

REASONS FOR WITHDRAWAL

Ms. Abbott informed the District Council that after she assumed responsibility for this matter last summer, she obtained dates for the hearing and contacted the six witnesses whom the Association intended to call, all of whom agreed to testify at the hearing. In December one witness indicated that he would not attend the hearing. Ms. Abbott confirmed the dates for the hearing in a letter to the remaining five witnesses early in January. In mid-January two additional witnesses informed her they would not testify and two of the remaining witnesses informed her of their similar decisions the following week. She said, in each case, that the reasons for their decisions related to their personal circumstances and the fact that they lived some distance from Toronto.

Other possible witnesses were then contacted by Ms. Abbott, but after meeting with them she concluded that they were unable to provide adequate evidence to justify proceeding against Mr. Shaughnessy without the supporting testimony of the

witnesses who had previously withdrawn. She also attempted to contact three other possible witnesses identified in the Notice of Hearing, but one was unable to attend on the hearing dates and she was unsuccessful in reaching the other two.

Ms. Abbott concluded therefore that the Association would be unable at a hearing to present any evidence to contradict Mr. Shaughnessy's position that his registered assistants had satisfied the relevant requirements in the Association's By-laws. As a result of this conclusion, the Association's enforcement staff determined to withdraw the Notice of Hearing and allegations and so informed the District Council and Mr. Harris in Ms. Abbott's letter of February 7, 2001.

REQUEST FOR AN ADJOURNMENT

Mr. Harris did not oppose withdrawal of the Notice of Hearing, but he sought an adjournment to prepare submissions requesting the District Council to order the Association to reimburse Mr. Shaughnessy for costs incurred in connection with the proceeding. He said the adjournment was required to enable him to address the District Council's jurisdiction and to obtain a copy of the agreement under which the member regulation operations of The Toronto Stock Exchange (the "TSE") were transferred to the Association, which he thought might be relevant to this issue.

Mr. Harris said his costs submissions would be premised on the Association's having become a governmental body as a result of its recognition as a self-regulatory organization under the *Securities Act* (Ontario) and approval by the Ontario Securities Commission of the transfer agreement between it and the TSE. In his submission the District Council is therefore a statutory tribunal with authority to decide if the Association's By-laws violate the *Canadian Charter of Rights and Freedoms* (the "Charter") and to grant remedies for its breach.

He said he intended to argue that paragraph 20.12 of the Association's By-laws contravenes the equality rights under section 15 of the *Charter* in so far as it authorizes the District Council to award costs to be paid to the Association by a respondent, but not to award costs against the Association. He submitted that if the District Council declares this provision invalid and refuses to apply it, the District Council would have inherent jurisdiction to award costs to either party. Alternatively, he suggested that the District Council could grant a remedy under section 24 of the *Charter* or read into paragraph 20.12 the authority necessary to bring it into line with the *Charter's* equality norms. He argued that a remedy is necessary in view of the unfairness of withdrawal of the Notice of Hearing a few days before the hearing date.

His request for an adjournment was to enable him to prepare and present these submissions on behalf of Mr. Shaughnessy, which he said would not require more than a few days.

RULING

At the conclusion of the hearing, after a brief adjournment, the District Council ruled that it would not grant the adjournment requested by Mr. Harris, with reasons to follow.

REASONS

As stated in its previous ruling in this matter, the District Council has no inherent jurisdiction, but only the authority conferred by the Association's By-laws; see *In the Matter of Joseph Michael Shaughnessy*, (2000) 23 O.S.C.B. 5479 (August 4) at 5484; cf. *In the Matter of Edward Richard Milewski*, (1999) 22 O.S.C.B. 5244 (August 20). Although paragraph 20.12 of the By-laws authorizes the District Council to require a respondent to pay to the Association all or part of the costs of a proceeding and any related investigation, it does not provide corresponding authority to award costs to a respondent; see *In the Matters of Derivative Services Inc. and Malcolm Robert Bruce Kyle*, (2000) O.S.C.B. 5244 (July 28) at 5245. This lack of authority precludes the District Council from utilizing costs to address the manner in which the Association conducts a proceeding, and may permit unfairness in some circumstances, but the District Council has no jurisdiction to create such remedies. Such jurisdiction can only be conferred on it through amendment of the Association's By-laws following the processes specified in the Association's constitution; see *In the Matters of Derivative Services Inc. and Malcolm Robert Bruce Kyle*, (1999) 22 O.S.C.B. 5544 (September 3) at 5546 ("*Derivative Services*").

Mr. Harris' intended submissions would have required reconsideration of the conclusion in the *Derivative Services* decision that the Association is not a government body under the *Charter* with respect to investigative and disciplinary activities under its By-laws; see 22 O.S.C.B. at 5553-54. No new argument that would lead the District Council to question the correctness of its earlier decision on these issues was advanced. In addition, it is at best doubtful that the uni-directed costs provision in paragraph 20.12 of the By-laws is contrary to section 15 of the *Charter*; see, e.g., P.W. Hogg, 2 *Constitutional Law of Canada*, § 52.7 (Looseleaf ed. 1999).

Moreover, even if the District Council were prepared to reconsider this decision, it lacks authority to grant the remedies necessary to award costs to Mr. Shaughnessy. Such an award would require both a declaration that the costs provision in paragraph 20.12 is contrary to the *Charter* and the creation of a remedy to rectify the alleged inequality. As it has previously held, the District Council does not have authority to refuse to apply an Association By-law on the basis of inconsistency with the *Charter* or to read in provisions to rectify any such inconsistency; see *Derivative Services*, 22 O.S.C.B. at 5552-53. Nor does it have authority to grant a remedy under section 24 of the *Charter*; see *In the Matter of Joseph Michael Shaughnessy*, 23 O.S.C.B. at 5482 n. 5.

In any event, on the basis of counsels' submissions, the District Council is of the view that it is unlikely that a subsequent hearing would demonstrate that the decision of the Association's enforcement staff to withdraw the Notice of Hearing was arbitrary or unfair. As the District Council is not a statutory tribunal, the Association cannot compel the testimony of witnesses other than members, their approved persons and employees, and other persons subject to the Association's jurisdiction; see By-laws, paras. 20.23-20.24; *Derivative Services*, 22 O.S.C.B. at 5551-52. There is no indication that the Association could or should have anticipated that its proposed witnesses would decide not to attend and testify. In the circumstances described by Ms. Abbott, the decision to withdraw the Notice of Hearing appears not to have

SRO Notices and Disciplinary Decisions

been unreasonable and to have been taken expeditiously after the proposed witnesses changed their minds.

For all of these reasons the District Council determined not to grant Mr. Harris' request for an adjournment. As a result, the Notice of Hearing and allegations against Mr. Shaughnessy having been withdrawn and Mr. Shaughnessy having consented to the withdrawal, this proceeding is concluded.

February 16, 2001.

"Philip Anisman"

"Thomas A. Flanagan"

"Brigitte J. Geisler"

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Chapter 25

Other Information

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