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TODAY'S OSC

Protects investors from unfair, improper or fraudulent practices.
Fosters fair, efficient capital markets in Ontario.
Creates confidence in the integrity of those markets.
Is pro-active, intelligently aggressive and innovative.

Today's OSC seeks exceptional individuals with the skills, energy and commitment necessary to play a leading role in Ontario's rapidly evolving capital markets.

Legal Counsel

(1 year contract)

As a member of the Investment Funds Team within the Capital Markets Branch, you will provide legal analysis to ensure appropriate regulation of investment funds and compliance with prospectus disclosure rules. You will review prospectus filings, process applications for exemptive relief, respond to inquiries from the public, monitor compliance with Ontario securities laws, provide advice to other Branches within the Commission and participate in policy development.

You are a Member of the Law Society of Upper Canada and have a comprehensive knowledge of securities and related legislation. You have a strong understanding of corporate law, business practices, developments in capital markets, and securities industries. Your experience and focus are on securities and you are familiar with trust law and corporate law. Experience related to investment funds is desirable but not necessary. You demonstrate excellent legal research, writing, analytical, negotiation, and communication skills. Your ability to adapt to changes in law, industry or regulatory requirements supplements your proven ability to work well as part of a team. You can work to meet established and emerging deadlines in a demanding environment and prioritize competing work demands.

If you thrive in a responsive, performance based culture, and would like to be involved in public interest work, please submit your resume in confidence by June 1, 2001 to Human Resources, Ontario Securities Commission, Suite 1900, Box 55, 20 Queen Street West, Toronto, Ontario, M5H 3S8. You may also fax us at 416-593-8348 or send e-mail to HR@osc.gov.on.ca.

Ontario Securities Commission

Ontario

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

May 25, 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

Telephone: 416- 597-0681 Telecopiers: 416-593-8348

CDS **TDX 76**

Late Mail depository on the 19th Floor until 6:00 p.m.

THE COMMISSIONERS

David A. Brown, Q.C., Chair	—	DAB
Paul M. Moore, Q.C., Vice-Chair	—	PMM
Howard Wetston, Q.C., Vice-Chair	—	HW
Kerry D. Adams, FCA	—	KDA
Stephen N. Adams, Q.C.	—	SNA
Derek Brown	—	DB
Robert W. Davis, FCA	—	RWD
John A. Geller, Q.C.	—	JAG
Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
R. Stephen Paddon, Q.C.	—	RSP

SCHEDULED OSC HEARINGS

Date to be announced	**Mark Bonham and Bonham & Co. Inc.** s. 127 Mr. A.Graburn in attendance for staff. Panel: TBA
May 28 and May 30/2001 10:00 a.m.	**Robert Bruce Kyle & Derivative Services Inc.** s. 8 (4) Ms. Johanna Superina in attendance for staff. Panel: JAG/PMM
June 4/2001 10:00 a.m.	**CCI Capital** s. 127 Panel: PMM
June 11, 18 & 20/2001 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 K. Daniels / M. Code / J. Naster / I. Smith in attendance for staff. Panel: HIW / DB / RWD
August 13/ 2001 10:00 a.m.	**Jack Banks et al.** s. 127 Mr. Tim Moseley in attendance for staff. Panel: TBA

ADJOURNED SINE DIE

Michael Bourgon

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 25, 2001 10:00 a.m. Courtroom N	**1173219 Ontario Limited c.o.b. as TAC (The Alternate Choice), TAC International Limited, Douglas R. Walker, David C. Drennan, Steven Peck, Don Gutoski, Ray Ricks, Al Johnson and Gerald McLeod** s. 122 Mr. D. Ferris in attendance for staff. Provincial Offences Court Old City Hall, Toronto
September 17/2001 9:30 a.m.	**Einar Bellfield** s. 122 Ms. Sarah Oseni in attendance for staff. Courtroom 111, Provincial Offences Court Old City Hall, Toronto

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

1.1.2 Proposed National Policy 51-201 Disclosure Standards

NOTICE OF PROPOSED NATIONAL POLICY 51-201
DISCLOSURE STANDARDS
AND PROPOSED RESCISSION OF NATIONAL POLICY 40
TIMELY DISCLOSURE

The Commission is publishing for comment, in Chapter 6 of today's Bulletin, proposed National Policy 51-201 Disclosure Standards and notice of proposed rescission of National Policy 40 Timely Disclosure.

1.2 News Releases

1.2.1 New Approach to Cease Trade Orders

FOR IMMEDIATE RELEASE
May 23, 2001

OSC FINALIZES NEW APPROACH TO CEASE TRADE ORDERS

Toronto - As part of an effort to ensure that shareholders of public companies do not experience the sudden loss of liquidity that would result from a general cease trade order on their securities, the Ontario Securities Commission has finalized a new approach to imposing cease trade orders for failure to file final statements on time.

Under new OSC Policy 57-603, even if a company is in default of its obligations to file financial statements, the Commission will not always impose a general cease trade order on the company. When the company places certain alternative information on the public record, including all material information that has not been generally disclosed, cease trade orders will only be imposed on the company's directors, officers and insiders that would have access to any undisclosed material information.

The Commission will normally allow this alternative approach to continue for two months after the filing deadline. After two months, a general cease trade order will be issued.

"Our current 140-day filing period for annual financial statements allows ample time for any company to meet its obligations to file financial statements," said Kathy Soden, Director of the OSC's Corporate Finance Branch. "However, in those rare cases where the company defaults on its obligations, the Commission's new approach will maintain shareholder liquidity for an additional two month period if all material information has been disclosed."

"Where the new approach cannot be followed, because a company does not even file the alternative information required by the Commission, shareholders finding their investments subject to a general cease trade order should realize that the alternative approach was available to the company, and should call company representatives to account for their loss of liquidity," Ms. Soden added.

Over the past month, staff of the Continuous Disclosure Team was in contact with any company that had yet to file its December 31, 2000 annual financial statements to inform them of the policy and its implications. OSC staff have also encouraged companies to inform the market of any pending defaults.

OSC Policy 57-603, Defaults by Reporting Issuers in Complying with Financial Statement Filing Requirements, can be consulted online at the following URL: www.osc.gov.on.ca/en/regulation/rulemaking/policies

References:

Jean-Pierre Maisonneuve
Corporate Communications Officer
(416) 595-8913

Kathy Soden
Director, Corporate Finance Branch
(416) 593-8149

Ritu Kalra
Senior Accountant, Continuous Disclosure Team
(416) 593-8063

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 SEI Investments Canada Company et al. - MRRS Decision

Headnote

Investment by mutual funds in a portfolio of specified mutual funds under common management exempted from the self-dealing prohibition in clause 111(2)(b) and subsection 111(3), and from reporting requirements of clauses 117(1)(a) and 117(1)(d) subject to certain specified conditions.

Statutes Cited

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

IN THE MATTER OF
THE 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
SEI INVESTMENTS CANADA COMPANY
AND
CORE BALANCED FUND
BALANCED GROWTH FUND
BALANCED INCOME FUND
BALANCED GROWTH PLUS FUND
DIVERSIFIED EQUITY FUND
GLOBAL EQUITY FUND

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from SEI Investments Canada Company ("SEI"), in its own capacity and on behalf of Core Balanced Fund, Balanced Growth Fund, Balanced Income Fund, Balanced Growth Plus Fund, Diversified Equity Fund and Global Equity Fund (collectively, the "Top Funds", individually, the "Top Fund") for a decision (the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following provisions of the Legislation (the "Applicable Requirements") shall not apply to the Top Funds or SEI, as the case may be, in respect of certain investments to be made by a Top Fund directly in a portfolio of selected mutual funds under common management comprised of the Class O Units of several or more of the following: the Canadian Equity Fund, the Canadian Small Company Equity Fund, the Canadian Fixed Income Fund, the S&P 500 Synthetic Index Fund, the S&P MidCap 400 Synthetic Index Fund, the International Synthetic Index Fund, the U.S. Large Company Equity Fund, the U.S. Small Company Equity Fund, the EAFE Equity Fund and the Emerging Markets Equity Fund (collectively, the "Underlying Funds", individually, the "Underlying Fund"):

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

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

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

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

1. SEI is a corporation established under and governed by the laws of Nova Scotia and will be the manager and principal distributor of each of the Top Funds. The head office of SEI is located in Toronto, Ontario.

2. Each of the Top Funds and of the Underlying Funds will be an open-end mutual fund trust governed by the laws of the province of Ontario. The securities of the Top Funds will be qualified for sale in each of the provinces and territories of Canada (the "Prospectus Jurisdictions") under a (final) simplified prospectus and annual information form that will be filed in each of the Prospectus Jurisdictions under SEDAR project number 341277 (the "Prospectus").

3. The Top Funds will provide investors with a professionally managed portfolio designed to suit individual investor objectives, risk tolerance and investment time horizons. Each of the Top Funds will seek to achieve its investment objective by investing its assets, through the Underlying Funds, in Canadian equities, Canadian Bonds and foreign equities with an investment approach that is consistent with the Top Fund's name.

4. As part of its investment strategy, each Top Fund will invest specified percentages (the "Fixed Percentages") of its assets (exclusive of cash and cash equivalents), as specified in the Prospectus, in the securities of the Underlying Funds.

5. The Underlying Funds are reporting issuers in each of the Prospectus Jurisdictions and are not in default of any of the requirements of the securities legislation of any of the Prospectus Jurisdictions. The securities of each of the Underlying Funds, except for the securities of the Canadian Small Company Equity Fund, are currently qualified for distribution pursuant to simplified prospectuses and annual information forms filed in each of the Prospectus Jurisdictions. The Canadian Small Company Equity Fund is currently offered to the public in the Prospectus Jurisdictions by way of private placement but will be qualified for sale under a (final) simplified prospectus and annual information form that will be filed in each of the Prospectus Jurisdictions under SEDAR project number 341304.

6. The Underlying Funds are not invested in other mutual funds, except to the extent permitted by section 2.5 of National Instrument 81-102 Mutual Funds ("NI 81-102"). The Top Funds will not invest in any mutual fund whose investment objective includes investing in other mutual funds.

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

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

9. The Prospectus of the Top Funds will disclose the investment objectives, investment strategies, risks and restrictions of the Top Funds and the Underlying Funds, the Fixed Percentages and the Permitted Ranges.

10. The arrangements between or in respect of a Top Fund and the Underlying Funds will be such as to avoid the duplication of management fees. Management fees will not be payable to an Underlying Fund by the Top Funds. No sales charges will be payable by a Top Fund in relation to its purchase of securities of an Underlying Fund. No redemption fees or other charges will be charged by an Underlying Fund in respect of the redemption by a Top Fund of securities of the Underlying Fund owned by such Top Fund.

11. Except to the extent evidenced by this Decision and specific approvals granted by the Decision Makers pursuant to NI 81-102, the investments by the Top Funds in securities of the Underlying Funds have been or will be structured to comply with the investment restrictions of the Legislation and NI 81-102.

12. In the absence of this Decision, pursuant to the Legislation, each Top Fund is prohibited from knowingly making or holding an investment in securities of the Underlying Funds to the extent that the Top Fund, either alone or together with one or more related mutual funds, is a substantial security holder of the Underlying Funds. As a result, in the absence of this Decision, each Top Fund would be required to divest itself of any such investments.

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

14. Each investment by the Top Funds in the 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 under the System, this MRRS Decision Document evidences the Decision of each Decision Maker;

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

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

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

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

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

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

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

   (c) the Prospectus discloses the intent of the Top Funds 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;

   (d) the investment objective of each Top Fund discloses that the Top Fund invests its assets (exclusive of cash and cash equivalents) in securities of the Underlying Funds in accordance with the Fixed Percentages disclosed in the Prospectus;

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

   (f) the Top Funds' holdings of securities of the Underlying Funds do not deviate from the Permitted Ranges;

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

   (h) if an investment by a Top Fund in 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 Prospectus have been changed, either the Prospectus has been amended in accordance with securities legislation to reflect this significant change, or a new simplified prospectus reflecting the significant change has been filed within ten days thereof, and the security holders 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 Funds 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 Funds in relation to their purchases of securities of the Underlying Funds;

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

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

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

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

   (p) all of the disclosure and notice material prepared in connection with a meeting of security holders of an Underlying Fund and received by a Top Fund has been provided to its security holders, the security holders 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 security holders of the Top Fund have directed;

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

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

May 16, 2001.

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

2.1.2 Bank of Montreal & BMO Capital Trust. - MRRS Decision

Headnote

Exemptions from certain continuous disclosure requirements granted to a trust on specified conditions where because of the terms of the trust a security holder's return depends upon the financial condition of the sponsoring bank and not that of the trust. Trust offered trust units to the public in order to provide the bank with a cost effective means of raising capital for Canadian bank regulatory purposes; trust holds a portfolio of assets consisting primarily of mortgages and interests in mortgages; unitholders are entitled to fixed semi-annual non-cumulative distributions but no distributions are payable if the bank fails to pay dividends on its preferred shares and if distributions are not paid the bank is prevented from paying dividends on its preferred shares; trust units are not redeemable but are exchangeable at the option of the holder after a fixed term for a series of preferred shares of the bank and trust units are non-voting;
Specifically, exemptions granted from the requirements to:

(a) file interim financial statements and audited annual financial statements and send such statements to unitholders;

(b) make an annual filing in lieu of filing an information circular;

(c) file an annual report and an information circular with the Decision Maker in Quebec and deliver such report or information circular to unitholders; and

(d) prepare and file an annual information form ("AIF"), including management's discussion and analysis ("MD&A") of the financial condition and results of operation of the trust and send such MD&A to unitholders

for so long as

(i) the bank remains a reporting issuer;

(ii) the bank sends its annual financial statements, interim financial statements, annual management discussion and analysis and interim management discussion and analysis to unitholders and its annual report to unitholders resident in the Province of Quebec at the same time and in the same manner as if the unitholders were holders of common shares of the bank;

(iii) all outstanding securities of the trust are of the type presently issued;

(iv) the rights and obligations of holders of additional securities are the same in all material respects as the rights and obligations of the holders of securities outstanding at the date of the relief is granted; and

(v) the bank and its affiliates are the beneficial owner of all voting securities of the trust

provided that the relief expires 30 days after the occurrence of a material change in the affairs of the trust.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss 77, 78,79, 80(b)(iii),81,

Applicable Ontario Rules Cited

OSC Rule 51-501- AIF and MD&A
OSC Rule 52-501- Financial Statements

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

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM**

FOR EXEMPTIVE RELIEF APPLICATIONS

AND

**IN THE MATTER OF
BANK OF MONTREAL AND
BMO CAPITAL TRUST**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker", and collectively the "Decision Makers") in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from Bank of Montreal (the "Bank") and BMO Capital Trust (the "Trust") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirements contained in the Legislation to:

(a) file interim financial statements and audited annual financial statements (collectively, "Financial Statements") with the Decision Makers and deliver such statements to the security holders of the Trust;

(b) make an annual filing ("Annual Filing") with the Decision Makers in lieu of filing an information circular, where applicable;

(c) file an annual report ("Annual Report") and an information circular with the Decision Maker in Quebec and deliver such report or information circular to the security holders of the Trust resident in Quebec; and

(d) prepare and file an annual information form ("AIF"), including management's discussion and analysis ("MD&A") of the financial condition and

results of operation of the Trust and send such MD&A to security holders of the Trust;

shall not apply to the Trust, subject to certain terms and 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 Bank and the Trust represented to the Decision Makers that:

Bank of Montreal

1. The Bank is a Schedule 1 Canadian chartered bank incorporated under the *Bank Act* (Canada) (the "Bank Act"), is a reporting issuer or equivalent under the Legislation and is not in default of any requirement of the Legislation.

2. The authorized capital of the Bank consists of an unlimited number of common shares ("Bank Common Shares") and an unlimited number of Class A and Class B preferred shares, each issuable in series ("Bank Preferred Shares"). As at March 31, 2001, 516,907,002 Bank Common Shares and 52,000,000 Bank Class B Preferred Shares were outstanding.

3. The Bank Common Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE"), The New York Stock Exchange, and The London Stock Exchange.

BMO Capital Trust

4. The Trust is a closed-ended trust established under the laws of the Province of Ontario by The Trust Company of Bank of Montreal ("Trustee"), as trustee, pursuant to a declaration of trust made as of July 28, 2000 (the "Declaration of Trust").

5. The beneficial interests of the Trust are divided into two classes of units, issuable in series, designated as Trust Capital Securities ("BMO BOaTS") and Special Trust Securities ("Special Trust Securities" and, collectively with BMO BOaTS, "Trust Securities").

6. The Trust was established solely for the purpose of effecting the Offerings (as defined below) and possible future offerings of securities in order to provide the Bank with a cost effective means of raising capital for Canadian bank regulatory purposes. The Trust does not and will not carry on any operating activity other than in connection with the Offerings and any future offerings.

7. The Trust is a reporting issuer, or the equivalent, in each of the Jurisdictions and is not in default of any requirement of the Legislation;

BMO BOaTS

8. The Trust distributed 350,000 of the initial series of Trust Capital Securities ("BMO BOaTS - Series A") in the Jurisdictions under a long form prospectus (the "Series A Prospectus") dated September 28, 2000 (the "Series A Offering"). The Series A Prospectus also qualified certain other related securities for distribution in the Jurisdictions, including the Series A Holder Exchange Right and the Automatic Exchange Right (both as defined below).

9. The Trust distributed 400,000 of the second series of BMO BOaTS ("BMO BOaTS - B") in the Jurisdictions under a long form prospectus (the "Series B Prospectus") (the "Second Offering") dated March 5, 2001. The Series B Prospectus also qualified certain other related securities for distribution in the Jurisdictions, including the Series B Holder Exchange Right and the Automatic Exchange Right (both as defined below). The First Offering and the Second Offering are collectively referred to as the "Offerings".

10. Neither the BMO BOaTS - Series A nor the BMO BoaTS - Series B are listed and posted for trading on the TSE.

11. The Trust also issued and sold an aggregate of 180,000 Special Trust Securities to the Bank in connection with the Offerings.

12. The business objective of the Trust is to acquire and hold assets ("Trust Assets") primarily from the Bank or its affiliates which may consist of: (a) undivided co-ownership interests in one or more pools of Canada Mortgage and Housing Corporation ("CMHC") insured first mortgages on residential property situated in Canada; (b) certain mortgage-backed securities; (c) CMHC - insured first mortgages on residential property; and (d) to the extent that the proceeds of the assets of the Trust are not invested in the assets referred to above in (a), (b) or (c), money and certain debt obligations that are qualified investments under the *Income Tax Act* (Canada) for trusts governed by certain deferred income plans.

13. Subject to paragraph 14, each BMO BOaTS - Series A and BMO BOaTS - Series B entitles the holder ("BMO BOaTS Holders") to receive a fixed cash distribution (a "Distribution") payable by the Trust on the last day of June and December of each year (each such day, a "Distribution Date" and each period from and including the Distribution Date to but excluding the next Distribution Date (a "Distribution Period").

14. BMO BOaTS Holders are not entitled to receive Distributions in respect of a particular Distribution Date if the Bank has not deciared regular cash dividends on its preferred shares or, if no such shares are then outstanding, on the Bank Common Shares (in accordance with the Bank's ordinary dividend practice in effect from time to time) in the most recent month in which the Bank ordinarily declares dividends from time to time in respect of such shares occurring prior to the

commencement of the Distribution Period ended prior to such Distribution Date.

15. The Bank has covenanted, pursuant to the Series A and Series B Bank Share Exchange Agreements (as defined below) that, if on the Distribution Date the Trust fails to pay in full Distributions on the BMO BOaTS - Series A or BMO BOaTS - Series B to which the BMO BOaTS Holders are entitled, the Bank will not declare dividends of any kind on its own shares until a specific period of time has elapsed from the Distribution Date.

16. Upon the occurrence of certain adverse tax events or events relating to the treatment of BMO BOaTS for capital purposes prior to December 31, 2005, in the case of BMO BOaTS - Series A, and June 30, 2006, in the case of BMO BOaTS - Series B, such BMO BOaTS will be redeemable, at the option of the Trust and with the approval of the Superintendent of Financial Institutions (Canada) (the "Superintendent"), in whole (but not in part) for a cash amount.

17. On December 31, 2005 and on any subsequent Distribution Date, in the case of the BMO BOaTS - Series A, and on June 30, 2006 and on any subsequent Distribution Date, in the case of the BMO BOaTS - Series B, the BMO BOaTS will be redeemable in whole (but not in part) for a cash amount, at the option of the Trust and subject to the approval of the Superintendent.

18. On December 31, 2010, and on any subsequent Distribution Date, each BMO BOaTS - Series A will be exchangeable (the "Series A Holder Exchange Right"), at the option of the holder (a "BMO BOaTS - Series A Holder"), for forty non-cumulative redeemable first preferred shares, Series 7 of the Bank ("Class B Preferred Shares Series 7"), in accordance with the terms set forth in a Bank Share Exchange Trust Agreement made as of October 11, 2000, (the "Series A Bank Share Exchange Agreement") between the Bank, the Trust and Trustee, as trustee for the BMO BOaTS - Series A Holders.

19. On June 30, 2011, and on any subsequent Distribution Date, each BMO BOaTS - Series B will be exchangeable (the "Series B Holder Exchange Right"), at the option of the holder (the "BMO BOaTS - Series B Holders"), for forty non-cumulative redeemable first preferred shares, Series 8 of the Bank ("Class B Preferred Shares Series 8"), in accordance with the terms set forth in a Bank Share Exchange Trust Agreement made as of March 13, 2001, (the "Class B Bank Share Exchange Agreement") between the Bank, the Trust and the Trustee, as trustee for the BMO BOaTS - Series B Holders.

20. Each BMO BOaTS will be automatically exchanged (the "Automatic Exchange Right") without the consent of the holder, for forty Class B Preferred Shares Series 7 in the case of each BMO BOaTS - Series A and forty Class B Preferred Shares Series 8 in the case of each BMO BOaTS - Series B if: (i) an application for a winding-up order in respect of the Bank pursuant to the *Winding-up and Restructuring Act* (Canada) is filed by the Attorney General of Canada or a winding-up order in respect of the Bank pursuant to that Act is granted by a court; (ii) the Superintendent has taken control of the Bank or its assets pursuant to the Bank Act; (iii) the Superintendent advises the Bank in writing that the Superintendent is of the opinion that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; or (iv) the Superintendent directs the Bank pursuant to the Bank Act to increase its capital or to provide additional liquidity and the Bank elects to cause the exchange as a consequence of the issuance of such direction or the Bank does not comply with such direction to the satisfaction of the Superintendent within the time specified in such direction.

21. The Class B Preferred Shares Series 7 and the Class B Preferred Shares Series 8 will be convertible after specified dates, at the option of the Bank and subject to regulatory approvals, into Bank Common Shares.

22. Beginning on December 31, 2010, and on each subsequent Distribution Date, the Class B Preferred Shares Series 7 will be convertible, at the option of the holder, into Bank Common Shares, except under certain circumstances.

23. Beginning on June 30, 2011, and on each subsequent Distribution Date, the Class B Preferred Shares Series 8 will be convertible, at the option of the holder, into Bank Common Shares, except under certain circumstances.

24. As set forth in the Declaration of Trust, BMO BOaTS are non-voting except in certain limited circumstances and Special Trust Securities entitle the holders to vote.

25. Except to the extent that Distributions are payable to BMO BOaTS Holders and, other than in the event of termination of the Trust (as set forth in the Declaration of Trust), BMO BOaTS Holders have no claim or entitlement to the income of the Trust or the Trust Assets.

26. In certain circumstances (as described in paragraph 20 above), including at a time when the Bank's financial condition is deteriorating or proceedings for the winding-up of the Bank have been commenced, the BMO BOaTS Series A or BMO BOaTS Series B will be automatically exchanged for preferred shares of the Bank without the consent of BMO BOaTS Holders. As a result, BMO BOaTS Holders will have no claim or entitlement to the Trust Assets, other than indirectly in their capacity as preferred shareholders of the Bank.

27. BMO BOaTS Holders may not take any action to terminate the Trust.

28. The Trust has not requested relief for the purposes of filing a short form prospectus pursuant to National Instrument 44-101 -- Short Form Prospectus Distributions ("NI 44-101") (including, without limitation, any relief which would allow the Trust to use the Bank's AIF as a current AIF of the Trust) and no such relief is provided by this Decision Document from any of the requirements of NI 44-101.

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 under the Legislation is that the requirement contained in the Legislation:

(a) to file Financial Statements with the Decision Makers and deliver such statements to holders of Trust Securities;

(b) to make an Annual Filing, where applicable, with the Decision Makers in lieu of filing an information circular;

(c) to file an Annual Report and an information circular with the Decision Maker in Quebec and deliver such report or information circular to holders of Trust Securities resident in Quebec;

(d) to prepare and file an AIF, including MD&A, with the Decision Makers and send such MD&A to holders of Trust Securities;

shall not apply to the Trust for so long as:

(i) the Bank remains a reporting issuer under the Legislation;

(ii) the Bank sends its annual financial statements, interim financial statements, annual management discussion and analysis and interim management discussion and analysis to holders of Trust Securities and its Annual Report to holders of Trust Securities resident in the Province of Quebec at the same time and in the same manner as if the holders of Trust Securities were holders of Bank Common Shares;

(iii) all outstanding securities of the Trust are either BMO BOaTS or Special Trust Securities;

(iv) the rights and obligations of holders of additional series of BMO BOaTS are the same in all material respects as the rights and obligations of the holders of BMO BOaTS - Series A and BMO BOaTS Series - B at the date hereof; and

(v) the Bank is the beneficial owner of all Special Trust Securities;

and provided that if a material change occurs in the affairs of the Trust, this Decision shall expire 30 days after the date of such change.

May 16, 2001.

"John Hughes"

2.1.3 The Toronto-Dominion Bank & TD Capital Trust - MRRS Decision

Headnote

Exemptions from certain continuous disclosure requirements granted to a trust on specified conditions where because of the terms of the trust a security holder's return depends upon the financial condition of the sponsoring bank and not that of the trust. Trust offered trust units to the public in order to provide the bank with a cost effective means of raising capital for Canadian bank regulatory purposes; trust holds a portfolio of assets consisting primarily of mortgages and interests in mortgages; unitholders are entitled to fixed semi-annual non-cumulative distributions but no distributions are payable if the bank fails to pay dividends on its preferred shares and if distributions are not paid the bank is prevented from paying dividends on its preferred shares; trust units are not redeemable but are exchangeable at the option of the holder after a fixed term for a series of preferred shares of the bank and trust units are non-voting;
Specifically, exemptions granted from the requirements to:

(a) file interim financial statements and audited annual financial statements and send such statements to unitholders;

(b) make an annual filing in lieu of filing an information circular;

(c) file an annual report and an information circular with the Decision Maker in Quebec and deliver such report or information circular to unitholders; and

(d) prepare and file an annual information form ("AIF"), including management's discussion and analysis ("MD&A") of the financial condition and results of operation of the trust and send such MD&A to unitholders

for so long as

(i) the bank remains a reporting issuer;

(ii) the bank sends its annual financial statements, interim financial statements, annual management discussion and analysis and interim management discussion and analysis to unitholders and its annual report to unitholders resident in the Province of Quebec at the same time and in the same manner as if the unitholders were holders of common shares of the bank;

(iii) all outstanding securities of the trust are of the type presently issued;

(iv) the rights and obligations of holders of additional securities are the same in all material respects as the rights and obligations of the holders of securities outstanding at the date of the relief is granted; and

(v) the bank and its affiliates are the beneficial owner of all voting securities of the trust

provided that the relief expires 30 days after the occurrence of a material change in the affairs of the trust.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss 77, 78,79, 80(b)(iii),81.

Applicable Ontario Rules Cited

OSC Rule 51-501- AIF and MD&A.
OSC Rule 52-501- Financial Statements.

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

AND

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

AND

IN THE MATTER OF
THE TORONTO-DOMINION BANK AND TD CAPITAL TRUST

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker", and collectively the "Decision Makers") in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from The Toronto-Dominion Bank (the "Bank") and TD Capital Trust (the "Trust") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirements contained in the Legislation to:

(a) file interim financial statements and audited annual financial statements (collectively, "Financial Statements") with the Decision Makers and deliver such statements to the security holders of the Trust;

(b) make an annual filing ("Annual Filing") with the Decision Makers in lieu of filing an information circular, where applicable;

(c) file an annual report ("Annual Report") and an information circular with the Decision Maker in Quebec and deliver such report or information circular to the security holders of the Trust resident in Quebec; and

(d) prepare and file an annual information form ("AIF"), including management's discussion and analysis ("MD&A") of the financial condition and results of operation of the Trust and send such MD&A to security holders of the Trust;

shall not apply to the Trust, subject to certain terms and 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 Bank and the Trust represented to the Decision Makers that:

The Toronto-Dominion Bank

1. The Bank is a Schedule 1 Canadian chartered bank incorporated under the *Bank Act* (Canada) (the "Bank Act"), is a reporting issuer or equivalent under the Legislation and is not in default of any requirement of the Legislation.

2. The authorized capital of the Bank consists of an unlimited number of common shares ("Bank Common Shares") and an unlimited number of Non-cumulative Class A First Preferred Shares, issuable in series (the "Bank Preferred Shares"). As at January 31, 2001, 627,693,764 Bank Common Shares were outstanding, and the following series of Bank Preferred Shares were outstanding: 7,000,000 Series G; 9,000,000 Series H; 16,065 Series I; 16,383,935 Series J; 6,000,000 Series K; and 2,000,000 Series L.

3. The Bank Common Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE"), and the New York, London and Tokyo Stock Exchanges and on the Canadian Venture Exchange. The Bank Preferred Shares are listed and posted for trading on the TSE.

TD Capital Trust

4. The Trust is a closed-ended trust established under the laws of the Province of Ontario by TD Trust Company (now The Canada Trust Company) ("Trustee"), as trustee, pursuant to a declaration of trust made as of February 14, 2000, as amended and restated (the "Declaration of Trust"). The Trustee is an indirect, wholly-owned subsidiary of the Bank.

5. The beneficial interests of the Trust are divided into two classes of units, issuable in series, designated as Capital Trust Securities ("TD CaTS") and Special Trust Securities ("Special Trust Securities" and, collectively with TD CaTS, "Trust Securities").

6. The Trust was established solely for the purpose of effecting the Offering (as defined below) and possible future offerings of securities in order to provide the Bank with a cost effective means of raising capital for Canadian bank regulatory purposes. The Trust does not and will not carry on any operating activity other than in connection with the Offering and any future offerings.

7. The Trust is a reporting issuer, or the equivalent, in each of the Jurisdictions and is not in default of any requirement of the Legislation;

TD CaTS

8. The Trust distributed 900,000 Capital Trust Securities - Series 2009 ("TD CaTS - Series 2009") in the Jurisdictions under a long form prospectus (the "Prospectus") dated March 14, 2000 (the "Offering"). The Prospectus also qualified certain other related securities for distribution in the Jurisdictions, including the Holder Exchange Right and the Automatic Exchange Right (both as defined below).

9. The TD CaTS - Series 2009 are listed and posted for trading on the TSE.

10. The Trust also issued and sold an aggregate of 900,000 Special Trust Securities to the Bank in connection with the Offering.

11. The business objective of the Trust is to acquire and hold assets ("Trust Assets") primarily from the Bank or its affiliates which may consist of: (a) undivided co-ownership interests in one or more pools of Canada Mortgage and Housing Corporation ("CMHC") insured first mortgages on residential property situated in Canada; (b) certain mortgage-backed securities; (c) CMHC - insured first mortgages on residential property; and (d) to the extent that the proceeds of the assets of the Trust are not invested in the assets referred to above in (a), (b) or (c), money and certain debt obligations that are qualified investments under the *Income Tax Act* (Canada) for trusts governed by certain deferred income plans.

12. Subject to paragraph 13, each TD CaTS - Series 2009 entitles the holder ("TD CaTS Holders") to receive a fixed cash distribution (a "Distribution") payable by the Trust on the last day of June and December of each year (each such day, a "Distribution Date" and each period from the Distribution Date to and including the next Distribution Date (a "Distribution Period").

13. TD CaTS Holders are not entitled to receive Distributions in respect of a particular Distribution Date if the Bank has not declared regular cash dividends on its preferred shares or, if no such shares are then outstanding, on the Bank Common Shares (in accordance with the Bank's ordinary dividend practice in effect from time to time) in the most recent month in which the Bank ordinarily declares dividends from time to time in respect of such shares occurring prior to the commencement of the Distribution Period ending on such Distribution Date.

14. The Bank has covenanted, pursuant to the Bank Share Exchange Agreement (as defined below) that, if on the Distribution Date the Trust fails to pay in full Distributions on the TD CaTS to which the TD CaTS Holders are entitled, the Bank will not declare dividends of any kind on its preferred shares and the Bank Common Shares until a specific period of time has elapsed from the Distribution Date.

15. Upon the occurrence of certain adverse tax events or events relating to the treatment of TD CaTS for capital purposes prior to June 30, 2005, TD CaTS Series - 2009 will be redeemable, at the option of the Trust and with the approval of the Superintendent of Financial Institutions (Canada) (the "Superintendent"), in whole (but not in part) for a cash amount.

16. On June 30, 2005 and on any subsequent Distribution Date, the TD CaTS - Series 2009 will be redeemable in whole (but not in part) for a cash amount, at the option of the Trust and subject to the approval of the Superintendent.

17. On June 30, 2010, and on any subsequent Distribution Date, each TD CaTS - Series 2009 will be exchangeable (the "Holder Exchange Right"), at the option of the holder ("TD CaTS - Series 2009 Holders"), for one non-cumulative redeemable Class A First Preferred Share, Series A1 of the Bank (a "Bank Preferred Share Series A1"), in accordance with the terms set forth in a Bank Share Exchange Trust Agreement made as of March 21, 2000, (the "Bank Share Exchange Agreement") between the Bank, the Trust and CIBC Mellon Trust Company, as trustee for the TD CaTS - Series 2009 Holders.

18. Each TD CaTS will be automatically exchanged (the "Automatic Exchange Right") without the consent of the holder, for one Bank Preferred Share Series A1 if: (i) an application for a winding-up order in respect of the Bank pursuant to the *Winding-up and Restructuring Act* (Canada) is filed by the Attorney General of Canada or a winding-up order in respect of the Bank pursuant to that Act is granted by a court; (ii) the Superintendent has taken control of the Bank or its assets pursuant to the Bank Act; (iii) the Superintendent advises the Bank in writing that the Superintendent is of the opinion that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; or (iv) the Superintendent directs the Bank pursuant to the Bank Act to increase its capital or to provide additional liquidity and the Bank elects to cause the exchange as a consequence of the issuance of such direction or the Bank does not comply with such direction to the satisfaction of the Superintendent within the time specified in such direction.

19. The Bank Preferred Shares Series A1 will be convertible after specified dates, at the option of the Bank and subject to regulatory approvals, into Bank Common Shares.

20. Beginning on June 30, 2010, and on each subsequent Distribution Date, the Bank Preferred Shares Series A1 will be convertible, at the option of the holder, into Bank Common Shares, except under certain circumstances.

21. As set forth in the Declaration of Trust, TD CaTS are non-voting except in certain limited circumstances and Special Trust Securities entitle the holders to vote.

22. Except to the extent that Distributions are payable to TD CaTS Holders and, other than in the event of termination of the Trust (as set forth in the Declaration

of Trust), TD CaTS Holders have no claim or entitlement to the income of the Trust or the Trust Assets.

23. In certain circumstances (as described in paragraph 18 above), including at a time when the Bank's financial condition is deteriorating or proceedings for the winding-up of the Bank have been commenced, the TD CaTS Series 2009 will be automatically exchanged for Bank Preferred Shares Series A1 without the consent of TD CaTS Holders. As a result, TD CaTS Holders will have no claim or entitlement to the Trust Assets, other than indirectly in their capacity as preferred shareholders of the Bank.

24. TD CaTS Holders may not take any action to terminate the Trust.

25. The Trust has not requested relief for the purposes of filing a short form prospectus pursuant to National Instrument 44-101 -- Short Form Prospectus Distributions ("NI 44-101") (including, without limitation, any relief which would allow the Trust to use the Bank's AIF as a current AIF of the Trust) and no such relief is provided by this Decision Document from any of the requirements of NI 44-101.

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 under the Legislation is that the requirement contained in the Legislation:

(a) to file Financial Statements with the Decision Makers and deliver such statements to holders of Trust Securities;

(b) to make an Annual Filing, where applicable, with the Decision Makers in lieu of filing an information circular;

(c) to file an Annual Report and an information circular with the Decision Maker in Quebec and deliver such report or information circular to holders of Trust Securities resident in Quebec;

(d) to prepare and file an AIF, including MD&A, with the Decision Makers and send such MD&A to holders of Trust Securities;

shall not apply to the Trust for so long as:

(i) the Bank remains a reporting issuer under the Legislation;

(ii) the Bank sends its annual financial statements, interim financial statements, annual management discussion and analysis and interim management discussion and analysis to holders of Trust Securities and its Annual Report to holders of Trust Securities resident in the Province of Quebec at the same time and in the same manner as if the holders of Trust Securities were holders of Bank Common Shares;

(iii) all outstanding securities of the Trust are either TD CaTS or Special Trust Securities;

(iv) the rights and obligations of holders of additional series of TD CaTS are the same in all material respects as the rights and obligations of the holders of TD CaTS - Series 2009 at the date hereof; and

(v) the Bank is the beneficial owner of all Special Trust Securities;

and provided that if a material change occurs in the affairs of the Trust, this Decision shall expire 30 days after the date of such change.

May 16, 2001.

"John Hughes"

2.1.4 HSBC Bank Canada & HSBC Canada Asset Trust - MRRS Decision

Headnote

Exemptions from certain continuous disclosure requirements granted to a trust on specified conditions where because of the terms of the trust a security holder's return depends upon the financial condition of the sponsoring bank and not that of the trust. Trust offered trust units to the public in order to provide the bank with a cost effective means of raising capital for Canadian bank regulatory purposes; trust holds a portfolio of assets consisting primarily of mortgages and interests in mortgages; unitholders are entitled to fixed semi-annual non-cumulative distributions but no distributions are payable if the bank fails to pay dividends on its preferred shares and if distributions are not paid the bank is prevented from paying dividends on its preferred shares; trust units are not redeemable but are exchangeable at the option of the holder after a fixed term for a series of preferred shares of the bank and trust units are non-voting;
Specifically, exemptions granted from the requirements to:

(a) file interim financial statements and audited annual financial statements and send such statements to unitholders;

(b) make an annual filing in lieu of filing an information circular;

(c) file an annual report and an information circular with the Decision Maker in Quebec and deliver such report or information circular to unitholders; and

(d) prepare and file an annual information form ("AIF"), including management's discussion and analysis ("MD&A") of the financial condition and results of operation of the trust and send such MD&A to unitholders

for so long as

(i) the bank remains a reporting issuer;

(ii) the bank sends its annual financial statements, interim financial statements, annual management discussion and analysis and interim management discussion and analysis to unitholders and its annual report to unitholders resident in the Province of Quebec at the same time and in the same manner as if the unitholders were holders of common shares of the bank;

(iii) all outstanding securities of the trust are of the type presently issued;

(iv) the rights and obligations of holders of additional securities are the same in all material respects as the rights and obligations of the holders of securities outstanding at the date of the relief is granted; and

(v) the bank and its affiliates are the beneficial owner of all voting securities of the trust

provided that the relief expires 30 days after the occurrence of a material change in the affairs of the trust.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss 77, 78,79, 80(b)(iii),81.

Applicable Ontario Rules Cited

OSC Rule 51-501- AIF and MD&A
OSC Rule 52-501- Financial Statements

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

AND

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

AND

**IN THE MATTER OF
HSBC BANK CANADA AND
HSBC CANADA ASSET TRUST**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker", and collectively the "Decision Makers") in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from HSBC Bank Canada (the "Bank") and HSBC Canada Asset Trust (the "Trust") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirements contained in the Legislation to:

(a) file interim financial statements and audited annual financial statements (collectively, "Financial Statements") with the Decision Makers and deliver such statements to the security holders of the Trust;

(b) make an annual filing ("Annual Filing") with the Decision Makers in lieu of filing an information circular, where applicable;

(c) file an annual report ("Annual Report") and an information circular with the Decision Maker in Quebec and deliver such report or information circular to the security holders of the Trust resident in Quebec; and

(d) prepare and file an annual information form ("AIF"), including management's discussion and analysis ("MD&A") of the financial condition and

results of operation of the Trust and send such MD&A to security holders of the Trust;

shall not apply to the Trust, subject to certain terms and 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 Bank and the Trust represented to the Decision Makers that:

HSBC Bank Canada

1. The Bank is a Canadian chartered bank incorporated under the *Bank Act* (Canada) (the "Bank Act"), is a reporting issuer or equivalent under the Legislation and is not in default of any requirement of the Legislation.

2. The authorized capital of the Bank consists of 993,677,000 common shares ("Bank Common Shares") and an unlimited number of Class 1 Preferred Shares, issuable in series (the "Bank Class 1 Preferred Shares") and an unlimited number of Class 2 Preferred Shares issuable in series. As at December 31, 2000, 456,168,000 Bank Common Shares were outstanding, and the following series of Bank Preferred Shares were outstanding: 5,000,000 Bank Class 1 Preferred Shares Series A. No Bank Class 2 Preferred Shares are outstanding.

3. The Bank Class 1 Preferred Shares Series A are listed and posted for trading on The Toronto Stock Exchange (the "TSE").

HSBC Canada Asset Trust

4. The Trust is a closed-ended trust established under the laws of the Province of British Columbia by HSBC Trust Company (Canada) ("Trustee"), as trustee, pursuant to a declaration of trust made as of May 26, 2000 as amended and restated on June 28, 2000 (the "Declaration of Trust"). The Trustee is an indirect, wholly-owned subsidiary of the Bank.
5. The beneficial interests of the Trust are divided into two classes of units, issuable in series, designated as Trust Capital Securities ("HSBC HaTS") and Special Trust Securities ("Special Trust Securities" and, collectively with HSBC HaTS, "Trust Securities").

6. The Trust was established solely for the purpose of effecting the Offering (as defined below) and possible future offerings of securities in order to provide the Bank with a cost effective means of raising capital for Canadian bank regulatory purposes. The Trust does not and will not carry on any operating activity other than in connection with the Offering and any future offerings.

7. The Trust is a reporting issuer, or the equivalent, in each of the Jurisdictions and is not in default of any requirement of the Legislation.

HSBC HaTS

8. The Trust distributed 200,000 HSBC Canada Asset Trust Securities - Series 2010 ("HSBC HaTS - Series 2010") in the Jurisdictions under a long form prospectus (the "Prospectus") dated June 21, 2000 (the "Offering"). The Prospectus also qualified certain other related securities for distribution in the Jurisdictions, including the Automatic Exchange Right (as defined below).

9. The HSBC HaTS - Series 2010 are listed and posted for trading on the TSE.

10. The Trust also issued and sold an aggregate of 200,001 Special Trust Securities to the Bank in connection with the Offering.

11. The business objective of the Trust is to acquire and hold assets ("Trust Assets") primarily from the Bank or its affiliates which may consist of: (a) undivided co-ownership interests in one or more pools of Canada Mortgage and Housing Corporation ("CMHC") insured first mortgages on residential property situated in Canada; (b) certain mortgage-backed securities; (c) CMHC - insured first mortgages on residential property; and (d) to the extent that the proceeds of the assets of the Trust are not invested in the assets referred to above in (a), (b) or (c), money and certain debt obligations that are qualified investments under the *Income Tax Act* (Canada) for trusts governed by certain deferred income plans.

12. Subject to paragraph 13, each HSBC HaTS - Series 2010 entitles the holder ("HSBC HaTS Holders") to receive a fixed cash distribution (a "Distribution") payable by the Trust on the last day of June and December of each year (each such day, a "Distribution Date") and each period from and including the Distribution Date to but excluding the next Distribution Date (a "Distribution Period").

13. HSBC HaTS Holders are not entitled to receive Distributions in respect of a particular Distribution Date if the Bank has not declared regular cash dividends on its preferred shares in the appropriate Reference Dividend Declaration Month (as defined in the Prospectus).

14. The Bank has covenanted, pursuant to the Bank Share Exchange Agreement (as defined below) that, if on the Distribution Date the Trust fails to pay in full Distributions on the HSBC HaTS - Series 2010 to which the HSBC HaTS Holders are entitled, the Bank will not declare dividends of any kind on its preferred shares until a specific period of time has elapsed from the Distribution Date.

15. Upon the occurrence of certain adverse tax events or events relating to the treatment of HSBC HaTS - Series 2010 for capital purposes prior to June 30, 2005, HSBC HaTS - Series 2010 will be redeemable, at the option of the Trust and with the approval of the Superintendent of Financial Institutions (Canada) (the "Superintendent") and the Financial Services Authority (United Kingdom) ("FSA"), in whole (but not in part) for a cash amount.

16. On June 30, 2005 and on any subsequent Distribution Date, the HSBC HaTS - Series 2010 will be redeemable in whole (but not in part) for a cash amount, at the option of the Trust and subject to the approval of the Superintendent and the FSA.

17. The terms of the HSBC HaTS - Series 2010 do not provide for an exchange at the option of the holder of the HSBC HaTS - Series 2010 into Bank Preferred Shares. Rather, after December 31, 2010 the effective annual yield of the HSBC HaTS - Series 2010 will be reset, as follows. Unless the Bank has failed to declare dividends on any of its shares, the Trust will make non-cumulative semi-annual cash distributions to the holders of HSBC HaTS - Series 2010 in amounts to provide an effective annual yield of 7.78% to December 31, 2010. For each Distribution Date after December 31, 2010, the effective annual yield will be reset to an amount determined by multiplying $1,000 by one half of the sum of the Bankers' Acceptance Rate (as defined in the Prospectus) for the Distribution Period immediately preceding such Distribution Date plus 2.37%, payable on the last day of June and December of each year commencing June 30, 2011 provided that Bank has not failed to declare dividends on any of its shares in the appropriate Reference Dividend Declaration Month.

18. Each HSBC HaTS - Series 2010 will be automatically exchanged (the "Automatic Exchange Right") without the consent of the holder, for one Bank Preferred Share Series A1 if: (i) an application for a winding-up order in respect of the Bank pursuant to the *Winding-up and Restructuring Act* (Canada) is filed by the Attorney General of Canada or a winding-up order in respect of the Bank pursuant to that Act is granted by a court; (ii) the Superintendent has taken control of the Bank or its assets pursuant to the Bank Act; (iii) the Superintendent advises the Bank in writing that the Superintendent is of the opinion that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based total Capital ratio of less than 8.0%; or (iv) the Superintendent directs the Bank pursuant to the Bank Act to increase its capital or to provide additional liquidity and the Bank elects to cause the exchange as a consequence of the issuance of such direction or the Bank does not comply with such direction to the satisfaction of the Superintendent within the time specified in such direction.

19. As set forth in the Declaration of Trust, HSBC HaTS are non-voting except in certain limited circumstances and Special Trust Securities entitle the holders to vote.

20. Except to the extent that Distributions are payable to HSBC HaTS Holders and, other than in the event of termination of the Trust (as set forth in the Declaration of Trust), HSBC HaTS Holders have no claim or entitlement to the income of the Trust or the Trust Assets.

21. In certain circumstances (as described in paragraph 18 above), including at a time when the Bank's financial condition is deteriorating or proceedings for the winding-up of the Bank have been commenced, the HSBC HaTS - Series 2010 will be automatically exchanged for Bank Class 1 Preferred Shares Series A without the consent of HSBC HaTS Holders. As a result, HSBC HaTS Holders will have no claim or entitlement to the Trust Assets, other than indirectly in their capacity as preferred shareholders of the Bank.

22. HSBC HaTS Holders may not take any action to terminate the Trust.

23. The Trust has not requested relief for the purposes of filing a short form prospectus pursuant to National Instrument 44-101 -- Short Form Prospectus Distributions ("NI 44-101") (including, without limitation, any relief which would allow the Trust to use the Bank's AIF as a current AIF of the Trust) and no such relief is provided by this Decision Document from any of the requirements of NI 44-101.

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 under the Legislation is that the requirement contained in the Legislation:

(a) to file Financial Statements with the Decision Makers and deliver such statements to holders of Trust Securities;

(b) to make an Annual Filing, where applicable, with the Decision Makers in lieu of filing an information circular;

(c) to file an Annual Report and an information circular with the Decision Maker in Quebec and deliver such report or information circular to holders of Trust Securities resident in Quebec;

(d) to prepare and file an AIF, including MD&A, with the Decision Makers and send such MD&A to holders of Trust Securities;

shall not apply to the Trust for so long as:

(i) the Bank remains a reporting issuer under the Legislation;

(ii) the Bank sends its annual financial statements, interim financial statements, annual management discussion and analysis and interim management discussion and analysis to holders of Trust Securities and its Annual Report to holders of Trust Securities resident in the Province of Quebec at the same time and in the same manner as if the holders of Trust Securities were holders of Bank Class 1 Preferred Shares Series A;

(iii) all outstanding securities of the Trust are either HSBC HaTS or Special Trust Securities;

(iv) the rights and obligations of holders of additional series of HSBC HaTS are the same in all material respects as the rights and obligations of the holders of HSBC HaTS - Series 2010 at the date hereof; and

(v) the Bank is the beneficial owner of all Special Trust Securities;

and provided that if a material change occurs in the affairs of the Trust, this Decision shall expire 30 days after the date of such change.

May 17, 2001.

"John Hughes"

2.1.5 Frank Russell Canada Limited et al. - MRRS Decision

Headnote

Exemptions from the mutual fund self-dealing prohibitions of clauses 111(2)(a) and 111(3) and from the reporting requirements of cause 117(1)(c) of the *Securities Act* (Ontario) to allow certain mutual funds to invest in issuers who are substantial security holders of the mutual funds' distribution companies.

Statutes Cited

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

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

AND

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

AND

IN THE MATTER OF
FRANK RUSSELL CANADA LIMITED
SOVEREIGN CANADIAN EQUITY POOL
SOVEREIGN US EQUITY POOL
SOVEREIGN OVERSEAS EQUITY POOL
SOVEREIGN GLOBAL EQUITY RSP POOL
SOVEREIGN EMERGING MARKETS EQUITY POOL
SOVEREIGN CANADIAN FIXED INCOME POOL
SOVEREIGN MONEY MARKET POOL

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from Frank Russell Canada Limited ("FRC") and Sovereign Canadian Equity Pool, Sovereign US Equity Pool, Sovereign Overseas Equity Pool, Sovereign Global Equity RSP Pool, Sovereign Emerging Markets Equity Pool, Sovereign Canadian Fixed Income Pool and Sovereign Money Market Pool (the "Funds") for a decision (the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") exempting FRC and the Funds, as the case may be, from:

i. the provisions prohibiting a mutual fund from knowingly making and holding an investment in any person or company who is a substantial security holder of its distribution company (the "Investment Prohibition"); and

ii. the provision requiring a management company to file a report, within thirty days after each month end and in

respect of each mutual fund to which it provides services, relating to every purchase or sale effected by such mutual fund through any related person or company with respect to which the related person or company received a fee either from the mutual fund or from the other party to the transaction or both (the "Reporting 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 this application;

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

1. FRC is a corporation established under the laws of Canada with its head office in Toronto, Ontario.

2. The sole shareholder of FRC is Frank Russell Company (the "Parent") who is registered as an investment adviser with the Securities Exchange Commission ("SEC") and the State of Washington, as a commodity trading adviser and commodity pool operator with the National Futures Association on behalf of the Commodity Futures Trading Commission, and as a Commodity Trading Manager - Non-Resident with the Ontario Securities Commission.

3. The Funds are open-ended investment trusts established under the laws of the Province of Ontario. Each Fund is a reporting issuer in each of the provinces and territories of Canada where units (the "Units") of the Fund are sold pursuant to a prospectus accepted by the decision maker in such jurisdictions. Each Fund is not in default of any requirement of the Legislation except as stated in paragraphs 18 and 21.

4. Frank Russell Securities, Inc. ("FRS"), a Washington corporation, is an affiliate of FRC. It is a member of the National Association of Securities Dealers and is registered as a broker-dealer with the SEC.

5. Certain Units of the Funds are offered for sale to investors by RBC Dominion Securities Inc. ("RBC-DS"), as a distributor under a revised non-exclusive distributorship agreement with FRC dated August 22, 2000.

6. RBC-DS, a subsidiary of the Royal Bank of Canada ("RBC"), is a registered investment dealer and a member of The Toronto Stock Exchange (the "TSE").

7. RBC is a publicly listed Canadian chartered bank.

8. Certain Units of the Funds are also offered for sale to investors by TD Evergreen Investment Services, a division of TD Securities Inc. ("TDE"), as a distributor under a distributorship agreement with FRC dated November 11, 2000.

9. TDE, a subsidiary of The Toronto Dominion Bank ("TD"), is a registered investment dealer and a member of the TSE.

10. TD is a publicly listed Canadian chartered bank.

11. In addition to the distributorship agreements with RBC-DS and TDE, FRC intends to enter into distributorship agreements for the sale of Units of the Funds with a limited number of other registered investment dealers that have a publicly traded company as a substantial security holder (upon entering into such agreement with FRC, such dealer is referred to as an "Other Dealer" and such substantial security holder as an "Other Listed ParentCo").

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

13. Although FRC is the adviser for the Funds, neither FRC nor the Parent engages in the stock selection for the Funds or purchases or sells securities for the Funds, except as described in paragraphs 14 and 15 below. It is the practice of FRC to appoint and monitor various sub-advisers (the "Portfolio Advisers") who have the discretion to make the stock selections for the Funds. Neither FRC nor the Parent influences the decisions of the Portfolio Advisers as to the purchase or sale of specific securities or securities of a specific issuer or class or group of issuers. With the exception of the Parent, the Portfolio Advisers are not affiliates or associates of FRC and act on an arm's length basis with FRC.

14. Despite the statements in paragraph 13 above, FRC does provide advice respecting the purchase and sale of securities of the Funds with respect to Nortel Networks Corporation or any other issuer whose weighting exceeds 10% of the TSE Composite 300 Index. In addition, the Parent provides advice to the Funds with respect to the purchase and sale of index future contracts (together the "FRC Investments").

15. If at any time a Portfolio Adviser of a Fund resigns or is removed, FRC may make the investment decisions for such Fund that are within the mandate of the former Portfolio Adviser until the earlier of:

    (a) the date when FRC appoints a replacement Portfolio Adviser for the Fund; and

    (b) 60 days from the resignation or removal of the former Portfolio Adviser.

16. By employing a combination of qualitative and quantitative measurements, FRC selects the Portfolio Advisers which it believes have consistent ability to achieve superior results within specific asset classes and investment styles.

17. Each Portfolio Adviser has complete discretion to purchase and sell securities for its segment of the portfolio of a Fund, subject only to the Fund's investment objective, policies and restrictions.

18 Prior to January 29, 1997, the existing Funds were distributed by an independent investment dealer Richardson Greenshields of Canada Limited ("RGC"). On or about such date, RGC was acquired by RBC-DS. Certain of the Funds have continued to hold and make investments in securities of RBC after this date, as FRC erroneously believed that the prohibition against knowingly making an investment in a person or company who is a substantial security holder of the mutual fund's distribution company was inapplicable to the Funds.

19. On December 27, 2000, FRC gave the Decision Makers an undertaking to divest the Funds of their holding in RBC and TD (the "Undertaking").

20. In the absence of this Decision, a Fund is prohibited by the Legislation from knowingly making and holding an investment in a person or company who is a substantial security holder of its distribution company.

21. Through inadvertence, FRC has not filed the reports required by the Legislation regarding the portfolio transactions effected through FRS, RBC-DS and TDE.

22. It would be costly and time consuming for FRC to provide the information required by the Legislation on a monthly and segregated basis.

23. In respect of portfolio transactions, the annual information form of the Funds has disclosed and will continue to disclose that:

    (a) the individual Portfolio Advisers of each of the Funds have discretion to allocate brokerage business in any manner that they believe to be in the Fund's best interests;

    (b) in allocating brokerage, consideration is given to commission rates and to research, execution and other services offered; and

    (c) portfolio transactions may be executed by FRS, provided such transactions are made on terms and conditions comparable to those offered by unrelated brokers or dealers.

24. FRC has disclosed and will continue to disclose in the Funds' annual financial statements the amount of brokerage commissions paid by each Fund on trades with FRS, RBC-DS, TDE and each Other Dealer.

25. In the absence of this Decision, the Legislation requires FRC to file a report on a monthly basis in respect of every purchase or sale of securities effected through FRS, RBC-DS, TDE and each Other Dealer stating the issuer of the securities purchased or sold, the class or designation of the securities, the amount or number of securities, the consideration, the name of the related company receiving the fee, the name of the person that paid the fee to the related company and the amount of the fee received by the related company.

26. The investment by the Funds in securities of RBC, TD or an Other Listed ParentCo (each an "Issuer") and the purchase or sale of securities effected through FRS, RBC-DS, TDE or an Other Dealer represents the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Funds.

AND WHEREAS the Ontario Securities Commission held a hearing on this matter on January 31, 2001 and rendered a decision on February 6, 2001 that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

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

AND UPON each of the Decision Makers being 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 Investment Prohibition does not apply so as to prohibit the Funds from knowingly making or holding an investment in an Issuer,

PROVIDED THAT the Decision shall only apply if at the time a Fund makes or holds an investment in an Issuer the following conditions are satisfied:

(a) no affiliate or associate of the applicable Issuer acts as a Portfolio Adviser for the Fund with respect to such investment;

(b) no affiliate or associate of, or any person acting on a non-arm's length basis with, RBC-DS, TDE or Other Dealers acts as a Portfolio Adviser for the Fund with respect to such investment;

(c) FRC is not associated, affiliated or acting on a non-arm's length basis with RBC-DS, TDE or Other Dealers, or any of their respective affiliates or associates, with respect to such investment;

(d) the Portfolio Advisers are not associates or affiliates of FRC and act at arm's length with FRC;

(e) none of FRC, the Parent or any of their respective affiliates, associates or substantial security holders in fact influences or has taken any action to influence any investment decision of a Portfolio Adviser (other than the Parent) of the Fund with respect to the purchase, sale or holding of any securities of an Issuer except for the FRC Investments;

(f) there is no agreement, arrangement or understanding in effect that would enable RBC-DS, TDE or any Other Dealer, or their respective affiliates or associates, to influence any investment decision of any Portfolio Adviser of the Fund;

(g) none of FRC, the Parent or any of their respective affiliates, associates or substantial security holders makes or participates in making any investment decision with respect to the purchase, sale or holding by the Fund of any securities of an Issuer with the exception of:

(i) the FRC Investments; and

(ii) the investment decisions made by FRC for the Fund in the circumstances described in paragraph 15 above, except that no such decision shall involve the purchase of securities of an Issuer;

(h) the simplified prospectus of the Fund contains disclosure as to:

(i) all of the terms and conditions of this Decision;

(ii) the holdings and aggregate yearly purchases or sales by the Fund of securities of any Issuer and that FRC has determined that such investments and holdings satisfy the conditions of this Decision;

(iii) the issuing of a press release when any change is made to a Portfolio Adviser;

(iv) the website where a current list of Portfolio Advisers can be obtained;

(v) the sending of quarterly updates to all unitholders which describe any Portfolio Adviser changes which have been made; and

(vi) the ability of unitholders to receive a current list of Portfolio Advisers upon request, including how such requests can be made; and

(i) the Fund files an amendment to its simplified prospectus within 10 days after a Portfolio Adviser of the Fund is replaced by a new Portfolio Adviser or FRC hires an additional Portfolio Adviser for the Fund, naming the replacement or additional Portfolio Adviser of the Fund, if such new or additional Portfolio Adviser is an associate or affiliate of RBC-DS, TDE or any Other Dealer.

AND IT IS FURTHER DECIDED THAT the Reporting Requirement does not apply so as to require FRC to file a report on a monthly basis in respect of every purchase and sale of securities by a Fund which is effected through FRS, RBC-DS, TDE or an Other Dealer (each a "Related Company") and with respect to which a Related Company received a fee either from the Fund or from the other party to the transaction or both,

PROVIDED THAT the Decision shall only apply if the statement of portfolio transactions prepared and filed for the Fund in accordance with the applicable requirements of each Jurisdiction's Legislation discloses, in respect of every class or designation of securities of an issuer bought or sold during the period to which the statement of portfolio transactions relates:

(a) the name of the Related Company through which the transactions were effected;

(b) the amount of the fees paid to the Related Company; and

(c) the person or company that paid the fees.

May 17, 2001.

"J. A. Geller" "K. D. Adams"

2.1.6 TD Securities Inc. & Telus Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - issuer is a connected, but not a related issuer, in respect of a registrant that is an underwriter in a proposed distribution of debentures by the issuer, and other registrants that may participate in the proposed distribution of debentures - underwriter exempt from the independent underwriter requirement in the legislation provided that the issuer is not in financial difficulty.

Applicable Ontario Regulations

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 219(1), 224(1)(6) and 233.

Applicable Ontario Rules

Proposed Multi-Jurisdictional Instrument 33-105: Underwriting Conflicts (1998), 21 OSCB 788.

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

AND

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

AND

IN THE MATTER OF
TD SECURITIES INC. AND
TELUS CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Québec and Newfoundland (the "Jurisdictions") has received an application from TD Securities Inc. (the "Filer") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirement (the "Independent Underwriter Requirement") contained in the Legislation which restricts a registrant from acting as an underwriter in connection with a distribution of securities of an issuer made by means of prospectus, where the issuer is a connected issuer (or the equivalent) of the registrant unless a portion of the distribution at least equal to that portion underwritten by non-independent underwriters is underwritten by an independent underwriter, shall not apply to the Filer or to certain Lender-Owned Underwriters (as defined below) in respect of a proposed distribution (the "Offering") of senior unsecured debentures (the "Debentures") of TELUS Corporation (the "Corporation"), to be made by means of a prospectus supplement (the "Prospectus Supplement") to a short form base shelf prospectus (the "Prospectus") expected to be filed with the Decision Makers in each of the provinces of Canada;

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

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

1. The Filer is registered under the Securities Act (Ontario) (the "Act") in the categories of "investment dealer" and "broker" and is not in default of any of its terms of registration. The Filer's head office is in Ontario.

2. The Corporation is a corporation formed under the Company Act (British Columbia) on October 26, 1998. The Corporation maintains its registered office at 21st Floor, 3777 Kingsway, Burnaby, British Columbia.

3. The Corporation is a leading Canadian telecommunications company that provides a full range of communications products and services. For the year ended December 31, 2001, the Corporation had operating revenues of approximately $6.4 billion and net income of approximately $461.0 million. As at December 31, 2001, the Corporation had assets of approximately $16.4 billion and long term debt of approximately $3.0 billion.

4. The voting and non-voting common shares of the Corporation are listed on The Toronto Stock Exchange under the symbols "T" and "T.A.", respectively, and the non-voting common shares of the Corporation are listed on the New York Stock Exchange under the symbol "TU".

5. As at April 30, 2001, the Corporation has a market capitalization of approximately $9.7 billion.

6. The Corporation is a reporting issuer under the Legislation and is not in default of any requirements of the Legislation.

7. The Filer is proposing to act as lead underwriter in connection with the Offering. While the other members of the underwriting syndicate have not yet been determined, no other underwriter will underwrite a greater percentage of the Offering than the Filer.

8. The Debentures will be offered concurrently in the United States, under the Canada-U.S. Multi-Jurisdictional Disclosure System (the "MJDS").

9. It is expected that the Corporation may issue Debentures having an aggregate principal amount of up to $6.0 billion through the Offering.

10. It is anticipated that the Debentures will receive a rating of "Baa2" from Moody's and "BBB+" from Standard & Poor's.

11. The Corporation is a party to a $6.5 billion credit facility (the "Credit Facility") with a syndicate of banks including The Toronto-Dominion Bank (collectively, the "Lenders"). The Credit Facility consists of: (i) a $5.0 billion non-revolving bridge facility (as at December 31, 2000, $4.0 billion drawn and $1.0 billion available); and (ii) a $1.25 billion revolving facility (as at December 31, 2000, undrawn) that matures on October 19, 2001. The Corporation is a party to other bank facilities with an aggregate commitment of approximately $200.0 million.

12. The Corporation is and has been in compliance with the terms of the Credit Facility and is not in financial difficulty.

13. The net proceeds of the Offering will be used to repay a portion of the Corporation's outstanding indebtedness under the Credit Facility.

14. TD Securities is a wholly-owned subsidiary of The Toronto-Dominion Bank. The investment banking affiliates of certain of the other Lenders (the "Lender-Owned Underwriters") will be invited to participate in the underwriting syndicate established for the Offering.

15. The Lenders did not participate in the decision to make the Offering and will not participate in the determination of the terms of the distribution.

16. Neither the Filer nor any of the Lender-Owned Underwriters that may participate in the Offering will benefit in any manner from the Offering other than by the payment of their fees in connection with the distribution.

17. By virtue of the Credit Facility, the Corporation may, in connection with the Offering, be considered a "connected issuer" (or the equivalent) of the Filer and the Lender-Owned Underwriters.

18. The Corporation is not a "related issuer" (or the equivalent) of the Filer or any of the Lender-Owned Underwriters.

19. The nature and details of the relationship between the Corporation and the Filer and the Lender-Owned Underwriters that participate in the Offering will be described in the Prospectus Supplement. The Prospectus Supplement will contain the information specified in Appendix "C" of proposed Multi-Jurisdictional Instrument 33-105 Underwriting Conflicts (the "Proposed Instrument").

20. The Corporation is in good financial condition and is not under any immediate financial pressure to proceed with the Offering and has not been requested or required by the Lenders to repay the amounts owing under the Credit Facility. The Corporation is not a "specified party" as defined in the Proposed Instrument.

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

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

THE DECISION of the Decision Makers, pursuant to the Legislation, is that the Independent Underwriter Requirement shall not apply to the Filer or the Lender-Owned Underwriters in connection with the Offering, provided that, at the time of the Offering:

A. the Corporation is not a related issuer as defined in the Proposed Instrument of the Filer or any Lender-Owned Underwriter; and

B. the Corporation is not a specified party as defined in the Proposed Instrument.

May 18, 2001.

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

2.1.7 Petromet Resources Limited - MRRS Decision

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

AND

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

AND

IN THE MATTER OF
PETROMET RESOURCES LIMITED

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba and Québec (the "Jurisdictions") has received an application from Petromet Resources Limited ("Petromet" or the "Filer") for (i) a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation for Petromet to send to its shareholders its 2000 annual report, where applicable (the "2000 Annual Report") and its comparative annual audited financial statements and the auditor's report thereon relating to its financial year ended December 31, 2000 (the "2000 Financial Statements") as required by the Legislation shall not apply to Petromet on the basis described below; and (ii) a decision of the Decision Maker in each of Ontario, Saskatchewan and Quebec to waive the provisions of a policy statement, securities direction or the Legislation of those Jurisdictions, respectively, as they apply to Petromet filing (the "AIF Filing Provisions") an Annual Information Form ("2000 AIF") relating to Petromet's financial year ended December 31, 2000 and, where applicable, mailing (the "MD&A Mailing Provisions") its annual management's discussion & analysis ("2000 MD&A") to shareholders, on the basis described below;

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 Petromet has represented to the Decision Makers that:

1. Petromet is a corporation incorporated under the laws of the Province of Ontario.

2. The registered office of the Corporation is Suite 6600, 1 First Canadian Place, Toronto, Ontario, M5X 1B8.

3. Petromet is a reporting issuer or the equivalent thereof, under the Legislation and is not, to its knowledge, in default, of any applicable requirement of the Legislation.

4. The common shares of Petromet ("Petromet Shares") are listed and posted for trading on The Toronto Stock Exchange and The Nasdaq National Market.

5. The authorized capital of Petromet consists of an unlimited number of Petromet Shares and an unlimited number of preferred shares issuable in series. As of the date hereof, 52,188,262 Petromet Shares are issued and outstanding and there are $25,000,000 principal amount of 6.5% convertible subordinated debentures of Petromet ("Debentures") issued and outstanding.

6. The fiscal year end for the Corporation is December 31.

7. Petromet is a reporting issuer that is required to send to its shareholders every financial statement required to be filed under the Legislation.

8. Petromet's Board of Directors has approved its 2000 Financial Statements for the year ended December 31, 2000 and a press release in respect of the 2000 Financial Statements was issued on February 8, 2001.

9. Petromet intends to file the 2000 Financial Statements, the 2000 MD&A and the 2000 Annual Report on or before May 22, 2001.

10. No material changes have occurred in the affairs of Petromet which would be required to be disclosed in the 2000 AIF, which have not been publicly disclosed.

11. Petromet and Talisman Energy Inc. ("Talisman") entered into an acquisition agreement (the "Acquisition Agreement") on April 10, 2001, whereby Talisman agreed to make an offer to purchase all of the outstanding Petromet Shares for $13.20 for each Petromet Share and all of the outstanding Debentures for $1389.47 for each $1,000 principal amount of Debentures (the "Offer").

12. The Offer was made by way of a take-over bid by TLM Acquisition Corp. (the "Offeror"), a wholly-owned subsidiary of Talisman on April 19, 2001.

13. The Offer expires on May 25, 2001.

14. Pursuant to the trust indenture governing the Debentures, on April 24, 2001, Petromet issued a notice of redemption for the Debentures with a redemption date of May 24, 2001. As a result, all Debentures not converted to Petromet Shares prior to May 24, 2001 will be redeemed by Petromet.

15. Petromet is not aware of any competing proposals to the Offer. Petromet expects that the Offer will be successful on May 25, 2001 and the Offeror will acquire all of the issued and outstanding Petromet Shares shortly thereafter.

16. All Debentures outstanding on May 24, 2001 will be redeemed by Petromet, regardless of the success of the Offer.

17. Petromet expects the Offeror will be the only holder of Petromet securities on or before May 31, 2001.

18. Petromet filed and concurrently mailed to all holders of Petromet Shares and holders of Petromet Debentures a directors' circular (the "Directors' Circular") that recommends acceptance of the Offer. The Directors' Circular contains current information relating to the directors and senior officers of Petromet.

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:

1. Petromet is exempt from the requirement to send to the shareholders of Petromet the 2000 Financial Statements and 2000 Annual Report provided that:

   (a) Petromet will file, on or before May 22, 2001, the 2000 Financial Statements and 2000 Annual Report with each Decision Maker that requires such filing;

   (b) Petromet will issue and file a press release concurrently with the filing of the 2000 Financial Statements and 2000 Annual Report, disclosing that such documents have been filed and are available to securityholders upon request; and

   (c) in the event that anyone other than TLM Acquisition Corp. holds securities of Petromet on June 18, 2001, then on that day, Petromet will send to all securityholders of Petromet the 2000 Financial Statements and 2000 Annual Report.

May 18, 2001.

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

THE DECISION of the Decision Makers in Ontario, Quebec and Saskatchewan is that the AIF Filing Provisions and the MD&A Mailing Provisions are waived as they apply to Petromet's 2000 AIF and 2000 MD&A, provided that:

2. (a) Petromet will file the 2000 MD&A with the Ontario Securities Commission ("OSC") and Saskatchewan Securities Commission ("SSC"), on or before May 22, 2001;

   (b) Petromet will issue and file a press release concurrently with the filing of the 2000 MD&A disclosing that the 2000 MD&A has been filed and is available to securityholders upon request; and

   (c) in the event that anyone other than TLM Acquisition Corp. holds securities of Petromet on June 18, 2001, then on that day, Petromet will file the 2000 AIF with the OSC, Commission des valeurs mobilières du Québec and SSC and will send the 2000 MD&A to all securityholders of Petromet.

May 18, 2001.

"Margo Paul"

2.1.8 Bentall Corporation - MRRS Decision

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

AND

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

AND

IN THE MATTER OF
BENTALL CORPORATION

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 Bentall Corporation (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 in the Jurisdictions or the equivalent thereof under the Legislation;

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. The Filer is a corporation continued under the *Canada Business Corporations Act* (the "CBCA"), is a reporting issuer in each of the Jurisdictions and is not in default of any of the requirements of the Legislation;

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

3. the authorized capital of the Filer consists of an unlimited number of common shares (the "Common Shares") and an unlimited number of preferred shares. As of April 10, 2001, there were 28,271,105 Common Shares and 2,069,000 options to purchase Common Shares issued and outstanding; no preferred shares were issued and outstanding;

4. on March 5, 2001, SITQ Acquisition Inc. (the "Offeror") made the Offer to purchase any and all of the Common Shares not already owned by the Offeror, its associates and its affiliates, at a price of $20 per Common Share payable in cash;

5. the Offeror has been incorporated under the Companies Act (Québec) and his head office is located in Montréal, Québec;

6. as a result of the compulsory acquisition procedures under the CBCA, the Offeror became the sole security holder of the Filer on April 25, 2001;

7. the Common Shares have been delisted from The Toronto Stock Exchange on April 4, 2001 and no securities of the Filer are listed or quoted on any exchange or market;

8. the Filer has no other securities outstanding, including debt, outstanding;

9. the Filer has no current intention to distribute any securities to the public; and

10. compliance with continuous disclosure would place an unnecessary financial and administrative burden on the Filer.

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.

DATED in Montréal, on May 17, 2001.

"Edvie Élysée"

2.2. Orders

2.2.1 Business Development Bank of Canada - s.83

Headnote

Crown Corporation, that became reporting issuer by virtue of the transfer of listing of its notes to the TSE, deemed to have ceased to be a reporting issuer - Except for shares held in trust for Crown, all issued and outstanding securities of issuer are securities referred to in paragraph 1(a) of subsection 35(2) of the Act.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 35(2)1(a), 73(1)(a), 83 and 83.1.

Business Development Bank of Canada Act, S.C. 1995, c. 28, ss. 3(4), 18(1) and 23(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 BUSINESS DEVELOPMENT BANK OF CANADA

ORDER
(Section 83)

UPON the application (the "Application") of Business Development Bank of Canada (the "Bank") to the Ontario Securities Commission (the "Commission") for an order, pursuant to section 83 of the Act, that the Bank be deemed to have ceased to be a reporting issuer.

AND UPON the Bank having represented to the Commission that:

1. the Bank is a body corporate governed by the *Business Development Bank of Canada Act* (the "BDB Act");

2. the purpose of the Bank is to support Canadian entrepreneurship by providing financial and management services and by issuing securities or otherwise raising funds or capital in support of those services;

3. subsection 3(4) of the BDB Act provides that the Bank is for all purposes an agent of Her Majesty in right of Canada (the "Federal Crown");

4. subsection 23(2) of the BDB Act provides that the shares of the Bank may be issued only to the Designated Minister (as defined in the BDB Act) to be held in trust for the Federal Crown;

5. subsection 18(1) of the BDB Act provides that the Bank may borrow money by issuing and selling or pledging debt obligations of the Bank;

6. the Bank has, and may, from time to time, borrow money by issuing notes ("Notes") that constitute direct unconditional obligations of the Bank which are also direct unconditional obligations of the Federal Crown;

7. the terms of any Notes issued by the Bank may provide for a return to the holder that is linked to various market indices (such as currencies, commodities, interest rates, swap rates), an equity index, or basket of securities or equity indices or other underlying interests;

8. except for shares that are held in trust for the Federal Crown, all other securities ("Outstanding Securities") of the Bank that are issued and outstanding are securities ("exempt securities") that are:

   (a) referred to in paragraph 1(a) of subsection 35(2) of the Act; and

   (b) do not, by their terms, limit the liability of the Bank to the assets of the Bank, or provide for any return that may be dependent upon the financial condition or performance of the Bank, so that the financial condition or performance of the Bank is not relevant to any holder of the Outstanding Securities;

9. the Outstanding Securities were issued by the Bank in reliance upon the prospectus exemption contained in clause 73(1)(a) of the Act that refers to securities in paragraph 1(a) of subsection 35(2) of the Act;

10. the Bank may, from time to time, arrange for the listing of its securities on The Toronto Stock Exchange (the "TSE"), so that upon such listing the Bank may, by virtue of the definition of "reporting issuer" in the Act, become a reporting issuer, in each such case, the Bank intends to apply to the Commission for an order(s), pursuant to section 83 of the Act, that it be deemed to have ceased to be a reporting issuer;

11. on December 6, 1999, the Bank became a reporting issuer by virtue of the transfer of listing of Internet Stock Basket Protected Notes due 2009 of the Bank from the Montreal Exchange to the TSE. On January 21, 2000, the Commission issued an order pursuant to section 83 of the Act deeming the Bank to have ceased to be a reporting issuer under the Act;

12. on February 7, 2000, the Bank became a reporting issuer by virtue of the listing of Global Giants Equity–Linked Notes, Series 1 of the Bank on the TSE. On February 29, 2000, the Commission issued an order pursuant to section 83 of the Act deeming the Bank to have ceased to be a reporting issuer under the Act;

13. on April 28, 2000, the Bank became a reporting issuer by virtue of the listing of International Equity Index Linked Notes, Series 1 of the Bank on the TSE. On June 2, 2000, the Commission issued an order

pursuant to section 83 of the Act deeming the Bank to have ceased to be a reporting issuer under the Act;

14. on December 6, 2000, the Bank became a reporting issuer by virtue of the listing of Global Equity Index Linked Notes, Series 1 of the Bank on the TSE. On January 5, 2001, the Commission issued an order pursuant to section 83 of the Act deeming the Bank to have ceased to be a reporting issuer under the Act;

15. on March 22, 2001, the Bank became a reporting issuer by virtue of the listing of Nasdaq-100 Index® Linked Notes, Series 1 and Nasdaq-100 Index® Linked Notes, Series 2 of the Bank on the TSE. The Bank is not in default of any requirements of the Act or regulations made thereunder;

16. if the Outstanding Securities should cease to be exempt securities, the Bank will so advise the Director, so that the Director may consider whether, in the circumstances, it may be appropriate to apply to the Commission for an order, pursuant to section 83.1 of the Act, deeming the Bank to be a reporting issuer for the purposes of Ontario securities law;

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

AND UPON the Commission being satisfied that to do so would be in the public interest;

IT IS ORDERED, pursuant to section 83 of the Act, that the Bank is deemed to have ceased to be a reporting issuer.

April 15, 2001.

"Jack A. Geller" "R. Stephen Paddon"

2.2.2 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

ORDER
(Section 127)

WHEREAS this proceeding was commenced by a Notice of Hearing dated March 30, 2001;

AND WHEREAS Staff of the Commission and the respondents have jointly requested that this matter be adjourned to August 13, 2001, to set a date for the hearing;

AND WHEREAS the Commission considers it to be in the public interest to make this order;

IT IS ORDERED THAT this matter be adjourned to August 13, 2001, to set a date for the hearing.

May 3, 2001.

"Paul Moore"

2.3 Rulings

2.3.1 UBS AG and UBS Warburg Co-Investment 2001 GP Limited - ss. 74(1)

Headnote

Trades in interests of a limited partnership formed by a Swiss bank to certain senior employees of Canadian subsidiary not subject to prospectus and dealer registration requirements of the Legislation, subject to certain conditions. First trades in interests shall be a distribution unless certain conditions are met. General partner, Swiss bank and its affiliates and agents providing investment advice to limited partnership not subject to the advisor registration requirements of the Legislation, subject to certain conditions.

Statutes Cited

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

Other Statutes Cited

United States Investment Company Act of 1940, as amended.

United States Securities Act of 1933, as amended.

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

AND

IN THE MATTER OF
UBS AG AND UBS WARBURG CO-INVESTMENT 2001 LIMITED PARTNERSHIP

RULING

WHEREAS the Ontario Securities Commission (the "Commission") has received an application from UBS AG and UBS Warburg Co-Investment 2001 GP Limited (the "General Partner") for a ruling under subsection 74(1) of the Act that:

(i) The requirement contained in section 25 of the Act to be registered to trade in a security (the "Registration Requirement") and the requirement in section 53 of the Act to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirement"); and

(ii) the requirement contained in section 25 of the Act to be registered as an adviser under the Act where such a person or company engages in or holds himself, herself or itself out as engaging in the business of advising others as to the investing in or the buying and selling of securities (the "Adviser Registration Requirement"),

shall not apply to certain trades made in connection with the UBS Warburg Co-Investment Plan (the "Plan"), subject to certain conditions.

AND WHEREAS upon considering the application and recommendation of staff of the Commission;

AND WHEREAS UBS AG and the General Partner have represented to the Commission that:

1. UBS AG is a Swiss bank headquartered in Switzerland. It is not a reporting issuer in Ontario.

2. UBS Warburg is a business group of UBS AG. It operates worldwide through branches and subsidiaries of UBS AG.

3. In Canada, UBS Warburg operates through UBS Bunting Warburg Inc. ("Warburg Canada").

4. Warburg Canada is a corporation existing under the laws of the Province of Ontario. Its head office is located in Toronto, Ontario. It is not a reporting issuer in Ontario. It is registered as a broker/investment dealer under the Act.

5. As an incentive to senior employees of USB Warburg ("Eligible Investors"), all of whom are at the Director, Managing Director or Executive Director level, USB AG proposes to establish the Plan which will allow participants to indirectly participate in private equity investment opportunities, which will be made by UBS Warburg Co-Investment 2001 Limited Partnership (the "Underlying Partnership"), a Cayman Islands limited partnership.

6. Depending on their residency, Eligible Investors will participate in the Plan by acquiring an interest in the Underlying Partnership directly, or by acquiring an interest in a feeder vehicle, which will in turn acquire an interest in the Underlying Partnership.

7. The Eligible Investors resident in Ontario, of which there are currently two (the "Canadian Eligible Investors"), will participate in the Plan by acquiring interests in a feeder vehicle, UBS Warburg Co-Investment 2001 (No. 4) Limited Partnership (the "Feeder Vehicle"), one of several such feeder vehicles (collectively, the "Feeder Vehicles"). From time to time Canadian Eligible Investors who are resident in Ontario but whose nationality is not Canadian, may participate in the Plan by acquiring an interest directly in the Underlying Partnership or another Feeder Vehicle. Interests in the Plan acquired directly in the Underlying Partnership or through the Feeder Vehicles are referred to herein as "Interests".

8. The Interests will not be transferable except with the consent of the General Partner which will not generally be given other than upon death or upon sale to the General Partner.

9. The Feeder Vehicle in which Canadian Eligible Investors will generally invest, will be Cayman Islands limited partnerships or limited companies. Neither the Underlying Partnership nor the Feeder Vehicle will become reporting issuers in Ontario and will not be registrants under the Act.

10. The Interests will not be registered under the *Securities Act* of 1933, as amended, and the Plan and UBS AG are applying to the United States Securities and Exchange Commission to be exempt from the *Investment Company Act* of 1940, as amended.

11. The General Partner of the Underlying Partnership is a Cayman Islands limited company, which is a wholly-owned subsidiary of UBS AG. The General Partner is a newly formed entity with no other operations, will not become a reporting issuer in Ontario and will not be a registrant under the Act.

12. UBS AG will be the investment manager of the General Partner (the "Investment Manager"), determining the investment strategies of the Feeder Vehicles and the Underlying Partnership, including the acquisition and disposition of Underlying Partnership investments.

13. In acting as Investment Manager, UBS AG may obtain advice from one or more investment advisers, which may or may not be affiliates of UBS AG. Investment advisers who are not affiliates of UBS AG will act as agents to UBS AG.

14. Under the Plan, the Underlying Partnership will invest approximately US$400 million in underlying investments, to be financed by way of debt or preferred equity from UBS AG (US$300 million) and by subscriptions from Eligible Investors worldwide (US$100 million).

15. The Underlying Partnership may invest in any industry, in equity or debt, and directly or indirectly through other investment vehicles. In seeking to achieve its investment objectives, it is expected that a substantial portion of the Underlying Partnership's assets will be invested in private equity investments, underlying private equity funds and private equity funds of funds.

16. The minimum subscription by an Eligible Investor shall be US$5,000 in the case of a Director, US$10,000 in the case of an Executive Director and US$20,000 in the case of a Managing Director. The maximum subscription by Eligible Investors shall, subject to the discretion of UBS AG, be US$50,000 in the case of a Director, US$100,000 in the case of an Executive Director and US$200,000 in the case of a Managing Director. All of the current Canadian Eligible Investors are Managing Directors.

17. Each Canadian Eligible Investor will, as a condition to participating in the Plan (unless prohibited by law), be required to open a US dollar denominated brokerage account (the "Brokerage Account") with PaineWebber ("PW"). Each such Brokerage Account will be restricted to holding cash. No securities will be bought, sold or held in such Brokerage Accounts. PW is a indirect wholly-owned subsidiary of UBS AG and is registered as an international dealer under the Act. An Eligible Investor's subscription under the Plan will take place over time by way of drawdowns from the Eligible Investor's Brokerage Account.

18. Drawdowns will generally be made from each Brokerage Account on a three month basis to finance investments which have been made by the Underlying Partnership during the previous three month period, together with any ongoing fees and expenses.

19. A private placement memorandum (the "Offering Memorandum") has been prepared in connection with the offering, containing disclosure on the Plan, the Feeder Vehicles, the Interests, the Underlying Partnership, the General Partner and the Investment Manager. The Offering Memorandum will be provided to Eligible Investors, including Canadian Eligible Investors.

20. During the term of the Plan, which is currently expected to be 12 years (subject to a three year extension at the discretion of the General Partner), UBS AG will provide periodic reports to Eligible Investors, including Canadian Eligible Investors, on the Underlying Partnership and applicable Feeder Vehicles. The reports will provide details on the Underlying Partnership's investment activities, together with the Investment Manager's unaudited estimate of the value of the investments held by the Underlying Partnership. Eligible Investors, including Canadian Eligible Investors will also receive audited financial statements and relevant tax information in respect of applicable Feeder Vehicles and the Underlying Partnership.

21. Canadian Eligible Investors will participate in the Plan on a voluntary basis and are not being induced to purchase Interests by expectation of employment or continued employment with Warburg Canada, or any of its affiliates.

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

IT IS RULED that:

1. The Registration Requirement and Prospectus Requirement shall not apply to a trade in Interests made by the Underlying Partnership, the Feeder Vehicles or PW to a Canadian Eligible Investor, provided that:

   (a) the Canadian Eligible Investor is not induced to purchase Interests by expectation of employment or continued employment and acquires the Interests voluntarily; and

   (b) a copy of the Offering Memorandum is provided to the Canadian Eligible Investor and filed with the Commission.

2. The first trade in Interests acquired pursuant to this Ruling or by any person or company referred to in this paragraph in Ontario shall be deemed to be a distribution, unless such first trade is made to any of the following:

   (a) the General Partner or an Eligible Investor;

(b) an affiliate of the General Partner;

(c) a member of an Eligible Investor's immediate family;

(d) a corporation controlled by an Eligible Investor and/or any member of his or her immediate family where the Eligible Investor is an officer or director of the corporation and where all the shares are owned at all times by any combination of the Eligible Investor, members of his or her immediate family, the children of any of them or the offspring of such children;

(e) a trust where all of the beneficiaries are any combination of the Eligible Investor, members of his or her immediate family, the children of any of them or the offspring of such children and at least one of the trustees is the Eligible Investor;

(f) a registered retirement savings plan and/or personal holding company of the Eligible Investor; or

(g) a person or company acquiring Interests by operation of law.

3. The Adviser Registration Requirement under the Act shall not apply to the General Partner, the Investment Manager, any affiliate of the Investment Manager or any agent of the Investment Manager for the purposes of providing investment advice to the Underlying Partnership and Feeder Vehicles, provided that:

(a) the Canadian Eligible Investors are the only persons to whom Interests are distributed in Canada;

(b) where the General Partner, the Investment Manager, any affiliate of the Investment Manager or any agent of the Investment Manager act as advisers to the Underlying Partnership or Feeder Vehicles in respect of securities of Canadian issuers, such advice will be incidental to their acting as an adviser to the Underlying Partnership or Feeder Vehicles in respect of securities of foreign issuers; and

(c) before any Interests are sold to the Canadian Eligible Investors, each Canadian Eligible Investor shall be notified that the Underlying Partnership will be advised by advisers who are not registered in Canada to act as an adviser.

May 4, 2001.

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

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 Reasons

3.1.1 Hamilton Airlines (2000) Inc.

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

AND

IN THE MATTER OF
HAMILTON AIRLINES (2000) INC.

Hearing: May 3, 2001

Panel:	Paul M. Moore, Q.C.	-	Vice-Chair
	Robert W. Davis, FCA	-	Commissioner
	R. Stephen Paddon, Q.C.	-	Commissioner
Counsel:	Tim Moseley	-	For the Staff of the Ontario Securities Commission
	John Castle	-	For the Respondent

REASONS FOR DECISION

Hearing and Review

This is a hearing and review by the Ontario Securities Commission under subsection 8(2) of the *Securities Act* (the "Act") of a decision (the "Decision") of the Director dated November 1, 2000 that a revised preliminary prospectus of Hamilton Airlines (2000) Inc. (the "Applicant") does not substantially comply with the requirements of Ontario securities law as to form and content.

Background

This hearing and review was initiated by a request for a hearing and review of the Decision made in an application (the "Application") filed with the Secretary of the Commission on April 19, 2001.

Jurisdiction

Counsel for Staff of the Commission raised the question of the jurisdiction of this tribunal to hold this hearing and review.

Subsection 8(2) of the Act provides that a person is entitled to a hearing and review by the Commission of a decision of the Director where notice in writing requesting a hearing and review is sent to the Commission within 30 days after the mailing of the notice of a decision. Counsel for Staff of the Commission submitted that the Commission has no jurisdiction to hear the Application because the Application was made more than 30 days after the mailing of the notice of the Decision.

Counsel for Staff of the Commission submitted that the Commission has no flexibility to accept jurisdiction in this case. He referred to Rule 1.5(3) of the Commission's Rules of Practice. That reads as follows:

> "The Commission may, before or after expiration of a prescribed time period and on such conditions, if any, as it considers advisable, extend or abridge any time prescribed under these Rules."

Counsel for Staff of the Commission pointed out that the flexibility provided by this Rule was only applicable with respect to time periods prescribed by the Rules. It did not apply to time periods prescribed by the Act.
Counsel for the Staff of the Commission also referred us to subsection 4(1) of the Statutory Powers Procedures Act. That subsection reads as follows:

> "Any procedural requirement of this Act, or of another Act or a regulation that applies to a proceeding, may be waived with the consent of the parties and the tribunal."

Counsel for Staff of the Commission submitted that this subsection was only available if the Applicant, Commission Staff and the tribunal consented. He stated that Staff of the Commission were not prepared to consent. Therefore, the Commission has no jurisdiction.

Mr. Castles, in reply, submitted that subsection 8(1) of the Act was relevant. That subsection only applies where the Commission forms an intention on its own to hold a hearing and review. That is not the situation in the case before us. Mr. Castle was not able to refer us to any authority suggesting that the Commission has jurisdiction to hear this matter.

Decision

For the reasons submitted by Counsel for Staff of the Commission, the Commission determined that it lacked jurisdiction to conduct a hearing and review of the Decision.

May 18, 2001.

"Paul Moore" "R. Stephen Paddon"

"Robert W. Davis"

Chapter 4

Cease Trading Orders

4.1.1 Temporary and Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
Athabaska Gold Resources Ltd.	09 May 01	-	18 May 01	-
Meridian Resources Inc.	01 May 01	-	14 May 01	-
United Keno Hills Mines Limited	08 May 01	-	18 May 01	-

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Chapter 5

Rules and Policies

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

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Chapter 6

Request for Comments

6.1.1 NP 51-201 Disclosure Standards

NOTICE OF PROPOSED NATIONAL POLICY 51-201
DISCLOSURE STANDARDS
AND
PROPOSED RESCISSION OF NATIONAL POLICY 40
TIMELY DISCLOSURE

I. INTRODUCTION

The Canadian Securities Administrators (the "CSA" or "We") have become increasingly concerned about the selective disclosure of material corporate information by companies to analysts, institutional investors, and other market participants. Selective disclosure occurs when a company discloses material nonpublic information to one or more individuals or companies and not broadly to the investing public. The practice of selective disclosure poses a serious threat to investor confidence in the fairness and integrity of the capital markets.

The purpose of proposed National Policy 51-201 Disclosure Standards ("Policy 51-201 ") is to: (i) describe the timely disclosure requirements and the confidential filing mechanism contained in securities legislation; (ii) provide interpretive guidance on existing legislative prohibitions against selective disclosure; (iii) highlight disclosure practices where companies take on a high degree of risk in light of the legislative prohibitions against selective disclosure; (iv) give examples of the types of information likely to be material under securities legislation; and (v) list some "best disclosure" practices that can be adopted by companies to ensure that they comply with securities legislation. Policy 51-201 is a CSA initiative and is expected to be implemented as a policy in all of the CSA jurisdictions.

II. BACKGROUND

The Allen Committee

In Canada, attention was focused on the practice of selective disclosure in 1995 when The Toronto Stock Exchange Committee on Corporate Disclosure (the "Allen Committee") released its Interim Report. In the report the Allen Committee acknowledged the importance of meetings with analysts in "fostering open and thorough continuous disclosure practices". The Allen Committee recognized that "benefits may flow to the markets from the legitimate efforts of securities analysts who use their professional expertise to process detailed data and information into commentary that investors find useful and can digest relatively quickly and improve the flow of corporate information into the marketplace". Nevertheless the Allen Committee remained concerned that private meetings with analysts and professional investors had resulted in "selective disclosure of information that should have been disclosed on a general basis". "Quite apart from any questions of compliance with securities laws", the Allen Committee noted that this causes "unfairness in the marketplace".

The Allen Committee made a number of recommendations designed to equalize access to information among investors including: group analyst meetings with retail investor access; wide availability of data books and additional information; and electronic access to corporate information.

Ontario Securities Commission Staff Survey

In October 1999, as a first step in addressing the issue of selective disclosure, staff of the Continuous Disclosure Team of the Ontario Securities Commission (the "OSC") conducted a survey of disclosure practices of public companies (the "Survey"). Four hundred public companies were randomly selected across all industries to participate in the Survey. The Survey explored several areas including: (i) company policies surrounding meetings and discussions with analysts and other groups; (ii) company responses to requests for information that is not available on the public record; (iii) company procedures if material nonpublic information is inadvertently disclosed to select groups; and (iv) the existence of company disclosure policies that address these and related issues.

The survey was not intended to identify companies that may be selectively disclosing information. Rather the objective of the Survey was to seek input from reporting issuers on current practices and identify areas where additional guidance from the CSA would be appropriate.

The results of the Survey were published by the OSC in July, 2000.[1] In general, the results of the Survey indicated that the extent and nature of corporate disclosure policies and practices of issuers are not sufficient to reduce the potential for selective disclosure. For example:

- 71% of the respondents do not have written corporate disclosure policies;
- 81% of the respondents reported that they have one-on-one meetings with analysts;
- 98% of the respondents reported that they typically comment in some form on draft analyst reports; and
- 27% of the respondents indicated that they express a level of comfort on earnings projections.

[1] See Ontario Securities Commission Staff Notice 53-701 Staff Report on Corporate Disclosure Survey ((2000) 23 OSCB 5098).

III. SUMMARY OF POLICY 51-201

Policy 51-201 contains six parts.

Part I contains a number of general provisions relating to the policy including our views on the practice of selective disclosure.

Part II describes the timely disclosure requirements contained in securities legislation and the confidential filing mechanism available under securities legislation.

Part III discusses legislative prohibitions against selective disclosure ("tipping") and insider trading contained in securities legislation and sets out our views concerning the interpretation of these prohibitions. Sections 3.3 and 3.5 provide interpretive guidance on the "necessary course of business" exception and the "generally disclosed"[2] requirement. Section 3.7 provides an overview of some of the mitigating factors that we may consider in any enforcement proceedings relating to selective disclosure.

Part IV gives examples of the types of information likely to be material under securities legislation. Section 4.3 provides that information regarding a company's ability to meet consensus earnings published by securities analysts should not be selectively disclosed by a company before the public dissemination of a company's earnings release. If disclosed, such information should be generally disclosed.

Part V describes some high risk disclosure practices including: (i) conducting private briefings with analysts; (ii) commenting on draft analyst reports; and (iii) entering into confidentiality agreements with analysts. Section 5.5 outlines our views on companies providing their own earnings "guidance" and section 5.6 outlines our views on the application of National Policy Statement 48 Future-Oriented Financial Information ("NP 48") in such circumstances. Section 5.7 provides guidance dealing with forward-looking statements and the "duty to update". It should be noted that NP 48 is being reformulated and our reconsideration of NP 48 may have an impact on the preparation and dissemination by companies of all types of forward-looking information.

Finally, Part VI lists some "best disclosure" practices that companies can adopt to help ensure good disclosure practices and compliance with securities legislation.

IV. PARALLEL INITIATIVES IN OTHER JURISDICTIONS

United States

Regulation FD was adopted by the U.S. Securities and Exchange Commission in August 2000 and became effective in the United States on October 23, 2000.[3] Regulation FD requires that reporting companies disclose material information through broad non-exclusionary public means and not selectively to securities analysts and other market professionals. Regulation FD essentially provides that whenever an issuer, or any person acting on its behalf, discloses material nonpublic information to specified persons, the issuer must simultaneously (for intentional disclosures) or promptly (for non-intentional disclosures) make public disclosure of that information.

Regulation FD represents a change in the SEC's approach to the issue of selective disclosure. Over the past thirty years or so, the SEC has framed the issue of potential liability for selective disclosure under principles of fraud law (i.e., Rule 10b-5).[4] Rule 10b-5 is a general anti-fraud rule from which U.S. courts have implied a prohibition against "tipping" and which has evolved and been variously interpreted by U.S. courts over the past several decades. This approach led to uncertain results in establishing which type of selective disclosure is prohibited.[5] Given its recognition that issuers retain control over the precise timing, audience and forum for important corporate disclosure, the SEC has adopted Regulation FD as an issuer disclosure rule.

We considered promulgating a rule similar to Regulation FD. We believe, however, that the existing Canadian insider trading and tipping regime sets out a specific and comprehensive code which, among other things, prohibits all selective disclosures other than those made in the "necessary course of business".

A chart which compares the Canadian and U.S. rules on selective disclosure is contained in Appendix A to this notice.

Australia

In November 1999 the Australian Securities and Investment Commission ("ASIC") issued a draft guidance and discussion paper (*"Heard it on the Grapevine..."*) that proposed guidelines for providing investors with fair access to information and avoiding selective disclosure. While not proposing a change in regulations, the paper suggested "best disclosure practices" in keeping with existing regulatory requirements. Following the release of ASIC's draft guidance note, ASIC, together with the

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2 The Québec Securities Act requires that information must first be "generally known".

3 See Release Nos. 33-7881, 34-43154, IC-24599, File No. S7-31-99 Selective Disclosure and Insider Trading.

4 Rule 10b-5 provides that "it shall be unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or the mails or of any facility of any national stock exchange: (a) To employ any device, scheme or artifice to defraud; (b) To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances in which they were made, not misleading; or (c) To engage in any act, practice or cause of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security".

5 See for example, *Dirks v. SEC*, 463 U.S. 646 (1983), in which the U.S. Supreme Court stated that an analyst tippee would be subject to insider trading liability if the tipper breached a fiduciary duty to shareholders in disclosing material non-public information and the tippee knew or should have known of the breach. As articulated by the Supreme Court, breach of a fiduciary duty exists where the "insider" will benefit, directly or indirectly, from the disclosure such as a pecuniary gain or a reputational benefit that will translate into future earnings.

Australian Stock Exchange ("ASX"), embarked on a six-month continuous disclosure surveillance campaign.[6]

On August 23, 2000 ASIC released its final guidance note entitled *"Better Disclosure for Investors"*.[7] The final guidance note provides issuers with practical steps that companies can take to improve investor access to their information. The guidance principles adopted largely follow the 10 guidance principles that were first articulated in *"Heard it on the Grapevine..."*.

Policy 51-201 includes guidance which has been derived from ASIC's "Better Disclosure for Investors".

V. PROPOSED RESCISSION OF NATIONAL POLICY STATEMENT 40

The OSC, together with the other members of the CSA propose to rescind National Policy Statement No. 40 Timely Disclosure ("NPS 40"). The proposed rescission of NPS 40 will be effective on the date that Policy 51-201 comes into force.

We consider that NPS 40 is no longer necessary because (i) the guidance provided in proposed Policy 51-201 incorporates the guidance previously forming part of NPS 40; and (ii) the relevant exchanges have rules and policies in place concerning timely disclosure.[8]

VI. UNPUBLISHED MATERIALS

In proposing Policy 51-201, we have not relied on any significant unpublished study, report, decision or other written materials.

VII. RELATED INSTRUMENTS

In Ontario, Policy 51-201 is related to sections 75 (timely disclosure) and 76 (insider trading and tipping prohibitions) of the Securities Act (Ontario).

VIII. PROPOSED WITHDRAWAL OF OSCN CONFIDENTIAL MATERIAL CHANGE REPORTS

In Ontario, the Commission proposes to withdraw Ontario Securities Commission Notice *Confidential Material Change Reports*.[9] The withdrawal will be effective on the date that Policy 51-201 comes into force.

IX. COMMENTS

Interested parties are invited to make written submissions with respect to proposed Policy 51-201 and the proposed rescission of NPS 40. In particular, we are requesting comment on:

(i) our approach to the "necessary course of business" exception. For example, should the "necessary course of business" exception cover communications made to a potential private placee? (See section 3.4 of the policy);

(ii) our approach for determining how a company may satisfy the "generally disclosed" requirement under the tipping provisions. For example, are there other means of satisfying the "generally disclosed" requirement? (See section 3.5 of the policy); and

(iii) the practicalities of a company implementing the recommended "best disclosure" practices in Part VI of the policy.

Submissions received by July 25, 2001 will be considered.

Submissions should be sent to all of the Canadian securities regulatory authorities listed below in care of the Ontario Securities Commission, in duplicate, as indicated below:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
The Manitoba Securities Commission
Ontario Securities Commission
Office of the Administrator, New Brunswick
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Department of Government Services and Lands, Newfoundland and Labrador
Registrar of Securities, Government of the Northwest Territories
Registrar of Securities, Government of the Yukon Territory
Registrar of Securities, Nunavut

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, Ontario M5H 3S8
E-mail: **jstevenson@osc.gov.on.ca**

Submissions should also be addressed to the Commission des valeurs mobilières du Québec as follows:

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6 ASX continuous disclosure rules require listed companies to reveal immediately any information that could reasonably be expected to affect the company's share price.

7 See https://www.asic.gov.au.

8 See The Toronto Stock Exchange Statement on Timely Disclosure and Related Guidelines, the Canadian Venture Exchange Policy 3.3 Timely Disclosure, and Policy I-8 Timely Disclosure By Listed Companies of the Bourse de Montréal Inc. (formerly the Montreal Exchange).

9 (1992) 15 OSCB 4555.

Denise Brosseau, Secretary
Commission des valeurs mobilières du Québec
Stock Exchange Tower
800 Victoria Square
P.O. Box 246, 22nd Floor
Montréal, Québec H4Z 1G3

A diskette containing the submissions (in DOS or Windows format, preferably WordPerfect) should also be submitted. As securities legislation in certain provinces requires that a summary of the written comments received during the comment period be published, confidentiality of submissions received cannot be maintained.

Questions may be referred to any of:

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British Columbia Securities Commission
(604) 899-6778
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Cameron McInnis
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X. TEXT OF POLICY 51-201

The text of Policy 51-201 follows, together with footnotes that have been included to provide further background and explanation.

May 25, 2001.

APPENDIX A

COMPARISON OF "TIPPING" PROVISIONS IN CANADIAN SECURITIES LAW AND REGULATION FD

NOTE: The "tipping" provisions contained in securities legislation are generally similar across Canada. However, the CSA caution that some differences do exist in these legislative provisions. Market participants should therefore consult the applicable legislation of each province and territory for details of the relevant prohibitions.

ELEMENTS	"TIPPING" PROVISIONS	REGULATION FD
Basic Rule or Prohibition	No reporting issuer and no person or company in a special relationship with a reporting issuer shall inform, other than in the necessary course of business, another person or company of a material fact or material change ("privileged information" in the case of Québec) with respect to the reporting issuer before the material fact or material change has been generally disclosed	Whenever an issuer, or any person acting on its behalf, discloses any material nonpublic information regarding the issuer or its securities to any person described in the regulation, the issuer shall make public disclosure of the information: (1) simultaneously, in the case of an intentional disclosure; and (2) promptly, in the case of a non-intentional disclosure
Scope of Communications Covered (Communications "By")	Communications by a reporting issuer and any person or company in a special relationship with a reporting issuer "Person or company in a special relationship with a reporting issuer" includes: ➢ directors, officers, or employees of the reporting issuer ➢ insiders, affiliates or associates of the reporting issuer ➢ persons or companies engaged in any business or professional activity with the reporting issuer ➢ a person or company that learns of material information about the reporting issuer while a director, officer, employee, insider, affiliate or associate of the reporting issuer ➢ a person or company that learns of material information about the reporting issuer from anybody else and knows, or reasonably should have known, that they are a person or company in a special relationship. Québec securities legislation extends the prohibition to communications by persons: ➢ having privileged information that, to their knowledge, was disclosed by an insider, affiliate, associate or by any other person having acquired privileged information in the course of his relations with the reporting issuer; and ➢ by persons having acquired privileged information that these persons know to be such	Communications by an issuer, or any person acting on its behalf "Person acting on behalf of an issuer" is defined as: ➢ any senior official of the issuer or any other officer, employee, or agent of an issuer who regularly communicates with certain persons enumerated in the regulation or with holders of the issuer's securities
Scope of Communications Covered (Communications "To")	Communications made to another person or company	Communications made to securities market professionals or holders of the issuer's securities, including: ➢ a broker or dealer, or a person associated with a broker or dealer ➢ an investment adviser, an institutional investment manager or a person associated with either of the foregoing ➢ an investment company or an affiliated person, or

ELEMENTS	"TIPPING" PROVISIONS	REGULATION FD
		➢ a holder of the issuer's securities under circumstances in which it is reasonably foreseeable that the person will purchase or sell the issuer's securities on the basis of the information Excluded are communications made: ➢ to a person who owes a duty of trust or confidence to the issuer (such as an attorney, investment banker, or accountant) ➢ to a person who expressly agrees to maintain the disclosed information in confidence ➢ to an entity whose primary business is the issuance of credit ratings, provided that the information is disclosed solely for the purpose of developing a credit rating and the entity's ratings are publicly available ➢ in connection with securities offering registered under the Securities Act
Materiality	Any information "that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value" of the securities "Privileged information" is defined in Québec securities legislation as any information "that has not been disclosed to the public and that could affect the decision of a reasonable investor"	U.S. case law interprets materiality as follows: ➢ information is material if "there is a substantial likelihood that a reasonable shareholder would consider it important" in making an investment decision ➢ there must be a substantial likelihood that a fact "would have been viewed by the reasonable investor as having significantly altered the 'total mix' of information available"
Timing of Required Disclosure	An issuer must **first** generally disclose material information before it discloses it to any person or company Where a "material change" occurs in the affairs of a reporting issuer, the issuer must immediately issue and file a press release disclosing the nature and substance of the change, followed by a material change report filed within ten days of the date on which the change occurred	For an "intentional" selective disclosure, the issuer is required to publicly disclose the same information simultaneously ➢ a selective disclosure is "intentional" when the issuer or person acting on their behalf either knows or is reckless in not knowing, prior to making the disclosure, that the information is both material and nonpublic When an issuer makes a non-intentional disclosure of material nonpublic information, it is required to make public disclosure "promptly" ➢ "promptly" means as soon as reasonably practicable (but in no event after the later of 24 hours or the commencement of the next day's trading on the New York Stock Exchange) after a senior official of the issuer learns that there has been a non-intentional disclosure that the senior official knows, or is reckless in not knowing, is both material and nonpublic
Standard of Required Disclosure	Material information must first be "generally disclosed" before it can be communicated to another person or company Provincial securities legislation does not define "generally disclosed" Québec securities legislation uses the term "generally known"	An issuer must make "public disclosure" of material nonpublic information it discloses "Public disclosure" is defined in the regulation to include: ➢ the furnishing or filing with the Securities and Exchange Commission of a Form 8-K ➢ in the alternative, disclosure "that is reasonably designed to provide broad, non-exclusionary distribution of the information to the public"
"Necessary Course of Business"	Communication of material undisclosed information "in the necessary course of business" is exempt from the "tipping" provisions	

ELEMENTS	"TIPPING" PROVISIONS	REGULATION FD
Liability and Defences	Violations of the "tipping" provisions are subject to enforcement action by the appropriate provincial securities regulatory authority These proceedings can include: ➢ administrative proceedings before provincial tribunals for orders in the public interest, including cease trade orders, suspensions of registration, removal of exemptions and prohibitions from acting as director or officer of an issuer ➢ civil proceedings before the courts for a declaration that a person or company is not complying with provincial securities law and for the imposition of any order the courts consider appropriate, or ➢ proceedings in provincial offences court for fines or imprisonment or both No person or company shall be found to have breached the "tipping" provisions if they can prove that they reasonably believed that the material information in question had been generally disclosed (or, in Québec, was generally known)	Violations of Regulation FD are subject to enforcement action by the Securities and Exchange Commission These proceedings can include: ➢ administrative proceedings for cease-and-desist orders, or ➢ civil proceedings for injunctive relief or fines Regulation FD does not create any new duties under the antifraud or private litigation provisions of U.S. securities law ➢ there is no liability for an issuer under Rule 10b-5 and there is no creation of private liability for issuers **solely** for violations of Regulation FD

NATIONAL POLICY 51-201
DISCLOSURE STANDARDS

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NATIONAL POLICY 51-201 DISCLOSURE STANDARDS

PART I - INTRODUCTION

1.1 *Purpose:* (1) It is fundamental that everyone investing in securities have equal access to information that may affect their investment decisions. The Canadian Securities Administrators ("the CSA" or "We") are concerned about the selective disclosure of material corporate information by companies to analysts, institutional investors, investment dealers and other market professionals. Selective disclosure occurs when a company discloses material nonpublic information to one or more individuals or companies and not broadly to the investing public. Selective disclosure can create opportunities for insider trading and also undermines retail investors' confidence in the market place as a level playing field.

(2) This policy provides guidance on "best disclosure" practices in a difficult area involving competing business pressures and legislative requirements. Our recommendations are not intended to be prescriptive. We encourage companies to adopt the suggested measures, but they should be implemented flexibly and sensibly to fit the situation of individual companies.

(3) The timely disclosure requirements and prohibitions against selective disclosure are substantially similar everywhere in Canada, but there are differences among the provinces and territories, so companies should carefully review the legislation which is applicable to them for the details.

PART II - TIMELY DISCLOSURE

2.1 ***Timely Disclosure:*** (1) Companies are required by law to immediately disclose a "material change"[1] in their business. For changes that a company initiates, the change occurs once the decision has been made to implement it. This may happen even before a company's directors approve it, if the company thinks it is probable they will do so. A company discloses a material change by issuing and filing a press release describing the change. A company must also file a material change report as soon as practicable, and no later than 10

[1] Securities legislation defines the term material change as "a change in the business, operations or capital of the issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the issuer and includes a decision to implement such a change made by the board of directors of the issuer by senior management of the issuer who believe that confirmation of the decision by the board of directors is probable". The Québec Securities Act does not define the term "material change" and provides that "where a material change occurs that is likely to have a significant influence on the value or the market price of the securities of a reporting issuer and is not generally known, the reporting issuer shall immediately prepare and distribute a press release disclosing the substance of the change". See also *Pezim v. British Columbia (Superintendent of Brokers)*, [1994] 2 S.C.R. 557, where the Supreme Court held that a change in assay and drilling results was a material change in the company's assets.

days after the change occurs.[2] This policy statement does not alter in any way the timely disclosure obligations of companies.

(2) Announcements of material changes should be factual and balanced. Unfavourable news must be disclosed just as promptly and completely as favourable news. A company's press release should contain enough detail to enable the media and investors to understand the substance and importance of the change it is disclosing. Avoid including unnecessary details, exaggerated reports or promotional commentary.

2.2 ***Confidentiality:***[3] (1) Securities legislation permits a company to delay disclosure of a material change and to keep it confidential temporarily where immediate release of the information would be unduly detrimental to the company's interests. For example, immediate disclosure might interfere with a company's achievement of a specific objective, with ongoing negotiations, or with its ability to complete a transaction. If the harm to a company's business from disclosing outweighs the general benefit to the market of immediate disclosure, withholding disclosure is justified. In such cases a company may withhold public disclosure, but it must make a confidential filing with the securities commission.[4] Certain jurisdictions also require companies to renew the confidential filing every 10 days should they want to continue to keep the information confidential.

(2) We discourage companies from delaying disclosure for a lengthy period of time as it becomes less likely that confidentiality can be maintained beyond the short term.

2.3 ***Maintaining Confidentiality:***[5] (1) Where disclosure of a material change is delayed, a company must maintain complete confidentiality. During the period before a material change is disclosed, market activity in the company's securities should be carefully monitored. Any unusual market activity may mean that news of the matter has been leaked and that certain persons are taking advantage of it. If the confidential material change, or rumours about it, have leaked or appear to be impacting the market, a company should take immediate steps to ensure that a full public announcement is made. This would include contacting the relevant exchange and asking that trading be halted pending the issuance of a news release.[6]

(2) Where a material change is being kept confidential, the company is under a duty to make sure that persons with knowledge of the material change have not made use of such information in purchasing or selling its securities. Such information should not be disclosed to any person or company, except in the necessary course of business.

PART III - OVERVIEW OF THE STATUTORY PROHIBITIONS AGAINST SELECTIVE DISCLOSURE

3.1 ***Tipping and Insider Trading:*** (1) Securities legislation prohibits a reporting issuer and any person or company in a ***special relationship*** with a reporting issuer from informing, other than in the ***necessary course of business***[7], anyone of a ***"material fact"***[8] or a ***"material change"*** (or ***"privileged information"*** in the case of Québec)[9] (collectively "material information") before that material information has been ***generally disclosed.***[10] This prohibited activity is commonly known as "tipping".

(2) Securities legislation also prohibits anyone in a special relationship with a reporting issuer from purchasing or selling securities of the reporting issuer with knowledge of a material fact or material change about the issuer that has not been

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2 The Québec Securities Act does not, at this time, require companies to file a material change report. Material change reports will be required in Québec once Bill 57 *An Act to Amend the Securities Act* comes into force.

3 Previously Part G of National Policy Statement 40.

4 Under the Québec Securities Act a company does not have to issue a press release if senior management reasonably believes that (i) disclosure would be seriously prejudicial to it; and (ii) no one has purchased or sold, or will purchase and sell its securities based on the undisclosed information. A company must issue and file a press release once the reasons for not disclosing no longer exist.

5 Previously Part G of National Policy Statement 40.

6 See The Toronto Stock Exchange Statement on Timely Disclosure and Related Guidelines, the Canadian Venture Exchange Policy 3.3 Timely Disclosure, and Policy I-8 Timely Disclosure By Listed Companies of the Bourse de Montréal Inc. (formerly the Montreal Exchange).

7 The Alberta and British Columbia Securities Acts use the phrase "is necessary in the course of business". The Québec Securities Act uses the phrase in the "course of business".

8 Securities legislation defines a "material fact" as follows: "material fact, where used in relation to securities issued or proposed to be issued means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of such securities". The Québec Securities Act does not define the term material fact.

See also *Re Royal Trustco Ltd. et al. and Ontario Securities Commission* ((1983), 42 O.R. (2d) 147 (Div. Ct.), affirming (1981), 2 OSCB 322C), where the Ontario Securities Commission issued a denial of exemption order against two senior officers of Royal Trustco who disclosed to officers of a Canadian chartered bank that certain shareholders of Royal Trustco did not intend to tender their Royal Trustco shares to a hostile take-over bid by Campeau Corporation. The Ontario Securities Commission held that the disclosure constituted illegal "tipping". On appeal the Divisional Court stated that the term "fact" should not be read "super-critically" and that "information" that shareholders of Royal Trustco did not intend to tender to a hostile take-over bid by Campeau Corporation "was sufficiently factual or a sufficient alteration of circumstances to be a material "change" to fall within the tipping provision.

9 "Privileged information" is defined under the Québec Securities Act as "any information that has not been disclosed to the public and that could affect the decision of a reasonable investor".

10 The Québec Securities Act uses the term "generally known".

generally disclosed.[11] This prohibited activity is commonly known as "insider trading".

(3) It is important to remember that the tipping and insider trading provisions apply to both material facts and material changes. A company's timely disclosure obligations generally only apply to material changes.

3.2 ***Persons Subject to Tipping Provisions:*** (1) The tipping provisions generally apply to anyone in a "special relationship" with a reporting issuer.[12] Persons in a special relationship include, but are not limited to:

(a) insiders as defined under securities legislation;

(b) directors, officers and employees;

(c) persons engaging in professional or business activities for or on behalf of the company; and

(d) anyone (a "tippee") who learns of material information from someone that the tippee knows or should know is a person in a special relationship with the company.

(2) The "special relationship" definition is broad. The tipping prohibition is not limited to communications made by senior management, investor relations professionals and others who regularly communicate with analysts, institutional investors and market participants. The tipping prohibition applies, for example, to unauthorized disclosures by non-management employees. Because the "special relationship" definition is so broad, it is important that companies establish corporate disclosure policies and clearly define who within the company has responsibility for corporate communications.

3.3 ***Necessary Course of Business:*** (1) The "tipping" provision allows a company to make a selective disclosure if doing so is in the "necessary course of business". The question of whether a particular disclosure is being made in the necessary course of business is a mixed question of law and fact that must be determined in each case and in light of the policy reasons for the tipping provisions. Tipping is prohibited so that everyone in the market has equal access to, and opportunity to act upon, material information. Insider trading and tipping prohibitions are designed to ensure that anyone who has access to material undisclosed information does not trade or assist others in trading to the disadvantage of investors generally.

(2) Different interpretations are being applied, in practice, to the phrase "necessary course of business".[13] We believe that it would be appropriate to provide interpretive guidance in this area for the benefit of market participants. The "necessary course of business" exception exists so as not to interfere with a company's everyday business. For example, the "necessary course of business" exception would generally cover communications with:

(a) vendors, suppliers, or strategic partners on issues such as research and development, sales and marketing, and supply contracts;
(b) employees, officers, and board members;
(c) lenders, legal counsel, auditors, financial advisors, and underwriters;
(d) parties to negotiations;
(e) labour unions and industry associations;
(f) government agencies and non-governmental regulators; and
(g) credit rating agencies (provided that the information is disclosed for the purpose of assisting the agency to formulate a credit rating and the ratings are or will be publicly available).

(3) We believe that the "necessary course of business" exception would not generally permit a company to make a selective disclosure of material corporate information to the media, an analyst,[14] institutional investor or other market professional.[15]

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11 Section 187 of the Québec Securities Act provides that "no insider of a reporting issuer having privileged information relating to securities of the issuer may trade in such securities except in the following cases: (i) he is justified in believing that the information is generally known or known to the other party; (ii) he avails himself of an automatic dividend reinvestment plan, automatic subscription plan or any other automatic plan established by a reporting issuer, according to conditions set down in writing, before he learned the information". Section 189 further expands the number of persons who are subject to the prohibition in section 187.

12 The tipping prohibition in Québec applies to insiders and persons listed in section 189 of the Québec Securities Act. The scope of the tipping provision in Québec is substantially similar to other CSA jurisdictions.

13 See *Re Royal Trustco Limited et al. and Ontario Securities Commission* (1983), 42 O.R. (2d) 147 (Div. Ct.) affirming (1981), 2 O.S.C.B. 322C. In Royal Trustco, it was alleged that two officers had revealed to a major shareholder, other than in the "necessary course of business" certain material facts in relation to the affairs of Royal Trustco that had not been generally disclosed including: (i) that approximately 60% of the shares of Royal Trustco were owned by person or companies who the officers knew or had reason to believe would not tender pursuant to a bid; and (ii) that Royal Trustco management was considering recommending to the board that the dividends payable on the Royal Trustco shares be increased. The Court held that the information disclosed fell within the category of material facts and that such material facts had been made available to such shareholder not "in the necessary course of business" from Royal Trustco's perspective.

14 There may be situations where an analyst will be "brought over the wall" to act as an advisor in a specific transaction. Where an analyst serves in such an advisory capacity, we would expect that the analyst will not be issuing research on the company as the analyst will be a "person in a special relationship" with the reporting issuer.

15 See *In the Matter of Gary George* ((1999), 22 OSCB 717), where the Ontario Securities Commission addressed in obiter the issue of a selective disclosure made by an issuer's chief executive officer to an analyst and the subsequent disclosure by the analyst to other members of his firm. We agree with the principles expressed by the Ontario Securities Commission:

> It would appear that some corporate officers see the maintenance of good relations with analysts as being more important than ensuring equality of material information among shareholders. The fact that it was thought that [the analyst] was about to come out with a report as to [the issuer] which would overvalue its shares would in no way justify [the President] giving the information to [the analyst] rather than publicly disseminating it. If the information was material enough to cause [the analyst] to change his projections, it should have been

3.4 ***Necessary Course of Business Disclosures and Confidentiality:*** Disclosures by a company to a lender or in connection with a private placement, merger or acquisition are typically made in the "necessary course of business". If a company discloses material information under this exception, it should make sure those receiving the information understand that they cannot pass the information to anyone else (other than in the necessary course of business), or trade on the information, until it has been generally disclosed.[16]

3.5 ***Generally Disclosed:*** (1) The tipping provisions do not require companies to release all material information to the marketplace.[17] The tipping provisions instead prohibit a company from disclosing nonpublic material information to anyone (other than in the necessary course of business) before the company generally discloses the information to the market place.

(2) Securities legislation does not define the term "generally disclosed". Insider trading court decisions state that information has been generally disclosed if:

(a) the information has been disseminated in a manner calculated to effectively reach the market place; and

(b) public investors have been given a reasonable amount of time to analyze the information.[18]

(3) The tipping provisions do not require use of a particular method of disclosure. In determining whether material information has been generally disclosed, we will consider all of the relevant facts and circumstances, including the company's traditional practices for publicly disclosing information and how broadly investors and the investment community follow the company. We recognize that the effectiveness of disclosure methods varies between companies. Whatever disclosure method is used to release information, we encourage consistency in disclosure practices.[19]

(4) Companies may satisfy the "generally disclosed" requirement under the tipping provisions by using one or a combination of the following disclosure methods:

(a) News releases distributed through a widely circulated news or wire service.[20]

(b) Announcements made through press conferences or conference calls that interested members of the public may attend or listen to either in person, by telephone, or by other electronic transmission (including the Internet). A company needs to provide the public with appropriate notice of the conference or call by news release.[21] The notice should include: the date and time of the conference or call; a general description of what is to be discussed; and the means of accessing the conference or call.[22] The notice should also indicate whether, and for how long, the company will make a replay of the call available over its web site.

(5) Posting information on a company's web site will not by itself satisfy the "generally disclosed" requirement as Internet access is not yet sufficiently widespread. However, we believe that information technology is an important and useful tool in improving communications to the market place. As technology evolves, we will reexamine this policy statement. In the meantime, we strongly encourage companies to utilize their web sites to improve investor access to corporate information.[23]

(6) Existing case law does not establish a firm rule as to what would be a reasonable amount of time for investors to be given to analyze information. The time period will depend on a number of factors including the circumstances in which the event arises, the nature and complexity of the information, the nature of the market for the company's securities, and the manner used to release the information.[24]

3.6 ***Unintentional Disclosure:*** Securities legislation does not provide a safe harbour which allows companies to correct an unintentional selective disclosure of material information. If a company makes an unintentional selective disclosure it should take immediate steps to ensure that a full public announcement is made. This includes contacting the relevant

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publicly disseminated. In general, we view one-on-one discussions between an officer of a reporting issuer and an analyst as being fraught with difficulties.

16 Securities legislation provides an exemption from the insider trading and selective disclosure prohibition where the person or company who trades with material undisclosed information or tips it proves that they reasonably believed that the other party to the trade or the tippee had knowledge of the information. Under the Québec Securities Act, the person or company must be justified in believing that the information is known to the other party.

17 See, however, section 2.1 regarding an issuer's timely disclosure obligations.

18 *Green v. Charterhouse Group Can. Ltd.* (1976), 12 O.R. (2d) 280. *In the Matter of Harold P. Connor et al.* (1976) Volume II OSCB 149.

19 A sudden change from the usual method of generally disclosing material information may attract regulatory attention in certain circumstances; for example, a last minute webcast of poor quarterly results without advance notice when positive quarterly results are generally released in advance of a subsequently scheduled discussion of the results.

20 We encourage companies to file their news releases on SEDAR. Filing a news release on SEDAR alone will not constitute "general disclosure".

21 This is based on guidance provided by the U.S. Securities and Exchange Commission (the "SEC") in the adopting release to Regulation FD.

22 This might include a web site link to any software that is necessary to access the web cast.

23 See also The Toronto Stock Exchange's Electronic Communications Disclosure Guidelines.

24 *In the Matter of Harold P. Connor et. al* 1976 Volume II OSCB 149 at pages 174-6.

stock exchange and requesting that trading be halted pending the issuance of a news release. Pending the public release of the material information, the company should also tell those parties who have knowledge of the information that the information is material and that it has not been generally disclosed.

3.7 ***Administrative Proceedings:*** (1) We will consider any number of mitigating factors in a selective disclosure enforcement proceeding including:

(a) whether and to what extent a company has implemented, maintained and followed reasonable policies and procedures to prevent contraventions of the tipping provisions;

(b) whether any selective disclosure was unintentional; and

(c) what steps were taken to disseminate information that had been unintentionally disclosed (including how quickly the information was disclosed).

If a company's disclosure record shows a pattern of "unintentional selective disclosures", it will be harder to show that a particular selective disclosure was truly unintentional.

(2) Nothing in this policy statement limits our discretion to request information relating to a possible selective disclosure violation or to take enforcement proceedings within our jurisdiction where there has been a breach of the tipping provisions.

PART IV - MATERIALITY

4.1 ***Materiality Standard:*** The definitions of "material fact" and "material change" under securities legislation are based on a market impact test. The definition of "privileged information" contained in the "tipping" provision of the securities legislation of Québec is based on a reasonable investor test. Despite these differences, the two materiality standards converge, for practical purposes, in most cases.

4.2 ***Exchange Policies:*** (1) The Toronto Stock Exchange Inc. (the "TSE"), the Canadian Venture Exchange Inc. ("CDNX") and the Bourse de Montréal Inc. (the "Bourse") each have timely disclosure policy statements which include many examples of the types of events or information which may be material.[25] These include, but are not limited to:

(a) capital reorganizations, mergers or amalgamations;

(b) significant acquisitions or dispositions of assets, property or joint venture interests;

(c) the borrowing or lending of a significant amount of funds or any mortgaging or encumbering in any way of the company's assets;

(d) the development of a new product or any development which affects the company's resources, technology, products or markets;

(e) the entering into or loss of a significant contract or other developments relating to a major customer or supplier;

(f) a significant increase or decrease in near-term earnings prospects;

(g) a significant change in capital investment plans or corporate objectives;

(h) significant changes in management;

(i) significant litigation; and

(j) events regarding the company's securities (for example, an event of default under a financing; a call of securities for redemption; a declaration or omission of dividends; any stock split, share consolidation, stock dividend, exchange, redemption or other change in capital structure).

(2) We refer companies to the guidance provided in the timely disclosure policies of the TSE, CDNX and the Bourse when trying to assess the materiality of a particular fact, change or piece of information. The materiality of a particular event or piece of information may vary between companies according to their size, the nature of their operations and many other factors. An event that is "significant" or "major" for a smaller company may not be material to a larger company.

4.3 ***Avoid Using a Technical Approach to Determine Materiality:*** (1) In making materiality judgements it is necessary to take into account a number of factors which cannot be captured in a simple bright-line standard or test. These include the nature of the information itself, the volatility of the company's securities and prevailing market conditions. Companies should avoid taking an overly technical approach to determining materiality. For example, under volatile market conditions, apparently insignificant variances between earnings projections and actual results can have a significant impact on share price once released. In those conditions, information regarding a company's ability to meet consensus earnings[26] published by securities analysts should not be selectively disclosed before general public release.

(2) We encourage companies to monitor the market's reaction to information that is publicly disclosed. Ongoing monitoring and assessment of market reaction to different disclosure will be helpful when making materiality judgements in the future. As a guiding principle, if there is any doubt about whether

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25 Each of the TSE's, CDNX's and the Bourse's timely disclosure policies require the timely disclosure of "material information". Material information includes both material facts and material changes relating to the business and affairs of a company. CDNX's timely disclosure policy deems certain events to be material. The policies of both the TSE and the Bourse provide examples of developments that are likely to be material and therefore require prompt disclosure.

26 The range of earnings estimates issued by analysts following a company.

particular information is material, we encourage companies to err on the side of materiality and release information publicly.[27]

(3) The definition of a "material fact" includes a two part materiality test. A fact is material when it (i) significantly affects the market price or value of a security; or (ii) would reasonably be expected to have a significant effect on the market price or value of a security.

PART V - RISKS ASSOCIATED WITH CERTAIN DISCLOSURES

5.1 ***Private Briefings with Analysts, Institutional Investors and other Market Professionals:***

(1) Analysts can make a valuable contribution in keeping the markets informed. The role that analysts play in seeking out information, analyzing and interpreting it and making recommendations contributes to make the marketplace more efficient. We are not suggesting that companies should stop having private briefings with analysts or that these private meetings are somehow illegal. Companies should be sensitive though to the risks involved in private meetings with analysts. Companies should have a firm policy of providing only non-material information and publicly disclosed information to analysts.[28]

(2) Companies should not disclose significant data, and in particular financial information such as sales and profit figures, to analysts, institutional investors and other market professionals selectively rather than to the market as a whole. Earnings forecasts are in the same category. Even within these constraints there is plenty of scope to hold a useful dialogue with analysts and other interested parties about a company's prospects, business environment, management philosophy and long term strategy.

(3) Another way to avoid selective disclosure is to include, in the company's regular periodic disclosures, details about topics of interest to analysts. For example, companies should consider expanding the scope of their interim management's discussion and analysis disclosure ("MD&A"). More comprehensive MD&A can have practical benefits including: greater analyst following; more accurate forecasts with fewer revisions; less of a range between analysts' forecasts; and increased investor interest.

5.2 ***Draft Analyst Reports:*** (1) It is not unusual for analysts to ask corporate officers to review earnings estimates that they are preparing. Analysts' reports should not be a public restatement of a company's internal projections.

(2) A company takes on a high degree of risk of violating securities legislation if it selectively confirms that an analyst's estimate is "on target" or that an analyst's estimate is "too high" or "too low", whether directly or indirectly through implied "guidance".[29] Even when confirming information previously made public, a company needs to consider whether the selective confirmation itself communicates information above and beyond the initial forecast and whether the additional information is material. This will depend in large part on how much time has passed between the original statement and the company's confirmation, as well as the timing of the two statements relative to the end of the company's fiscal period. For example, a selective confirmation of expected earnings near the end of a quarter is likely to represent guidance (as it may well be based on how the company actually performed). Materiality of a confirmation may also depend on intervening events.[30]

5.3 ***Confidentiality Agreements with Analysts:*** There is no exception to the tipping provisions for disclosures made to an analyst under a confidentiality agreement.[31] If a company discloses material undisclosed information to an analyst, it has violated the prohibition, with or without a confidentiality agreement (unless the disclosure is made in the necessary course of business). Analysts who get an advance private briefing have an advantage. They have more time to prepare and can therefore brief their firm members and clients sooner than those who did not have access to the information.

5.4 ***Analyst as "Tippees":*** (1) Analysts, institutional investors, investment dealers and other market professionals who receive material undisclosed information from a company are "tippees". It is against the law for a tippee to trade or further inform anyone, other than in the necessary course of business, about such information.

(2) We recommend that analysts, institutional investors and other market professionals adopt internal review procedures to help them identify situations where they may have received nonpublic material information and set up guidelines for dealing with such situations.

5.5 ***Earnings Guidance:*** (1) Some companies have begun to voluntarily disclose in press releases or on their web sites their own "financial outlooks". These financial outlooks typically contain certain forecast information such as expected

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27 See also Canadian Investor Relations Institute, *"Model Disclosure Policy"*, (February 2001) where CIRI noted in its explanatory notes that "Determining the materiality of information is clearly an area where judgement and experience are of great value. If it is a borderline decision, the information should probably be considered material and released using a broad means of dissemination. Similarly, if several company officials have to deliberate extensively over whether information is material, they should err on the side of materiality and release it publicly".

28 A company cannot make material information immaterial simply by breaking the information into seemingly non-material pieces. At the same time, a company is not prohibited from disclosing non-material information to analysts, even if these pieces help the analyst complete a "mosaic" of information that, taken together, is material undisclosed information about the company (See also SEC's adopting release to Regulation FD).

29 This position follows the position adopted by the SEC in the adopting release to Regulation FD and the position taken by the Australian Securities & Investment Commission in its guidance note "Better Disclosure for Investors" (http://www.asic.gov.au).

30 The guidance with respect to the materiality of confirming information previously made public is based on SEC Staff interpretive guidance on Regulation FD.

31 By comparison, Regulation FD allows an issuer to make a disclosure of material non public information to an analyst if the issuer receives an express confidentiality agreement from the analyst.

revenues, net income, earnings per share and R&D spending.[32] We encourage companies to be open about their future prospects provided that they have a reasonable basis for making such statements and include with their forward looking statements appropriate statements of risks and cautionary language. We strongly recommend that any voluntary forward looking statement (whether written or oral) also contain:

(a) a statement that the information is forward looking;

(b) the factors that could cause actual results to differ materially from the forward-looking statement; and

(c) a statement of the material factors or assumptions that were used in making the forward looking statement.[33]

(2) This disclosure should go beyond mere boilerplate. A company's warnings should be substantive and tailored to the specific future estimates or opinions that are being forecast. For example, predictions about earnings growth might be qualified by a discussion of the effect of a loss of a key customer. Companies should also identify and quantify the risks. For example, if a company's projected earnings growth is based on a new product introduction which requires governmental approval, the company should explain some of the obstacles to getting such approval and the consequences of not getting the approval. A statement that such approval is beyond the company's control would not be enough.

5.6 ***Application of National Policy Statement 48:***[34] We do not intend for National Policy Statement 48 - Future Oriented Financial Information ("NP 48") to discourage the voluntary disclosure of forward looking information of the kind described above. In particular, when a company includes forward looking information in a press release, it does not need an auditor's report. However, we believe that NP 48 contains guidance relating to comparison with actual results, and updating, that may assist companies in improving the quality and clarity of voluntary forward looking information. NP 48, along with related parts of the CICA Handbook, also have useful information about cautionary language, descriptions of assumptions and other matters.

5.7 ***Duty to Update:*** (1) Once a company discloses forward looking information, the timely disclosure requirements might require the company to "update" the information by issuing a news release and filing a material change report.[35] This would happen, for example, if a company made:

(a) a public earnings estimate but later became aware that the outcome will be materially above or below the original forecast; or

(b) disclosure about a present plan or intention that it later abandons.

(2) We think updating earnings estimates is a good practice even where a company does not have a legal obligation to file a press release and material change report. Providing updates will help a company to maintain credibility among investors and analysts. Whatever a company's practice is, the company should explain its update policy to investors when making an earnings estimate.

5.8 ***Selective Disclosure Violations Can Occur in a Variety of Settings:*** Selective disclosure most often occurs in one-on-one discussions (like analyst meetings) and in industry conferences and other types of private meetings and break-out sessions. But it can occur elsewhere. For example, a company should not disclose material nonpublic information at its annual shareholders meeting unless all interested members of the public may attend the meeting and the company has given adequate public notice of the meeting (including a description of what will be discussed at the meeting). Alternatively, a company can issue a news release at or before the time of the meeting.

PART VI - BEST DISCLOSURE PRACTICES

6.1 ***General:*** (1) There are some practical measures that companies can adopt to help ensure good disclosure practices and compliance with securities legislation. If companies adopt more open disclosure policies and practices, they will improve their credibility and enhance investor confidence and shareholder value.

(2) The measures recommended in this policy statement are not intended to be prescriptive. We recognize that many large listed companies have specialist investor relations staff and devote considerable resources to disclosure, while in smaller companies this is often just one of the many roles of senior

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32 This type of voluntary disclosure should be distinguished from MD&A which is required disclosure under securities legislation. Both MD&A and voluntary forward-looking information may involve some prediction or projection. The difference between the two is the nature of the prediction required. MD&A is based on currently known trends, events, commitments and uncertainties that are reasonably expected to have a material impact on your business, financial condition or results of operation in the future, such as: a reduction in your product prices; erosion in your market share; or the likely non-renewal of a material contract. Voluntary or optional forward-looking disclosure instead involves making an estimation of future results.

33 The recommended disclosures are based on the proposed "safe harbour" provision contained in the CSA's draft legislative proposal to introduce statutory civil liability for investors in the secondary market (See CSA Notice 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").

34 NP 48 is under consideration and is being reformulated. See proposed rule 52-101 Future Oriented Financial Information (July 18, 1997).

35 See also *Re Royal Trustco Limited, Kenneth Allan White, and John Merton Scholes* (1981) 2 OSCB 322C, where the Ontario Securities Commission considered whether the directors of a reporting issuer had an obligation to update information previously disclosed in a directors' circular in response to a take-over bid. The Ontario Securities Commission stated as follows: "The Commission is of the view that there is in Ontario today a duty to update information previously communicated when that information in the light of subsequent events and absent further explanation, becomes misleading."

officers. We encourage companies to adopt the measures suggested in this policy statement, but they should be implemented flexibly and sensibly to fit the situation of each individual company.

6.2 ***Establishing a Corporate Disclosure Policy:*** (1) Establish a written corporate disclosure policy. A disclosure policy gives you a process for disclosure and promotes an understanding of legal requirements among your directors, officers and employees. The process of creating it is itself a benefit, because it forces a critical examination of your current disclosure practices.

(2) You should design a policy that is practical to implement. Your policy should be reviewed and approved by your board of directors and widely distributed to your officers and employees. Directors, officers and employees should also be trained so that they understand and can apply the disclosure policy. Your policy should be periodically reviewed and updated, as necessary, and responsibility for these functions (i.e., review and update of the policy and education of employees and company officials) should be clearly assigned within your company.

(3) The focus of your disclosure policy should be on promoting consistent disclosure practices aimed at informative, timely and broadly disseminated disclosure of material information to the market. Every disclosure policy should generally include the following:

(a) how to decide what information is material;
(b) policy on reviewing analyst reports;
(c) how to release earnings announcements and conduct related analyst calls and meetings;
(d) how to conduct meetings with investors and the media;
(e) what to say or not to say at industry conferences;
(f) how to use electronic media and the corporate web site;
(g) policy on the use of forecasts and other forward looking information (including a policy regarding issuing updating);
(h) procedures for reviewing briefings and discussions with analysts, institutional investors and other market professionals;
(i) how to deal with unintentional selective disclosures;
(j) how to respond to market rumours;
(k) policy on trading restrictions; and
(l) policy on "quiet periods".

6.3 ***Overseeing and Coordinating Disclosure:*** Establish a committee of company personnel or assign a senior officer to be responsible for:

(a) developing and implementing your disclosure policy;
(b) monitoring the effectiveness of and compliance with your disclosure policy;
(c) educating your directors, officers and employees about disclosure issues and your disclosure policy;
(d) reviewing and authorizing disclosure (including electronic, written and oral disclosure) in advance of its public release; and
(e) monitoring your web site.

6.4 ***Authorizing Company Spokespersons:*** Limit the number of people who are authorized to speak on behalf of your company to analysts, the media and investors. Ideally, your spokesperson should be a member(s) of senior management. Spokespersons should be knowledgeable about your disclosure record and aware of analysts' reports relating to your company. Everyone in your company should know who the company spokespersons are and refer all inquiries from analysts, investors and the media to them. Having one or more company spokespersons helps to reduce the risk of:

(a) unauthorized disclosures;
(b) inconsistent statements by different people in the company; and
(c) statements that are inconsistent with the public disclosure record of the company.[36]

6.5 ***Analyst Conference Calls and Industry Conferences:***

(1) Hold analyst conference calls and industry conferences in an open manner allowing any interested party to listen either by telephone and/or through a webcast. This helps to reduce the risk of selective disclosure. You should consider using the following disclosure model when making a planned disclosure of material corporate information, such as a scheduled earnings release:

(a) issue a news release containing the information (for example, your quarterly financial results) through a widely circulated news or wire service;
(b) provide advance public notice by news release of the date and time of the call, the subject matter of the call and the means for accessing it;
(c) hold the conference call in an open manner, permitting investors to listen either by telephone or through Internet webcasting; and
(d) provide dial-in and/or web replay for a reasonable period of time after the analyst conference call.[37]

(2) Company officials should meet before an analyst conference call, private analyst meeting or industry conference. Where practical, statements and responses to anticipated questions should be scripted in advance and reviewed by the appropriate people within your company. Scripting will help to identify any material corporate information that may need to be publicly disclosed through a news release.

(3) Keep detailed records and/or transcripts of any conference call, meeting or industry conference. These should be

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36 In some circumstances a company's designated spokesperson will not be informed of developing mergers and acquisitions until necessary, to avoid leakage of the information.

37 This model disclosure policy was recommended by the SEC in the adopting release to Regulation FD.

reviewed to determine whether any unintentional selective disclosure has occurred. If so, you should take immediate steps to ensure that a full public announcement is made, including contacting the relevant stock exchange and asking that trading be halted pending the issuance of a news release.

6.6 ***Commenting on Draft Analyst Reports:*** Establish a policy for reviewing analyst reports. As noted above there is a serious risk of violating the tipping provisions if you express comfort with an analyst's model or earnings estimates. If your policy allows for the review of analyst reports, your review should be limited to identifying publicly disclosed factual information that may affect an analyst's model or to pointing out inaccuracies or omissions with reference to publicly available information about your company.

6.7 ***"Quiet" Periods:*** Observe a "quiet" period between the end of the quarter and the release of a quarterly earnings announcement. Many companies follow a quiet period during which they will not typically comment on the status of the current quarter's operations or their expected results, or make any comments as to whether the company will meet, exceed or fall short of either the analysts' or its own earnings estimates. In practice, quiet periods vary by company.[38] Whatever quiet period you choose, you should consider stopping all communications with analysts, institutional investors and other market professionals during that period, not just those involving the quarterly results.

6.8 ***Insider Trading Policies and Blackout Periods:*** Adopt an insider trading policy that provides for a senior officer to approve and monitor the trading activity of all your insiders and officers. Your insider trading policy should prohibit purchases and sales at any time by insiders who are in possession of material nonpublic information. Your policy should also provide for trading "blackout periods" when trading by employees may not take place (for example a blackout period which surrounds regularly scheduled earnings announcements). A company's blackout period may mirror the quiet period described above.

6.9 ***Electronic Communications:*** (1) Establish a team responsible for creating and maintaining the company web site. The web site should be up to date and accurate. You should date all material information when it is posted or modified. You should also move outdated information to an archive. Archiving allows the public to continue accessing information that may have historical or other value even though it is no longer current. You should also explain how your web site is set up and maintained. You should remember that posting material information on your website is not acceptable as the sole means of satisfying legal requirements to "generally disclose" information.

(2) Use current technology to improve investor access to your information. You should post on the investor relations part of your web site all supplemental information that you give to analysts, institutional investors and other market professionals. This would include data books, fact sheets, slides of investor presentations and other materials distributed at analyst or industry presentations.[39] When you make a presentation at an industry sponsored conference try to have your presentation and "question and answer" session web cast.

6.10 ***Chat Rooms, Bulletin Boards and e-mails:*** Do not participate in, host or link to chat rooms or bulletin boards. Your disclosure policy should prohibit your employees from discussing corporate matters in these forums. This will help to protect your company from the liability that could arise from the well-intentioned, but sporadic, efforts of employees to correct rumours or defend the company. Your employees should be required to report to a designated company official any discussion pertaining to your company which they find on the Internet. If your web site allows viewers to send you e-mail messages, remember the risk of selective disclosure when responding.

6.11 ***Handling Rumours:*** Adopt a "no comment" policy with respect to market rumours and make sure that the policy is applied consistently.[40] Otherwise, an inconsistent response may constitute "tipping". You may be required by your exchange to make a clarifying statement where trading in your company's securities appears to be heavily influenced by rumours. If material information has been leaked and appears to be affecting trading activity in your company's securities, you should take immediate steps to ensure that a full public announcement is made. This includes contacting your exchange and asking that trading be halted pending the issuance of a news release.[41]

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38 Some companies adopt a quiet period beginning at the start of the third month of the quarter, and ending upon issuance of the earnings release. Other companies wait until two weeks before the end of the quarter or even the first day of the month following the end of the quarter to start the quiet period.

39 This recommendation is based on the recommendations contained in The Toronto Stock Exchange Committee on Corporate Disclosure's final report issued in March 1997 and in the TSE's Electronic Communications Disclosure Guidelines. See also the guidance note "Better Disclosure for Investors" issued by the Australian Securities & Investment Commission (http://www.asic.gov.au).

40 A "no comment" policy means that you respond with a statement to the effect that "it is our policy not to comment on market rumours or speculation".

41 If the rumour relates to a material change in the company's affairs that has, in fact, occurred, you have a legal obligation to make timely disclosure of the change.

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
07May01	724 Solutions Inc. - Common Shares	102,158	7,500
03May01	Acuity Pooled High Income Fund - Trust Units	186,000	13,617
03May01	Acuity Pooled High Income Fund - Trust Units	181,000	13,251
04May01	Acuity Pooled Canadian Equity Fund - Trust Units	150,000	9,235
08May01	Acuity Pooled Fixed Income Fund - Trust Units	150,000	12,752
26Apr01	Allegheny Energy, Inc. - Common Stock	15,048	200
27Apr01 & 04May01	Arrow White Mountain Fund - Class "I" Trust Units	2,599,700	26,000
27Apr01 & 04May01	Arrow Capital Advanced Fund - Class "A" Trust Units	298,500	33,692
28Feb01	Bank of Ireland Asset Management Limited - Units	1,400,000	110,473
28Feb01	Bank of Ireland Asset Management Limited - Units	1,000,000	79,534
01Nov00	Bank of Ireland Asset Management Limited - Units	1,693,488	139,600
02May01	BDC Offshore Fund II Ltd. - Participating Shares	US50,270,000	50,270,000
20Apr01	BPI American Opportunities Fund - Units	884,269	7,003
14Apr01	Brightspark Ventures, L.P. - Limited Partnership Units	7,695,307	5,160,480
25Apr01 to 30Apr01	Burgundy Smallcap Pension Fund -	25,024,359	2,501,332
01May01	Burgundy Special Equity Fund -	25,111,146	2,511,114
02Feb01 to 24Apr01	Carfinco Inc. - 16.0% Subordinated Unsecured Redeemable Debentures	225,000	225,000
01May01	Fallingbrook Growth Fund, The - Class A Units	6,428	492
04May01	Genetic Diagonstics Inc. - Class A Shares	600,000	1,500,000
30Apr01	Harbour Capital Canadian Balanced Fund - Trust Units	1,902,510	14,895
30Apr01	Harbour Capital Foreign Balanced Fund - Trust Units	527,536	3,689
30Apr01	Hedman Resources Limited - Common Shares	1,060,948	2,791,969
19Mar01	International Freegold Mineral Development Inc. - Property Acquisition	10,000	50,000
01Feb01	Kassirer Market Neutral Limited Partnership - Limited Partnership Units	300,000	30
02Jan01	Kassirer Market Neutral Limited Partnership - Limited Partnership Units	1,500,000	1,500
27Apr01	Kilmer Capital Fund L.P. - Class A Limited Partnership Units	20,000,000	20,000
27Apr01	Kilmer Capital Fund L.P. - Class A Limited Partnership Units	25,000,000	25,000
27Apr01	Kilmer Capital Fund L.P. - Class A Limited Partnership Units	59,000,000	59,000
03May01	Knight, Bain, Seath & Holbrook American Fund, The - Units	150,000	609

Trans. Date	Security	Price ($)	Amount
03May01	Knight, Bain, Seath & Holbrook Canadian Bond Fund, The - Units	150,000	7,150
03May01	Knight, Bain, Seath & Holbrook Canadian Short-Term Bond Fund, The - Units	150,000	11,752
03May01	Knight, Bain, Seath & Holbrook EAFE Equity Fund, The - Units	150,000	5,358
03May01	Knight, Bain, Seath & Holbrook Money Market Fund, The - Units	150,000	15,000
03May01	Knight, Bain, Seath & Holbrook Canadian Growth Equity Fund - Units	150,000	4,515
29Mar01	Laketon Premium Growth Equity Fund - Units	9,500,000	1,285,347
23Feb01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	18,010	164
19Feb01	Lifepoints Achievement Fund, Lifepoints Opportunity Fund, Lifepoints Progress Fund - Units	15,766	143
20Feb01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	36,917	311
13Feb01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	60,439	506
16Feb01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	40,466	360
23Feb01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Overseas Equity Fund - Units	281	2
13Feb01	Lifepoints Balanced Long Term Growth, Lifepoints Balanced Growth, Lifepoints Balanced Income - Units	18,374	168
21Feb01	Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell U.S. Equity Fund - Units	15,942	117
23Feb01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund - Units	67,376	626
19Feb01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	258,724	2,282
20Feb01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund, Russell Overseas Equity Fund - Units	221,825	1,900
12Feb01	Lifepoints Balanced Long Term Growth - Units	249	2
12Feb01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Overseas Equity Fund - Units	175,346	1,583
14Feb01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Global Equity Fund, Russell Overseas Equity Fund - Units	312,956	2,888
16Feb01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	236,910	2,049
15Feb01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	244,299	2,114
26Feb01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	134,468	1,192
22Feb01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	111,789	1,002
20Feb01	Lifepoints Opportunity Fund, Lifepoints Progress Fund - Units	2,000	18
14Feb01	Lifepoints Opportunity Fund - Units	3,121	27

Trans. Date	Security	Price ($)	Amount
22Feb01	Lifepoints Opportunity Fund, Russell Overseas Equity Fund - Units	399	3
22Feb01	Lifepoints Progress Fund, Russell Global Equity Fund - Units	3,500	35
15Apr01 & 30Apr01	Marquest Balanced Fund -	205,574	20,374
30Apr01	Marquest Canadian Equity Growth Fund -	1,640,342	142,115
30Apr01	Marquest Dividend Income Fund -	1,122,465	106,258
01May01	McElvaine Investment Trust, The - Units	200,000	15,006
04May01	Meadowbrook Retirement Village Limited Partnership - Units	2,225,000	890
04May01	Merrill Lynch Investment Managers (Institutional) Canada Ltd. - Pooled Fund Units	960,000	960,000
30Apr01	NexStream Inc. -	505,000	505,000
30Apr01	Nexus Group International Inc. - Common Shares	300,000	1,875,000
30Apr01	Nexus Group International Inc. - Common Shares	480,000	3,000,000
31Mar98 to 09Mar98	North Growth U.S. Equity Fund -	765,830	44,451
23Apr01	QBE Insurance Group - Ordinary Shares	1,294,234	150,000
30Apr01	Rampart Mercantile Inc. - Convertible Debentures	150,000	150,000
03May01	Raytheon Company - Shares of Common Stock	2,317,603	55,000
26Feb01	Russell Canadian Fixed Income Fund, Lifepoints Progress Fund - Units	853,527	8,027
23Feb01	Russell Canadian Fixed Income Fund, Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Global Equity Fund - Units	7,870	69
14Feb01	Russell Canadian Fixed Income Fund, Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Global Equity Fund - Units	2,243	20
12Feb01	Russell Canadian Equity Fund - Units	1,153	6
13Feb01	Russell Canadian Fixed Income Fund - Units	3,000	26
04May01	SHAAE (2001) Master Limited Partnership - Limited Partnership Units	15,141,280	880
02May01	SHAAE (2001) Master Limited Partnership - Limited Partnership Units	43,848,097	2,549
30Apr01	Thales Active Asset Allocation Fund - Limited Partnership Units	300,000	340
02May01	Triax MediaVenture Limited Partnership - Limited Partnership Units	40,556,210	37,903
30Apr01	Twenty-First Century Canadian Bond Fund - Units	850,828	172,410
30Apr01	Twenty-First Century International Equity Fund - Units	300,000	41,651
30Apr01	Twenty-First Century American Equity Fund - Units	300,000	50,911
30Apr01	Twenty-First Century Canadian Equity Fund - Units	1,039,244	160,652
23Apr01	Vaaliam Resources Ltd. - Convertible Debenture	$150,000	$150,000
27Apr01	Western Oil Sands Inc. - Class A Shares	1,366,000	85,375

Resale of Securities - (Form 45-501f2)

Date of Resale	Date of Orig. Purchase	Seller	Security	Price ($)	Amount
07May01	30Apr98	Bank Of Montreal	724 Solutions Inc. - Common Shares	107,535	7,500

Reports Made under Subsection 5 of Subsection 72 of the Act with Respect to Outstanding Securities of a Private Company That Has Ceased to Be a Private Company -- (Form 22)

Name of Company	Date the Company Ceased to be a Private Company
Adaco Resources Inc.	05Dec00
LymphoSign Inc.	14Feb01

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

Seller	Security	Amount
EuroGas Inc.	Big Horn Resources Ltd. - Common Shares	8,000,000
Communigestart Inc.	Cossette Communication Group Inc. - Subordinate Voting Shares	11,529
Gestion Drab Inc.	Cossette Communication Group Inc. - Subordinate Voting Shares	26,328
1066918 Ontario Inc.	Diversified Monthly Income Corporation - Common Shares	10
Black, Conrad	Hollinger Inc. - Series II Preference Shares	1,611,039
Marzen Holdings Company Limited	IAMGold Corporation - Common Shares (Amended)	1,400,000
Marzen Holdings Company Limited	IAMGold Corporation - Common Shares	1,000,000
Gastle, William J.	Microbix Biosystems Inc. - Common Shares	495,000
Gastle, Susan M.S.	Microbix Biosystems Inc. - Common Shares	275,000
Oncan Canadian Holdings Ltd.	Onex Corporation - Subordinate Voting Shares	998,900
Mailon, Andrew J.	Spectra Inc. - Common Shares	153,000
Malion, Andrew J.	Spectra Inc. - Common Shares	165,000
Faye, Michael R.	Spectra Inc. - Common Shares	164,000
Faye, Michael R.	Spectra Inc. - Common Shares	154,000
Hawkins, Stanley G.	Tandem Resources Ltd. - Common Shares	2,000,000
A-Shear Holdings Inc.	Teknion Corporation - Multiple Voting Shares	34,800
SEB Investments Corp.	Thomson Corporation, The - Common Shares	64,044
SEB Issue Corp.	Thomson Corporation, The - Common Shares	40,012
SEB Family Corp.	Thomson Corporation, The - Common Shares	845,984

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:
Chemtrade Logistics Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated May 18th, 2001
Mutual Reliance Review System Receipt dated May 22nd, 2001
Offering Price and Description:
$ * - * Units @ $ * per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
Promoter(s):
Marsulex Inc.
Project #358836

Issuer Name:
Clarington RSP Global Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated May 18th, 2001
Mutual Reliance Review System Receipt dated May 22nd, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s) or Distributor(s):
Clarington Funds Inc.
Promoter(s):
-
Project #359044

Issuer Name:
Franklin Templeton Japan Tax Class
Franklin Templeton European Tax Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated May 11th, 2001
Mutual Reliance Review System Receipt dated May 17th, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #355157 & 345185

Issuer Name:
Premium Brands Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated May 23rd, 2001
Mutual Reliance Review System Receipt dated May 23rd, 2001
Offering Price and Description:
$ * - * Common Shares @ $ * per offered Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
National Bank Financial Inc.
Promoter(s):
-
Project #361016

Issuer Name:
Systems Xcellence Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated May 18th, 2001
Mutual Reliance Review System Receipt dated May 22nd, 2001
Offering Price and Description:
$13,004,761 - 17,863,945 Common Shares and 5,954,648 Common Shares Purchase Warrants issuable upon the exercise of 17,863,945 previously issued Special Warrants
Underwriter(s) or Distributor(s):
Sprott Securities Inc.
Taurus Capital Markets Ltd.
Promoter(s):
-
Project #359600

Issuer Name:
BFI Commodity Fund Limited Partnership
Principal Regulator - Manitoba
Type and Date:
Amendment #1 dated May 3rd, 2001 to Prospectus dated April 5th, 2001
Mutual Reliance Review System Receipt dated 23rd day of May, 2001
Offering Price and Description:
Offering of Class A Limited Partnership Units $4,000,000 - 800,000 Units.
Minimum Initial purchase $5,000. Offering price @ $5.00 per Unit
Underwriter(s) or Distributor(s):
CFG Futures Canada Inc.
Promoter(s):
-
Project #326621

Issuer Name:
Creststreet 2001 Limited Partnership
Creststreet Resource Fund II Limited
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated May 17th, 2001
Mutual Reliance Review System Receipt dated 18th day of May, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Yorkton Securities Inc.
Promoter(s):
Creststreet Asset Management Limited
Project #347835 & 347840

Issuer Name:
iUnits S&P 500 Index RSP Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated May 17th, 2001
Mutual Reliance Review System Receipt dated 23rd day of May, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Barclays Global Investors Canada Limited
Promoter(s):
-
Project #345116

Issuer Name:
Nexen Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Shelf Prospectus dated May 17th, 2001
Mutual Reliance Review System Receipt dated 17th day of May, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #354071

Issuer Name:
TELUS Corporation
Principal Regulator - British Columbia
Type and Date:
Final Short Form Shelf Prospectus dated May 22nd, 2001
Mutual Reliance Review System Receipt dated 22nd day of May, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #354785

Issuer Name:
AIM Global Fund Inc. - Trimark Select Growth Class
AIM Global Fund Inc. - Trimark U.S. Companies Class
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated May 17th, 2001
Mutual Reliance Review System Receipt dated 18th day of May, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #339559

Chapter 12

Registrations

12.1.1 Securities

Type	Company	Category of Registration	Effective Date
New Registration	Canada Life Mortgage Services Ltd. Attention: Alexander Joseph Doyle 130 Adelaide Street West, Suite 800 Toronto ON M5H 3P5	Limited Market Dealer (Conditional)	May 14/01
Change of Name	SMBC Securities Inc. Attention: Lynette Brett 1 First Canadian Place, P.O. Box 50 Osler, Hoskin & Harcourt Toronto ON M5X 1B8	From: Sumitomo Bank Securities Inc. To: SMBC Securities Inc.	Apr 02/01
Change of Name	Standard Life Investments Inc. Attention: Peter Charles Hill 121 King Street West Suite 1711, P.O. Box 28 Toronto ON M5H 3T9	From: Standard Life Portfolio Management Ltd. To: Standard Life Investments Inc.	Nov 16/00
Change of Name	Strategicnova Mutual Fund Services Inc. Attention: Richard Donald Robertson 220 Bay Street Suite 300 Toronto ON M5J 2W4	From: Nova Bancorp Mutual Fund Services Ltd. To: Strategicnova Mutual Fund Services Inc.	Oct 17/00
New Recognition	JLTM Holdings Inc. 1 Manitou Drive King City ON L7B 1E7	Exempt Purchaser	May 16/01

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 IDA - Nelson Allen & Robin Moriarty

IN THE MATTER OF DISCIPLINARY PROCEEDINGS INITIATED BY THE INVESTMENT DEALERS ASSOCIATION OF CANADA AGAINST NELSON ALLEN AND ROBIN MORIARTY

PRESENT: The Honourable Fred Kaufman, C.M., Q.C., Chair
Michael Walsh
Norman Fraser

For the Investment Dealers Association: Jeffrey Kehoe
For Robin Moriarty: Enzo Battigaglia

DECISION ON MOTIONS TO ADJOURN THE PROCEEDINGS

The Respondents, Nelson Allen and Robin Moriarty, stand charged before the District Council of the Investment Dealers Association of Canada ("IDA" or " the Association") with having violated the By-laws, Regulations or Policies of the Association in a variety of ways, described in detail in the Notices of Hearing with which they were served.

On the date set for the hearing, both Respondents moved to have the disciplinary proceedings adjourned until related criminal proceedings now pending against them will have been resolved. Mr. Allen did so by way of a letter addressed to IDA enforcement counsel; Ms. Moriarty by oral argument presented by Mr. Battigaglia.

In essence, both Respondents suggest that it would be prejudicial to them to proceed with the present charges, particularly (as Mr. Battigaglia pointed out), since it may well be necessary for them to testify, thereby exposing themselves not only to cross-examination, but also to the involuntary disclosure of their defence to the criminal charges, giving an unfair advantage to the Crown in those proceedings.

We were told at the initial hearing on January 23, 2000, that a similar request for adjournment had been granted by a judge of the Ontario Court of Justice in a prosecution, also related, under the *Loan and Trust Corporations Act.* Unfortunately, the transcript of those proceedings was not available at the time, and we therefore adjourned the hearing on the motions to March 30, 2000 which, we were told, would be the time required to obtain copies of the decision. And indeed, as promised, we received the transcript a few days before.

In essence, the arguments made in the Ontario Court of Justice are similar to the arguments made before us by Mr. Battigaglia (and, in much shorter form, by Mr. Allen in his letter). There is, however, this difference: the case in the Ontario Court of Justice is an action by the Crown's a quasi-criminal proceeding as Mr. Allen' s counsel called it while the present matter is a disciplinary hearing taken by the IDA and not by the Crown.

In our view, this distinction is important.

As was said by the Ontario Court (General Division), Divisional Court, in *Robinson et al.* v. *Ontario Securities Commission*, [1993] O.J. No. 3042, "[a] regulatory proceeding should not be stayed except in extraordinary and exceptional circumstances; it is within the tribunal's discretion." In *Robinson*, the Ontario Securities Commission ("O.S.C.") had refused to stay proceedings against the appellants until charges laid against them under the *Criminal Code* had been tried. There, as here, it was argued:

> that the appellants' rights under the *Canadian Charter of Rights and Freedoms* could be prejudiced in the criminal proceedings as they might be required to disclose their proposed defence at the O.S.C. hearing. There was also concern that derivative evidence might be obtained in the course of the proceedings.

The Divisional Court disagreed with the appellants' pretensions: "The O.S.C., " the Court wrote, "in its decision exercised discretion, weighed possible violations of the appellants' Charter rights against the O.S.C.'s responsibility to protect the investing and capital markets by conducting expeditious proceedings pursuant to the Securities Act."

We respectfully adopt what was said by the Divisional Court. We note that Article 2(b) of the IDA's Constitution sets out the relevant objectives:

> 2. The objects of the Association shall be:
>
> (b) to encourage through self-discipline and regulation a high standard of business conduct among Members and their partners, directors, officers and employees and *to adopt, and enforce compliance with, such practices and requirements as may be necessary and desirable to guard against conduct contrary to the interests of Members, their clients or the public;* (Emphasis added.)

The charges brought against the Respondents by the IDA allege a variety of violations, among them removing funds without authorization from a client's account, using client funds without authorization, failing to deposit funds to the accounts indicated by clients, recommending inappropriate purchases, engaging in "conduct unbecoming to the public interest," and (in Mr. Allen's case) refusal "to attend and give information to the Association with respect to its investigation into his activities and the activities of Essex as required by By-law 19.5."

These are serious allegations, reflecting, if proven, practices contrary to the interests of the public. In our view, in order to achieve the objects of the Constitution cited above, it is

necessary that these matters be inquired into by the District Council with dispatch. A lengthy delay "and we are talking about many months, if not years" is potentially harmful and must, therefore, be avoided. The O.S.C., in *Robinson*, took the same point of view: "The public expects and requires that this Commission will move expeditiously to deal with market participants who are alleged to have engaged in conduct which is abusive of the capital markets. *The need to deal expeditiously with allegations of misconduct is of particular concern in a case such as this where the allegations against the Respondents, if proved, are serious.*" (Emphasis added.)

So, too, in this case, and in so holding we are not unmindful of the fact that neither Respondent currently works in the industry. The IDA is ready to proceed; its witnesses are ready to appear. Unlike the courts, the IDA cannot compel persons to appear before the District Council. Will these same witnesses still be willing to do so voluntary a year or two hence?

We recognize the Respondents' rights under the *Charter*. But, as was said by the Divisional Court in *Robinson*, "[t]he arguments relevant to the Charter can be considered and dealt with if, as and when they arise during the course of the criminal proceedings."

The applications to adjourn the hearings until after the criminal charges have been dealt with are dismissed.

May 11, 2001.

13.1.2 IDA - Samuel Kenneth Jack Aquino

INVESTMENT DEALERS ASSOCIATION OF CANADA NOTICE TO PUBLIC RE: DISCIPLINARY HEARING

May 23, 2001

RE: THE FINANCIAL CENTRE SECURITIES CORPORATION

RE: SAMUEL KENNETH JACK AQUINO

Toronto, Ontario – The Investment Dealers Association of Canada has scheduled a hearing before the Ontario District Council of the Association concerning The Financial Centre Securities Corporation ("FCSC") and Samuel Kenneth Jack Aquino.

The hearing is scheduled to begin June 6, 2001, at 9:30am, at the offices of the Association, located at 121 King Street West, Suite 1600, in Toronto, Ontario.

The hearing will be open to the public except as may be required for the protection of confidential matters.

The hearing is in regards to allegations made by Staff of the Enforcement Division of the Association that internal accounting practices at FCSC were inadequate. Mr. Aquino was the officer of FCSC responsible for financial compliance.

Contact:

Brian K. Awad
Enforcement Counsel
Tel. (416) 943-6936

13.1.3 IDA - Anthony Alex Guidoccio

INVESTMENT DEALERS ASSOCIATION OF CANADA
NOTICE TO PUBLIC RE: DISCIPLINARY HEARING

May 23, 2001

RE: ANTHONY ALEX GUIDOCCIO

Toronto, Ontario – The Investment Dealers Association of Canada has scheduled a hearing before the Ontario District Council of the Association concerning Anthony Alex Guidoccio.

The hearing is scheduled to begin June 6, 2001, at 9:30am, at the offices of the Association, located at 121 King Street West, Suite 1600, in Toronto, Ontario.

The hearing will be open to the public except as may be required for the protection of confidential matters.

The hearing is in regards to allegations made by Staff of the Enforcement Division of the Association that, while a Branch Manager at Midland Walwyn Capital Inc., Mr. Guidoccio became involved in developing retirement homes, and that he did not make adequate disclosure of these "outside" activities to Midland and the Association.

Contact:

Brian K. Awad
Enforcement Counsel
Tel. (416) 943-6936

13.1.4 MFDA Rule 5.3.5

MFDA PROPOSED RULE ON CONSOLIDATED STATEMENTS - RULE 5.3.5

I. OVERVIEW

The Mutual Fund Dealers Association (the MFDA) proposes to bring into force Rule 5.3.5., which permits the delivery of consolidated account statements. Rule 5.3.4 provides that a Member may satisfy its obligations under Rules 5.3.1 (Delivery of Account Statements), 5.3.2 (Automatic Payment Plans) and 5.3.3 (Content of Account Statement) by sending to its client a consolidated statement in accordance with Rule 5.3.5 at the times required. Proposed Rule 5.3.5 permits the delivery of statements or other documents that include information regarding transactions executed or assets held by or through entities other than the Member, provided certain disclosure requirements are met.

Rules 5.3.4 and 5.3.5 were added to the final version of the MFDA Rules submitted to the Alberta, British Columbia, Ontario and Saskatchewan Securities Commissions (the "Recognizing Jurisdictions") as part of the MFDA's revised application for recognition as a self-regulatory organization on December 15, 2000.

As a term and condition of recognition, the Recognizing Jurisdictions have suspended the operation of Rule 5.3.5 until such time as it has been published for comment for a minimum of 30 days and approved by the Recognizing Jurisdictions.

A. Current Rules

MFDA Rule 5.3.4 currently requires Members to send account statements to clients that reflect only those transactions executed by the Member; it does not allow for transactions or assets that are not executed or held by a Member to be disclosed on an account statement.

B. The Issue

A number of mutual fund dealers wish to send account statements to clients that provide information about transactions or assets not executed or held by the dealer. Mutual fund dealers wish to provide such consolidated statements because many clients prefer to receive a single, comprehensive statement, summarizing all of their investments and holdings. The practice of consolidated reporting raises a number of regulatory concerns. It may lead to confusion over which entity a client is transacting business with and which regulatory authority has jurisdiction over the distribution of the products disclosed in the statement. In addition, clients may be unaware that the dealer is relying on third parties with respect to information provided regarding transactions executed or assets held by or through entities other than the dealer. The dealer is therefore not in a position to verify the accuracy of the information being presented.

C. The Objective

Proposed Rule 5.3.5 will enable Members to provide consolidated account statements to their clients, subject to complying with certain disclosure requirements. These requirements are intended to ensure that clients are made aware of which products are (and which are not) held by or sold through the Member, and which products may be eligible for coverage by the MFDA investor protection plan (once it is operational). Clients must also be informed that the Member cannot verify the accuracy of information provided about the financial products not distributed or held by the Member.

D. Effect of the Proposed Rule

The proposed Rule will accommodate a Member's clients who wish to view their financial information on a single statement while addressing concerns about client confusion through clear disclosure standards. Proposed Rule 5.3.5 takes into account the business structures applicable to Members and their Approved Persons and the variety of financial services they provide to their clients. The delivery of consolidated statements may also reduce unnecessary production and mailing costs.

II. DETAILED ANALYSIS

A. Present Rules, Relevant History and Proposed Rules

The draft MFDA Rules published for comment on June 16, 2000 by the Recognizing Jurisdictions required Members to send account statements to clients that only disclosed information regarding transactions that were executed by the Member. This restriction was included due to regulatory concerns that consolidated statements may confuse clients about which transactions or assets were (or were not) executed through or held by the Member. There is also a concern about information being included on account statements about transactions or assets which the Member is not in a position to verify as being accurate or complete.

During the public comment process, the MFDA received many comments opposing the restriction on consolidated statements. Commentators stated that it is current industry practice to send account statements to clients providing additional information relating to transactions that have not been executed, and/or assets that are not held, by the dealer. It was suggested that this restriction would reduce the level of service offered to clients who wish to receive a summary of all their investments and holdings. Some commentators noted that multiple statements may also create confusion and cause clients to ignore the multiple mailings. Finally, a number of commentators suggested that the MFDA's objective of ensuring clients understand which legal entity processed their transaction and/or is holding their assets would be better satisfied by allowing information to be consolidated on their account statement but with clear disclosure requirements.

In response to these comments, the MFDA included Rules 5.3.4 and 5.3.5 to its revised application for recognition that was filed with the Recognizing Jurisdictions on December 15, 2000. Rule 5.3.4 provides that a Member may satisfy its obligations under Rules 5.3.1 (Delivery of Account Statements), 5.3.2 (Automatic Payment Plans) and 5.3.3. (Content of Account Statement) by sending to its client a consolidated statement.

Proposed Rule 5.3.5 permits consolidated statements or documents provided:

- there is clear disclosure about which transactions were effected by or through the Member;
- there is a statement to the effect that the Member cannot verify that the information relating to other financial service products that are not offered through or held by the Member is accurate;
- there is a statement to the effect that only client assets held by the Member referred to in Rule 5.3.3(a) may be eligible for coverage by the Mutual Fund Dealers Investor Protection Plan (once it is operational); and
- the statement complies with applicable legislation.

B. Issues and Alternatives Considered

No other alternatives to proposed Rule 5.3.5 were considered.

C. Comparison with Similar Provisions

There are no similar provisions in other jurisdictions in Canada.

In particular, there is no reference to consolidated statements in the Investment Dealers Association (the "IDA") Rules. It is noted however that all financial service activities of representatives of IDA member firms are generally conducted through the member firm.

D. Public Interest Objective

The MFDA believes that the proposed Rule is in the public interest in that it accommodates the client service objectives of Members by allowing consolidated statements. At the same time the proposed Rule ensures the investing public is protected by providing for minimum disclosure requirements with respect to consolidated account information. These disclosure requirements are intended to minimize the potential for investor confusion and to provide investors with a better understanding of the transactions and holdings reported on their account statements.

III. COMMENTARY

A. Filing in Other Jurisdictions

Proposed Rule 5.3.5 will be filed for approval with the Alberta, British Columbia, Ontario and Saskatchewan Securities Commissions.

B. Effectiveness

Proposed Rule 5.3.5 establishes clear minimum disclosure requirements for the delivery of consolidated statements.

C. Process

Proposed Rule 5.3.5 was developed by MFDA staff in response to comments received on the MFDA's proposed account statement requirements during the initial 90-day public comment period. The proposed Rule has been approved by the MFDA's Board of Directors.

IV. SOURCES

Public comments received on MFDA's proposed account statement requirements.

V. OSC REQUIREMENT TO PUBLISH FOR COMMENT

The MFDA is required to publish for comment the proposed Rule so that the issue referred to above may be considered by Ontario Securities Commission staff.

The MFDA has determined that the entry into force of this Rule would be in the public interest and is not detrimental to the capital markets. Comments are sought on the proposed Rule. 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 Corporate Secretary, Mutual Fund Dealers Association of Canada, 121 King Street West, Suite 1600, 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. The MFDA will make available to the public on request all comments received unless an author specifically requests confidentiality. Access to confidential comments will not be permitted except as may be required by law.

Questions may be referred to:

Jeffrey A. Meade
Director of Policy
Mutual Fund Dealers Association of Canada
(416) 943-5836

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

CONSOLIDATED STATEMENTS

THE BOARD OF DIRECTORS of the Mutual Fund Dealers Association of Canada passed Rule 5.3.5 of the MFDA:

"**5.3.5 Consolidated Statements.** No Member shall provide to a client any account statement or other document (in any form) which includes the information referred to in Rule 5.3.3 as well as other information relating to financial services products held by the client or with the Member or any other person unless the statement or document:

(a) discloses clearly which transactions were effected by the Member;

(b) contains a statement to the effect that the Member or Approved Person is not responsible for the accuracy of information relating to such other financial services products;

(c) contains a statement to the effect that only the security positions referred to in Rules 5.3.3(a) described in the statement may be eligible for coverage by the Mutual Fund Dealers Investor Protection Plan (once the Plan is recognized by the relevant provincial securities commissions); and

(d) is in compliance with applicable legislation."

Such Rule was passed and enacted by the MFDA Board of Directors on the 23rd day of February 2001. Such Rule will be effective on a date to be determined by MFDA Staff.

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Chapter 25

Other Information

25.1 Consent

25.1.1 TMI-LEARNIX INC. - ss. 4(b), OBCA Reg.

Headnote

Consent given to OBCA corporation to continue under the CBCA.

Statutes Cited

Business Corporations Act, R.S.O. 1990. c. B.16, s. 181.
Canada Business Corporations Act, R.S.C. 1985, c. 144.

Regulations Cited

Regulation made under the *Business Corporation Act*, O. Reg. 289/00.

IN THE MATTER OF
THE REGULATION MADE UNDER
THE BUSINESS CORPORATIONS ACT R.S.O. 1990
c.B.16 (the "OBCA")
O. Reg. 289/00 (the "Regulation")

AND

IN THE MATTER OF
TMI-LEARNIX INC.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of TMI-LEARNIX INC. ("TMI-LEARNIX") to the Ontario Securities Commission (the "Commission") requesting a consent from the Commission to continue into another jurisdiction pursuant to subsection 4(b) of the Regulation;

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

AND UPON TMI-LEARNIX having represented to the Commission that:

1. TMI-LEARNIX is proposing to submit an application to the Director pursuant to section 181 of the OBCA (the "Application for Continuance") for authorization to continue as a corporation under the *Canada Business Corporations Act*, R.S.C. 1985, c. 144, as amended (the "CBCA").

2. Pursuant to subsection 4(b) of the Regulation, where a corporation is an offering corporation, the Application for Continuance must be accompanied by a consent from the Commission.

3. TMI-LEARNIX, formerly known as Kayo Management Ltd., is an offering corporation under the OBCA and is a reporting issuer in Alberta, British Columbia, Ontario and Quebec.

4. TMI-LEARNIX is not in default under any of the provisions of the Act or the regulations made under the Act.

5. TMI-LEARNIX is not a party to any proceeding nor, to the best of its knowledge, information and belief, any pending proceeding under the Act.

6. The shareholders of TMI-LEARNIX approved the Application for Continuance at its Annual and Special Meeting of Shareholders (the "Meeting") held on April 30, 2001 by passing a special resolution.

7. The management Information Circular dated March 23, 2001 provided to all shareholders of TMI-LEARNIX in connection with the Meeting advised that pursuant to Section 185 of the OBCA, if any shareholder of TMI-LEARNIX objected to the Application for Continuance by way of written notice to TMI-LEARNIX at or prior to the Meeting, and the Application for Continuance was nevertheless given effect, then in accordance with Section 185 of the OBCA, the dissenting shareholder would be entitled to be paid the fair value of the shares held by the shareholder. TMI-LEARNIX confirms that no written objections from any shareholders were received with respect to their dissent rights as set out herein.

8. The shareholders of TMI-LEARNIX have approved a reverse take over bid of the corporation by TMI-Educaction.com Inc. ("TMI-Educaction"). TMI-Educaction will be a wholly-owned subsidiary of TMI-LEARNIX after the reverse take-over. The Montreal Exchange has approved the listing application of the common shares of TMI-LEARNIX.

9. The continuation of TMI-LEARNIX under the CBCA is proposed in order to have TMI-Educaction and TMI-LEARNIX governed under the same laws to enable the two corporations to amalgamate.

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

THE COMMISSION HEREBY CONSENTS to the continuance of TMI-LEARNIX as a corporation under the laws of Canada.

May 18, 2001.

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

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