The Ontario Securities Commission

OSC Bulletin

April 6, 2001

Volume 24, Issue 14

(2001), 24 OSCB

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

The Ontario Securites Commission
Cadillac Fairview Tower
Suite 800, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

416-593-8314 or Toll Free 1-877-785-1555

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Contact Centre - Inquiries, Complaints:	Fax: 593-8122
Capital Markets Branch:	Fax: 593-3651
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Corporate Finance - Filings Team 1:	Fax: 593-8244
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General Counsel's Office:	Fax: 593-3681
Office of the Secretary:	Fax: 593-2318

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Full copies of both Insider Reports and Public Filings listed in Chapters 7 and 10 respectively are available from: Demand Documents Department, Micromedia, 20 Victoria Street, Toronto, Ontario M5C 2N8 (416) 362-5211, extension 2211.

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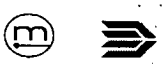

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

April 6, 2001

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

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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
May 3/2001 10:00 a.m.	**Jack Banks a.k.a. Jacques Benquesus and Larry Weltman** s. 127 Ms. K. Wootton in attendance for staff. Panel: PMM
Apr 4/2001 2:00 p.m.	**Michael Bourgon** s. 127 Mr. Hugh Corbett in attendance for staff. Panel: HIW
Apr 16/2001- Apr 30/2001 10:00 a.m.	**Philip Services Corp., Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey, Colin Soule, Robert Waxman and John Woodcroft** s. 127 Ms. K. Manarin & Ms. K. Wootton in attendance for staff. Panel: TBA

May 7/2001-
May 18/2001
10:00 a.m.

YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths Mcburney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)

s. 127

Mr. I. Smith in attendance for staff.

Panel: HIW / DB / MPC

ADJOURNED SINE DIE

DJL Capital Corp. and Dennis John Little

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

First Federal Capital (Canada) Corporation and Monter Morris Friesner

Global Privacy Management Trust and Robert Cranston

Irvine James Dyck

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

Offshore Marketing Alliance and Warren English

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

S. B. McLaughlin

Southwest Securities

Terry G. Dodsley

Wayne Umetsu

PROVINCIAL DIVISION PROCEEDINGS

Date to be announced	**Michael Cowpland and M.C.J.C. Holdings Inc.** s. 122 Ms. M. Sopinka in attendance for staff. Ottawa
Jan 29/2001 - Jun 22/2001	**John Bernard Felderhof** Mssrs. J. Naster and I. Smith for staff. Courtroom TBA, Provincial Offences Court Old City Hall, Toronto
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** s. 122 Mr. D. Ferris in attendance for staff. Provincial Offences Court Old City Hall, Toronto
Jan 29/2001 - Feb 2/2001 Apr 30/2001 - May 7/2001 9:00 a.m.	**Einar Bellfield** s. 122 Ms. K. Manarin in attendance for staff. Courtroom C, Provincial Offences Court Old City Hall, Toronto

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

1.1.2 CSA Notice 33-401 - Canadian Capital Markets Association - T + 1 White Paper

CANADIAN SECURITIES ADMINISTRATORS NOTICE 33-401

CANADIAN CAPITAL MARKETS ASSOCIATION T + 1 WHITE PAPER

The Canadian Capital Markets Association ("CCMA") is an organization launched last August by participants in the Canadian financial services industries to identify and recommend ways to meet the challenges and opportunities faced by our capital markets. The immediate priority facing the CCMA is to coordinate shortening the time it takes to clear and settle a securities trade (i.e., to exchange securities for money) to coincide with similar efforts under way in the United States. The securities industries of Canada and the U.S. are planning to shorten the settlement period to one day after the date of the trade (T+1) by mid 2004. The current practice is to settle a trade three days after trade date (T+3).

Among the various working groups formed by the CCMA board of directors to work on the T+1 project is the Institutional Trade Processing Working Committee ("ITPWC"). The ITPWC is composed of representatives of dealer firms, fund managers, custodians, industry and pension associations, and infrastructure service providers (such as The Canadian Depository for Securities Limited ("CDS") and FundSERV Inc). The ITPWC's mandate is to identify and co-ordinate implementation of institutional trade-related improvements to the Canadian capital markets that require cross-industry support. The ITPWC is seeking industry input for the changes that will be required to move to T+1, in particular the trade communications flow between fund managers, dealers, custodians and CDS. The ITPWC has recently released a "T+1 White Paper" which describes various options for a type of straight-though processing ("STP") model for Canada, and proposes a "new design" for institutional trade communications in a T+1 environment. STP is the completion of pre-settlement and settlement processes based on trade data that is manually entered only once into an automated system.[1] The paper outlines the process flows for the preferred STP design and highlights the changes that will be required by fund managers and their suppliers, dealers, custodians and CDS.

Attached as Schedule "A" to this notice is a copy of the CCMA press release in connection with the release of the T+1 White Paper. The T+1 White Paper is available on the CCMA's Internet web site at **www.ccma-acmc.ca**. The ITPWC is seeking public comments from all interested parties by May 8, 2001. The CCMA press release describes how comments should be submitted.

[1] See report of the International Organization of Securities Commissions (IOSCO) and the Committee on Payment and Settlement Systems (CPSS) of the central banks of the Group of Ten Countries, *Recommendations for Securities Settlement Systems - Report of the CPSS-IOSCO Joint Task Force on Securities Settlement Systems*, January 2001, at page 9. The report is available on the website of the Bank for International Settlements (www.bis.org) and the IOSCO website (www.iosco.org).

The Canadian Securities Administrators ("CSA") support the move to T+1 and applaud the CCMA's initiatives in this regard. Market participants are encouraged to comment on the T+1 White Paper. The CSA are interested in reviewing the comments received by the CCMA on which of the STP models described in the White Paper would best achieve the efficiency and global competitiveness of our capital markets.

For further information contact:

Randee Pavalow
Manager, Market Regulation
Capital Markets
Ontario Securities Commission
Phone: 416-593-8257
Fax: 416-593-8240
e-mail: **rpavalow@osc.gov.on.ca**

Maxime Paré
Senior Legal Counsel, Market Regulation
Capital Markets
Ontario Securities Commission
Phone: 416-593-3650
Fax: 416-593-8240
e-mail: **mpare@osc.gov.on.ca**

Jacinthe Bouffard
Manager, SROs and Labour-Sponsored Funds
Direction de la conformité et de l'application
(Compliance and Enforcement Division)
Commission des valeurs mobilières du Québec
Phone: 514-940-2199 ext. 4331
Fax: 514-873-4130
e-mail: **jacinthe.bouffard@cvmq.com**

Laura J. Startup
Senior Legal Counsel
Policy and Legislation
British Columbia Securities Commission
Phone: 604-899-6748
Fax: 604-899-6506
e-mail: **lstartup@bcsc.bc.ca**

Eric Spink
Vice Chair
Alberta Securities Commission
Phone: 780-422-1503
Fax: 780-422-1030
e-mail: **Eric.Spink@seccom.ab.ca**

April 6, 2001

SCHEDULE A

PRESS RELEASE OF THE CANADIAN CAPITAL MARKETS ASSOCIATION

For Immediate Distribution
March 8, 2001

Canada Identifies Alternatives for Faster Securities Settlement

Toronto – Canada's securities industry must work in tandem with its American counterpart to speed up securities settlement. This means reducing the current settlement period from three days after a transaction (T+3) to T+1 – one day after trade date. The *Institutional Trade Processing T+1 White Paper,* released today by the Canadian Capital Markets Association and available at www.ccma-acmc.ca, describes five options for meeting this critical challenge and keeping Canadian capital markets competitive with those in the U.S. The paper solicits feedback on the alternatives and unresolved issues from Canadian securities industry stakeholders.

To identify alternatives, industry experts first identified problems and opportunities in the still highly labour-intensive post-trade processing of institutional transactions. They then designed an approach that addressed these factors. Called "New Design," the model also served as a benchmark against which to measure options. These options include two proposals using the Global Straight-Through Processing Association (GSTPA) model as well as proposals from other vendors.

The "New Design" model is focussed on addressing the concerns of the Canadian marketplace," said Allan Cooper, Chair of the Canadian Capital Markets Association. "The made-in-Canada "New Design" is simple, with a blend of sequential and matching processes that provides a direct interface with the settlement system."

While the "New Design" was built to meet Canadian domestic market needs and to be interoperable with other models being developed for use in the U.S., will it be *the* model adopted? The report sets out the pros and cons of the different alternatives.

The result of an intensive period of interviews, fact-finding, and analysis by IBM Global Services and Katamax Solutions, the White Paper reflects the input of 60 experts from a comprehensive cross-section of the securities industry, including Canada's brokers, dealers, investment funds, fund managers, banks, stock exchanges, securities clearing and settlement organizations and regulators. The next step in the T+1 solution is for stakeholders to discuss the relative merits of the different models and identify areas for improvement to meet the varied needs of stakeholders. The CCMA is seeking industry-wide feedback from the Association of Canadian Pension Management, Caisse Centrale Desjardins, Canadian Life and Health Insurance Association, Canadian Pension and Benefits Institute, Credit Union Central of Canada, Mutual Fund Dealers Association and others.

The CCMA is also asking for individual views to be sent by **Tuesday, May 8th** to:

Mr. Gary Stephenson
Chair, Institutional Trade Processing Working Committee
Canadian Capital Markets Association
4th Floor, 85 Richmond Street West, Toronto, Ontario M5H 2C9
E-mail: info@ccma.acma.ca; Fax: (416) 365-9025

Once consensus emerges on a T+1 solution, work will begin on the detailed design and implementation of the proposed process. For any new system to work, however, it will need:

1. A critical mass of market players – money managers, broker/dealers and custodians will need to use this model for their Canadian business.

2. Secure access to essential data, for example, money managers will need to access up-to-date and accurate custodian client account details.

3. Standards for data, timeliness, communications and interfaces – these will need to be defined, agreed on, implemented and enforced.

The Canadian Capital Markets Association (CCMA) is a federally incorporated, not-for-profit organization, which has been launched to identify, analyze and recommend ways to meet the securities-industry-wide challenges and opportunities facing Canadian and international capital markets. The CCMA's current top priority is coordinating the effort to shorten the time it takes to settle a trade to one day from the current three days to coincide with similar efforts under way in the U.S.

Individuals who want to receive further information on T+1 should send their name, title, mailing address, telephone and fax numbers and e-mail address to:

info@ccma-acmc.ca

For more information concerning the T+1 initiative or the Canadian Capital Markets Association, please contact:

Eric Pelletier
Manager, Corporate Communications
Tel.: 1 (416) 365-8427
Fax: 1 (416) 365-0842
E-mail: epelletier@cds.ca

1.1.3 Notice of Request for Comments - Proposed Rule 45-501 Exempt Distributions

NOTICE OF REQUEST FOR COMMENTS PROPOSED RULE 45-501 EXEMPT DISTRIBUTIONS, COMPANION POLICY 45-501CP, FORM 45-501F1, FORM 45-501F2 AND FORM 45-501F3

AND

NOTICE OF PROPOSED RESCISSION OF RULE 45-501 EXEMPT DISTRIBUTIONS AND COMPANION POLICY 45-501CP, AND RULE 45-504 PROSPECTUS EXEMPTION FOR DISTRIBUTIONS OF SECURITIES TO PORTFOLIO ADVISORS ON BEHALF OF FULLY MANAGED ACCOUNTS

The Commission is publishing in today's Bulletin the following documents:

(1) Notice of Proposed Rule 45-501 Exempt Distributions, Companion Policy 45-501CP, Form 45-501F1, Form 45-501F2 and Form 45-501F3, and Rescission of existing Rule 45-501 Exempt Distributions and Companion Policy 45-501CP, and Rule 45-504 Prospectus Exemption for Distributions of Securities to Portfolio Advisors on Behalf of Fully Managed Accounts;

(2) Proposed Rule 45-501 Exempt Distributions and Companion Policy 45-501CP; and

(3) Proposed Form 45-501F1, Form 45-501F2 and Form 45-501F3.

The materials are published in Chapter 6 of the Bulletin.

1.1.4 Notice of Rescission of NP Statement No. 30 Processing of "Seasoned Prospectuses"

NOTICE OF RESCISSION OF NATIONAL POLICY STATEMENT NO. 30 PROCESSING OF "SEASONED PROSPECTUSES"

The Commission is publishing in today's Bulletin Notice of Rescission of National Policy Statement No. 30 Processing of "Seasoned Prospectuses"

The Notice is published in Chapter 5 of the Bulletin.

1.1.5 Summary of Publications

SUMMARY OF PUBLICATIONS

PUBLICATION BY DATE PUBLISHED

January 5, 2001

(2001) 24 OSCB 3	Short Notice - OSC Policy Statement **5.2** Junior National Resources Issues
(2001) 24 OSCB 28	Staff Notice **11-708** Policy Reformulation Project - Table of Concordance
(2001) 24 OSCB 115	Ontario Securities Commission Policy **5.2** Junior Natural Resources/**Request for Comments**

January 12, 2001

(2001) 24 OSCB 191	Notice of Commission Decision Extending the Temporary Exemption Order of the Montreal Exchange from Recognition
(2001) 24 OSCB 192	Short Notice - Minister of Finance Approval of National Instrument **43-101** Standards of Disclosure for Mineral Projects, Form **43-101F1** Technical Report, and Companion Policy **43-101CP**
(2001) 24 OSCB 303	National Instrument **43-101** Standards of Disclosure for Mineral Projects

January 19, 2001

(2001) 24 OSCB 375	Notice of Approval of MOU (Canadian Venture Exchange) - Notice of Minister of Finance Approval of Memorandum of Understanding between the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission
(2001) 24 OSCB 376	Short Notice - Notice of Commission Approval of Rule **41-502** Prospectus Requirements for Mutual Funds
(2001) 24 OSCB 455	OSC Rule **41-502** and Companion Policy **41-502CP** Prospectus Requirements for Mutual Funds

February 2, 2001

(2001) 24 OSCB 708	OSC Staff Notice **43-701** Regarding National Instrument **43-101**

February 9, 2001

(2001) 24 OSCB 875	Short Notice - Rule **44-801** Implementing National Instrument **44-101**
(2001) 24 OSCB 937	Notice of Rule **44-801** Implementing National Instrument **44-101** Short Form Prospectus Distributions

February 16, 2001

(2001) 24 OSCB 1003	Short Notice - Approval of Amendments to National Instrument **81-102** and Companion Policy **81-102CP** Mutual Funds and to National Instrument **81-101** and Companion Policy **81-101CP** Mutual Fund Prospectus Disclosure and to Form **81-101F1** Contents of Simplified Prospectus and to Form **81-101F2** Contents of Annual Information Form
(2001) 24 OSCB 1004	Short Notice - Rule **31-506** SRO Membership - Mutual Fund Dealers
(2001) 24 OSCB 1005	Short Notice - Multilateral Instrument **33-107** Financial Planning Proficiency Rule
(2001) 24 OSCB 1071	National Instrument **81-102, 81-102CP** Mutual Funds, National Instrument **81-101 & 81-101CP** Mutual Fund Prospectus Disclosure - Amendments
(2001) 24 OSCB 1107	Notice of Multilateral Instrument **33-107** Proficiency Requirements for Registrants Holding Themselves Out as Providing Financial Planning and Similar Advice
(2001) 24 OSCB (Supp)	Rule **31-506** SRO Membership - Mutual Fund Dealers and Notice of Commission Recognition of the Mutual Fund Dealers Association of Canada as a Self-Regulatory Organization for Mutual Fund Dealers

February 23, 2001

(2001) 24 OSCB 1218	Short Notice - National Instrument **55-101** Exemption from Certain Insider Reporting Requirements
(2001) 24 OSCB 1283	National Instrument **55-101** and **55-101CP** Exemption from Certain Insider Reporting Requirements/Rescission of OSC Policy **10.1**

March 2, 2001

(2001) 24 OSCB 1368	CSA Notice **62-301** Implementation of the Zimmerman Amendments Governing the Conduct of Take-over and Issuer Bids

March 9, 2001

(2001) 24 OSCB 1483	OSC Staff Notice **52-701** Initial Report on Staff's Review of Revenue Recognition
(2001) 24 OSCB 1490	TSE Policy **2-401** Supervision of Trading/Notice of Commission Approval

A. NOTICES

Local Notices

January 5, 2001

(2001) 24 OSCB 28 Staff Notice **11-708** – Policy Reformulation Project - Table of Concordance

February 2, 2001

(2001) 24 OSCB 708 OSC Staff Notice **43-701** Regarding National Instrument **43-101**

March 9, 2001

(2001) 24 OSCB 1483 OSC Staff Notice **52-701** Initial Report on Staff's Review of Revenue Recognition

Canadian Securities Administrators' Notices

March 2, 2001

(2001) 24 OSCB 1368 CSA Notice **62-301** Implementation of the Zimmerman Amendments Governing the Conduct of Take-over and Issuer Bids

B. MEMORANDA OF UNDERSTANDING

January 19, 2001

(2001) 24 OSCB 375 Notice of Approval of MOU (Canadian Venture Exchange) - Notice of Minister of Finance Approval of Memorandum of Understanding between the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission

C. RESCISSION OF POLICY STATEMENTS

Rescission of Ontario Securities Commission Policy 10.1

February 23, 2001

(2001) 24 OSCB 1283 National Instrument **55-101** and **55-101CP** Exemption from Certain Insider Reporting Requirements/Rescission of OSC Policy **10.1**

D. PROCEDURE AND RELATED MATTERS

12-602 Deeming an Issuer from Certain Other Canadian Jurisdictions to be a Reporting Issuer in Ontario

March 9, 2001

(2001) 24 OSCB 1491	Short Notice - Proposed OSC Policy **12-602** Deeming an Issuer from Certain Other Canadian Jurisdictions to be a Reporting Issuer in Ontario/**Request for Comments**
(2004) 24 OSCB 1531	Notice of Proposed Ontario Securities Commission Policy **12-602** Deeming an Issuer from Certain Other Canadian Jurisdictions to be a Reporting Issuer in Ontario/**Request for Comments**

E. CERTAIN CAPITAL MARKET PARTICIPANTS

F. REGISTRATION REQUIREMENTS AND RELATED MATTERS

31-506 SRO Membership - Mutual Fund Dealers

February 16, 2001

(2001) 24 OSCB 1004	Short Notice of Rule **31-506** SRO Membership - Mutual Fund Dealers
(2001) 24 OSCB (Supp)	Rule **31-506** SRO Membership - Mutual Fund Dealers and Notice of Commission Recognition of the Mutual Fund Dealers Association of Canada as a Self-Regulatory Organization for Mutual Fund Dealers

33-107 Proficiency Requirements for Registrants Holding Themselves Out as Providing Financial Planning and Similar Advice

February 16, 2001

(2001) 24 OSCB 1005	Short Notice of Multilateral Instrument **33-107** Financial Planning Proficiency Rule
(2001) 24 OSCB 1107	Notice of Multilateral Instrument **33-107** Proficiency Requirements for Registrants Holding Themselves Out as Providing Financial Planning and Similar Advice

33-108 Permanent Registration (under the Securities Act)

March 16, 2001

(2001) 24 OSCB 1611	Short Notice - Multilateral Instrument **33-108** Permanent Registration and OSC Rule **33-505** (Commodity Futures Act) Permanent Registration/**Request for Comments**
(2001) 24 OSCB 1671	Proposed Multilateral Instrument **33-108** Permanent Registration/**Request for Comments**

33-505 Permanent Registration (under the Commodity Futures Act)

March 16, 2001

(2001) 24 OSCB 1611	Short Notice - Multilateral Instrument **33-108** Permanent Registration and OSC Rule **33-505** (Commodity Futures Act) Permanent Registration/**Request for Comments**
(2001) 24 OSCB 1675	Proposed OSC Rule **33-505** Permanent Registration (Commodity Futures Act)/**Request for Comments**

G. DISTRIBUTION REQUIREMENTS

41-502 41-502CP Prospectus Requirements for Mutual Funds

January 19, 2001

(2001) 24 OSCB 376	Short Notice - Notice of Commission Approval of Rule **41-502** Prospectus Requirements for Mutual Funds
(2001) 24 OSCB 455	OSC Rule **41-502** and Companion Policy **41-502CP** Prospectus Requirements for Mutual Funds

43-101 43-101CP 43-101F1 Standards of Disclosure for Mineral Projects

January 12, 2001

(2001) 24 OSCB 192 Short Notice - Minister of Finance Approval of National Instrument **43-101** Standards of Disclosure for Mineral Projects, Form **43-101F1** Technical Report, and Companion Policy **43-101CP**

(2001) 24 OSCB 303 National Instrument **43-101** Standards of Disclosure for Mineral Projects

44-801 Implementing National Instrument 44-101

February 9, 2001

(2001) 24 OSCB 875 Short Notice - Rule **44-801** Implementing National Instrument **44-101**

(2001) 24 OSCB 937 Notice of Rule **44-801** Implementing National Instrument **44-101** Short Form Prospectus Distributions

H. ONGOING REQUIREMENTS FOR ISSUERS AND INSIDERS

55-101 55-101CP Exemption from Certain Insider Reporting Requirements

February 23,2001

(2001) 24 OSCB 1218 Short Notice - National Instrument **55-101** Exemption from Certain Insider Reporting Requirements

(2001) 24 OSCB 1283 National Instrument **55-101** and **55-101CP** Exemption from Certain Insider Reporting Requirements/Rescission of OSC Policy **10.1**

March 16, 2001

(2001) 24 OSCB 1612 CSA Discussion Paper **52-401** Financial Reporting in Canada's Capital Markets/**Request for Comments**

(2001) 24 OSCB 1678 CSA Discussion Paper **52-401** Financial Reporting in Canada's Capital Markets/**Request for Comments**

I. TAKE-OVER BIDS AND SPECIAL TRANSACTIONS

J. SECURITY TRANSACTIONS OUTSIDE THE JURISDICTION

K. MUTUAL FUNDS

81-101 81-101CP 81-101F1 81-101F2 Mutual Fund Prospectus Disclosure

February 16, 2001

(2001) 24 OSCB 1003 Short Notice of Approval of Amendments to National Instrument **81-102** and Companion Policy **81-102CP** Mutual Funds and to National Instrument **81-101** and Companion Policy **81-101CP** Mutual Fund Prospectus Disclosure and to Form **81-101F1** Contents of Simplified Prospectus and to Form **81-101F2** Contents of Annual Information Form

(2001) 24 OSCB 1071 National Instrument **81-102, 81-102CP** Mutual Funds, National Instrument **81-101 & 81-101CP** Mutual Fund Prospectus Disclosure - Amendments

81-102 81-102CP Mutual Funds

February 16, 2001

(2001) 24 OSCB 1003 Short Notice of Approval of Amendments to National Instrument **81-102** and Companion Policy **81-102CP** Mutual Funds and to National Instrument **81-101** and Companion Policy **81-101CP** Mutual Fund Prospectus Disclosure and to Form **81-101F1** Contents of Simplified Prospectus and to Form **81-101F2** Contents of Annual Information Form

(2001) 24 OSCB 1071 National Instrument **81-102, 81-102CP** Mutual Funds, National Instrument **81-101 & 81-101CP** Mutual Fund Prospectus Disclosure - Amendments

L. DERIVATIVES

M. MISCELLANEOUS

January 5, 2001

(2001) 24 OSCB 3 Short Notice - OSC Policy Statement **5.2** Junior National Resources Issues

(2001) 24 OSCB 115 Ontario Securities Commission Policy **5.2** - Junior Natural Resources/**Request for Comments**

January 12, 2001

(2001) 24 OSCB 191 Notice of Commission Decision Extending the Temporary Exemption Order of the Montreal Exchange from Recognition

March 30, 2001

(2001) 24 OSCB 1901 Short Notice - Notice and Request for Comments **11-901** Concept Proposal to Revise Schedule 1 (Fees) to the Regulation to the *Securities Act* (Ontario)/**Request for Comments**

(2001) 24 OSCB 1971 Notice and Request for Comments **11-901** Concept Proposal to Revise Schedule 1 (Fees) to the Regulation to the *Securities Act* (Ontario)/**Request for Comments**

N. RULES AND POLICIES OF SROs AND RECOGNIZED EXCHANGES

March 9, 2001

(2001) 24 OSCB 1490 TSE Policy **2-401** Supervision of Trading/Notice of Commission Approval

(2001) 24 OSCB 1595 TSE Policy **2-401** Supervision of Trading

1.1.6 Policy Reformulation Project - Table of Concordance

OSC STAFF NOTICE 11-711

POLICY REFORMULATION PROJECT - TABLE OF CONCORDANCE

To assist market participants in identifying the current status of instruments that existed before the Reformulation Project, Staff has prepared a table of concordance. The table shows the treatment of each National Policy, Uniform Act Policy, OSC Policy, Blanket Ruling, CSA Notice, OSC Notice, Principles of Regulation, Staff Accounting Registration Section Clarification Note and Interpretation Note. The table indicates whether it has been published for comment as a new instrument under the Policy Reformulation Project, finalized as a new instrument or whether it has been or is proposed to be repealed or is under consideration. In addition, the table only indicates the primary instrument and does not indicate the corresponding companion policy or forms where applicable. The final pages of the chart show new instruments that are new initiatives that were developed separately from the Reformulation Project.

Within the table, a reference to the instrument being "Under Consideration", "In the process of being reformulated as", "To Be Retained" or "To Be Repealed" indicates that the determination as to the appropriate treatment of the instrument has not been finalized and represents Staff's views at this time so that it is subject to the Commission's approval and otherwise to change.

Item Key

BR	- Blanket Ruling	OSCN	- Notice of OSC or OSC Staff	SAC	- Staff Accounting Communiqué
CSAN	- Notice of CSA	OSC	- OSC Policy	UAP	- Uniform Act Policy
IN	- Interpretation Note	PR	- Principles of Regulation		
NP	- National Policy	REG	- Registration Section Clarification Note		

NOTE: The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice;
4-Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
NATIONAL POLICY				
NP 1	Clearance of National Issues RESCINDED JANUARY 1, 2000	43-201	Mutual Reliance Review System for Prospectus and Initial AIFs	*CAME INTO FORCE JAN 1/00*
NP 2-A	Guide for Engineers, Geologists and Prospectors Submitting Reports on Mining Properties to Canadian Provincial Securities Administrators TO BE RESCINDED FEBRUARY 1, 2001	43-101	Standards of Disclosure for Mineral Exploration and Development and Mining Properties	*CAME INTO FORCE FEB 1/01*
NP 2-B	Guide for Engineers and Geologists Submitting Oil and Gas Reports to Canadian Provincial Securities Administrators		Guide for Engineers and Geologists Submitting Oil and Gas Reports	***In the process of being reformulated as 43-102***
NP 3	Unacceptable Auditors			***Under Consideration***
NP 4	Conditions for Dealer Sub-Underwriting			***Repealed Apr 1/99***
NP 12	Disclosure of "Market Out" Clauses in Underwriting Agreements in Prospectuses RESCINDED DECEMBER 31, 2000	41-101	Prospectus Disclosure Requirements	*CAME INTO FORCE DEC 31/00*
NP 13	Disclaimer Clause on Prospectus RESCINDED DECEMBER 31, 2000	41-101	Prospectus Disclosure Requirements	*CAME INTO FORCE DEC 31/00*

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
NP 14	Acceptability of Currencies in Material Filed with Securities Regulatory Authority	52-102	Use of Currencies	*Published for comment May 29/98*
NP 15	Conditions Precedent to Acceptance of Scholarship or Educational Plan Prospectuses		Scholarship Plans	*In the process of being reformulated as 46-102*
NP 16	Maintenance of Provincial Trading Records			*Repealed Apr 1/99*
NP 17	Violations of Securities Laws of Other Jurisdictions - Conduct Affecting Fitness for Continued Registration RESCINDED OCTOBER 16, 1998	34-201	Breach of Requirements of Other Jurisdictions	*CAME INTO FORCE OCT 16/98*
NP 18	Conflict of Interest - Registrants Acting as Corporate Directors RESCINDED SEPTEMBER 25, 1998	34-202	Registrants Acting as Corporate Directors	*CAME INTO FORCE OCT 16/98*
NP 20	Trading in Unqualified Securities - Securities in Primary Distribution in Other Jurisdictions			*Repealed Apr 1/99*
NP 21	National Advertising - Warnings			*Under Consideration*
NP 22	Use of Information and Opinion Re Mining and Oil Properties by Registrants and Others	43-101	Standards of Disclosure for Mineral Exploration and Development and Mining Properties	*CAME INTO FORCE FEB 1/01*
NP 25	Registrants: Advertising: Disclosure of Interest			*Under Consideration*
NP 27	Canadian Generally Accepted Accounting Principles		Auditor's Report	*In the process of being reformulated as 52-104*
NP 29	Mutual Funds Investing in Mortgages		Mutual Funds Investing in Mortgages	*In the process of being reformulated as 81-103*
NP 30	Processing of "Seasoned Prospectuses"	43-201	Mutual Reliance Review System for Prospectus and Initial AIFs	*CAME INTO FORCE JAN 1/00*
NP 31	Change of Auditor of a Reporting Issuer	52-103	Change of Auditor	*Published for comment May 29/98*
NP 32	Prospectus Warning Re: Scope of Distribution RESCINDED DECEMBER 31, 2000	41-101	Prospectus Disclosure Requirements	*CAME INTO FORCE DEC 31/00*
NP 33	Financing of Film Productions			*Repealed Apr 11/97*
NP 34	Unincorporated Issuers: Requirement to Maintain a Register of Security Holders RESCINDED FEBRUARY 1, 2000	81-102	Mutual Funds	*CAME INTO FORCE FEB 1/00* *Amendments published Feb 16/01*
NP 35	Purchaser's Statutory Rights RESCINDED DECEMBER 31, 2000	41-101	Prospectus Disclosure Requirements	*CAME INTO FORCE DEC 31/00*

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
NP 36	Mutual Funds - Simplified Prospectus Qualification System REPEALED FEBRUARY 1, 2000	81-101	Mutual Fund Prospectus Disclosure	*CAME INTO FORCE FEB 1/00* ***Amendments published Feb 16/01***
NP 37	Take-Over Bids: Reciprocal Cease Trading Orders RESCINDED AUGUST 4, 1997	62-201	Bids Made Only in Certain Jurisdictions	*CAME INTO FORCE AUG 4/97*
NP 38	Take-Over Bids - Defensive Tactics RESCINDED AUGUST 4, 1997	62-202	Take-Over Bids - Defensive Tactics	*CAME INTO FORCE AUG 4/97*
NP 39	Mutual Funds RESCINDED FEBRUARY 1, 2000	81-102	Mutual Funds	*CAME INTO FORCE FEB 1/00* ***Amendments published Feb 16/01***
NP 40	Timely Disclosure			***Under Consideration***
NP 41	Shareholder Communication FORMER DEEMED RULE EXTENDED UNTIL DECEMBER 31, 2001	54-101	Communication with Beneficial Owners of Securities of a Reporting Issuer	***Republished for comment Sep 1/00***
		54-102	Supplemental Mailing List and Interim Financial Statement Exemption	***Published for comment Feb 27/98***
NP 42	Advertising of Securities on Radio or Television (Interim)			***Under Consideration***
NP 43	(DRAFT) Advertisements of Securities and Related Sales Practices			***Under Consideration***
NP 44	Rules for Shelf Prospectus Offerings and Pricing Offerings After the Final Prospectus is Receipted EXPIRED DECEMBER 31, 2000	44-102	Shelf Distributions	*CAME INTO FORCE DEC 31/00*
		44-103	Post-Receipt Pricing	*CAME INTO FORCE DEC 31/00*
NP 45	Multijurisdictional Disclosure System EXPIRED NOVEMBER 1, 1998	71-101	The Multijurisdictional Disclosure System	*CAME INTO FORCE NOV 1/98*
NP 47	Prompt Offering Qualification System EXPIRED DECEMBER 31, 2000	44-101	Short Form Prospectus Distributions	*CAME INTO FORCE DEC 31/00*
NP 48	Future-Oriented Financial Information	52-101	Future-Oriented Financial Information	***Published for comment Jul 18/97***
NP 49	Self-Regulatory Organization Membership			***Under Consideration***
NP 50	Reservations in an Auditor's Report		Auditor's Report	***In the process of being reformulated as 52-104***
NP 51	Changes in the Ending Date of a Financial Year and in Reporting Status		Change in the Ending Date of a Financial Year	***In the process of being reformulated as 52-105***
NP 53	(DRAFT) - Foreign Issuers		Foreign Issuer Prospectus and Continuous Disclosure System	***To be retained***

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
NP 54	(DRAFT) - Expedited Registration System for Advisers	31-101	Mutual Reliance Review System for Registration	*Published for comment Jun 19/98*
UNIFORM ACT POLICY				
UAP 2-01	"Undertakings" - Extra-provincial Companies			*Repealed Jan 1/99*
UAP 2-02	Prospectuses - Annual Re-Filings			*Repealed Jan 1/99*
UAP 2-03	Prospectuses and Amendments - Certification (section 52[53]) Supporting Documentation REPEALED JANUARY 1/99	41-501	General Prospectus Requirements	*CAME INTO FORCE DEC 31/00*
UAP 2-04	Consent of Solicitors - Disclosure of Interest REPEALED JANUARY 1/99	41-501	General Prospectus Requirements	*CAME INTO FORCE DEC 31/00*
UAP 2-05	Applications under s. 34(1)14 [35(1)14] and 71(1)(h)[72(1)(h)] of the Securities Act by a Company Wishing to Sell Additional Securities to its Security Holders	45-101	Rights Offerings	*Republished for comment Aug 11/00*
UAP 2-06	Use of Shareholders' Lists by Registrants			*Repealed Jan 1/99*
UAP 2-07	Surrender of Registration - Other than Salesman RESCINDED APRIL 7, 1998	33-501	Surrender of Registration	*CAME INTO FORCE APR 7/98*
UAP 2-08	Declaration as to Short Position - Listed and Unlisted Securities			*Repealed Jan 1/99*
UAP 2-09	Insider Trading Reports - Loan and Trust Companies			*Repealed Jan 1/99*
UAP 2-10	Insider Trading Reports - Persons Required to Report in More Than One Capacity			*Repealed May 1/98*
UAP 2-11	Policy Statement in Connection with Applications to the Commission for an Order Under Section 79(a)[80(a)] of the Securities Act (Ontario)			*Repealed Apr 3/98*
UAP 2-13	Advertising During Waiting Period Between Preliminary and Final Prospectuses			*To be retained*
OSC POLICY				
OSC 1.1	O.S.C. Policy Statements --- General			*Repealed Mar 1/99*
OSC 1.3	Restricted Shares RESCINDED OCTOBER 27, 1999	56-501	Restricted Shares	*CAME INTO FORCE OCT 25/99*
OSC 1.4	Reciprocal Enforcement of Cease Trading Orders			*Under Consideration*
OSC 1.6	Strip Bonds RESCINDED MAY 1, 1998	91-501	Strip Bonds	*CAME INTO FORCE MAY 1/98*

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
OSC 1.7	The Securities Advisory Committee to the OSC		The Securities Advisory Committee to the OSC	*In the process of being reformulated as 11-701*
OSC 1.9	Use By Dealers of Brokerage Commissions as Payment for Goods or Services Other than Order Execution Services ("Soft Dollar" Deals)			*Under Consideration*
OSC 2.1	Applications to the Ontario Securities Commission		Applications to the OSC	*In the process of being reformulated as 12-601*
OSC 2.2	Public Availability of Material Filed under the Securities Act			*To be retained*
OSC 2.3	Joint Hearings with Other Provincial Administrators - Conditions Precedent and Costs REPEALED JULY 1/97		Rules of Practice	*CAME INTO FORCE JUL 1/97*
OSC 2.4	Conflict of Interest Guidelines for Members of the Ontario Securities Commission and Staff REPEALED APRIL 16/98	By-law No. 2	A By-law relating to conflicts of interest in connection with the conduct of the affairs of the Securities Commission	*CAME INTO FORCE JAN 18/98*
OSC 2.5	Certificates of No Default under Section 72(8) and List of Defaulting Issuers under Section 72(9) of the Securities Act	51-601	Certificates of No-Default Under Subsection 72(8) and List of Defaulting Reporting Issuers Under s.72(9), of the Act	*Republished for comment Dec 8/00*
OSC 2.6	Applications for Exemption from Preparation and Mailing of Interim Financial Statements, Annual Financial Statements and Proxy Solicitation Material	52-601	Exemption re: Mailing of Financial Statements and Proxy Solicitation Material	*To be retained*
OSC 2.7	Appeals to the Ontario Securities Commission By Way of Hearing and Review REPEALED JULY 1/97		Rules of Practice	*CAME INTO FORCE JUL 1/97*
OSC 2.8	Applications for Ontario Securities Commission Consent to Obtain Transcripts of Evidence Taken During Investigations or Hearings REPEALED JULY 1/97		Rules of Practice	*CAME INTO FORCE JUL 1/97*
OSC 2.9	Cease Trading Orders - Applications for Partial Revocation to Permit a Securityholder to Establish a Tax Loss for Income Tax Purposes RESCINDED FEBRUARY 24, 1998	57-602	Cease Trading Orders - Application for Partial Revocation to Permit a Securityholder to Establish a Tax Loss	*CAME INTO FORCE FEB 24/98*
OSC 2.10	Restrictions on Practice Before the Commission and its Staff Upon Termination of the Appointments of Members of the Commission and its Staff REPEALED APR 16/98	By-law No. 2	A By-law relating to conflicts of interest in connection with the conduct of the affairs of the Ontario Securities Commission	*CAME INTO FORCE JAN 18/98*
OSC 2.11	Conflicts of Interest of Members of the Ontario Securities Commission REPEALED APR 16/98	By-law No. 2	A By-law relating to conflicts of interest in connection with the conduct of the affairs of the Ontario Securities Commission	*CAME INTO FORCE JAN 18/98*

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
OSC 2.12	Televising of Ontario Securities Commission Hearings REPEALED JUL 1/97		Rules of Practice	*CAME INTO FORCE JUL 1/97*
OSC 3.1	Recognition by the Commission of Stock Exchanges, etc. PORTIONS REPLACED	21-901	Recognition Order - In the Matter of the Recognition of Certain Stock Exchanges (1997), 20 O.S.C.B. 1034	*CAME INTO FORCE MAR 1/97* *AMENDMENT PUBLISHED AUG 29/00*
		62-904	Recognition Order - In the Matter of the Recognition of Certain Jurisdictions [ss. 93(1)(e) and ss. 93(3)(h) of the Act] (1997), 20 O.S.C.B. 1035	*CAME INTO FORCE MAR 1/97*
		45-501	Exempt Distributions [replaces subsection 25(2) of Regulation 1015]	*CAME INTO FORCE DEC 22/98* *Revised version published for comment Sep 8/00*
		45-502	Dividend or Interest Reinvestment and Stock Dividend Plans	*CAME INTO FORCE JUN 10/98*
OSC 4.1	Public Ownership of Dealers, Conditions of Registration and Institutional Ownership			*Repealed Mar 1/99*
OSC 4.2	Suspension of Registration - Criminal Charges Pending			*To be retained*
OSC 4.3	Self-Directed RRSPs and Other Plans Recognized by the Commission for Purposes of this Policy Statement and Administered by Brokers or Investment Dealers on Behalf of Authorized Trustees	33-101	Administration of Self-Directed RRSPs, RESPs and RRIFs by Dealers	*Published for comment Feb 13/98*
OSC 4.4	Dual Registration Under the *Securities Act*	31-501	Registrant Relationships	*CAME INTO FORCE SEP 4/97; Amendments published for comment June 19/98*
OSC 4.5	Dual Licensing of Life Insurance Agents			*Repealed (1994), 17 O.S.C.B. 6073*
OSC 4.6	Registration - Declaration of Personal Bankruptcy			*To be retained*
OSC 4.7	Registration of Non-Resident Salesmen, Partners or Officers of Registered Dealers	35-501	Registration of Non-Residents	*Published for comment Oct 2/98*
OSC 4.8	Non-Resident Advisers EXPIRED NOVEMBER 18, 2000	35-502	Non-Resident Advisers	*CAME INTO FORCE NOV 18/00*
OSC 5.1	Prospectuses - General Guidelines PORTIONS RESCINDED DECEMBER 31, 2000	41-501	General Prospectus Requirements	*CAME INTO FORCE DEC 31/00*
		48-502	Over-Allotment Options and Underwriters' Compensation	*Published for Comment Apr 25/97*

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
OSC 5.1 (24)	Prospectus Disclosure in Information Circulars: Amalgamation, Arrangements, Mergers and Reorganizations RESCINDED DECEMBER 31, 2000	54-501	Prospectus Disclosure in Certain Information Circulars	*CAME INTO FORCE DEC 31/00*
OSC 5.1 (26)	Trading by Issuers, Selling Security Holders, Underwriters, Dealers and Their Affiliates and Joint Actors During a Distribution by Prospectus of TSE - listed Securities		Market Stabilization During Distributions	***In the process of being reformulated as 48-501***
OSC 5.2	Junior Natural Resource Issuers RULE IN FORCE UNTIL JULY 2001			***See Notice published Dec 22/00***
OSC 5.3	Mortgage and Real Estate Investment Trusts and Partnerships			***Under Consideration***
OSC 5.4	"Closed-End" Income Investment Trusts and Partnerships			***Under Consideration***
OSC 5.7	Preliminary Prospectuses - Preparation, Filing and Frequently Occurring Deficiencies PORTIONS RESCINDED DECEMBER 31, 2000	41-501	General Prospectus Requirements	*CAME INTO FORCE DEC 31/00*
OSC 5.9	Escrow Guidelines - Industrial Issuers			***Published for comment as Concept Release May 8/98***
OSC 5.10	Annual Information Form and Management's Discussion and Analysis of Financial Condition and Results of Operations TO BE RESCINDED MAY 31, 2001	51-501	Annual Information Form and Management's Discussion and Analysis of Financial Condition and Results of Operation	*CAME INTO FORCE JAN 1/01*
OSC 6.1	Private Placements RESCINDED DECEMBER 22, 1998	45-501	Exempt Distributions	*CAME INTO FORCE DEC 22/98* ***Revised version published for comment Sep 8/00***
OSC 6.2	Rights Offerings	45-101	Rights Offerings	***Republished for comment Aug 11/00***
		45-502	Dividend or Interest Reinvestment and Stock Dividend Plans	*CAME INTO FORCE JUN 10/98*
OSC 7.1	Application of Requirements of the Securities Act to Certain Reporting Issuers		Continuous Disclosure and Other Exemptions for Foreign Reporting Issuers	***In the process of being reformulated as 72-502 (formerly 51-502)***
OSC 7.2	Timely Disclosure --- Early Warning			***Repealed Mar 1/99***
OSC 7.3	Management's Report Disclosing Contingencies and Going Concern Considerations in Financial Statements			***Repealed Mar 1/99***
OSC 7.4	Business and Asset Combinations			***To be retained***

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
OSC 7.5	Reciprocal Filings	51-603	Certain Required Filings and Reciprocal Filings	*To be retained*
OSC 7.6	Enforcement of Timely Filings of Financial Statements			*Repealed Mar 1/99*
OSC 7.7	The Oil and Gas Industry - Application of the Ceiling Test When the Full Cost Method is Used			*Repealed Mar 1/99*
OSC 7.8	(DRAFT) Reverse Take-overs - Timely Disclosure	46-502	Reverse Take-overs	*Under Consideration*
OSC 9.1	Disclosure, Valuation, Review and Approval Requirements and Recommendations for Insider Bids, Issuer Bids, Going Private Transactions, and Related Party Transactions	61-501	Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions	*CAME INTO FORCE May 1/00*
OSC 9.3	Take-Over Bids - Miscellaneous Guidelines			*To be retained*
OSC 10.1	Applications for Exemption from Insider Reporting Obligations for Insiders of Subsidiaries and Affiliated Issuers	55-101	Exemptions from Certain Insider Reporting Requirements	*Published Feb 23/01*
OSC 10.2	Guidelines for Establishment of Procedures in Relation to Confidential Information RESCINDED JANUARY 27, 1998	33-601	Guidelines for Policies and Procedures Concerning Inside Information	*CAME INTO FORCE JAN 27/98*
OSC 11.1	Mutual Fund Trusts: Interim OSC Approval of Mutual Fund Trustees Pursuant to Clause 213(3)(b) of the *Loan and Trust Corporations Act, 1987* RESCINDED JANUARY 14, 1997	81-901	Approval of Mutual Fund Trustees Under Clause 213(3)(b) of the Loan and Trust Corporations Act	*CAME INTO FORCE JAN 14/97*
OSC 11.2	Bond Ratings Services - Statements of Investment Portfolio and Statements of Portfolio Transactions of Mutual Funds	81-902	Recognition Order - In the Matter of the Recognition of Certain Rating Agencies (1997), 20 O.S.C.B. 1034	*CAME INTO FORCE MAR 1/97*
OSC 11.4	Commodity Pool Programs	81-104	Commodity Pools	*Republished for Comment Jun 2/00*
OSC 11.5	Real Estate Mutual Funds - General Prospectus Guidelines			*Repealed Dec 20/96*
BLANKET RULING				
BR	Certain Reporting Issuers (1980), 3 O.S.C.B. 54		Continuous Disclosure and Other Exemptions for Foreign Reporting Issuers	*In the process of being reformulated as 72-502 (formerly 51-502)*
BR	Certain Reporting Issuers (1980), 3 O.S.C.B. 166 FORMER DEEMED RULE EXTENDED UNTIL JULY 1, 2002		Continuous Disclosure and Other Exemptions for Foreign Reporting Issuers	*In the process of being reformulated as 72-502 (formerly 51-502)*
BR	The Automatic Investment of Dividends or Distributions in Shares or Units of Mutual Funds (1983), 6 O.S.C.B. 1078 RESCINDED OCTOBER 10, 1997	81-501	Mutual Fund Reinvestment Plans	*CAME INTO FORCE OCT 10/97*

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
BR	Certain Proposed Amendments (1983), 6 O.S.C.B. 3508 EXPIRED DECEMBER 22, 1998	45-501	Exempt Distributions	*CAME INTO FORCE DEC 22/98* *Revised version published for comment Sep 8/00*
BR	Discount Brokerage and The Role of Financial Institutions (1984), 7 O.S.C.B. 458			*Expired Mar 1/97*
BR	Trading in Commodity Futures Contracts and Commodity Futures Options Entered Into On Commodity Futures Exchanges Situate Outside Canada Other than Commodity Futures Exchanges in the United States of America (1980), 15 O.S.C.B. 7, as varied by (1984), 7 O.S.C.B. 995*	91-503	Trades in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchange Situate Outside of Ontario	*CAME INTO FORCE MAR 28/97*
BR	Order Execution Access Dealers (1984), 7 O.S.C.B. 1520			*Expired Mar 1/97*
BR	Certain Reporting Issuers (1984), 7 O.S.C.B. 1913 FORMER DEEMED RULE EXTENDED UNTIL JULY 1, 2002		Continuous Disclosure and Other Exemptions for Foreign Reporting Issuers	*In the process of being reformulated as 72-502 (formerly 51-502)*
BR	Certain Reporting Issuers (1984), 7 O.S.C.B. 3247 FORMER DEEMED RULE EXTENDED UNTIL JULY 1, 2002		Continuous Disclosure and Other Exemptions for Foreign Reporting Issuers	*In the process of being reformulated as 72-502 (formerly 51-502)*
BR	Zero Coupon Strip Bonds (1984), 7 O.S.C.B. 4085 RESCINDED MAY 1, 1998	91-501	Strip Bonds	*CAME INTO FORCE MAY 1/98*
BR	Trading in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges in the United States of America (1984), 7 O.S.C.B. 4578[1]	91-503	Trades in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges Situate Outside of Ontario	*CAME INTO FORCE MAR 28/97*
BR	Eurosecurity Financing (1984), 7 O.S.C.B. 4897			*Expired Mar 1/97*
BR	Simplified Prospectus Qualification System for Mutual Funds (1984), 7 O.S.C.B. 5333 EXPIRED FEBRUARY 1, 2000	81-101	Mutual Fund Prospectus Disclosure	*CAME INTO FORCE FEB 1/00* *Amendments published Feb 16/01*
BR	Trades In Securities of a Private Company Under The Execution Act (1985), 8 O.S.C.B. 127 EXPIRED DECEMBER 22, 1998	45-501	Exempt Distributions	*CAME INTO FORCE DEC 22/98* *Revised version published for comment Sep 8/00*

[1] This ruling remains in force for purposes of the *Commodity Futures Act*

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
BR	Certain Reporting Issuers (1985), 8 O.S.C.B. 2915 EXPIRED DECEMBER 31, 2001	44-101	Short Form Prospectus Distributions	*CAME INTO FORCE DEC 31/00*
BR	The Mandatory Investment of Dividends or Distributions In Shares or Units of Mutual Funds (1985), 8 O.S.C.B. 4308 EXPIRED OCTOBER 10, 1997	81-501	Mutual Fund Reinvestment Plans	*CAME INTO FORCE OCT 10/97*
BR	TSE Policy on Small Shareholder Selling/Purchase Arrangements (1987), 10 O.S.C.B. 1455 EXPIRED OCTOBER 22, 1997	32-101	Small Securityholder Selling and Purchase Arrangements	*CAME INTO FORCE OCT 22/97*
BR	A Policy of the Montreal Exchange on Small Shareholder Selling and Purchase Arrangements (1987), 10 O.S.C.B. 4938 EXPIRED OCTOBER 22, 1997	32-101	Small Securityholder Selling and Purchase Arrangements	*CAME INTO FORCE OCT 22/97*
BR	Certain Proposed Amendments (1987), 10 O.S.C.B. 5936 EXPIRED DECEMBER 22, 1998	45-501	Exempt Distributions	*CAME INTO FORCE DEC 22/98* *Revised version published for comment Sep 8/00*
BR	The Business Corporations Act and In the Matter of CDS (1988), 11 O.S.C.B. 542	22-901	Recognition Order - In the Matter of the Recognition of the Canadian Depository for Securities Limited (1997), 20 O.S.C.B. 1033	*CAME INTO FORCE MAR 1/97*
BR	Certain Reporting Issuers (1987) 10 O.S.C.B. 6306, amended by (1988), 11 O.S.C.B. 1029 RULE EXTENDED UNTIL DECEMBER 31, 2001	54-101	Communication with Beneficial Owners of Securities of a Reporting Issuer	*Republished for comment Sep 1/00*
		54-102	Supplemental Mailing List and Interim Financial Statement Exemption	*Published for comment Feb 27/98*
BR	Certain Trades in Securities of Junior Resource Issuers (1988), 11 O.S.C.B. 1522 TO EXPIRE JULY 1, 2001			*Under Consideration*
BR	Trading in Recognized Options Cleared Through Recognized Clearing Organizations (1988), 11 O.S.C.B. 4895 EXPIRED MARCH 28, 1997	91-502	Trades in Recognized Options	*CAME INTO FORCE MAR 28/97*
BR	The Securities Act (1989), 12 O.S.C.B. 2735			*Expired Mar 1/97*
BR	Trading in Commodity Futures Contracts Entered into on the Montreal Stock Exchange (August 25, 1980) OSCWS 15A, as varied by In the Matter of Trading in Commodity Futures Contracts and Commodity Futures Options Entered into on The Montreal Stock Exchange (1989), 12 O.S.C.B. 3392*	91-503	Trades in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges Situate Outside of Ontario	*CAME INTO FORCE MAR 28/97*
BR	The TSE (1990), 13 O.S.C.B. 3007			*Expired Mar 1/97*
BR	Self-Directed RESPs (1990), 13 O.S.C.B. 4793			*Expired Mar 1/97*

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
BR	The TSE (1991), 14 O.S.C.B. 881	21-901	Recognition Order - In the Matter of the Recognition of Certain Stock Exchanges (1997), 20 O.S.C.B. 1034	*CAME INTO FORCE MAR 1/97* *AMENDMENT PUBLISHED AUG 29/00*
BR	Rules of Shelf Prospectus Offerings and for Pricing Offerings after the Prospectus Is Receipted (1991), 14 O.S.C.B. 1824 EXPIRED DECEMBER 31, 2000	44-102	Shelf Distributions	*CAME INTO FORCE DEC 31/00*
		44-103	Post-Receipt Pricing	*CAME INTO FORCE DEC 31/00*
BR	The Recognized Options Rationalization Order (1991), 14 O.S.C.B. 2157 EXPIRED MARCH 28, 1997	91-502	Trades in Recognized Options	*CAME INTO FORCE MAR 28/97*
BR	Multijurisdictional Disclosure System (1991), 14 O.S.C.B. 2863 EXPIRED NOVEMBER 1, 1998	71-101	The Multijurisdictional Disclosure System	*CAME INTO FORCE NOV 1/98*
		71-801	Implementing The Multijurisdictional Disclosure System	*CAME INTO FORCE NOV 1/98*
BR	An Assignment to the Director Pursuant to Section 6 of The Securities Act (1991), 14 O.S.C.B. 3439			***Expired Mar 1/97***
BR	Mutual Fund Securities (1991), 14 O.S.C.B. 3763 EXPIRED SEPTEMBER 30, 1998	33-502	Exceptions to Conflict Rules in the Sale of Mutual Fund Securities	*CAME INTO FORCE SEP 30/98*
		33-105	Underwriting Conflicts	***Published for comment Feb 6/98***
BR	First Prospectuses Filed by NP 36 Mutual Funds and Universal Money Market Fund (1991), 14 O.S.C.B. 3475		Now covered by subsection 23(10) of the *Red Tape Reduction Act*	***Expired Jul 1/99***
BR	The Recognized Options Rationalization Order (1991), 14 O.S.C.B. 4234 EXPIRED MARCH 28, 1997	91-502	Trades in Recognized Options	*CAME INTO FORCE MAR 28/97*
BR	Self-Directed Registered Education Plans (1992), 15 O.S.C.B. 613 EXPIRED JUNE 17, 1997	46-501	Self-Directed Registered Education Savings Plans	*CAME INTO FORCE JUN 17/97*
BR	Certain Advisers (1992), 15 O.S.C.B. 1955 EXPIRED NOVEMBER 18, 2000	35-502	Non-Resident Advisers	*CAME INTO FORCE NOV 17/00*
BR	Certain Members of the TSE (1992), 15 O.S.C.B. 3354 EXPIRED SEPTEMBER 4, 1997	35-503	Trades By Certain Members of the TSE	*CAME INTO FORCE SEP 4/97*
BR	Limitations on a Registrant Underwriting Securities of a Related or Connected Issuer (1992), 15 O.S.C.B. 3645 LAPSED DECEMBER 31, 2000	33-105	Underwriting Conflicts	***Published for comment Feb 6/98***
BR	The Prompt Offering Qualification System (1993), 16 O.S.C.B. 731, 732, 949 EXPIRED DECEMBER 31, 2000	44-101	Short Form Prospectus Distributions	*CAME INTO FORCE DEC 31/00*
BR	NP 47 and The Solicitation of Expressions of Interests (1993), 16 O.S.C.B. 2832 EXPIRED DECEMBER 31, 2000	44-101	Short Form Prospectus Distributions	*CAME INTO FORCE DEC 31/00*

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
BR	Going Private Transactions (1993), 16 O.S.C.B. 3428 EXPIRED MAY 1, 2000	61-501	Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions	*CAME INTO FORCE May 1/00*
BR	Insider, Issuer and Take-Over Bids in Anticipation of Going Private Transactions (1993), 16 O.S.C.B. 3429 EXPIRED MAY 1, 2000	61-501	Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions	*CAME INTO FORCE May 1/00*
BR	Ontario Regulation 638/93 and The Disclosure of Executive Compensation and of Indebtedness of Directors, Executive Officers and Senior Officers (1993), 16 O.S.C.B. 5913			*Expired Mar 1/97*
BR	Blanket Permission Under S.81 of the Regulation Under The Securities Act (Ontario) (1993), 16 O.S.C.B. 5914			*Expired Mar 1/97*
BR	Dividend Reinvestment and Stock Dividend Plans (1993), 16 O.S.C.B. 5928 EXPIRED JUNE 10, 1998	45-502	Dividend or Interest Reinvestment and Stock Dividend Plans	*CAME INTO FORCE JUN 10/98*
BR	Certain International Offerings by Private Placement in Ontario (1993), 16 O.S.C.B. 5931 RULE EXTENDED UNTIL JULY 1, 2002	45-501	Exempt Distributions	*CAME INTO FORCE DEC 22/98* ***Revised version published for comment Sep 8/00***
		52-101	Future-Oriented Financial Information	***Published for comment Jul 18/97***
		52-102	Use of Currencies	***Published for comment May 29/98***
BR	Blanket Permission - International Offerings made by way of Private Placement (1993), 16 O.S.C.B. 5938 TO EXPIRE ON JULY 1, 2001		International Offerings By Private Placement in Ontario	***To lapse***
BR	Networking Arrangements Governed by the Principles of Regulation (1993), 16 O.S.C.B. 6168 LAPSED DECEMBER 31, 1998	33-102	Registrant Dealings with Clients	***Republished for comment Jul 21/00***
BR	Networking Arrangements Governed by the Principles of Regulation (1993), 16 O.S.C.B. 6168 LAPSED DECEMBER 31, 1998	33-102	Registrant Dealings with Clients	***Republished for comment Jul 21/00 (previously published for comment as 33-103)***
BR	A Proposal of The TSE to Foster Capital Formation for Junior Resource and Industrial Enterprises (1994), 17 O.S.C.B. 347			*Expired Mar 1/97*
BR	The Disclosure of Executive Compensation and of Indebtedness of Directors, Executive and Senior Officers (1994), 17 O.S.C.B. 1176			*Expired Mar 1/97*

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
BR	Dividend Reinvestment Plans (1994), 17 O.S.C.B. 1178 EXPIRED DECEMBER 22, 1998	45-501	Exempt Distributions	*CAME INTO FORCE DEC 22/98* ***Revised version published for comment Sep 8/00***
BR	Blanket Permission Under S.81 of The Regulation (1994), 17 O.S.C.B. 1187			***Expired Mar 1/97***
BR	Trades by Issuers In Connection With Securities Exchange Issuer Bids and an Amalgamation, Arrangement or Specified Statutory Procedure (1994), 17 O.S.C.B. 1975 EXPIRED DECEMBER 22, 1998	45-501	Exempt Distributions	*CAME INTO FORCE DEC 22/98* ***Revised version published for comment Sep 8/00***
BR	Real Return Bond Strip Bonds (1994), 17 O.S.C.B. 2875			***Expired Mar 1/97***
BR	Trades by Issuers Upon Exercise of Certain Conversion or Exchange Rights and The First Trade In Securities Acquired Upon Exercise of Such Conversion or Exchange Rights (1994), 17 O.S.C.B. 2877 EXPIRED DECEMBER 22, 1998	45-501	Exempt Distributions	*CAME INTO FORCE DEC 22/98* ***Revised version published for comment Sep 8/00***
BR	Trading in Securities of Labour Sponsored Investment Fund Corporations (1994), 17 O.S.C.B. 5505 LAPSED DECEMBER 31, 1998	31-502	Proficiency Requirements for Registrants	*CAME INTO FORCE AUGUST 17/00*
		31-702	Ontario Securities Commission Designation of Courses Under Rule 31-502	*CAME INTO FORCE AUGUST 17/00*
BR	The First Trade in Securities Acquired Pursuant to Certain Exemptions, (1994), 17 O.S.C.B. 1978, as amended by (1994), 17 O.S.C.B. 5506 EXPIRED JUNE 10, 1998	72-501	Prospectus Exemption for First Trade Over a Market Outside Ontario	*CAME INTO FORCE JUN 10/98*
BR	Certain Amendments to Regulation 1015 (1994), 17 O.S.C.B. 5516	32-502	Registration Exemption for Certain Trades by Financial Intermediaries	*CAME INTO FORCE JAN 1/97 AMENDMENT CAME INTO FORCE APR 9/98*
BR	Certain Amendments to Regulation 1015 (1994), 17 O.S.C.B. 5517	32-503	Registration and Prospectus Exemption for Trades by Financial Intermediaries in Mutual Fund Securities to Corporate Sponsored Plans	*CAME INTO FORCE JAN 1/97 AMENDMENT CAME INTO FORCE APR 9/98*
BR	Trades by an Issuer in Securities of its own issue to Senior Officers, Directors, etc. and a Controlling Shareholder in Securities of an Issuer to Employees, Senior Officers, etc. (1994), 17 O.S.C.B. 5518 EXPIRED DECEMBER 22, 1998	45-503	Trades to Employees, Executives and Consultants	*CAME INTO FORCE DEC 22/98*

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
NOTICES OF CSA				
CSAN	Audit Committees (1990), 13 O.S.C.B. 4247	52-301	Audit Committees	*To be retained as notice*
CSAN	Rates of Return on Money Market Mutual Funds (1990), 13 O.S.C.B. 4329	81-102	Mutual Funds	*CAME INTO FORCE FEB 1/00* *Amendments published Feb 16/01*
CSAN	Advertising by Money Market Mutual Funds That Have Not Offered Their Securities to the Public For a Full Year (1991), 14 O.S.C.B. 541	81-102	Mutual Funds	*CAME INTO FORCE FEB 1/00* *Amendments published Feb 16/01*
CSAN	Soft Dollar Transactions (1992), 15 O.S.C.B. 2714			*Under Consideration*
CSAN	Applications for Discretionary Orders (1992), 15 O.S.C.B 3046			*Under Consideration*
CSAN	Bought Deal Financing (1992), 15 O.S.C.B. 3657			*Under Consideration*
CSAN	Review of National Policy Statement No. 41 (1992), 15 O.S.C.B. 5289			*To be withdrawn*
CSAN	Mutual Funds: Sales Incentives (1993), 16 O.S.C.B. 359			*Repealed May 1/98*
CSAN	Bought Deals (1993), 16 O.S.C.B. 2820			*Under Consideration*
CSAN	Pre-Marketing Activities in the Context of Bought Deals (1993), 16 O.S.C.B. 2822			*Under Consideration*
CSAN	Bought Deals (1993), 16 O.S.C.B. 4811			*Under Consideration*
CSAN	NP 39 - Mutual Funds: Section 16 Sales Communications (1993), 16 O.S.C.B. 5881 REVOKED	81-102	Mutual Funds	*CAME INTO FORCE FEB 1/00* *Amendments published Feb 16/01*
CSAN	An Electronic System for Securities Filings (1994), 17 O.S.C.B. 2857			*To be withdrawn*
CSAN	Conflicts of Interest (1995), 18 O.S.C.B. 130			*To be withdrawn*
CSAN	Mutual Fund Sales Incentives - Point-of-Sale Disclosure Statement (1995), 18 O.S.C.B 229			*Repealed May 1/98*
CSAN	SEDAR (1995), 18 O.S.C.B. 1892			*To be repealed*
CSAN	Proposed Foreign Issuer Prospectus and Continuous Disclosure System (Draft National Policy Statement No. 53) (1995), 18 O.S.C.B. 1893		Foreign Issuer Prospectus and Continuous Disclosure System	*To be retained*

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
NOTICES OF OSC OR OSC STAFF				
OSCN	Premature Announcements of Takeover Bids, Mergers, Amalgamations or Other Corporate Restructuring (1980), O.S.C.B. 2A			*Withdrawn Oct 6/00*
OSCN	Taxable Equivalent Adjustments (1983), 6 O.S.C.B. 1578			*Withdrawn Oct 6/00*
OSCN	Canadian Oil & Gas Lands Administration (1984), 7 O.S.C.B. 2675			*Withdrawn Oct 6/00*
OSCN	Auditors' Consent and Comfort Letters (1984), 7 O.S.C.B. 2993			*Withdrawn Oct 6/00*
OSCN	Color Your World - Take-over Bid Consideration (1984), 7 O.S.C.B. 3777			*Withdrawn Oct 6/00*
OSCN	Prospectus Disclosure of Ratings (1984), 7 O.S.C.B. 4362			*Withdrawn Oct 6/00*
OSCN	Application of Ceiling Test in Financial Statements of Oil and Gas Industry Issuers (1984), 7 O.S.C.B. 5114			*Withdrawn Oct 6/00*
OSCN	Bill 34 - Freedom of Information and Privacy Act (1984), 7 O.S.C.B. 6143			*Withdrawn Oct 6/00*
OSCN	Application of OSC Policy 11.4 on Commodity Pools Program (1985), 8 O.S.C.B. 2557	81-104	Commodity Pools	*Republished for comment Jun 2/00*
OSCN	Prompt Offering Qualification System - "Wrap Around" AIFs (1985), 8 O.S.C.B. 2911			*Withdrawn Oct 6/00*
OSCN	Prohibition Against Principal Trading by Investment Dealers in Securities of Target Company During Take-Over Bid (1985), 8 O.S.C.B. 3293			*Withdrawn Oct 6/00*
OSCN	Second Notice Concerning Application of Ceiling Test in Financial Statements of Oil and Gas Industry Issuers (1985), 8 O.S.C.B. 4719			*Withdrawn Oct 6/00*
OSCN	Disclosure of Executive Compensation - Proxy Circulars (1986), 9 O.S.C.B. 1997			*Withdrawn Oct 6/00*
OSCN	Enforcement of Timely Filings of Financial Statements: Application of OSC 7.6 (1986), 9 O.S.C.B. 4216			*Withdrawn Oct 6/00*
OSCN	Leveraged Mutual Fund Purchases (1986), 9 O.S.C.B. 4375			*Withdrawn Oct 6/00*
OSCN	Fees for Prospectus Offerings Outside of Ontario (1987), 10 O.S.C.B 1452			*Withdrawn Oct 6/00*
OSCN	Filing of Prospectuses with the Commission (1987), 10 O.S.C.B. 1730			*Withdrawn Oct 6/00*
OSCN	Use of Marketing Material During the Waiting Period (1987), 10 O.S.C.B. 2831			*To be retained*

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
OSCN	Procedures and Requirements for Implementing Amendments to the Regulation Regarding Entry Into and Ownership of the Ontario Securities Industry (1987), 10 O.S.C.B. 2969	31-503	Limited Market Dealers	*CAME INTO FORCE APR 7/98*
OSCN	Conditional Registration of Limited Market Dealers (1987), 10 O.S.C.B. 4791			*Withdrawn Oct 6/00*
OSCN	Regulation of Mortgage Syndications - Proposed Structural Changes (1987), 10 O.S.C.B. 5145			*Withdrawn Oct 6/00*
OSCN	Pre-Filing Consultation on Innovative or Unusual Financial Reporting (1987), 10 O.S.C.B. 5687			*To be retained*
OSCN	Report on Financial Statement Review Program (1987), 10 O.S.C.B. 5687			*To be retained*
OSCN	"Blank Cheque" Preferred Shares (1987), 10 O.S.C.B. 5690	56-501	Restricted Shares	*CAME INTO FORCE OCT 25/99*
OSCN	Soft Dollars - Exemptions by the Director (1987), 10 O.S.C.B. 6422			*Under Consideration*
OSCN	Outline of NP 39 (1987), 10 O.S.C.B. 6423			*Withdrawn Oct 6/00*
OSCN	NP 41 - Shareholder Communication Exemption from Interim Financial Statements (1988), 11 O.S.C.B. 1029			*To be withdrawn*
OSCN	Media Articles Appearing During the Waiting Period (1988), 11 O.S.C.B. 1098			*To be retained*
OSCN	NP 41 - Shareholder Communication/The Canadian Depository for Securities Limited (1988), 11 O.S.C.B. 1242			*Withdrawn Oct 6/00*
OSCN	Compliance with Section 41 of the *Securities Act* (1988), 11 O.S.C.B. 2217	33-504	Compliance with Section 42	*CAME INTO FORCE APR 7/98*
OSCN	Mutual Fund Dealer Registration as Limited Market Dealer (1988), 11 O.S.C.B. 2311			*Withdrawn Oct 6/00*
OSCN	Applications to the OSC (1988), 11 O.S.C.B. 3107			*Withdrawn Oct 6/00*
OSCN	NP 41 - Industry Implementation and Monitoring Report (1988), 11 O.S.C.B. 3325			*Withdrawn Oct 6/00*
OSCN	OSC 5.8 - Dissemination of Future-Oriented Financial Information (1988), 11 O.S.C.B. 3726			*Withdrawn Oct 6/00*
OSCN	Conditions of Registration - Capital Requirements (1988), 11 O.S.C.B. 3726	33-701	Calculation of Regulatory Capital	*CAME INTO FORCE JUN 27/97*
OSCN	Residential Real Estate Syndications (1988), 11 O.S.C.B. 4171			*To be withdrawn*

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
OSCN	Noranda/Falconbridge - Take-over Bid/Pre-Bid Integration Rules (1988), 11 O.S.C.B. 4367			*To be retained*
OSCN	Further Extension of System of Conditional Registration and other Exemptions of Financial Intermediaries (1988), 11 O.S.C.B. 5137			*Withdrawn Oct 6/00*
OSCN	OSC 5.2 - Junior Natural Resource Issuers - Standing Liaison Committee (1989), 12 O.S.C.B. 953			*Under Consideration*
OSCN	1.3 OSC - Restricted Shares Notice Regarding Compliance with Restricted Share Disclosure Requirements and Disclosure Regarding Take-Over Bids (1989), 12 O.S.C.B. 1227	56-501	Restricted Shares	*CAME INTO FORCE OCT 25/99*
OSCN	Rights Offerings Under a Prospectus (1989), 12 O.S.C.B. 1463	45-101	Rights Offerings	*Republished for comment Aug 11/00*
OSCN	Use of "Special Warrants" in Connection with Distribution of Securities By Prospectus (1989), 12 O.S.C.B. 2163	46-701	Special Warrants	*To be retained*
OSCN	Use of "Green Sheets" and other Marketing Material During the Waiting Period (1989), 12 O.S.C.B. 2641			*Withdrawn Oct 6/00*
OSCN	Supplementary Notice - Application of the Securities Act to Certain Residential Real Estate Offerings (1989) 12 O.S.C.B. 2732			*To be withdrawn*
OSCN	Collection of Personal Information - *Freedom of Information and Protection of Privacy Act, 1987* (1989), 12 O.S.C.B. 3083	31-504	Applications for Registration	*CAME INTO FORCE SEPT 4/97; Amendments published for comment Jun 19/98*
OSCN	Final Report on Capital, Financial Reporting and Audit Requirements (1990), 13 O.S.C.B. 493			*Withdrawn Oct 6/00*
OSCN	Review of Short Form Prospectuses Qualifying Derivative Securities (1990), 13 O.S.C.B. 1559			*Withdrawn Oct 6/00*
OSCN	Revised Notice of Amendment or Change of Information Form of Dealers and Advisers (1990), 13 O.S.C.B. 2971	33-503	Notification of Changes in Registration Information	*Published for comment Sep 17/99*
OSCN	Insider Reporting System (1991), 14 O.S.C.B. 260			*Withdrawn Oct 6/00*
OSCN	Staff Investigation in Respect of Loan by Stelco Inc. to controlling shareholder of Clarus Corporation (1991), 14 O.S.C.B. 1807	62-701	Take-Over Bid Concerns - Loans to Controlling Shareholders	*To be retained*
OSCN	Debt-like Derivative Securities (1991), 14 O.S.C.B. 3316	91-701	Debt-Like Derivative Securities	*CAME INTO FORCE JUN 21/96*

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
OSCN	Disruption of Mail Service (1991), 14 O.S.C.B. 4113			*Withdrawn Oct 6/00*
OSCN	Market Balancing for a Proposed Multinational Offering (1991), 14 O.S.C.B. 5845			*Withdrawn Oct 6/00*
OSCN	Deficiency Letters in Respect of Salesperson Registration Applications (1992), 15 O.S.C.B. 6			*Withdrawn Oct 6/00*
OSCN	Report on Financial Statement Issues (1992), 15 O.S.C.B. 6			*To be retained*
OSCN	Inter-Dealer Bond Broker Systems (1992), 15 O.S.C.B. 1081			*Withdrawn Oct 6/00*
OSCN	Confidential Material Change Reports (1992), 15 O.S.C.B. 4555			*Under Consideration*
OSCN	Report on Capital Adequacy Formula for SRO Members (1992), 15 O.S.C.B. 4750			*Withdrawn Oct 6/00*
OSCN	Annual Information Form and MD&A of Financial Condition and Results of Operation Re: Small Issuer Exemption (1992), 15 O.S.C.B. 4772	51-501	Annual Information Form and Management's Discussion and Analysis of Financial Condition and Results of Operation	*CAME INTO FORCE JAN 1/01*
OSCN	Office of the Chief Accountant MD&A Guide (1993), 16 O.S.C.B. 360			*To be retained*
OSCN	Universal Registration - Extension of Date for Registration of Financial Intermediaries (1993), 16 O.S.C.B. 2818			*Withdrawn Oct 6/00*
OSCN	Pre-Marketing Activities in the Context of Bought Deals (1993), 16 O.S.C.B. 4812			*Under Consideration*
OSCN	The GAAP Report (1993), 16 O.S.C.B. 5117			*Under Consideration*
OSCN	Labour Sponsored Investment Funds (1993), 16 O.S.C.B. 5283	31-502	Proficiency Requirements for Registrants	*CAME INTO FORCE AUGUST 17/00*
		31-702	Ontario Securities Commission Designation of Courses Under Rule 31-502	*CAME INTO FORCE AUGUST 17/00*
OSCN	Contemporaneous Private Placements and Public Offerings and Media Coverage Prior to the Commencement of the Waiting Period (1993), 16 O.S.C.B. 5776			*To be retained*
OSCN	Misleading Disclosure (1994), 17 O.S.C.B. 5			*Withdrawn Oct 6/00*
OSCN	Cash Equivalents (1994), 17 O.S.C.B. 489			*Withdrawn Oct 6/00*
OSCN	Disclosure of Investigations (1990), 13 O.S.C.B. 598	41-501	General Prospectus Requirements	*CAME INTO FORCE DEC 31/00*
OSCN	Issuance of Receipts for Preliminary Prospectuses and (Final) Prospectuses (1994), 17 O.S.C.B. 1058	41-701	Issuance of Receipts for Preliminary Prospectus and Prospectus	*Published May 2/97*

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
OSCN	Executive Compensation Disclosure for Debt Only Issuers (1994), 17 O.S.C.B. 1059	51-702	Executive Compensation Disclosure for Debt-Only Issuers	*To be retained*
OSCN	Securities Exchange Take-Over Bid Circulars - Reporting Issuer Status (1994), 17 O.S.C.B. 1402	45-501CP	Exempt Distributions	*CAME INTO FORCE DEC 22/98* *Revised version published for comment Sep 8/00*
OSCN	Meetings with a Commissioner Regarding a Prospectus or an Application for Exemption or Registration (1994), 17 O.S.C.B. 3509	15-701	Meetings with a Commissioner	*To be retained*
OSCN	Electronic Registration Application Forms (1994), 17 O.S.C.B. 3529			*To be withdrawn*
OSCN	Residency Requirements for Advisers and Their Partners and Officers (1994), 17 O.S.C.B. 4206			*Under Consideration*
OSCN	Selective Review of Prospectuses and Other Documents (1994), 17 O.S.C.B. 4385			*To be withdrawn*
OSCN	Solicitation Fee Claims (1994), 17 O.S.C.B. 4629			*Withdrawn Oct 6/00*
OSCN	Expedited Review of Short Form Prospectuses and Renewal AIFs (1994), 17 O.S.C.B. 5210	43-201	Mutual Reliance Review System for Prospectus and Initial AIFs	*CAME INTO FORCE JAN 1/00*
OSCN	Electronic Registration Forms (1994), 17 O.S.C.B. 6073			*To be repealed*
OSCN	The Use of Securities Exchange Take-over Bid Circulars to Obtain Reporting Issuer Status (1995), 18 O.S.C.B. 1768	45-501CP	Exempt Distributions	*CAME INTO FORCE DEC 22/98* *Revised version published for comment Sep 8/00*
OSCN	Courier/By Hand Deliveries (1995), 18 O.S.C.B. 2204			*Withdrawn Oct 6/00*
OSCN	Residency Requirements for Certain Non-Resident Salespersons and Supervisors (1995), 18 O.S.C.B. 3905			*Under Consideration*
OSCN	Registration Residency Requirements for Certain Canadian Dealers (1995), 18 O.S.C.B. 3908			*Under Consideration*
OSCN	Electronic Registration Forms (1995), 18 O.S.C.B. 5922			*To be withdrawn*
OSCN	Early Warning Information Publication (1996), 19 O.S.C.B. 1128			*Withdrawn Oct 6/00*
OSCN	Viatical Settlements (1996) 19 O.S.C.B. 4680			*To be repealed*

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
PRINCIPLES OF REGULATION				
PR	Distribution of Mutual Funds by Financial Institutions (1988), 11 O.S.C.B. 4436	33-102	Registrant Dealings with Clients	*Republished for comment Jul 21/00 (previously published for comment as 33-103)*
PR	Full Service and Discount Brokerage Activities in Branches of Related FIs (1988), 11 O.S.C.B. 4640	33-102	Registrant Dealings with Clients	*Republished for comment Jul 21/00*
PR	Activities of Registrants Related to Financial Institutions (1990), 13 O.S.C.B. 1779	33-102	Registrant Dealings with Clients	*Republished for comment Jul 21/00*
PR	Activities of Registrants Related to Financial Institutions (1990), 13 O.S.C.B. 1779	33-102	Registrant Dealings with Clients	*Republished for comment Jul 21/00 (previously published for comment as 33-201)*
STAFF ACCOUNTING COMMUNIQUÉS				
SAC No. 1	(1989), 12 O.S.C.B. 2458		Financial Statements to be Filed According to GAAP	*To be retained as 52-701*
SAC No. 1.1	(1993), 16 O.S.C.B. 1080		No Requirement to Provide Management Report Under CICA	*To be withdrawn*
SAC No. 2	Financial Statement Presentation of Corporate Financing Activities		Financial Statement Presentation of Corporate Financing Activities	*To be retained as 52-703*
SAC No. 3	Auditors Report on Comparative Financial Statements		Basis of Accounting, Auditing and Reporting	*Under consideration*
SAC No. 4	Interest Accrual on Delinquent Loans			*To be repealed*
SAC No. 5	Filing Extensions for Continuous Disclosure Financial Statements		Filing Extensions for Continuous Disclosure Financial Statements - Notice	*To be retained as 52-704*
SAC No. 6	Income Statement Presentation		Income Statement Presentation - Notice	*To be retained as 52-705*
SAC No. 7	Financial Disclosure in Information Circulars		Financial Disclosure in Information Circulars	*Under Consideration*
SAC No. 8	Accounting Basis in an Initial Public Offering (I.P.O.)			*To be retained as notice*
SAC No. 9	Pro Forma Financial Statements (1994), 17 O.S.C.B. 5207			*To be withdrawn*
SAC No. 10	Restructuring and Similar Charges (Including Write Downs of Goodwill) (1994), 17 O.S.C.B. 6074		Restructuring and Similar Charges (Including Write Downs of Goodwill)	*To be retained as 52-707*
REGISTRATION SECTION CLARIFICATION NOTE				
REG Note 1	Supplement to Principles of Regulation Regarding Distribution of Mutual Funds Through Branches of Financial Institutions			*Under Consideration*

Pre-Reformulation		Reformulation		
INSTRUMENT	TITLE	NUMBER	TITLE	STATUS AS AT MARCH 31, 2001
REG Note 2	Registration as an Investment Counsel or Portfolio Manager (IC/PM): Senior and Junior IC/PM Registration	31-502	Proficiency Requirements for Registrants	*CAME INTO FORCE AUGUST 17/00*
		31-702	Ontario Securities Commission Designation of Courses Under Rule 31-502	*CAME INTO FORCE AUGUST 17/00*
REG Note 3	Registration of Certain Employees or Independent Agents of Registered Dealers: Recommendations for Supervision of Qualifiers			*Under Consideration*
REG Note 4	New Procedures for Approving and Recording Amendments to Registration of Dealers and Advisers	33-503	Notification of Changes in Registration Information	*Published for comment Sep 17/99*
INTERPRETATION NOTE				
Interpretation Note 1	Distribution of Securities Outside Ontario (1983), 6 O.S.C.B. 228	72-101	Distributions Outside of the Local Jurisdiction	*Published for comment Sep 8/00*
Interpretation Note 2	Prospectus Disclosure of Principal Holders (1983) O.S.C.B. 4536	41-501	General Prospectus Requirements	*CAME INTO FORCE DEC 31/00*

Item Key

The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous

NEW INSTRUMENTS

NUMBER	TITLE	STATUS AS OF MARCH 31, 2001
11-201	Delivery of Documents by Electronic Means	*CAME INTO FORCE JAN 1/00*
11-301	Canadian Securities Administrators Strategic Plan 1999 - 2001	*Published Jul 2/99*
11-401	Delivery of Documents by Issuers Using Electronic Media Concept Proposal	*Published for comment Jun 13/97*
11-702	Notice re Table of Concordance	*Published Jan 2/98*
11-703	Table of Concordance for the Reformulation Project	*Published Jan 8/99*
11-704	Table of Concordance for the Reformulation Project	*Published Jan 14/00*
11-705	Table of Concordance for the Reformulation Project	*Published Jul 7/00*
11-706	Rescission of Staff Notices	*Published Oct 6/00*
11-707	Table of Concordance for the Reformulation Project	*Published Oct 6/00*
11-708	Table of Concordance for the Reformulation Project	*Published Jan 5/01*
11-901	Concept Proposal to Revise Schedule I (Fees) to be Regulation to the Securities Act (Ontario)	*Published for comment Mar 30/01*

Item Key

The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous

NEW INSTRUMENTS

NUMBER	TITLE	STATUS AS OF MARCH 31, 2001
12-201	Mutual Reliance Review System for Exemptive Relief Applications	*CAME INTO FORCE JAN 1/00*
12-302	National Policy 12-201 Mutual Reliance Review System ("MRRS") for Exemptive Relief Applications ("ERA") ERA and Applications for Approval or Exemptions under National Policy No. 39 "Mutual Funds" ("NP 39")	*Published Nov 19/99*
12-303	Exemptive Relief Applications and Year End	*Published Sep 17/99*
12-304	Mutual Reliance Review System for Exemptive Relief Applications - Frequently Occurring Issues	*Published Aug 11/00*
12-305	Exemptive Relief Application and Year End	*Published Oct 27/00*
12-401	National Application System Concept Proposal	*Published for comment Jan 30/98 (extended Jul 3/98)*
12-602	Deeming an Issuer from Certain Other Canadian Jurisdictions to be a Reporting Issuer in Ontario	*Published for comment Mar 9/01*
13-101	SEDAR (Electronic Filing) Rule	*CAME INTO FORCE DEC 17/96* *AMENDMENT CAME INTO FORCE AUG 27/99*
13-301	SEDAR - Use of Incorrect Document Formats	*Published May 15/98*
13-302	Notice of Changes to SEDAR Filer Software	*Published Oct 2/98*
13-303	SEDAR Operational Changes	*Published Dec 11/98*
13-304	Changes to SEDAR Filing Service Charges	*Published Feb 5/99*
13-305	SEDAR Changes for Mutual Reliance Review Systems for Prospectuses and AIFs	*Published Sep 3/99*
13-401	Request for Changes, Additions or Improvements for a Revised SEDAR System	*Published Jun 30/00*
13-501	Payment of Fees	*CAME INTO FORCE MAY 5/98*
13-701	SEDAR Filings and Year 2000 Contingency Plans	*Published Dec 24/99*
14-101	Definitions	*CAME INTO FORCE APR 1/97* *AMENDMENT CAME INTO FORCE JUL 1/99*

Item Key

The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous

NEW INSTRUMENTS

NUMBER	TITLE	STATUS AS OF MARCH 31, 2001
14-501	Definitions	*CAME INTO FORCE JUL 29/97* *AMENDMENT CAME INTO FORCE FEB 13/99*
21-101	Marketplace Operation	*Republished for comment Jul 28/00*
21-301	Canadian Venture Exchange	*Published Nov 26/99*
23-101	Trading Rules	*Republished for comment Jul 28/00*
23-501	Designation as Market Participant	*Republished for comment Jul 28/00*
23-502	Reported Market	*Published for comment Jul 28/00*
31-301	The Year 2000 Challenge	*Published Nov 21/97*
31-302	Securities Industry Contingency Planning	*Published Feb 19/99*
31-303	System Changes for Market Participants After Completion of Year 2000 Testing	*Published May 7/99*
31-304	Year 2000: Backup of Records	*Published Sep 3/99*
31-401	Registration Forms Relating to the National Registration Database	*Published Aug 4/00*
31-505	Conditions of Registration	*CAME INTO FORCE DEC 23/98*
31-506	SRO Membership - Mutual Fund Dealers	*Published Feb 16/01*
31-507	SRO Membership Securities Dealers	*Came into Force Dec 1/00*
31-508	Permanent Registration System	*Published for comment Jun 26/98*
31-703	Year 2000	*Withdrawn Oct 6/00*
31-704	Application for Registration and Year 2000	*Withdrawn Oct 6/00*
32-501	Direct Purchase Plans	*Published for comment Nov 17/00*
32-701	Processing of Equity and Fixed Income Trades by Financial Institutions and Mutual Fund Dealers	*Published Nov 12/99*

Item Key

The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous

NEW INSTRUMENTS

NUMBER	TITLE	STATUS AS OF MARCH 31, 2001
33-106	Year 2000 Preparation Reporting	*Revoked Jul 18/99*
33-107	Proficiency Requirements for Registrants Holding Themselves Out as Providing Financial Planning Advise	*Published Feb 16/01*
33-108	Permanent Registration	*Published for comment Mar 16/01*
33-301	National Instrument 33-106 - Year 2000 Preparation Reporting	*Published Feb 12/99*
33-302	National Instrument 33-106 Non-Compliant Registered Firms and Possible Terms and Conditions	*Published Apr 16/99*
33-303	Trust Accounts for Mutual Fund Securities	*Published May 14/99*
33-304	CSA Distributions Structures Committee Position Paper	*Published Aug 27/99*
33-305	Sale of Insurance Products by Dually Employed Salespersons	*Published Jan 7/00*
33-505	Permanent Registration (Commodity Futures Act)	*Published for comment Mar 16/01*
33-704	List of Non-Complying Ontario Registered Firms Under National Instrument 33-106	*Published Feb 26/99*
33-705	List of Non-Complying Ontario Registered Firms Under National Instrument 33-106	*Published Mar 5/99*
33-706	List of Non-Complying Ontario Registered Firms Under National Instrument 33-106	*Published Mar 12/99*
33-707	List of Non-Complying Ontario Registered Firms Under National Instrument 33-106	*Published Mar 26/99*
33-708	List of Non-Complying Ontario Registered Firms Under National Instrument 33-106	*Published Apr 9/99*
33-709	List of Non-Complying Ontario Registered Firms Under National Instrument 33-106	*Published Apr 23/99*
33-710	List of Non-Compliant Ontario Registered Firms Under National Instrument 33-106	*Withdrawn Oct 6/00*
33-711	List of Non-Compliant Ontario Registered Firms Under National Instrument 33-106	*Withdrawn Oct 6/00*
33-712	Processing of Equity and Fixed Income Trades by Financial Institutions and Mutual Fund Dealers	*Published Nov 12/99*
33-713	Registrant Regulatory Filings	*Published May 19/00*
33-718	Networking Applications	*Published Jan 14/00*
35-101	Conditional Exemption from Registration for United States Broker - Dealers and Agents	*CAME INTO FORCE JAN 1/01*

Item Key

The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous

NEW INSTRUMENTS

NUMBER	TITLE	STATUS AS OF MARCH 31, 2001
35-301	Conditional Exemption from Registration for United States Broker-Dealers and Agents	*Published Jul 16/99*
41-301	The Year 2000 Challenge - Disclosure Issues	*Published Jan 30/98*
41-502	Prospectus Requirements for Mutual Funds	*To come into effect Apr 5/01*
42-301	Dual Reporting of Financial Information	*Published Feb 11/00*
43-301	CSA Mining Technical Advisory and Monitoring Committee	*Published Nov 17/00*
44-401	CSA Notice and Request for Comment: Concept Proposal for an Integrated Disclosure System	*Published Jan 28/00*
45-102	Resale of Securities	*Published for comment Sep 8/00*
45-504	Prospectus Exemption for Distributions of Securities to Portfolio Advisers on Behalf of Fully Managed Accounts	*CAME INTO FORCE FEB 20/98*
45-701	Paragraph 35(2)14 of the Securities Act (Ontario)	*Published Nov 10/00*
46-301	Escrows - Proposal for Uniform Terms of Escrow Applicable to Initial Public Distributions	*Published Mar 17/00*
47-201	The Use of the Internet and Other Electronic Means of Communication to Facilitate Trading in Securities	*CAME INTO FORCE JAN 1/00*
48-701	Notice of Lapse of SEC No-Action Letter regarding US Trading Rules and MJDS Transactions	*Published Jun 27/97*
51-301	Conversion of Corporate Issuers to Trusts	*Published Oct 10/97*
51-302	The Year 2000 Challenge - Disclosure Issues	*Published Jan 30/98*
51-303	CSA Follow-up of Inadequate Year 2000 Disclosure	*Published Feb 19/99*
51-401	CSA Notice and Request for Comment: Concept Proposal for an Integrated Disclosure System	*Published Jan 28/00*
51-703	Implementation of Reporting Issuer Continuous Disclosure Review Program	*Published June 16/00*
51-901	Report of the Toronto Stock Exchange Committee on Corporate Disclosure and Proposed Changes to the Definitions of "Material Fact" and "Material Change"	*Published for comment Nov 7/97*
51-902	Proposal for a Statutory Civil Remedy for Investors in the Secondary Market	*Published for comment May 29/98*
52-302	Dual Reporting of Financial Information	*Published Feb 11/00*

Item Key

The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous

NEW INSTRUMENTS

NUMBER	TITLE	STATUS AS OF MARCH 31, 2001
52-501	Financial Statements	*CAME INTO FORCE DEC 12/00 (replaces s. 7 to 11 of the Regulation)*
52-708	Staff Accounting Communiqué - Initial Offering Costs of Closed-End Investment Funds	*Published Dec 5/97*
52-709	Income Statement Presentation of Goodwill Charges	*Published Feb 18/00*
53-301	CSA Notice - Task Force on Civil Remedies	*Published Sep 12/97*
53-302	Proposal for a Statutory Civil Remedy for Investors in the Secondary Market and Response to the Proposed Change to the Definitions of "Material Fact" and "Material Change"	*Published Nov 10/00*
53-701	Staff Report on Corporate Disclosure Survey	*Published July 28/00*
55-102	System for Electronic Data on Insiders	*Published for comment Jun 16/00*
55-301	Filing Insider Reports By Facsimile and Exemption Where Minimal Connection to Jurisdiction	*Published Jan 24/97*
55-302	National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI) Implementation Date Postponed	*Published Nov 17/00*
55-501	Insider Report Form	*CAME INTO FORCE JAN 28/96*
55-502	Facsimile Filing or Delivery of Insider Reports	*CAME INTO FORCE MAY 5/98*
57-603	Defaults by Reporting Issuers in Complying with Financial Statement Filing Requirements	*Published for comment Mar 31/00*
61-301	Staff Guidance on the Practice of "Mini-Tenders"	*Published Dec 10/99*
61-701	Applications for Exemptive Relief under Rule 61-501	*Published June 30/00*
62-101	Control Block Distribution Issues	*CAME INTO FORCE MAR 15/00*
62-102	Disclosure of Outstanding Share Data	*CAME INTO FORCE MAR 15/00*
62-103	The Early Warning System and Related Take-over Bid and Insider Reporting Issues	*CAME INTO FORCE MAR 15/00*
81-105	Mutual Fund Sales Practices	*CAME INTO FORCE MAY 1/98*
81-301	Mutual Fund Prospectus Disclosure System Concept Proposal	*Revoked*
81-302	Sales of Mutual Funds in Current RRSP Season	*Published Dec 12/97*

Item Key

The third digit of each Instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous

NEW INSTRUMENTS

NUMBER	TITLE	STATUS AS OF MARCH 31, 2001
81-303	Year 2000 Disclosure for Mutual Funds	*Published Apr 30/99*
81-304	Trust Accounts for Mutual Fund Securities	*Published May 14/99*
81-305	National Policy 12-201 Mutual Reliance Review System ("MRRS") for Exemptive Relief Applications ("ERA") ERA and Applications for Approval or Exemptions under National Policy No. 39 "Mutual Funds" ("NP 39")	*Published Nov 19/99*
81-306	Disclosure by Mutual Funds of Changes in Calculation of Management Expense Ratio	*Published Apr 7/00*
81-704	Limited Powers of Attorney and Letters of Authorization Used in the Sale of Mutual Funds	*Published Aug 4/00*
91-504	Over-the-Counter Derivatives	*See Notice published Dec 1/00*
	Non-SRO Electronic Trading Systems and Market Fragmentation	*Published for comment May 16/97; replaced by 21-101 and 23-101*

1.2 Notice of Hearing

1.2.1 Jack Banks & Larry Weltman

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

AND

IN THE MATTER OF
JACK BANKS a.k.a. JACQUES BENQUESUS
and LARRY WELTMAN

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the Act at the Commission's offices on the 17th floor, 20 Queen Street West, Toronto, Ontario, commencing on Thursday, May 3, 2001 at 10:00 a.m., or as soon thereafter as the hearing can be held (the "Hearing"), to consider whether it is in the public interest to make an order:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, that trading in any securities by the respondents or either of them cease permanently or for such period as may be specified in the order;

(b) pursuant to paragraph 6 of subsection 127(1) of the Act, that the respondents or either of them be reprimanded;

(c) pursuant to paragraph 7 of subsection 127(1) of the Act, that the respondents or either of them resign any positions as a director or officer of an issuer;

(d) pursuant to paragraph 8 of subsection 127(1) of the Act, that the respondents or either of them be prohibited from becoming or acting as director or officer of any issuer; and

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

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

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

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

March 30, 2001.

"John Stevenson"

1.2.2 Jack Banks & Larry Weltman - Statement of Allegations

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

AND

IN THE MATTER OF
JACK BANKS a.k.a. JACQUES BENQUESUS
and LARRY WELTMAN

STATEMENT OF ALLEGATIONS

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

1. Jack Banks ("Banks") and Larry Weltman ("Weltman") were, at all material times, directors of Laser Friendly Inc. ("the Company"). Banks was also Chairman of the Company's board of directors, and was president and a principal shareholder of the Company. Weltman was executive vice president and chief financial officer of the Company. Banks and Weltman were the principal members of the Company's management.

2. The Company, subsequently known as Gaming Lottery Corporation, GLC Limited and ultimately GalaxiWorld.com Limited, was a diversified gaming company that manufactured and supplied products to the lottery, parimutuel, bingo and charitable gaming industry.

3. Shares of the Company traded on the Toronto Stock Exchange ("the TSE") from August 1993 to July 1998.

The Roll Program

4. In November 1994 the Company's board of directors (including Banks and Weltman) resolved that the Company would participate in a program ("the Roll Program") described in the resolution as follows:

__WHEREAS__ the Corporation intends to enter into a series of transactions whereby one or more offshore entities (individually a "Subscriber" and collectively, the "Subscribers") will enter into subscription agreements (the "Subscription Agreements") with the Corporation pursuant to which the Subscribers will subscribe for up to an aggregate of 30,000,000 common shares of the Corporation (the "Shares") at a subscription price of U.S.$4.00 per Share;

__AND WHEREAS__ pursuant to the Subscription Agreements the Subscribers shall not be obligated to pay the subscription price until the expiry of one year following the date of the Subscription Agreement;

__AND WHEREAS__ the Corporation intends to conditionally allot and issue the Shares and to deposit a share certificate or certificates representing the Shares to be issued with an escrow agent (the "Escrow Agent") for safekeeping;

***AND WHEREAS** the obligations of a Subscriber under a Subscription Agreement shall be secured by the issuance of a debenture (the "Debenture") of the Subscriber in favour of the Corporation in the principal amount equal to the subscription price for the Shares and bearing interest at the rate of 3% per annum (initially) calculated and payable monthly and granting the holder thereof a floating charge over the assets of the Subscriber;*

***AND WHEREAS** the Subscriber is entitled to prepay all or part of the principal amount of the Debenture on any interest payment date and upon receipt of any such principal payment, interest will cease on the portion of the principal paid;*

***AND WHEREAS** upon receipt by the Escrow Agent of the full principal amount of the Debenture, plus accrued an [sic] unpaid interest, the Corporation shall be entitled either (i) to accept the subscription for the Shares upon the approval of the holders of a majority of the outstanding voting securities of the Corporation and all regulatory authorities, including The Toronto Stock Exchange, or (ii) to reject such subscription for the Shares upon the approval of the Board of Directors of the Corporation;*

***AND WHEREAS** pursuant to the Debenture, during each 90 day period during which the Debenture is outstanding, if there is a rise or fall in the market value of the Shares of more than 25% from the original subscription price therefor, at the option of the Corporation, either the number of Shares subscribed for or the subscription price per Share and the* principal and interest payments under the Debenture shall be correspondingly adjusted by the Corporation such that either the aggregate market value of the Shares subscribed for shall be equal to the original subscription price therefor or the new aggregate subscription price shall reflect the new market price per Share;

***AND WHEREAS** the Subscription Agreement and the conditional allotment and issue of Shares pursuant thereto are exempt from the registration and prospectus requirements pursuant to Regulation S of the United States Securities Act of 1933 and securities legislation in Canada;*

5. The Company gave formal notice to the TSE of a possible material change in the affairs of the Company. The Company reported that it intended to enter into the Roll Program, pursuant to which 15 million shares of the Company would be authorized for issue, and that any share certificates would be delivered to an escrow agent.

6. In deciding that the Company would participate in the Roll Program, Banks and Weltman knew that, while the Company intended to issue share certificates, the Company did not intend to actually issue any shares. In November and December of 1994 the Company entered into subscription agreements (providing for the issue of certificates) for 45 million shares. The weighted average number of outstanding shares for the year ended January 31, 1995 was approximately 17 million.

Issuance of Shares to Helix Capital Corporation and Delta West Management Trust

7. Pursuant to the November 1994 resolution, the Company entered into subscription agreements with each of Helix Capital Corporation ("Helix") and Delta West Management Trust ("Delta West"). In each case:

   (a) the agreement purported to represent a subscription for 15 million shares of the Company at a price of US$4 per share;

   (b) the subscriber issued a debenture in favour of the Company in the amount of US$60 million, payable one year from the date of the agreement;

   (c) the subscriber promised to pay interest of 3% per year to the Company on the principal amount of the debenture;

   (d) the Company instructed its transfer agent to issue share certificates in the name of Helix or Delta West;

   (e) the share certificates bore a legend indicating that there were certain transfer restrictions pursuant to Regulation S of the U.S. *Securities Act of 1933* ("Regulation S"); and

   (f) the share certificates appeared to represent "fully paid and non-assessable common shares", and did not bear any endorsement to indicate that the shares were not fully paid or that they were subject to an agreement.

8. The Company authorized delivery of share certificates representing 15 million shares registered in the name of Helix (the "Helix Certificates") to Helix's lawyer with no escrow agreement in place. Instead, the Company accepted Helix's agreement that it would ensure that any share certificates provided pursuant to the Roll Program would be held in trust by Helix's lawyer or a reputable financial institution and that, if the certificates were to be delivered elsewhere, Helix would notify the Company in writing immediately as to the location of the safekeeping account.

9. Several days later, Helix advised the Company that one of the share certificates delivered to Helix had been placed "in a Program", but Helix did not provide the written notice of the location of the certificate as it had agreed to do.

10. The Company also authorized delivery of share certificates representing 15 million shares registered in the name of Delta West to Delta West's lawyer before an escrow agreement was put in place. The Company asked Delta West to undertake not to release the share certificates delivered to it and to provide a form of escrow agreement. Delta West's lawyer committed to hold the share certificates in trust and not to release

them without the Company's prior written approval. Delta West did not provide a form of escrow agreement.

11. In December 1994, pursuant to a separate resolution signed by the board of directors (including Banks and Weltman), the Company entered into a second subscription agreement with Delta West, representing a further 15 million shares. This agreement was in the same form as the other agreements except the interest rate was increased to 10%. The further share certificates issued in the name of Delta West purported to represent "fully paid and non assessable" shares of the Company and bore a legend noting transfer restrictions pursuant to Regulation S, but did not bear any marking noting that they had not been paid for or that they were subject to an agreement.

12. The additional certificates were delivered directly to Delta West without any agreement to provide for their safekeeping. Delta West completed part of the transfer portion of the share certificates on the same day as the certificates were delivered to it.

13. Despite the Company's representation to the TSE that it would deliver any Roll Program share certificates to an escrow agent, the Company did not advise the TSE that share certificates were delivered to counsel for Helix and Delta West in circumstances where an escrow agreement was not in place, or that the additional certificates were delivered directly to Delta West. The Company also did not notify the TSE that it had entered into further agreements relating to "subscriptions" for a further 30 million shares.

14. Delta West later advised the Company that the first certificates had been delivered to the wrong depository. Even though delivery of the certificates to anyone constituted a breach of the promise made by Delta West to the Company not to release the certificates, Delta West asked the Company to provide replacement certificates.

15. The Company asked that Delta West undertake to return the original certificates and in reliance upon that undertaking, the Company instructed its transfer agent to issue replacement certificates representing a further 15 million shares. The Company delivered the replacement certificates as instructed by Delta West without securing control of the original certificates.

16. In March 1995 Bank Leu AG sought to realize upon one of the Helix Certificates, purporting to represent 2.5 million fully paid shares of the Company, which certificate had been pledged to the Bank as security for a substantial loan advanced by the Bank. When the Bank notified the Company of its claim and sought to realize upon its security, the Company advised in response that the shares had not been validly issued because they had not been paid for.

Conduct Contrary to the Public Interest

17. Banks and Weltman knowingly permitted share certificates of the Company to be delivered in circumstances where they knew or ought to have known that the certificates could and would be used to deceive third parties. Banks and Weltman knew that the share certificates purported to represent fully paid shares, when the Company did not receive payment for the shares. They failed to ensure that sufficient controls existed to prevent the share certificates from being used for an improper purpose.

18. Banks and Weltman failed to take immediate steps to cancel and to attempt to retrieve share certificates and agreed to permit such certificates to remain in the possession of others, even after they had received notice that one or more of the share certificates may have been used for an improper purpose.

Other Dispositions to be relied upon by Staff

19. Weltman was named as a respondent in an administrative proceeding brought by the United States Securities and Exchange Commission ("the SEC"). The SEC found that Weltman's decision to participate in the events described above contributed to the commission of fraud in relation to shares of the Company.

20. In criminal proceedings in the State of New York with respect to a matter unrelated to the Roll Program, Banks and Weltman pled guilty to the commission of a felony, in particular "intentionally engaging in a scheme constituting a systematic ongoing course of conduct with intent to defraud... while engaged in inducing and promoting the issuance, distribution, exchange, sale, negotiations and purchase of" shares of the Company.

21. By engaging in the conduct described above, Banks and Weltman acted in a manner contrary to the public interest.

22. Such further allegations as Staff may advise and the Commission may permit.

March 30, 2001.

1.3 News Releases

1.3.1 Jack Banks & Larry Weltman

FOR IMMEDIATE RELEASE
April 2, 2001

OSC COMMENCES PROCEEDINGS AGAINST JACK BANKS (A.K.A. JACQUES BENQUESUS) AND LARRY WELTMAN

Toronto - The Ontario Securities Commission (the "Commission") announced today that it has commenced a proceeding against Jack Banks and Larry Weltman, two directors and principals of LaserFriendly Inc. (otherwise known as Gaming Lottery Corporation, GLC Corporation and GalaxiWorld.com). Shares of the company traded on the TSE from August 1993 to July 1998.

Staff of the Commission allege that Banks and Weltman authorized the company to participate in a program whereby the company would issue share certificates, although not actually issue the underlying shares. Staff allege that Banks and Weltman knew or ought to have known that improper use might be made of these share certificates, and that they failed to ensure that sufficient controls were in place to avoid any improper use.

In addition, Staff allege that Banks and Weltman pleaded guilty in the State of New York to a felony relating to fraud involving the shares of the company (although unrelated to the program described above).

The first appearance of this matter will take place on Thursday, May 3, 2001 at 10:00 a.m. at the offices of the Commission, 20 Queen Street West, Toronto, on the 17th floor.

Copies of the Notice of Hearing and Statement of Allegations are available at **www.osc.gov.on.ca** or from the Commission, 19th Floor, 20 Queen Street West, Toronto, Ontario.

References:

Michael Watson
Director of Enforcement
(416) 593-8156

Rowena McDougall
Senior Communications Officer
(416) 593-8117

1.3.2 OSC Proposes further 20% Cost Reduction

FOR IMMEDIATE RELEASE
April 4, 2001

OSC PROPOSES FURTHER 20 PER CENT COST REDUCTION FOR MARKET PARTICIPANTS

Toronto - The Ontario Securities Commission is proposing to reduce regulatory costs for market participants by an estimated 20 per cent as part of reforms to its fee schedule, says OSC Executive Director, Charlie Macfarlane.

The OSC's proposed fee schedule would also be simpler to understand and divide costs more fairly among market players, he added.

"The Concept Proposal we have published for comment fulfills our commitment to streamline the current fee schedule and charge fees that better reflect the services provided," Mr. Macfarlane said. "Costs will increase for some market participants and decrease for others, but overall, costs for market participants are expected to go down by approximately 20 per cent based on current revenues – a savings of more than $15 million a year."

Mr. Macfarlane noted that the OSC has already reduced fees on three separate occasions over the past four years, saving market players a total of $20 million in the past year alone. Previous fee reductions included:

- In June, 2000, a 10 per cent across-the-board fee reduction;
- In August, 1999, a 10 per cent across-the-board fee reduction;In September, 1997, the elimination of the Secondary Market Fee and fees for certain registration terminations and transfers, a savings of $2 million.
- "All market players have benefited from reduced fees during the past two years," he said. "It's time now to bring in reforms that will fairly allocate costs based on services used."

To accomplish the OSC's objectives, the new schedule proposes two types of fees:

1. **Participation Fees** reflect the benefit derived by market players from participating in Ontario's capital markets. All market players, including reporting issuers, registrants and mutual fund managers, will be required to pay an annual participation fee. The participation fee would be based on a measure of the size of the market player, which is intended to serve as a proxy for the market player's use of the capital markets.

2. **Activity Fees** reflect the direct cost for activities provided by OSC staff at the request of the market player. Examples include: reviewing prospectuses and applications for discretionary relief and processing registration documents.

The Concept Proposal recommends the fee schedule be re-evaluated every three years, Mr. Macfarlane said. "We expect

to operate within budget, but if there is a surplus after three years, fees will be reduced accordingly for the next three-year period."

The proposal was developed with extensive industry cooperation, including focus groups with reporting issuers, dealers, advisers, mutual fund managers, the Investment Dealers Association of Canada and the Investment Funds Institute of Canada, Mr. Macfarlane added.

The OSC has also added a fee estimator to its website (www.osc.gov.on.ca/en/market.html) to enable market players to determine what their annual fees would have been for prior years if the Concept Proposal had been in effect. Detailed examples of fees charged to market participants in 1999 and what those participants would pay under the proposed fee schedule can be found in Appendix B of the Concept Proposal.

Interested parties are invited to comment in writing on the Concept Proposal by May 31, 2001.

Reference:

Frank Switzer
Director of Communications
416-593-8120

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 The Business Corporation Act et al. - MRRS Decision

Headnote

MRRS - Exemption granted from the requirement to disclose executive compensation and indebtedness of directors, executive officers and senior officers in the information circular provided to shareholders in connection with a special meeting - the excluded information not relevant to the matters to be decided upon at the special meeting.

Applicable Ontario Statutes

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

Applicable Ontario Regulations

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

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

AND

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

AND

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT R.S.O. 1990, c. B.16 (THE "OBCA") AND
MERRILL LYNCH & CO., CANADA LTD.

MRRS DECISION DOCUMENT

AND

ORDER
(section 113 of the OBCA)

WHEREAS the local securities regulatory authority or regulator (collectively, the "Decision Makers") in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia and Newfoundland (collectively, the "Jurisdictions") has received an application from Merrill Lynch & Co., Canada Ltd. ("ML Exchangeco") for a decision pursuant to the securities legislation of the Jurisdictions (collectively, the "Legislation") that ML Exchangeco be exempted from the requirement under the Legislation to include certain information in the circular of ML Exchangeco (the "ML Exchangeco Circular") to be prepared in connection with the special meeting (the "Special Meeting") of holders of non-voting exchangeable shares of ML Exchangeco (the "Exchangeable Shares");

AND WHEREAS the Decision Maker in Ontario has received an application from ML Exchangeco for a decision pursuant to the *Business Corporations Act* (Ontario) (the "OBCA") that ML Exchangeco be exempted from the requirement under the OBCA to include certain information in the ML Exchangeco Circular to be prepared in connection with the Special Meeting;

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

AND WHEREAS ML Exchangeco has represented to the Decision Makers that:

1. ML Exchangeco is a corporation incorporated under the OBCA and is a reporting issuer in each province and territory of Canada (other than Newfoundland and those jurisdictions which do not recognize the concept of a reporting issuer). The Exchangeable Shares are listed on The Toronto Stock Exchange.

2. The authorized capital of ML Exchangeco consists of an unlimited number of non-voting preference shares, an unlimited number of common shares and an unlimited number of Exchangeable Shares of which 2,507,908 non-voting preference shares, 71,878 common shares and 9,662,448 Exchangeable Shares were outstanding on December 29, 2000.

3. All the non-voting preference shares and common shares of ML Exchangeco are held indirectly by Merrill Lynch & Co., Inc. ("Merrill Lynch"). On December 29, 2000, 5,008,070 Exchangeable Shares were held indirectly by Merrill Lynch.

4. ML Exchangeco is a holding company which holds shares of various Canadian indirect subsidiaries of Merrill Lynch and does not carry on any active business.

5. On August 26, 1998, Merrill Lynch acquired all of the issued and outstanding shares of Midland Walwyn Inc. ("Midland Walwyn") pursuant to a plan of arrangement (the "Arrangement") effected under section 192 of the

Canada Business Corporations Act. Upon the closing of the Arrangement, the ordinary shares of Midland Walwyn were exchanged for common shares of Merrill Lynch or, at the option of the holders thereof, Exchangeable Shares.

6. The Exchangeable Shares are intended to provide the holders thereof with a security of a Canadian issuer having economic and voting rights which are, as nearly as practicable, equivalent to those of a Merrill Lynch common share.

7. To achieve the desired economic equivalence, the provisions attaching to the Exchangeable Shares (the "Exchangeable Share Provisions") and the support agreement (the "Support Agreement") dated August 26, 1998 between Merrill Lynch and ML Exchangeco, among others, provide that certain actions cannot be undertaken in respect of the Merrill Lynch common shares unless an economic equivalent action is undertaken in respect of the Exchangeable Shares. In addition, pursuant to the terms of a voting and exchange trust agreement entered into by Merrill Lynch, ML Exchangeco and Montreal Trust Company of Canada on August 26, 1998, the holders of Exchangeable Shares are entitled, through a Merrill Lynch special voting share, to one vote at each meeting of holders of common shares of Merrill Lynch for each Exchangeable Share held and are entitled to receive all shareholder materials prepared by Merrill Lynch for distribution to its common shareholders, including any information circulars prepared in connection with a shareholder meeting.

8. In connection with the Arrangement the Decision Makers in each of the Jurisdictions recognized the economic equivalence of the Exchangeable Shares and the Merrill Lynch common shares and issued an order providing that, *inter alia*, ML Exchangeco was exempt from the continuous disclosure requirements imposed by securities legislation in Canada provided that Merrill Lynch continues to comply with its continuous disclosure obligations under U.S. law and sends such materials to Canadian holders of Exchangeable Shares (the "Order").

9. Article 3.1 of the Exchangeable Share Provisions provides that, in the case of a dividend declared on the common shares of Merrill Lynch, a holder of Exchangeable Shares shall be entitled to receive, and the board of directors of ML Exchangeco shall declare, a dividend on each Exchangeable Share as specified in the Exchangeable Share Provisions.

10. Furthermore, pursuant to section 2.1(a) of the Support Agreement, Merrill Lynch is not to declare or pay any dividend on the Merrill Lynch common shares unless ML Exchangeco simultaneously declares and pays an equivalent dividend (as provided in the Exchangeable Share Provisions) on the Exchangeable Shares.

11. ML Exchangeco wishes to amend (the "Amendment") the Exchangeable Share Provisions to make it clear that, in lieu of declaring a dividend on the Exchangeable Shares in the circumstances contemplated in section 3.1. of the Exchangeable Share Provisions, the board of directors of ML Exchangeco may, in its discretion and subject to applicable law, cause ML Exchangeco to take such action as to result in the receipt by the holders of Exchangeable Shares of the economic equivalent to the dividend which would otherwise have been declared on the Exchangeable Shares.

12. The proposed Amendment makes it clear that ML Exchangeco has the flexibility to implement a dividend declared and paid on the common shares of Merrill Lynch by any means which results in the economic equivalent. In particular, the Amendment clarifies that ML Exchangeco may implement a stock dividend on the Merrill Lynch common shares by way of a stock split on the Exchangeable Shares, which is a more tax efficient way of achieving the same result in Canada.

13. Section 2.1(a) of the Support Agreement will also be amended to make the Support Agreement consistent with the Exchangeable Share Provisions on this point.

14. The OBCA and the Exchangeable Share Provisions require that the Amendment be approved by no less than two-thirds of the votes cast by holders of Exchangeable Shares at the Special Meeting. No matters other than the Amendment will be considered at the Special Meeting.

15. Pursuant to section 2.10 of the Support Agreement, Merrill Lynch has agreed that it will not, and will cause its affiliates not to, exercise any voting rights with respect to any Exchangeable Shares held by it or its affiliates. Therefore, Merrill Lynch and its affiliates will not vote their Exchangeable Shares in respect of the Amendment.

16. The Legislation and the OBCA require ML Exchangeco to solicit proxies and deliver the ML Exchangeco Circular to each of the holders of the Exchangeable Shares in connection with the Special Meeting.

17. It is anticipated that Merrill Lynch will hold the annual meeting of holders of its common shares on the same date as the Special Meeting and in connection therewith will deliver to each such holder, as well as to each holder of Exchangeable Shares, proxy materials prepared in accordance with U.S. laws (the "Merrill Lynch Proxy Materials").

18. Unless a discretionary exemption is granted, the ML Exchangeco Circular is required to include disclosure regarding executive compensation and indebtedness of directors, executive officers and senior officers (collectively, the "Required Disclosure").

19. The Required Disclosure is not relevant to the matters being considered by the holders of Exchangeable Shares at the Special Meeting since the only matter to be considered at the Special Meeting is the Amendment.

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

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

THE DECISION of the Decision Makers under the Legislation is that ML Exchangeco be exempted from the requirement to include the Required Disclosure in the ML Exchangeco Circular.

March 13, 2001.

"J. A. Geller" "R. W. Davis"

AND UPON the Decision Maker in Ontario being satisfied that there is adequate justification for so doing;

IT IS THE FURTHER DECISION of the Decision Maker in Ontario under section 113 of the OBCA that ML Exchangeco be exempted from the requirement to include the Required Disclosure in the ML Exchangeco Circular.

March 13, 2001.

"J. A. Geller" "R. W. Davis"

2.1.2 Cantech Ventures Inc. & Allyn Resources, Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Share exchange take-over bid for all of the common shares of offeree - Offeror's shares not registered for distribution outside of Canada - Offeror proposes that non-Canadian holders who accept the offer will receive the cash proceeds from sale by a depositary of offeror's common shares, rather than receiving common shares - relief granted from the requirement that identical consideration be offered to all shareholders of the same class insofar as non-Canadian holders will receive the cash proceeds from the sale of offeror's shares, rather than the shares themselves.

Applicable Ontario Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 97(1) and 104(2)(c).

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

AND

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

AND

IN THE MATTER OF
CANTECH VENTURES INC. AND
ALLYN RESOURCES, INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta and Ontario (the "Jurisdictions") has received an application from Cantech Ventures Inc. (the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that, in connection with the Filer's offer (the "Take-over Bid") to purchase all of the issued and outstanding common shares (the "Allyn Shares") of Allyn Resources, Inc. (the "Target"), the requirement that all of the holders of securities that are of the same class shall be offered identical consideration (the "Identical Consideration Requirement") shall not apply to the Filer with respect to consideration offered to certain security holders pursuant to the Take-over Bid;

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

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

1. the Filer is a company incorporated under the *Business Corporations Act* (Alberta) and continued under the *Company Act* (British Columbia) whose shares (the "Cantech Shares") are listed on the Canadian Venture Exchange Inc. (the "CDNX");

2. the Filer is a reporting issuer in each of British Columbia, Alberta and Ontario and is not in default of any requirement of the Legislation;

3. the Target is a corporation incorporated under the *Business Corporations Act* (Alberta);

4. the Target is a reporting issuer in Alberta and is subject to a cease trade order imposed by the Alberta Securities Commission on January 21, 1999;

5. the Filer is currently preparing a take-over bid circular with respect to the proposed Take-over Bid, which it intends to mail in March 2001;

6. under the terms of the Take-over Bid, the price to be paid to holders of Allyn Shares is one Cantech Share for every two Allyn Shares;

7. the Cantech Shares issuable under the Take-over Bid to shareholders of the Target resident in the United States ("U.S. Shareholders") have not been and will not be registered under the United States *Securities Act of 1933;* accordingly, the delivery of Cantech Shares to U.S. Shareholders without further action by the Filer may constitute a violation of the laws of the United States;

8. the Cantech Shares issuable under the Take-over Bid to shareholders of the Target resident in jurisdictions other than Canada or the United States ("Foreign Shareholders") have not been and will not be registered under the laws of such jurisdictions; accordingly, the delivery of Cantech Shares to Foreign Shareholders without further action by the Filer may constitute a violation of the laws of such jurisdictions;

9. to the knowledge of the Filer, after reasonable inquiry, there are 22 U.S. Shareholders collectively holding approximately 23.7% of the Allyn Shares, and 7 Foreign Shareholders collectively holding approximately 0.58% of the Allyn Shares;

10. to the extent that U.S. Shareholders and Foreign Shareholders ("Non-Canadian Shareholders") are entitled to receive Cantech Shares and have not established to the satisfaction of the Filer that the offer and delivery of the Cantech Shares to such holder is lawful and does not subject the Filer to any registration, reporting or other similar requirements, the Filer proposes to deliver the Cantech Shares to CIBC Mellon Trust Company (the "Depository"), who will then sell the Cantech Shares on behalf of the Non-Canadian Shareholders as soon as practicable, and, in any event, no later than 10 days after the Filer has taken up and paid for any Allyn Shares in respect of which the Cantech Shares are issued, through the facilities of the CDNX in a manner that is intended to minimize any adverse effect such a sale might have on the market price of the Cantech Shares and at a minimum price per share as stipulated by the CDNX; as soon as reasonably possible after such sale, and in any event no later than four business days following the completion of such sale, the Depository will deliver to each Non-Canadian Shareholder whose Cantech Shares have been sold by the Depository their respective pro rata share of the proceeds of such sale; less commissions and applicable withholding taxes; and

11. the Take-over Bid is being made in compliance with the Legislation of the Jurisdictions, except to the extent that exemptive relief is granted in respect of the Identical Consideration Requirement;

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

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

THE DECISION of the Decision Makers under the Legislation is that, in connection with the Take-over Bid, the Identical Consideration Requirement shall not apply to the Filer with respect to consideration offered to Non-Canadian Shareholders, provided that, instead of receiving Cantech Shares, they receive the cash proceeds from the Depository's sale of the Cantech Shares in accordance with the procedure set out in paragraph 10 above.

March 23, 2001.

"Brenda Leong"

2.1.3 Canadian Imperial Bank of Commerce - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief for certain directors of reporting issuer from insider reporting requirements with respect to acquisitions of securities under an automatic share purchase plan, subject to certain conditions including annual reporting.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1), 107, 108, 121(2)(a)(ii).

Regulations Cited

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

Policies Cited

Proposed National Instrument 55-101 - Exemption From Certain Insider Reporting Requirements (2001) 24 OSCB 1290 (February 23, 2001).

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

AND

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

AND

IN THE MATTER OF
CANADIAN IMPERIAL BANK OF COMMERCE

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta and Ontario (the "Jurisdictions") has received an application from Canadian Imperial Bank of Commerce (the "Applicant") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation for an insider of a reporting issuer to file insider reports (the "Insider Reporting Requirement") shall not apply to certain directors of the Applicant with respect to their acquisition of Common Shares (defined below) under the Applicant's Director Deferred Share Unit/Common Share Election Plan (the "Plan"), subject to certain conditions;

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

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

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

2. The authorized share capital of the Applicant consists of an unlimited number of common shares without par value, the aggregate consideration of which shall not exceed $10,000 million (the "Common Shares"), and an unlimited number of Class A preferred shares and Class B preferred shares without par value, issuable in series, the aggregate consideration of which shall not exceed $5,000 million for each class. As at October 31, 2000, 377,140,195 Common Shares were issued and outstanding.

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

4. CIBC has established the Plan for directors of CIBC who are not officers or employees of CIBC or its subsidiaries (each, an "Eligible Director").

5. Under the Plan, an Eligible Director must elect to receive a portion of his or her annual board retainer (the "Annual Amount") in either: (a) deferred share units ("DSUs") or (b) Common Shares. A DSU represents the right to receive the equivalent value of a Common Share in cash at the time that an Eligible Director ceases to be a director.

6. Once an Eligible Director makes his or her election, the election remains in effect unless changed by the Eligible Director. An Eligible Director may change his or her election by giving notice to CIBC's Corporate Secretary at least 30 days before the commencement of a fiscal year.

7. The Annual Amount is payable quarterly in arrears for the periods ended January 31, April 30, July 31 and October 31 in each fiscal year.

8. If an Eligible Director elects to receive his or her Annual Amount in Common Shares then, on a quarterly basis, CIBC pays the Annual Amount, net of applicable withholding tax, to the Eligible Director's discount brokerage account.

9. Each Eligible Director maintains his or her account at CIBC Investor's Edge. The Annual Amount is used to purchase Common Shares through the facilities of The Toronto Stock Exchange at such times as CIBC's insider policies permit.

10. Once an Eligible Director makes his or her election under the Plan, the timing of the acquisition of Common Shares, the number of Common Shares acquired and the price payable for the Common Shares are all determined by the criteria set out in the Plan.

11. The Plan is an "automatic securities purchase plan" as such term is defined in proposed National Instrument 55-101 – Exemption From Certain Insider Reporting Requirements.

12. Unless the decision sought is granted, and failing any other exemptive relief, each Eligible Director who elects to receive Common Shares under the Plan would be subject to the Insider Reporting Requirement each time he or she acquired Common Shares under the Plan.

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

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

IT IS THE DECISION of the Decision Makers pursuant to the Legislation that the Insider Reporting Requirement shall not apply to the acquisition by an Eligible Director of Common Shares pursuant to the Plan, provided that:

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

  (i) for any Common Shares acquired under the Plan which have been disposed of or transferred, within the time required by the Legislation for reporting the disposition or transfer; and

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

(b) the exemption provided for by this Decision is not available to an Eligible Director who beneficially owns, directly or indirectly, voting securities of the Applicant, or exercises control or direction over voting securities of the Applicant or a combination of both, that carry more than 10% of the voting rights attached to the Applicant's outstanding voting securities.

March 30, 2001.

"Iva Vranic"

2.1.4 Shire Pharmaceuticals Group PLC et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief granted from the registration and prospectus requirements and certain continuous disclosure requirements in respect of trades made in connection with the exchange of exchangeable shares.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am. ss. 25, 53, 74(1), 80(b)(iii), 121(2)(a)(ii).

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

AND

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

AND

IN THE MATTER OF
SHIRE PHARMACEUTICALS GROUP PLC, SHIRE ACQUISITION INC., 3829359 CANADA INC. AND BIOCHEM PHARMA INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Québec, British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland, the Yukon Territory, the Northwest Territories and Nunavut (collectively, the "Jurisdictions") has received an application from Shire Pharmaceuticals Group plc ("Shire"), Shire Acquisition Inc. ("ExchangeCo") and 3829359 Canada Inc. ("Callco") (collectively, the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

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

b. each of ExchangeCo and Shire be exempt from the requirements of the Legislation to issue press releases and material changes reports, to file with the Decision Makers and to deliver to shareholders interim financial

statements, annual financial statements, an annual report, where applicable, information circulars (or to make an annual filing in lieu thereof) and an annual information form (the "Continuous Disclosure Requirements");

c. each insider of ExchangeCo and Shire be exempt from the insider reporting requirements of the Legislation; and

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

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

1. Shire, BioChem and ExchangeCo have entered into a merger agreement dated December 10, 2000, as amended and restated on February 21, 2001, (the "Merger Agreement"), providing for the Transaction to be effected by way of an arrangement (the "Arrangement") under section 192 of the *Canada Business Corporations Act* ("CBCA") involving BioChem, holders of common shares of BioChem (the "BioChem Common Shares"), holders of options to acquire BioChem Common Shares (the "BioChem Options"), holders of warrants or other rights to acquire common shares of BioChem (the "BioChem Warrants"), ExchangeCo, Callco and Shire.

2. Shire is a UK corporation. Shire is currently subject to the applicable informational requirements in the United Kingdom and of the *United States Securities Exchange Act of 1934*, as amended, and is not a reporting issuer or the equivalent under the Legislation. Shire's principal corporate offices are located at East Anton, Andover, Hampshire, England, SP10 5RG.

3. As of December 7, 2000, the authorized share capital of Shire consisted of 400,000,000 ordinary shares ("Shire Ordinary Shares"), 256,837,043 of which were issued and outstanding as of December 7, 2000. The Shire Ordinary Shares are fully participating voting shares.

4. Shire has in place a number of stock option plans, pursuant to which the Shire board of directors has the authority, among other things, to determine the type of options (the "Shire Options") and the number of Shire Ordinary Shares which are subject to the Shire Options or the number of Shire Ordinary Shares which may be purchased pursuant to such options, as the case may be. As of December 7, 2000, stock options had been granted and were outstanding in respect of 9,913,338 Shire Ordinary Shares.

5. The Shire Ordinary Shares are listed on the London Stock Exchange (the "LSE") under the symbol "SHP.L" and the American Depositary Shares of Shire (the "Shire ADSs") are quoted on the NASDAQ National Market ("NASDAQ") under the symbol "SHPGY". Shire will have the Shire Ordinary Shares or Shire ADSs, as the case may be, issued pursuant to the Arrangement and issuable from time to time in exchange for exchangeable shares of ExchangeCo (the "Exchangeable Shares") and upon exercise of the Replacement Rights (as defined below), admitted for listing on the LSE, or quoted on the NASDAQ, as the case may be.

6. As part of the Transaction, Shire will issue special voting shares (the "Special Voting Shares") to a trustee (the "Trustee") which will be appointed as trustee under the voting and exchange trust agreement to be entered into by the Trustee, Shire and ExchangeCo (the "Voting and Exchange Trust Agreement") (described below in paragraph).

7. ExchangeCo is a corporation incorporated under the CBCA and is a wholly-owned subsidiary of Shire. ExchangeCo has been established solely for purposes of the Transaction to issue the Exchangeable Shares to Canadian resident holders of BioChem Common Shares who wish to participate in the Arrangement on a tax-deferred basis electing (or to holders deemed to have elected) to receive Exchangeable Shares under the Arrangement in exchange for their BioChem Common Shares and to hold certain rights related to the Exchangeable Shares as described below.

8. The authorized capital of ExchangeCo consists of an unlimited number of common shares and of an unlimited number of Exchangeable Shares. There are presently 100 common shares issued and outstanding, all of which are owned by Shire. The Exchangeable Shares will rank senior to the common shares of ExchangeCo with respect to the payment of dividends and the distribution of the property or assets of ExchangeCo in the event of the liquidation, dissolution or winding up of ExchangeCo or any other distribution of property or assets of ExchangeCo among its shareholders for the purpose of winding up its affairs. In any such distribution, the rights of a holder of Exchangeable Shares will be satisfied by the delivery of three Ordinary Shares or one Shire ADS (at the option of the holder) for each such Exchangeable Share.

9. The articles of ExchangeCo have been amended to remove the closed company restrictions. ExchangeCo is not a reporting issuer or the equivalent under the Legislation. Upon completion of the Transaction and subject in certain Jurisdictions to the listing of the Exchangeable Shares on the Toronto Stock Exchange (the "TSE"), ExchangeCo and Shire will become or be deemed to be reporting issuers in certain Jurisdictions.

10. Callco is a corporation incorporated under the CBCA and is a wholly-owned subsidiary of Shire. Callco has been established solely for purposes of the Transaction. It will hold the various overriding call rights related to the Exchangeable Shares described below (which rights are granted to Callco so that the exchange of Exchangeable Shares for Shire Ordinary Shares or Shire ADSs can occur on a tax efficient manner to both the holder and ExchangeCo). Callco is not a reporting issuer in any Canadian jurisdiction.

11. The authorized share capital of Callco consists of an unlimited number of common shares. There are presently 100 common shares issued and outstanding, all of which are owned by Shire.

12. BioChem is a corporation incorporated under the CBCA. BioChem is a reporting issuer under the Legislation and in each Jurisdiction that provides for a reporting issuer regime and is not, to its knowledge, in default of any requirement thereof. BioChem's registered office is located at 275 Armand-Frappier Blvd., Laval, Quebec, H7V 4A7.

13. The authorized share capital of BioChem consists of an unlimited number of BioChem Common Shares. As of November 24, 2000, 101,323,410 BioChem Common Shares were issued and outstanding. As of November 24, 2000, no options, warrants or other rights to acquire shares of BioChem were outstanding other than (a) options to purchase 6,873,711 BioChem Common Shares; (b) options to acquire 123,476 BioChem Common Shares granted to Investissement Québec pursuant to an agreement dated June 21, 1991 (which have since been exercised); and (c) rights to receive warrants in certain circumstances in two tranches in 2001 and 2002 in favour of the Government of Canada giving the right to acquire BioChem Common Shares at an exercise price equal to the closing price on the TSE prior to their issuance, the whole pursuant to an agreement dated March 21, 2000. The BioChem Common Shares are currently listed and posted for trading on the TSE and on NASDAQ.

14. The Transaction will be effected by way of the Arrangement and will require, among other things: (a) the approval at the BioChem Meeting (as defined below) of the holders of BioChem Common Shares, BioChem Options and BioChem Warrants (the "BioChem Securityholders") by a percentage of votes determined by the Court, being at least $66^2/_3\%$ of the votes cast by the BioChem Securityholders present in person or by proxy at a meeting of the BioChem Securityholders (the "BioChem Meeting") to be held for the purpose of approving the Arrangement; and (b) the approval of the Superior Court of Quebec (the "Court") by final order in respect of the Arrangement.

15. The parties have obtained an interim order (the "Interim Order") from the Court in respect of the Arrangement. The Interim Order provides for the calling and holding of the BioChem Meeting to consider the Arrangement as well as the requisite shareholder approval thresholds.

16. In connection with the BioChem Meeting, BioChem has prepared and delivered to BioChem Securityholders the BioChem Circular. The BioChem Circular contains prospectus level disclosure of the business and affairs of Shire and a detailed description of the Transaction and the Arrangement. The BioChem Circular has been prepared in conformity with the provisions of the Legislation, the CBCA and the Interim Order.

17. Under the Arrangement, the following will be deemed to have occurred, without any further act or formality on the effective date of the Arrangement:

- holders of BioChem Common Shares who are (i) nonresidents of Canada who elect to receive Shire Ordinary Shares or have not made an effective election or (ii) residents of Canada who elect to receive Shire Ordinary Shares (other than dissenting shareholders, Shire or affiliates of Shire) will be deemed to have transferred each BioChem Common Share held by them to ExchangeCo in exchange for a number of Shire Ordinary Shares equal to the Exchange Ratio. The Exchange Ratio is equal to:

  (i) 2.3517, if the Shire ADS Price (as hereinafter defined) is less than or equal to US$47.20;

  (ii) an amount determined by dividing US$37 by the Shire ADS Price and multiplying by three, if the Shire ADS Price is greater than US$47.20 and less than US$70.80; and

  (iii) 1.5678, if the Shire ADS Price is equal to or greater than US$70.80.

  The Shire ADS Price means the average of the closing prices of Shire ADSs on NASDAQ for a period of fifteen consecutive trading days ending on the third day prior to the closing of the Arrangement;

- holders of BioChem Common Shares who elect to receive Shire ADSs (other than dissenting shareholders, Shire or affiliates of Shire) will be deemed to have transferred each BioChem Common Share held by them to ExchangeCo in exchange for a number of Shire ADSs equal to the Exchange Ratio divided by three;

- holders of BioChem Common Shares who are residents of Canada and who elect Exchangeable Shares or who have not made an effective election (other than dissenting shareholders, Shire or affiliates of Shire) will be deemed to have transferred each BioChem Common Share held by them to ExchangeCo in exchange for a number of Exchangeable Shares equal to the Exchange Ratio divided by three together with the rights and benefits to which such holders will become entitled under the Voting and Exchange Trust Agreement and the exchangeable share support agreement (the "Exchangeable Share Support Agreement") to be entered in connection with the Transaction;

- BioChem Options and BioChem Warrants outstanding immediately prior to the effective time of the Arrangement will be adjusted and become an option or a right, as applicable, (a "Replacement Right"), to receive the number of Shire Ordinary Shares that the holder of such

option or right would have received if he or she had exercised such BioChem Option or BioChem Warrant immediately prior to the effective time; and

- coincident with the foregoing transactions, BioChem, ExchangeCo and the Trustee will enter into the Voting and Exchange Trust Agreement and Shire will issue and deposit with the Trustee Special Voting Shares and Shire, ExchangeCo and Callco will enter into the Exchangeable Share Support Agreement.

18. No fractional Exchangeable Shares, fractional Shire Ordinary Shares or fractional Shire ADSs will be issued pursuant to the Arrangement. In lieu of fractional shares, each holder of BioChem Common Shares who would otherwise be entitled to receive a fraction of an Exchangeable Share, a fraction of a Shire Ordinary Share or a fraction of a Shire ADS shall be paid an amount in cash equal to such holder's pro rata share of the net proceeds received from aggregating all such fractional interests and selling them in the open market.

19. ExchangeCo will deliver or cause to be delivered to each holder of BioChem Common Shares the Shire Ordinary Shares, Shire ADSs or Exchangeable Shares, as the case may be, that must be delivered to such holder pursuant to the Arrangement in exchange for the BioChem Common Shares held by such holder.

20. As at February 21, 2001, there were 33,254,640 BioChem Common Shares held by Canadian residents, representing approximately 32.75% of the outstanding BioChem Common Shares. Assuming (i) that all such shareholders elect to receive Shire Ordinary Shares pursuant to the Arrangement, (ii) an exchange ratio of 1.9733 (based on a Shire ADS Price of US$56.25) and (iii) that the Shire ADSs and Shire Ordinary Shares are counted as one class of securities (the "Shire Shares"), Canadian residents would hold 65,635,524 Shire Shares, representing approximately 14.34% of the outstanding Shire Shares. The number of beneficial holders of Shire Shares resident in Canada would represent less than 10 % of the total number of beneficial holders of Shire Shares.

21. The Exchangeable Shares, together with the Voting and Exchange Trust Agreement described below, will provide holders thereof with a security of a Canadian issuer having economic and voting rights which are, as nearly as practicable, equivalent to those of Shire Ordinary Shares. The Exchangeable Shares will be received by certain holders of BioChem Common Shares resident in Canada on a tax deferred rollover basis and, provided that the Exchangeable Shares are listed on a prescribed stock exchange in Canada (which currently includes the TSE), will be "qualified investments" for certain investors and will not constitute "foreign property", in each case, under the *Income Tax Act* (Canada) (the "ITA"). The Exchangeable Shares will be exchangeable by a holder thereof at any time for, at the option of the holder, Shire Ordinary Shares on a one for three basis or for Shire ADSs on a one for one basis and will be redeemable for the same consideration by ExchangeCo upon the occurrence of certain events, as more fully described below. Subject to applicable law, dividends will be payable on the Exchangeable Shares contemporaneously with, and in an amount per share equal to three times, any dividends paid on Shire Ordinary Shares. The Exchangeable Shares are subject to adjustment or modification in the event of a stock split or other change to the capital structure of Shire so as to maintain at all times the initial economic equivalence between one Exchangeable Share and three Shire Ordinary Shares (or one Shire ADS).

22. The Exchangeable Shares will rank in priority to the common shares of ExchangeCo with respect to the payment of dividends and the distribution of property or assets in the event of the liquidation, dissolution or winding up of ExchangeCo, whether voluntary or involuntary, or any other distribution of property or assets of ExchangeCo among its shareholders for the purpose of winding up its affairs. The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares (the "Exchangeable Share Provisions") will provide that each Exchangeable Share will entitle the holder to dividends from ExchangeCo payable at the same time as, and in amounts equal to three times, any dividends paid by Shire on the Shire Ordinary Shares; provided that in the case of a stock dividend declared on the Shire Ordinary Shares, in lieu of declaring a corresponding stock dividend on the Exchangeable Shares, the Board of Directors of ExchangeCo may, in its discretion and subject to applicable law, subdivide, redivide or change (the "Subdivision") each issued and unissued Exchangeable Share on the basis that each Exchangeable Share before the Subdivision becomes a number of Exchangeable Shares as is equal to the sum of: (a) three Shire Ordinary Shares; and (b) the number of Shire Ordinary Shares to be paid as a stock dividend on each Shire Ordinary Share. The record date for the determination of the holders of Exchangeable Shares entitled to receive Exchangeable Shares in connection with any Subdivision of Exchangeable Shares and the effective date of such Subdivision shall be the same dates as the record date and payment date, respectively, for the corresponding stock dividend declared on Shire Ordinary Shares.

23. The Exchangeable Shares will be nonvoting (except as required by the Exchangeable Share Provisions or by applicable law) and will be retractable at the option of the holder at any time. Subject to the overriding retraction call right of Callco referred to below, upon retraction the holder will be entitled to receive from ExchangeCo for each Exchangeable Share retracted an amount equal to the then current market price of a Shire Ordinary Share on the LSE on the last business day prior to the retraction date multiplied by three, to be satisfied by the delivery of three Shire Ordinary Shares listed on the LSE or one Shire ADS quoted on NASDAQ (at the option of the holder), together with, on the designated payment date therefor, all declared and unpaid dividends on each such retracted Exchangeable Share held by the holder on any dividend record date prior to the date of retraction (such aggregate amount

being the "Retraction Price"). Upon being notified by ExchangeCo of a proposed retraction of Exchangeable Shares, Callco will have an overriding retraction call right to purchase from the holder all of the Exchangeable Shares that are the subject of the retraction notice for a price per share equal to the Retraction Price (likewise payable in Shire Ordinary Shares or Shire ADSs (at the option of the holder) together with cash for declared and unpaid dividends).

24. Subject to applicable law and the overriding call right of Callco referred to below, ExchangeCo will be entitled to redeem all but not less than all of the then outstanding Exchangeable Shares at any time following the tenth anniversary of the effective date of the Arrangement (the "Redemption Date"). In certain circumstances, the Redemption Date may be accelerated, such as if at any time there are less than 1,000,000 Exchangeable Shares outstanding. Upon such redemption, a holder will be entitled to receive from ExchangeCo for each Exchangeable Share redeemed an amount equal to the then current market price of a Shire Ordinary Share on the LSE on the last business day prior to the Redemption Date multiplied by three, to be satisfied by the delivery of three Shire Ordinary Shares listed on the LSE or a Shire ADS quoted on NASDAQ (at the option of the holder), together with, on the designated payment date therefor, all declared and unpaid dividends on each such redeemed Exchangeable Share held by the holder on any dividend record date prior to the Redemption Date (such aggregate amount being the "Redemption Price"). Upon being notified by ExchangeCo of a proposed redemption of Exchangeable Shares, Callco will have an overriding redemption call right to purchase, on the Redemption Date, all but not less than all of the then outstanding Exchangeable Shares (other than Exchangeable Shares held by affiliates of Shire) for a price per share equal to the Redemption Price (likewise payable in Shire Ordinary Shares or Shire ADSs (at the option of the holder) together with cash for declared and unpaid dividends).

25. Subject to applicable law and the overriding liquidation call right of Callco referred to below, in the event of the liquidation, dissolution or winding up of ExchangeCo or any other proposed distribution of the assets of ExchangeCo among its shareholders for the purpose of winding up its affairs, each holder of Exchangeable Shares will have a preferential right to receive from ExchangeCo an amount equal to the then current market price of a Shire Ordinary Share on the LSE on the last business day prior to the liquidation date multiplied by three, to be satisfied by the delivery of three Shire Ordinary Shares or one Shire ADS (at the option of the holder) together with, on the designated payment date therefor, all declared and unpaid dividends on such Exchangeable Share (such aggregate amount being the "Liquidation Amount"). Upon a proposed liquidation, dissolution or winding up of ExchangeCo, Callco will have an overriding liquidation call right to purchase all but not less than all of the outstanding Exchangeable Shares (other than Exchangeable Shares held by Shire or affiliates of Shire) on the effective date of such liquidation, dissolution or winding up (the "Liquidation Date") for a price per share equal to the Liquidation Amount (likewise payable in Shire Ordinary Shares or Shire ADSs (at the option of the holder) together with cash for declared and unpaid dividends). Upon the occurrence of an insolvency event of ExchangeCo, a holder of Exchangeable Shares will be entitled to require the Trustee to exercise the Exchange Right (referred to in paragraph 31 below) with respect to any or all of the Exchangeable Shares held by such holder, thereby requiring Shire to purchase such Exchangeable Shares at a price per share equal to the Liquidation Amount (likewise payable in Shire Ordinary Shares or Shire ADSs together with cash for declared and unpaid dividends).

26. Upon the liquidation, dissolution or winding up of Shire, all Exchangeable Shares held by holders (other than Exchangeable Shares held by Shire or affiliates of Shire) will be automatically exchanged for Shire Ordinary Shares pursuant to the Voting and Exchange Trust Agreement (as described below), in order that holders of Exchangeable Shares will be able to participate in the dissolution of Shire on a pro rata basis with the holders of Shire Ordinary Shares.

27. In the circumstances described below, Shire will have the right (the "Shire Call Right") to purchase, or cause Callco to purchase, from all but not less than all of the holders of Exchangeable Shares (other than Shire or an affiliate of Shire) on the Exchange Date (as hereinafter defined) all but not less than all of the Exchangeable Shares held by each such holder on payment by Shire or Callco, as the case may be, of an amount per share (the "Shire Call Purchase Price") equal to the then current market price of a Shire Ordinary Share on the LSE on the last business day prior to the Exchange Date multiplied by three, to be satisfied by the delivery of three Shire Ordinary Shares listed on the LSE or one Shire ADS quoted on NASDAQ (at the option of the holder) together with, on the designated payment date therefore, all declared and unpaid dividends on such Exchangeable Shares. To exercise the Shire Call Right, (i) Shire must notify the transfer agent of the Exchangeable Shares, as agent for the holders of the Exchangeable Shares and ExchangeCo, of Shire's intention to exercise such right at least 45 days before the business day on which the purchase of such Exchangeable Shares shall occur (the "Exchange Date") and such notice shall specify whether Shire or Callco will effect such purchase, and (ii) Shire must deliver to the transfer agent and to the Trustee an opinion in writing signed by Canadian counsel to Shire (which counsel shall be satisfactory to the Trustee) stating that since the effective date of the Arrangement there has been a change enacted to the ITA and other applicable provincial income tax laws to the effect that, and based thereon such opinion shall confirm that, the sale by Canadian resident holders of Exchangeable Shares to Shire or Callco, as the case may be, pursuant to the Shire Call Right will qualify as a tax deferred transaction for purposes of the ITA and other applicable provincial income tax laws for holders of Exchangeable Shares.

28. Upon the exchange of an Exchangeable Share for Shire Ordinary Shares or a Shire ADS, the holder of the Exchangeable Share will no longer be a beneficiary of the trust created by the Voting and Exchange Trust Agreement that holds the Special Voting Shares (as described in greater detail in paragraph 30 below).

29. Pursuant to the Arrangement, a number of Special Voting Shares of Shire equal to the number of Exchangeable Shares to be outstanding on the effective date of the Arrangement will be issued to the Trustee appointed under the Voting and Exchange Trust Agreement for the benefit of the holders of the Exchangeable Shares outstanding from time to time (other than Shire and its affiliates). Except as otherwise required by applicable law or the Shire articles of association, the holder of the Special Voting Shares will be entitled to the number of votes, exercisable at any Shire meeting, equal to the number of Exchangeable Shares outstanding from time to time not owned by Shire and its affiliates, multiplied by three. The holders of shares of Shire and the holder of the Special Voting Shares will vote together as a single class on all matters, except as may be required by applicable law or the Shire articles of association. Holders of Exchangeable Shares will exercise the voting rights attached to the Special Voting Shares through the mechanism of the Voting and Exchange Trust Agreement. The holder of the Special Voting Shares will not be entitled to receive dividends from Shire and, in the event of any liquidation, dissolution or winding up of Shire, will receive an amount equal to the par (nominal) value thereof. At such time as the Special Voting Shares have no votes attached to them because there are no Exchangeable Shares outstanding not owned by Shire and its affiliates, the Special Voting Shares will be cancelled.

30. The Special Voting Shares will be issued to and held by the Trustee for the benefit of the holders of the Exchangeable Shares outstanding from time to time (other than Shire and its affiliates) pursuant to a Voting and Exchange Trust Agreement to be entered into between Shire, ExchangeCo and the Trustee contemporaneously with the closing of the Transaction. All voting rights attached to the Special Voting Shares must be voted by the Trustee pursuant to the instructions of the holder of the related Exchangeable Shares. In the absence of any such instructions from a holder as to voting, the Trustee will not be entitled to exercise the related voting rights. Upon the exchange of a holder's Exchangeable Shares for Shire Ordinary Shares listed on the LSE or Shire ADSs quoted on NASDAQ, as the case may be, all rights of such holder of Exchangeable Shares to instruct the Trustee to exercise votes attached to the related Special Voting Shares will cease.

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

32. Under the Voting and Exchange Trust Agreement, upon the liquidation, dissolution or winding up of Shire, Shire will be required to purchase each outstanding Exchangeable Share, and each holder will be required to sell the Exchangeable Shares held by that holder (such purchase and sale obligations are hereafter referred to as the "Automatic Exchange Right"), for a purchase price per share equal to the current market price of a Shire Ordinary Share on the LSE on the fifth business day prior to the effective date of the liquidation, multiplied by three, dissolution or winding up of Shire to be satisfied by the delivery to the Trustee, on behalf of the holder, of three Shire Ordinary Shares, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each such Exchangeable Share held by the holder on any dividend record date prior to the date of the exchange.

33. Contemporaneously with the closing of the Transaction, Shire, ExchangeCo and Callco will enter into the Exchangeable Share Support Agreement which will provide that, *inter alia*: (a) Shire will not declare or pay any dividends on the Shire Ordinary Shares unless ExchangeCo is able to declare and pay, and simultaneously declares and pays, as the case may be, an equivalent dividend on the Exchangeable Shares, provided that in the case of a stock dividend declaration on Shire Ordinary Shares, ExchangeCo will be able to subdivide and subdivides each issued and unissued Exchangeable Share in the manner described in paragraph 22 above in lieu of declaring a corresponding stock dividend on the Exchangeable Shares; and (b) Shire will ensure that ExchangeCo and Callco will be able to honour the redemption and retraction rights under the Exchangeable Share Provisions and the related redemption, retraction and liquidation call rights described above.

34. The Exchangeable Share Support Agreement and the Exchangeable Share Provisions will provide that, without the prior approval of ExchangeCo and the holders of the Exchangeable Shares, Shire will not issue or distribute additional Shire Ordinary Shares, securities exchangeable for or convertible into or carrying rights to acquire Shire Ordinary Shares, rights, options or warrants to subscribe therefor, evidences of indebtedness or other assets, to all or substantially all holders of Shire Ordinary Shares, nor shall Shire change Shire Ordinary Shares, unless the same or an economically equivalent distribution on or change to the

Exchangeable Shares (or in the rights of the holders thereof) is made simultaneously.

35. The BioChem Circular contains the following financial statements of Shire prepared in US generally accepted accounting principles ("GAAP"), and reconciled with Canadian GAAP, in accordance with the Legislation:

- audited annual consolidated financial statements of Shire as at and for the years ended December 31, 2000, 1999 and 1998;
- pro forma consolidated balance sheet and pro forma consolidated statement of earnings as at December 31, 2000 and for the year then ended, giving effect to the merger with BioChem.

36. The steps under the Transaction and the attributes and rights of the Exchangeable Shares contained in the Exchangeable Share Provisions, the Voting and Exchange Trust Agreement and the Exchangeable Share Support Agreement involve or may involve a number of trades of securities, including trades related to the issuance of the Exchangeable Shares, Shire Ordinary Shares or Shire ADSs pursuant to the Transaction, or the issuance of Shire Ordinary Shares or Shire ADSs in exchange for Exchangeable Shares from time to time following the closing of the Transaction. The trades and possible trades in securities to which the Transaction gives rise include the following:

a. the issuance and intragroup transfers of Shire Ordinary Shares or Shire ADSs and related issuances of shares of Shire affiliates in consideration therefor, all by and between Shire and its affiliates, to enable ExchangeCo to deliver or cause to be delivered Shire Ordinary Shares or Shire ADSs required in connection with the Arrangement or the operation of the Exchangeable Share Provisions or the Voting and Exchange Trust Agreement;

b. the delivery of Shire Ordinary Shares or Shire ADSs by ExchangeCo to holders of BioChem Common Shares and the transfer of BioChem Common Shares by holders to ExchangeCo, as part of the Arrangement;

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

d. the sale by the depositary of the accumulated fractional share interests in Exchangeable Shares, Shire Ordinary Shares or Shire ADSs, and the distribution of the cash proceeds thereof to former holders of BioChem Common Shares;

e. BioChem Options or BioChem Warrants becoming Replacement Rights as part of the Arrangement and the issuance and delivery of Shire Ordinary Shares by Shire to a holder of a Replacement Right upon the exercise thereof;

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

g. the creation of the call rights in favour of Callco referred to in paragraphs 23, 24 and 25 above;

h. the creation of the Shire Call Right;

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

j. the issuance and intragroup transfers of Shire Ordinary Shares or Shire ADSs and related issuances of shares of Shire affiliates in consideration therefor, all by and between Shire and its affiliates, from time to time to enable ExchangeCo to deliver or cause to be delivered Shire Ordinary Shares or Shire ADSs to a holder of Exchangeable Shares upon a retraction of the Exchangeable Shares held by such holder, and the subsequent delivery thereof by ExchangeCo upon such retraction referred to in paragraph 23 above;

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

l. the issuance and intragroup transfers of Shire Ordinary Shares or Shire ADSs and related issuances of shares of Shire affiliates in consideration therefor, all by and between Shire and its affiliates, from time to time to enable Callco to deliver or cause to be delivered Shire Ordinary Shares or Shire ADSs to a holder of Exchangeable Shares in connection with Callco's exercise of its overriding retraction call right referred to in paragraph 23 above, and the subsequent delivery thereof by Callco upon the exercise of such overriding retraction call right;

m. the transfer of Exchangeable Shares by the holder to Callco upon Callco exercising its overriding retraction call right;

n. the issuance and intragroup transfers of Shire Ordinary Shares or Shire ADSs and related issuances of shares of Shire affiliates in consideration therefor, all by and between Shire and its affiliates, to enable ExchangeCo to deliver or cause to be delivered Shire Ordinary Shares or Shire ADSs to holders of Exchangeable Shares upon the redemption of the Exchangeable Shares, and the subsequent delivery thereof by ExchangeCo upon such redemption referred to in paragraph 24 above;

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

p. the issuance and intragroup transfers of Shire Ordinary Shares or Shire ADSs and related issuances of shares of Shire affiliates in consideration therefor, all by and between Shire and its affiliates, to enable Callco to deliver or cause to be delivered Shire Ordinary Shares or Shire ADSs to holders of Exchangeable Shares in connection with Callco's exercise of its overriding redemption call right referred to in paragraph 24 above, and the subsequent delivery thereof by Callco upon the exercise of such overriding redemption call right;

q. the transfer of Exchangeable Shares by holders to Callco upon Callco exercising its overriding redemption call right;

r. the issuance and intragroup transfers of Shire Ordinary Shares or Shire ADSs and related issuances of shares of Shire affiliates in consideration therefor, all by and between Shire and its affiliates, to enable ExchangeCo to deliver or cause to be delivered Shire Ordinary Shares or Shire ADSs to holders of Exchangeable Shares on the liquidation, dissolution or winding up of ExchangeCo and the subsequent delivery thereof by ExchangeCo upon such liquidation, dissolution or winding up referred to in paragraph 25 above;

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

t. the issuance and intragroup transfers of Shire Ordinary Shares or Shire ADSs and related issuances of shares of Shire affiliates in consideration therefor, all by and between Shire and its affiliates, to enable Callco to deliver or cause to be delivered Shire Ordinary Shares or Shire ADSs to holders of Exchangeable Shares in connection with Callco's exercise of its overriding liquidation call right referred to in paragraph 25 above, and the subsequent delivery thereof by Callco upon the exercise of such overriding liquidation call right;

u. the transfer of Exchangeable Shares by holders to Callco upon Callco exercising its overriding liquidation call right;

v. the issuance and intragroup transfers of Shire Ordinary Shares or Shire ADSs and related issuances of shares of Shire affiliates in consideration therefor, all by and between Shire and its affiliates, to enable Shire to deliver or cause to be delivered or Callco to deliver or cause to be delivered Shire Ordinary Shares or Shire ADSs to holders of Exchangeable Shares in connection with the exercise of the Shire Call Right, and the subsequent delivery thereof by Shire or Callco, as the case may be, upon such Shire Call Right;

w. the transfer of Exchangeable Shares by holders to Shire or Callco, as the case may be, upon the exercise of the Shire Call Right;

x. the issuance and delivery of Shire Ordinary Shares or Shire ADSs by Shire to a holder of Exchangeable Shares upon the exercise of the Exchange Right by such holder referred to in paragraph 31 above;

y. the transfer of Exchangeable Shares by holders to Shire upon the exercise of the Exchange Right by such holder;

z. the issuance and delivery of Shire Ordinary Shares by Shire to holders of Exchangeable Shares pursuant to the Automatic Exchange Right referred to in paragraph 32 above;

aa. the transfer to ExchangeCo of Exchangeable Shares received by Callco as a result of the exercise of the Retraction Call Right, Shire Call Right, Redemption Call Right or Liquidation Call Right and the transfer by Shire, directly or indirectly through intragroup transfers, to ExchangeCo of Exchangeable Shares received by Shire upon the exercise of the Exchange Right, Shire Call Right and the Automatic Exchange Right and the issuance and delivery by ExchangeCo of common shares in exchange for such Exchangeable Shares; and

bb. the transfer of Exchangeable Shares by a holder to Shire pursuant to the Automatic Exchange Right;

(Collectively the "Trades")

37. The fundamental investment decision to be made by a holder of BioChem Common Shares is made at the time when such holder votes in respect of the Arrangement. As a result of this decision, a holder (other than a dissenting holder) will ultimately receive, at his option, Exchangeable Shares, Shire Ordinary Shares or Shire ADSs, or any combination thereof, in exchange for the BioChem Common Shares held by such holder. The Exchangeable Shares will provide certain Canadian tax benefits to certain Canadian holders but will otherwise be, as nearly as practicable, the economic and voting equivalent of Shire Ordinary Shares, and as such all subsequent exchanges of Exchangeable Shares are in furtherance of the holder's initial investment decision. As mentioned above, that investment decision will be made on the basis of the BioChem Circular, which contains prospectus level disclosure of the business and affairs of Shire and a detailed description of the Transaction and the Arrangement.

38. If not for income tax considerations, Canadian holders of BioChem Common Shares could have received Shire

Ordinary Shares or Shire ADSs without the option of receiving Exchangeable Shares. The option in favour of certain holders of BioChem Common Shares to ultimately receive Exchangeable Shares under the Arrangement will enable certain holders of BioChem Common Shares to defer certain Canadian income tax and, provided that the Exchangeable Shares are listed on a prescribed stock exchange in Canada (which currently includes the TSE), will permit other holders to hold property that is not foreign property under the ITA.

39. As a result of the economic and voting equivalency between the Exchangeable Shares and Shire Ordinary Shares, holders of Exchangeable Shares will have a participating interest determined by reference to Shire, rather than ExchangeCo. Accordingly, it is the information relating to Shire, not ExchangeCo, that will be relevant to holders of Shire Ordinary Shares, Shire ADSs and the Exchangeable Shares.

40. Shire will send concurrently to all holders of Shire Ordinary Shares or Shire ADSs resident in Canada all disclosure material furnished to holders of shares of Shire Ordinary Shares or Shire ADSs resident in the United States including, without limitation, copies of its annual financial statements and all proxy solicitation materials.

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

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

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

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

1. that the registration and prospectus requirements shall not apply to any of the Trades;

2. the first trade in Exchangeable Shares acquired pursuant to this Decision in a Jurisdiction shall be deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction (the "Applicable Legislation") unless:

   (i) at the time of the first trade, ExchangeCo is a reporting issuer or the equivalent under the Applicable Legislation or, where the Applicable Legislation does not recognize the concept of a reporting issuer, Shire complies with the filing requirements of paragraph 5 below;

   (ii) if the seller of the securities is an insider or officer of ExchangeCo, the seller has no reasonable grounds to believe that ExchangeCo is in default of any requirement of the Applicable Legislation;

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

   (iv) the first trade is not from the holdings of a person or company or a combination of persons or companies holding a sufficient number of any securities of Shire or ExchangeCo so as to affect materially the control of Shire or more than 20% of the outstanding voting securities of Shire, except where there is evidence showing that the holding of those securities does not affect materially the control of Shire, and for this purpose, Shire Ordinary Shares, Shire ADSs and Exchangeable Shares are to be considered to be of the same class;

3. in those Jurisdictions in which Shire will become a reporting issuer or the equivalent pursuant to the Applicable Legislation upon completion of the Transaction, the first trade in Shire Ordinary Shares or Shire ADSs acquired pursuant to this Decision in a Jurisdiction shall be deemed a distribution or a primary distribution to the public under the Applicable Legislation unless:

   (i) at the time of the first trade, Shire is a reporting issuer or the equivalent under the Applicable Legislation;

   (ii) if the seller of the securities is an insider or officer of Shire, the seller has no reasonable grounds to believe that Shire is in default of any requirement of the Applicable Legislation;

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

   (iv) the first trade is not from the holdings of a person or company or a combination of persons or companies holding a sufficient number of any securities of Shire or ExchangeCo so as to affect materially the control of Shire or more than 20% of the outstanding voting securities of Shire, except where there is evidence showing that the holding of those securities does not affect materially the control of Shire, and for this purpose, Shire Ordinary Shares, Shire ADSs and Exchangeable Shares are to be considered to be of the same class;

4. in those Jurisdictions in which Shire will not become a reporting issuer or the equivalent pursuant to the Applicable Legislation upon completion of the Transaction, the first trade in Shire Ordinary Shares or Shire ADSs acquired pursuant to this Decision in a

Jurisdiction shall be deemed a distribution or a primary distribution to the public under the Applicable Legislation unless such trade is executed through the facilities of a stock exchange or market outside of Canada; and

5. that the Continuous Disclosure Requirements and the insider reporting requirements of the Legislation shall not apply to ExchangeCo or Shire or any insider of ExchangeCo, so long as, at the time that any such requirements would otherwise apply:

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

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

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

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

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

   (vi) Shire includes in all future mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise statement explaining the reason for the mailed material being solely in relation to Shire and not in relation to ExchangeCo, such statement to include a reference to the economic

   equivalency between the Exchangeable Shares and Shire Ordinary Shares and Shire ADSs and the right to direct voting at Shire meetings pursuant to the Voting and Exchange Trust Agreement;

   (vii) Shire remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of ExchangeCo and until no Exchangeable Share is outstanding (except those held by Shire of affiliates of Shire); and

   (viii) ExchangeCo does not issue any securities to the public other than the Exchangeable Shares;

   and with respect to relief from complying with insider reporting requirements, so long as:

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

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

DATED at Montréal on March 29, 2001

"Jacques Labelle"

DANS L'AFFAIRE DE
LA LÉGISLATION EN VALEURS MOBILIÈRES DU QUÉBEC, DE LA COLOMBIE-BRITANNIQUE, DE L'ALBERTA, DE LA SASKATCHEWAN, DU MANITOBA, DE L'ONTARIO, DU NOUVEAU-BRUNSWICK, DE L'ÎLE-DU-PRINCE-ÉDOUARD, DE LA NOUVELLE-ÉCOSSE, DE TERRE-NEUVE,
DU TERRITOIRE DU YUKON, DES TERRITOIRES DU NORD-OUEST ET
DU TERRITOIRE DU NUNAVUT

ET

DANS L'AFFAIRE DU
RÉGIME D'EXAMEN CONCERTÉ DES DEMANDES DE DISPENSE

ET

DANS L'AFFAIRE DE
SHIRE PHARMACEUTICALS GROUP PLC, DE SHIRE ACQUISITION INC.,
DE 3829359 CANADA INC. ET DE BIOCHEM PHARMA INC.

DOCUMENT DE DÉCISION DU REC

CONSIDÉRANT QUE l'autorité locale en valeurs mobilières ou l'agent responsable (le « décideur ») respectif du Québec, de la Colombie-Britannique, de l'Alberta, de la Saskatchewan, du Manitoba, de l'Ontario, du Nouveau-Brunswick, de l'Île-du-Prince-Édouard, de la Nouvelle-Écosse, de Terre-Neuve, du Territoire du Yukon, des Territoires du Nord-Ouest et du Territoire du Nunavut (collectivement, les « territoires ») a reçu une demande de Shire Pharmaceuticals Group plc (« Shire »), de Shire Acquisition Inc. (« ExchangeCo ») et de 3829359 Canada Inc. (« Callco ») (collectivement, le « déposant ») pour une décision en vertu de la législation en valeurs mobilières des territoires (la « législation ») selon laquelle :

a. les obligations contenues dans la législation d'établir un prospectus et de l'inscription à titre de courtier ne s'appliquent pas aux opérations sur titres prévues dans le cadre de l'acquisition projetée (« l'opération ») par Shire de BioChem Pharma Inc. (« BioChem ») devant être effectuée au moyen d'un arrangement (au sens attribué à ce terme ci-après);

b. ExchangeCo et Shire soient toutes deux dispensées des exigences de la législation relatives à l'émission d'un communiqué de presse et d'un avis de changement important, au dépôt auprès des décideurs et à l'envoi aux actionnaires des états financiers trimestriels, des états financiers annuels ainsi que d'un rapport annuel, s'il y a lieu, d'une circulaire ou de tout document annuel en tenant lieu ainsi que de la notice annuelle (les « exigences en matière d'information financière »);

c. chaque initié d'ExchangeCo et de Shire soit dispensé des exigences de déclaration prévues à la législation; et

QUE, selon le régime d'examen concerté des demandes de dispense (le « régime »), la Commission des valeurs mobilières du Québec est l'autorité principale pour la présente demande;

QUE le déposant a déclaré aux décideurs ce qui suit :

1. Shire, BioChem et ExchangeCo ont conclu un contrat de fusion en date du 10 décembre 2000 (le « contrat de fusion ») prévoyant que l'opération sera réalisée au moyen d'un arrangement, tel que modifié et reformulé le 21 février 2001, (l'« arrangement »), en vertu de l'article 192 de la *Loi canadienne sur les sociétés par actions* (la « LCSA ») entre BioChem, les porteurs d'actions ordinaires de BioChem (les « actions ordinaires de BioChem »), les porteurs d'options visant l'acquisition d'actions ordinaires de BioChem (les « options de BioChem »), les porteurs de bons de souscription ou d'autres droits visant l'acquisition d'actions ordinaires de BioChem (les « bons de souscription de BioChem »), ExchangeCo, Callco et Shire.

2. Shire est une société par actions du Royaume-Uni. Shire est actuellement assujettie aux exigences de divulgation de renseignements applicables au Royaume-Uni et de la *Securities Exchange Act of 1934* des États-Unis, dans sa version modifiée, et n'est pas un émetteur assujettiou l'équivalent au sens de la législation. Le siège social principal de Shire est situé à East Anton, Andover, Hampshire, Angleterre, SP10 5RG.

3. En date du 7 décembre 2000, le capital-actions autorisé de Shire se composait de 400 000 000 d'actions ordinaires (les « actions ordinaires de Shire »), dont 256 837 043 étaient émises et en circulation à cette date. Les actions ordinaires de Shire sont des actions comportant droit de vote entièrement participantes.

4. Shire a mis en place un certain nombre de régimes d'options d'achat d'actions, aux termes desquels le conseil d'administration de Shire a le pouvoir, entre autres choses, de décider le type d'options (les « options de Shire ») ainsi que le nombre d'actions ordinaires de Shire qui font l'objet des options de Shire ou le nombre d'actions ordinaires de Shire pouvant être acquises aux termes de ces options, selon le cas. En date du 7 décembre 2000, des options d'achat d'actions avaient été octroyées et étaient en circulation à l'égard de 9 913 338 actions ordinaires de Shire.

5. Les actions ordinaires de Shire sont inscrites à la Bourse de Londres (la « BL »), sous le symbole « SHP.L » et les certificats américains d'actions étrangères de Shire (les « certificats américains de Shire ») sont inscrits au NASDAQ National Market (« NASDAQ »), sous le symbole « SHPGY ». Shire fera inscrire les actions ordinaires de Shire ou les certificats américains de Shire, selon le cas, émis aux termes de l'arrangement et pouvant être émis de temps à autre en

échange d'actions échangeables d'ExchangeCo (les « actions échangeables ») et au moment de l'exercice des droits de remplacement (au sens attribué à ce terme ci-après) à la cote de la BL ou du NASDAQ, selon le cas.

6. Dans le cadre de l'opération, Shire émettra des actions à droits de vote spéciaux (les « actions à droits de vote spéciaux ») à un fiduciaire (le « fiduciaire »), qui sera nommé à titre de fiduciaire aux termes de la convention d'échange et de vote fiduciaire devant être conclue entre le fiduciaire, Shire et ExchangeCo (la « convention d'échange et de vote fiduciaire ») (décrite ci-après au paragraphe 30).

7. ExchangeCo est une société par actions constituée en vertu de la LCSA et est une filiale en propriété exclusive de Shire. ExchangeCo a été constituée exclusivement aux fins de l'opération pour émettre des actions échangeables aux porteurs canadiens d'actions ordinaires de BioChem qui désirent participer à l'arrangement avec report d'impôt et qui choisissent (ou aux porteurs qui sont réputés avoir choisi) de recevoir des actions échangeables aux termes de l'arrangement en échange de leurs actions ordinaires de BioChem et de détenir certains droits liés aux actions échangeables, comme il est décrit ci-après.

8. Le capital autorisé d'ExchangeCo se compose d'un nombre illimité d'actions ordinaires et d'un nombre illimité d'actions échangeables. Il y a actuellement 100 actions ordinaires émises et en circulation, appartenant toutes à Shire. Les actions échangeables auront priorité de rang par rapport aux actions ordinaires d'ExchangeCo à l'égard du versement de dividendes et de la répartition des biens ou de l'actif d'ExchangeCo en cas de liquidation ou de dissolution de celle-ci ou de toute autre distribution des biens ou de l'actif d'ExchangeCo parmi ses actionnaires aux fins de liquider ses affaires. Si une telle distribution survient, les droits d'un porteur d'actions échangeables seront réglés au moyen de la remise de trois actions ordinaires ou d'un certificat américain de Shire (au gré du porteur) en échange de chacune de ces actions échangeables.

9. Les statuts d'ExchangeCo ont été modifiés afin de lever les restrictions relatives à une société fermée. ExchangeCo n'est pas un émetteur assujetti ou l'équivalent au sens de la législation. Une fois l'opération réalisée, et, dans certains territoires, les actions échangeables inscrites à la Bourse de Toronto (la « BT »), ExchangeCo et Shire deviendront, ou seront réputées devenir, des émetteurs assujettis dans certains territoires.

10. Callco est une société par actions constituée aux termes de la LCSA et est une filiale en propriété exclusive de Shire. Callco a été créée exclusivement pour les fins de l'opération. Elle détiendra divers droits d'achat prépondérants à l'égard des actions échangeables, qui sont décrits ci-après (lesquels droits sont conférés à Callco afin que l'échange d'actions échangeables pour des actions ordinaires de Shire ou des certificats américains de Shire s'effectue sur une base fiscale avantageuse pour les porteurs de titres de BioChem et ExchangeCo). Callco n'est pas un émetteur assujetti dans quelque territoire canadien que ce soit.

11. Le capital-actions autorisé de Callco se compose d'un nombre illimité d'actions ordinaires. Il y a actuellement 100 actions ordinaires émises et en circulation, appartenant toutes à Shire.

12. BioChem est une société par actions constituée en vertu de la LCSA. BioChem est un émetteur assujetti au sens de la législation et dans chacun des territoires qui prévoit un régime à l'égard des émetteurs assujettis et elle n'est pas, à sa connaissance, en défaut d'une exigence de ceux-ci. Le bureau de direction de BioChem est situé au 275, boul. Armand-Frappier, Laval (Québec) H7V 4A7.

13. Le capital autorisé de BioChem se compose d'un nombre illimité d'actions ordinaires de BioChem. En date du 24 novembre 2000, 101 323 410 actions ordinaires de BioChem étaient émises et en circulation. En date du 24 novembre 2000, aucune option, aucun bon de souscription ni aucun autre droit visant l'acquisition d'actions de BioChem n'était en circulation à l'exception a) d'options visant l'achat de 6 873 711 actions ordinaires de BioChem, b) d'options visant l'acquisition de 123 476 actions ordinaires de BioChem octroyées à Investissement Québec aux termes d'une convention datée du 21 juin 1991 (qui ont été levées depuis) et c) de droits de recevoir, dans certaines circonstances, des bons de souscription en deux tranches, en 2001 et en 2002, en faveur du gouvernement du Canada, lui donnant le droit d'acquérir des actions ordinaires de BioChem à un prix de levée correspondant au cours de clôture à la BT avant leur émission, le tout aux termes d'une convention datée du 21 mars 2000. Les actions ordinaires de BioChem sont actuellement inscrites et affichées à des fins de négociation à la BT et au NASDAQ.

14. L'opération sera réalisée au moyen de l'arrangement et elle exigera, entre autres choses, a) l'approbation à l'assemblée de BioChem (telle que définie ci-dessous) des porteurs d'actions ordinaires de BioChem, d'options de BioChem et de bons de souscription de BioChem (les « porteurs de titres de BioChem ») approuvant avec un pourcentage de votes déterminé par la Cour, pourcentage qui est d'au moins 66 $^{2}/_{3}$ % des voix exprimées par les porteurs de titres de BioChem présents ou représentés par procuration à une assemblée des porteurs de titres de BioChem (l'« assemblée de BioChem ») devant être tenue aux fins d'approuver l'arrangement, et b) l'approbation de la Cour supérieure du Québec (la « Cour ») au moyen d'une ordonnance définitive à l'égard de l'arrangement.

15. Les parties ont obtenues de la Cour une ordonnance provisoire (l'« ordonnance provisoire ») à l'égard de l'arrangement. L'ordonnance provisoire prévoit la convocation et la tenue de l'assemblée de BioChem dans le but d'examiner l'arrangement ainsi que les seuils d'approbation des actionnaires nécessaires.

16. Dans le cadre de l'assemblée de BioChem, BioChem a rédigé et a remis aux porteurs de titres de BioChem la circulaire de BioChem. La circulaire de BioChem contient les renseignements normalement présentés dans un prospectus sur l'activité et les affaires de Shire et une description détaillée de l'opération et de l'arrangement. La circulaire de BioChem a été rédigée conformément aux dispositions de la législation, de la LCSA et de l'ordonnance provisoire.

17. Aux termes de l'arrangement, les faits suivants seront réputés être survenus, sans autre acte ni formalité, à la date de prise d'effet de l'arrangement :

- les porteurs d'actions ordinaires de BioChem qui sont i) des non-résidents du Canada qui décident de recevoir des actions ordinaires de Shire ou qui n'ont pas fait un choix valide ou ii) les résidents du Canada qui décident de recevoir des actions ordinaires de Shire (à l'exception des actionnaires dissidents, de Shire ou des membres du groupe de Shire) seront réputés avoir cédé à ExchangeCo chacune des actions ordinaires de BioChem qu'ils détiennent en échange d'un nombre d'actions ordinaires de Shire correspondant au ratiod'échange. Le ratio d'échange correspond à:

  i) 2,3517, si le cours des certificats américains de Shire (tel que défini ci-dessous) est inférieur ou égal à 47,20 $ US;
  ii) une somme calculée en divisant 37 $ US par le cours des certificats américains de Shire et en multipliant le résultat par trois, si le cours des certificats américains de Shire est supérieur à 47,20 $ US et inférieur à 70,80 $ US; et
  iii) 1,5678, si le cours des certificats américains de Shire est équivalent ou supérieur à 70,80 $ US.

  Le cours des certificats américains de Shire désigne la moyenne des cours de clôture des certificats américains de Shire sur le NASDAQ au cours d'une période de 15 jours de bourse consécutifs se terminant le troisième jour avant la clôture de l'arrangement;

- les porteurs d'actions ordinaires de BioChem qui choisissent de recevoir des certificats américains de Shire (à l'exception des actionnaires dissidents, de Shire ou des membres du groupe de Shire) seront réputés avoir cédé à ExchangeCo chacune des actions ordinaires de BioChem qu'ils détiennent en échange d'un nombre de certificats américains de Shire correspondant au ratio d'échange divisée par trois;

- les porteurs d'actions ordinaires de BioChem qui sont résidents du Canada et qui choisissent des actions échangeables ou qui n'ont pas fait un choix valide (à l'exception des actionnaires dissidents, de Shire ou des membres du groupe de Shire) seront réputés avoir cédé à ExchangeCo chacune des actions ordinaires de BioChem qu'ils détiennent en échange d'un nombre d'actions échangeables correspondant au ratio d'échange divisée par trois, ainsi que les droits et avantages auxquels ces porteurs auront droit aux termes de la convention d'échange et de vote fiduciaire et de la convention de soutien relative aux actions échangeables (la « convention de soutien relative aux actions échangeables ») devant être conclue dans le cadre de l'opération;

- les options de BioChem et les bons de souscription de BioChem en circulation immédiatement avant le moment de prise d'effet de l'arrangement seront rajustés et deviendront une option ou un droit, selon le cas, (un « droit de remplacement ») donnant le droit de recevoir le nombre d'actions ordinaires de Shire que le porteur de cette option ou de ce droit aurait reçu s'il avait levé cette option de BioChem ou exercé ce bon de souscription de BioChem immédiatement avant le moment de prise d'effet;

- simultanément aux opérations susmentionnées, BioChem, ExchangeCo et le fiduciaire concluront la convention d'échange et de vote fiduciaire, et Shire émettra et déposera auprès du fiduciaire les actions à droits de vote spéciaux, et Shire, ExchangeCo et Callco concluront la convention de soutien relative aux actions échangeables.

18. Aucune fraction d'action échangeable, d'action ordinaire de Shire ni de certificat américain de Shire ne sera émise aux termes de l'arrangement. En lieu et place de fractions d'action, chaque porteur d'actions ordinaires de BioChem qui aurait autrement le droit de recevoir une fraction d'action échangeable, une fraction d'action ordinaire de Shire ou une fraction de certificat américain de Shire recevra un montant en espèces correspondant au produit net reçu de la vente de la somme de toutes ces fractions sur le marché ouvert.

19. ExchangeCo remettra, ou fera en sorte que soient remis, à chacun des porteurs d'actions ordinaires de BioChem, les actions ordinaires de Shire, les certificats américains de Shire ou les actions échangeables, selon le cas, devant être remis à ce porteur aux termes de l'arrangement en échange des actions ordinaires de BioChem qu'il détient.

20. En date du 21 février 2001, 33 254 640 actions ordinaires de BioChem étaient détenues par des résidents du Canada, soit une participation d'environ 32,75 % dans les actions ordinaires de BioChem en circulation. Dans l'hypothèse où (i) tous les actionnaires de BioChem choisissent de recevoir des actions ordinaires de Shire aux termes de l'arrangement, (ii) le ratio d'échange est de 1,9733 (en fonction d'un cours du certificat américain de Shire de 56,25 $ US et (iii) les certificats américains de Shire et

les actions ordinaires de Shire sont considérées de la même catégorie (les « actions de Shire »), les résidents du Canada détiendraient 65 635 524 actions de Shire, soit une participation d'environ 14,34 % dans les actions de Shire en circulation.

21. Les actions échangeables, ainsi que la convention d'échange et de vote fiduciaire décrite ci-après, constitueront pour les porteurs de ceux-ci un titre émis par un émetteur canadien ayant des droits économiques et des droits de vote qui sont, dans la mesure du possible, équivalents à ceux des actions ordinaires de Shire. Les actions échangeables seront reçues avec report d'impôt par certains porteurs d'actions ordinaires de BioChem résidant au Canada et, à la condition que les actions échangeables soient inscrites à une Bourse désignée au Canada (ce qui comprend actuellement la BT), elles constitueront des « placements admissibles » pour certains investisseurs et ne constitueront pas des « biens étrangers », dans chacun des cas, en vertu de la *Loi de l'impôt sur le revenu* (Canada) (la « LIR »). Les actions échangeables pourront être échangées à tout moment par leur porteur en contrepartie d'actions ordinaires de Shire, à raison d'une pour trois, ou contre des certificats américains de Shire, à parité numérique, et seront rachetables par ExchangeCo pour la même contrepartie au moment de la survenance de certains faits, comme il est plus amplement décrit ci-après. Sous réserve des lois applicables, les dividendes sur les actions échangeables devront être versés simultanément aux dividendes sur les actions ordinaires de Shire et devront être d'un montant par action correspondant à trois fois les dividendes sur les actions ordinaires de Shire. Les actions échangeables feront l'objet d'un rajustement ou d'une modification en cas de fractionnement d'actions ou d'un autre changement à la structure du capital de Shire, de façon à maintenir en tout temps l'équivalence économique initiale entre une action échangeable et trois actions ordinaires de Shire (ou un certificat américain de Shire).

22. Les actions échangeables auront priorité de rang par rapport aux actions ordinaires d'ExchangeCo à l'égard du versement de dividendes et de la distribution des biens ou de l'actif en cas de liquidation ou de dissolution d'ExchangeCo, qu'elle soit volontaire ou involontaire; et de toute autre distribution des biens ou de l'actif d'ExchangeCo parmi ses actionnaires aux fins de liquider ses affaires. Les droits, privilèges, restrictions et modalités rattachés aux actions échangeables (les « dispositions relatives aux actions échangeables ») prévoiront que chaque action échangeable donnera le droit au porteur de recevoir les dividendes d'ExchangeCo versés au même moment que les dividendes versés par Shire sur les actions ordinaires de Shire qui seront d'un montant correspondant à trois fois ces derniers; toutefois, dans le cas de dividendes en actions déclarés sur les actions ordinaires de Shire, au lieu de déclarer un dividende en actions correspondant sur les actions échangeables, le conseil d'administration d'ExchangeCo peut, à son gré et sous réserve des lois applicables, diviser, rediviser ou modifier (une « division ») chaque action échangeable émise et non émise de façon que chaque action échangeable avant la division devienne un nombre d'actions échangeables correspondant à la somme de : a) trois actions ordinaires de Shire et b) le nombre d'actions ordinaires de Shire devant être payées à titre de dividende en actions à l'égard de chaque action ordinaire de Shire. La date de clôture des registres aux fins d'établir les porteurs d'actions échangeables ayant le droit de recevoir des actions échangeables dans le cadre d'une division d'actions échangeables et la date de prise d'effet de cette division seront les mêmes dates que la date de clôture des registres et la date de versement, respectivement, à l'égard des dividendes en actions correspondants déclarés sur les actions ordinaires de Shire.

23. Les actions échangeables ne comporteront pas de droit de vote (sauf comme il pourrait être requis aux termes des dispositions relatives aux actions échangeables ou des lois applicables) et elles pourront être rachetées au gré du porteur à tout moment. Sous réserve d'un droit d'achat prépondérant de Callco à l'égard des rachats au gré du porteur mentionné ci-après, au moment du rachat au gré du porteur, ce dernier aura le droit de recevoir d'ExchangeCo, en échange de chaque action échangeable rachetée au gré du porteur, une somme correspondant au cours d'une action ordinaire de Shire à la BL le dernier jour ouvrable avant la date de rachat au gré du porteur multiplié par trois, cette somme devant être réglée par la remise de trois actions ordinaires de Shire inscrites à la BL ou d'un certificat américain de Shire inscrit au NASDAQ (au gré du porteur) ainsi que, à la date de versement désignée de ceux-ci, de la totalité des dividendes déclarés et impayés sur chacune de ces actions échangeables rachetées au gré du porteur détenues par le porteur à une date de clôture des registres antérieure à la date du rachat au gré du porteur (cette somme globale étant appelée aux présentes le « prix de rachat au gré du porteur »). Au moment où ExchangeCo l'avisera d'un projet de rachat au gré du porteur visant les actions échangeables, Callco disposera d'un droit d'achat prépondérant à l'égard des rachats au gré du porteur visant l'acquisition de la totalité des actions échangeables faisant l'objet de l'avis de rachat au gré du porteur, en contrepartie d'un prix par action correspondant au prix de rachat au gré du porteur (également payable en actions ordinaires de Shire ou en certificats américains de Shire (au gré du porteur) accompagnés de la somme au comptant des dividendes déclarés et impayés).

24. Sous réserve des lois applicables et du droit d'achat prépondérant de Callco mentionné ci-dessous, ExchangeCo aura le droit de racheter la totalité et non moins de la totalité des actions échangeables alors en circulation à n'importe quel moment après le dixième anniversaire de la date de prise d'effet de l'arrangement (la « date de rachat au gré de l'émetteur »). Dans certaines circonstances, la date de rachat au gré de l'émetteur peut être devancée, si, par exemple, il y a à tout moment moins de 1 000 000 d'actions échangeables en circulation. Au moment d'un tel rachat au gré de l'émetteur, le porteur aura le droit de recevoir d'ExchangeCo, à l'égard de chaque action échangeable rachetée, une somme correspondant au

cours actuel d'une action ordinaire de Shire à la BL le dernier jour ouvrable avant la date de rachat au gré de l'émetteur multiplié par trois, devant être réglée par la remise de trois actions ordinaires de Shire inscrites à la BL ou d'un certificat américain de Shire inscrit au NASDAQ (au gré du porteur) ainsi que, à la date de versement désignée relative à ceux-ci, la totalité des dividendes déclarés et impayés sur chacune de ces actions échangeables rachetées par l'émetteur détenues par le porteur à toute date de clôture des registres antérieure à la date de rachat au gré de l'émetteur (cette somme globale étant appelée dans les présentes le « prix de rachat au gré de l'émetteur »). Dès que ExchangeCo l'avisera d'un rachat au gré de l'émetteur projeté à l'égard d'actions échangeables, Callco disposera d'un droit d'achat prépondérant à l'égard des rachats au gré de l'émetteur visant l'acquisition, à la date de rachat au gré de l'émetteur, de la totalité et non moins de la totalité des actions échangeables alors en circulation (à l'exception des actions échangeables détenues par des membres du groupe de Shire) en contrepartie d'un prix par action correspondant au prix de rachat au gré de l'émetteur (également payable en actions ordinaires de Shire ou en certificats américains de Shire (au gré du porteur) accompagnés de la somme au comptant des dividendes déclarés et impayés).

25. Sous réserve des lois applicables et du droit d'achat prépondérant en cas de liquidation de Callco mentionné ci-dessous, en cas de liquidation ou de dissolution d'ExchangeCo ou d'une autre distribution projetée de l'actif d'ExchangeCo parmi ses actionnaires aux fins de liquider ses affaires, chaque porteur d'actions échangeables aura le droit préférentiel de recevoir d'ExchangeCo une somme correspondant au cours d'une action ordinaire de Shire à la BL le dernier jour ouvrable avant la date de liquidation multiplié par trois, devant être réglée par la remise de trois actions ordinaires de Shire ou d'un certificat américain de Shire (au gré du porteur) accompagnés, à la date de versement désignée de ceux-ci, de la totalité des dividendes déclarés et impayés sur cette action échangeable (cette somme globale étant appelée la « somme à l'égard de la liquidation »). Au moment d'une liquidation ou d'une dissolution projetée d'ExchangeCo, Callco aura un droit d'achat prépondérant en cas de liquidation d'acheter la totalité et non moins de la totalité des actions échangeables alors en circulation (à l'exception des actions échangeables détenues par Shire ou des membres du groupe de Shire) à la date de prise d'effet de cette liquidation ou de cette dissolution (la « date de liquidation ») en contrepartie d'un prix par action correspondant à la somme à l'égard de la liquidation (également payable en actions ordinaires de Shire ou en certificats américains de Shire (au gré du porteur) accompagnés de la somme au comptant des dividendes déclarés et impayés). À la survenance d'un cas d'insolvabilité d'ExchangeCo, le porteur d'actions échangeables aura le droit d'exiger que le fiduciaire exerce le droit d'échange (mentionné au paragraphe 31 ci-après) à l'égard d'une ou de la totalité des actions échangeables détenues par ce porteur, exigeant de ce fait que Shire achète ces actions échangeables à un prix par action correspondant à la somme à l'égard de la liquidation (également payable en actions ordinaires de Shire ou en certificats américains de Shire accompagnés de la somme au comptant des dividendes déclarés et impayés).

26. Au moment de la liquidation ou de la dissolution de Shire, la totalité des actions échangeables détenues par les porteurs (à l'exception des actions échangeables détenues par Shire ou les membres du groupe de Shire) seront automatiquement échangées contre des actions ordinaires de Shire aux termes de la convention d'échange et de vote fiduciaire (décrite ci-après), de façon à ce que les porteurs d'actions échangeables soient en mesure de prendre part à la dissolution de Shire proportionnellement avec les porteurs d'actions ordinaires de Shire.

27. Dans les circonstances décrites ci-dessous, Shire aura le droit (le « droit d'achat de Shire ») d'acheter ou de faire en sorte que Callco achète, de la totalité et non moins de la totalité des porteurs d'actions échangeables (à l'exception de Shire ou des membres du groupe de Shire) à la date d'échange (tel que définie ci-après), la totalité et non moins de la totalité des actions échangeables détenues par chacun de ces porteurs à la suite du paiement par Shire ou Callco, selon le cas, d'une somme par action (le « prix d'achat de Shire ») correspondant au cours du marché d'une action ordinaire de Shire à la BL le dernier jour ouvrable avant la date d'échange multiplié par trois, devant être réglée par la remise de trois actions ordinaires de Shire inscrites à la BL ou d'un certificat américain de Shire inscrits au NASDAQ (au gré du porteur) accompagnés, à la date de versement désignée relativement à ceux-ci, de la totalité des dividendes déclarés et impayés sur ces actions échangeables. Afin d'exercer le droit d'achat de Shire, i) Shire doit aviser l'agent des transferts des actions échangeables, à titre de mandataire des porteurs d'actions échangeables et d'ExchangeCo, de l'intention de Shire d'exercer ce droit au moins 45 jours avant le jour ouvrable où l'achat de ces actions échangeables aura lieu (la « date d'échange »), et cet avis devra préciser qui, de Shire ou de Callco, effectuera cet achat et ii) Shire doit remettre à l'agent des transferts et au fiduciaire un avis écrit signé par le conseiller juridique canadien de Shire (conseiller que le fiduciaire devra approuver) déclarant et confirmant que, depuis la date de prise d'effet de l'arrangement, une modification à la LIR et à d'autres lois de l'impôt sur le revenu provinciales applicables a été promulguée voulant que la vente d'actions échangeables à Shire ou à Callco, selon le cas, par des porteurs résidents du Canada, aux termes du droit d'achat de Shire, sera admissible à titre d'opération avec report d'impôt aux fins de la LIR et des autres lois de l'impôt sur le revenu provinciales applicables à l'égard des porteurs d'actions échangeables.

28. À la suite de l'échange d'une action échangeable contre des actions ordinaires de Shire ou un certificat américain de Shire, le porteur de l'action échangeable ne sera plus bénéficiaire de la fiducie créée au moyen de la convention d'échange et de vote fiduciaire qui détient les actions à droits de vote spéciaux (décrites plus abondamment au paragraphe 30 ci-après).

29. Aux termes de l'arrangement, un nombre d'actions à droits de vote spéciaux de Shire correspondant au nombre d'actions échangeables devant être en circulation à la date de prise d'effet de l'arrangement seront émises en faveur du fiduciaire nommé aux termes de la convention d'échange et de vote fiduciaire, au profit des porteurs d'actions échangeables en circulation de temps à autre (à l'exception de Shire et des membres de son groupe). Sauf si cela est autrement exigé par les lois applicables ou les statuts constitutifs de Shire, le porteur d'actions à droits de vote spéciaux aura le droit d'exercer le nombre de voix, pouvant être exercés à une assemblée de Shire, correspondant au nombre d'actions échangeables en circulation qui n'appartiennent pas à Shire ou aux membres de son groupe, multiplié par trois. Les porteurs d'actions de Shire et le porteur des actions à droits de vote spéciaux voteront ensemble à titre de catégorie unique sur toutes les questions, à l'exception de ce qui pourrait être requis par les lois applicables ou les statuts constitutifs de Shire. Les porteurs d'actions échangeables exerceront les droits de vote rattachés aux actions à droits de vote spéciaux au moyen du mécanisme prévu dans la convention d'échange et de vote fiduciaire. Le porteur des actions à droits de vote spéciaux n'aura pas le droit de recevoir de dividendes de Shire, et, en cas de liquidation ou de dissolution de Shire, il recevra une somme correspondant à la valeur nominale de ces actions. Au moment où aucune voix ne sera rattachée aux droits de vote spéciaux en raison du fait qu'il n'y a aucune action échangeable en circulation qui n'est pas propriété de Shire et des membres de son groupe, les actions à droits de vote spéciaux seront annulées.

30. Les actions à droits de vote spéciaux seront émises en faveur du fiduciaire et détenues par celui-ci au profit des porteurs d'actions échangeables en circulation de temps à autre (à l'exception de Shire et des membres de son groupe) aux termes d'une convention d'échange et de vote fiduciaire devant être conclue entre Shire, ExchangeCo et le fiduciaire simultanément à la clôture de l'opération. Tous les droits de vote rattachés aux actions à droits de vote spéciaux doivent être exercés par le fiduciaire aux termes des directives du porteur des actions échangeables connexes. En l'absence de telles directives d'un porteur en matière de vote, le fiduciaire n'aura pas le droit d'exercer les droits de vote connexes. Au moment de l'échange des actions échangeables d'un porteur contre des actions ordinaires de Shire inscrites à la BL ou des certificats américains de Shire inscrits au NASDAQ, selon le cas, tous les droits de ce porteur d'actions échangeables de donner des directives au fiduciaire d'exercer les droits de vote rattachés aux actions à droits de vote spéciaux connexes s'éteindront.

31. Aux termes de la convention d'échange et de vote fiduciaire, Shire octroiera au fiduciaire, au profit des porteurs d'actions échangeables, un droit (le « droit d'échange »), pouvant être exercé à la suite de l'insolvabilité d'ExchangeCo, d'exiger que Shire achète d'un porteur d'actions échangeables la totalité ou une partie des actions échangeables détenues par ce porteur. Le prix d'achat de chacune des actions échangeables achetées par Shire aux termes du droit d'échange sera constitué d'une somme correspondant au cours du marché d'une action ordinaire de Shire à la BL le dernier jour ouvrable avant le jour de la clôture de l'achat et de la vente de cette action échangeable aux termes du droit d'échange multiplié par trois, devant être réglée par la remise au fiduciaire, pour le compte du porteur, de trois actions ordinaires de Shire inscrites à la BL ou d'un certificat américain de Shire inscrit au NASDAQ (au gré du porteur), accompagnés d'une somme supplémentaire correspondant à la somme des dividendes déclarés et impayés sur cette action échangeable détenue par le porteur à une date de clôture des registres antérieure à la clôture de l'achat et de la vente.

32. Aux termes de la convention d'échange et de vote fiduciaire, au moment de la liquidation ou de la dissolution de Shire, cette dernière sera tenue d'acheter chaque action échangeable en circulation, et chaque porteur sera tenu de vendre les actions échangeables qu'il détient (ces obligations d'achat et de vente étant appelées dans les présentes un « droit d'échange automatique »), en contrepartie d'un prix d'achat par action correspondant au cours du marché d'une action ordinaire de Shire à la BL, le cinquième jour ouvrable avant la date de prise d'effet de la liquidation ou de la dissolution de Shire multiplié par trois, devant être réglé par la remise au fiduciaire, au nom du porteur, de trois actions ordinaires de Shire ainsi que d'une somme additionnelle correspondant à la somme des dividendes déclarés et impayés sur chacune de ces actions échangeables détenues par le porteur à une date de clôture des registres antérieure à la date de l'échange.

33. Simultanément à la clôture de l'opération, Shire, ExchangeCo et Callco concluront la convention de soutien relative aux actions échangeables qui prévoira, entre autres, a) que Shire ne déclarera ni ne versera de dividendes sur les actions ordinaires de Shire à moins qu'ExchangeCo ne soit en mesure de déclarer et de verser, et qu'elle déclare et verse simultanément, selon le cas, un dividende équivalent sur les actions échangeables; toutefois, dans le cas de la déclaration d'un dividende en actions sur des actions ordinaires de Shire, ExchangeCo pourra diviser, et divisera, chacune des actions échangeables émises et non émises de la façon décrite au paragraphe 22 ci-haut, au lieu de déclarer un dividende en actions correspondant sur les actions échangeables et b) Shire fera en sorte qu'ExchangeCo et Callco soient en mesure d'honorer les droits de rachat au gré de l'émetteur et les droits de rachat au gré du porteur aux termes des dispositions relatives aux actions échangeables ainsi que les droits de rachat au gré de l'émetteur, les droits de rachat au gré du porteur et les droits de rachat en cas de liquidation connexes décrits ci-haut.

34. La convention de soutien relative aux actions échangeables et les dispositions relatives aux actions échangeables prévoiront que, en l'absence d'une approbation préalable d'ExchangeCo et des porteurs des actions échangeables, Shire n'émettra ni ne placera d'actions ordinaires de Shire supplémentaires,

de titres échangeables contre des actions ordinaires de Shire ou convertibles en celles-ci ou octroyant le droit d'acquérir des actions ordinaires, des droits, des options ou des bons de souscription permettant de souscrire des actions ordinaires de Shire, de titres de créance ou d'autres éléments d'actif, à la totalité ou à la quasi-totalité des porteurs d'actions ordinaires de Shire, ni ne pourra modifier les actions ordinaires de Shire, à moins qu'un placement d'actions échangeables semblable ou un placement économiquement équivalent ou encore la même modification aux actions échangeables (ou des droits des porteurs de celles-ci) n'ait lieu simultanément.

35. La circulaire de BioChem contient les états financiers suivants de Shire préparés selon les principes comptables généralement reconnus (« PCGR ») des États-Unis et rapprochés aux PCGR canadiens, conformément à la législation :

- les états financiers consolidés annuels vérifiés de Shire aux 31 décembre 2000, 1999 et 1998 et pour les exercices terminés à ces dates;

- le bilan consolidé pro forma et l'état consolidé des résultats pro forma au 31 décembre 2000 et pour l'exercice terminé à cette date, compte tenu de la fusion avec BioChem.

36. Les étapes de l'opération et les attributs et droits des actions échangeables prévus dans les dispositions relatives aux actions échangeables, la convention d'échange et de vote fiduciaire et la convention de soutien relative aux actions échangeables comportent ou peuvent comporter un certain nombre d'opérations sur titres, y compris des opérations relatives à l'émission des actions échangeables, des actions ordinaires de Shire ou des certificats américains de Shire aux termes de l'opération ou de l'émission d'actions ordinaires de Shire ou de certificats américains de Shire en échange d'actions échangeables à l'occasion après la clôture de l'opération. Le texte qui suit énumère les opérations sur titres et les opérations sur titres éventuels résultant de l'opération :

a. l'émission et les transferts intra-groupes d'actions ordinaires de Shire ou de certificats américains de Shire et les émissions connexes d'actions de membres du groupe de Shire en contrepartie de ceux-ci, par et entre Shire et les membres de son groupe, afin de permettre à ExchangeCo de remettre ou de veiller à ce que soient remis les actions ordinaires de Shire ou les certificats américains de Shire nécessaires dans le cadre de l'arrangement ou de la mise en œuvre des dispositions des actions échangeables ou de la convention d'échange et de vote fiduciaire;

b. la remise d'actions ordinaires de Shire ou de certificats américains de Shire par ExchangeCo aux porteurs d'actions ordinaires de BioChem et le transfert d'actions ordinaires de BioChem par les porteurs à ExchangeCo, dans le cadre de l'arrangement;

c. l'émission d'actions échangeables par ExchangeCo aux porteurs d'actions ordinaires de BioChem et le transfert d'actions ordinaires de BioChem par les porteurs à ExchangeCo, dans le cadre de l'arrangement;

d. la vente par le dépositaire des fractions d'action échangeable, d'action ordinaire de Shire ou de certificat américain de Shire accumulées, et la distribution du produit au comptant découlant de cette vente aux anciens porteurs d'actions ordinaires de BioChem;

e. la conversion d'options de BioChem ou de bons de souscription de BioChem en droits de remplacement dans le cadre de l'arrangement et l'émission et la remise d'actions ordinaires de Shire par Shire à un porteur d'un droit de remplacement à l'exercice de celui-ci;

f. l'octroi par Shire au fiduciaire pour le bénéfice des porteurs d'actions échangeables, conformément à la convention d'échange et de vote fiduciaire, du droit d'échange, du droit d'échange automatique et des droits de vote conformément aux actions à droits de vote spéciaux;

g. la création des droits d'achat en faveur de Callco mentionnés aux paragraphes , et 25 ci-dessus;

h. la création du droit d'achat de Shire;

i. l'émission par Shire, conformément à la convention d'échange et de vote fiduciaire, des actions à droits de vote spéciaux au fiduciaire pour le bénéfice des porteurs des actions échangeables;

j. l'émission et les transferts intra-groupes d'actions ordinaires de Shire ou de certificats américains de Shire et les émissions connexes d'actions de membres du groupe de Shire en contrepartie de ceux-ci, par et entre Shire et les membres de son groupe, à l'occasion, afin de permettre à ExchangeCo de remettre ou de veiller à ce que soient remis les actions ordinaires de Shire ou les certificats américains de Shire à un porteur d'actions échangeables lors d'un rachat au gré du porteur des actions échangeables que détient ce porteur mentionné au paragraphe 23 ci-dessus, et la remise ultérieure de ces titres par ExchangeCo ;

k. le transfert des actions échangeables par le porteur à ExchangeCo lors du rachat au gré du porteur des actions échangeables du porteur;

l. l'émission et les transferts intra-groupes d'actions ordinaires de Shire ou de certificats américains de Shire et les émissions connexes d'actions de membres du groupe de Shire en

contrepartie de ceux-ci, par et entre Shire et les membres de son groupe, à l'occasion, afin de permettre à Callco de remettre ou de veiller à ce que soient remis les actions ordinaires de Shire ou les certificats américains de Shire à un porteur d'actions échangeables dans le cadre de l'exercice par Callco de son droit d'achat prépondérant à l'égard des rachats au gré du porteur mentionné au paragraphe 23 ci-dessus, et la remise ultérieure de ces titres par Callco;

m. le transfert d'actions échangeables par le porteur à Callco lors de l'exercice du droit d'achat prépondérant de Callco à l'égard des rachats au gré du porteur;

n. l'émission et les transferts intra-groupes d'actions ordinaires de Shire ou de certificats américains de Shire et les émissions connexes d'actions de membres du groupe de Shire en contrepartie de ceux-ci, par et entre Shire et les membres de son groupe, afin de permettre à ExchangeCo de remettre ou de veiller à ce que soient remis les actions ordinaires de Shire ou les certificats américains de Shire aux porteurs des actions échangeables lors du rachat au gré de l'émetteur des actions échangeables mentionné au paragraphe 24 ci-dessus, et la remise ultérieure de ces titres par ExchangeCo ;

o. le transfert des actions échangeables par les porteurs à ExchangeCo lors du rachat au gré de l'émetteur des actions échangeables;

p. l'émission et les transferts intra-groupes d'actions ordinaires de Shire ou de certificats américains de Shire et les émissions connexes d'actions de membres du groupe de Shire en contrepartie de ceux-ci, par et entre Shire et les membres de son groupe, afin de permettre à Callco de remettre ou de veiller à ce que soient remis les actions ordinaires de Shire ou les certificats américains de Shire aux porteurs d'actions échangeables dans le cadre de l'exercice par Callco de son droit d'achat prépondérant à l'égard des rachats au gré de l'émetteur mentionné au paragraphe 24 ci-dessus, et la remise de ces titres par Callco;

q. le transfert d'actions échangeables par les porteurs à Callco à l'exercice du droit d'achat prépondérant de Callco à l'égard des rachats au gré de l'émetteur;

r. l'émission et les transferts intra-groupes d'actions ordinaires de Shire ou de certificats américains de Shire et les émissions connexes d'actions de membres du groupe de Shire en contrepartie de ceux-ci, par et entre Shire et les membres de son groupe, afin de permettre à ExchangeCo de remettre ou de veiller à ce que soient remis les actions ordinaires de Shire ou les certificats américains de Shire aux porteurs d'actions échangeables à la liquidation ou dissolution d'ExchangeCo mentionnée au paragraphe 25 ci-dessus, et la remise ultérieure de ces titres par ExchangeCo ;

s. le transfert d'actions échangeables par les porteurs à ExchangeCo à la liquidation ou dissolution d'ExchangeCo;

t. l'émission et les transferts intra-groupes d'actions ordinaires de Shire ou de certificats américains de Shire et les émissions connexes d'actions de membres du groupe de Shire en contrepartie de ceux-ci, par et entre Shire et les membres de son groupe, afin de permettre à Callco de remettre ou de veiller à ce que soient remis les actions ordinaires de Shire ou les certificats américains de Shire aux porteurs d'actions échangeables dans le cadre de l'exercice par Callco de son droit d'achat prépondérant en cas de liquidation mentionné au paragraphe 25 ci-dessus, et la remise ultérieure de ces titres par Callco;

u. le transfert d'actions échangeables par les porteurs à Callco à l'exercice du droit d'achat prépondérant en cas de liquidation de Callco;

v. l'émission et les transferts intra-groupes d'actions ordinaires de Shire ou de certificats américains de Shire et les émissions connexes d'actions de membres du groupe de Shire en contrepartie de ceux-ci, par et entre Shire et les membres de son groupe, afin de permettre à Shire ou à Callco de remettre ou de veiller à ce que soient remis les actions ordinaires de Shire ou les certificats américains de Shire aux porteurs d'actions échangeables dans le cadre de l'exercice du droit d'achat de Shire, et la remise ultérieure de ces titres par Shire ou Callco, selon le cas,;

w. le transfert d'actions échangeables par les porteurs à Shire ou à Callco, selon le cas, à l'exercice du droit d'achat de Shire;

x. l'émission et la remise d'actions ordinaires de Shire ou de certificats américains de Shire par Shire à un porteur d'actions échangeables à l'exercice du droit d'échange par ce porteur mentionné au paragraphe 31 ci-dessus;

y. le transfert d'actions échangeables par les porteurs à Shire à l'exercice du droit d'échange par ce porteur;

z. l'émission et la remise d'actions ordinaires de Shire par Shire aux porteurs d'actions échangeables conformément au droit d'échange automatique mentionné au paragraphe 32 ci-dessus;

aa. le transfert à ExchangeCo des actions échangeables que Callco a reçues par suite de l'exercice du droit de rachat au gré du porteur, du droit d'achat de Shire, du droit de rachat au

gré de l'émetteur ou du droit d'achat en cas de liquidation, et le transfert par Shire, directement ou indirectement par voie de transferts intra-groupes, à ExchangeCo des actions échangeables que Shire a reçues à l'exercice du droit d'échange, du droit d'achat de Shire et du droit d'échange automatique, et l'émission et la remise par ExchangeCo d'actions ordinaires en échange de ces actions échangeables; et

bb. le transfert d'actions échangeables par un porteur à Shire aux termes du droit d'échange automatique;

(collectivement, les « opérations sur titres »)

37. La décision de placement fondamentale que le porteur d'actions ordinaires de BioChem doit prendre est prise au moment où il est invité à voter à l'égard de l'arrangement. Par suite de cette décision, le porteur (sauf un porteur dissident) recevra, à son choix, des actions échangeables, des actions ordinaires de Shire ou des certificats américains de Shire, ou une combinaison de ceux-ci, en échange des actions ordinaires de BioChem qu'il détient. Les actions échangeables procureront certains avantages fiscaux au Canada pour certains porteurs canadiens, mais elles seront par ailleurs, autant que possible, identiques aux actions ordinaires de Shire quant à la valeur économique et aux droits de vote et, à ce titre, tous les échanges ultérieurs d'actions échangeables sont en vue de la réalisation de la décision de placement initiale du porteur. Tel qu'il a été mentionné ci-dessus, la décision de placement sera prise en fonction de la circulaire de BioChem, laquelle contient de l'information normalement présentée dans un prospectus sur l'activité et les affaires de Shire et une description détaillée de l'opération et de l'arrangement.

38. N'eût été des incidences fiscales, les porteurs canadiens d'actions ordinaires de BioChem auraient pu recevoir des actions ordinaires de Shire ou des certificats américains de Shire sans l'option de recevoir des actions échangeables. L'option en faveur de certains porteurs d'actions ordinaires de BioChem de recevoir finalement des actions échangeables en vertu de l'arrangement permettra à certains porteurs d'actions ordinaires de BioChem de bénéficier d'un report de l'impôt sur le revenu canadien et, pourvu que les actions échangeables soient inscrites à la cote d'une Bourse prescrite au Canada (ce qui inclut actuellement la BT), permettra à d'autres porteurs de détenir un bien qui n'est pas un bien étranger au sens de la LIR.

39. Étant donné l'équivalence quant à la valeur économique et aux droits de vote entre les actions échangeables et les actions ordinaires de Shire, les porteurs d'actions échangeables auront une participation établie par rapport à Shire plutôt que par rapport à ExchangeCo. Par conséquent, c'est l'information concernant Shire et non ExchangeCo qui sera pertinente pour les porteurs d'actions ordinaires de Shire, de certificats américains de Shire et d'actions échangeables.

40. Shire enverra simultanément à tous les porteurs d'actions ordinaires de Shire ou de certificats américains de Shire résidant au Canada tous les documents d'information fournis aux porteurs d'actions ordinaires de Shire ou de certificats américains de Shire résidant aux États-Unis y compris, notamment, des exemplaires de ses états financiers et tous les documents de sollicitation de procurations.

41. La circulaire de BioChem dévoile que, dans le cadre de l'arrangement, des demandes de dispense des exigences en matière de prospectus et d'inscription et des obligations d'information et de déclarations d'initiés ont été déposées. La circulaire de BioChem précise les obligations d'information dont ExchangeCo et Shire souhaitent être dispensées, ainsi que l'information qui sera dévoilée en remplacement si ces dispenses sont accordées.

QUE, selon le régime, le présent document de décision du REC confirme la décision de chaque décideur (collectivement, la « décision »);

ET QUE chacun des décideurs est d'avis que le test prévu dans la législation qui accorde le pouvoir discrétionnaire aux décideurs a été respecté;

LA DÉCISION des décideurs en vertu de la législation est que:

1. les exigences en matière d'inscription et de prospectus ne s'appliquent pas aux opérations boursières;

2. l'aliénation des actions échangeables acquises aux termes de la présente décision dans un territoire est réputée être un placement ou un placement initial en vertu de la législation de ce territoire (la « législation applicable »), à moins que :

   i) à la date de l'aliénation, ExchangeCo est un émetteur assujetti ou l'équivalent en vertu de la législation applicable ou, si la législation applicable ne reconnaît pas le concept d'émetteur assujetti, Shire respecte les exigences en matière de dépôt énoncées au paragraphe 5 ci-dessous;

   ii) si le vendeur des titres est un initié ou un membre de la direction de ExchangeCo, le vendeur n'a pas de motifs raisonnables de croire qu'ExchangeCo ne respecte pas toutes les exigences de la législation applicable;

   iii) aucun effort inhabituel n'est déployé pour la préparation du marché ou la création d'une demande pour les actions échangeables, et aucune commission ni contrepartie extraordinaire n'est versée à l'égard de l'aliénation; et

   iv) l'aliénation n'est pas faite sur les avoirs d'une personne ou d'une société ou une combinaison de personnes et de sociétés détenant suffisamment de titres de Shire ou d'ExchangeCo pour influer sensiblement sur le

contrôle de Shire ou plus de 20 % des titres comportant droit de vote en circulation de Shire, sauf s'il y a des preuves indiquant que la détention de ces titres n'influe pas sensiblement sur le contrôle de Shire et, à cette fin, les actions ordinaires de Shire, les certificats américains de Shire et les actions échangeables doivent être considérées de la même catégorie;

3. dans les territoires où Shire deviendra un émetteur assujetti ou l'équivalent en vertu de la législation applicable une fois l'opération réalisée, l'aliénation des actions ordinaires de Shire ou des certificats américains de Shire acquis aux termes de la présente décision dans un territoire est réputée être un placement ou un placement initial en vertu de la législation applicable, à moins que :

   i) à la date de l'aliénation, Shire est un émetteur assujetti ou l'équivalent en vertu de la législation applicable;

   ii) si le vendeur des titres est un initié ou un membre de la direction de Shire, le vendeur n'a pas de motifs raisonnables de croire que Shire ne respecte pas toutes les exigences de la législation applicable;

   iii) aucun effort inhabituel n'est déployé pour la préparation du marché ou la création d'une demande pour les actions ordinaires de Shire ou les certificats américains de Shire, et aucune commission ni contrepartie extraordinaire n'est versée à l'égard de l'aliénation; et

   iv) l'aliénation n'est pas faite sur les avoirs d'une personne ou d'une société ou une combinaison de personnes et de sociétés détenant suffisamment de titres de Shire ou d'ExchangeCo pour influer sensiblement sur le contrôle de Shire ou plus de 20 % des titres comportant droit de vote en circulation de Shire, sauf s'il y a des preuves indiquant que la détention de ces titres n'influe pas sensiblement sur le contrôle de Shire et, à cette fin, les actions ordinaires de Shire, les certificats américains de Shire et les actions échangeables doivent être considérées de la même catégorie;

4. dans les territoires où Shire ne deviendra pas un émetteur assujetti ou l'équivalent en vertu de la législation applicable une fois l'opération réalisée, l'aliénation des actions ordinaires de Shire ou des certificats américains de Shire acquis aux termes de la présente décision dans un territoire est un réputée être placement ou un placement initial en vertu de la législation applicable, à moins que cette aliénation ne soit effectuée par l'entremise des services d'une bourse ou d'un marché à l'extérieur du Canada; et

5. les exigences d'information continue et les obligations de déclaration d'initié ne s'appliquent pas à ExchangeCo ni à Shire ou à un initié d'ExchangeCo, à la condition que, si l'une de ces exigences devait par ailleurs s'appliquer:

   i) Shire envoie à tous les porteurs d'actions échangeables résidant au Canada tous les documents d'information fournis aux porteurs d'actions ordinaires de Shire ou de certificats américains de Shire résidant aux États-Unis, y compris, notamment des exemplaires de ces états financiers annuels et de tous les documents de sollicitation de procurations;

   ii) Shire dépose auprès des décideurs des exemplaires de tous les documents qu'elle doit déposer auprès de la Securities and Exchange Commission des États-Unis en vertu de la loi des États-Unis intitulée *Securities Exchange Act of 1934*, dans sa version modifiée, y compris, notamment, des exemplaires de tout formulaire 10-K, formulaire 10-Q et formulaire 8-K et de toute circulaire de sollicitation de procurations préparée dans le cadre des assemblées des actionnaires de Shire;

   iii) Shire respecte les exigences du NASDAQ quant à la déclaration publique de renseignements importants en temps opportun et diffuse sans délai au Canada et dépose auprès des décideurs un communiqué de presse qui dévoile un changement important concernant Shire;

   iv) avant ou parallèlement à un placement des actions échangeables, Shire fournisse ou veille à ce qu'ExchangeCo fournisse à chaque bénéficiaire ou bénéficiaire proposé d'actions échangeables, d'actions ordinaires de Shire ou de certificats américains de Shire, selon le cas, résidant au Canada une déclaration selon laquelle, consécutivement à la présente décision, Shire, ExchangeCo et les initiés d'Exchangeco sont dispensés de certaines obligations de déclaration au Canada applicables aux émetteurs assujettis ou aux équivalents et à leurs initiés, et précisant les obligations dont Shire, ExchangeCo et ses initiés ont été dispensés et les obligations qui leur ont été substituées (cette déclaration pouvant être faite par son inclusion dans la circulaire de BioChem);

   v) ExchangeCo respecte les exigences de la législation quant aux déclarations publiques de changements importants dans le cours des affaires d'ExchangeCo qui sont importants pour les détenteurs d'actions échangeables, mais non importants pour les détenteurs d'actions ordinaires de Shire ou de certificats américains de Shire;

   vi) Shire inclue dans tous les documents de sollicitation de procurations qu'elle postera à l'avenir aux porteurs d'actions échangeables une déclaration claire et concise expliquant pourquoi les documents postés ne se rapportent qu'à Shire et non à ExchangeCo, cette déclaration devant faire référence à l'équivalence quant à la valeur économique entre les actions échangeables et les actions

ordinaires de Shire et les certificats américains de Shire et le droit de donner des directives de vote aux assemblées de Shire conformément à la convention d'échange et de vote fiduciaire;

vii) Shire demeure le propriétaire véritable direct ou indirect de l'ensemble des titres comportant droit de vote émis et en circulation d'ExchangeCo et jusqu'à ce qu'il ne reste plus aucune action échangeable en circulation (sauf celles détenues par Shire ou les membres de son groupe); et

viii) ExchangeCo n'émette aucun titre au public sauf les actions échangeables; et à l'égard de la dispense des obligations de déclaration d'initié, à la condition que:

ix) cet initié d'ExchangeCo ne reçoive pas, dans le cours normal, des renseignements sur des faits ou des changements importants concernant Shire avant la divulgation générale de ces faits ou changements importants; et

x) cet initié d'ExchangeCo ne soit pas un administrateur ni un membre de la haute direction d'une « filiale importante », au sens de cette expression dans le projet de norme canadienne 55-101 : Dispenses de certaines exigences de déclaration d'initié.

Fait à Montréal, le 29 mars 2001.

"Jaques Labelle"

2.1.5 McLean Budden Limited et al. - MRRS Decision

Headnote

Investment by mutual funds in securities of another mutual fund or mutual funds for specified purpose exempted from the requirements of clause 111(2)(b), subsection 111(3), clauses 117(1)(a) and 117(1)(d), subject to certain conditions imposing a "passive" investment structure. Future-oriented relief granted.

Statute Cited

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

IN THE MATTER OF
THE CANADIAN 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
MCLEAN BUDDEN LIMITED, MCLEAN BUDDEN BALANCED GROWTH FUND,
MCLEAN BUDDEN CANADIAN EQUITY GROWTH FUND AND MCLEAN BUDDEN CANADIAN EQUITY VALUE FUND

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from McLean Budden Limited ("MB") on behalf of the McLean Budden Balanced Growth Fund (the "Balanced Growth Fund"), McLean Budden Canadian Equity Growth Fund (the "Canadian Equity Growth Fund"), McLean Budden Canadian Equity Value Fund (the "Canadian Equity Value Fund") (the "Current Top Funds") and other mutual funds managed by MB after the date of this Decision (defined herein) having an investment strategy that invests in another mutual fund or mutual funds managed by MB for foreign property exposure while remaining eligible for registered plans (individually, a "Top Fund" and, together with the Current Top Funds, the "Top Funds") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following provisions of the Legislation (the "Applicable Requirements") shall not apply to the Top Funds or MB, as the case my be, in respect of certain investments to be made by a Top Fund in an Underlying Fund (as defined herein) from time to time:

(a) the restrictions contained in the Legislation prohibiting a mutual fund from knowingly making

or holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder; and

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

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

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

1. MB is a corporation established under the laws of [Canada?] and is or will be the manager, principal distributor and a promoter of each of the Top Funds and each of the Underlying Funds (collectively, the "MB Funds"). The head office of MB is located in Ontario.

2. Each of the MB Funds is or will be an open-ended mutual fund established under the laws of Ontario by a Declaration of Trust.

3. Each of the MB Funds is or will be a reporting issuer in each of the provinces of Canada.

4. Units of each of the MB Funds will be qualified for distribution by means of a simplified prospectus and an annual information form filed in accordance with the legislation applicable in each of the provinces of Canada.

5. Each of the Top Funds seeks to achieve its investment objective while ensuring that its securities do not constitute "foreign property" for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and similar plans ("Registered Plans"). As part of its investment strategy, each Top Fund will invest fixed percentages of its assets (other than cash) in specified underlying MB mutual funds for its foreign property component.

6. The Top Funds currently invest in the McLean Budden International Equity Fund (formerly, the McLean Budden International Equity Growth Fund) (the "International Equity Fund") and the McLean Budden American Equity Fund (formerly, the McLean Budden American Equity Growth Fund) (the "American Equity Fund") (the "Current Underlying Funds"), subject to the terms of a waiver letter dated January 7, 2000 (the "Existing Waiver"), and a decision document dated January 19, 2000 (the "Existing Decision Document").

7. MB now wishes to add the McLean Budden Global Equity Fund (the "Global Equity Fund") as an Underlying Fund and may in the future establish other mutual funds (together with the Global Equity Fund, the "Future Underlying Funds" and collectively with the Existing Underlying Funds, the "Underlying Funds").

8. MB wishes to revoke and replace the terms of the Existing Waiver and the Existing Decision Document so that the Top Funds may invest in the Underlying Funds (as defined herein) on substantially the same terms as the terms of the Existing Waiver and the Existing Decision Document.

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

10. In order to achieve its investment strategy, each Top Fund invests fixed percentages (the "Fixed Percentages") of its assets (other than cash and cash equivalents) in securities of specified Underlying Funds, subject to a variation of 2.5% above or below the Fixed Percentages (the "Permitted Ranges") to account for market fluctuations.

11. Each of the Top Funds invests in the Underlying Funds an aggregate amount which is 2.5% below the amount prescribed from time to time as the maximum permitted amount capable of being made as a foreign property investment under the Income Tax Act (Canada) (the "Act") for Registered Plans (the "Permitted Aggregate Investment"), subject to a variation to account for market fluctuations as described in representation #10.

12. Each Top Fund invests its assets in accordance with the Fixed Percentages and the Permitted Aggregate Investment disclosed in the simplified prospectus.

13. The simplified prospectus for the Top Funds will disclose the investment objectives, investment strategies, risks and restrictions of the Top Fund and the applicable Underlying Funds, the Fixed Percentages, Permitted Ranges and the Permitted Aggregate Investment.

14. Except to the extent evidenced by this Decision and specific approvals granted by the Decision Makers pursuant to National Instrument 81-102 Mutual Funds ("NI 81-102"), the investments by each of the Top Funds in the Underlying Funds have been structured to comply with the investment restrictions of the Legislation and NI 81-102.

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

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

17. The investments by the Top Funds in securities of the 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 Existing Decision Document is hereby revoked;

AND THE DECISION of the Decision Makers pursuant to the Legislation is that the Applicable Requirements shall not apply so as to prevent the Top Funds from making and holding an investment in securities of the Underlying Funds or require MB 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 matters in section 2.5 of NI 81-102.

2. the Decision shall only apply if, at the time a Top Fund makes or holds an investment in its Underlying Funds, 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 Funds is compatible with the fundamental investment objectives of the Top Fund;

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

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

   (e) the Top Fund invests its assets (exclusive of cash and cash equivalents) in the Underlying Funds in accordance with the Fixed Percentages and the Permitted Aggregate Investment disclosed in the simplified prospectus;

   (f) the Top Fund's holding of securities in the Underlying Funds does not deviate from the Permitted Ranges;

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

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

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

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

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

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

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

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

   (o) any notice provided to securityholders of an Underlying Fund as required by applicable laws or the constating documents of that Underlying Fund has been delivered by the Top Fund to its securityholders;

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

(q) in addition to receiving the annual, and upon request, the semi-annual financial statements, of the Top Fund, securityholders of a Top Fund have received appropriate summary disclosure in respect of the Top Fund's holdings of securities of the Underlying Funds in the financial statements of the Top Fund; and

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

March 29, 2001.

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

2.1.6 Cryptologic Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Dutch Auction Issuer Bid - With respect to securities tendered at or below the clearing price, offer providing for full take-up and payment for shares tendered by odd lot holders - Offeror exempt from the requirement in the legislation to take up and pay for securities proportionately according to the number of securities deposited by each securityholder and the associated disclosure requirement - Offeror also exempt from the requirement to disclose the exact number of shares it intends to purchase - Offeror also exempt from the valuation requirement on the basis that there is a liquid market for the securities.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 95(7) and 104(2)(c).

Applicable Ontario Regulations

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 189(b) and item 9 of Form 33.

Applicable Ontario Rules

Rule 61-501 - Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions.

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

AND

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

AND

THE MATTER OF
CRYPTOLOGIC INC.

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia (collectively, the "Jurisdictions") has received an application (the "Application") from CryptoLogic Inc. ("CryptoLogic") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that, in connection with the proposed purchase by CryptoLogic of a portion of its outstanding common shares ("Shares") pursuant to an issuer bid (the "Offer"), CryptoLogic be exempt from the requirements in the Legislation to:

1. take up and pay for securities proportionately according to the number of securities deposited by each securityholder (the "Proportionate Take-up and Payment Requirement"),

2. provide disclosure in the issuer bid circular (the "Circular") of such proportionate take up and payment (the "Associated Disclosure Requirement"),

3. state the class and number of securities sought under the Offer (the "Number of Securities Requirement"), and

4. obtain a valuation of the Shares and provide disclosure in the Circular of such valuation, or a summary thereof (the "Valuation Requirement");

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

AND WHEREAS CryptoLogic has represented to the Decision Makers that:

1. CryptoLogic is a reporting issuer in each of the Jurisdictions (other than British Columbia) and is not on the list of defaulting reporting issuers maintained pursuant to such Legislation, where applicable. The head office of CryptoLogic is located in Toronto, Ontario.

2. The authorized capital of CryptoLogic includes an unlimited number of Shares, of which 14,015,162 Shares were issued and outstanding as at March 12, 2001.

3. The Shares are listed and posted for trading on the Toronto Stock Exchange and the NASDAQ Stock Market. On March 12, 2001, the day prior to the announcement of the Offer, the closing price of the Shares on the Toronto Stock Exchange was $16.50 and on such date the Shares had an aggregate market value of approximately $231 million, based on such closing price.

4. No person or company holds more than 10% of the Shares other than Andrew Rivkin and Mark Rivkin who hold 1,600,000 and 1,700,000 common shares, respectively, as at March 12, 2001. CryptoLogic has been advised by both Andrew Rivkin and Mark Rivkin that neither of them intend to tender any Shares to the Offer.

5. On March 13, 2001, CryptoLogic proposed to purchase approximately 1,000,000 Shares, representing approximately 7.1% of the outstanding Shares, through the Offer by way of the Circular.

6. The Offer has been made pursuant to a modified Dutch auction procedure as follows:

   a. the Circular specifies that the aggregate number of Shares (the "Specified Number of Shares") that CryptoLogic intends to purchase under the Offer is 1,000,000, excluding any Shares that CryptoLogic intends to purchase in accordance with the procedures described in subparagraph 6(j) below;

   b. the Circular specifies that the range of prices (the "Range") within which CryptoLogic is prepared to purchase Shares under the Offer is between $17.00 and $19.00;

   c. holders of Shares (the "Shareholders") wishing to tender to the Offer will be able to specify the lowest price within the Range at which they are willing to sell their Shares (an "Auction Tender");

   d. Shareholders wishing to tender to the Offer but who do not wish to make an Auction Tender may elect to be deemed to have tendered at the Clearing Price determined in accordance with subparagraph (e) below (a "Purchase Price Tender");

   e. the purchase price (the "Clearing Price") of the Shares tendered to the Offer and not withdrawn will be the lowest price that will enable CryptoLogic to purchase the Specified Number of Shares and will be determined based upon the number of Shares tendered and not withdrawn pursuant to an Auction Tender at each price within the Range and the number of Shares tendered and not withdrawn pursuant to a Purchase Price Tender, with each Purchase Price Tender being considered a tender at the lowest price in the Range for the purpose of calculating the Clearing Price;

   f. the aggregate amount that CryptoLogic will expend pursuant to the Offer will not be ascertained until the Clearing Price is determined;

   g. all Shares tendered and not withdrawn at or below the Clearing Price pursuant to an Auction Tender and all Shares tendered and not withdrawn pursuant to a Purchase Price Tender will be taken up and paid for at the Clearing Price, subject to proration if the aggregate number of Shares tendered and not withdrawn at or below the Clearing Price pursuant to Auction Tenders and the number of Shares tendered and not withdrawn pursuant to Purchase Price Tenders exceeds the Specified Number of Shares;

   h. all Shares tendered and not withdrawn at prices above the Clearing Price will be returned to Shareholders who so tender;

   i. in the event more than 1,000,000 Shares are tendered at or below the Clearing Price (an "Over-Subscription"), the Shares to be purchased will be pro rated from the Shares so tendered;

   j. in the event of an Over-Subscription, in order to avoid the creation of "odd lots" as a result of

proration, the number of Shares to be purchased from each shareholder who tenders at or below the Clearing Price will be increased as follows: in addition to the Specified Number, CryptoLogic will purchase an additional number of Shares at the Clearing Price from each tendering shareholder equal to the minimum number of Shares necessary such that the number of Shares not purchased from and returned to such Shareholder as a result of proration (the"Return Number") will be a whole multiple of 100, except that, if the Return Number for any such shareholder is less than 100, CryptoLogic will purchase from each such shareholder that number of Shares equal to the Return Number. Multiple tenders by the same shareholder will be aggregated for this purpose;

k. in the event the bid is under-subscribed by the initial expiration date but all the terms and conditions thereof have been complied with except those waived by CryptoLogic, CryptoLogic may wish to extend the bid for at least 10 days, in which case CryptoLogic must first take up and pay for all Shares deposited thereunder and not withdrawn. In the event the bid is under-subscribed at the expiration date, there would be no proration among the tenders taken up and paid for at such time. However, by the time any extension is over, the bid may be oversubscribed, in which case CryptoLogic intends to pro-rate only among tenders received during the extension and after the original expiration date;

l. all Shares tendered and not withdrawn by Shareholders who specify a tender price for such tendered Shares that falls outside the Range will be considered to have been improperly tendered, will be excluded from the determination of the Clearing Price, will not be purchased by CryptoLogic and will be returned to Shareholders who have so tendered; and

m. all Shares tendered and not withdrawn by Shareholders who fail to specify any tender price for such tendered Shares and fail to indicate that they have tendered their Shares pursuant to a Purchase Price Tender will be considered to have been tendered pursuant to a Purchase Price Tender and will be dealt with as described in subparagraph (e) above.

7. Prior to the expiry of the Offer, all information regarding the number of Shares tendered and the prices at which such Shares are tendered will be kept confidential, and the depository will be directed by CryptoLogic to maintain such confidentiality until the Clearing Price is determined.

8. Since the Offer is for less than all the Shares, if the number of Shares tendered to the Offer at or below the Clearing Price and not withdrawn exceeds the Specified Number of Shares, the Legislation would require CryptoLogic to take up and pay for deposited Shares proportionately, according to the number of Shares deposited by each Shareholder. In addition, the Legislation would require disclosure in the Circular that CryptoLogic would, if Shares tendered to the Offer and not withdrawn exceeded the Specified Number of Shares, take up such Shares proportionately according to the number of Shares tendered and not withdrawn by each Shareholder.

9. During the 12 months ended February 28, 2001:

a. the number of outstanding Shares was at all times at least 5,000,000, excluding Shares that either were beneficially owned, directly or indirectly, or over which control or direction was exercised, by related parties with respect to CryptoLogic or were not freely tradeable;

b. the aggregate trading volume of the Shares on the TSE was at least 1,000,000 Shares;

c. there were at least 1,000 trades in Shares on the TSE; and

d. the aggregate trading value based on the price of the trades referred to in paragraph (c) was at least $15,000,000.

10. The market value of the Shares on the TSE was at least $75,000,000 for the month of February, 2001.

11. Taking into account the information contained in paragraphs 9 and 10 above, and because it is reasonable to conclude that, following completion of the Offer, there will be a market for the beneficial owners of Shares who do not tender to the Offer that is not materially less liquid than the market that exists at the time the Offer is made, CryptoLogic is able to rely upon the exemption from the Valuation Requirement in Ontario contained in section 3.4(3) of Ontario Securities Commission Rule 61-501 (the "Presumption of Liquid Market Exemption").

12. The Circular:

a. discloses the mechanics for the take-up of and payment for, or the return of, Shares as described in paragraph 6 above;

b. explains that, by tendering Shares at the lowest price in the Range or pursuant to a Purchase Price Tender, a Shareholder can reasonably expect that the Shares so tendered will be purchased at the Clearing Price, subject to proration as described in paragraph 6 above;

c. discloses the facts supporting CryptoLogic's reliance on the Presumption of Liquid Market Exemption.

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

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

THE DECISION of the Decision Makers in the Jurisdictions pursuant to the Legislation is that, in connection with the Offer, CryptoLogic is exempt from the Proportionate Take-up and Payment Requirement, the Associated Disclosure Requirement, the Number of Securities Requirement and the Valuation Requirement, provided that Shares tendered to the Offer and not withdrawn are taken up and paid for, or returned to the Shareholders, in the manner and circumstances described in paragraph 6 above.

April 2 , 2001.

"J. A. Geller" "R. Stephen Paddon"

2.1.7 Star Data Systems Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - as a result of a take-over bid and subsequent compulsory acquisition procedures, issuer has only one security holder - issuer deemed to have ceased being a reporting issuer.

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF
STAR DATA SYSTEMS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Ontario, Québec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Star Data Systems Inc. (the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the Filer be deemed to have ceased to be a reporting issuer or the equivalent thereof under the Legislation;

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

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

1. The Filer is a corporation constituted under the *Business Corporations Act* ("Ontario") (the "OBCA") and its head office is located in Toronto, Ontario.

2. The Filer became a reporting issuer in Ontario on December 8, 1979, is a reporting issuer under the Legislation in each of the Jurisdictions and, except for a failure to file its interim financial statements for the period ended November 30, 2000 on or before January 31, 2001, is not in default of any of the requirements of the Legislation.

3. As a result of a take-over bid by CGI Group Inc. ("CGI") dated December 11, 2000, and the subsequent

compulsory acquisition procedures under the OBCA, CGI became the sole beneficial holder of all of the Filer's issued and outstanding common shares (the "Common Shares") on February 26, 2001.

4. Other than the Common Shares, the Filer has no securities, including debt securities, outstanding.

5. The Common Shares were delisted from The Toronto Stock Exchange on January 31, 2001 and no securities of the Filer are listed or quoted on any exchange or market.

6. The Filer does not intend to seek public financing by way of an offering of its securities.

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

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

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

March 27, 2001.

"John Hughes"

2.1.8 itemus inc. & NAME Inc.- MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Exemption granted from the prohibition against collateral agreements where an offeror intends to make a take-over bid - Severance arrangements negotiated at arm's length, made on commercially reasonable terms and entered into primarily to encourage continued participation in the merged entity - amount payable under severance arrangements substantially similar to amount payable at common law.

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 BRITISH COLUMBIA, ALBERTA, MANITOBA, 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
ITEMUS INC. AND NAME INC.

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland (collectively, the "Jurisdictions") has received an application from itemus inc. (the "Applicant") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that, in connection with an offer dated March 6, 2001 (the"Offer") by the Applicant to acquire all of the issued and outstanding common shares (the "Common Shares"), options (the "Options") and warrants (the "Warrants") of NAME Inc. ("NAME"), severance arrangements (the "Severance Arrangements") between the Applicant and certain senior officers and employees (collectively, the "Employees") of NAME are proposed to be entered into for reasons other than to increase the value of the consideration paid to the Employees for their Common Shares and Options 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 Executive Director of the British Columbia Securities Commission is the principal regulator for this application;

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

1. the Applicant is a strategic services and technologies company that helps organizations architect, build and manage innovative business models for the Internet. The Applicant assists Global 2000 organizations to take advantage of the Internet and profit from advantages made possible by the Internet's commercial and technological environments;

2. the Applicant was continued under the *Canadian Business Corporations Act* on May 13, 1994, and is a reporting issuer or the equivalent in all provinces of Canada;

3. the authorized capital of the Applicant consists of an unlimited number of common shares and an unlimited number of preferred shares. As at March 5, 2001, 280,224,437 common shares were issued and outstanding. The Applicant's common shares are listed for trading on The Toronto Stock Exchange Inc. (the "TSE"), the Australian Stock Exchange and the NASDAQ stock market;

4. NAME is a leading application integrator and engages in the business of assisting clients in understanding and taking advantage of network technologies in electronic business, online publishing, knowledge management and process re-engineering;

5. NAME was incorporated under the *Business Corporations Act* (Ontario) on October 18, 1993. The authorized capital of NAME consists of an unlimited number of common shares (the "Common Shares"). As at March 5, 2001, 128,601,129 Common Shares were issued and outstanding (approximately 152,675,129 Common Shares on a fully diluted basis). The Common Shares are listed and posted for trading on the TSE. NAME is a reporting issuer in British Columbia, Alberta and Ontario;

6. on February 18, 2001, the Applicant and NAME entered into a binding letter agreement setting out the general terms of the proposed acquisition by the Applicant of all of the Common Shares and options to acquire Common Shares and NAME's board of directors' support of the Offer, subject to certain conditions, including mutual confirmatory due diligence. On that date, the Applicant also entered into a letter agreement with certain shareholders of NAME (the "Locked-up Shareholders"), holding an aggregate of approximately 17% of the issued and outstanding Common Shares (on an undiluted basis), pursuant to which the shareholders agreed to irrevocably tender their Common Shares and Options to the Offer;

7. on March 6, 2001, the Applicant entered into a support agreement with NAME reflecting NAME's board of directors' unanimous approval and commitment to recommend acceptance to holders of Common Shares, Warrants and Options, of the Offer, and also entered into lock-up agreements with each of the Locked-up Shareholders;

8. on March 8, 2001, the Applicant made the Offer to acquire all of the outstanding Common Shares on the basis of 0.9 common shares of the Applicant (the "Applicant"s Shares") for each Common Share, subject to increase in certain circumstances. The Applicant also offered to exchange all Options and Warrants for options and warrants, respectively, to purchase the Applicant's Shares, on the basis of the same underlying exchange ratio for the Applicant's Shares being offered to holders of Common Shares. On that date, the closing price of the Applicant's common shares on the TSE was $0.59;

9. the Offer has been made by way of a take-over bid circular dated March 6, 2001 prepared in accordance with applicable securities laws. The Offer is conditional upon, among other things, there being validity deposited under the Offer and not withdrawn at the expiry time a sufficient number of Common Shares to enable the Applicant to complete a second stage going private transaction. The Offer will expire at 5:00 p.m. (EST) on March 30, 2001, unless extended, varied or amended;

10. in connection with the Offer, the Applicant has consented to offer to the Employees the right to receive a severance payment in the amount of each Employee's respective salary for the twelve month period preceding the date of termination upon the termination of the employment of the Employee other than for cause. No other additional rights or benefits were offered to the Employees in connection with the Offer and the Employees will receive the same consideration for the Common Shares and Warrants tendered to the Offer as offered to all other holders of Common Shares and/or Options tendered to the Offer;

11. the Employees are the following:

    (a) Mark Anshan is the Senior Vice-President, Corporate & Legal Affairs, General Counsel and Corporate Secretary of NAME. Anshan does not hold, directly or indirectly, or exercise control or direction over any Common Shares. Anshan currently holds options to purchase 150,000 Common Shares under the NAME stock option plan (the "NAME Stock Option Plan");

    (b) David Benjamin is the Senior Vice President, Knowledge Management of NAME. Benjamin holds, directly and indirectly, or exercises control or direction over 61,047 Common Shares. Benjamin also currently holds options to purchase 285,000 Common Shares under the NAME Stock Option Plan;

    (c) Scott Collinson is the Vice-President, Alliances of NAME. Collinson does not hold, directly or indirectly, or exercise control or direction over

any Common Shares. Collinson currently holds options to purchase 152,500 Common Shares under the NAME Stock Option Plan;

(d) Peter Hoffman is the Vice-President, Customer Solutions of NAME. Hoffman does not hold, directly or indirectly, or exercise control or direction over any Common Shares. Hoffman currently holds options to purchase 112,000 Common Shares under the NAME Stock Option Plan;

(e) Aviva Kohen is the Vice-President, Finance of NAME. Kohen does not hold, directly or indirectly, or exercise control or direction over any Common Shares. Kohen currently holds options to purchase 90,000 Common Shares under the NAME Stock Option Plan;

(f) David Komlos is the Executive Vice-President, Strategy of NAME. Komlos holds, directly and indirectly, or exercises control or direction over 440,000 Common Shares. Komlos also currently holds options to purchase 375,000 Common Shares under the NAME Stock Option Plan;

(g) Lou Mersereau is the Vice-President, Workforce Development of NAME. Mersereau holds, directly and indirectly, or exercises control or direction over 61,047 Common Shares. Mersereau also currently holds options to purchase 285,000 Common Shares under the NAME Stock Option Plan;

(h) Avi Pollock is the Executive Vice-President, Professional Services of NAME. Pollock holds, directly and indirectly, or exercises control or direction over 91,950 Common Shares. Pollock also currently holds options to purchase 350,000 Common Shares under the NAME Stock Option Plan;

(i) Roger Tessier is the Vice President, Consulting of NAME. Tessier holds, directly and indirectly, or exercises control or direction over 16,628 Common Shares. Tessier also currently holds options to purchase 190,000 Common Shares under the NAME Stock Option Plan.

12. Other than the Severance Arrangements, the terms of the employment arrangements between NAME and the Employees are not proposed to be amended;

13. the Severance Arrangements were negotiated at arm's length, are on commercially reasonable terms and conditions, are commensurate with the entitlements of similarly situated officers and employees in the industry in which the Applicant conducts business and are comparable to the severance arrangements currently in effect with certain senior officers of NAME;

14. none of the Employees is a director of NAME or a Locked-up Shareholder;

15. as the Applicant proposes to offer the Severance Arrangements only to the Employees, each of whom is a holder of Common Shares and/or Options, the Applicant is applying for relief pursuant to the Legislation that the Severance Arrangements will be made for purposes other than to increase the value of consideration to the Employees for their Common Shares and Options and that these arrangements may be entered into notwithstanding any restrictions contained in the Legislation;

16. the Severance Arrangements are being offered for a business purpose relating to the terms upon which the Applicant was prepared to make the Offer. The Applicant was advised by management of NAME that NAME was very actively considering implementing severance arrangements with the Employees on terms similar to those proposed under the Severance Arrangements prior to the announcement of the Offer and had delayed implementing the arrangements as a result of the making of the Offer;

17. the Applicant believes that the Employees have been an integral to the successful development of the NAME business and have substantial and valuable experience and expertise in the Internet industry. The Applicant views the retention of the Employees as critical to making the Offer, as the Employees have contributed to the development of the NAME business and have performed significant work on NAME's current business products and services. The Severance Arrangements will be entered into primarily for the purpose of offering the Employees additional security to encourage their continued participation in the successful management and development of the NAME business within the Applicant's operations following the consummation of the Offer;

18. the Severance Arrangements will be offered for business reasons unrelated to the Employees' holdings of Common Shares or Options and not for the purpose of conferring an economic or collateral benefit on the Employees that the other holders of Common Shares do not enjoy, and will be made for reasons other than to increase the value of the consideration to be paid to the Employees pursuant to the Offer;

19. In the view of the Applicant, the amount by which the Severance Arrangements exceed each of the Employees' current severance arrangements is not material in that each Employee would otherwise be entitled to common law severance payments in an amount that is not substantially different than that to which they will be entitled under the Severance Arrangements in the event of a termination other than for cause. Other than David Komlos and Aviva Kohen, whose employment agreements provide for severance payments equal to the greater of the applicable common law severance payments and three months salary (which amount increases with years of employment), none of the Employees are parties to employment agreements;

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

AND WHEREAS each of the Decision Markers 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 Severance Arrangements are being made for reasons other than to increase the value of the consideration to be paid to the Employees for their Common Shares and/or Options and that the Severance Arrangements may be entered into notwithstanding the Prohibition on Collateral Benefits.

March 30, 2001.

"Brenda Leong"

2.1.9 Alliance Atlantis Communications Inc. et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Amendments to employment agreements of two officers/directors who are principal shareholders of offeree made for reasons other than to increase the value of the consideration paid to the officers/directors under possible take-over bid and may be entered into despite the prohibition on collateral agreements in the Legislation - Relief from going private transaction requirements also granted in connection with proposed amalgamation of offeror and offeree.

Applicable Ontario Statutory Provisions

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

Applicable Ontario Rules

Rule 61-501 - Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions, ss. 4.4, 4.7 and 9.1.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA,
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
ALLIANCE ATLANTIS COMMUNICATIONS INC., SALTER STREET FILMS LIMITED AND 3822796 CANADA LIMITED

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from Alliance Atlantis Communications Inc. ("Alliance Atlantis") and Salter Street Films Limited ("Salter Street") for a decision:

(a) under the securities legislation of the Jurisdictions (the "Legislation") that, in connection with an offer (the "Offer") that may be made by Alliance Atlantis to acquire all of the issued and outstanding multiple voting shares (the "MVS") and subordinate voting shares (the "SVS" and, collectively with the MVS, the "Shares") of Salter Street, certain amendments (the "Employment

Addenda") to existing employment agreements (the "Employment Agreements") between Salter Street and each of Michael Donovan and Paul Donovan (collectively, the "Principals") are being made for reasons other than to increase the value of the consideration that may be paid to the Principals for the Shares they hold and may be entered into despite the prohibition in the Legislation that prohibits an offeror who makes or intends to make a take-over bid or issuer bid and any person acting jointly or in concert with the offeror from entering into any 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

(b) under the Legislation in Ontario and Quebec that the proposed amalgamation (the "Amalgamation") of Salter Street and 3822796 Canada Limited, a wholly-owned subsidiary of Alliance Atlantis, shall not be subject to the requirements in the Legislation in Ontario and Quebec applicable to going private transactions (the "GPT Requirements");

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

AND WHEREAS Alliance Atlantis and Salter Street have represented to the Decision Makers as follows:

1. Alliance Atlantis is governed by the *Canada Business Corporations Act* (the "CBCA"), is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any requirement of the Legislation in the Jurisdictions. Its head office is located in Toronto, Ontario.

2. Alliance Atlantis is a Canadian broadcaster, creator and international distributor of filmed entertainment content.

3. Salter Street is governed by the *Companies Act* (Nova Scotia), is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any requirement of the Legislation in the Jurisdictions. Its head office is located in Halifax, Nova Scotia.

4. Salter Street is an integrated entertainment company that develops, produces and distributes original film and television programming world-wide and has interests in Internet products.

5. Salter Street's authorized share capital consists of 1,450,090 MVS, 199,679,356 SVS, 200,000,000 non-voting shares, 59,002 special shares and 100,000,000 preference shares. The SVS are listed and posted for trading on The Toronto Stock Exchange (the "TSE"). Each MVS carries the right to ten votes per MVS, and each SVS carries the right to one vote per SVS.

6. As at February 10, 2001, Salter Street's issued and outstanding share capital consisted of 1,450,090 MVS and 6,788,949 SVS. In addition, as at February 10, 2001, there were reserved for issuance 710,000 SVS in respect of options under Salter Street's stock option plan (the "Plan"), 67,000 SVS in respect of certain warrants issued by Salter Street and 26,000 SVS in respect of a purchase of shares of Salter Street New Media Limited from a dissenting shareholder.

7. Michael Donovan is the chief executive officer of Salter Street and chairman of its board of directors (the "Salter Street Board"). Michael Donovan was one of Salter Street's founders in 1983 and has served as the producer of a number of its productions. As at February 10, 2001, he owned, directly or indirectly:

   (a) 725,045 MVS, representing approximately 50% of the class; and

   (b) 127,644 SVS and options to acquire 75,000 SVS, representing approximately 2.95% of the class (after giving effect to the exercise of options held by him).

8. Paul Donovan is the vice-chair of the Salter Street Board. Paul Donovan is one of Salter Street's founders and has served as the director and producer of a number of its productions. As at February 10, 2001, he owned, directly or indirectly:

   (a) 725,045 MVS representing approximately 50% of the class; and

   (b) 125,700 SVS and options to acquire 75,000 SVS, representing approximately 2.92% of the class (after giving effect to the exercise of options held by him).

9. In December 2000, discussions commenced between representatives of Alliance Atlantis and Salter Street with respect to the possible acquisition by Alliance Atlantis of all of the issued and outstanding Shares. During the same month, the Salter Street Board established a special committee of directors (the "Special Committee"), which retained BMO Nesbitt Burns Inc. as financial advisers to the Special Committee. The Principals were not members of the Special Committee.

10. On February 11, 2001, Alliance Atlantis and Salter Street entered into an agreement (the "Merger Agreement"), which provides for the continuance of Salter Street under the CBCA (the "Continuance") and the Amalgamation (collectively, the "Transactions"). Pursuant to the Amalgamation and subject to certain conditions, the holders of Shares (the "Shareholders") will exchange all of their Shares for consideration per Share consisting either of: (i) 0.465 of a Class B Non-Voting Share of Alliance Atlantis (a "Class B Share"); or (ii) a combination of 0.31 of a Class B Share and one preferred share (immediately redeemable for $3.33 in cash) of the corporation ("Amalco") resulting from the Amalgamation.

11. On the same date, Alliance Atlantis entered into support agreements (the "Support Agreements") with certain Shareholders (the "Principal Shareholders"), including

the Principals. The Support Agreements provide, among other things, as follows:

(a) As long as the Transaction Value per Share (as that term is defined in the Merger Agreement) is at least $9.00 and provided that certain other conditions are met, the Principal Shareholders will vote the Shares held by them in favour of the Amalgamation.

(b) If the Amalgamation is not completed and the Transaction Value per Share is at least $9.00, then Alliance Atlantis will have the right (the "Right"), subject to certain conditions, to acquire all of the Shares held by the Principal Shareholders pursuant to the Offer, which will be an offer made to all Shareholders for any and all Shares for consideration equal to or greater than that offered to the Shareholders pursuant to the Merger Agreement in respect of the Transactions. Subject to certain conditions, the Right will be exercisable by Alliance Atlantis for a period of 20 days only in circumstances where the Amalgamation does not proceed as a result of the circumstances described above.

(c) Alliance Atlantis's obligation to take up and pay for the Shares pursuant to the Offer will be subject to the conditions, among others, that all regulatory approvals have been obtained, no prohibition of law shall prohibit take-up of Shares under the Offer and no material adverse change in the business or affairs of Salter Street shall have occurred.

12. On February 9, 2001, the last full trading day prior to the announcement of the Transactions, the closing sale price per SVS on the TSE was $6.60, the closing sale price per Class B Share on the TSE was $19.00 and the closing sale price per Class B Share on the NASDAQ National Market was US $12.6875.

13. Salter Street prepared a management information circular (the "Circular") to solicit proxies for the meetings of Shareholders to be held on March 30, 2001 to consider the Transactions (the "Meeting") and, if needed, April 16, 2001 (the "Confirmatory Meeting"). The Circular was mailed to Shareholders on or about March 5, 2001.

14. As disclosed in the Circular, the Salter Street Board has determined unanimously that the Transactions are fair to the Shareholders and in Salter Street's best interests and, accordingly, the Salter Street Board has unanimously recommended that Shareholders approve the Transactions.

15. The Continuance must be approved at the Meeting by: (i) at least 75% of votes cast by Shareholders who attend the Meeting in person or by proxy; and (ii) at least 66⅔% of the votes cast by holders of each class of Shares who attend the Meeting in person or by proxy. Unless the resolution of Shareholders relating to the Continuance is passed unanimously at the Meeting with all Shareholders (representing 100% of the Shares) present in person or by proxy, the Continuance must be confirmed by a majority of the votes cast by Shareholders who attend the Confirmatory Meeting in person or by proxy. The Amalgamation must be approved by at least 66⅔% of the votes cast by holders of each class of Shares who attend the Meeting in person or by proxy.

16. As part of the negotiations with Alliance Atlantis in respect of the Amalgamation and the Offer, Salter Street and the Principals agreed to enter into the Employment Addenda, which will become effective on the closing of the Amalgamation or take-up of any Shares under the Offer, as the case might be.

17. The Employment Agreements, which terminate on May 14, 2003, provide, among other things, that, each of the Principals:

(a) is entitled to an annual base salary of $250,000 (to be reviewed annually), plus bonuses within the guidelines of the Salter Street compensation plan when deemed warranted by the Salter Street Board;

(b) is entitled to receive stock options, as granted by the Salter Street Board, on the terms set out in the Plan;

(c) is entitled to two years' notice or payment in lieu of notice if Salter Street decides to terminate his employment without cause;

(d) will hold in confidence any information concerning Salter Street's business or affairs;

(e) will refrain from engaging in any business in Canada similar to the business of Salter Street for a two year period following the date such Principal ceases to be employed by Salter Street; and

(f) will refrain from competing with the business of Salter Street and/or soliciting any business from a client or account of Salter Street for a two year period following the date such Principal ceases to be employed by Salter Street.

In the fiscal year ended October 31, 2000, each of the Principals received a bonus of $78,750.

18. The Employment Addenda provide, among other things, that, upon successful completion of the Amalgamation or the take-up of any Shares under the Offer:

(a) Michael Donovan will serve as the Chair of the board of directors of Amalco (the "Amalco Board") and, subject to certain regulatory approvals, of the board of directors of Independent Film Channel Canada Incorporated;

(b) Paul Donovan will serve as Vice-Chair of the Amalco Board;

(c) the term of each Employment Agreement will be extended to expire on April 1, 2004, subject to the right of each Principal to extend the term of his Employment Agreement until April 1, 2005;

(d) each Principal will receive an annual base salary (the "Base Salary") of $250,000 (to be reviewed annually), plus a bonus of up to 50% of the Base Salary in accordance with Alliance Atlantis' usual bonus policies (the "Bonus");

(e) each Principal will be entitled to receive an incentive bonus in connection with any film or television production (each, a "Production") for which he acts as executive producer (an "Incentive Bonus"), payable annually, in an amount equal to the difference between:

(i) the greater of (A) 25% of any executive producer and corporate overhead fees for each Production for which he acts as executive producer and (B) 2.5% of the third party-financed portion of such Productions' budgets; and

(ii) the sum of the Base Salary and Bonus paid to the Principal in the preceding twelve month period;

(f) each Principal will be entitled to participate in any Alliance Atlantis stock option plan on the same basis as other senior executives of Alliance Atlantis or its subsidiaries;

(g) each Principal will be entitled to 90 days' notice plus payment of a lump sum equal to 1½ times his Base Salary if Salter Street or a successor corporation terminates his employment without cause;

(h) each Principal will be entitled to payment of a lump sum equal to two times his Base Salary if he resigns within 90 days of a change of control with respect to Alliance Atlantis, Salter Street or a successor to Salter Street;

(i) notwithstanding the termination of Michael Donovan's Employment Agreement for any reason, he will have the right to continue to act as executive producer for a particular production (the "Continuing Production") for so long as the Continuing Production continues to be produced and shall be entitled to receive compensation for continuing as executive producer of the Continuing Production equal to the greater of:

(i) 25% of the executive producer and corporate overhead fees for the Continuing Production;

(ii) 2.5% of the third party-financed portion of the budget for the Continuing Production; and

(iii) an annual fee of $250,000;

(j) if Paul Donovan's Employment Agreement is terminated for any reason, he will have the right to purchase all of the right, title and interest to certain works he has written for a specified amount in certain circumstances; and

(k) if the Employment Addenda are terminated, for a period of twelve months from the date of such termination, neither Principal will engage in any business of the same nature as or of a similar nature to the business of Salter Street, nor will either Principal accept employment with, consult for or participate in the ownership or management of, any enterprise engaged in such business in Canada, other than as a shareholder where his holdings represent less than 5% of the outstanding shares.

19. The Principals of Salter Street are experienced individuals in the Canadian entertainment industry and have played an integral role in developing Salter Street's business interests. Since both Alliance Atlantis and Salter Street are engaged in the business of creating, developing, producing and exploiting filmed entertainment, their personnel represent an important part of their business. The Principals' talents are particularly important to the success of the productions with which they are involved. Salter Street has entered into the Employment Addenda and Alliance Atlantis has agreed to be bound by the Employment Addenda in order to ensure the Principals' continued employment during the period in which Salter Street's operations will be integrated with those of Alliance Atlantis and their ongoing participation in the creation and production of filmed entertainment. In particular, Alliance Atlantis believes that the Principals' continued support and management of Salter Street's operations is necessary in order to maintain Salter Street's operations in Halifax and retain senior management.

20. The terms of the Employment Addenda have been negotiated between Alliance Atlantis and the Principals on an arm's-length basis. The compensation arrangements contemplated by the Employment Addenda are reasonable in light of the services to be provided by each of the Principals and are consistent with market practice in the Canadian entertainment industry. The Employment Addenda are being entered into for business purposes unrelated to the Principals' ownership of Shares and not for the purpose of providing the Principals with greater consideration for their Shares than the consideration that may be received by Shareholders other than the Principals in connection with the Offer or the Amalgamation.

21. But for the fact that the Employment Addenda have been entered into with the Principals in connection with the Amalgamation, the Amalgamation would not constitute a going private transaction within the meaning of the Legislation in Ontario and Quebec.

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 in the Jurisdictions under the Legislation, is that, in connection with the Offer, the Employment Addenda are being entered into for reasons other than to increase the value of the consideration paid to the Principals in respect of their Shares and may be entered into notwithstanding the Prohibition on Collateral Agreements.

March 30, 2001.

"J. A. Geller" "R. Stephen Paddon"

AND THE DECISION of the Decision Makers in Ontario and Quebec under the Legislation in Ontario and Quebec is that the Amalgamation shall not be subject to the GPT Requirements.

March 27, 2001.

"Ralph H. Shay"

2.1.10 Real Resources Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief granted to directors and senior officers of the issuer from the requirement to file insider reports (subject to certain conditions) for common shares of the Issuer acquired through the Issuer's employee share ownership and group RRSP savings plan.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O,, 1990, c.S.5, as am. ss. 121(2)(a)(ii), 107, 109, 109.

Rules Cited

Proposed National Instrument 55-101 - Exemption from Certain Insider Reporting Requirements (2000), 23 OSCB 4221.

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

AND

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

AND

IN THE MATTER OF
REAL RESOURCES INC.

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Nova Scotia, Ontario, Saskatchewan and Québec (the "Jurisdictions") has received an application from Real Resources Inc. ("Real" or the "Applicant") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation for an insider of a reporting issuer, or the equivalent thereof, to file insider reports disclosing the insider's direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer (the "Insider Reporting Requirements") shall not apply to certain employees of Real with respect to their acquisition of common shares of Real under its Employee Share Ownership and Group RRSP Savings Plan (the "Plan"), subject to certain conditions;

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** the Applicant represented to the Decision Makers that:

3.1 The Applicant is a corporation organized under the laws of the Province of Alberta, whose head office and majority of assets are located in the Province of Alberta;

3.2 The Applicant is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any of the requirements of the Legislation;

3.3 The authorized share capital of the Applicant consists of an unlimited number of common shares without nominal or par value ("Common Shares"), and an unlimited number of four classes of preferred shares without nominal or par value to be designated as first preferred shares, second preferred shares, third preferred shares and fourth preferred shares (collectively, the "Preferred Shares") of which as at December 31, 2000 there were 18,474,245 Common Shares and no Preferred Shares outstanding;

3.4 The Common Shares of the Applicant are listed for trading on The Toronto Stock Exchange;

3.5 The Applicant has adopted the Plan which will provide employees of the Applicant or any subsidiary of the Applicant ("Participants") with an opportunity to purchase Common Shares (and other securities) and to receive Common Shares which are purchased on the Participants' behalf by the Applicant. Under the Plan:

3.5.1 Participants are active full-time employees of the Applicant who have completed a three-month waiting period from the commencement date of employment (unless the Applicant has waived such waiting period), contract and temporary employees are excluded from participating in the Plan, and participation in the Plan by Participants will be voluntary;

3.5.2 Participants may contribute up to 7% of their base salary earnings into the Plan (the "Employee Contribution"). The Employee Contribution will be matched by the Applicant (the "Employer Contribution"). The Employer Contribution will be used to purchase Common Shares of the Applicant. The Employee Contribution can be used to purchase Common Shares of the Applicant or a variety of other investments offered by Raymond James Ltd. (formerly Goepel McDermid Inc.), the administrator of the Plan (the "Administrator");

3.5.3 at the end of every month, the Plan contributions are forwarded to the Administrator, who purchases Common Shares of Real at the current market price on The Toronto Stock Exchange using the Employer Contribution, and invests the Employee Contribution as directed by the Participant. Common Shares will not be issued from treasury for purchase under the Plan;

3.5.4 if Participants want to change the manner in which their own contributions are invested, they must provide notice at least 14 days prior to the end of the month in which such investment is to be made. Furthermore, Participants who are directors or senior officers of the Applicant can only change the investment of their own contributions between the Applicant's common shares and other investment alternatives twice in any 12 month period; and

3.5.5 the Applicant will bear all of the expenses of administering the Plan, including, but not limited to, the Administrator's fees and any transfer taxes and all fees and expenses associated with the purchase of Common Shares. Participants will bear expenses incurred by the Administrator in acquiring any investments under the Plan which are not Common Shares, and the expenses of selling any investment (including Common Shares) under the Plan;

3.6 Directors and senior officers of the Applicant (the "Participating Insiders") may be Participants in the Plan; and

3.7 The Plan is an "automatic securities purchase plan" within the meaning of Proposed National Instrument 55-101 *"Exemption from certain Insider Reporting Requirements"* (the "Proposed Instrument"), and if the Proposed Instrument were in place, the Applicant would be entitled to rely on it;

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 Makers with the jurisdiction to make the Decision has been met;

6. **IT IS THE DECISION** of the Decision Makers under the Legislation that the Insider Reporting Requirements shall not apply to the acquisition of Common Shares of the Applicant by a Participating Insider under the Plan, provided that:

6.1 Each Participating Insider shall file in each of the Jurisdictions, in the form prescribed for the Insider Reporting Requirements, a report

disclosing all acquisitions of Common Shares under the Plan that have not been previously reported by or on behalf of the Participating Insider:

6.1.1 for any Common Shares acquired under the Plan which are disposed of or transferred, within the time required by the Legislation for reporting the disposition or transfer; and

6.1.2 for any Common Shares acquired under the Plan during any calendar year which have not been disposed of or transferred during the calendar year, within 90 days of the end of the calendar year.

6.2 The exemptive relief granted by this Decision shall not apply to the acquisition of securities of Real pursuant to a lump-sum provision of the Plan.

6.3 In all Jurisdictions except Québec, such exemption is not available to an insider who beneficially owns, directly or indirectly, voting securities of the Applicant, or exercises control or direction over voting securities of the Applicant, or a combination of both, that carry more than 10% of the voting rights attaching to all of the Applicant's outstanding voting securities; and

6.4 In Québec, such exemption is not available to an insider who exercises control over more than 10% of a class of shares of the Applicant to which are attached voting rights or an unlimited right to a share of the profits of the Applicant and in its assets in case of winding up.

6.5 the Decision shall terminate on the effective date of the Proposed Instrument or any legislation or rule dealing with similar exemptions from insider reporting requirements.

March 5, 2001.

"Agnes Lau"

2.1.11 Orestes Pedroso - Director's Decision

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

AND

IN THE MATTER OF
THE APPLICATION FOR
REINSTATEMENT OF REGISTRATION OF
ORESTES PEDROSO

HEARING BEFORE THE DIRECTOR
PURSUANT TO SUBSECTION 26(3)
OF THE SECURITIES ACT

Motion Heard:

February 9, 2001

Director:

Peggy Dowdall-Logie

Applicant:

Orestes Pedroso, In Person

Staff of the Ontario Securities Commission:

Kathryn J. Daniels, Counsel

DIRECTOR'S DECISION

In response to Mr. Pedroso's application (OSC Registration File Number 208549) under the *Securities Act* (Ontario) (the "Act") for reinstatement of registration as a salesperson to act on behalf of CIBC Securities Inc., staff of the Ontario Securities Commission (the "Commission") advised Mr. Pedroso, in their letter dated October 11, 2000, that staff were recommending that Mr. Pedroso's application for reinstatement be denied on the grounds that he was not suitable for registration.

CIBC Securities Inc. is registered under the Act as a mutual fund dealer.

In staff's letter, Mr. Pedroso was advised that, pursuant to subsection 26(3) of the Act, before a decision of the Director would be made in respect of his application for reinstatement of registration, he would have a right to be heard. Mr. Pedroso requested that right and a hearing was held before me on February 9, 2001, where I acted as Director pursuant to the current Determination by the Executive Director of positions within the Commission that are designated as "Director" for the purposes of the Act.

At the hearing, I heard testimony from Mr. Pedroso and received submissions from Mr. Pedroso and counsel for staff of the Commission.

On the basis of the testimony, and after having considered the submissions, as well as reviewing the transcript of the hearing,

it appears to me that the applicant, Mr. Orestes Pedroso is suitable for registration as a salesperson restricted to selling mutual funds on behalf of CIBC Securities Inc.

I therefore grant the application for registration.

March 28, 2001.

"Peggy Dowdall-Logie"

2.2 Orders

2.2.1 Roseland Resources Ltd. - ss. 83.1(1)

Headnote

Subsection 83.1(1) - issuer deemed to be reporting issuer in Ontario - issuer has been a reporting issuer in each of Alberta and British Columbia for more than 12 months - issuer listed and posted for trading on Tier 2 of CDNX - continuous disclosure requirements of Alberta and British Columbia substantially similar to those of Ontario.

Statutes Cited

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

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

AND

IN THE MATTER OF
ROSELAND RESOURCES LTD.

ORDER
(Subsection 83.1(1))

UPON the application (the "Application") of Roseland Resources Ltd. (the "Issuer") to the Ontario Securities Commission (the "Commission") for an order pursuant to subsection 83.1(1) of the Act deeming the Issuer to be a reporting issuer for the purposes of Ontario securities law;

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

AND UPON the Issuer representing to the Commission that:

1. The Issuer is a corporation governed by the *Business Corporation Act* (Alberta) (the "ABCA") resulting from the amalgamation on February 29, 2000 of the predecessor Roseland Resources Ltd. and its then wholly-owned subsidiaries, Roseland Energy Inc. and Jeda Petroleum Ltd. ("Jeda"). The predecessor Roseland Resources Ltd. had been incorporated under the ABCA on February 24, 1995, Roseland Energy Inc. had been incorporated under the ABCA on June 23, 1999, and Jeda had been incorporated under the *Company Act* (British Columbia) on April 21, 1986 and continued under the ABCA on February 28, 2000.

2. Jeda was a natural resource company actively involved in the acquisition, development and operation of oil and gas properties in Canada and the United States. Jeda was incorporated on April 21, 1986 under the name "Lemming Resources Ltd." On October 18, 1994, its name was changed to "Dimitra Development Corp." and on August 23, 1996, its name was changed to "Jeda Petroleum Ltd."

3. Jeda had been a reporting issuer under the *Securities Act* (British Columbia) and its common shares were listed on the Vancouver Stock Exchange on March 11, 1987. As a result of the merger of the Vancouver Stock Exchange and the Alberta Stock Exchange on November 26, 1999, Jeda became a reporting issuer under the *Securities Act* (Alberta) and its common shares became listed on the Canadian Venture Exchange.

4. Pursuant to a prospectus dated September 7, 1995, the Issuer made an initial public offering of 500,000 common shares. The initial public offering was made pursuant to the policies of the Alberta Securities Commission in respect of junior capital pool companies. The Issuer's common shares were listed and posted for trading on the Alberta Stock Exchange on October 23, 1995. The common shares of the Issuer were suspended from trading on the Alberta Stock Exchange on October 3, 1997 for failure to complete a major transaction within the required time period established by the policies regarding junior capital pool companies (and not in respect of any violation of the securities laws of Alberta or British Columbia).

5. On October 6, 1999, the Issuer completed its major transaction pursuant to which it acquired all the issued shares of Roseland Energy Inc., a private Alberta company. Concurrently with the completion of its major transaction, the Issuer's management and board of directors were restructured. The Issuer's common shares were subsequently relisted for trading on the Alberta Stock Exchange. As a result of the merger of the Vancouver Stock Exchange and the Alberta Stock Exchange on November 26, 1999, the Issuer became a reporting issuer under the *Securities Act* (British Columbia) and its common shares became listed on the Canadian Venture Exchange.

6. On February 28, 2000, Jeda and the Issuer merged through a plan of arrangement under section 252 of the *Company Act* (British Columbia) (the "Arrangement"). Under the terms of the Arrangement, the issued and outstanding securities of Jeda were exchanged on the basis that each holder of common shares of Jeda received one common share of the Issuer for every two common shares of Jeda. As a result, the Issuer acquired all of the issued and outstanding common shares of Jeda. Although the legal form of the merger was an acquisition of Jeda by the Issuer, for accounting purposes the merger was treated as a reverse take-over by Jeda. Accordingly, the historical financial statements of the Issuer before the merger are in fact those of Jeda.

7. The Issuer's head office is located in Calgary, Alberta.

8. The Issuer's common shares are listed and trading on the Canadian Venture Exchange.

9. The Issuer is not a reporting issuer under the securities legislation of any other jurisdiction other than the Provinces of Alberta and British Columbia.

10. The authorized share capital of the Issuer consists of an unlimited number of common shares of which, as of December 31, 2000, 19,510,191 common shares were issued and outstanding. As of December 31, 2000, an aggregate of 895,000 options to purchase common shares were issued and outstanding and an aggregate of $850,000 principal amount of secured convertible subordinated debentures were issued and outstanding.

11. The Issuer is already a reporting issuer in British Columbia and Alberta and is up to date in the filing of its financial statements and other continuous disclosure documents. The continuous disclosure material filed by the Issuer with the British Columbia Securities Commission and the Alberta Securities Commission will be readily available through the SEDAR website.

12. Neither the Issuer nor any of its officers, directors or controlling shareholders has (i) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, (ii) entered into a settlement agreement with a Canadian securities regulatory authority or (iii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

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

IT IS HEREBY ORDERED pursuant to subsection 83.1(1) of the Act that the Issuer be deemed a reporting issuer for the purposes of the Ontario securities laws.

March 30, 2001.

"J. A. Geller" "K. D. Adams"

2.2.2 RBC Dominion Securities Inc. - s. 233

Headnote

Section 233 of Regulation - Bank issuer is a related issuer of one of the underwriters in respect of certain proposed offerings pursuant to an amended and restated shelf prospectus - Related underwriter exempted from clause 224(1)(b) of Regulation where there is participation by an independent underwriter corresponding to that required by section 2.1 of proposed *Multi-Jurisdictional Instrument 33-105, Underwriting Conflicts.*

Statutes Cited

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

Regulations Cited

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

IN THE MATTER OF
REGULATION 1015, R.R.O. 1990,
AS AMENDED, MADE UNDER THE SECURITIES ACT,
R.S.O. 1990, C.S.5, AS AMENDED (the "Act")

AND

IN THE MATTER OF
RBC DOMINION SECURITIES INC.

ORDER
(Section 233 of the Regulation)

UPON the application of RBC Dominion Securities Inc. ("RBC DS") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 233 of the Regulation, exempting RBC DS from the requirements of clause 224(1)(b) of the Regulation, in respect of proposed offerings of debt securities of Royal Bank of Canada (the "Bank") pursuant to an amended and restated shelf prospectus to be filed in all of the provinces and territories of Canada (the "Jurisdictions") in accordance with the procedures (the "Shelf Procedures") set out in National Instrument No. 44-102 "NI 44-102");

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

AND UPON RBC DS having represented to the Commission as follows.

1. The Bank is a chartered bank subject to the provisions of the Bank Act (Canada).

2. The Bank is a reporting issuer under the Act, and is not in default of any requirement of the Act or the Regulation.

3. There is currently in effect a short form shelf prospectus of the Bank dated May 14, 1999 (the "Prospectus") under then National Policy Statement No. 44 ("NP 44"). The Prospectus in preliminary form dated April 21,

1999 was filed in all of the provinces and territories of Canada (the "Jurisdictions"), and the Quebec Securities Commission, as the Designated Jurisdiction under the Memorandum of Understanding for Expedited Review of Short Form Prospectuses and Renewal AIFs, issued a preliminary expedited review receipt document dated April 21, 1999 in respect thereof.

4. The Bank intends to file an amended and restated shelf prospectus (the "Amended Prospectus") under section 11.6 (1) of National Instrument No. 44-101 ("NI 44-101") in order to maintain the uninterrupted ability of the Bank to offer securities under the Shelf Procedures.

5. The Amended Prospectus will qualify under NI 44-102 the distribution of debt securities consisting of subordinated medium term notes and/or other unsecured subordinated evidences of indebtedness of the Bank (the "Debt Securities"). The Amended Prospectus will provide that the Debt Securities may be offered from time to time (the "Offerings"), under prospectus supplements, in one or more series, in an aggregate principal amount of up to $3,000,000,000 (the "Amended Shelf Amount") during the period that the Amended Prospectus, including any further amendments thereto, is valid.

6. The Amended Prospectus will provide that the Bank may sell the Debt Securities to or through underwriters or dealers, and also may sell the Debt Securities to one or more other purchasers, directly or through agents.

7. The Bank also proposes to file in the Jurisdictions in accordance with the procedures set out in NI 44-102, (i) on or about the date on which the Amended Prospectus in final form is receipted, a supplement to the Amended Prospectus (as amended or as amended and restated from time to time, the "MTN Prospectus Supplement"), which will be deemed to be incorporated by reference in the Amended Prospectus, for the purposes of establishing an MTN program (the "MTN Program") as defined in NI 44-102 in an aggregate principal amount of up to the Amended Shelf Amount, and (ii) from time to time thereafter, pricing supplements (the "Pricing Supplements") thereto.

8. The Bank may also file from time to time in all of the Jurisdictions in accordance with the procedures set out in NI 44-102, prospectus supplements, which will be deemed to be incorporated by reference in the Amended Prospectus, in respect of Offerings under the Amended Prospectus other than Offerings under the MTN Program (such supplements, together with the MTN Prospectus Supplement, the "Amended Prospectus Supplements").

9. The Bank has entered into an agency agreement in connection with the MTN Program to, among other things, appoint RBC DS and certain other named registrants, and such other registrant or registrants as the Bank may from time to time appoint, as its non-exclusive agents to from time to time solicit offers to purchase Debt Securities of the Bank.

10. Any underwriter or agent, as the case may be, in respect of an Offering shall be identified in the respective Amended Prospectus Supplement, and shall in all cases include RBC DS and such other registrants as the Bank may from time to time determine in accordance with applicable laws. A prospectus certificate signed by each of such registrants shall be included in the respective Amended Prospectus Supplement.

11. By virtue of RBC DS being a wholly-owned indirect subsidiary of the Bank, the Bank is a "related issuer" of RBC DS for the purposes of Part XIII of the Regulation.

12. RBC DS proposes to comply, in connection with the Offerings, with section 2.1 of proposed Multi-Jurisdictional Instrument Number 33-105 (the "Proposed Instrument ") and the provisions of NI 44-102.

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

IT IS ORDERED pursuant to section 233 of the Regulation, that RBC DS is exempt from the requirements of clause 224(1)(b) of the Regulation in respect of any Offering, provided that

(A) the portion of each Offering that is underwritten by at least one independent underwriter as defined in the Proposed Instrument is not less than the lesser of:

(i) 20% of the dollar value of such Offering; and

(ii) the largest portion of such Offering that is underwritten by RBC DS or any other registrant that is not an independent underwriter;

(B) the independent underwriter participates in the pricing of the Debt Securities issued in such Offering; and

(C) the information specified in Appendix C of the Proposed Instrument, the name of the independent underwriter and the extent of its participation in the due diligence, the drafting of the Amended Prospectus and the Amended Prospectus Supplement, as the case may be, and the pricing of the Debt Securities, is disclosed in the applicable Amended Prospectus Supplement and Pricing Supplement as the case may be.

March 6, 2001.

"J.A. Geller" "Stephen N. Adams"

2.2.3 Breakwater Resources Ltd. - cl.104(2)(c)

Headnote

Clause 104(2)(c) - Issuer exempt from the issuer bid requirements of Part XX and the related reporting requirements in connection with the acquisition of 0.5% of its shares from its wholly-owned subsidiary upon the winding-up of that subsidiary.

Statutes Cited

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

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., para. 203.1(1)(b)(ii).

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

AND

IN THE MATTER OF
BREAKWATER RESOURCES LTD.

ORDER
(Clause 104(2)(c))

UPON the application of Breakwater Resources Ltd. ("Breakwater") to the Ontario Securities Commission (the "Commission") for an order pursuant to clause 104(2)(c) of the Act that the transfer to Breakwater of the 525,000 common shares of Breakwater (the "Shares") held by Watercan Inc. ("Watercan"), a wholly-owned subsidiary of Breakwater, in connection with the winding-up of Watercan be exempt from the requirements of:

(a) sections 95, 96, 97, 98 and 100 of the Act, and

(b) subparagraph 203.1(1)(b)(ii) of the regulation under the Act, R.R.O. 1990, Reg. 1015, as amended (the "Regulation");

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

AND UPON Breakwater having represented to the Commission as follows:

1. Breakwater was incorporated under the laws of British Columbia on October 15, 1979 with the name Gambier Exploration Ltd. By articles of amendment effective June 23, 1981, Gambier changed its name to Breakwater Resources Ltd. Breakwater was continued under the *Canada Business Corporations Act* effective May 11, 1992.

2. Breakwater is currently a reporting issuer or the equivalent in each province and territory of Canada and is not on the list of defaulting reporting issuers maintained pursuant to subsection 72(9) of the Act.

3. Breakwater is authorized to issue, among other things, an unlimited number of common shares. As of March 5, 2001, Breakwater had 92,715,812 common shares outstanding.

4. The Breakwater common shares are listed on The Toronto Stock Exchange (the "TSE") under the symbol "BWR".

5. Watercan is a corporation incorporated under the *Business Corporations Act* (Ontario), is not a reporting issuer under the Act and is a wholly-owned subsidiary of Breakwater.

6. Watercan acquired the Shares, which represent approximately 0.56% of the outstanding Breakwater common shares, when it amalgamated with Jascan Resources Inc. pursuant to a plan of arrangement under the *Business Corporations Act* (Ontario) approved by Jascan shareholders on October 24, 2000.

7. Breakwater has determined to wind-up Watercan (the "Winding-Up"), which will result in the transfer of the Shares to Breakwater from Watercan. Such transfer of the Shares constitutes an issuer bid for purposes of the Act for which there is no exemption available from the requirements of sections 95, 96, 97, 98 and 100 of the Act.

8. Upon the Winding-Up becoming effective, the Shares will be canceled.

9. The acquisition of the Shares by Breakwater will have no material adverse economic effect on, or material tax consequences to, and will in no way prejudice, Breakwater or its public shareholders.

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

IT IS ORDERED, pursuant to clause 104(2)(c) of the Act, that Breakwater be exempt from the requirements of sections 95, 96, 97, 98 and 100 of the Act and subparagraph 203.1(1)(b)(ii) of the Regulation in connection with the transfer of the Shares to Breakwater from Watercan pursuant to the Winding-Up.

March 30, 2001.

"J. A. Geller" "K. D. Adams"

2.2.4 Pacific Cassiar Ltd. - s. 83

Headnote

Section 83 - as a result of an amalgamation, reporting issuer has one security holder - issuer deemed to have ceased to be reporting issuer under the Act.

Ontario Statutory Provisions

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

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

AND

IN THE MATTER OF
PACIFIC CASSIAR LIMITED

ORDER
(Section 83 of the Act)

UPON the application of Pacific Cassiar Limited (the "Filer") to the Ontario Securities Commission (the "Commission") for an order, pursuant to section 83 of the Act, deeming the Filer to have ceased to be a reporting issuer under the Act;

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

AND UPON the Filer having represented to the Commission that:

1. the Filer's predecessor, Pacific Cassiar Limited ("Old Pacific"), was continued under the *Canada Business Corporations Act* on April 26, 1984 and had been a reporting issuer under the Act since 1978;

2. Old Pacific entered into an amalgamation agreement dated September 22, 2000 with NCE Petrofund ("NCE") and NCE's wholly owned subsidiary, 3809579 Canada Inc. The amalgamation agreement provided that each holder of Old Pacific shares (other than dissenting shareholders and NCE) receive $6.05 in exchange for each share of Old Pacific (the "Amalgamation");

3. upon the successful completion of the Amalgamation effective December 1, 2000, the Filer became a wholly owned subsidiary of NCE and a reporting issuer under the Act;

4. all of the Filer's outstanding securities are owned by NCE;

5. the Filer is not in default of any of the requirements of the Act or the rules or regulations made thereunder;

6. other than the securities owned by NCE, the Filer has no other securities, including debt securities, outstanding;

7. the Filer's securities are not listed on any stock exchange and are not available for trading on any stock exchange or market; and

8. the Filer does not intend to seek public financing by way of an offering to the public.

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

IT IS ORDERED, pursuant to section 83 of the Act, that the Filer be deemed to have ceased to be a reporting issuer under the Act;

March 26, 2001.

"John Hughes"

2.2.5 Brookfield Properties 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

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 DISCLOSURE (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
BROOKFIELD PROPERTIES 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 Brookfield Properties Corporation (the "**Applicant**") filed a preliminary prospectus dated February 28, 2001, 2001 (the "**Preliminary Prospectus**") in accordance with the Short Form Rule relating to the qualification of 4,610,773 common shares (the "**Offering**") and received a receipt therefor dated March 1, 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 5, 2001.

"Iva Vranic"

2.2.6 Baytex Energy 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
BAYTEX ENERGY LTD.

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 Baytex Energy Ltd. (the "**Applicant**") filed a preliminary prospectus dated March 23, 2001 (the "**Preliminary Prospectus**") in accordance with the Short Form Rule relating to the qualification of 10.5% Senior Notes Due 2011 (the "**Offering**") and received a receipt therefor dated March 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 28, 2001.

"Margo Paul"

2.2.7 Gloucester Credit Card 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.

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), 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
GLOUCESTER CREDIT CARD TRUST

ORDER AND DECISION
(Section 147 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 Gloucester Credit Card Trust (the "**Applicant**") filed a preliminary prospectus dated March 30, 2001 (the "**Preliminary Prospectus**") in accordance with the Short Form Rule relating to the qualification of Series 2001-1 Class A Notes and Series 2001-1 Collateral Notes (the "**Offering**") and received a receipt therefor dated March 30, 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 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.

April 3, 2001.

"Margo Paul"

2.2.8 Barclays Global Investors Services - s. 211

Headnote

Applicant for registration as international dealer exempted from requirement in subsection 208(2) of the Regulation that it carry on the business of underwriter in a country other than Canada where applicant will not act as underwriter in Ontario - Applicant is registered with the S.E.C. as a broker-dealer and is a member of N.A.S.D.

Statutes Cited

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

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss.100(3), 208(1), 208(2) and 211.

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

AND
R.R.O. 1990, REGULATION 1015, AS AMENDED (the "Regulation")
MADE UNDER THE ACT

AND

IN THE MATTER OF
BARCLAYS GLOBAL INVESTORS SERVICES

ORDER
(Section 211 of the Regulation)

UPON the application (the "Application") of Barclays Global Investors Services (the "Applicant") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 211 of the Regulation, exempting the Applicant from the requirement in subsection 208(2) of the Regulation that the Applicant carry on the business of an "underwriter" in a country other than Canada, in order for the Applicant to be registered under the Act as a dealer in the category of "international dealer";

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant has filed an application for registration as a dealer under the Act in the category of "international dealer" for the purpose of trading in securities in accordance with section 208 of the Regulation. The Applicant has not been registered under the Act.

2. Barclays Global Investors Canada Limited ("BGI Canada") and Barclays Capital, affiliates of the Applicant, are registrants. BGI Canada is registered under the Act as an adviser in the categories of "investment counsel" and "portfolio manager" and as a dealer in the category of "limited market dealer" and as "commodity trading adviser" under the *Commodity Futures Act*. Barclays Capital is registered as a dealer in the category of "international dealer".

3. Subsection 208(2) of the Regulation provides that:

> No person or company may register as an international dealer unless the person or company carries on the business of a dealer and underwriter in a country other than Canada.

4. The Applicant is a California corporation having its principal place of business in San Francisco, California, United States of America ("USA"). The Applicant is registered in the USA with the Securities and Exchange Commission as a broker-dealer and is a member of the United States National Association of Securities Dealers. The Applicant is also registered as a broker-dealer in a number of states in the USA.

5. The Applicant does not currently act as an underwriter in the USA. The Applicant does not currently act as an underwriter in any other jurisdiction outside of the United States.

6. The Applicant currently has no plans to act as an underwriter in the USA.

7. The Applicant does not now act as an underwriter in Ontario and will not act as an underwriter in Ontario if it is registered under the Act as an "international dealer".

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, in connection with the registration of the Applicant as a dealer under the Act in the category of "international dealer", the Applicant is exempt from the provisions of subsection 208(2) of the Regulation requiring that the Applicant carry on the business of an underwriter in a country other than Canada, provided that, so long as the Applicant is registered under the Act as an "international dealer":

(A) the Applicant carries on the business of a dealer in a country other than Canada; and

(B) notwithstanding subsection 100(3) of the Regulation, the Applicant shall not act as an underwriter in Ontario.

April 3, 2001

"Paul M. Moore" "R. Stephen Paddon"

2.2.9 Municipal Securities Inc. - ss. 127(1)

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

AND

IN THE MATTER OF
MUNICIPAL SECURITIES INC.

ORDER
(Subsection 127(1) of the Act)

WHEREAS MUNICIPAL SECURITIES INC. ("MUNICIPAL") is registered as a Mutual Fund Dealer pursuant to section 26 of the Act;

AND WHEREAS MUNICIPAL, by application dated November 14, 2000 applied for voluntary surrender of MUNICIPAL's registration as Mutual Fund Dealer pursuant to section 27 of the Act and consented to the suspension of MUNICIPAL's registration as Mutual Fund Dealer in accordance with Ontario Securities Commission Rule 33-501 - Surrender of Registration;

AND WHEREAS on October 31, 2000 MUNICIPAL represented that it has ceased to carry on registerable activities as a Mutual Fund Dealer;

AND UPON the undersigned Director being of the opinion that it is in the public interest;

IT IS ORDERED pursuant to subsection 127(1) of the Act that the registration of MUNICIPAL as Mutual Fund Dealer is suspended until such time as the Commission accepts MUNICIPAL's voluntary surrender of registration pursuant to 27 of the Act.

November 21, 2000.

"Gina G. Sugden"

2.2.10 Synergy Asset Management Inc. - ss. 127(1)

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

AND

IN THE MATTER OF
SYNERGY ASSET MANAGEMENT INC.

ORDER
(Subsection 127(1) of the Act)

WHEREAS SYNERGY ASSET MANAGEMENT INC. ("SYNERGY") is registered as a Mutual Fund Dealer and Investment Counsel and Portfolio Manager pursuant to section 26 of the Act;

AND WHEREAS SYNERGY, by application dated January 30, 2001, applied for voluntary surrender of SYNERGY's registration as Mutual Fund Dealer pursuant to section 27 of the Act and consented to the suspension of SYNERGY's registration as Mutual Fund Dealer in accordance with Ontario Securities Commission Rule 33-501 - Surrender of Registration. SYNERGY continues to be registered as an Investment Counsel and Portfolio Manager;

AND WHEREAS on January 30, 2001 SYNERGY represented that it has ceased to carry on registerable activities as a Mutual Fund Dealer;

AND UPON the undersigned Director being of the opinion that it is in the public interest;

IT IS ORDERED pursuant to subsection 127(1) of the Act that the registration of SYNERGY as Mutual Fund Dealer is suspended until such time as the Commission accepts SYNERGY's voluntary surrender of registration pursuant to 27 of the Act.

February 1, 2001.

"Gina G. Sugden"

2.2.11 The NRG Group Inc. - cl. 104(2)(c)

Headnote

Clause 104(2)(c) - Exemption from issuer bid requirements of Part XX granted to issuer proposing to acquire its shares from three former officers, at nominal cost - Exemption in clause 93(3)(d) unavailable because shares to be acquired, when aggregated with shares recently acquired from another former executive, would exceed the 5% threshold.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 93(3)(d), 95, 96, 97, 98, 100 and 104(2)(c).

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

AND

IN THE MATTER OF
THE NRG GROUP INC.

ORDER
(Clause 104(2)(c))

UPON the application of The NRG Group Inc. ("NRG") to the Ontario Securities Commission (the "Commission") for an order pursuant to clause 104(2)(c) of the Act exempting NRG from the requirements of sections 95, 96, 97, 98 and 100 of the Act (collectively, the "Issuer Bid Requirements") in connection with NRG's proposed acquisition of common shares of NRG (the "Shares") from three former officers of NRG;

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

AND UPON NRG having represented to the Commission as follows:

1. NRG is a corporation existing under the laws of the Province of Ontario.

2. NRG has been a reporting issuer under the Act since April 25, 2000 and is not on the list of defaulting reporting issuers maintained pursuant to subsection 72(9) of the Act.

3. NRG's authorized capital consists of an unlimited number of Shares. As of December 1, 2000, NRG had 31,197,595 Shares outstanding.

4. The Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE").

5. In March 2000, NRG entered into employment agreements (collectively, the "Agreements") with certain of its senior executives (each, an "Executive"), including John Rae-Grant ("Rae-Grant"), Vicki Saunders, Matthew Saunders and Richard Ford ("Ford"). Each of the Agreements provided that, if the Executive resigned his or her employment with NRG within 24 months of the date of the Agreement, NRG would have the option (the "Option"), exercisable within 60 days following such resignation, to acquire for an aggregate price of $1.00:

   (a) one-half of the aggregate number of Shares owned by the Executive at the time the Agreement was executed, plus one-half of the aggregate number of Shares acquired upon the exercise of stock options, if the Executive resigned within 12 months of the date of the Agreement; or

   (b) one quarter of the aggregate number of Shares owned by the Executive at the time the Agreement was executed, plus one quarter of the aggregate number of Shares acquired upon the exercise of stock options, if the Executive resigned more than 12 but less than 24 months after the date of the Agreement.

6. As of the date of the Agreements, each of the Executives owned 2,027,564 Shares and had the right to receive an additional 178,987 Shares (the "Milestone Shares") if a certain market price (the "Milestone") for the Shares was reached prior to April 26, 2001. To date, the Milestone has not been reached. None of the Executives has exercised any stock options since the date of the Agreements.

7. Pursuant to an escrow agreement dated April 25, 2000 (the "Escrow Agreement"), each of the Executives deposited certificates representing 1,520,673 Shares with an escrow agent appointed under the Escrow Agreement. On October 26, 2000, 506,891 Shares were released from escrow to each of the Executives.

8. On December 1, 2000, NRG commenced a normal course issuer bid (the "Bid") through the facilities of the TSE to purchase up to 1,000,000 Shares, representing approximately 3.2% of the outstanding Shares, during the twelve month period ending November 30, 2001. From December 19 to 21, 2000, inclusive, NRG purchased for cancellation 79,500 Shares under the Bid at an average price of $0.275 per Share. No additional Shares have been purchased to date under the Bid.

9. On December 7, 2000, Rae-Grant resigned his employment with NRG. Pursuant to the terms of his Agreement, NRG exercised the Option to acquire 1,013,782 Shares (being one-half of the Shares owned by Rae-Grant) for aggregate consideration of $1.00. The acquisition of these Shares, representing approximately 3.25% of the outstanding Shares, constituted an issuer bid within the meaning of the Act. The acquisition was effected in reliance upon the exemption from the Issuer Bid Requirements contained in subsection 93(3)(d) of the Act, the exemption from section 35 of the Act (the "Registration Requirement") in paragraph 35(1)17 of the Act and the exemption from section 53 of the Act (the "Prospectus Requirement") in paragraph 72(1)(k) of the Act.

10. NRG issued a news release on January 22, 2001 and filed a material change report pursuant to section 75 of

the Act on January 23, 2001 disclosing, among other things, a new management structure, a corporate restructuring and its intention to reposition the company to concentrate on strategic venture capital investments in mid-stage infrastructure and wireless technology companies.

11. On January 22, 2001, Matthew Saunders, Vicki Saunders and Ford (collectively, the "Three Executives") resigned as officers of NRG and Ford resigned as a director of NRG. On the same date, NRG and the Three Executives entered into an arrangement (the "Arrangement") providing for NRG's retainer of the Three Executives for a 12 month period to provide consulting services to NRG with respect to the corporate restructuring and market re-positioning and providing for Matthew Saunders and Vicki Saunders to continue as directors of NRG. The aggregate annual consulting fees to be paid to the Three Executives will be approximately 15% less than the aggregate base salaries payable to the Three Executives for the first year of their employment.

12. Pursuant to the Agreements with the Three Executives, NRG had the option to acquire, in the aggregate, 3,041,346 Shares from the Three Executives if they resigned prior to March 10, 2001 but only 1,520,673 Shares (assuming in each instance that the Milestone Shares were not issued to the Three Executives and no stock options were exercised) if they resigned after March 10, 2001 but prior to March 10, 2002. As part of the Arrangement, NRG and each of the Three Executives agreed to amend the terms of their Agreements such that NRG has the right to purchase from each of the Three Executives 333,334 Shares for total consideration of $1.00, being 1,000,002 Shares for a total payment by NRG of $3.00, in the aggregate. NRG and the Three Executives have agreed to complete this transaction, subject to obtaining all requisite regulatory approvals, and the Shares when purchased, will be cancelled.

13. In addition, NRG agreed to use reasonable commercial efforts to find a buyer for 166,667 Shares from each of the Three Executives. A director of NRG introduced the Three Executives to a purchaser (the "Purchaser"), a company at arm's-length to NRG, and the Three Executives subsequently entered into an agreement with the Purchaser to sell 1,500,000 Shares at $0.30 per Share. The average closing price of the Shares on the TSE for the ten trading days preceding January 22, 2001 was $0.30 per Share. The average closing price of the Shares on the TSE since January 22, 2001 has been $0.41 per Share.

14. The Shares that NRG and the Purchaser propose to acquire from the Three Executives are Shares that either were never deposited into escrow under the Escrow Agreement or were released from escrow in October 2000.

15. The proposed sale by the Three Executives of the Shares to NRG will be effected in reliance upon the exemption from the Registration Requirement in paragraph 35(1)17 of the Act and the exemption from the Prospectus Requirement in paragraph 72(1)(k) of the Act.

16. NRG's proposed purchase of Shares from the Three Executives constitutes an issuer bid within the meaning of the Act. NRG cannot rely upon the exemption from the Issuer Bid Requirements in clause 93(3)(d) of the Act because the proposed purchase from the Three Executives of 1,000,002 Shares, when aggregated with the prior purchase of Shares from Rae-Grant, would exceed 5% of the outstanding Shares. No other exemption from the Issuer Bid Requirements is available in the circumstances.

17. The receipt by the Three Executives of consulting fees and other benefits under the Arrangement, including, without limitation, NRG's agreement to exercise the Option in respect of fewer Shares than the Agreements originally provided for and NRG's agreement to use reasonable commercial efforts to find a third party buyer for some of the Three Executives' Shares, in no way represents, directly or directly, consideration for the 1,000,002 Shares to be acquired from the Three Executives. NRG has determined that, based on the Three Executives' extensive knowledge, background and industry contacts, the Three Executives' continued involvement and assistance is important to NRG in managing and ultimately maximizing the return on its existing investments, assisting in an orderly transition to new senior management and providing continuing advice in respect of NRG's market repositioning.

18. The TSE has consented to the continuation of the Bid in accordance with its terms, notwithstanding the acquisition of Shares from Rae-Grant and the proposed acquisition of Shares from the Three Executives.

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

IT IS ORDERED pursuant to clause 104(2)(c) of the Act that the purchase by NRG of 1,000,002 Shares from the Three Executives is exempt from the Issuer Bid Requirements.

February 16, 2001.

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

2.2.12 Riphean Platinum Corporation - Exemption

Headnote

National Instrument 43-101 - Standards of Disclosure for Mineral Projects - relief granted to issuer pursuant to Part 9.1(1) from requirement in Part 6.2 to have qualified person conduct personal inspection of early stage exploration property where qualified person unable to access property due to weather conditions in connection with filing of a preliminary prospectus - relief subject to conditions that: (1) technical report filed with preliminary prospectus contains statement that personal inspection not conducted; (2) personal inspection is completed prior to filing of final prospectus and a revised technical report is filed; and (3) amendment to preliminary prospectus will be filed if revised technical report disclosed material information on subject property not previously disclosed in preliminary prospectus.

Statutes Cited

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

Rules Cited

National Instrument 43-101 - Standards of Disclosure for Mineral Projects, Parts 9.1(1) and 6.2.

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

AND

IN THE MATTER OF
NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

AND

IN THE MATTER OF
RIPHEAN PLATINUM CORPORATION

EXEMPTION

UPON the application of Riphean Platinum Corporation (the "Corporation") to the Director of the Ontario Securities Commission (the "Director") pursuant to Part 9.1(1) of National Instrument 43-101 ("NI 43-101"), a rule of the Ontario Securities Commission, for an exemption from Part 6.2 of NI 43-101 in connection with a preliminary prospectus to be filed by the Corporation;

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

AND UPON the Corporation having represented to the Director as follows:

1. The Corporation was incorporated under the *Business Corporations Act* (Ontario) (OBCA) on December 17, 1997. On July 28, 2000, the Corporation amended its articles to delete its "private company" restrictions and on July 31, 2000 the Corporation filed articles of arrangement in connection with the plan of arrangement between the Corporation, World Wide Minerals Ltd. and Virtual Resources Inc.

2. The Corporation's registered office and principal place of business is located at Suite 3750, Canada Trust Tower, BCE Place, 161 Bay Street, Toronto, Ontario, M6J 2S1.

3. The Corporation is a reporting issuer in Ontario and its common shares are not currently listed on any stock exchange.

4. The Corporation intends to file a preliminary prospectus (the "Preliminary Prospectus") with the Commission on or around April 4, 2001 to qualify for distribution rights (the "Rights") and units (the"Units") of the Corporation (the "Offering").

5. The Corporation was created to acquire all of the interests or rights to earn interests in gold exploration properties of World Wide Minerals Ltd. The Corporation has earned interests in a number of exploration properties in China located primarily in Shandong, Jiangxi and Hunan Provinces (the "China Properties"). The strategy in China has been to develop a significant land play for gold exploration in areas of known gold mineralization adjacent to operating gold mines, working with the Ministry of State Land and Resources, the Ministry of Metallurgical Industry and China National Non-Ferrous Metals Industry Corporation, three of four principal mining organizations in China.

6. The Corporation has agreed to acquire a 50% interest in a Russian private company which holds licenses to explore two platinum group metal properties located within the Platinum Belt of the Ural Mountains in the Sverdlovsk region of Russia (the "Russian Platinum Group Projects"). The acquisition is conditional upon completion of the Offering or the Corporation raising alternative financing in the amount of approximately $400,000.00

7. It is expected that the principal use of proceeds of the Offering will be applied toward the Russian Platinum Group Projects.

8. At the time of filing the Preliminary Prospectus, the Corporation intends to file with the Commission a technical report prepared in compliance with NI 43-101 in respect of the China Properties.

9. However, the Corporation will be unable to file a technical report in respect of the Russian Platinum Group Project in strict compliance with NI 43-101 because, as a result of weather conditions at the Russian Platinum Group Project site, the geologist will not be able to conduct a site visit and assay samples.

10. At the time of filing the Preliminary Prospectus, the Corporation will file with the Commission a technical report (the "Preliminary Technical Report") that complies with NI 43-101 in respect of the Russian

Platinum Group Project except that the personal inspection required by Part 6.2 of NI 43-101 will not have been conducted.

11. The Corporation expects that weather conditions will improve at the site of the Russian Platinum Group Project in mid-April 2001, such that the personal inspection required by Part 6.2 can be conducted and a revised technical report can be prepared in full compliance with NI 43-101 (the "Revised Technical Report") and submitted prior to filing the final prospectus in respect of the Offering.

12. The properties comprising the Russian Platinum Group Project are early stage properties on which very limited exploration work has been done and no resource has been defined to date.

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

THEREFORE, pursuant to Part 9.1(1) of NI 43-101, the Corporation is exempted from Part 6.2 of NI 43-101 in connection with the Preliminary Technical Report provided that:

(a) the Preliminary Technical Report contains a statement that a personal inspection has not been conducted by the qualified person, as defined in NI 43-101, and the reasons why a personal inspection was not conducted;

(b) prior to the Corporation filing the final prospectus in connection with the Offering, the Revised Technical Report is filed with the Commission; and

(c) if the Revised Technical Report filed by the Corporation contains material information on the Russian Platinum Group Project not previously disclosed in the Preliminary Prospectus, the Corporation will file an amendment to the Preliminary Prospectus and deliver a copy of such amendment to each person who received a copy of the Preliminary Prospectus.

April 3, 2001.

"Kathryn Soden"

2.3 Rulings

2.3.1 Accor S.A. - ss. 74(1)

Headnote

First trade by former employees in shares acquired pursuant to employee stock option plan and upon the exercise of warrants acquired under employee stock option plan of the issuer shall not be subject to section 25, subject to certain conditions.

Statutes Cited

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

Rules Cited

Rule 45-503 - Trades to Employees, Executives and Consultants (1998) 21 OSCB 6559.

Rule 72-501 - Prospectus Exemption for First Trade Over a Market Outside Ontario (1998) 21 OSCB 2318.

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

AND

IN THE MATTER OF
ACCOR S.A.

RULING
(Subsection 74(1))

UPON the application of Accor S.A. (the "Applicant") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act that trades by former employees of common shares in the capital of Accor S.A. (the "Issuer") issued pursuant to an employee stock option plan (the "Plan") are not subject to section 25 of the Act;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was formed and organized as a société anonyme under the laws of France and is not and does not intend to be a reporting issuer under the Act or the securities legislation of any province or territory in Canada. The Applicant is subject to the reporting requirements of the securities laws of France and its Common Shares are listed and traded on the Paris Bourse and form part of the CAC 40.

2. As of December 31, 2000 (the date of its last annual financial statements) the issued capital of the Applicant consisted of 198,324,605 Common Shares.

3. The Applicant established the Plan whereby employees ("Employees") of the Applicant and its related companies worldwide could acquire Common Shares during the period from November 1, 2000 to November 20, 2000 (the "Acquisition Period") at a price equal to the 20-day weighted average market price (the "Market Price") fixed by the Management Board of the Applicant prior to the Acquisition Period, less a 20% discount. For each Common Share acquired the Employees receive two Warrants exercisable not earlier than December 1, 2003 and not later than December 31, 2007 into one Common Share per Warrant at a price equal to the Market Price (no discount is applicable to the exercise price of the Warrants).

4. Participation in the Plan was voluntary and Employees were not induced to participate in the Plan by expectation of employment or continued employment.

5. Under the Plan, Employees must hold Common Shares purchased under the Plan for a period of five years from the date of purchase; provided the Common Shares may be sold in the event of marriage, birth or adoption of the third child, divorce and custody of at least one child, disability (including disability of a spouse), death (including death of a spouse), termination of employment and purchase of a principal residence. No such holding period applies to Common Shares issued upon exercise of the Warrants.

6. The Warrants are non-transferable during the life of an Employee. Upon death, the Employee's personal representative may exercise the Warrants within the earlier of 12 months thereafter or the expiration of the Warrants.

7. Worldwide, 766,000 Common Shares and 1,532,000 Warrants were issued under the Plan to 16,000 Employees in 23 countries.

8. In Ontario, 12 Employees (all of whom were employed by Applicant "affiliates" as that term is defined in the Act) (hereinafter referred to as "Ontario Employees") subscribed for an aggregate of 647 Common Shares and 1,294 Warrants under the Plan. Common Shares acquired by Ontario Employees under the Plan as a percentage of all Common Shares issued under the Plan (worldwide) is 0.084% and as a percentage of the total outstanding Common Shares of the Applicant is 0.00032%.

9. There is no market for the Common Shares in Canada, none is expected to develop and any trades of Common Shares by former Ontario Employees will be effected through the facilities of and in accordance with the requirements of the Paris Bourse on which the Common Shares are traded.

10. An exemption from registration requirements is not available if former Ontario Employees resell Common Shares acquired under the Plan and Common Shares issued upon the exercise of Warrants acquired under the Plan.

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

IT IS RULED, pursuant to subsection 74(1) of the Act, that the first trades by former Ontario Employees of Common Shares acquired under the Plan, and the first trades by former Ontario Employees of Common Shares issued upon exercise of the Warrants acquired under the Plan, are not subject to section 25 of the Act, provided that such first trades are executed in accordance with the provisions of Commission Rule 72-501 *Prospectus Exemption for First Trade Over a Market Outside of Ontario.*

April 3, 2001.

"Paul Moore" "R. Stephen Paddon"

2.3.2 Financial Services Income Streams Corporation - ss. 74(1)

Headnote

Subsection 74(1) - Exemption from sections 25 and 53 of the Act in connection with the writing of over-the-counter options subject to certain conditions.

Section 59, Schedule I - Issuer exempt from section 28 of Schedule I to the Regulation in connection with the writing of over-the-counter covered call options and cash covered put options.

Statutes Cited

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

Regulations Cited

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

IN THE MATTER OF
THE SECURITIES ACT (THE "Act")

AND

IN THE MATTER OF
R.R.O. 1990, REGULATION 1015, AS AMENDED
(THE "Regulation")

AND

IN THE MATTER OF
FINANCIAL SERVICES INCOME
STREAMS CORPORATION

RULING AND EXEMPTION
(Subsection 74(1) and Section 59 of Schedule 1 of the Regulation)

UPON the application (the "Application") of Financial Services Income STREAMS Corporation (the "Company") to the Ontario Securities Commission (the "Commission") for

(i) a ruling, pursuant to subsection 74(1) of the Act, that the writing of certain over-the-counter covered call options ("OTC Options") by the Company shall not be subject to section 25 or 53 of the Act; and

(ii) an exemption, pursuant to subsection 59(1) of Schedule 1 of the Regulation, from requirements to pay any fees required to be paid under section 28 of Schedule 1 of the Regulation in connection with the writing by the Company of OTC Options pursuant to this Ruling;

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

AND UPON the Company having represented to the Commission that:

1. the Company is a mutual fund corporation organized under the *Business Corporations Act* (Ontario) on June 13, 2000. The manager of the Company (within the meaning of that term in National Instrument 81-102 Mutual Funds ("NI 81-102")) is Quadravest Inc.;

2. the Company filed a prospectus (the "Prospectus") with respect to the offering of its Equity Dividend Shares and Capital Yield Shares (the "Shares") dated September 29, 2000 with the Commission and with the securities regulatory authority in each of the other provinces of Canada under SEDAR Project No. 288919. A Decision Document for the Prospectus was issued by the Director under the Act on September 29, 2000;

3. the Company is a mutual fund within the meaning of that term in subsection 1(1) of the Act;

4. Quadravest Capital Management Inc. ("Quadravest") acts as the portfolio adviser (within the meaning of that term in NI 81-102) of the Company;

5. Quadravest is registered under the Act as an adviser in the categories of investment counsel and portfolio manager and as a dealer in the category of mutual fund dealer;

6. the Company's investment objectives are:

   (i) to provide holders of Equity Dividend Shares of the Company (a) with fixed, cumulative monthly cash dividends in an amount of $0.1458 per Equity Dividend Share, and (b) on or about February 1, 2011 (the "Termination Date") with an amount per Equity Dividend Share equal to the subscription price of $25.00 (the "Original Investment Amount") paid for each Equity Dividend Share; and

   (ii) to provide holders of Capital Yield Shares (a) with monthly cash dividends equal to the amount, if any, by which the net realized capital gains, dividends and option premiums (other than option premiums in respect of options outstanding at year-end) earned on the Managed Portfolio (as defined below) in any year, net of expenses, taxes and loss carry-forwards, exceed the amount of the dividends paid on the Equity Dividend Shares, and (b) on or about the Termination Date with an amount per Share equal to the Original Investment Amount plus a pro rata share of the balance, if any, of the Managed Portfolio after paying the holders of Equity Dividend Shares their Original Investment Amount;

7. the net proceeds of the offering of the Shares have been invested in a diversified portfolio (the "Managed Portfolio") of securities consisting principally of common shares issued by corporations whose shares are included in The Toronto Stock Exchange Financial Services Index, the Standard & Poor's Financials Index or the Standard & Poor's MidCap Financials Index. The Managed Portfolio is actively managed by Quadravest;

8. the Company will from time to time write covered call options in respect of all or part of the securities in the Managed Portfolio. Such call options may be either exchange traded options or over-the-counter ("OTC") options;

9. the writing of covered call options by the Company will be managed by Quadravest in a manner consistent with the investment objectives of the Company. The individual securities in the Managed Portfolio which are subject to call options and the terms of such call options will vary from time to time based on Quadravest's assessment of the markets. The writing of OTC options by the Company will not be used as a means for the Company to raise new capital;

10. OTC Options will be written by the Company only in respect of securities that are in the Managed Portfolio and the investment restrictions of the Company prohibit the sale of securities that are subject to an outstanding option;

11. the purchasers of OTC Options written by the Company will generally be major Canadian financial institutions and all purchasers of OTC Options will be persons or entities described in Appendix A to this Ruling;

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

IT IS RULED, pursuant to subsection 74(l) of the Act, that the writing of OTC Options by the Company, as contemplated by this Ruling, shall not be subject to section 25 or 53 of the Act provided:

(a) that at the time of writing of the OTC Options, the portfolio adviser advising the Company with respect to such activities is registered as an adviser under the Act and meets the proficiency requirements for advising with respect to options in the principal jurisdiction in Canada in which the portfolio adviser carries on its business; and

(b) each purchaser of an OTC Option written by the Company is a person or entity described in Appendix A to this Ruling.

AND IT IS DECIDED, pursuant to section 59 of Schedule 1 to the Regulation, that the Company is hereby exempted from the fees which would otherwise be payable pursuant to Section 28 of Schedule 1 to the Regulation in connection with any OTC Options written by the Company in reliance on the above Ruling.

April 3, 2001.

"Paul Moore" "R. Stephen Paddon"

APPENDIX A

QUALIFIED PARTIES

Interpretation

(1) The terms "subsidiary" and "holding body corporate" used in paragraphs (w), (x) and (y) of subsection (3) of this Appendix have the same meaning as they have in the *Business Corporations Act*.

(2) All requirements contained in this Appendix that are based on the amounts shown on the balance sheet of an entity apply to the consolidated balance sheet of the entity.

Qualified Parties Acting as Principal

(3) The following are qualified parties for all OTC derivatives transactions, if acting as principal:

Banks

(a) a bank listed in Schedule I, II or III to the *Bank Act* (Canada);

(b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);

(c) a bank subject to the regulatory regime of a country that is a member of the Basel Accord, or that has adopted the banking and supervisory rules set out in the Basel Accord, if the bank has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of $25 million or its equivalent in another currency;

Credit Unions and Caisses Populaires

(d) a credit union central, federation of caisses populaires, credit union or regional caisse populaire, located, in each case, in Canada;

Loan and Trust Companies

(e) a loan corporation or trust corporation registered under the Loan and Trust Corporations Act or under the *Trust and Loan Companies Act* (Canada), or under comparable legislation in any other province or territory of Canada;

(f) a loan company or trust company subject to the regulatory regime of a country that is a member of the Basel Accord, or that has adopted the banking and supervisory rules set out in the Basel Accord, if the loan company or trust company has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of $25 million or its equivalent in another currency;

Insurance Companies

(g) an insurance company licensed to do business in Canada or a province or territory of Canada;

(h) an insurance company subject to the regulatory regime of a country that is a member of the Basel Accord, or that has adopted the banking and supervisory rules set out in the Basel Accord, if the insurance company has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of $25 million or its equivalent in another currency;

Sophisticated Entities

(i) a person or company that, together with its affiliates, (i) has entered into one or more transactions involving OTC derivatives with counterparties that are not its affiliates, if (A) the transactions had a total gross dollar value of or equivalent to at least $1 billion in notional principal amount; and (B) any of the contracts relating to one of these transactions was outstanding on any day during the previous 15-month period, or (ii) had total gross marked-to-market positions of or equivalent to at least $100 million aggregated across counterparties, with counterparties that are not its affiliates in one or more transactions involving OTC derivatives on any day during the previous 15-month period;

Individuals

(j) an individual who, either alone or jointly with the individual's spouse, has a net worth of at least $5 million, or its equivalent in another currency, excluding the value of his or her principal residence;

Governments/Agencies

(k) Her Majesty in right of Canada or any province or territory of Canada and each crown corporation, instrumentality and agency of a Canadian federal, provincial or territorial government;

(l) a national government of a country that is a member of the Basel Accord, or that has adopted the banking and supervisory rules of the Basel Accord, and each instrumentality and agency of that government or corporation wholly-owned by that government;

Municipalities

(m) any Canadian municipality with a population in excess of 50,000 and any Canadian provincial or territorial capital city;

Corporations and other Entities

(n) a company, partnership, unincorporated association or organization or trust, other than

an entity referred to in paragraph (a), (b), (c), (d), (e), (f), (g) or (h), with total revenue or assets in excess of $25 million or its equivalent in another currency, as shown on its last financial statement, to be audited only if otherwise required;

Pension Plan or Fund

(o) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a provincial pension commission, if the pension fund has total net assets, as shown on its last audited balance sheet, in excess of $25 million, provided that, in determining net assets, the liability of a fund for future pension payments shall not be included;

Mutual Funds and Investment Funds

(p) a mutual fund or non-redeemable investment fund if each investor in the fund is a qualified party;

(q) a mutual fund that distributes its securities in Ontario, if the portfolio manager of the fund is registered as an adviser, other than a securities adviser, under the Act or securities legislation elsewhere in Canada;

(r) a non-redeemable investment fund that distributes its securities in Ontario, if the portfolio manager of the fund is registered as an adviser, other than a securities adviser, under the Act or securities legislation elsewhere in Canada;

Brokers/Investment Dealers

(s) a person or company registered under the Act or securities legislation elsewhere in Canada as a broker or an investment dealer or both;

(t) a person or company registered under the Act as an international dealer if the person or company has total assets, as shown on its last audited balance sheet, in excess of $25 million or its equivalent in another currency;

Futures Commission Merchants

(u) a person or company registered under the CFA as a dealer in the category of futures commission merchant, or in an equivalent capacity elsewhere in Canada;

Charities

(v) a registered charity under the *Income Tax Act* (Canada) with assets not used directly in charitable activities or administration, as shown on its last audited balance sheet, of at least $5 million or its equivalent in another currency;

Affiliates

(w) a wholly-owned subsidiary of any of the organizations described in paragraph (a), (b), (c), (d), (e), (f), (g), (h), (j), (n), (o), (s), (t) or (u);

(x) a holding body corporate of which any of the organizations described in paragraph (w) is a wholly-owned subsidiary;

(y) a wholly-owned subsidiary of a holding body corporate described in paragraph (x);

(z) a firm, partnership, joint venture or other form of unincorporated association in which one or more of the organizations described in paragraph (w), (x) or (y) have a direct or indirect controlling interest; and

Guaranteed Party

(aa) a party whose obligations in respect of the OTC derivatives transaction for which the determination is made is fully guaranteed by another qualified party.

Qualified Party Not Acting as Principal

(4) The following are qualified parties, in respect of all OTC derivative transactions:

Managed Accounts

1. Accounts of a person, company, pension fund or pooled fund trust that are fully managed by a portfolio manager or financial intermediary referred to in paragraphs (a), (d), (e), (g), (s), (t), (u) or (w) of subsection (3) or a broker or investment dealer acting as a trustee or agent for the person, company, pension fund or pooled fund trust under section 148 of the Regulation.

Subsequent Failure to Qualify

(5) A party is a qualified party for the purpose of any OTC derivatives transaction if it, he or she is a qualified party at the time it, he or she enters into the transaction.

2.3.3 The NRG Group Inc. - s. 59

Headnote

Subsection 59(2) of Schedule 1 to the Regulation made under the Act - Issuer acquiring shares from three former officers, at nominal cost - Exemption from the issuer bid requirements in clause 93(3)(d) would have been available, but for the fact that shares to be acquired, when aggregated with a prior acquisition of shares from another former officer, would exceed the 5% threshold - No fee payable in respect of an issuer bid effected in reliance upon clause 93(3)(d) - Issuer exempted from the requirement to pay a fee in respect of the proposed acquisition.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 93(3)(d) and 104(2)(c).

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am. Schedule 1 s.32(1) and 59(2).

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

AND

IN THE MATTER OF
THE GENERAL REGULATION MADE UNDER THE SECURITIES ACT, R.R.O. 1990, REGULATION 1015, AS AMENDED
(the "Regulation")

AND

IN THE MATTER OF
THE NRG GROUP INC.

RULING
(Section 59 of Schedule 1)

UPON the application (the "Application") of The NRG Group Inc. ("NRG") to the Director of the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 59(2) of Schedule 1 (the "Schedule") to the Regulation exempting NRG from the requirement to pay the fee otherwise payable pursuant to clause 32(1)(a) of the Schedule;

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

AND UPON NRG having represented to the Director as follows:

1. NRG has been a reporting issuer under the Act since April 25, 2000 and is not on the list of defaulting reporting issuers maintained pursuant to subsection 72(9) of the Act.

2. The common shares of NRG (the "Shares") are listed and posted for trading on The Toronto Stock Exchange (the "TSE"). As of December 1, 2000, NRG had 31,197,595 Shares outstanding.

3. In March 2000, NRG entered into employment agreements (collectively, the "Agreements") with certain of its senior executives (each, an "Executive"), including John Rae-Grant ("Rae-Grant"), Vicki Saunders, Matthew Saunders and Richard Ford ("Ford"). Each of the Agreements provided that, if the Executive resigned his or her employment with NRG within 24 months of the date of the Agreement, NRG would have the option (the "Option"), exercisable within 60 days following such resignation, to acquire for an aggregate price of $1.00:

   (a) one-half of the aggregate number of Shares owned by the Executive at the time the Agreement was executed, plus one-half of the aggregate number of Shares acquired upon the exercise of stock options, if the Executive resigned within 12 months of the date of the Agreement; or

   (b) one quarter of the aggregate number of Shares owned by the Executive at the time the Agreement was executed, plus one quarter of the aggregate number of Shares acquired upon the exercise of stock options, if the Executive resigned more than 12 but less than 24 months after the date of the Agreement.

4. On December 7, 2000, Rae-Grant resigned his employment with NRG. Pursuant to the terms of his Agreement, NRG exercised the Option to acquire 1,013,782 Shares (being one-half of the Shares owned by Rae-Grant) for aggregate consideration of $1.00. The acquisition of these Shares, representing approximately 3.25% of the outstanding Shares, constituted an issuer bid within the meaning of the Act. The acquisition was effected in reliance upon the exemption from the requirements in sections 95-98 and 100 of the Act (the "Issuer Bid Requirements") contained in subsection 93(3)(d) of the Act (the "Employee Exemption").

5. NRG issued a news release on January 22, 2001 and filed a material change report pursuant to section 75 of the Act on January 23, 2001 disclosing, among other things, a new management structure, a corporate restructuring and its intention to reposition the company to concentrate on strategic venture capital investments in mid-stage infrastructure and wireless technology companies.

6. On January 22, 2001, Matthew Saunders, Vicki Saunders and Ford (collectively, the "Three Executives") resigned as officers of NRG and Ford resigned as a director of NRG. On the same date, NRG and the Three Executives entered into an arrangement (the "Arrangement") providing for NRG's retainer of the Three Executives for a 12 month period to provide consulting services to NRG with respect to the corporate restructuring and market re-positioning and

providing for Matthew Saunders and Vicki Saunders to continue as directors of NRG.

7. As part of the Arrangement, NRG and each of the Three Executives agreed to amend the terms of their Agreements such that NRG has the right to purchase from each of the Three Executives 333,334 Shares for total consideration of $1.00, being 1,000,002 Shares for a total payment by NRG of $3.00, in the aggregate. NRG and the Three Executives have agreed to complete this transaction (the "Purchase"), subject to obtaining all requisite regulatory approvals, and the Shares when purchased, will be cancelled.

8. The Purchase will constitute an issuer bid within the meaning of the Act. NRG cannot rely upon the Employee Exemption from the Issuer Bid Requirements because the proposed purchase from the Three Executives of 1,000,002 Shares, when aggregated with NRG's prior purchase of Shares from Rae-Grant, would exceed 5% of the outstanding Shares.

9. NRG intends to effect the Purchase in reliance upon a discretionary exemption from the Issuer Bid Requirements granted by the Ontario Securities Commission (the "Commission") on February 16, 2001.

10. If NRG could rely upon the Employee Exemption from the Issuer Bid Requirements, it would not be required to file a report in Form 42 in respect of the Purchase and, therefore, would not be required to pay a fee pursuant to clause 32(1)(a) of the Schedule. Absent the relief provided by this Ruling, NRG would be required to pay a fee of $800 in respect of the Purchase.

11. In connection with the Purchase, NRG and holders of Shares other than the Three Executives will benefit from the resulting reduction in the number of outstanding Shares at a nominal cost to NRG.

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

IT IS RULED, pursuant to subsection 59(2) of the Schedule, that NRG is exempt from the requirement to pay the fee otherwise payable pursuant to clause 32(1)(a) of the Schedule.

February 19, 2001.

"Ralph Shay"

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Chapter 3

Reasons: Decisions, Orders and Rulings

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

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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
Ca-Network Inc.	03 Apr 01	12 Apr 01	-	-
The Art Vault International Ltd.	22 Mar 01	-	03 Apr 01	-

4.1.2 Cease Trading Orders

Company Name	Date of Lapse/Expire
Arlington Resources Inc.	28 Mar 01

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Chapter 5

Rules and Policies

5.1.1 Rescission of NP Statement No. 30 Processing of "Seasoned Prospectuses"

NOTICE OF RESCISSION OF NATIONAL POLICY STATEMENT NO. 30 PROCESSING OF "SEASONED PROSPECTUSES"

RESCISSION OF NATIONAL POLICY

The Commission, together with the other members of the Canadian Securities Administrators (the "CSA"), has rescinded National Policy Statement No. 30 Processing of "Seasoned Prospectuses" ("NPS 30") effective April 30, 2001.

REASONS FOR RESCISSION

NPS 30, which became effective on December 5, 1978, established a filing and review procedure which was intended to create a shortened review period for prospectuses filed by issuers that file prospectuses on a repetitive basis or continually have a valid prospectus outstanding. In particular, NPS 30 provided that when a preliminary prospectus that is a seasoned prospectus is filed, it should be accompanied by a copy indicating the changes that have been made to the proceeding prospectus of the issuer. NPS 30 also provided that the prospectus should be accompanied by the certificate or certificates of lawyers, accountants or other responsible persons certifying that the blackline copy accurately reflects the changes.

The concept of filing a blackline copy of a preliminary prospectus and a certificate contained in NPS 30 for the purpose of shortening the review period has been substantially incorporated in National Policy 43-201 Mutual Reliance Review System for Prospectuses and AIFs for prospectus filings of non-mutual fund issuers and in National Instrument 81-101 Mutual Fund Prospectus Disclosure for prospectus filings of mutual fund issuers.

The CSA has determined that NPS 30 is no longer necessary given that the procedures contained in NPS 30 have been substantially included in National Policy 43-201 and National Instrument 81-101.

BACKGROUND

A notice of the proposed rescission of NPS 30 was published on November 19, 1999 ((1999) 22 O.S.C.B. 7340). Interested parties were invited to make written submissions with respect to the proposed rescission. No submissions were received.

UNPUBLISHED MATERIALS

In coming to this decision, the CSA have not relied on any significant unpublished study, report, decision or other materials.

RELATED INSTRUMENTS

None.

TEXT OF THE RESCISSION

"National Policy Statement No. 30 Processing of 'Seasoned Prospectuses' is rescinded effective April 30, 2001."

April 6, 2001.

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Chapter 6

Request for Comments

6.1.1 Proposed OSC Rule 45-501 Exempt Distributions

NOTICE OF PROPOSED RULE, POLICY AND FORMS UNDER THE SECURITIES ACTRULE 45-501 EXEMPT DISTRIBUTIONS COMPANION POLICY 45-501CP FORM 45-501F1, FORM 45-501F2, FORM 45-501F3 AND RESCISSION OF EXISTING RULE 45-501 AND COMPANION POLICY 45-501CP AND RULE 45-504 PROSPECTUS EXEMPTION FOR DISTRIBUTIONS OF SECURITIES TO PORTFOLIO ADVISERS ON BEHALF OF FULLY MANAGED ACCOUNTS

Introduction

On September 8, 2000, the Commission published for comment proposed Rule 45-501 Exempt Distributions (the "Proposed Rule"), Form 45-501F1, Form 45-501F2, Form 45-501F3 (the "Proposed Forms") and Companion Policy 45-501CP Exempt Distributions (the "Proposed Policy" and, together with the Proposed Rule and Proposed Forms, the "September Materials"). The Proposed Rule incorporates certain of the recommendations of the Task Force on Small Business Financing (the "Task Force") as set out in the October 1996 Report of the Task Force as it was presented to the Commission (the "Task Force Report") and will replace existing Rule 45-501 Exempt Distributions (the "Current Rule").

The Commission received submissions on the September Materials from 26 commentators. As a result of the comments received and the further consideration of the Commission, the Commission has made certain revisions to the Proposed Rule, Proposed Forms and Proposed Policy and is republishing the materials for comment (the "April Materials") with this Notice. A summary of the comments received on the September Materials and the Commission's responses are included in Appendix A.

For a discussion of the Commission's consideration of comments concerning the impact of the Proposed Rule on the distribution of pooled fund securities, see "Impact of Proposed Rule on the Distribution of Pooled Funds" in this Notice.

The Proposed Rule will also replaced Rule 45-504 Prospectus Exemption for Distributions of Securities to Portfolio Advisers on Behalf of Fully Managed Accounts ("Rule 45-504") which will be rescinded upon the coming into force of the Proposed Rule. The provisions of Rule 45-504 have been incorporated in the Proposed Rule.

Substance and Purpose of the Proposed Rule

In June 1994, the Commission established the Task Force with a mandate to make recommendations about the Ontario legislative and regulatory framework governing the raising of capital by small and medium-sized enterprises. In October 1996, the Task Force Report was published. The Commission established a staff committee to consider the Task Force Report and make recommendations for implementation. On May 7, 1999, the Commission published a concept paper entitled Revamping the Regulation of the Exempt Market ((1999) 22 OSCB 2835)(the "Concept Paper') which was based on the recommendations contained in the Task Force Report and outlined the Commission's proposals for revamping the regulation of the exempt market.

The Proposed Rule introduces two new exemptions reflecting the recommendation set out in the Task Force Report and the Concept Paper. The purpose of the new exemptions is to create an approach to exempt market regulation that is more consistent with the needs of that market and its investors. The new regime will provide a more rational basis for exempt financings than provided by the current exemptions. The Commission believes that the Proposed Rule represents a significant improvement over existing exempt market regulation.

The new exemptions are:

The Closely-Held Issuer Exemption - This exemption will permit issuers to raise a total of $3 million, through any number of financings, from up to 35 investors (excluding employees) without concern for the "qualifications" of the investors; and

The Accredited Investor Exemption – This exemption will permit issuers to raise any amount at any time from any person or company that meets specified qualification criteria.

The new exemptions will replace, among others, the private company exemption (paragraph 35(2)10 and subsection 73(1) of the Act), the private issuer exemption (section 2.17 of the Current Rule), the $150,000 exemption (paragraph 35(1)5 and clause 72(1)(d) of the Act), the seed capital exemption (paragraph 35(1)21 and clause 72(1)(p) of the Act) and the government incentive security exemption (section 2.4 of the Current Rule).

A detailed summary of the Proposed Rule may be found in the Notice published with the September Materials ((2000) 23 O.S.C.B. 6205).

Substance and Purpose of Proposed Policy

The purpose of the Proposed Policy is to set forth the views of the Commission as to the manner in which the Proposed Rule and the provisions of the Act relating to exempt distributions are to be interpreted and applied.

Summary of Changes to the Proposed Rule

The following is a summary of the substantive changes made to the September version of Proposed Rule and reflected in the April Materials.

Part 1 - Definitions

Accredited Investor

The family member exemption found in section 2.4 of the Proposed Rule in the September Materials has been removed as family members have been included in paragraph (q) of the definition of "accredited investor". The Commission determined that the benefits of creating a simple exempt market regime outweighed any investor protection concerns addressed by effectively prohibiting the participation of dealers in sales to family members. Including family members in the definition of accredited investor is consistent with the recommendations of the Task Force.

Paragraph (d) has been extended, based on a comment received, to include all federal and provincial co-operative financial institutions.

Paragraph (r) (formerly (q)) has been extended to include as accredited investors affiliated entities of the issuer. This change was made to address comments expressing concern that exemptions might not be available for certain transactions between members of a corporate group and for which the private company exemption would now be available.

In response to comments, the mutual fund prospectus disclosure requirements that were contained in paragraph (w) (formerly (v)) of the Proposed Rule have been removed. The Commission determined that mutual fund disclosure requirements are more appropriately dealt with in rules governing mutual fund disclosure.

Closely-held Issuer

The no advertising condition has been removed from the definition. In making the revision, the Commission recognized the potential difficulties surrounding determination of what constitutes advertising and the potential resulting uncertainty in the use of the exemption. The new exemption is intended to be a simpler, more straightforward exemption which obviates the need to engage legal counsel to ensure compliance with the exemption. The prohibition on an issuer incurring selling and promotional expenses in connection with trades made in reliance on the closely-held issuer exemption should effectively prohibit advertising without the associated uncertainty.

Part 2 - Exemptions from the Registration and Prospectus Requirements of the Act

The information statement delivery requirement has been removed as a condition of the exemption and included as a concurrent requirement. The revision was made to avoid uncertainty concerning the validity of trades where an information statement is not delivered as required.

The family member exemption in section 2.4 of the Proposed Rule in the September Materials has been removed and family members have been included in the definition of accredited investor.

The exemptions in this Part have been re-ordered to conform with the section numbers in Multilateral Instrument 45-102 Resale of Securities ("MI 45-102").

Section 2.13 of the Proposed Rule included in the September Materials which provided for the exemption for a trade in an underlying security where the right to purchase, convert or exchange is qualified by prospectus has been removed. The exemption will no longer be required once MI 45-102 is in force.

Part 3 - Removal of Certain Exemptions from the Registration and Prospectus Requirements

Subsection 3.4(2) has been added in order to allow a limited market dealer to act as a market intermediary in respect of trades made in reliance on the accredited investor exemption in section 2.3.

Part 4 - Offering Memorandum

Section 4.2 has been revised to remove the requirement to describe the statutory right of action in an offering memorandum as a condition to the availability of the exemption.

Part 7 - Filing Requirements and Fees

New subsection 7.5(7) provides an exemption from the reporting requirement for trades in securities of mutual funds or non-redeemable investment funds if the seller of the securities reports the trades annually. The exemption codifies *ad hoc* relief the Commission has granted on a regular basis.

Summary of Changes to the Proposed Policy

The Proposed Policy sets forth the views of the Commission as to the manner in which certain provisions of the Act and the rules relating to exempt distributions are to be interpreted and applied.

Part 2 - Exemptions from the Registration and Prospectus Requirements of the Act

Section 2.1 has been revised to clarify the interaction of the private placement exemptions, specifically relating to the use the exemption in section 2.1 of the Proposed Rule and the use of the services of an underwriter or sales agent in connection with the distribution. Sellers concurrently relying on the exemptions in sections 2.1 and 2.3 must ensure that

underwriters or sales agents are not involved in or compensated, directly or indirectly, for any trades made in reliance on section 2.1.

Subsection 2.2(1) has been added to provide guidance on the determination of accredited investor status for individuals. The subsection clarifies how to determine which financial assets should be included by providing the Commission's view on what factors are indicative of beneficial ownership of financial assets. Subsection 2.2(2) was added to clarify that spouses are to be treated as an "investing unit" and that either spouse may qualify as an accredited investor if both spouses taken together meet the financial asset or net income tests. This subsection further clarifies that the financial asset and net income tests are to be satisfied only at the time of the trade. The seller has no continuing obligation to monitor the purchaser's accredited investor status after the completion of the trade.

Subsection 2.3(1) has been added in order to provide guidance on the "common enterprise" concept. In particular, it clarifies that the concept is intended to operate as an anti-avoidance mechanism where multiple business entities are organized to finance a what is in essence a single business enterprise.

Section 2.7 has been added to alert market participants to the new resale instrument, MI 45-102 and to indicate that many of the exemptions contained in the current Rule will be contained in the resale instrument.

Part 3 - Certification of Factual Matters

This section has been revised to clarify that it is the seller's responsibility to ensure that trades in securities are made in compliance with applicable securities laws.

Impact of Proposed Rule on the Distribution of Pooled Funds

The Commission received considerable comment concerning the impact of the Proposed Rule on the distribution of securities of mutual funds and non-redeemable investment funds on a private placement basis, including those investment funds commonly referred to as "pooled funds". Commentators were particularly concerned that the proposed accredited investor exemption would adversely impact the distribution of pooled fund securities to non-accredited investors to the extent such distributions are currently being made using the $150,000 exemption. There was also concern about the expiry of Commission rulings exempting additional investments by such investors in amounts less than $150,000.

The Commission recognizes that many portfolio advisors are of the view that they should be permitted to use in-house pooled funds without the current restriction requiring a managed to acquire minimum of $150,000 worth of a fund or the proposed restriction which will require the principal of the managed account to be an accredited investor. This issue was also raised in connection with the introduction of Rule 45-504 and the Commission responded to this issue in the Notices of proposed Rule 45-504 [1].

The Commission has decided not to make material changes to the Proposed Rule at this time to address the concerns raised by commentators. It is the Commission's view that a review of the appropriate regulatory response regarding the exempt distribution of pooled funds taking into account, among other things, the extent to which the changes under the Proposed Rule serve the needs of pooled fund investors is required. Accordingly, the Commission has now mandated Commission staff to review the issues raised by pooled funds with a view to returning to the Commission with a proposed scheme.

The Commission expects that the implementation of the Proposed Rule will change the regulatory framework used by market participants to distribute pooled funds in the following ways:

- Market participants may sell securities of pooled funds to managed accounts provided the principal of the account is an accredited investor.

- Market participants will not be able to sell securities of pooled funds to clients who are not accredited investors, even where those clients already hold securities of those pooled funds. Persons or companies that are not accredited investors will be able to continue to hold securities of pooled funds which they acquired under exemptions from prospectus and registration requirements available prior to the coming into force of the Proposed Rule, but will not be eligible for exempt purchases of any additional securities.

Authority for the Proposed Rule and Forms

The following sections of the Act provide the Commission with authority to adopt the Proposed Rule and Proposed Forms. Paragraphs 143(1)8 and 20 authorize the Commission to make rules which provide for exemptions from the registration and prospectus requirements under the Act and for the removal of exemptions from those requirements. Paragraph 143(1)11 authorizes the Commission to make rules regulating the listing or trading of publicly traded securities and paragraph 143(1)13 authorizes the Commission to make rules regulating trading or advising in securities to prevent trading or advising that is fraudulent, manipulative, deceptive or unfairly detrimental to investors. Paragraph 143(1)39 authorizes the Commission to make rules requiring or respecting the media, format, preparation, form, content, execution, certification, dissemination and other use, filing and review of all documents required under or governed by this Act, the regulations or the rules and all documents determined by the regulations or the rules to be ancillary to the documents and paragraph 143(1)43 authorizes the Commission to make rules prescribing fees.

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1 See Notice of Proposed Rule 45-504 Prospectus Exemption for Distributions of Securities to Portfolio Advisers on Behalf of Fully Managed Accounts (1997) 20 OSCB 3367 and Notice of Final Rule 45-504 (1997) 21OSCB 959.

Related Instruments

The Proposed Rule and Proposed Policy are related in that they deal with the same subject matter. The Proposed Policy is related to Parts XII and XVII of the Act and Parts III and V of the Regulation.

Conflicting Regulations

In connection with the implementation of the Proposed Rule, it is the intention of the Commission to amend the Regulation under the Act to the extent that certain provisions of the Regulation require consequential amendment. The implementation of the Proposed Rule requires that the following amendments to the Regulation be made:

1. Subsections 149(1), (2) and (3), which deal with applications for exempt purchaser recognition, will be revoked since the exemptions for persons or companies that are exempt purchasers will no longer be available.

2. Clause 154(1)(c) refers to the exemptions from the prospectus requirement under clauses 72(1)(a), (c) and (d) of the Act, all of which will no longer be available. Clause 154(1)(c) will be amended to delete the references to these exemptions and to refer to the exemption for accredited investors set out in the Proposed Rule.

3. The definition of "designated institution" in subsection 204(1) of the Regulation will be amended to delete clause (i), which refers to an exempt purchaser, and to add a new clause (i) as follows:

   (i) a company or a person, other than an individual, that is an accredited investor as defined in section 1.1 of Ontario Securities Commission Rule 45-501 *Exempt Distributions*.

4. Subsection 45(1) of Schedule 1 - Fees will be revoked since applications for exempt purchaser recognition will no longer be accepted. Section 7.6 of the Proposed Rule prescribes the amount of fees payable in respect an application for accredited investor recognition.

5. Form 11, Application For Recognition As An Exempt Purchaser will be revoked since the related exemptions from the registration and prospectus requirements will no longer be available.

Comments

Interested parties are invited to make written submissions with respect to the Proposed Rule. Submissions received by May 7, 2001 will be considered. Please note that comments received after the deadline will not be considered.

Submissions should be made to:

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, Ontario M5H 3S8
email: **jstevenson@osc.gov.on.ca**

A diskette containing an electronic copy of the submissions (in DOS or Windows format, preferably WordPerfect) should also be submitted. As the Act requires that a summary of written comments received during the comment period be published, confidentiality of submissions received cannot be maintained.

Questions on the April Materials may be referred to:

Margo Paul
Manager Corporate Finance Branch
Tel: (416) 593-8136
Fax: (416) 593-8244
email: **mpaul@osc.gov.on.ca**

Iva Vranic
Manager Corporate Finance Branch
Tel.: (416) 593-8115
Fax: (416) 593-3683
email: **ivranic@osc.gov.on.ca**

Erez Blumberger
Legal Counsel, Corporate Finance Branch
Tel.: (416) 593-3662
Fax: (416) 593-3683
email: **eblumberger@osc.gov.on.ca**

Questions on pooled funds should be referred to:

Rebecca Cowdery
Manager, Investment Funds
Tel.: (416) 593-8129
Fax: (416) 593-3651
email: **rcowdery@osc.gov.on.ca**

Text of Proposed Rule

The text of the Proposed Rule, the Proposed Policy and the Proposed Forms follows, together with footnotes that are not part of the Proposed Rule, Companion Policy or Proposed Forms but have been included to provide both background and explanation.

Rescission of Existing Rule

The Proposed Rule will result in the rescission of Current Rule 45-501 and Rule 45-504. The text of the proposed rescissions will be as follows:

"Rule 45-501 Exempt Distributions is hereby rescinded."

"Rule 45-504 Prospectus Exemption for Distribution of Securities to Portfolio Advisers on Behalf of Fully Managed Accounts is hereby rescinded."

April 7, 2001.

APPENDIX A

SUMMARY OF COMMENTS RECEIVED BY THE COMMISSION ON PROPOSED RULE 45-501 *EXEMPT DISTRIBUTIONS*

Section references in this Appendix denote sections of the Proposed Rule or Companion Policy contained in the September Materials. Where a section number has changed as a result of changes to the September Materials, the corresponding section in the April Materials is included in square brackets.

A list of commentators is included in Schedule A.

GENERAL COMMENTS

Several commentators expressed the view that the proposed regime will not adequately address the capital raising needs of issuers throughout the various stages of their development. One commentator suggested including additional exemptions which occupy the middle ground between exemptions with very limited investor involvement on the one hand and very restrictive investor qualification standards on the other hand and should be designed using the full range and combination of investor safeguards, including stock exchange listings and broker involvement, as well as differing minimum purchase amounts, investor sophistication tests and disclosure requirements. Another commentator suggested that developing an exempt market regime similar to that in Alberta and British Columbia would address these concerns. third commentator suggested including a new exemption based on the percentage of an investor's aggregate small and medium business enterprise investments to his or her total equity. While some commentators suggested abandoning the proposals in favour of a regime identical to, or more similar to, that in the United States, other commentators disagreed.

The Commission recognizes that there are many potential types and combinations of exemptions that could be used to produce an exempt market regulatory regime. The Task Force canvassed the various possibilities including the regimes in British Columbia and the United States and determined that the proposed regime is most appropriate for the Ontario capital markets. The Commission agrees with the Task Force's recommendations and is of the view that the proposed regime will better facilitate capital formation in Ontario and ensure adequate investor protection.

Several commentators expressed the view that the initiative should have been national in scope to harmonize exempt market regulation across all Canadian jurisdictions for compliance purposes and to facilitate ease of doing business in Canada. Commentators indicated, however, that they support the Commission's decision to revise the Ontario regime at this time rather than postponing such revision in order to pursue harmonization with the exempt distribution regimes of the other jurisdictions.

The Commission recognizes the benefits that could be derived from a nationally harmonized exempt market regime and the Commission will continue to pursue the possibility of developing such a regime. However, the Commission is of the view that the goal of harmonization should not be permitted to

adversely affect the timely implementation of improvements to the Ontario capital markets.

One commentator was of the view that the proposals are inconsistent in some respects with the approach in the U.S. where the activities of private companies appear to be unrestricted. In particular, section 4 of the Securities Act of 1933 provides that the registration statement requirements of section 5 of the 1933 Act do not apply to "transaction by an issuer not involving any public offering".

The Commission recognizes that similar to the private companies in Ontario relying on the private company exemption, private companies in the United States could theoretically raise an unlimited amount of money on reliance in the exemption in subsection 4(b) provided the sales do not constitute a public offering. The Commission understands however that due to judicial gloss on what constitutes a public offering, the exemption is not necessarily as expansive as it appears and there is uncertainty as to its availability. The Commission further understands that as a result of the uncertainty, Rule 506 of Regulation D was introduced as a safe harbour. Rule 506 deems trades made in accordance with certain conditions not to be "transactions involving any public offering". The conditions require purchasers to be accredited investors or otherwise sophisticated.

In the closely-held issuer exemption, the Commission has formulated an exemption which will not create the uncertainty currently created by the private company exemption and the similar uncertainty created by subsection 4(b) of the 1933 Act in the United States.

SPECIFIC COMMENTS - THE RULE

Section 1.1 - Definitions

"Accredited Investor"

Paragraph (d)

One commentator was concerned that paragraph (d) does not include federally-incorporated cooperative credit unions and other associations incorporated under the *Cooperative Credit Associations Act* (Canada). The commentator submitted a revised definition of paragraph (d) that, in the commentator's view, would include all federal and provincial cooperative financial institutions.

The paragraph has been amended to ensure inclusion of include federally-incorporated cooperative credit unions and other associations incorporated under the Cooperative Credit Associations Act (Canada).

Paragraphs (m) and (n)

Several commentators were concerned about the monetary thresholds for determining accredited investor status. In general, these commentators expressed the view that the net worth and net income thresholds were too high for individuals, thereby limiting the pool of investment capital for small businesses. Commentators made a number of recommendations, including: (i) reducing the financial asset threshold from $1.0 million to $750,000; (ii) having a net worth threshold of $200,000 and limiting an individual's investment in a private placement to a maximum of 20% of his or her financial assets; and (iii) reducing the individual net income threshold to $150,000, or a joint net income threshold of $250,000.

Both the Task Force and the Commission dismissed the idea of exemptions which permit investors to invest a percentage of net worth or income as being too cumbersome. It is the Commission's view that determining whether an investor exceeds an asset threshold is much simpler than determining an exact level assets for the purposes of a percentage investment scheme.

The income thresholds are considered to be appropriate and are comparable with the thresholds for recognition as an accredited investor in the United States.

One commentator recommended inserting the words "or an RRSP or RRIF established by or for an individual" after the word "individual" in paragraph (m) and (n)

Paragraph (aa) of the definition of accredited investor provides that persons or companies all of whose legal and beneficial interests are held by accredited investors are also accredited investors. Therefore, where an individual is an accredited investor, a trust governed by a RRSP or RRIF under which the individual is the beneficiary and for which a trust company is the trustee will also be an accredited investor.

Another commentator stated that it was not clear how to determine net realizable value. The commentator made the assumption that net value means net of expenses of disposition but not of taxes. The commentator posed several questions such as whether appraisals would be required, how currencies should be treated as exchange rates change over time and whether RRSPs are included and, if so, whether pre or post-tax.

One of the reasons for moving from the net asset test in the Concept Paper to a financial asset test was to simplify the determination of eligibility. It was expected that valuations would generally not be required due to the nature of the assets included in the definition of financial assets. However, if there is difficultly in determining the value of an asset with reasonable certainty, a valuation may be appropriate.

Assets denominated in foreign currencies should be valued using the prevailing exchange rates at the time of the valuation. Personal RRSPs would generally fall within the definition of financial assets but entitlements under group RRSPs or pension plans typically would not be considered beneficially owned assets. The paragraph has been amended to clarify that the value attributed to financial assets should be determine before applicable taxes.

The Proposed Rule has also been revised to clarify that financial assets should be net of related liabilities. A new definition of related liabilities has been included in the Proposed Rule.

The Proposed Policy has been amended to include a discussion of the calculation of net assets for the purpose of determining eligibility.

One commentator recommended amending paragraph (n) to include individuals whose average net income over a period has exceeded $200,000 or whose average joint net income has exceeded $300,000, even if those levels have not been reached in each year.

The purpose of requiring earnings to exceed a certain level in each period is to ensure that the investor has consistent earning ability and is therefore in a position to withstand losses going forward.

Several commentators raised comments concerning the term "net income". One commentator recommended clarifying paragraph (n) by including a definition of "net income". Another commentator suggested that the definition of "net income" mean net income before income taxes. Another commentator asked what should be netted out of income and, in particular, whether the figure to use is net of living expenses and taxes. The commentator also asked whether capital gains would be included and, if so, pre or post-tax.

In response to comments, the Proposed Rule has been revised to qualify the term net income by clarifying that it is net income before taxes. The Commission is of the view that an appropriate net income figure to use for the purposes of determining eligibility is net income as calculated for federal income tax purposes prior to the deduction of income tax credits. That portion of an investor's capital gains added to income for tax purposes would be included in the net income figure on a pre-tax basis.

One commentator asked who would determine whether an investor's expectation of achieving the required income threshold in the coming year is reasonable.

The Commission is of the view that the seller of securities may rely on the investor's express expectation of income level for the coming year unless the issuer has reason to believe that the expectation is unreasonable.

One commentator suggested that the Rule should be available if the purchaser represents that it meets the asset or income thresholds, provided the issuer has no reason to believe that the representation is not correct.

The Commission is of the view that a seller and their legal counsel should determine the appropriate steps to ensure compliance with the exemption. Section 3.1 of the Proposed Policy provides a discussion of practical ways a seller could confirm accredited investor status. It should be noted however that section 3.1 of the Proposed Policy is only for informational purposes and a seller is ultimately responsible for taking the appropriate steps to ensure compliance with the exemption.

Paragraph (o)

A commentator recommended that paragraph (o) be expanded to include non-trading officers and directors of a member of the Investment Dealers Association.

The Commission is of the view that non-trading officers and directors of investment dealers should not be included in the accredited investor definition. Such officers and directors have generally not completed the proficiency requirements required to become a registrant which is the basis for the existence of this category of accredited investor. The Commission does not consider that registrants necessarily have the ability to assess all possible investments. Registrants are included as accredited investors because they are participants in the industry and should have the ability to determine when to seek advice concerning a particular potential investment.

Paragraph (p)

One commentator questioned whether family trusts established by or for an officer, director or promoter of the issuer should be included along with RRSP's in paragraph (p). The commentator noted that exemption orders issued by the Commission in the past have provided parallel treatment for trusts and RRSPs.

The Commission has determined that it is appropriate to incorporate the family member exemption into the accredited investor exemption rather than maintaining a separate the family member exemption. As such, the family members listed in the family member exemption in the Proposed Rule will be included in the definition of accredited investor. As a result of making family members accredited investors and the effect of paragraph (y)[aa] of the definition of accredited investor, family trusts will generally fall within the definition of accredited investor.

Also, a family trust with net assets of at least $5 million would otherwise qualify as accredited investor by virtue of paragraph (s)[t].

Paragraph (s)[t]

One commentator was concerned that the list of entities in paragraph (s)[t] would not include all potential types of investment vehicles in the venture capital market. The commentator suggested adding the words "or other similar investment vehicles" after the words "or estate". Alternatively, the commentator suggested amending paragraph (x)[z] to refer to paragraph (s)[t], although the commentator expressed that the latter option would be less preferable.

The category of accredited investor defined in paragraph (s)[t] is not restricted to entities that are carried on as investment vehicles. The commentator did not provide examples of any of the vehicles that would fall outside of the definition and which should be included. The Commission is not prepared to include a catch-all category. Ad hoc recognition as an accredited investor will be available in appropriate circumstances.

One commentator indicated that the "net asset" test would not work for investment vehicles that have the right to call on investors' funds for investment. These vehicles may not have the requisite level of net assets but may have the ability to call on substantial financing at any time.

The Commission is of the view that any reasonably sized vehicle would have an initial asset base of at least $5 million although they maintain the right to call upon a significant amount of the other funds. If the vehicle did not meet the asset threshold, ad hoc recognition as an accredited investor or exemption from the registration and/or prospectus requirements is available in appropriate circumstances.

One commentator was concerned the many substantial entities that are capitalized for various reasons principally with debt will not met the net assets threshold. The commentator recommended a gross assets or revenues test as well as a right to call on funds test of $5 million instead of the net assets test.

In many circumstances where an issuer would meet the asset threshold if financing was done in the form of equity instead of debt, the issuer will otherwise qualify as an accredited investor by virtue of paragraph (y)[aa].

Paragraph (t)[u]

One commentator was of the view that guidance should be given on the circumstances in which the Commission will recognize a person to be an accredited investor and suggested the circumstances should be broad enough to facilitate access by the less than wealthy who nevertheless are informed and wish to participate. The commentator indicated that broader access could be justified in the case were an offering memorandum is provided given the new statutory right of action.

The provision is intended to give the Commission flexibility to grant accredited investor status for particular circumstances not already considered and listed in the definition of accredited investor. All general circumstances which would give rise to accredited investor status are currently included. The Commission will consider applications for recognition on a case by case basis.

Paragraph (v)[w]

Three commentators suggested that disclosure of the type that would be required in the context of prospectus qualified mutual funds under paragraph (v)[w] is unnecessary and too detailed to be of use to the readers of mutual fund prospectuses. One of the commentators recommended that such disclosure be eliminated entirely or, alternatively, accompanied by an amendment to Form 81-101F2 which would only require such disclosure to be included in a fund's AIF and only if the fund's investments under this exemption were to exceed a prescribed percentage of the fund's net assets. Another commentator suggested that the disclosure requirements for prospectus qualified mutual funds would be more appropriately set out in a rule relating to mutual funds.

In response to comments and further consideration of the paragraph, the Commission has amended the Proposed Rule to remove the disclosure requirements of paragraph (v)[w]. The Commission has determined that disclosure requirements are more appropriately dealt with in the legislation and rules governing mutual fund prospectus disclosure.

Paragraph (w)[x]

Several commentators were concerned about the exclusion of securities of mutual funds and non-redeemable investment funds as permitted investments for the purpose of the definition of managed accounts in paragraph (w)[x]. One commentator was concerned that under the proposed regime discretionary investment managers currently using pooled funds to manage client accounts will be forced to either prospectus qualify existing pooled funds or liquidate units of pooled funds held in client accounts. Several commentators recommended that the definition of managed account be amended to permit purchases of in-house managed mutual funds or pooled funds where the portfolio advisor has discretionary authority to make investment decisions on behalf of the managed account.

The Commission will be considering under a separate initiative whether it is appropriate for managed accounts of persons and entities that are not accredited investors to be permitted to purchase units of mutual funds or non-redeemable investment funds on an exempt basis. The Notice indicates that a project has be commenced to examine in-house pooled funds and their use to determine whether or not they present any unique regulatory concerns. The Commission recognizes the valuable input that it has received to date on pooled funds and encourages stakeholders to continue to participate in the development of an appropriate regulatory framework.

The accredited investor exemption will provide greater flexibility for many managed accounts. Under the new exemption, managed accounts of persons or entities that are accredited investors will no longer be required to purchase pooled fund securities in $150,000 increments or seek ad hoc relief for the purchase of additional securities. Such managed accounts will be able to purchase any amount of pooled fund securities at any time.

Commentators indicated that one effect of the removal of the exempt purchaser exemptions was to remove the ability of accounts that are fully managed by trust companies to purchase any amount of units of pooled funds.

The Proposed Rule has been amended to permit accounts that are fully managed by trust companies to continue the activities they are currently permitted to conduct. In particular, a new paragraph (y) has been included in the definition of accredited investor which makes trust managed managed accounts accredited investors irrespective of the type of securities to be acquired.

Paragraph (y)[aa]

One commentator stated that subsidiaries and affiliates of other accredited investors should be expressly included.

Paragraph (y)[aa] provides that persons or companies wholly owned by persons or companies that are accredited investors are also accredited investors. Also, paragraph (q)[r] has been amended to provide that persons or companies that are affiliated with the issuer are also accredited investors.

Other

One commentator recommended that the definition of accredited investor include minor children, minor grandchildren and dependants of persons mentioned in subsections 1.1(m) and (n).

Children and other family members of accredited investors can be given the benefit of acquisitions of securities in reliance and the exemption through the use of trusts or other structures which would fall within paragraph (y)[aa] of the definition.

Two commentators suggested that the definition include endowments, foundations and group RRSPs.

Certain of the noted entities may fall within the definition of accredited investor if they take the form of a person or entity referred to in paragraph (s)[l] and have the requisite asset level or if they are registered charities.

"Closely-held Issuer"

Several commentators questioned why the pool of investors was limited to 35 persons or companies, given that the existing "private issuer" exemption permits 50 prospective purchasers.

The "35 unaccredited investor" limit provided for in the proposed closely-held issuer exemption represents a balance between: (a) facilitating small companies' access to capital; and (b) limiting the potential risk assumed by unsophisticated investors. The closely-held issuer exemption is designed to be used by companies to raise investment capital from people and entities known by the issuer's principals and not through broad solicitations of potential investors. The private issuer exemption achieved a similar objective by prohibiting offers to the public. The closely-held issuer exemption is intended to remove the uncertainty surrounding this concept but still limit general solicitations through the prohibition on an issuer which incurred promotional or selling expenses.

Furthermore, the closely-held issuer exemption may prove less numerically restrictive than the private issuer exemption because accredited investors would count toward the 50 investor limit for purposes of the private issuer exemption whereas they would not count toward the 35 investor limit under the closely-held issuer exemption.

One commentator was of the view that the investor limit should be 35 shareholders and not 35 security holders so as to avoid the otherwise required analysis of what is a security. The commentator also suggested that the limit should be calculated on the basis of legal ownership as the determination of beneficial ownership is often very difficult if not impossible and also potentially invasive.

The Commission is of the view that the definition in the Act of the term "security" provides adequate guidance on what constitutes a security. A threshold based on shareholders as opposed to security holders would permit issuers to undertake significant financing through the issuance of debt or other "non-share" securities. Also, the term "share" is not defined in Ontario securities law and therefore it would be possible to avoid inclusion of certain securities through arbitrary labelling.

The Commission considers it appropriate to base the threshold on beneficial ownership. Closely-held issuers will generally be smaller issuers where determining beneficial ownership should be straightforward. Depositories and intermediaries would generally not be involved with the securities of closely-held issuers.

One commentator suggested that the definition of "closely held issuer" appears to exclude a "private mutual fund". The commentator, therefore, requested that the Commission clarify whether the prospectus exemption in subsection 73(1)(a) of the Act for securities of a private mutual fund will continue to be available after implementation of the Proposed Rule.

The Commission is not proposing to remove the exemption for trades in securities of private mutual funds contained in clause 73(1)(a) of the Act.

One commentator, in support of their view that the closely held issuer exemption is not simple, highlighted that an issuer proposing to rely on the exemption would be required to determine whether there had ever been advertising in connection with the sale of its securities.

The Proposed Rule has been revised to remove the no advertising condition in the definition of closely-held issuer and the prohibition on advertising in the closely-held issuer exemption. In making the revisions, the Commission recognized the potential difficulties surrounding determination of what constitutes advertising. It should be noted however that the Proposed Rule still provides that selling or promotional expenses may not be incurred in connection with a trade made in reliance on the closely-held issuer exemption.

One commentator indicated that the exemption suggests that if an issuer has advertised at any time in the past then they are prohibited from using the exemption. The commentator suggested that the restriction should only pertain to advertising undertaken after the implementation of the exemption and should preferably only apply to advertising in connection with the trade in question.

As noted above, the restriction on advertising in connection with the closely-held issuer exemption has been removed from the Proposed Rule.

"Financial Assets"

Several commentators recommended adopting a broader definition of the term "financial assets". For example, commentators suggested that "financial assets" should include real estate held for investment purposes, alternative investments such as futures contracts, insurance contracts, RRSPs, group RRSPs and pension plans. With regard to real estate, one commentator suggested including the net equity or unencumbered value of such assets.

The definition is intended to generally include liquid assets that an investor can afford to lose and the value of which is relatively easy to determine. Insurance contracts, group RRSPs and pension plan entitlements are illiquid assets and therefore not appropriate to include in the definition. Real estate holdings are generally relatively illiquid and difficult to value.

The Companion Policy provides guidance in how to determine what assets constitute financial assets.

"Exchangeable Security" and "Exchange Issuer"

One commentator suggested that the definitions should not require a reporting issuer.

Reporting issuer status is required to ensure that investors do not receive securities of a non-reporting issuer on exchange. This requirement ensures that there is disclosure in the

marketplace concerning the issuer of the securities to be received on exchange and that the security holder does not receive securities subject to resale restrictions.

Section 2.1 - Exemption for a Trade in a Security of a Closely-Held Issuer

General

One commentator was of the view that the new exemption was not simple and would require a review of all past financing to determine compliance with the $3 million cap.

The $3 million cap only applies to trades made pursuant to the exemption. Proceeds from trades made prior to the coming into force of the Proposed Rule would not count towards the threshold. The Commission is of the view that a closely-held issuer should be able to determine fairly readily from its corporate records the total amount of all proceeds received from distributions made in reliance on the exemption.

One commentator was concerned that the exemption would not adequately protect investors as promoters could literally go "door to door" or use telemarketing to lawfully sell securities while only having to provide the information statement. The commentator was of the view that investors should be provided with a prescribed form of offering memorandum.

The closely-held issuer exemption is intended to be a simple exemption which can be used by new and small issuers to raise funds without the need to involve professional advisors. The exemption represents a balance between the risks assumed by investors investing pursuant to the exemption and the creation of a simple exemption which will facilitate capital formation in Ontario.

A commentator expressed concern over the proposed removal of the private company exemption. The commentator was concerned that transactions which are effectively private transactions but which involve funds over $3 million and where all the investors are not accredited investors would now be excluded from the exempt market regime.

In recognition of the comment, paragraph (q)[r] of the definition of accredited investor has been amended to provide that affiliates of issuers are accredited investors. The amendment should alleviate the concerns expressed by the commentator.

Investor and Investment Limits

One commentator expressed the view that the investor and investment limits under the closely-held issuer exemption failed to adequately account for the multiple stages in which emerging companies are typically financed. The commentator, therefore, suggested that the restrictions in the exemption should be redesigned or a separate distribution exemption should be introduced incorporating annual rolling investor and investment limits.

In the view of the Commission, the proposed revisions provide a simple and flexible regulatory scheme which will facilitate the raising of capital throughout the various stages of business development while providing appropriate investor protection. In particular, the closely-held issuer exemption will allow issuers to raise a significant amount of capital from 35 investors irrespective of the relationship of the investors to the issuer. The 35 investors exclude certain employees and accredited investors including family members. The flexibility of the accredited investor exemption will allow issuers increased access to the angel and venture capital markets.

The Commission is not prepared to amend the exemption to provide for such things as annual "refreshments" of the exemption as the current thresholds provide an appropriate overall level of acceptable risk having regard for the characteristics of the capital markets in Ontario.

The Commission will monitor the efficacy of the proposed regime following implementation and address any issues that arise concerning the exemptions and access to capital accordingly.

Another commentator viewed the $3 million proceeds cap as too restrictive. The commentator recommended increasing the proceeds cap to $5 million.

The Commission has determined that the $3 million dollar cap represents an appropriate balance between facilitation of capital formation and investor protection. Under the proposed cap, 35 investors could each invest approximately $85,000 which represents a significant individual investment level.

One commentator inquired whether the $3 million threshold was net or gross of expenses and commission.

The $3 million threshold represents the gross proceeds received from distributions made in reliance on the exemption.

Information Statement

One commentator expressed the view that the proposed information statement would neither adequately inform nor protect purchasers. The commentator was concerned that the lack of meaningful information for purchasers could result in funds being raised by unscrupulous persons for very weak projects, and that this may have a negative effect on the reputation and integrity of the junior capital markets across all Canadian jurisdictions. The commentator, therefore, recommended extending the provision to require that purchasers be provided with an offering memorandum.

The information statement is not intended to inform investors about the issuer or investing generally. The information statement is intended to provide prospective purchasers with some guidance as to the information concerning the issuer they may want to review prior to making an investment and to also remind investors of the risks associated with investing, particularly in smaller issuers.

The Commission did not mandate an offering memorandum requirement for use of the closely-held issuer exemption as the utilization of the exemption is intended to be straightforward and inexpensive. The time and cost associated with preparing such documentation would outweigh the benefits derived from such a requirement. Issuers are free to provide offering memorandum to purchasers purchasing under the exemption.

Another commentator was concerned that the validity of securities issued in reliance on the closely-held issuer exemption may be subsequently called into question in the

event that the information statement is not provided to the purchaser at least four days prior to the trade. The commentator also expressed the view that there may be ambiguity about whether the information statement was "provided" to the purchaser. The commentator suggested that the provision be amended to provide that the purchaser may rescind the trade at any time up until the fourth day following the date upon which he or she is provided with the information statement.

The requirement to provide an information statement has been removed as a condition of the exemption and included as a concurrent requirement. As a result, the failure to deliver the information statement should not bring the validity of a trade made in reliance on the exemption into question. However, failure to deliver an information statement would constitute a contravention of Ontario securities law and trigger the enforcement powers of the Commission.

One commentator suggested that the proposal be modified to clarify that the information statement must be provided at least 4 days before the commitment date given the "in furtherance of" aspect of the definition of "trade".

In the view of the Commission, the date of a firm commitment is the date of the trade for the purposes of the information statement delivery requirement. Therefore, the information statement is required to be provided at least four days prior to the commitment date.

Promoters

One commentator was of the view that the promoter condition should be based on the knowledge of the issuer given the vagueness of the definition of promoter.

It is expected that the promoter of a closely-held issuer would generally be a principal of the issuer and therefore the issuer should be in a position to satisfy itself that the condition has or has not been met.

Advertising and Selling Expenses

One commentator recommended clarifying what would constitute "selling" expenses by inserting the words "except for expenses relating to administrative or professional services".

It is the Commission's view that this provision does not require qualification. Some clarification has been provided in section 2.1 of the Proposed Policy.

Certain commentators recommended that the advertising and selling expenses prohibition be eliminated. Two commentators expressed the view that a company that offers or sells its securities by advertising should not be disqualified from relying on the closely-held issuer exemption.

The Proposed Rule has been amended to remove the prohibition on advertising in the definition of closely-held issuer and in the closely-held issuer exemption.

A commentator suggested that a closely-held issuer should be able to use a brokerage firm to raise capital in a private placement. The commentator also suggested that a brokerage firm should be allowed to raise capital for a closely-held issuer through a password protected web-site on the internet where investors are pre-qualified as qualified investors.

The exemption does not expressly prohibit participation by market intermediaries. However, an important investor protection aspect of the exemption is the effective exclusion of market intermediaries. The exemption is intended to encourage capital raising from investors with some relation to the issuer. The exemption is not intended to facilitate general solicitations to unsophisticated investors through networks of market intermediaries. The Commission is of the view that permitting such general solicitations would be contrary to its investor protection mandate under the Act.

Anti-Avoidance

One commentator recommended including a definition of "common enterprise" in the Proposed Rule. The commentator was concerned that use of the exemption would require a complex analysis of the "common enterprise" concept.

The Companion Policy has been revised to provide clarification concerning the "common enterprise" concept. Common ownership interests or substantially similar business undertakings are the principal considerations in applying the "common enterprise" concept.

Section 2.3 - Exemption for a Trade to an Accredited Investor

Several commentators were concerned about the compliance obligations that would be imposed on the issuer under the net worth and net income provisions. Two commentators recommended that an issuer be able to rely on a representation from an investor that they have accredited investor status. Another commentator suggested that if, upon becoming a client, an investor satisfies the accredited investor requirements, the exemption should continue to apply until such time as the investor notifies the investment manager otherwise. In the alternative, the commentator recommended that the accredited investor exemption should apply during any one calendar year, provided that the investor has certified his or her continuing accredited investor status to the investment manager.

The Commission is of the view that it is the issuer's responsibility for taking appropriate actions to ensure compliance with the exemption. The Commission does not consider it appropriate to mandate the methods by which an issuer can satisfy its responsibility. Issuers are under similar obligations with certain current exemptions such as the seed capital exemption.

Purchasing As Principal

One commentator requested confirmation that the purchase by a manager on behalf of a managed account under subsection 1.1(w)[x] would be considered to be a purchase by the account "as principal" under section 2.3.

It is the view of the Commission that in circumstances described, the portfolio manager is acting in the capacity of agent for the managed account purchasing as principal.

Family Law Principles

Two commentators were concerned about the interaction of the accredited investor exemption with family law principles. One commentator suggested that paragraph (n) of the definition of "accredited investor" should include a requirement that a spouse consent to, or otherwise signal awareness of, the use of his or her assets to qualify his or her spouse as an accredited investor. The same commentator suggested that this requirement could be satisfied by having the spouse provide a declaration of consent.

The asset and income thresholds are solely measures of sophistication. They do not obviate the need to comply with other applicable requirements, restrictions or prohibitions that arise from securities regulation or elsewhere.

Section 2.4 - Exemption for a Trade to a Family Member of an Officer, Director or Promoter of the Issuer

The Members

Some commentators were concerned about the limited scope of the family member exemption. Two commentators recommended that the exemption should be extended to include siblings and one commentator recommended that it should be expanded to include close friends and business associates of the senior officers and directors of an issuer.

The Commission has determined that it is appropriate to incorporate the family member exemption into the accredited investor exemption rather than maintaining a separate the family member exemption. As such, the family members listed in the family member exemption in the Proposed Rule will be included in the definition of accredited investor. The Commission does not consider it appropriate expand the definition of accredited investor to permit trades to siblings or close friends and business associates. The closely-held issuer exemption is intended to facilitate trades to such individuals.

Advertising and Selling Expenses

One commentator recommended clarifying what would constitute "selling" expenses in subsection 2.4(c) by inserting the words "except for expenses relating to administrative or professional services".

The family member exemption has been removed and the noted condition is no longer applicable to sales to family members made under the accredited investor exemption.

Information Statement

One commentator questioned whether the regulatory protections under the family member exemption would adequately protect purchasers. The commentator recommended that the family member exemption be amended to include a requirement that purchasers be provided with an information statement substantially similar to Form 45-501F3.

The Task Force recommended the inclusion of family members in the definition of accredited investor on the basis that their close relationship with principals of the issuer alleviated investor protection concerns. The Commission is of the view that provision of the information statement to family members is not necessary and that they should be treated in a manner consistent with the treatment of other accredited investors.

Section 2.6 - Exemption for a Trade in Connection with a Securities Exchange issuer Bid

One commentator recommended that the condition in the section which provides that the issuer not be in default should be based on a knowledge standard since one may not be aware of defaults.

The Act provides for the provision of certificates indicating that an issuer is not in default of the requirements of the Act or regulations and therefore compliance with the requirement is not unduly onerous.

Section 2.8 - Exemption for a Trade upon Exercise of Conversion Rights in a Convertible Security

One commentator recommended that both substantive and drafting amendments be made to subsection 2.8. The commentator suggested that the subsection be amended to include language that would result in the complete exemption being found in one place.

The approach taken in the Proposed Rule is consistent with the general approach to rule drafting taken by the Commission.

Section 2.12 - Exemption for a trade in a Security Acquired in Connection with a Take-over Bid

One Commentator was of the view that issuers with actual or *pro forma* assets should be exempt from subsection (d) since it is an RTO-related anti-avoidance provision which has only served to create the need for additional exemptive relief in Ontario that does not apply in other provinces.

This section has been removed from the Proposed Rule. First trades in securities acquired pursuant to subsection 72(1)(j) are dealt with in MI 45-102.

Section 3.1 - Removal of Certain Exemptions Generally

Three commentators were concerned about the proposed replacement of the $150,000 exemption with the net assets and net income tests. Two of the commentators expressed the view that the $150,000 exemption is a useful financing option that should be maintained for use in Ontario alongside the proposed exemptions. One commentator suggested that the minimum investment amount should be reduced to $97,000. Another commentator, however, suggested that the $150,000 exemption provides investors with greater protection and regulators with a more effective means of monitoring compliance than either the net assets or net income tests.

The asset and net worth tests are based on the Task Force's conclusion that an investor's sophistication should be measured primarily by the ability to withstand the loss of the investment. While using either a "net worth" test or an income test to determine whether a potential investor can afford to lose an investment cannot fully assess sophistication, such

tests do provide a strong proxy for sophistication. The Commission agrees with the Task Force's conclusion that the $150,000 it not an appropriate proxy for sophistication and therefore maintaining the $150,000 dollar exemption is not supportable.

Certain commentators were concerned that the removal of the "seed capital" and "government incentive securities" exemptions would impede capital-raising activities. In particular, one commentator noted that some small issuers that have relied upon the seed capital and government incentive securities exemptions to market flow-through share offerings in the past, would not be able to rely on the closely-held issuer exemption.

The accredited investor exemption is intended to replace the noted exemptions. The seed capital and government incentive securities exemptions both require purchasers to be sophisticated. The Commission has, through the definition of accredited investor, set out what entities and persons it considers to be sophisticated. The accredited investor exemption will be available for many if not all of the financings now completed in reliance on the seed capital and government incentive securities exemptions.

Several commentators were concerned that the proposed exemptions and the manner in which they are being implemented will not provide an exempt distribution regime which is expansive enough to best serve Ontario's capital markets. According to one commentator, any revisions to the exempt distribution regime should supplement, rather than substitute, the current exemptions. In particular, the commentator suggested that exemptions should be introduced in Ontario modelled on British Columbia's $25,000 exemption and the short form document exemption.

As noted previously, the proposed revisions provide a simple and flexible regulatory scheme which will facilitate the raising of capital throughout the various stages of business development while providing appropriate investor protection. The Commission will monitor the efficacy of the new regime to ensure it is meeting the needs of the marketplace and its investors.

Section 3.3 - Removal of Exemptions for Securities of a Private Mutual Fund with a Promoter or Manager

The Proposed Rule removes the exemptions from the registration and prospectus requirements for trades in a security of a private mutual fund if it is administered by a trust company and there is a promoter or manager of the mutual fund other than the trust company. One commentator recommended that the term "manager" be defined and suggested that the definition should not inhibit a trust company from exercising its fiduciary responsibilities and appointing a portfolio adviser other than itself if it considers that to do so would be in the best interest of security holders of the common trust fund.

The prohibitions would not ordinarily prevent a trust company from contracting for advisory services so long as the trust company remains the manager of the fund. Management of a fund would include responsibility for the investment decisions of the fund.

Section 3.4 - Removal of Registration Exemptions for Market Intermediaries

One commentator was of the view that the closely-held issuer exemption, like the private company exemption, should be available to market intermediaries.

The Commission is of the view that making the exemption available to market intermediaries is inconsistent with the restriction on selling and promotional expenses.

Part 4 - Offering Memorandum

Two commentators recommended deleting the provision providing for the removal of the closely-held issuer exemption, the accredited investor exemption and the family member exemption if the statutory right of action is not described in the offering memorandum. The commentators suggested that while it made sense to require such disclosure under the previous regime where there was a contractual right of action, such disclosure is no longer necessary where there is a statutory right of action.

The Commission is of the view that it is appropriate for investors to be made aware of their rights under the Act. The requirement to disclose the statutory right of action is consistent with the similar disclosure requirement in the prospectus context.

Section 6.5 - The Resale Of An Underlying Security of a Multiple Convertible Security or an Exchangeable Security Acquired under Certain Exemptions

One commentator expressed the view that section 6.5 should apply only to the resale of underlying securities acquired pursuant to an exemption from the prospectus requirement. The commentator was concerned that, as drafted, section 6.5 would apply to securities acquired in a trade which does not itself constitute a distribution. The commentator, therefore, recommended inserting the words "under an exemption from the prospectus requirement" after "[a] trade in an underlying security acquired".

The proposed addition to the section is not required due to the definition of "type 1 trade" in the Proposed Rule which only includes trades made under an exemption from the prospectus requirement.

Part 7 - Filing Requirements and Fees

Another commentator suggested that the proposed Form 45-501F3 should be redrafted in a way more appropriate to the variety of potential recipients. The commentator was concerned that sophisticated non-accredited investors may find the tone of the form to be somewhat condescending.

The Form has been prepared having regard for divergent characteristics of potential recipients. The Commission would only be concerned with the alleged condescending tone if the tone alone would prevent what the commentator refers to as "sophisticated non-accredited investors" from making an investment.

Several commentators expressed the view that the filing and fee requirements are too onerous for professional investment counsellors who rely upon exempt distributions when offering units of pooled funds to investors. Two commentators recommended that the filing and fee requirements be amended to provide an exemption for continuously offered pooled funds to fully managed accounts. In the alternative, the commentators recommended amending the filing and fee requirements to permit filings to be completed on an annual basis and to provide for a reduced flat fee. Two commentators recommended that an annual fee based on assets under administration be adopted. In the further alternative, one commentator suggested harmonizing the filing and fee requirements across all Canadian jurisdictions.

The Proposed Rule has been amended to include a new provision which provides an exemption from the filing requirement in connection with distributions of units of pooled funds to managed accounts provided a fund report all trades in a financial year within 30 days of the end of the year and pays the requisite fee at that time. The relief is contained in subsection 7.5(7) of the Proposed Rule.

The fees payable in connection with exempt trades are being examined as part of a project which is looking at the entire fee structure of the Commission. It would therefore be premature to provide any type of fee relief in the Proposed Rule.

One commentator noted that the Commission has granted orders to a number of investment managers permitting them to file the required form and pay the fee annually for all units of a pooled fund issued in the relevant year. The commentator noted that most of these orders specifically applied to "a trade in units of a fund made pursuant to clause 72(1)(a), 72(1)(c) or 72(1)(d) of the Act...". The commentator requested confirmation that, notwithstanding these statutory references, investment managers would be able to continue to rely on these orders and file the required form for pooled funds on an annual basis.

The rulings granted prior to the coming into force of the rule generally would not be effective for trades made in reliance on the accredited investor exemption. However, as noted above, similar relief has been included in the Proposed Rule.

Another commentator suggested that portfolio managers should be permitted to put the name of the portfolio manager in item 5, as deemed principle, when investing managed accounts through in-house managed pooled funds. According to the commentator, the identity of the managed accounts should remain confidential given the private nature of the discretionary contractual relationship between a portfolio manager and a client.

The Commission does not believe there is reason to treat those investors that utilize advisory services in a different manner than other investors.

Form 45-501F2

The form requires a certification that the trade is an arm's length transaction made in good faith which certification is not required be subsection 2.5(2) or (3) of National Instrument 45-102.(SR)

The form has been amended to remove the requirement for certification of the arm' length nature of the transaction.

SPECIFIC COMMENTS - THE COMPANION POLICY

Section 2.3 - Sunset of Pooled Fund Rulings

One commentator was concerned about the Commission's intention to dispense with "sprinkling orders" granted under subsection 74(1) of the Act. The commentator noted that as a consequence of the restrictive definition of "financial assets", some pooled fund investors would not be able to rely on any exemptions.

To the extent that a investor invested in pooled funds in reliance on the $150,000 exemptions and the investor does not fall within the definition of accredited investor, that investor would generally be restricted from acquiring further units of the fund on an exempt basis.

The same commentator questioned whether the reference in section 2.3 of the Proposed Policy to section 2.1 of the Proposed Rule was a typographical error. The commentator suggested that the correct reference is section 2.3 of the Proposed Rule.

The reference in section 2.3 has been changed accordingly.

Section 3.1 - Seller's Certificate

One commentator recommended that the requirement for a "statutory declaration" under section 3.1 of the Proposed Policy be eliminated. The commentator suggested that a representation from the investor would be sufficient for the purposes of the Policy and the Proposed Rule and that such a representation should be permitted to be given electronically (i.e., by clicking a spot on a website).

The Proposed Policy provides suggestions of possible alternative ways in which sellers can ensure they are able to rely on a particular exemption. It does not mandate the provision of statutory declarations. Also, the Commission has determined that it is neither necessary nor appropriate to specify acceptable media.

Part 4 - Offering Memorandum

One commentator suggested that in order to ensure purchasers in Ontario and the United States are provided with the same level of information, and in order to promote consistency between existing and proposed exemptions, the provision excluding future oriented financial information in offering memoranda should be removed.

The regulation of future oriented financial information is being examined in connection with the development of proposed National Instrument 52-101Future Oriented Financial Information.

Other Comments

One commentator recommended that the Proposed Policy clarify the point in time at which any test set forth in the Proposed Rule would be satisfied. The commentator suggested that the appropriate point in time is at the time of the investment, and is not a continuing test during the life of the investment.

The Proposed Policy has been revised to clarify that the tests are point in time tests and are not required to be satisfied on an ongoing basis.

SCHEDULE A - LIST OF COMMENTATORS

1. Allen & Allen
2. Armstrong Perkins Hudson LLP
3. Barclays Global Investors
4. BayStreetDirect Inc.
5. BCE Inc.
6. Business Law Section, Canadian Bar Association (Ontario)
7. Canadian Bankers Association
8. Canadian Venture Capital Association
9. Canadian Venture Exchange
10. Connor, Clark & Lunn Investment Management Ltd.
11. Credit Union Central of Canada
12. Information Technology Association of Canada
13. Investment Counsel Association of Canada
14. Investment Funds Institute of Canada
15. Mary Condon, Associate Professor, Osgoode Hall Law School
16. McCarthy Tetrault
17. Meighen Demers
18. Nexus Investment Management Inc.
19. Northern Securities Inc.
20. Osler, Hoskin & Harcourt LLP
21. Sharwood Inc.
22. Simon Romano
23. Steven J. Trumper
24. TD Asset Management Inc.
25. RT Investment Management Holdings Inc.
26. Royal Bank of Canada

ONTARIO SECURITIES COMMISSION RULE 45-501

EXEMPT DISTRIBUTIONS

PART 1 DEFINITIONS

1.1 Definitions - In this Rule

"accredited investor" means

(a) a bank listed in Schedule I or II, or an authorized foreign bank branch listed in Schedule III, of the *Bank Act* (Canada);

(b) the Business Development Bank incorporated under the *Business Development Bank Act* (Canada);

(c) a loan corporation or trust corporation registered under the *Loan and Trust Corporations Act* or under the *Trust and Loan Companies Act (Canada)*, or under comparable legislation in any other jurisdiction;

(d) a co-operative credit society, credit union central, federation of caisses populaires, credit union or league, or regional caisse populaire, or an association under the *Cooperative Credit Associations Act* (Canada), in each case, located in Canada;[2]

(e) a company licensed to do business as an insurance company in any jurisdiction;

(f) a subsidiary of any company referred to in paragraph (a), (b), (c), (d) or (e), where the company owns all of the voting shares of the subsidiary;

(g) a person or company registered under the Act or securities legislation in another jurisdiction as an adviser or dealer, other than a limited market dealer;

(h) the government of Canada or of any jurisdiction, or any crown corporation, instrumentality or agency of a Canadian federal, provincial or territorial government;

(i) any Canadian municipality or any Canadian provincial or territorial capital city;

(j) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any instrumentality or agency thereof;

(k) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a provincial pension commission or similar regulatory authority;

(l) a registered charity under the *Income Tax Act* (Canada);

(m) an individual who, either alone or jointly with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds $1,000,000;[3]

(n) an individual whose net income before taxes exceeded $200,000 in each of the two most recent years or whose net income before taxes combined with that of a spouse exceeded $300,000 in each of those years and who, in either case, has a reasonable expectation of exceeding the same net income level in the current year;[4]

(o) an individual who has been granted registration under the Act or securities legislation in another jurisdiction as a representative of a person or company referred to in paragraph (g), whether or not the individual's registration is still in effect;

(p) an officer, director or promoter of the issuer or an affiliated entity of a promoter of the issuer;

(q) a spouse, parent, grandparent or child of an individual referred to in paragraph (p);

(r) a person or company that, in relation to the issuer, is an affiliated entity or a person or company referred to in clause (c) of the definition of distribution in subsection 1(1) of the Act;[5]

(s) an issuer that is acquiring securities of its own issue;

(t) a company, limited partnership, limited liability partnership, trust or estate, other than a mutual fund or non-redeemable investment fund, that had net assets of at least $5,000,000 as shown on its most recently prepared financial statements;

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2 This category has been revised to include federal and provincial cooperative financial institutions.

3 This category has been amended to clarify that financial assets are to be valued on a pre-tax basis but net of related liabilities. A definition of "related liabilities" has been added to the revised Rule.

4 This category has been amended to clarify that accreditation is based on net income before taxes.

5 This category has been expanded to include affiliated entities, as defined in subsection 1.2(1).

(u) a person or company that is recognized by the Commission as an accredited investor;

(v) a mutual fund or non-redeemable investment fund that, in Ontario, distributes its securities only to persons or companies that are accredited investors;

(w) a mutual fund or non-redeemable investment fund that, in Ontario, distributes its securities under a prospectus for which a receipt has been granted by the Director;[6]

(x) a managed account if it is acquiring a security that is not a security of a mutual fund or non-redeemable investment fund;

(y) an account that is fully managed by a trust corporation registered under the *Loan and Trust Corporations Act*;

(z) an entity organized outside of Canada that is analogous to any of the entities referred to in paragraphs (a) through (g) in form and function; and

(aa) a person or company in respect of which all of the owners of interests, direct or indirect, legal or beneficial, are persons or companies that are accredited investors;

"closely-held issuer"[7] means an issuer, other than a mutual fund or non-redeemable investment fund, whose outstanding securities

(a) are subject to restrictions on transfer contained in the constating documents of the issuer or one or more agreements among the issuer and the holders of its securities; and

(b) are beneficially owned, directly or indirectly, by not more than 35 persons or companies, exclusive of

(i) persons or companies that are, or at the time they last acquired securities of the issuer were, accredited investors; and

(ii) current or former employees of the issuer or an affiliated entity of the issuer, or current or former consultants as defined in Rule 45-503 Trades to Employees, Executives and Consultants, who in either case beneficially own only securities of the issuer that were issued as compensation by, or under an incentive plan or arrangement of, the issuer or an affiliated entity of the issuer;

provided that:

(A) two or more persons who are the joint registered holders of one or more securities of the issuer shall be counted as one beneficial owner of those securities; and

(B) a corporation, partnership, trust or other entity shall be counted as one beneficial owner of securities of the issuer unless the entity has been created or is being used primarily for the purpose of acquiring or holding securities of the issuer, in which event each beneficial owner of an equity interest in the entity or beneficiary of the entity, as the case may be, shall be counted as a separate beneficial owner of those securities of the issuer;

"convertible security" means a security of an issuer that is convertible into, or carries the right of the holder to purchase, or of the issuer to cause the purchase of, a security of the same issuer;

"entity" means a company, syndicate, partnership, trust or unincorporated organization;

"exchangeable security" means a security of an issuer that is exchangeable for, or carries the right of the holder to purchase, or of the exchange issuer to cause the purchase of, a security of another issuer;

"exchange issuer" means an issuer that distributes securities of a reporting issuer held by it in accordance with the terms of an exchangeable security of its own issue;

"financial assets" means cash, securities, or any deposit or evidence thereof that is not a security for the purposes of the Act;

"managed account" means an investment portfolio account of a client established in writing with a portfolio adviser who makes investment decisions for the account and has full discretion to trade in securities of the account without requiring the client's express consent to a transaction;

"multiple convertible security" means a security of an issuer that is convertible into or exchangeable for, or carries the right of the holder to purchase, or of the issuer or exchange issuer to cause the purchase of, a convertible security, an exchangeable security or another multiple convertible security;

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6 The requirement proposed in the previous version of the revised Rule that the prospectus contain certain disclosure provisions has now been removed.

7 The restrictions on advertising included in the definition of "closely-held issuer" and in the exemption, as proposed previously, have now been removed.

"MI 45-102" means Multilateral Instrument 45-102 Resale of Securities;

"portfolio adviser" means

(a) a portfolio manager; or

(b) a broker or investment dealer exempted from registration as an adviser under subsection 148(1) of the Regulation if that broker or investment dealer is not exempt from the by-laws or regulations of The Toronto Stock Exchange or the Investment Dealers' Association of Canada referred to in that subsection;

"Previous Rule" means Rule 45-501 Exempt Distributions as it read when it was published on January 8, 1999 at (1999) 22 OSCB 56;

"related liabilities" means liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets and liabilities that are secured by financial assets;[8]

"spouse", in relation to an individual, means another individual to whom that individual is married, or another individual of the opposite sex or the same sex with whom that individual is living in a conjugal relationship outside marriage;

"Type 1 trade" means a trade in a security under an exemption from the prospectus requirement in clause 72(1)(a), (b), (c), (d), (l), (m), (p) or (q) of the Act, or section 2.3 of this Rule, or section 2.4, 2.5 or 2.11 of the Previous Rule;

"Type 2 trade" means a trade in a security under an exemption from the prospectus requirement in clause 72(1)(f) (other than a trade to an associated consultant or investor consultant as defined in Rule 45-503 Trades to Employees, Executives and Consultants), (h),(i),(j),(k) or (n) of the Act, or section 2.5 or 2.8 of this Rule; and

"underlying security" means a security issued or transferred, or to be issued or transferred, in accordance with the terms of a convertible security, an exchangeable security or a multiple convertible security.

1.2 Interpretation

(1) In this Rule a person or company is considered to be an affiliated entity of another person or company if one is a subsidiary entity of the other, or if both are subsidiary entities of the same person or company, or if each of them is controlled by the same person or company.

(2) In this Rule a person or company is considered to be controlled by a person or company if

(a) in the case of a person or company,

(i) voting securities of the first-mentioned person or company carrying more than 50 percent of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person or company, and

(ii) the votes carried by the securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned person or company;

(b) in the case of a partnership that does not have directors, other than a limited partnership, the second-mentioned person or company holds more than 50 percent of the interests in the partnership; or

(c) in the case of a limited partnership, the general partner is the second-mentioned person or company.

(3) In this Rule a person or company is considered to be a subsidiary entity of another person or company if

(a) it is controlled by,

(i) that other, or

(ii) that other and one or more persons or companies each of which is controlled by that other, or

(iii) two or more persons or companies, each of which is controlled by that other; or

(b) it is a subsidiary entity of a person or company that is the other's subsidiary entity.

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8 This is a new definition added as a result of a change to paragraph (m) of the definition of "accredited investor", which clarifies the manner in which financial assets are to be valued for accreditation purposes.

PART 2 EXEMPTIONS FROM THE REGISTRATION AND PROSPECTUS REQUIREMENTS OF THE ACT[9]

2.1 Exemption for a Trade in a Security of a Closely-held Issuer

(1) Sections 25 and 53 of the Act do not apply to a trade in a security of a closely-held issuer if

(a) following the trade, the issuer will be a closely-held issuer and the aggregate proceeds received by the issuer, and any other issuer engaged in common enterprise with the issuer, in connection with trades made in reliance upon the exemption in this section will not exceed $3,000,000;

(b) no promoter of the issuer has acted as a promoter of any other issuer that has issued a security in reliance upon this exemption within the twelve months preceding the trade; and

(c) no selling or promotional expenses are paid or incurred in connection with the trade.

(2) If a trade is made under subsection 2.1(1), the seller shall provide an information statement substantially similar to Form 45-501F3 to the purchaser of the security at least four days prior to the date of the trade unless, following the trade, the issuer will have not more than five beneficial holders of its securities.[10]

2.2 Exemption for a Trade in a Variable Insurance Contract

(1) Sections 25 and 53 of the Act do not apply to a trade by a company licensed under the *Insurance Act* in a variable insurance contract that is

(a) a contract of group insurance;

(b) a whole life insurance contract providing for the payment at maturity of an amount not less than three quarters of the premiums paid up to age 75 for a benefit payable at maturity;

(c) an arrangement for the investment of policy dividends and policy proceeds in a separate and distinct fund to which contributions are made only from policy dividends and policy proceeds; or

(d) a variable life annuity.

(2) For the purposes of subsection (1), "contract", "group insurance", "life insurance" and "policy" have the respective meanings ascribed to them by sections 1 and 171 of the *Insurance Act*.

2.3 Exemption for a Trade to an Accredited Investor - Sections 25 and 53 of the Act do not apply to a trade in a security if the purchaser is an accredited investor and purchases as principal.

2.4 Exemption for a Trade by a Control Person in a Security Acquired under a Formal Take-Over Bid

(1) Section 53 of the Act does not apply to a trade that is a control person distribution in a security that was acquired under a formal bid as defined in Part XX of the Act, if

(a) the offeree issuer had been a reporting issuer for at least 12 months at the date of the bid;

(b) subject to subsection (2), the intention to make the trade was disclosed in the take-over bid circular for the take-over bid;

(c) the trade is made within the period commencing on the date of the expiry of the bid and ending 20 days after that date;

(d) a notice of intention and a declaration prepared in accordance with Form 23 to the Regulation are filed by the seller before the trade;

(e) an insider report under Form 55-101F1 is filed by the seller within three days after the completion of the trade; and

(f) no unusual effort is made to prepare the market or to create a demand for the securities and no extraordinary commission is paid for the trade.

(2) Paragraph (1)(b) does not apply to a trade to another person or company that made a competing formal bid for securities of the same issuer for a per security price not greater than the per security consideration offered by that other person or company in its take-over bid.

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9 Certain exemptions contained in this Part in the version of the revised Rule published previously have now been moved to Multilateral Instrument 45-102 Resale of Securities ("MI 45-102") and several of the remaining exemptions have been renumbered and/or reordered.

10 The requirement to provide an information statement has been moved from the closely-held issuer exemption into a new subsection (2), such that this requirement is no longer a condition to the availability of the exemption.

11

2.5 Exemption for a Trade in Connection with a Securities Exchange Issuer Bid - Sections 25 and 53 of the Act do not apply to a trade in a security that is exchanged by or for the account of the offeror with a securityholder of the offeror in connection with an issuer bid as defined in Part XX of the Act if, at the time of the trade, the issuer whose securities are being issued or transferred is a reporting issuer not in default under the Act or the regulations.

2.6 Exemption for a Trade upon Exercise of Conversion Rights in a Convertible Security - Sections 25 and 53 of the Act do not apply to a trade by an issuer in an underlying security of its own issue to a holder of a convertible security or multiple convertible security of the issuer on the exercise by the issuer of its right under the convertible security or multiple convertible security to cause the holder to convert into or purchase the underlying security or on the automatic conversion of the convertible security or multiple convertible security, if no commission or other remuneration is paid or given to others for the trade except for administrative or professional services or for services performed by a registered dealer.

2.7 Exemption for a Trade upon Exercise of Exchange Rights in an Exchangeable Security - Sections 25 and 53 of the Act do not apply to a trade by an exchange issuer in an underlying security to a holder of an exchangeable security or multiple convertible security of the exchange issuer on the exercise by the exchange issuer of its right under the exchangeable security or multiple convertible security to cause the holder to exchange for or purchase the underlying security or on the automatic exchange of the exchangeable security or multiple convertible security, if the exchange issuer delivers to the Commission a written notice stating the date, amount, nature and conditions of the proposed trade, including the net proceeds to be derived by the exchange issuer if the underlying securities are fully taken up and either

(a) the Commission has not informed the exchange issuer in writing within 10 days after the delivery of the notice that it objects to the proposed trade, or

(b) the exchange issuer has delivered to the Commission information relating to the underlying security that is satisfactory to and accepted by the Commission.

2.8 Exemption for a Trade on an Amalgamation, Arrangement or Specified Statutory Procedure - Sections 25 and 53 of the Act do not apply to a trade in a security of an issuer in connection with

(a) a statutory amalgamation or statutory arrangement; or

(b) a statutory procedure under which one issuer takes title to the assets of another issuer that in turn loses its existence by operation of law or under which one issuer merges with one or more issuers, whether or not the securities are issued by the merged issuer.

2.9 Exemption for a Trade in a Security under the Execution Act - Sections 25 and 53 of the Act do not apply to a trade in a security by a sheriff under the *Execution Act*, if

(a) there is no published market as defined in Part XX of the Act in respect of the security;

(b) the aggregate acquisition cost to the purchaser is not more than $25,000; and

(c) each written notice to the public soliciting offers for the security or giving notice of the intended auction of the security is accompanied by a statement substantially as follows:

These securities are speculative. No representations are made concerning the securities, or the issuer of the securities. No prospectus is available and the protections, rights and remedies arising out of the prospectus provisions of the *Securities Act*, including statutory rights of rescission and damages, will not be available to the purchaser of these securities.

2.10 Exemption for a Trade in Debt of Conseil Scolaire de L'île de Montréal - Sections 25 and 53 of the Act do not apply to a trade if the security being traded is a bond, debenture or other evidence of indebtedness of the Conseil Scolaire de L'île de Montréal.

2.11 Exemption for a Trade to a Registered Retirement Savings Plan or a Registered Retirement Income Fund - Sections 25 and 53 of the Act do not apply to a trade in a security by an individual or an associate of an individual to a RRSP or a RRIF established by or for that individual or under which that individual is a beneficiary.

12

11 The family member exemption in section 2.4 of the version of the revised Rule published on September 8, 2000 has been removed as family members have now been included in the definition of "accredited investor".

12 Section 2.13 of the revision of the revised Rule published on September 8, 2000 has been deleted as this exemption will be included in MI 45-102.

PART 3 REMOVAL OF CERTAIN EXEMPTIONS FROM THE REGISTRATION AND PROSPECTUS REQUIREMENTS

3.1 **Removal of Certain Exemptions Generally** - The exemptions from the registration requirement in paragraphs 3, 4, 5, 18 and 21 of subsection 35(1) and paragraph 10 of subsection 35(2) of the Act and the exemptions from the prospectus requirement in clauses (a), (c), (d), (l) and (p) of subsection 72(1) and clause (a) of subsection 73(1) as it relates to paragraph 10 of subsection 35(2) of the Act are not available for a trade in a security.

3.2 **Removal of Exemptions for Bonds, Debentures and Other Evidences of Indebtedness** - The exemption from the registration requirement in subparagraph 1(c) of subsection 35(2) and the corresponding exemption from the prospectus requirement referred to in clause 73(1)(a) of the Act are not available for a trade in a bond, debenture or other evidence of indebtedness that is subordinate in right of payment to deposits held by the issuer or guarantor of the bond, debenture or other evidence of indebtedness.

3.3 **Removal of Exemptions for Securities of a Private Mutual Fund with a Promoter or Manager** - The exemption from the registration requirement in paragraph 3 of subsection 35(2) and the corresponding exemption from the prospectus requirement referred to in clause 73(1)(a) of the Act are not available for trades in a security of a private mutual fund if it is administered by a trust company and there is a promoter or manager of the mutual fund other than the trust company.

3.4 **Removal of Registration Exemptions for Market Intermediaries**

(1) The exemptions from the registration requirement in subsection 2.2(1) and sections 2.1, 2.3, 2.5, 2.6, 2.7, 2.8, 2.9 and 2.11 are not available to a market intermediary.

(2) Despite subsection (1), a limited market dealer may act as a market intermediary in respect of a trade referred to in section 2.3.

PART 4 OFFERING MEMORANDUM

4.1 **Application of Statutory Right of Action** - The right of action referred to in section 130.1 of the Act shall apply in respect of an offering memorandum delivered to a prospective purchaser in connection with a trade made in reliance upon an exemption from the prospectus requirement in section 2.1 or 2.3.

4.2 **Description of Statutory Right of Action in Offering Memorandum** - If the seller delivers an offering memorandum to a prospective purchaser in connection with a trade made in reliance upon an exemption from the prospectus requirement in section 2.1 or 2.3, the right of action referred to in section 130.1 of the Act shall be described in the offering memorandum.[13]

4.3 **Delivery of Offering Memorandum to Commission** - If an offering memorandum is provided to a purchaser of securities in respect of a trade made in reliance upon an exemption from the prospectus requirement in section 2.1 or 2.3, the seller shall deliver to the Commission a copy of the offering memorandum within 10 days of the date of the trade.

PART 5 DEALER REGISTRATION

5.1 **Removal of Exemption unless Dealer Registered for Trade Described in the Exemption** - An exemption from the registration requirement or from the prospectus requirement in the Act or the regulations that refers to a registered dealer is not available for a trade in a security unless the dealer is registered in a category that permits it to act as a dealer for the trade described in the exempting provision.

PART 6 RESTRICTIONS ON RESALE OF SECURITIES ACQUIRED UNDER CERTAIN EXEMPTIONS

6.1 **Resale of a Security Acquired by a Promoter** - A trade by a promoter of an issuer in a security of the issuer acquired under an exemption from the prospectus requirement in section 2.1 or 2.3 is a distribution unless the conditions in subsection (2) or (3) of section 2.9 of MI 45-102 are satisfied.

6.2 **Resale of a Security Acquired under Section 2.1** - A trade in a security acquired under the exemption from the prospectus requirement in section 2.1, other than a trade referred to in section 6.1, is subject to section 2.6 of MI 45-102.

6.3 **Resale of a Security Acquired under Section 2.3** - A trade in a security acquired under an exemption from the prospectus requirement in section 2.3, other than a trade referred to in section 6.1, is subject to section 2.5 of MI 45-102.

6.4 **Resale of a Security Acquired under Clause 72(1)(h) of the Act** - A trade in a security acquired under the exemption from the prospectus requirement in clause 72(1)(h) of the Act, other than a trade to which section 6.5 applies, is subject to section 2.6 of MI 45-102.

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[13] Subsection 4.2 has been revised to provide that it is a requirement resulting from reliance upon the exemption in section 2.1 or 2.3 and not a condition to the availability of either exemption.

6.5 **Resale of an Underlying Security of a Multiple Convertible Security, Convertible Security or an Exchangeable Security Acquired under Certain Exemptions** - A trade in an underlying security acquired on conversion or exchange of a multiple convertible security, convertible security or exchangeable security, if the multiple convertible security, convertible security or exchangeable security was acquired in a Type 1 trade, is subject to section 2.5 of MI 45-102.

6.6 **Resale of a Security Acquired under Section 2.6 or 2.7** - A trade in an underlying security acquired under an exemption from the prospectus requirement in section 2.6 or 2.7 on a forced conversion or exchange of a multiple convertible security, convertible security or exchangeable security acquired by the holder in a Type 2 trade, is subject to section 2.6 of MI 45-102.

6.7 **Resale of a Security Acquired under Section 2.5 or 2.8** - A trade in a security acquired under an exemption from the prospectus requirement in section 2.5 or 2.8 is subject to section 2.6 of MI 45-102, unless, in the case of a security acquired under section 2.5, the trade is exempt under section 2.9 of MI 45-102.

6.8 **Resale of Security Acquired under Certain Exemptions in Rule 45-503** - A trade under an underlying security acquired under exemption from the prospectus requirement in section 2.2, 3.1, 3.2, 3.3, 5.1 or 8.1 of Rule 45-503 Trades to Employees, Executives and Consultants, other than a trade by an associated consultant or investor consultant as defined in Rule 45-503 Trades to Employees, Executives and Consultants, is subject to section 2.6 of MI 45-102.

6.9 **Resale of a Security Acquired under Section 2.11** - A trade in a security acquired under the exemption from the prospectus requirement in section 2.11 is subject to section 2.5 or 2.6 of MI 45-102, whichever section was applicable to the person or company making the initial trade.

PART 7 FILING REQUIREMENTS AND FEES

7.1 **Form 45-501F1** - Every report that is required to be filed under subsection 72(3) of the Act or subsection 7.5(1) shall be filed in duplicate and prepared in accordance with Form 45-501F1.

7.2 **Form 45-501F2** - Every report that is required to be filed under subsection 7.5(2) shall be filed in duplicate and prepared in accordance with Form 45-501F2.

7.3 **Fees for Form 45-501F1**

(1) A report filed in Form 45-501F1 shall be accompanied by a fee equal to the greater of

(a) $100; and

(b) subject to subsection (2), the amount calculated using the formula,

A + B

where

"A" is 0.02 percent of the aggregate gross proceeds realized in Ontario from the distribution of securities, other than special warrants, for which the report filed in Form 45-501F1 is filed, and

"B" is 0.04 percent of the aggregate gross proceeds realized in Ontario from the distribution of special warrants for which the report filed in Form 45-501F1 is filed.

(2) The amount calculated under subsection (1) is considered to be $100 if the report filed in Form 45-501F1 is filed for,

(a) a trade in securities if there is no change in beneficial ownership of the securities as a result of the trade;

(b) a subsequent trade in securities acquired under an exemption from the prospectus requirement in clause 72(1)(b) or (q) of the Act or section 2.3; or

(c) a subsequent trade in securities acquired prior to 6, 2001 under an exemption from the prospectus requirement in clause 72(1)(a), (c), (d), (l) or (p) of the Act or section 2.4, 2.5 or 2.11 of the Previous Rule.

7.4 **Fees for Form 45-501F2** - A report filed in Form 45-501F2 shall be accompanied by a fee of $100.

7.5 **Exempt Trade Reports**

(1) Subject to subsections (7) and (8), if a trade is made in reliance upon the exemption from the prospectus requirement in section 2.3, other than a trade to a person or company referred to in paragraphs (p) through (s) of the definition of "accredited investor" in section 1.1, the seller shall, within 10 days of the trade, file a report in accordance with section 7.1.

(2) If a trade is made in reliance upon the conditions in subsection (2) or (3) of section 2.5 of MI 45-102 being satisfied, the seller shall, within 10 days of the trade, file a report in accordance with section 7.2.

(3) If a trade is made in reliance upon the conditions in subsection (2) or (3) of section 2.9 of MI 45-102 being satisfied, the seller shall comply with the requirements of subsections (4) to (7) of that section.

(4) If a trade is made under section 2.6, the issuer shall file the notice and pay the fees prescribed by section 20 of Schedule 1 to the Regulation as if the underlying security had been acquired in a distribution exempt from section 53 of the Act by subclause 72(1)(f)(iii) of the Act.

(5) If a trade is made under section 2.7, the exchange issuer shall pay the fees prescribed by section 21 of Schedule 1 to the Regulation as if the security had been acquired in a distribution exempt from section 53 of the Act by clause 72(1)(h) of the Act.

(6) If a trade is made under section 2.8, the issuer shall pay the fees prescribed by section 23 of Schedule 1 to the Regulation as if section 23 referred to section 2.8 instead of clause 72(1)(i) of the Act.

(7) A report is not required under subsection (1) where, by a trade under section 2.3, a bank, loan corporation or trust corporation acquires from a customer an evidence of indebtedness of the customer or an equity investment in the customer acquired concurrently with an evidence of indebtedness.

(8) Despite subsection (1), a report in respect of a trade in a security of a mutual fund or non-redeemable investment fund made in reliance upon the exemption from the prospectus requirement in section 2.3 may be filed not later than 30 days after the financial year end of the mutual fund or non-redeemable investment fund.

7.6 **Fees for Accredited Investor Application** - An application for recognition, or for renewal of recognition, as an accredited investor shall be accompanied by a fee of $500.

PART 8 TRANSITIONAL PROVISIONS

8.1 **Accredited Investor Definition Includes Exempt Purchaser** - The definition of "accredited investor" in section 1.1 includes, prior to 6, 2001, a person or company that is recognized by the Commission as an exempt purchaser.

8.2 **Resale of a Security Acquired under Section 2.4, 2.5 or 2.11 of the Previous Rule** - A trade in a security acquired under an exemption from the prospectus requirement in section 2.4, 2.5 or 2.11 of the Previous Rule is subject to section 2.5 of MI 45-102.

8.3 **Resale of an Underlying Security of a Multiple Convertible Security, Convertible Security or an Exchangeable Security Acquired under Certain Exemptions** - A trade in an underlying security acquired on conversion or exchange of a multiple convertible security, convertible security or exchangeable security, if any of the multiple convertible security, convertible security or exchangeable security was acquired under an exemption from the prospectus requirement in section 2.4, 2.5 or 2.11 of the Previous Rule, is subject to Section 2.5 of MI 45-102.

8.4 **Resale of a Security Acquired by a Promoter under Section 2.3 or 2.15 of the Previous Rule** - A trade by a promoter of an issuer in a security of the issuer acquired under an exemption from the prospectus requirement in section 2.3 or 2.15 of the Previous Rule is a distribution unless the conditions in subsection (2) or (3) of section 2.9 of MI 45-102 are satisfied.

8.5 **Resale of a Security Acquired under Section 2.17 or Subsection 2.18(1) of the Previous Rule** - A trade in a security acquired under an exemption from the prospectus requirement in section 2.17 of the Previous Rule, or in subsection 2.18(1) of the Previous Rule after the issuer has ceased to be a private issuer for purposes of the *Securities Act* (British Columbia), is subject to section 2.6 of MI 45-102.

FORM 45-501F1

Securities Act (Ontario)

Report under Section 72(3) of the Act or Section 7.5(1) of Rule 45-501

(To be used for reports of trades made in reliance upon clause 72(1)(b) or (q) of the Act, or Section 2.3 of Rule 45-501)

1. **Full name and address of the seller.**

2. **Full name and address of the issuer of the securities traded.**

3. **Description of the securities traded.**

4. **Date of the trade(s).**

5. **Particulars of the trade(s).**

Name of Purchaser and Municipality and Jurisdiction of Residence	Amount or Number of Securities Purchased	Purchaser Price	Total Purchase Price (Canadian $)	Exemption Relied Upon

6. **The seller has prepared and certified a statement containing the full legal name and the full residential address of each purchaser identified in section 5 and a certified true copy of the list will be provided to the Commission upon request.**

7. **State the name and address of any person acting as agent in connection with trade(s) and the compensation paid or to be paid to such agent.**

8. **Calculation of Fees payable upon filing Form 45-501F1: (See section 7.3 of Rule 45-501 Exempt Distributions (Revised)).**

   Total Fees payable: $

9. **Certificate of seller or agent of seller.**

The undersigned seller hereby certifies, or the undersigned agent of the seller hereby certifies to the best of the agent's information and belief, that the statements made in this report are true and correct.

DATED at

this day of , 20___.

(Name of seller or agent - please print)

(Signature)

(Official capacity - please print)

(Please print name of individual whose signature appears above, if different from name of seller or agent printed above)

Notice Collection and Use of Personal Information

The personal information prescribed by this form is collected on behalf of and used by the Ontario Securities Commission for purposes of administration and enforcement provisions of the securities legislation in Ontario. All of the information prescribed by this form, except for the information contained in the statement required to be prepared and certified by the seller under section 6 of this form, is made available to the public under the securities legislation of Ontario. If you have any questions about the collection and use of this information, contact the Ontario Securities Commission at the address below:

Ontario Securities Commission
Suite 1903, Box 55,
20 Queen Street West
Toronto, Ontario M5H 3S8
Attention: Administrative Assistant to the Director of Corporate Finance
Telephone: (416) 593-8200
Facsimile: (416) 593-8177

Instructions:

1. In answer to section 7 give the name of the person or company who has been or will be paid remuneration directly related to the trade(s), such as commissions, discounts or other fees or payments of a similar nature. It is not necessary to include payments for services incidental to the trade such as clerical, printing, legal or accounting services.

2. If the space provided for any answer is insufficient, additional sheets may be used and must be cross-referred to the relevant item and properly identified and signed by the person whose signature appears on the report.

3. Cheques must be made payable to the Ontario Securities Commission in the amount determined in section 8 above.

4. Please print or type and file two signed copies with:

Ontario Securities Commission
Suite 1900, Box 55,
20 Queen Street West
Toronto, Ontario M5H 3S8

FORM 45-501F2

Securities Act (Ontario)
Report under section 7.5(2) of Rule 45-501

1. **Full name and address of the seller.**

2. **Full name and address of reporting issuer whose securities were traded.**

3. **Particulars of the trade(s).**

Date of Trade	Type of Security	Amount or Number of Securities Traded	Selling Price

4. **Full name and municipality of residence of the party from whom the seller acquired the securities and the date of acquisition.**

5. **Certificate of seller or agent of seller.**

The undersigned seller hereby certifies, or the undersigned agent of the seller hereby certifies to the best of the agent's information and belief, that:

(1) the information given in this report is true and correct, and

(2) (a) no unusual effort has been made to prepare the market or create a demand for the securities, and

(b) no extraordinary commission or consideration has been or has been agreed to be paid in respect of the trade covered by this report.

Instructions:

1. If the space provided for any answer is insufficient, additional sheets may be used and must be cross-referred to the relevant item and properly identified and signed by the person whose signature appears on the report.

2. Cheques must be made payable to the Ontario Securities Commission in the amount prescribed in section 7.4 of Rule 45-501 Exempt Distributions (Revised).

3. Please print or type and file two signed copies with:

Ontario Securities Commission
Suite 1900, Box 55,
20 Queen Street West
Toronto, Ontario M5H 3S8

DATED at

this day of , 20___.

(Name of seller or agent - please print)

(Signature)

(Official capacity - please print)

(Please print name of individual whose signature appears above, if different from name of seller or agent printed above)

Notice Collection and Use of Personal Information

The personal information prescribed by this form is collected on behalf of and used by the Ontario Securities Commission for purposes of administration and enforcement provisions of the securities legislation in Ontario. All of the information prescribed by this form, except for the information contained in the statement required to be prepared and certified by the seller, is made available to the public under the securities legislation of Ontario. If you have any questions about the collection and use of this information, contact the Ontario Securities Commission at the address below:

Ontario Securities Commission
Suite 1903, Box 55,
20 Queen Street West
Toronto, Ontario M5H 3S8
Attention: Administrative Assistant to the Director of Corporate Finance
Telephone: (416) 593-8200
Facsimile: (416) 593-8177

FORM 45-501F3
FORM OF INFORMATION STATEMENT

Introduction

Ontario securities laws have been relaxed to make it easier for small businesses to raise start-up capital from the public. Many potential investors may view this change in securities laws as an opportunity to "get in on the ground floor" of emerging businesses and to "hit it big" as these small businesses grow into large ones.

Statistically, most small businesses fail within a few years. Small business investments are among the most risky that investors can make. This information statement suggests matters for you to consider in deciding whether to make a small business investment.

Risks and Investment Strategy

A basic principle of investing in a small business is: **NEVER MAKE A SMALL BUSINESS INVESTMENT THAT YOU CANNOT AFFORD TO LOSE IN ITS ENTIRETY**. Never use funds that might be needed for other purposes, such as a post-secondary education, retirement, loan repayment or medical expenses, and never borrow money to make such an investment. Instead use funds that you already have set aside and that otherwise would be used for a consumer purchase, such as a vacation or a stereo system.

Never let anyone convince you that the investment is not risky. Any such assurance is almost always inaccurate. Among other risk factors, small business investments generally are highly illiquid, even if they are not subject to any legal restrictions on their transferability. This lack of liquidity means that, if the company takes a turn for the worse or if you suddenly need the funds you have invested in the company, you may not be able to sell your securities.

Also, it is important to realize that, just because the proposed offering of securities is permitted under Ontario securities law does not mean that the particular investment will be successful. Neither the Ontario Securities Commission nor any other government agency evaluates or endorses the merits of investments. Anyone who suggests that the Ontario Securities Commission has endorsed the merits of the investment is breaking the law.

If you plan to invest a large amount of money in a small business, you should consider investing smaller amounts in several small businesses. A few highly successful investments can offset the unsuccessful ones. Even when using this strategy, **DO NOT INVEST FUNDS YOU CANNOT AFFORD TO LOSE IN THEIR ENTIRETY**.

Analyzing the Investment

Although there is no magic formula for making successful investment decisions, certain factors are often considered particularly important by professional venture investors. Some questions to consider are as follows:

1. How long has the company been in business? If it is a start-up or has only a brief operating history, are you being asked to pay more than the shares are worth?

2. Consider whether management is dealing unfairly with investors or putting itself in a position where it will be unaccountable to investors. For example, is management taking salaries or other benefits that are too large in light of the company's stage of development? Are outside investors putting up 80% of the money but receiving only 10% of the company's shares? Will outside investors have any voting power to elect representatives to the board of directors?

3. How much experience does management have in the industry and in small business? How successful were the managers in previous businesses?

4. Do you know enough about the industry to be able to evaluate the company and make a wise investment?

5. Does the company have a realistic business plan and do they have the resources to market the product or service successfully?

6. How reliable is the financial information, if any, that has been provided to you by the persons promoting investment in the company?

There are many other questions to be answered, but you should be able to answer these before you consider investing. If you have not been provided with the information needed to answer these and any other questions you may have about the proposed investment, make sure that you obtain the information you need from people authorized to speak on the company's behalf (*e.g.*, management or the directors) before you advance any funds or sign any commitment to advance funds to the company.

Making Money on Your Investment

The two classic methods for making money on an investment in a small business are: (1) resale of the securities in the public securities markets following a public offering; and (2) receiving cash or marketable securities in a merger or other acquisition of the company.

If the company is the type that is not likely to go public or be acquired within a reasonable time (*i.e.*, a family-owned or closely-held corporation), it may not be a good investment for you irrespective of its prospects for success because of the lack of opportunity to cash in on the investment. Management of a successful private company may receive a good return indefinitely through salaries and bonuses but it is unlikely that there will be profits sufficient to pay dividends commensurate with the risk of the investment.

Other Suggestions

It is generally a good idea to meet with management of the company face-to-face to size them up. Focus on experience and track record rather than a smooth sales presentation. If at all possible, take a sophisticated business person with you to help in your analysis.

Even the best venture offerings are highly risky. If you have a nagging sense of doubt, there is probably a good reason for it. Good investments are based on sound business criteria and not emotions. If you are not entirely comfortable, the best approach is usually not to invest. There will be many other opportunities. Do not let anyone pressure you into making a premature decision.

Conclusion

Greater numbers of public investors are "getting in on the ground floor" by investing in small businesses. When successful, these enterprises enhance the economy and provide jobs for its citizens. They also provide investment opportunities. However, an opportunity to invest must be considered in light of the inherently risky nature of small business investments.

In considering a small business investment, you should proceed with caution, and above all, never invest more than you can afford to lose.

COMPANION POLICY 45-501CP TO ONTARIO SECURITIES COMMISSION RULE 45-501 EXEMPT DISTRIBUTIONS

PART 1 PURPOSE AND DEFINITIONS

1.1 **Purpose** - This policy statement sets forth the views of the Commission as to the manner in which certain provisions of the Act and the rules relating to the exemptions from the prospectus and registration requirements are to be interpreted and applied.

1.2 **Definitions** - In this Policy, "private placement exemptions" means the prospectus and registration exemptions available for

(a) sales of securities of closely-held issuers under section 2.1 of Rule 45-501; and

(b) sales of securities to accredited investors under section 2.3 of Rule 45-501.

PART 2 EXEMPTIONS FROM THE REGISTRATION AND PROSPECTUS REQUIREMENTS OF THE ACT

2.1 **Interaction of Private Placement Exemptions** - The Commission recognizes that a seller of securities may, in connection with any distribution of securities, rely concurrently on different private placement exemptions. The Commission notes that where the seller is paying or incurring selling or promotional expenses in connection with the distribution, the seller may not be able to rely on the exemption in section 2.1. In particular, the seller would not be able to rely on the exemption in section 2.1 if it has engaged the services of an underwriter or a sales agent in connection with the distribution, unless the underwriter or sales agent does not participate in, or receive compensation for trades made in reliance on the exemption in section 2.1. Accordingly, sellers seeking to rely concurrently on the exemptions in sections 2.1 and 2.3 must ensure that any underwriter or sales agent engaged to effect trades in reliance on section 2.3 are not involved in, or compensated for, trades made in reliance on section 2.1.

2.2 **Accredited Investor Status For Individuals**

(1) Paragraph (m) of the "accredited investor" definition in section 1.1 of Rule 45-501 refers to individuals who beneficially own financial assets having an aggregate net realizable value that, before taxes but net of any related liabilities, exceeds $1,000,000. As a general matter, it should not be difficult to determine whether financial assets are beneficially owned by an individual in any particular instance. However, financial assets held in a trust or in other types of investment vehicles for the benefit of an individual may raise questions as to whether the individual beneficially owns the financial assets in the circumstances. The Commission is of the view that the following factors are indicative of beneficial ownership of financial assets:

(a) physical or a constructive possession of evidence of ownership of the financial asset;

(b) entitlement to receipt of any income generated by the financial asset;

(c) risk of loss of the value of the financial asset; and

(d) the ability to dispose of the financial asset or otherwise deal with it as the individual sees fit.

By way of example, securities held in a self-directed RRSP for the sole benefit of an individual would be beneficially owned by that individual. In general, financial assets in a spousal RRSP would also be included for purposes of the threshold test. However, financial assets held in a group RRSP under which the individual would not have the ability to acquire the financial assets and deal with them directly would not meet this beneficial ownership requirement.

(2) The Commission notes that paragraphs (m) and (n) of the "accredited investor" definition are designed to treat spouses as an investing unit such that either spouse may qualify as an accredited investor if both spouses, taken together, beneficially own the requisite amount of financial assets or earn the requisite net income. As well, the financial asset test and the net income test prescribed in paragraphs (m) and (n), respectively, are to be applied only at the time of the trade such that there is no obligation on the seller to monitor the purchaser's continuing qualification as an accredited investor after the completion of the trade.

2.3 **Closely-Held Issuer Exemption**

(1) The exemption in section 2.1 relating to securities of closely-held issuers is available to the closely-held issuer itself in respect of an issue of its own securities and to any holder of the issuer's securities in respect of a sale of the securities. A closely-held issuer may issue its own securities in reliance upon the exemption in section 2.1 so long as it is able to meet the criteria for the availability of the exemption in that section. In particular, a closely-held issuer may no longer use the closely-held issuer exemption once it has received aggregate proceeds of $3,000,000 from trades made in reliance upon the exemption. However, a holder of securities of a closely-held issuer may rely upon the exemption in section 2.1 in connection with any resale of the securities so long as the issuer

continues to be a closely-held issuer after the resale. The issuer does not cease to be a closely-held issuer solely because it has raised $3,000,000 in aggregate proceeds using the exemption.

(2) The Commission notes that a closely-held issuer will be in a position to facilitate the use of the exemption in section 2.1 for the resale of its securities by limiting the number of its security holders using the share transfer restrictions in its constating documents or in an agreement with its security holders. Once the issuer no longer meets the closely-held issuer definition, a resale of securities acquired under the exemption in section 2.1 may only be made in reliance upon another exemption or by complying with the relevant provisions of Multilateral Instrument 45-102 Resale of Securities.

(3) The Commission notes that the restriction on the use of the exemption in section 2.1, which refers to aggregate proceeds of $3,000,000, is based on the aggregate of all proceeds received by the issuer at any time from trades made in reliance upon the exemption in section 2.1. Proceeds received by the issuer from trades made in reliance upon other exemptions, including exemptions available prior to the date when the exemption in section 2.1 first became available, are not relevant. In particular, the proceeds realized by the issuer from trades to accredited investors need not be included in determining whether the $3,000,000 threshold would be exceeded in respect of any proposed trade under section 2.1. However, if the issuer has not filed a report on Form 45-501F1 in respect of a trade with an accredited investor where such a filing is required, it will be presumed that the trade was made in reliance upon section 2.1, in which case the proceeds of that trade must be counted for purposes of the aggregate proceeds limit.

(4) The Commission notes that the term "common enterprise" is intended to operate as an anti-avoidance mechanism to the extent that multiple business entities are organized for the purposes of financing what is essentially a single business enterprise in order to benefit from continued or excessive use of the closely-held issuer exemption. The Commission takes the view that commonality of ownership combined with commonality of business plans will be particularly indicative of a "common enterprise".

2.4 **Sunset of Pooled Fund Rulings** – Prior to the implementation of Rule 45-501 in revised form, the Commission granted numerous rulings under subsection 74(1) of the Act providing exemptive relief from the registration and prospectus requirements to pooled fund issuers in respect of, among other things, the sale of additional pooled fund interests to investors that have previously purchased pooled fund interests under an exemption. In general, these rulings contained a "sunset" provision stating that the ruling would terminate following the adoption of a rule regarding trades in securities of pooled funds. The Commission considers that the accredited investor exemption in section 2.3 of Rule 45-501, which exempts sales of pooled funds to certain types of accredited investors, provides the appropriate relief from the registration and prospectus requirements for trades in additional pooled fund interests to existing investors. Accordingly, the Commission takes the view that these rulings expire upon implementation of revised Rule 45-501.

2.5 **Trades on an Amalgamation, Arrangement or Specified Statutory Procedure** - Clause 72(1)(i) of the Act provides an exemption for trades in securities in connection with a statutory amalgamation or arrangement or other statutory procedure. The Commission is of the view that the reference to statute in that clause refers to any statute of a jurisdiction or foreign jurisdiction under which the amalgamating entities have been incorporated or created and exist and under which the transaction is taking place.

2.6 **Three-Cornered Amalgamations** - Certain corporate statutes permit a so-called "three-cornered merger or amalgamation" under which two companies will amalgamate or merge and security holders of the amalgamating or merging entities will receive securities of a third party affiliate of one amalgamating or merging entity. Section 2.8 of Rule 45-501 exempts these trades as the exemption applies to any trade made in connection with an amalgamation or merger.

2.7 **Other Exemptions** – There are various other exemptions from the prospectus and registration requirements that are available to sellers of securities in prescribed circumstances. The Commission notes, in particular, that certain exemptions previously contained in Rule 45-501 as it read when it was originally adopted are now contained in Multi lateral Instrument 45-102 Resale of Securities ("MI 45-102"). Market participants engaged in the purchase and sale of securities under exemptions from the prospectus and registration requirements should read MI 45-102 together with Rule 45-501 to ensure that they have duly considered all regulatory requirements applicable to exempt distributions of securities in Ontario.

PART 3 CERTIFICATION OF FACTUAL MATTERS

3.1 **Seller's Due Diligence** - The Commission will normally be satisfied that a seller has exercised reasonable diligence for the purposes of the certificate required in Form 45-501F1, which, among other things, discloses the specific exemption(s) used by the seller, if the seller relies on statutory declarations or written certifications from the purchasers, unless the seller has knowledge that any facts set out in the declarations or certifications are

incorrect. In circumstances where a seller has recently obtained a statutory declaration or a written certification from a purchaser with whom a further trade is being made, the seller may continue to rely upon the recently obtained statutory declaration or certification unless the seller has reason to believe that the statutory declaration or certification is no longer valid in the circumstances. Ultimately, it is the seller's responsibility to ensure that its trades in securities are made in compliance with applicable securities laws.

PART 4 OFFERING MEMORANDA

4.1 Use of Offering Memoranda in Connection with Private Placements

(1) Part 4 of Rule 45-501 provides for the application of the statutory right of action referred to in section 130.1 of the Act if an offering memorandum is delivered to a prospective investor in connection with a trade made in reliance upon a prospectus exemption in section 2.1 or 2.3 of Rule 45-501. In this case the statutory right of action must be described in the offering memorandum and a copy of the offering memorandum must be delivered to the Commission. Although there is no obligation to prepare an offering memorandum for use in connection with a trade made in reliance upon any prospectus exemption, business practice may dictate the preparation of offering material that is delivered voluntarily to purchasers in connection with exempt trades under section 2.1 or 2.3. This offering material may constitute an "offering memorandum" as defined in the Act. The statutory right of rescission or damages applies when the offering memorandum is provided voluntarily in connection with exempt trades made under section 2.1 or 2.3, including an exempt trade to a government or financial institution that is an accredited investor. However, a document delivered in connection with a sale of securities made otherwise than in reliance upon the above-noted exemptions does not give rise to the statutory rights of action or the obligations of Part 4.

(2) The Commission does not prescribe what an offering memorandum should contain apart from the description of the applicable statutory right of action and the requirements relating to future oriented financial information as contemplated by proposed National Instrument 52-101 Future-Oriented Financial Information (if and when it comes into force).

(3) The Commission cautions against the practice of providing preliminary offering material to certain prospective investors before furnishing a "final" offering memorandum unless the material contains a description of the statutory right of action available to purchasers in situations when the statutory right of action applies and a description is required. The only material prepared in connection with the private placement for delivery to investors, other than a "term sheet" (representing a skeletal outline of the features of an issue without dealing extensively with the business and affairs of the issuer), should consist of an offering memorandum describing the statutory right of action and complying in all other respects with Ontario securities law.

PART 5 RESTRICTIONS ON FIRST TRADES

5.1 Incorporation of Multilateral Instrument 45-102 Resale of Securities - Part 6 of the Rule imposes resale restrictions on securities acquired under certain exemptions from the prospectus requirements. Different types of resale restrictions are imposed depending upon the nature of the prospectus exemption under which the securities were distributed. In each case, the applicable resale restrictions are incorporated by reference to a specific section of Multilateral Instrument 45-102 Resale of Securities. Sellers of securities are reminded that these resale restrictions need not apply if the seller is able to rely upon another prospectus exemption in the Act or in a Commission rule in respect of the resale of the securities in question.

PART 6 COMMISSION REVIEW

6.1 Review of Offering Material - Although sellers of securities who rely upon the private placement exemptions are required to deliver to the Commission copies of offering material that they use in connection with the exempt trades if the offering material constitutes an "offering memorandum" as defined in the Act, the offering material is not generally reviewed or commented upon by Commission staff.

6.2 Other Regulatory Approvals - Given the self-policing nature of exempt distributions and the fact that offering memoranda are not routinely reviewed by Commission staff, the decision relating to the appropriate disclosure in an offering memorandum rests with the issuer, the selling securityholder and their advisors. If Commission staff becomes aware of an offering memorandum that fails to disclose material information relating to the securities that are the subject of the transaction, staff may seek to intervene to effect remedial action.

Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

Exempt Financings

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

Reports of Trades Submitted on Form 45-501f1

Trans. Date		Security	Price ($)	Amount
07Mar01		Acuity Pooled Canadian Equity Fund - Trust Units	150,000	9,049
16Mar01		Acuity Pooled Canadian Equity Fund - Trust Units	152,219	9,923
07Mar01		Acuity Pooled Fixed Income Fund - Units	500,000	41,619
12Mar01		Acuity Pooled Fixed Income Fund - Units	336,874	27,970
13Mar01		Acuity Pooled Balanced Fund - Trust Units	150,000	11,292
13Mar01		Acuity Pooled Canadian Equity Fund - Trust Units	166,538	10,617
21Mar01		Alliance Financing Group Inc. - Common Shares	150,000	187,500
09Mar01		Arrow Capital Advance Fund - Class "A" Trust Units	150,000	16,835
09Mar01		BPI American Opportunities Fund - Units	12,000	95
19Mar01		Burgundy Japan Fund - Units	225,000	14,075
19Mar01		Burgundy Small Cap Value Fund - Units	225,000	6,122
19Mar01		Burgundy Smaller Companies Fund - Units	150,000	8,135
15Nov01		Carlyle/Riverstone Global Energy and Power Fund I, L.P. - Limited Partnership Units	23,260,500	23,260,500
20Mar01		CC&L Private PCJ Canadian Small Capitalization Fund, The - Units	150,164	15,095
20Mar01		CC&L Private PCJ Client Income Trust Fund, The - Units	150,164	14,770
Feb01		Connor Clark Private Trust - Units	US$1,795,822	1,795,822
Feb01		Connor Clark Private Trust - Units	3,637,836	3,637,836
05Mar01		Core Networks Incorporated - Class B Preference Shares	9,750,000	7,541,950
27Mar01		CRH plc - Rights and Rights Shares	7,625,793	7,625,793
19Mar01	#	Duke Energy Corporation - Shares of Common Stock	29,247,341	478,000
27Mar01		East West Resource Corporation - Common Shares	3,250	25,000
01Mar01		Gladiator Limited Partnership - Limited Partnership Units	170,000	170
27Feb01		Global Diamond Holdings Corporation - Promissory Notes and Common Shares	US$200,000	US$200,000
15Mar01		Great-West Life Assurance Company, The - Series A Mortgage Bonds	20,000,000	20,000,000
15Mar01		Great-West Life Assurance Company, The - Series B Mortgage Bond	5,000,000	5,000,000
14Mar01		Grocery Gateway Inc. - Convertible Promissory Notes	$7,208,334	$7,208,334
02Nov00 to 14Mar01		Indukern Chemie Canada Inc. - Class A Common Shares	315,000	315,000
08Mar01		Laketon American Equity Fund - Units	150,000	879
08Mar01		Laketon International Equity Fund - Units	150,000	905
02Mar01		Madison Dearborn Capital Partnership IV, L.P. - Limited Partnership Interest	1,430,000	1,430,000
16Mar01		Maple NHA Mortgage Trust - Medium Term Notes due December 1, 2003	$50,000,000	$50,000,000

Trans. Date	Security	Price ($)	Amount
22Dec00 & 26Feb01	Matrix Composites Inc./Madera Tile Inc. - Debenture and Promissory Notes	2,020,000, 375,000	2,020,000, 375,000 Resp.
31Dec00	Mega Development Corporation - Units	50,000	10
02Feb01	Metamail Canada Inc. - Series A Preferred Shares	2,628,325	821,597
15Mar01	Northstone Power Corp. - Units	1,000,000	1,000
21Feb01	Pacific Comox Resources Ltd. - Shares	218,000	2,180,000
23Mar01	Pele Mountain Resources Inc. - Units	250,000	1,000,000
23Mar01	Pele Mountain Resources Inc. - Common Shares	250,000	1,000,000
20Mar01	Regional Cablesystems Inc. - 7.452% Senior Secured Debentures, Series C due March 20, 2006	65,000,000	65,000,000
29Dec00	Sprott Hedge Fund Limited Partnership - Limited Partnership Units - Amended	700,003	649
28Feb01	Sprott Hedge Fund Limited Partnership - Limited Partnership Units	2,500,000	1,946
28Dec00	Starfield Resources Inc. - Units	150,000	333,334
31Aug00 to 30Sep00	Stonehouse Fund L.P., The - Limited Partnership Units	5,172,500	5,119
08Jan01 & 22Jan01	Stonestreet Limited Partnership - Limited Partnership Units	712,000	68,536
22Mar01	Stuart Energy Systems Corporation - Common Shares	330,000	50,000
14Mar01	Summerchase Apartments Limited Partnership - Limited Partnership Unit	50,000	1
06Mar01	Summo Minerals Corporation - Shares Purchase Warrants	400,000	2,000,000
08Mar01	Systems Xcellence Inc. - Class A and B Special Warrants	9,004,761, 4,000,000	12,863,945, 5,000,000 Resp.
14Mar01	Ultra Vision Corporation - Common Shares	1,000,000	1,234,568
28Feb01	YMG Institutional Fixed Income Fund - Units	63,997	6,406
28Feb01	YMG Institutional Fixed Income Fund - Units	568,171	56,874
16Mar01	Yorkton Private Equity Limited Partnership - Limited Partnership Units	1,050,000	1,050

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

Seller	Security	Amount
Vandekerkhove, Douglas	ACD Systems International Inc. - Option to Acquire Common Shares	340,000
Paros Enterprises Limited	Acktion Corporation - Common Shares	2,000,000
Melnick, Larry	Champion Natural Health.com Inc. - Subordinate Voting Shares	29,900

Chapter 9

Legislation

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Canada Dominion Resources Limited Partnership VII
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated April 3rd, 2001
Mutual Reliance Review System Receipt dated April 4th, 2001
Offering Price and Description:
$ * (Maximum Offering) $8,000,000 (Minimum Offering) and a maximum of *
and a minimum of 320,000 Limited Partnership Units. Subscription Price: $25.00 pe
r Unit. Minimum Subscription: 100 Units
Underwriter(s) or Distributor(s):
Merrill Lynch Canada Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Trilon Securities Corporation
Promoter(s):
Canada Dominion Resources VII Corporation
StrategicNova Alternative Investment Products Inc.
Hutton Capital Corporation
Project #344239

Issuer Name:
Gloucester Credit Card Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 30th, 2001
Mutual Reliance Review System Receipt dated March 30th, 2001
Offering Price and Description:
$ * * % Series 2001- 1 Class A Notes, Expected Final Payments Date of *, 200* $ * * % Series 2001-1
Collateral Notes, Expected Final Payment Date of * , 200*
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Promoter(s):
MBNA Canada Bank
Project #342917

Issuer Name:
Hollis Receivables Term Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Shelf Prospectus dated April 4th, 2001
Mutual Reliance Review System Receipt dated April 4th, 2001
Offering Price and Description:
Up to $2,000,000,000 of Receivables-Backed Notes
Underwriter(s) or Distributor(s):
-
Promoter(s):
The Bank of Nova Scotia
Project #344357

Issuer Name:
Mortice Kern Systems Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated March 28th, 2001
Mutual Reliance Review System Receipt dated March 29th, 2001
Offering Price and Description:
$15,501,000 - 9,260,000 Common Shares issuable upon the exercise of 9,260,000
Special Warrants and certain securities issuable upon the exercise of previously issued convertible securities
Underwriter(s) or Distributor(s):
Yorkton Securities Inc.
TD Securities Inc.
Promoter(s):
-
Project #342670

Issuer Name:
Insight Canadian Growth Pool
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 21st, 2001 to Simplified Prospectus and Annual Information Form
dated August 25th, 2000
Mutual Reliance Review System Receipt dated 30th day of March, 2001
Offering Price and Description:

Underwriter(s) or Distributor(s):
-
Promoter(s):

Project #283489

Issuer Name:
MD BALANCED FUND
MD BOND FUND
MD BOND AND MORTGAGE FUND
MD CANADIAN TAX MANAGED POOL
MD DIVIDEND FUND
MD EQUITY FUND
MD GLOBAL BOND FUND
MD GROWTH INVESTMENTS LIMITED
MD INTERNATIONAL GROWTH FUND
MD MONEY FUND
MD SELECT FUND
MD US LARGE CAP GROWTH FUND
MD US LARGE CAP VALUE FUND
MD US SMALL CAP GROWTH FUND
MD US TAX MANAGED POOL
Principal Regulator - Alberta
Type and Date:
Amendment #2 dated February 27th, 2001 to Simplified Prospectus and Annual Information Form
dated August 9th, 2000
Mutual Reliance Review System Receipt dated 22nd day of March, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):

Promoter(s):

Project #264741

Issuer Name:
Optima Strategy Cash Management Pool
Optima Strategy Short Term Income Pool
Optima Strategy Canadian Fixed Income Pool
Optima Strategy Global Fixed Income Pool
Optima Strategy RSP Global Fixed Income Pool
Optima Strategy Real Estate Investment Pool
Optima Strategy Canadian Equity Small Cap Pool
Optima Strategy Canadian Equity Value Pool
Optima Strategy Canadian Equity Growth Pool
Optima Strategy Canadian Equity Diversified Pool
Optima Strategy US Equity Value Pool
Optima Strategy US Equity Growth Pool
Optima Strategy US Equity Diversified Pool
Optima Strategy RSP US Equity Diversified Pool
Optima Strategy International Equity Value Pool
Optima Strategy International Equity Growth Pool
Optima Strategy International Equity Diversified Pool
Optima Strategy RSP International Equity Diversified Pool
Principal Regulator - Alberta
Type and Date:
Amendment #1 dated March 8th, 2001 to Simplified Prospectus and Annual Information Form
dated November 29th, 2000
Mutual Reliance Review System Receipt dated 19th day of March, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):

Promoter(s):

Project #301993

Issuer Name:
Nework Corp.
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated March 12th, 2001 to Prospectus dated January 10th, 2001
Mutual Reliance Review System Receipt dated 15th day of March, 2001
Offering Price and Description:

Underwriter(s) or Distributor(s):
-
Promoter(s):

Project #307729

Issuer Name:
Tudor Corporation Ltd.

Type and Date:
Preliminary Prospectus dated December 11th, 2000
Close on the 3rd day of April, 2001
Offering Price and Description:

Underwriter(s) or Distributor(s):
-
Promoter(s):

Project #319422

Issuer Name:
Cen-ta Real Estate Ltd.
and
Gro-Net Financial Tax & Pension Planners Ltd.
Type and Date:
Final Prospectus dated March 28th, 2001
Receipt dated 29th day of March, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #333337

Issuer Name:
Devine Entertainment Corporation
Type and Date:
Final Prospectus dated March 23rd, 2001
Receipt dated 23rd day of March, 2001
Offering Price and Description:

Underwriter(s) or Distributor(s):
-
Promoter(s):

Project #322223

Issuer Name:
Gro-Net Financial Tax & Pension Planners Ltd.
and
Cen-ta Real Estate Ltd.
Type and Date:
Final Prospectus dated March 28th, 2001
Receipt dated 29th day of March, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #333333

Issuer Name:
NewKidCo International Inc. (formerly, SoftQuad International Inc.)
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated March 30th, 2001
Mutual Reliance Review System Receipt dated 2nd day of April, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #329975

Issuer Name:
Retirement Residences Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated March 30th, 2001
Mutual Reliance Review System Receipt dated 30th day of March, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
HSBC Securities Canada Inc.
Merrill Lynch Canada Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
National Bank Financial Inc.
Raymond James Ltd.
Promoter(s):
Central Park Lodges Ltd.
Project #331759

Issuer Name:
Sentry Select Blue - Chip Income Trust
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated March 30, 2001
Mutual Reliance Review System Receipt dated 2nd day of April, 2001
Offering Price and Description:
7,000,000 Units at $25 per Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
Raymond James Ltd.
Desjardins Securities Inc.
Research Capital Corporation
Yorkton Securities Inc.
Promoter(s):
Sentry Select Capital Corp.
Project #330237

Issuer Name:
McLean Budden Global Equity Fund
McLean Budden Canadian Equity Value Fund
McLean Budden International Equity Fund (formerly, McLean Budden International Equity Growth Fund)
McLean Budden American Equity Fund (formerly, McLean Budden American Equity Growth Fund)
McLean Budden Balanced Growth Fund
McLean Budden Canadian Equity Growth Fund
McLean Budden Fixed Income Fund
McLean Budden Money Market Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated March 30th, 2001
Mutual Reliance Review System Receipt dated 2nd day of April, 2001
Offering Price and Description:
(Class A and B)
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #335581

Issuer Name:
TD Private Canadian Money Market Fund (formerly CT Private Canadian Money Market Fund)
TD Private Canadian Bond Income Fund (formerly CT Private Canadian Bonds/Income Fund)
TD Private Canadian Bond Return Fund (formerly CT Private Canadian Bonds/Return Fund)
TD Private Canadian Corporate Bond Fund (formerly CT Private Canadian Corporate Bond Fund)
TD Private International Bond Fund (formerly CT Private International Bonds Fund)
TD Private Canadian Equity Income Fund (formerly CT Private Canadian Equity/Income Fund)
TD Private Canadian Dividend Fund (formerly CT Private Canadian Dividend Fund)
TD Private U.S. Equity Growth Fund (formerly CT Private U.S. Equity/Growth Fund)
TD Private U.S. Equity Income Fund (formerly CT Private U.S. Equity/Income Fund)
TD Private RSP U.S. Equity Fund (formerly CT RSP U.S. Equity Fund)
TD Private RSP International Bond Fund (formerly CT RSP International Bonds Fund)
TD Private North American Equity Growth Fund (formerly CT Private North American Equity/Growth Fund)
TD Private North American Equity Income Fund (formerly CT Private North American Equity/Income Fund)
TD Private Canadian Equity Growth Fund (formerly CT Private Canadian Equity/Growth Fund)
TD Private Small/Mid-Cap Equity Fund (formerly CT Private Small/Mid-Cap Equity Fund)
TD Private International Equity Fund (formerly CT Private International Equity Fund)
TD Private RSP International Equity Fund (formerly CT RSP International Equity Fund)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated March 31st, 2001
Mutual Reliance Review System Receipt dated 2nd day of April, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #331796

Issuer Name:
Alliance Atlantis Communications Inc.
Type and Date:
Registration Statement dated March 16th, 2001
Notice of Clearance dated 16th day of March, 2001
Offering Price and Description:

Underwriter(s) or Distributor(s):
-
Promoter(s):

Project #336691

Issuer Name:
Amerindo Crossover Technology Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated October 24th, 2000
Withdrawn March 30th, 2001
Offering Price and Description:

Underwriter(s) or Distributor(s):
-
Promoter(s):

Project #306813

Chapter 12

Registrations

12.1.1 Securities

Type	Company	Category of Registration	Effective Date
New Registration	RBC Private Counsel Inc./RBC Gestion Privee Inc. Attention: Gary Gordon Brent 40 King St. West, Scotia Plaza Box 125, Suite 5110 Toronto ON M5H 3Y2	Limited Market Dealer Investment Counsel & Portfolio Manager	Nov 01/00
Change of Name	RBC Global Investment Management Inc. Attention: Walter Kay Kellett Senior Vice-President 77 King St. West, Suite 3800 Royal Trust Tower P O Box 121 TD Centre Toronto ON M5K 1H1	From: Royal Bank Investment Management Inc. To: RBC Global Investment Management Inc.	Feb 12/01

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1 SRO Notices and Disciplinary Decisions

13.1.1 IDA-Proposed Rule Amendment, Late Filing Fees for Reports

INVESTMENT DEALERS ASSOCIATION OF CANADA PROPOSED RULE AMENDMENT, LATE FILING FEES FOR REPORTS

I. OVERVIEW

On November 10, 2000 at 23 O.S.C.B. 7734, the Ontario Securities Commission published for comment a Notice and proposed rule amendments for Late Filing Fees for Reports.

The Notice and by-law amendments made reference at that time, to By-laws 4.14, 7.6 and 18.9. In fact, the reference to By-law 18.9 was incorrect. The appropriate by-law that was to be amended was By-law 18.18. In light of this circumstance, the Association is republishing for comment this Notice and accompanying by-law amendments with the correct by-law reference.

These By-law amendments will permit the Association to impose fees on Members for the failure to file, within the prescribed period, reports such as strict supervision reports, that have been required as a condition imposed on a person seeking approval or continued approval.

A CURRENT RULES

Currently, By-laws 4.14, 7.6 and 18.18 permit the Association to impose fees, in amounts prescribed by the Board of Directors, on Members for failure to file a termination of employment report within the required time period for certain registrants.

B THE ISSUE

Under By-law 20, District Councils of the Association have the power to impose terms and conditions on a registrant seeking approval or continued approval from the Association. One condition that may be imposed is to require a registrant to be placed under strict supervision at the Member firm. Such a condition also requires the Member firm to submit supervision reports on a monthly basis outlining the principal areas that have come under particular scrutiny. These reports are often not submitted to the Association in a timely manner. In order to encourage Members to file these reports more efficiently, the Association would like the ability to impose fees similar to the ones that are available for the late filing of employment termination notices.

C OBJECTIVE

The Association believes that the imposition of fees for late filings will ensure that Member firms submit appropriate reports to the Association in a prompt fashion. These reports are a condition of a registrant's approval and thus it is imperative for the Association to have access to the reports and ensure that the registrant and his or her Member firm are abiding by the terms and conditions imposed by District Councils.

D EFFECT OF PROPOSED AMENDMENTS

The proposed by-law amendments should effectively provide applicants and Member firms with an incentive to submit timely reports to the Association. The requirement that such reports be submitted within ten business days of the end of the month provides Members with appropriate notification.

II. DETAILED ANALYSIS

A PRESENT RULES, RELEVANT HISTORY AND PROPOSED AMENDMENTS

By-law 4.14 currently states that a Member is liable to pay fees to the Association for the failure to file a report in writing for the termination of employment of a branch manager, assistant or co-branch manager or sales manager of a Member within five days of termination of employment.

By-law 7.6 provides for the imposition of a fee for a late filing of a report for the termination of employment of a partner, director or officer of a Member. Similarly, By-law 18.18 sets out the ability to exact a late filing fee for reports for the termination of employment of registered representatives, restricted registered representatives, investment representatives and restricted investment representatives.

B ISSUES AND ALTERNATIVES CONSIDERED

An alternative to the proposed amendments was to not impose fees for the late filing of reports. The Association determined that the importance of receiving these reports in an appropriate time period required the use of the proposed amendments to By-laws 4.14, 7.6 and 18.18.

C COMPARISON WITH SIMILAR PROVISIONS

There are no similar provisions in other jurisdictions.

D PUBLIC INTEREST OBJECTIVE

The Association believes that the proposed by-laws amendments provide for the administration of the affairs of the Association by ensuring that where District Council is making a decision to impose terms and conditions on registrants, the Association receives the appropriate reports regarding those terms and conditions in a prompt and timely fashion.

III. COMMENTARY

A FILING IN ANOTHER JURISDICTION

These proposed amendments will be filed for approval in Alberta, British Columbia, Saskatchewan and Ontario and will be filed for information in Nova Scotia.

B EFFECTIVENESS

These proposed by-law amendments are simple and effective.

C PROCESS

The proposed amendments were developed by the staff of the Association.

IV. SOURCES

By-law 4.14.
By-law 7.6.
By-law 18.18.

V. OSC REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is required to publish for comment the accompanying by-law 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 Michelle Alexander, 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 of Compliance, Ontario Securities Commission, 20 Queen Street West, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

Michelle Alexander
Senior Legal and Policy Counsel
Regulatory Policy
Investment Dealers Association of Canada
(416) 943 – 5885

INVESTMENT DEALERS ASSOCIATION OF CANADA LATE FILIING FEES FOR REPORTS – BY-LAW 4.14, BY-LAW 7.6 AND BY-LAW 18.18

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:

1. By-law 4.14 is repealed and replaced as follows:

   "Each Member shall be liable for and pay to the Association fees in the amounts prescribed from time to time by the Board of Directors for

   (a) the failure of the Member to file a report in writing of the termination of employment of a branch manager, assistant or co-branch manager or sales manager of the Member within the time prescribed by this By-law 4; and

   (b) the failure of the Member to file within ten business days of the end of each month a report in writing with respect to the conditions imposed on approval or continued approval of a branch manager, assistant or co-branch manager or sales manager of the Member pursuant to By-law 20."

2. By-law 7.6 is repealed and replaced as follows:

   "Each Member shall be liable for and pay to the Association fees in the amounts prescribed from time to time by the Board of Directors for

   (a) the failure of the Member to file a report in writing of the termination of employment of a partner, director or officer of the Member within the time prescribed by this By-law 7; and

   (b) the failure of the Member to file within ten business days of the end of each month a report in writing with respect to the conditions imposed on approval or continued approval of a partner, director or officer of the Member pursuant to By-law 20."

3. By-law 18.18 is repealed and replaced as follows:

   "Each Member shall be liable for and pay to the Association fees in the amounts prescribed from time to time by the Board of Directors for

   (a) the failure of the Member to file a report in writing of the termination of employment of a registered representative, restricted registered representative, investment representative or restricted investment representative of the Member with the time prescribed by this By-law 18; and

   (b) the failure of the Member to file within ten business days of the end of each month a report in writing with respect to the conditions imposed on approval or continued approval of a registered representative, restricted registered representative, investment

representative or restricted investment representative of the Member pursuant to By-law 20."

PASSED AND ENACTED BY THE Board of Directors this 18th day of October 2000, to be effective on a date to be determined by Association staff.

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Chapter 25

Other Information

THERE IS NO MATERIAL FOR THIS CHAPTER

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