

The Ontario Securities Commission

OSC Bulletin

June 29, 2001

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

The Ontario Securities Commission

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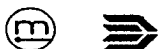


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Chapter 1

Notices / News Releases

1.1 Notices

SCHEDULED OSC HEARINGS

1.1.1 Current Proceedings Before The Ontario Securities Commission

June 29, 2001

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

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

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

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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

Date to be announced

Mark Bonham and Bonham & Co. Inc.

s. 127

Mr. A.Graburn in attendance for staff.

Panel: TBA

July 9 - 12
July 16 -19
July 23-26
July 30 - Aug 2

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 -16
August 20,22,23
August 27-30
/2001
10:00 a.m.

Jack Banks et al.

s. 127

Mr. Tim Moseley in attendance for staff.

Panel: TBA

August 13/ 2001
10:00 a.m.

ADJOURNED SINE DIE

PROVINCIAL DIVISION PROCEEDINGS

Michael Bourgon	Date to be announced	Michael Cowpland and M.C.J.C. Holdings Inc. s. 122 Ms. M. Sopinka in attendance for staff. Ottawa
DJL Capital Corp. and Dennis John Little	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
Dual Capital Management Limited, Warren Lawrence Wall, Shirley Joan Wall, DJL Capital Corp., Dennis John Little and Benjamin Emile Poirier	July 13, 2001 1:30 p.m. Courtroom C	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
First Federal Capital (Canada) Corporation and Monter Morris Friesner	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
Global Privacy Management Trust and Robert Cranston	Reference:	John Stevenson Secretary to the Ontario Securities Commission (416) 593-8145
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 Elzenga, 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		

**1.1.2 Statement of Priorities for the Financial
Year to End March 31, 2002**

NOTICE OF STATEMENT OF PRIORITIES

FOR FINANCIAL YEAR TO END MARCH 31, 2002

The *Securities Act* requires the Commission to deliver to the Minister by June 30 of each year a statement of the Commission setting out its priorities for its current financial year in connection with the administration of the Act, the regulations and rules, together with a summary of the reasons for the adoption of the priorities. The first such statement was delivered for the year ended March 31, 1995 (18 OSCB 2962).

In the notice published by the Commission on March 23, 2001 (24 OSCB 1807), the Commission set out its proposed Statement of Priorities and invited public input in advance of finalizing and publishing the 2001/2002 Statement of Priorities. As of May 25, 2001, eleven responses had been received. The Commission wants to thank all the parties who have provided comments.

The comments received were generally supportive of the identified priorities. Overall, the greatest number of comments appear to support efforts aimed at improving the level of harmonization of regulatory requirements in a rapidly converging marketplace. In parallel with these views is an expectation that such efforts will reduce compliance costs and thereby improve the overall efficiency of our capital markets. A number of supportive comments related to the proposed OSC/FSCO merger as well as the fee reduction initiative were also provided.

The other key issue put forward focused on the integrity and fairness (real or perceived) of the OSC particularly in relation to enforcement activities. Concurrent with this view was the suggestion that the OSC could adopt a more cooperative approach towards achieving effective risk management between regulators and other market participants.

The document has been revised to reflect the input received during the comment process. No additional priorities were added, however, a section providing a financial outlook for the upcoming year was inserted.

June 29, 2001.

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Manager, Business Planning
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Toronto, Ontario
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(416) 593-8179



THE ONTARIO SECURITIES COMMISSION

STATEMENT OF PRIORITIES

FOR

FISCAL 2001/2002

June 2001

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INTRODUCTION

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

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

In the May 2, 2000 Ontario Budget the Minister of Finance announced that the Ontario Securities Commission and the Financial Services Commission of Ontario (FSCO) will be merged into a single agency that will provide regulation of the capital markets and financial services sectors. This new agency will provide more integrated regulation of capital markets and financial services sectors and is the next logical step in the evolution of the financial services regulatory framework. The legislation required to create the proposed new organization and specify its regulatory responsibilities and powers is expected to be introduced during 2001. The merged entity will provide strong consumer and investor protection and education across all financial sectors. It will also contribute to

timely regulatory responses to the changing structures of the capital markets and financial services industries.

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

BUSINESS STRATEGY

Our Vision

To be and be seen to be a regulator that establishes and diligently enforces clear and unambiguous rules to protect investors and to promote efficiency in our capital markets.

Our Mandate

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

Our Approach

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

STRATEGIC CONSIDERATIONS AND KEY CHALLENGES

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

Global Integration of Markets

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

Rapid Pace of Technological Change

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

Redefinition of Roles of Regulators of Financial Services

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

Increased Direct Investor Participation in Equities Markets

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

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

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

Need to Foster Public Confidence in the Integrity of the Market

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

Need For Continued Expansion of OSC Expertise

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

OSC PRIORITIES

The integration activities associated with the merger of the Ontario Securities Commission and the Financial Services Commission of Ontario will be a prime focus during 2001/2002. In parallel with this process, during 2001/2002 the Commission will continue to advance its regulatory agenda by directing its resources towards achievement of the priorities set out below. There is no precedence to the ordering of the priorities. In pursuing these priorities the Commission will be guided by the principle that the regulatory costs and the impact on business should be proportionate to the regulatory objectives sought to be achieved.

1. Redefine Approaches to the Financial Regulatory Framework

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

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

- k) Review current underwriting practices to determine whether additional regulation is needed (this would include due diligence practices, allocation processes for new issues, indemnification arrangements, roadshows).
- l) Continue to develop rules to address frequently occurring requests for exemptive relief.

2. Strengthen the Compliance - Enforcement Continuum

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

- a) Continue development of the surveillance and intelligence unit.
- b) Develop and implement a comprehensive, risk-based approach to compliance which will result in more effective OSC oversight of SRO's, fund managers and non-SRO members.
- c) Increase resources allocated to SRO oversight activities and review of continuous disclosure documents. Conduct examinations of SRO's, non-SRO members and public companies.
- d) Continue to oversee the regulatory functions of the Investment Dealers Association (IDA) and work with the IDA to improve any perceived deficiencies.
- e) Improve effectiveness by continuing to develop and strengthen protocols within the OSC and with external organizations (e.g. IDA, TSE, CIPF etc.).
- f) Provide the Mutual Fund Dealers Association of Canada (MFDA) with reasonable implementation support. Work with the MFDA to:
 - implement an oversight program;
 - ensure adequate membership reviews are undertaken; and
 - develop an approved investor protection plan to which members of the MFDA would be required to belong.

3. Enhance the Quality of Continuous Disclosure by Reporting Issuers

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

- a) Continue to provide additional resources to the review of continuous disclosure filings.
- b) Continue the comprehensive program for the review of continuous disclosure documents of reporting issuers, complete a targeted review of revenue recognition practices and commence review of interim reporting.
- c) Issue a policy statement to communicate the CSA's interpretation of law in the area of selective disclosure and identify best disclosure practices for both issuers and analysts.
- d) Following implementation of an electronic system for filing of insider trading reports (SEDI), design and implement a comprehensive CSA program for reviewing these reports.
- e) Advocate the adoption of statutory amendments to implement a statutory civil liability regime for misrepresentations in continuous disclosure filings.
- f) In conjunction with other members of the CSA, develop a harmonized, integrated disclosure system ("IDS") for offerings and continuous disclosure filings. Publish for comment a draft rule which harmonizes disclosure requirements across Canada by Spring 2002.

4. Improve Secondary Market Regulation

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

- a) Review delivery and proxy solicitation requirements in the Internet context.
- b) Conduct a review of foreign issuer requirements for continuous disclosure and prospectuses in light of recent SEC and IOSCO initiatives. Publish a proposed rule by December 2001.
- c) Publish a paper to promote discussion of possible regulatory changes to permit Canadian and foreign reporting issuers to file financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles or International Accounting Standards. Evaluate the results of the consultation process and the need for rule changes.
- d) Review the regulatory regime related to unlisted companies and consider whether changes are necessary.
- e) Examine the practice of "equity monetization" and consider whether changes to the regulatory regime are necessary in areas such as insider reporting, escrow and resale restrictions.

- f) Review information circulars and consider whether changes to Rule 54-501 or supplementary guidance are necessary.
- g) Review and consider amending the staff notice on the revocation of cease trade orders.

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

In conjunction with its CSA counterparts and other regulatory entities, the OSC will continue to develop national harmonized approaches to the regulation of financial products, services and SRO's in order to maintain a globally competitive regulatory framework. The Commission will continue to work with other CSA members to implement standards for intermediaries and to expand the scope and use of mutual reliance review systems. Key initiatives will include:

- a) Continue to foster the development of a cooperative and efficient Canadian Securities Regulatory System.
- b) Continue development of Mutual Reliance Systems where appropriate.
- c) Initiate the re-architecture of SEDAR into a web-based system.
- d) Develop amendments to the regulatory framework applicable to salespersons and dealers to allow salespersons to provide registerable services through a corporation.
- e) Harmonize the regulation of segregated funds and mutual funds by implementing the Joint Forum recommendations (published in December 1999).
- f) Work with regulators and industry to maintain and update financial planning proficiency standards (exam, experience and continuing education requirements) for financial planners.
- g) Work with the Joint Forum to establish minimum standards for proficiency, continuing education and licensing of financial services intermediaries and, where possible, harmonize these standards across sectors.
- h) Support the Joint Forum in developing regulatory principles for investment disclosure in capital accumulation plans.

6. Implement Fee Reduction Strategy

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

7. Enhance Investor Protection Through Education

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

8. Foster Development of an Improved Mutual Fund Regulatory Framework

The Commission is committed to developing approaches to strengthen the governance of mutual funds and to making other changes necessary to improve the structure, management and distribution of mutual funds. The OSC, in cooperation with the CSA, will continue to improve the point of sale disclosure given to investors and to develop approaches for improved continuous disclosure. Key operational initiatives will include:

- a) Develop approaches to strengthen mutual fund governance and the framework applicable to mutual fund managers.
- b) Develop recommendations for an improved financial disclosure regime for mutual funds.
- c) Develop clear parameters for specialized investment products and practices such as funds of funds, commodity pools and pooled funds.

9. Support the Implementation of the OSC/FSCO Merger

In the Spring 2000 Budget, the Minister of Finance announced his intention to merge the OSC and FSCO. Since then, and in partnership with FSCO, the OSC has been supporting the Minister in the development and implementation of a new merged financial services agency that will better meet the needs of investors and market participants and continue to provide a high level of protection to consumers. A consultation draft of the legislation required to create the new organization and to specify its regulatory responsibilities and powers has been prepared and released for public comment. The legislation is expected to be introduced during 2001.

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

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

- a) Optimize OSC participation in key initiatives of IOSCO and similar bodies.
- b) Continue to work with the Council of Securities Regulators of the Americas (COSRA) towards the development of harmonized standards for clearing and settlement.
- c) Participate actively in promoting the convergence of accounting standards internationally with a view to facilitating the continued development, acceptance and use of a single set of high quality, internationally accepted accounting standards both domestically and in cross-border offerings and listings.
- d) Participate actively in IOSCO's efforts to promote the development and use of high quality, internationally accepted auditing standards, supported by appropriate standards governing auditor independence and quality assurance monitoring systems.

11. Continue to Develop and Implement Accountability Mechanisms

The Commission has developed and implemented accountability mechanisms to ensure that it continues to effectively and efficiently meet the needs of its constituents. The Commission will continue to strengthen its accountability through the following:

- a) Communicate pro-actively on progress towards identified OSC priorities.
- b) Provide excellent service through the Contact Centre.
- c) Increase the use of electronic communication initiatives.
- d) Continue to refine balanced scorecard measures and performance targets and to improve internal management information tracking systems.

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

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

- a) Develop and complete an annual employee satisfaction survey and address results as necessary.
- b) Maintain the competitiveness of the OSC compensation package.
- c) Implement competency based performance plans for management and a management competency training program.

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

2002 FINANCIAL OUTLOOK

The Commission revenue forecast for 2002 is \$84.2 million which is 2.2% higher than the \$82.4 million collected in 2001. The forecast reflects the impact of the 10% fee decreases implemented in August 1999 and June 2000 and a reduction in fee revenues due to an expected decline in market activity.

However, the negative effect of these changes is expected to be more than offset by the projected one time \$7.9 million increase in registration revenues which will be collected due to the implementation of a uniform anniversary date for registration.

The Commission has budgeted 2002 operating expenditures of \$54.3 million. The key budget component is salaries and benefits which are projected to rise by 14% to \$34.1 million. This increase reflects the annualized cost impact of hiring which occurred in 2001 as well as further new staff in 2002. Total staffing is projected to reach 361 by March 2002. The Commission has budgeted \$5.8 million for professional services costs in 2002 which is a 3.5% increase from 2001 expenditures. Costs associated with a significant number of legal proceedings are expected to be key contributors to this increase.

REPORT ON 2000/2001 ORGANIZATIONAL PRIORITIES

The significant progress that was achieved against the priorities identified in the 2000/2001 Statement of Priorities is outlined below:

1. *Redefine Approaches to the Financial Regulatory Framework*

OSC/FSCO Merger

In September 2000, the Government released a discussion paper *"Improving Ontario's Financial Services Regulation: Establishing a Single Financial Services Regulator"* and announced public consultations with David Young, Parliamentary Assistant to the Minister of Finance. The discussion paper provided a background of the existing regulatory structure and context for the merger, a vision for the new regulator and outlined the key legislative components of the proposed legislation. The paper served as the basis for consultations with stakeholders which took place in October 2000.

Staff from the Commission, FSCO and the Ministry of Finance have developed for consultation the draft framework legislation to govern the proposed merger of the OSC and FSCO and the necessary consequential amendments to the underlying legislation resulting from the framework legislation. The consultation draft outlines the corporate governance model of the new entity, the enforcement powers of the entity, the ability

to collect fees and assessments and the proposed parameters of rule-making authority.

CSA Legislation Co-Ordination Committee

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

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

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

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

The Commission's General Counsel is involved as an appointee on the Five Year Legislative Review advisory committee established by the Minister. The Committee published for comment in April 2000 a comprehensive issues list to stimulate public input. OSC staff have been actively involved in preparing background materials and memos on specific issues for the Committee to consider and make recommendations on. The Committee has substantially completed its review of the issues originally published for comment and is well along in formulating recommendations on these issues. The Committee hopes to publish a draft report for comment in the second quarter of 2001. The Committee's report should serve as a blueprint for legislative and regulatory consideration and change pending the next five year review.

In cooperation with an industry advisory group, Commission staff have worked through the issues relating to the provision of financial advice to investors

and developed a framework for a new regulatory model. A draft concept proposal has been completed and is expected to be released for comment by June 2001.

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

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

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

2. *Strengthen the Compliance - Enforcement Continuum*

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

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

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

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

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

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

Consultations were completed on a proposed Alternative Trading Systems (ATS) rule. An RFP for the ATS Consolidator was completed.

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

4. *Enhance Investor Protection Through Education*

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

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

5. *Implement Fee Reduction Strategy*

A further 10% across-the-board reduction in OSC fees was implemented in June 2000. Extensive consultations on proposed fee approaches were completed with stakeholders. A draft concept proposal has been completed and released for comment.

6. *Foster Development of an Improved Mutual Fund Governance Framework*

The MFDA was recognized as a self-regulatory organization for mutual fund dealers on February 6, 2001 and Rule 31-506: SRO Membership - Mutual Fund Dealers came into force on April 23, 2001.

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

A report to the CSA on alternatives for a mutual fund governance regime (prepared by Stephen Erlichman) was released in July 2000 and work was commenced by staff on a CSA proposal for a new mutual fund regulatory regime that is to include an independent governance mechanism and additional regulation and registration of fund managers.

All simplified prospectus and annual information forms filed by mutual funds under NI 81-101 were reviewed to ensure compliance with the Form requirements and the goals of the CSA in requiring a new mutual fund prospectus regime. Work is underway to develop

proposed new rules defining the financial information mutual funds give investors on a periodic basis after investment.

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

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

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

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

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

8. *Continue to Develop and Implement Accountability Mechanisms*

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

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

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

1.1.3 OSC Policy 12-602 Deeming a Reporting Issuer in Certain Other Canadian Jurisdictions to be a Reporting Issuer in Ontario

**NOTICE OF
ONTARIO SECURITIES COMMISSION POLICY 12-602
DEEMING A REPORTING ISSUER IN CERTAIN OTHER
CANADIAN JURISDICTIONS
TO BE A REPORTING ISSUER IN ONTARIO**

The Commission is publishing, in Chapter 5 of today's Bulletin, Commission Policy 12-602 Deeming a Reporting Issuer in certain other Canadian Jurisdictions to be a Reporting Issuer in Ontario.

1.2 Notice of Hearing

1.2.1 Richard Theberge

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

AND

**IN THE MATTER OF
RICHARD THEBERGE**

**NOTICE OF HEARING
(Section 127)**

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the Act at the Commission's offices on the 17th floor, 20 Queen Street West, Toronto, Ontario, commencing on Friday, June 22, 2001 at 10:00 a.m., or as soon thereafter as the hearing can be held (the "Hearing"), to consider whether it is in the public interest to make an order:

- (a) pursuant to paragraph 2 of subsection 127(1) of the Act, that trading in any securities by Theberge cease permanently or for such period as may be specified in the order;
- (b) pursuant to paragraph 6 of subsection 127(1) of the Act, that Theberge be reprimanded; and
- (c) such further and other order as the Commission may deem appropriate;

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

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

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

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

June 15, 2001.

"John Stevenson"

1.2.2 Richard Theberge - Statement of Allegations

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

AND

**IN THE MATTER OF
RICHARD THEBERGE**

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

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

1. CML Industries Ltd. ("CML") was at all material times a reporting issuer within the meaning of subsection 1(1) of the Act. Its common shares were listed on the Toronto Stock Exchange ("TSE").
2. The Richard Theberge, (the "Respondent"), a resident of Pickering, Ontario, was at all material times employed by CML as a Cost Analyst. The Respondent had worked for CLM for nine years in various positions. His father was Chairman of the Board, Chief Executive Officer and a director of CML. By virtue of his employment, the Respondent was in a special relationship with CML pursuant to section 76(5) (c) of the Act.
3. On March 30, 2000 the Respondent was advised by his father that he was not to trade in shares of CML as there was the likelihood of a deal involving the takeover of CML by Supremex Inc. ("Supremex") at \$6.00 a share. Supremex is a wholly owned subsidiary of Mail-Well Inc., a public company listed on the New York Stock Exchange.
4. Notwithstanding the instructions of his father, on May 4, 2000 the Respondent purchased 3,000 shares of CML at \$3.30. He purchased another 3,000 shares at \$3.25 on May 5, 2000 and on May 10, 2000, a further 500 shares at \$4.25. This last purchase occurred at 10:37 am.
5. At 11:44 am on May 10, 2000 the TSE halted trading in CML in anticipation of a press release announcing that Supremex would be making an offer to purchase all CML common shares for \$6 per share. This press release was issued at 1:14pm.
6. On May 23, 2000 the Respondent sold all his shares of CML at \$5.50 per share. This included 3,000 shares which had been purchased prior to the conversation of March 30, 2000 with his father. Excluding the 3,000 shares purchased prior to March 30, 2000 the Respondent realized a profit of approximately \$15,925.
7. Sometime during the last two weeks of May, 2000 the Respondent became aware that the Market

Surveillance Division of the TSE was conducting a review of the trading of shares of CML.

8. On June 8, 2000 the Respondent voluntarily advised the OSC staff of his conduct and offered his full cooperation to Staff.
9. On February 27th, 2001, the Respondent again attended the offices of the OSC and admitted under oath that he had purchased shares of CML with knowledge of a material fact or material change with respect to CML that had not been generally disclosed to members of the public. The Respondent co-operated with Staff's investigation and expressed deep remorse for his conduct. He instructed his counsel at the earliest stage to engage Staff in settlement discussions of this matter.

Conduct Contrary to the Public Interest

10. By engaging in the conduct described above, the Respondent acted in a manner contrary to the public interest.
11. Such additional allegations as Staff may make and as the Commission may permit.

June 15, 2001.

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Dylex Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - as a result of an acquisition agreement, issuer has only one security holder - issuer deemed to have ceased to be a reporting issuer.

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

**IN THE MATTER OF
DYLEX LIMITED
MRRS DECISION DOCUMENT**

WHEREAS the local securities regulatory authority or regulator (the "Decision Makers") in each of Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland (each a "Jurisdiction", collectively, the "Jurisdictions") has received an application from Hardof Wolf Group Inc. (the "Filer") on behalf of Dylex Limited ("Dylex") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Dylex cease to be a reporting issuer, or the equivalent thereof, under the Legislation;

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

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

1. Dylex is a corporation incorporated under the *Canada Business Corporations Act*, and is a reporting issuer in each of the Jurisdictions and is not in default of any of the requirements of the Legislation.

2. Dylex's head office is located in Toronto, Ontario.
3. Dylex's authorized capital consists of an unlimited number of Common Shares, of which 52,008,797 Common Shares were issued and outstanding on May 15, 2001.
4. The Filer is a private company incorporated pursuant to the laws of the Province of Nova Scotia.
5. Pursuant to an acquisition agreement (the "Transaction"), the Filer acquired all of the outstanding common shares of Dylex. The Transaction took the form of a capital reorganization and was approved by the required majority of Dylex shareholders at a shareholders meeting held on May 15, 2001.
6. As a result of the Transaction, the Filer is the sole security holder of Dylex.
7. The Common Shares of Dylex have been delisted from The Toronto Stock Exchange and no securities of Dylex are listed or quoted on any stock exchange or market.
8. Other than the Common Shares, Dylex has no other securities, including debt securities, outstanding.
9. Dylex does not intend to seek public financing by way of an offering of its securities.
10. The Filer is not currently a reporting issuer, or the equivalent thereof, in any of the Jurisdictions and has no intention of becoming one.

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 Dylex is deemed to have ceased to be a reporting issuer, or the equivalent thereof, under the Legislation.

June 20, 2001.

"John Hughes"

2.1.2 2M Energy Corp. - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 1(1), 6(3) and 83.

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

AND

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

AND

**IN THE MATTER OF
2M ENERGY CORP.

MRRS DECISION DOCUMENT**

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from 2M Energy Corp. ("2M") and Middlefield Bancorp Limited ("MBN") (collectively, the "Filer"), for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that 2M be deemed to have ceased to be a reporting issuer or the equivalent thereof under the Legislation;

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

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

1. 2M is a corporation existing under the laws of Ontario with its head office in Toronto, Ontario.
2. The authorized capital of 2M consists of an unlimited number of common shares ("Common Shares") of which 16,872,516 are issued and outstanding as at April 30, 2001.
3. 2M is a reporting issuer in each of the Jurisdictions and other than a failure to file an annual information form, annual financial statements and a management

discussion and analysis statement on May 22, 2001 for the period ended December 31, 2000, 2M is not in default of any of the reporting requirements of the Legislation.

4. MBN is a corporation existing under the laws of Ontario with its head office in Toronto, Ontario. MBN's common shares are listed for trading on The Toronto Stock Exchange.
5. As a result of a take-over bid and subsequent compulsory acquisition, all of the outstanding Common Shares of 2M were acquired by MBN.
6. Other than the Common Shares, there are no securities, including debt securities, of 2M outstanding.
7. No securities of 2M are listed or quoted on any exchange or market in Canada or elsewhere.
8. 2M does not intend to seek public financing by way of an offering of its securities.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that 2M is deemed to have ceased to be a reporting issuer or the equivalent thereof under the Legislation.

June 19, 2001.

"John Hughes"

2.1.3 Anadarko Canada Energy Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - corporation deemed to have ceased to be a reporting issuer when all of its issued and outstanding securities were acquired by another issuer.

Applicable Ontario Statutory Provisions

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

**IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, 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
ANADARKO CANADA ENERGY LTD.**

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in Alberta, Saskatchewan, Ontario, Québec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Anadarko Canada Energy Ltd. ("Anadarko Energy") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Anadarko Energy be deemed to have ceased to be a reporting issuer under the Legislation.
2. **AND WHEREAS** under the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Alberta Securities Commission is the principal regulator for this application;
3. **AND WHEREAS** Anadarko Energy has represented to the Decision Makers that:
 - 3.1 Anadarko Energy is a corporation amalgamated under the *Business Corporations Act* (Alberta) (the "ABCA");
 - 3.2 Anadarko Energy's head office is located in Calgary, Alberta;
 - 3.3 Anadarko Energy is a reporting issuer in the Jurisdictions;
 - 3.4 Anadarko Energy is not in default of any of the requirements of the Legislation;

- 3.5 the authorized capital of Anadarko Energy consists of an unlimited number of common shares (the "Common Shares") of which there are 1,531,664,999 Common Shares outstanding;
- 3.6 all of the Common Shares are held by Anadarko Canada Corporation an indirect wholly-owned subsidiary of Anadarko Petroleum Corporation ("Anadarko Petroleum");
- 3.7 Anadarko Energy was formed on March 16, 2001 by the amalgamation (the "Amalgamation") of Anadarko Canada Acquisition Corporation ("Anadarko Canada Acquisition") and Berkley Petroleum Corp. ("Berkley");
- 3.8 under an offer to purchase dated February 20, 2001, Anadarko Canada Acquisition, an indirect wholly-owned subsidiary of Anadarko Petroleum, made an offer to purchase all of the outstanding securities of Berkley, which was followed by a compulsory acquisition (the "Compulsory Acquisition") under the provisions of the ABCA;
- 3.9 the Compulsory Acquisition was completed on March 16, 2001;
- 3.10 before the Amalgamation, Anadarko Canada Acquisition held all of the outstanding securities of Berkley;
- 3.11 as Berkley was a reporting issuer in the Jurisdictions at the time of the Amalgamation, Anadarko Energy became a reporting issuer in the Jurisdictions as a result of the Amalgamation;
- 3.12 the Common Shares were never listed or quoted on any exchange or market and no securities of Anadarko Energy are listed or quoted on any exchange or market;
- 3.13 other than the Common Shares, Anadarko Energy has no securities, including debt securities, outstanding; and
- 3.14 Anadarko Energy does not intend to seek public financing by way of an offering of its securities;
4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
6. **THE DECISION** of the Decision Makers under the Legislation is that Anadarko Energy is deemed to have ceased to be a reporting issuer under the Legislation.

June 11, 2001.

"Patricia M. Johnston"

2.1.4 Richard Theberge - Settlement Agreement

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

AND

**IN THE MATTER OF
RICHARD THEBERGE**

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Hearing dated June 15, 2001, (the "Notice"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider, pursuant to section 127(1) of the Act, whether it is in the public interest for the Commission to make an order that Richard Theberge (the "Respondent"), be reprimanded and that he cease trading in securities permanently or for such time as the Commission may direct.

II. JOINT SETTLEMENT AGREEMENT

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding against the Respondent initiated by the Notice in accordance with the terms and conditions set out below. The Respondent consents to the making of an order against him in the form attached as Appendix A on the basis of the facts set out below.

III. AGREED STATEMENT OF FACTS

3. The Respondent and Staff agree to and acknowledge the following facts.
4. CML Industries Ltd. ("CML") was at all material times a reporting issuer within the meaning of subsection 1(1) of the Act. Its common shares were listed on the Toronto Stock Exchange ("TSE").
5. The Respondent, a resident of Pickering, Ontario, was at all material times employed by CML as a Cost Analyst. The Respondent had worked for CLM for nine years in various positions. His father was Chairman of the Board, Chief Executive Officer and a director of CML. By virtue of his employment, the Respondent was in a special relationship with CML pursuant to section 76(5) (c) of the Act.
6. On March 30, 2000 the Respondent was advised by his father that he was not to trade in shares of CML as there was the likelihood of a deal involving the takeover of CML by Supremex Inc. ("Supremex") at \$6.00 a share. Supremex is a wholly owned subsidiary of Mail-Well Inc., a public company listed on the New York Stock Exchange.
7. Notwithstanding the instructions of his father, on May 4, 2000 the Respondent purchased 3,000 shares of CML at \$3.30. He purchased another 3,000 shares at \$3.25

on May 5, 2000 and on May 10, 2000, a further 500 shares at \$4.25. This last purchase occurred at 10:37 am that day. At the time of those trades, the information described in paragraph 6 had not been generally disclosed.

8. At 11:44 am on May 10, 2000 the TSE halted trading in CML in anticipation of a press release announcing that Supremex would be making an offer to purchase all CML common shares for \$6 per share. This press release was issued at 1:14pm.
9. On May 23, 2000 the Respondent sold all his shares of CML at \$5.50 per share. This included 3,000 shares which had been purchased prior to the conversation of March 30, 2000 with his father. Excluding the 3,000 shares purchased prior to March 30, 2000, the Respondent realized a gross profit of approximately \$15,925, before commissions.
10. Sometime during the last two weeks of May, 2000 the Respondent became aware that the Market Surveillance Division of the TSE was conducting a review of the trading of shares of CML.
11. On June 8, 2000 the Respondent voluntarily attended at the offices of the OSC with counsel, and advised Enforcement staff of the particulars of his conduct, and of his desire to accept responsibility for his actions and to cooperate fully with staff.
12. On February 27th, 2001, the Respondent again voluntarily attended the offices of the OSC and admitted under oath that he had purchased shares of CML with knowledge of a material fact or material change with respect to CML that had not been generally disclosed to members of the public. The Respondent co-operated with Staff's investigation and expressed deep remorse for his conduct. He instructed his counsel at the earliest stage to engage Staff in settlement discussions of this matter.
13. As a result of the takeover of CML by Supremex, the Respondent lost his job at CML and has not worked since January, 2001. He is 28 years old.

IV. ADMISSION

14. By engaging in the conduct described in Part III of this settlement agreement, the Respondent admits that he purchased shares of CML with knowledge of a material fact or material change with respect to CML that had not been generally disclosed to members of the public and in doing so acted in a manner contrary to the public interest.

V. TERMS OF SETTLEMENT

15. The Respondent agrees to the following terms of settlement:
 - (i) pursuant to paragraph 2 of subsection 127(1) of the Act, the Respondent will cease trading in securities for a period of 120 days effective from the date of the Commission's order;

- (ii) pursuant to paragraph 6 of subsection 127(1) of the Act, the Respondent will be reprimanded by the Commission; and
- (iii) upon the approval of this settlement, the Respondent will make a payment of \$25,000 to the Commission, to be allocated to such third parties as the Commission may determine for purposes that will benefit investors in Ontario.

VI. CONSENT

- 16. The Respondent hereby consents to an order of the Commission incorporating the provisions of paragraph 15 above in the form annexed hereto as Appendix A.

VII. STAFF COMMITMENT

- 17. If this settlement is approved by the Commission, Staff will not initiate any complaint to the Commission or request the Commission to hold a hearing or issue any other order in respect of any conduct or alleged conduct of the Respondent in relation to the facts set out in this agreement.

VIII. WAIVER

- 18. If this settlement is approved by the Commission, the Respondent waives his right to a full hearing of the merits of this matter and waives any rights of judicial review or appeal of the order made by the Commission in accordance with this agreement.

IX. PROCEDURE FOR APPROVAL OF SETTLEMENT

- 19. Approval of the settlement set out in this agreement shall be sought at a public hearing of the Commission scheduled for June 22, 2001, or such other date as may be agreed to by Staff and the Respondent in accordance with the procedures described in this agreement.
- 20. Staff and the Respondent agree that if this agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted to the Commission in this matter.
- 21. Staff and the Respondent agree that if this settlement is approved by the Commission, no party to this agreement will make any public statement inconsistent with this agreement.
- 22. If, at the conclusion of the settlement hearing, and for any reason whatsoever, this settlement is not approved by the Commission or an order in the form attached as Schedule 'A' is not made by the Commission:
 - (a) each of Staff and the Respondent will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing respecting the facts set out in this agreement, unaffected by this agreement or the settlement negotiations;

- (b) the terms of this agreement will not be referred to in any subsequent proceeding, or disclosed to any person, except with the written consent of Staff and the Respondent or as may be required by law; and
- (c) the Respondent agrees that he will not, in any proceeding, refer to or rely upon this agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

X. DISCLOSURE OF AGREEMENT

- 23. Counsel for Staff or for the Respondent may refer to any part or all of this agreement in the course of the hearing convened to consider this agreement. Otherwise, this agreement and its terms will be treated as confidential by all parties to the agreement until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission, except with the written consent of all parties or as may be required by law.
- 24. Any obligations of confidentiality shall terminate upon approval of this settlement by the Commission.

XI. EXECUTION OF AGREEMENT

- 25. This agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

June 21, 2001.

"Richard Theberge"

"Michael Watson"

APPENDIX A

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

AND

IN THE MATTER OF
RICHARD THEBERGE

ORDER
(Subsection 127(1))

WHEREAS on June 15, 2001, the Ontario Securities Commission (the "Commission") issued a notice of hearing pursuant to subsection 127(1) of Act in respect of Richard Theberge, (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement dated June 22, 2001 (the "Settlement Agreement") in which he agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement, and upon hearing submissions from counsel for the Respondent and for Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS ORDERED THAT:

- (1) the Settlement Agreement dated June 22, 2001, attached to this Order, is hereby approved;
- (2) pursuant to paragraph 2 of subsection 127(1) of the Act, the Respondent will cease trading in securities for a period of one hundred and twenty days, effective immediately;
- (3) pursuant to paragraph 6 of subsection 127(1) of the Act, the Respondent is hereby reprimanded; and
- (4) the Respondent shall pay the amount as set out in Part V of the Settlement Agreement.

June 22, 2001.

2.1.5 AGF Funds Inc. et al. - MRRS Decision

Headnote

Exemptions from the mutual fund self-dealing prohibitions of clauses 111(2)(b) and 111(3) and from the reporting requirements of clause 117(1)(a) and (d) of the *Securities Act* (Ontario) to allow implementation of fund mergers that will result in the continuing corporate mutual fund becoming the sole holder of all units of the merging trust fund until the trust fund can be wound up in a tax-efficient manner, but in any case no longer than four years.

Statutes Cited

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

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

AND

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

AND

IN THE MATTER OF
AGF FUNDS INC.
AGF EUROPEAN GROWTH CLASS AND
AGF U.S. VALUE CLASS OF AGF INTERNATIONAL
GROUP LIMITED

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 (collectively, the "Jurisdictions") has received an application from AGF Funds Inc. ("AGF"), as manager of AGF European Growth Class and AGF U.S. Value Class (the "Corporate Funds") of AGF International Group Limited ("AGF International") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following requirements and restrictions contained in the Legislation (the "Requirements") shall not apply in respect of certain investments to be made by the Corporate Funds in Global Strategy Europe Plus Fund and Global Strategy U.S. Equity Fund (the "Trust Funds"):

1. the Requirements prohibiting a mutual fund from knowingly making or holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder; and
2. the Requirements requiring a management company, or in British Columbia, a mutual fund manager, to file a report relating to the purchase or sale of securities

between the mutual fund and any related person or company, or any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, the mutual fund is a joint participant with one or more of its related persons or companies.

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

AND WHEREAS AGF has represented to the Decision Makers that:

1. AGF is a corporation continued under the laws of the province of Ontario with its head office in Toronto, Ontario. AGF is the manager of the Corporate Funds and the manager and trustee of the Trust Funds.
2. AGF International is a mutual fund corporation formed on September 30, 1994 under the laws of the province of Ontario and is currently authorized to issue 24 classes of shares, each having a different investment objective. Each class is referred to as a fund and the Corporate Funds are two such classes.
3. Each of the Trust Funds is a mutual fund trust established by a declaration of trust governed by the laws of Ontario.
4. Each of the Corporate Funds and the Trust Funds are reporting issuers in all provinces and territories of Canada and are not in default of any requirements of the Legislation.
5. Mutual Fund Series shares of AGF European Growth Class are qualified for sale in all provinces and territories of Canada under a simplified prospectus and annual information form dated March 26, 2001 that have been filed with and accepted by the Decision Makers. Series F shares of AGF European Growth Class are qualified for sale in all provinces and territories of Canada under a simplified prospectus and annual information form dated April 25, 2001 that have been filed with and accepted by the Decision Makers. Series I shares are offered by private placement.
6. Mutual Fund Series shares and Series F shares of AGF U.S. Value Class are qualified for sale in all provinces and territories of Canada under separate simplified prospectuses and annual information forms, each dated June 1, 2001, which documents have been filed with and accepted by the Decision Makers. Series I shares are offered by private placement.
7. Mutual Fund Series units and Series P units of the Trust Funds are qualified for sale in all provinces and territories of Canada under separate simplified prospectuses and annual information forms, each dated March 26, 2001, which documents have been filed with and accepted by the Decision Makers. To date, Global Strategy U.S. Equity Fund has not sold any Series P units. There are also outstanding Series X units of Global Strategy Europe Plus Fund, but these are no

longer offered and resulted solely from a reclassification pursuant to a reorganization of the Trust Funds in 1994.

8. AGF European Growth Class has the same investment objective as Global Strategy Europe Plus Fund and AGF U.S. Value Class has the same investment objective as Global Strategy U.S. Equity Fund.
9. AGF proposed the merger of Global Strategy Europe Plus Fund into AGF European Growth Class and of Global Strategy U.S. Equity Fund into AGF U.S. Value Class (the "Mergers"). The Mergers were approved by unitholders of the Trust Funds at unitholder meetings on May 15, 2001. The costs associated with the meetings were borne by AGF.
10. The Mergers will be implemented by giving the Trust Funds' unitholders the opportunity on or about December 15, 2001 (the "Effective Date") to either (i) without payment by unitholders or the Trust Funds of any sales commissions or any other fees, exchange their units in the Trust Funds for Mutual Fund Series shares of the respective Corporate Funds having an equal aggregate net asset value on either a tax rollover basis or without the benefit of such treatment; or (ii) in exchange for their units in the Trust Funds, receive a distribution of cash from the Trust Funds representing the aggregate net asset value of such units without payment by unitholders or the Trust Funds of any charges or fees. Holders of Mutual Fund Series, Series P and Series X units of the Trust Funds who choose option (i) will be offered Mutual Fund Series shares of the respective Corporate Funds.
11. Each unitholder will be given the opportunity to file a joint election with AGF International pursuant to Section 85 of the *Income Tax Act* (Canada), and pursuant to applicable tax legislation in the Province of Québec for a unitholder who is resident in such province, in which the unitholder and AGF International will, within certain parameters, elect a cost base at which the unitholder's units in the Trust Funds will be transferred to and acquired by the Corporate Funds and at which the shares of the Corporate Funds will be acquired by the unitholder, thereby resulting in a complete or partial tax deferral of any taxable gain to the unitholder that would otherwise result on the exchange.
12. The Corporate Funds will be the sole unitholders of the Trust Funds following the Effective Date as all units of the Trust Funds previously held by unitholders will be held by AGF International and no further subscription for units of the Trust Funds will be permitted.
13. AGF will manage the portfolio assets of the Trust Funds and the portfolio assets of AGF International attributable to the Corporate Funds without regard to which vehicle holds such portfolio assets. All new portfolio investments will be made by AGF International in respect of the Corporate Funds. AGF International will not acquire portfolio securities from the Trust Funds and the decision to dispose of a particular portfolio asset will depend solely on its ongoing investment merits, while keeping in mind tax efficiencies. All distributions resulting from portfolio transactions made

by each Trust Fund will be paid to AGF International as the sole unitholder of each Trust Fund. Distributions received by AGF International will be invested in portfolio investments attributable to the relevant Corporate Fund. Through gradual turnover, it is expected that the Trust Funds' portfolio assets will be liquidated within 4 years from the Effective Date, following which the Trust Funds will be wound up.

14. Neither AGF nor AGF International Advisors Company Limited, the investment advisor of the Corporate Funds, will receive any management or advisory fees from the Trust Funds after the Effective Date. Their fees will be based solely on the net asset value of shares of the Corporate Funds (which will include the net asset value of the units of the Trust Funds held by AGF International).
15. The Trust Funds will continue to produce financial statements which will be delivered to shareholders of the Corporate Funds.
16. After the Effective Date, AGF International will seek direction from shareholders of the Corporate Funds as to how to vote its units in the Trust Funds with respect to any fundamental matter relating to the Trust Funds by calling a meeting of the Corporate Funds' shareholders, other than for matters pertaining to the ultimate wind-up of the Trust Funds which have already been approved by the Trust Funds' unitholders at the meetings held on May 15, 2001.
17. In order to obtain the regulatory approvals necessary to implement the Mergers, an application under National Instrument 81-102 has been filed with applicable securities regulatory authorities.
18. The simplified prospectus and annual information form of the Corporate Funds will be amended on or about the Effective Date to the extent necessary to reflect the Mergers.
19. In the absence of this Decision, pursuant to the Legislation, each Corporate Fund is prohibited from knowingly making or holding an investment in a person or company in which the Corporate Fund, alone or together with one or more related mutual funds, is a substantial securityholder. As a result, in the absence of this Decision, each Corporate Fund would be required to divest itself of the units of the corresponding Trust Fund acquired pursuant to the Mergers.
20. In the absence of this Decision, the Legislation requires AGF to file a report on every purchase or sale of securities of the Trust Funds by the Corporate Funds.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Requirements shall not apply so as to prevent the Corporate Funds from making or holding an investment in the securities of the Trust Funds or require AGF to file a report relating to the purchase or sale of such securities.

PROVIDED IN EACH CASE THAT:

The Decision shall only apply in respect of investments in, or transactions with, the Trust Funds that are made by the Corporate Funds in compliance with the following conditions:

- (a) the investment by the Corporate Funds in the Trust Funds is compatible with the fundamental investment objectives of the Corporate Funds;
- (b) the simplified prospectus of the Corporate Funds discloses details of the Mergers, including disclosure of the nature of the investment by the Corporate Funds in the Trust Funds and of the Corporate Funds' holdings of securities of the Trust Funds;
- (c) there are compatible dates for the calculation of the net asset value of the Corporate Funds and the Trust Funds for the purpose of the issue and redemption of securities;
- (d) no sales charges are payable by the Corporate Funds in relation to their purchases of securities of the Trust Funds;
- (e) no redemption fees or other charges are charged by the Trust Funds in respect of the redemption of securities of the Trust Funds owned by the Corporate Funds;
- (f) no fees or charges of any sort are paid by the Corporate Funds and the Trust Funds, by their respective managers or principal distributors, or by an affiliate or associate of any of the foregoing entities, to anyone in respect of the Corporate Funds' purchase, holding or redemption of the securities of the Trust Funds;
- (g) any notice provided to securityholders of a Trust Fund, as required by applicable laws or the constating documents of the Trust Funds, has been delivered by the relevant Corporate Fund to its securityholders, along with all voting rights attached to the securities of the Trust Fund which are directly owned by the Corporate Fund;
- (h) all of the disclosure and notice material prepared in connection with a meeting of securityholders of a Trust Fund and received by the relevant Corporate Fund has been provided to its securityholders, the securityholders have been permitted to direct a representative of the Corporate Fund to vote its holdings in the Trust Fund in accordance with their direction, and the representative of the Corporate Fund has not voted its holdings in the Trust Fund except to the

extent the securityholders of the Corporate Fund have directed;

- (i) in addition to receiving the annual and, upon request, the semi-annual financial statements of the Corporate Funds, securityholders of the Corporate Funds receive the annual, and upon request, the semi-annual financial statements, of the Trust Funds in either a combined report, containing financial statements of the Corporate Funds and the Trust Funds, or in a separate report containing the financial statements of the Trust Funds; and
- (j) the Trust Funds are wound up as soon as this can be done in a tax-efficient manner, but in any case no later than 4 years from the Effective Date.

June 22, 2001.

"Howard I. Wetston"

" Stephen N. Adams"

2.1.6 Torstar Corporation et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - issuer is a connected, but not a related issuer, in respect of registrants that are underwriters in a proposed distribution of by the issuer - underwriters exempt from the independent underwriter requirement in the legislation provided that issuer 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 BRITISH COLUMBIA, ALBERTA, ONTARIO,
QUEBEC AND NEWFOUNDLAND**

AND

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

AND

**IN THE MATTER OF
BMO NESBITT BURNS INC., SCOTIA CAPITAL INC.,
TD SECURITIES INC.
AND CIBC WORLD MARKETS INC.**

AND

**IN THE MATTER OF
TORSTAR CORPORATION**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Ontario, Quebec and Newfoundland (the "Jurisdictions") has received an application from BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc. and CIBC World Markets Inc. (collectively, the "Applicant Dealers") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation that restricts a registrant from participating in a distribution of securities of a connected issuer (or equivalent) of the registrant unless a specified portion of the distribution is underwritten by one or more independent underwriters (the "Independent Underwriter Requirement") shall not apply to the Applicant Dealers in respect of proposed offerings in one or more series or issues (each, an "Offering" and collectively, the "Offerings") by Torstar Corporation ("Torstar") of Medium Term Notes (the "Notes") to be made by means of a short form base

shelf prospectus (the "Prospectus") and a pricing supplement for each particular Offering (each, a "Pricing Supplement") to such Prospectus;

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

AND WHEREAS the Applicant Dealers and Torstar have represented to the Decision Makers that:

1. The Applicant Dealers are registrants under the Legislation and their head offices are located in the Province of Ontario.
2. Torstar was incorporated on February 6, 1958 under the predecessor legislation of the *Business Corporations Act* (Ontario). Its registered office is located at One Yonge Street, Toronto, Ontario, M5E 1P9. Torstar is a broadly based information and entertainment communications company with primary interests in the newspaper and book publishing business and their related internet activities.
3. Torstar intends to enter into an agency agreement (the "Agency Agreement") with the Dealers at the time of filing the Prospectus whereby Torstar will agree to issue and sell, and the Applicant Dealers, RBC Dominion Securities Inc. and National Bank Financial Inc. (collectively, the "Dealers") will agree to solicit, from time to time, offers to purchase, the Notes. Torstar may select other investment dealers ("Additional Dealers") to participate in one or more Offerings. Any Additional Dealers will become parties to the Agency Agreement.
4. One or more of the Dealers or the Additional Dealers will participate as agent or principal in each Offering.
5. Torstar is a party to a long-term revolving credit facility (the "\$200 Million Facility") with a syndicate of Canadian banks comprised of The Toronto-Dominion Bank, Canadian Imperial Bank of Commerce and The Bank of Nova Scotia. The credit facility provides Torstar with a facility of up to \$200 million.
6. Torstar is also a party to a long-term revolving credit facility (the "\$160 Million Facility") with a syndicate of Canadian Banks comprised of The Toronto-Dominion Bank, The Bank of Nova Scotia and Bank of Montreal. The credit facility provides Torstar with a facility of up to \$160 million.
7. Torstar is party to a revolving operating credit facility (the "Operating Facility") with Canadian Imperial Bank of Commerce. The Operating Facility provides Torstar with a facility of up to \$15 million.
8. The Applicant Dealers are subsidiaries of Canadian chartered banks (the "Banks") which are lenders to Torstar under one or more of the \$200 Million Facility, the \$160 Million Facility and the Operating Facility (collectively, the "Credit Facilities").

9. Torstar may apply the proceeds of one or more of the Offerings to repay amounts that may be outstanding under one or more of the Credit Facilities from time to time. Certain of the Offerings may proceed without the participation of a Dealer who is not an Applicant Dealer.
10. The Banks will not participate in the decision to make an Offering nor in the determination of the terms of an Offering or in the determination of the use of the proceeds thereof.
11. The Applicant Dealers will not benefit in any manner from an Offering other than through their receipt of payment of their portion of the commissions in connection with an Offering in which they participate.
12. Torstar is not, and will not be, a "related issuer" (or its equivalent), as that term is defined in the Legislation and Proposed Multi-Jurisdictional Instrument 33-105 and Companion Policy 33-105CP on Underwriting Conflicts ("Proposed Instrument 33-105"), of any of the Dealers.
13. By virtue of the Applicant Dealers' relationship with the Banks, Torstar and the Applicant Dealers may be considered connected issuers (or equivalent) for the purposes of the Legislation. Pursuant to the Agency Agreement, the Applicant Dealers may purchase an aggregate amount of one or more Offerings that would constitute a percentage that is greater than would otherwise be permitted by the Legislation.
14. The Pricing Supplement will contain such disclosure concerning the nature of the relationship between Torstar, the Applicant Dealers and the Banks as would be required under Appendix "C" of Proposed Instrument 33-105.
15. Torstar is not in financial difficulty.
16. Torstar is not a "specified party" as that term is defined in Proposed Instrument 33-105.

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 Applicant Dealers in respect of the Offerings provided that:

- (a) at the time of each Offering, Torstar is not a "specified party" as that term is defined in Instrument 33-105, and Torstar is not a "related issuer" of an Applicant Dealer as that term is defined in Proposed Instrument 33-105; and

- (b) if, at the time of an Offering, Torstar is a "connected issuer" of an Applicant Dealer participating in the Offering, the Pricing Supplement relating to such Offering contains disclosure of the relationship between Torstar, the Applicant Dealer and the Bank as would be required under Appendix "C" of Proposed Instrument 33-105.

June 27, 2001.

"Paul Moore"

"John Geller"

2.2 Orders

2.2.1 Ameritrade, Inc. - s. 127

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

AND

IN THE MATTER OF
DATEK ONLINE BROKERAGE SERVICES LLC,
AMERITRADE, INC. AND TD WATERHOUSE INVESTOR
SERVICES, INC.

ORDER

WHEREAS on June 18, 2001, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act* (the "Act"), in respect of Datek Online Brokerage Services LLC, Ameritrade, Inc. ("Ameritrade") and TD Waterhouse Investor Services, Inc.;

AND WHEREAS Ameritrade entered into a settlement agreement dated June 18, 2001 (the "Settlement Agreement") in which it agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Ameritrade and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED THAT the Settlement Agreement, dated June 18, 2001, attached to this Order, is approved.

June 19, 2001.

"Paul Moore"

"Howard I. Wetston"

**The Settlement Agreement refer to above was published earlier in Chapter 2 of the Bulletin, dated June 22, 2001 at (2001), 24 OSCB 3782.*

2.2.2 Datek Online Brokerage Services LLC - s. 127

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

AND

IN THE MATTER OF
DATEK ONLINE BROKERAGE SERVICES LLC,
AMERITRADE, INC. AND TD WATERHOUSE INVESTOR
SERVICES, INC.

ORDER

WHEREAS on June 18, 2001, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act* (the "Act"), in respect of Datek Online Brokerage Services LLC ("Datek"), Ameritrade, Inc. and TD Waterhouse Investor Services, Inc.;

AND WHEREAS Datek entered into a settlement agreement dated June 18, 2001 (the "Settlement Agreement") in which it agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Datek and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED THAT the Settlement Agreement, dated June 18, 2001, attached to this Order, is approved.

June 19, 2001.

"Paul Moore"

"Howard I. Wetston"

**The Settlement Agreement refer to above was published earlier in Chapter 2 of the Bulletin, dated June 22, 2001 at (2001), 24 OSCB 3785.*

**2.2.3 TD Waterhouse Investor Services, Inc. - s.
127**

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

AND

**IN THE MATTER OF
DATEK ONLINE BROKERAGE SERVICES LLC,
AMERITRADE, INC. AND TD WATERHOUSE INVESTOR
SERVICES, INC.**

ORDER

WHEREAS on June 18, 2001, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act* (the "Act"), in respect of Datek Online Brokerage Services LLC, Ameritrade, Inc. and TD Waterhouse Investor Services, Inc. ("TD Waterhouse US");

AND WHEREAS TD Waterhouse US entered into a settlement agreement dated June 18, 2001 (the "Settlement Agreement") in which it agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for TD Waterhouse US and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED THAT the Settlement Agreement, dated June 18, 2001, attached to this Order, is approved.

June 19, 2001.

"Paul Moore"

"Howard I. Wetston"

**The Settlement Agreement refer to above was published earlier in Chapter 2 of the Bulletin, dated June 22, 2001 at (2001), 24 OSCB 3787.*

2.2.4 Richard Theberge - ss. 127(1)

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

AND

**IN THE MATTER OF
RICHARD THEBERGE**

**ORDER
(Subsection 127(1))**

WHEREAS on June 15, 2001, the Ontario Securities Commission (the "Commission") issued a notice of hearing pursuant to subsection 127(1) of Act in respect of Richard Theberge, (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement dated June 22, 2001 (the "Settlement Agreement") in which he agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement, and upon hearing submissions from counsel for the Respondent and for Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS ORDERED THAT:

- (1) the Settlement Agreement dated June 22, 2001, attached to this Order, is hereby approved;
- (2) pursuant to paragraph 2 of subsection 127(1) of the Act, the Respondent will cease trading in securities for a period of one hundred and twenty days, effective immediately;
- (3) pursuant to paragraph 6 of subsection 127(1) of the Act, the Respondent is hereby reprimanded; and
- (4) the Respondent shall pay the amount as set out in Part V of the Settlement Agreement.

June 22, 2001.

"Paul Moore"

"John Geller"

"Stephen Paddon"

2.2.5 Robert G. Atkinson - s. 113

Headnote

Disclosure requirements applicable to dissident proxy solicitation - Applicant exempted from requirement in section 112 of the OBCA to deliver a dissident's information circular, provided that communications are held with no more than fifteen securityholders, applicant does not otherwise solicit proxies except in accordance with clause 112(1)(b) of the OBCA and a copy of the order is provided forthwith to the corporation.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as amended, ss. 112(1)(b) and 113.

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 86(1) and 86(2)(a).

**IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT,
R.S.O. 1990, CHAPTER B.16, AS AMENDED (the
"OBCA")**

AND

**IN THE MATTER OF
ROMARCO MINERALS INC.**

AND

**IN THE MATTER OF
ROBERT G. ATKINSON**

**ORDER
(Section 113)**

UPON the application (the "Application") of Robert G. Atkinson (the "Applicant") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 113 of the OBCA exempting the Applicant from the requirements of clause 112(1)(b) of the OBCA in connection with the annual and special meeting of the shareholders of Romarco Minerals Inc. ("Romarco") called for June 28, 2001 (the "Meeting");

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

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

1. Romarco is a corporation existing under the OBCA and is a reporting issuer under the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"). Romarco is on the list of defaulting reporting issuers maintained pursuant to subsection 72(9) of the Act because it has not filed an annual information form within 140 days of the fiscal year ended December 31, 2000.
2. Romarco's common shares (the "Shares") are listed on The Toronto Stock Exchange.

3. The Applicant beneficially owns or exercises control or direction over 500,000 Shares, representing approximately 2.4% of the outstanding Shares.
4. The Applicant wishes to communicate prior to the Meeting with not more than fifteen holders of Shares in order to discuss certain of the matters to be voted on by the holders of Shares or their proxyholders at the Meeting (collectively, the "Communications").
5. The Applicant proposes to engage in such Communications for *bona fide* purposes relating to his investment in Romarco. The Communications will include enough information to reasonably permit the recipients of the Communications to make an informed decision regarding the subject matter of the Communications.
6. The Communications may constitute a solicitation of proxies within the meaning of section 86 of the Act. Pursuant to clause 86(2)(a) of the Act, the Applicant is exempt from the requirement in subsection 86(1) of the Act to deliver an information circular to holders of Shares (the "Shareholders") to whom the Communications are made, provided that the total number of Shareholders whose proxies he solicits does not exceed fifteen, with two or more persons or companies who are the joint registered owners of one or more Shares being counted as one Shareholder.
7. The Communications also may constitute a solicitation of proxies within the meaning of subsection 112(1) of the OBCA for which no exemption would be available from the requirement to deliver a dissident's information circular to, among others, Shareholders to whom the Communications were made.

AND UPON the Commission being satisfied in the circumstances of this particular case that there is adequate justification for doing so;

IT IS ORDERED pursuant to section 113 of the OBCA that the Applicant is exempt from the requirements of clause 112(1)(b) of the OBCA with respect to the Meeting, provided that:

- (1) the Communications are held with not more than fifteen Shareholders, with two or more persons or companies who are the joint registered owners of one or more Shares being counted as one Shareholder;
- (2) the Applicant does not otherwise solicit proxies in respect of the Meeting except in accordance with clause 112(1)(b) of the OBCA; and
- (3) a copy of this order is provided to Romarco forthwith.

June 22, 2001.

"Paul M. Moore"

"R. Stephen Paddon"

2.2.6 Télébec Ltée - cl. 104(2)(c)

Headnote

Issuer Bid - Issuer proposing to issue a new series of preferred shares under a prospectus - Issuer proposing to permit the only two holders of the other series of preferred shares to pay for the new preferred shares they had agreed to subscribe for by selling their old preferred shares to the issuer - Such acquisition by the issuer constituting an issuer bid - Issuer exempted from the requirements of sections 95-98 and 100 of the Act.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 95, 96, 97, 98, 100 and 104(2)(c).

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

AND

IN THE MATTER OF
TÉLÉBEC LTÉE

ORDER
(Clause 104(2)(c))

UPON the application (the "Application") of Télébec Ltée ("Télébec") to the Ontario Securities Commission (the "Commission") for an order under clause 104(2)(c) of the Act exempting Télébec from the requirements in sections 95 to 98 and 100 of the Act (collectively, the "Issuer Bid Requirements") in connection with the proposed purchase by Télébec of all of its issued and outstanding First Preferred Shares, Series 5 (the "Series 5 Shares");

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

AND UPON Télébec having represented to the Commission as follows:

1. Télébec is a company continued under the *Companies Act* (Quebec), is a reporting issuer under the Act and is not on the list of defaulting reporting issuers maintained pursuant to subsection 72(9) of the Act.
2. Télébec is qualified to file a short form prospectus under National Instrument 44-101 and has complied with all applicable continuous disclosure requirements under the Act.
3. Télébec's authorized capital consists of an unlimited number of common shares without par value (the "Common Shares") and an unlimited number of first preferred shares, with or without par value, issuable in series (the "First Preferred Shares"). As of June 18, 2001, Télébec's issued and outstanding share capital consisted of 5,082,265 Common Shares and 200 Series 5 Shares.

4. Bell Canada indirectly holds all of the Common Shares.
5. The Series 5 Shares were issued pursuant to a private placement in 1992 at a price of \$50,000 per Series 5 Share. The Series 5 Shares are not listed or posted for trading on any stock exchange, nor is there a published market for them. National Bank of Canada (the "Quebec Holder") owns 120 of the Series 5 Shares for its own account and Canada Trustco Mortgage Company (the "Ontario Holder" and, collectively with the Quebec Holder, the "Holders") owns 80 Series 5 Shares for its own account.
6. Each Holder is a sophisticated purchaser that deals with Télébec on an arm's-length basis.
7. The Series 5 Shares' terms and conditions, as set forth in the articles of amendment creating such securities (the "Articles") provide, among other things, that the Series 5 Shares:
 - (a) are redeemable at Télébec's option, upon at least 30 days' advance notice, at a price per Series 5 Share of \$50,000 (plus accrued and unpaid dividends), on the first day of any of the months of January, July, October and December;
 - (b) may, subject to certain conditions, be purchased for cancellation by Télébec at any time at the lowest price at which such securities are obtainable by Télébec, but not exceeding \$50,000 per Series 5 Share plus all accrued and unpaid dividends and costs of purchase;
 - (c) are not convertible into Common Shares; and
 - (d) are non-voting.
8. On June 5, 2001, Télébec filed a preliminary short form prospectus with the securities commission or securities regulatory authority in each province of Canada for the purpose of qualifying for distribution 2,400,000 First Preferred Shares, Series 8 of Télébec (the "Series 8 Shares") at a proposed purchase price of \$25 per Series 8 Share (the "Offer Price"). Télébec has applied to The Toronto Stock Exchange to list the 2,400,000 Series 8 Shares to be issued under the final short form prospectus (the "Prospectus").
9. Pursuant to subscription agreements entered into on June 5, 2001:
 - (a) the Quebec Holder and the Ontario Holder have agreed to subscribe for 240,000 and 160,000 Series 8 Shares, respectively (each, a "Subscription"); and
 - (b) Télébec and the Holders have agreed that the Holders may pay the Offer Price in respect of the Series 8 Shares they will subscribe for from the proceeds of Télébec's proposed purchase for cancellation of the Series 5 Shares.

10. Each Subscription and related purchase for cancellation of the Series 5 Shares is conditional upon:
 - (a) the other Subscription and related purchase for cancellation of the Series 5 Shares taking place; and
 - (b) the closing of the public offering of the remaining 2,000,000 Series 8 Shares to be qualified for distribution under the Prospectus (the "Public Offering").
11. The Ontario Holder's sale of its Series 5 Shares to Télébec will be effected in reliance upon the exemption from the registration requirement in paragraph 35(1)17 of the Act and the exemption from the prospectus requirement in clause 72(1)(k) of the Act.
12. The issuance of the Series 8 Shares to the Holders will not give rise to any underwriting fee or sales commission.
13. Télébec's proposed purchase for cancellation of the Series 5 Shares has been considered and approved by Télébec's board of directors and will be effected in compliance with the Articles.
14. The Public Offering is scheduled to close on June 22, 2001, or on such later date as may be agreed upon, but in any event no later than July 15, 2001.
15. Since Télébec's proposed purchase for cancellation of the Series 5 Shares from the Ontario Holder is an issuer bid within the meaning of subsection 89(1) of the Act, Télébec would be required to comply with the Issuer Bid Requirements to effect such purchase, unless the requested exemptive relief is granted.
16. The Holders have advised Télébec that they do not object to the making of this order.

AND WHEREAS the Commission is of the opinion that it would not be prejudicial to the public interest to grant this order;

IT IS ORDERED pursuant to clause 104(2)(c) of the Act that Télébec is exempt from the Issuer Bid Requirements in connection with its proposed purchase for cancellation of all of the issued and outstanding Series 5 Shares from the Holders.

June 19, 2001.

"Paul M. Moore"

"K. D. Adams"

2.3 Rulings

2.3.1 Ameritrade, Inc. - ss. 74(1)

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

AND

**IN THE MATTER OF
AMERITRADE, INC. ("AMERITRADE")**

**RULING
(Subsection 74(1))**

UPON THE APPLICATION of Ameritrade to the Ontario Securities Commission (the "Commission") for a ruling subject to terms and conditions pursuant to subsection 74(1) of the *Securities Act*, R.S.O. 1990 c.S.5 (the "Act"), exempting Ameritrade, or any relevant affiliate of Ameritrade, from the registration requirements set out in section 25 of the Act, in respect of Ameritrade's existing clients only, until September 30, 2001, as part of a settlement agreement made as of June 18, 2001 (the "Settlement Agreement") between Ameritrade and the Securities Regulatory Authorities in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia, New Brunswick, Newfoundland and Yukon.

AND UPON it being represented to the Commission that:

1. Ameritrade is a company incorporated in Nebraska. It operates a web-based Internet securities trading service from its offices in Omaha, Nebraska in the United States. Ameritrade executes orders online of securities listed or traded in the United States. Ameritrade has executed orders for securities in the United States on behalf of residents in Ontario since at least January 1999.
2. Ameritrade has undertaken, under the terms of the Settlement Agreement, to (i) seek registration assiduously with the proper authorities in Ontario directly or through an affiliate, (ii) comply with Ontario securities legislation following registration, and (iii) subject to the registration exemption with respect to its existing clients, comply before it is registered with its gatekeeper and know your client obligations. During the term of any registration exemption, Ameritrade will provide information and will cooperate fully with the Commission in a manner equivalent to that required of a registrant and will not open any new client accounts on behalf of Ontario residents.
3. As part of the Settlement Agreement, the Commission has agreed to grant Ameritrade, and any relevant affiliate of Ameritrade, an exemption from the registration requirements of the Act, in respect of Ameritrade's existing clients only, until September 30, 2001 to permit it, or any relevant affiliate of Ameritrade, to become registered under the Act. Provided Ameritrade has been assiduously seeking registration, Ameritrade understands that Commission staff will not

oppose an application from Ameritrade to extend the ruling granted hereby until the registration process is complete.

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

IT IS RULED, pursuant to clause 74(1) of the Act, that Ameritrade, and any relevant affiliate of Ameritrade, is exempt from the registration requirements of section 25 of the Act, in respect of its existing clients only, until September 30, 2001 provided that Ameritrade and any relevant affiliate of Ameritrade do not open any new client accounts on behalf of Ontario residents.

June 19, 2001.

"Paul Moore"

"Howard I. Wetston"

2.3.2 Datek Online Brokerage Service LLC:

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

AND

**IN THE MATTER OF
DATEK ONLINE BROKERAGE SERVICES LLC.
("DATEK") AND DATEK ONLINE FINANCIAL SERVICES
LLC ("DFS")**

**RULING
(Subsection 74(1))**

UPON THE APPLICATION of Datek and DFS to the Ontario Securities Commission (the "Commission") for a ruling subject to terms and conditions pursuant to subsection 74(1) of the *Securities Act*, R.S.O. 1990 c.S.5 (the "Act"), exempting Datek and DFS from the registration requirements set out in section 25 of the Act, in respect of Datek's existing clients only, until September 30, 2001, as part of a settlement agreement made as of June 19, 2001 (the "Settlement Agreement") between Datek and the Securities Regulatory Authorities in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, Northwest Territories and Yukon.

AND UPON it being represented to the Commission that:

1. Datek, a limited liability company, operates a web-based Internet securities trading service from its offices in New Jersey in the United States. Datek executes trades online of securities listed or traded in the United States. Datek has executed trades for securities in the United States on behalf of residents in Ontario since at least January 1999.
2. Datek has undertaken, under the terms of the Settlement Agreement, to (i) pursue registration assiduously with the proper authorities in Ontario directly or through an affiliate, (ii) comply with Ontario securities legislation following registration, and (iii) subject to the registration exemption with respect to its existing clients, comply before it is registered with all other requirements of Ontario securities legislation as though it were registered. During the term of the requested registration exemption, Datek and DFS will provide information and will cooperate fully with the Commission in a manner equivalent to that required of a registrant and will not open any new client accounts on behalf of Ontario residents.
3. As part of the Settlement Agreement, the Commission has agreed to grant Datek and DFS an exemption from the registration requirements of the Act, in respect of Datek's existing clients only, until September 30, 2001 to permit it, or any relevant affiliate of Datek, to become registered under the Act. Provided Datek has been assiduously seeking registration, Datek understands that Commission staff will not oppose an application

from Datek to extend the ruling granted hereby until the registration process is complete.

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

IT IS RULED, pursuant to clause 74(1) of the Act, that Datek and DFS are, exempt from the registration requirements of section 25 of the Act, in respect of its existing clients only, until September 30, 2001 provided that Datek and DFS do not open any new client accounts on behalf of Ontario residents.

June 19, 2001.

"Paul Moore"

"Howard I. Wetston"

2.3.3 Merrill Lynch Investment Managers, L.P. et al. - ss. 38(1) of CFA

Headnote

Subsection 38(1) of the *Commodity Futures Act* (Ontario) - relief from the requirements of paragraph 22(1)(b) of the CFA, in connection with the proposed advisory services provided to a registered commodity trading manager, subject to certain terms and conditions.

Statutes Cited

Commodity Futures Act, R.S.O. 1990. c. C.20., as am., ss. 22(1)(b), 38(1).

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, c. C.20, AS AMENDED (the "CFA")

AND

IN THE MATTER OF
MERRILL LYNCH INVESTMENT MANAGERS, L.P.,
MERRILL LYNCH INVESTMENT MANAGERS -
QUANTITATIVE ADVISERS,
A DIVISION OF Q.A. ADVISERS, LLC AND
MERRILL LYNCH INVESTMENT MANAGERS LIMITED

RULING
(Subsection 38(1) of the CFA)

UPON the application of Merrill Lynch Investment Managers, L.P., Merrill Lynch Investment Managers - Quantitative Advisers, a division of Q.A. Advisers, LLC and Merrill Lynch Investment Managers Limited (collectively, the "Applicants") to the Ontario Securities Commission (the "Commission") for a ruling under subsection 38(1) of the CFA that each Applicant and its officers, partners and directors are not subject to the registration requirement of paragraph 22(1)(b) of the CFA in connection with each Applicant acting as an adviser for Merrill Lynch Investment Managers Canada Inc. ("MLIM"), a registered "commodity trading manager" under the CFA, subject to certain terms and conditions;

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

AND UPON the Applicants having represented to the Commission that:

1. Merrill Lynch Investment Managers, L.P. is organized under the laws of Delaware and is resident in the United States.
2. Merrill Lynch Investment Managers - Quantitative Advisers, a division of Q.A. Advisers LLC, is organized under the laws of Delaware and is resident in the United States.
3. Merrill Lynch Investment Managers Limited is incorporated under the laws of England and Wales and is resident in England.

4. The Applicants are not ordinarily residents in Ontario.
5. MLIM is a corporation amalgamated under the laws of Canada and is resident in Ontario. MLIM is currently registered under the *Securities Act* (Ontario) as a dealer in the category of "limited market dealer" and as an adviser in the categories of "investment counsel" and "portfolio manager". MLIM is also registered as an adviser in the category of "commodity trading manager" under the CFA.
6. MLIM and the Applicants are wholly owned subsidiaries (directly or indirectly) of Merrill Lynch and Co., Inc.
7. MLIM is the portfolio adviser to the Merrill Lynch Funds offered in Canada (the "Funds"). The Applicants will each act as an adviser to MLIM in connection with the Funds.
8. The obligations and duties of the Applicants, each acting as an adviser to MLIM, will be set out in a written agreement with MLIM. MLIM will assume responsibility to the Funds for all advice provided by the Applicants.
9. Each Applicant will only provide advice to MLIM where MLIM has contractually agreed with the Funds to be responsible for any loss that arises out of the failure of an Applicant so acting as an adviser (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of MLIM and the Funds; and (ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.
10. MLIM cannot be relieved by the Funds from its responsibility for any loss outlined in paragraph 9.
11. The offering documents for the Funds will disclose that MLIM retains responsibility for any advice given by any of the Applicants and that there may be difficulty in enforcing any legal rights against any of the Applicants because the Applicants are residents outside of Canada and all or a substantial portion of their assets are situated outside of Canada.

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

IT IS RULED, pursuant to subsection 38(1) of the CFA, that each Applicant, and an Applicant's officers, partners and directors, are not subject to the requirements of paragraph 22(1)(b) of the CFA in connection with the Applicants acting as advisers to MLIM, provided that:

- (a) the Applicants remain not ordinarily resident in Ontario;
- (b) the obligations and duties of an Applicant so acting as an adviser are set out in a written agreement with MLIM;
- (c) MLIM contractually agrees with the Funds to be responsible for any loss that arises out of the failure of an Applicant so acting as an adviser:

- (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of MLIM and the Funds; and
 - (ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;
- (d) MLIM cannot be relieved by the Funds from its responsibility for loss under paragraph (c);
- (e) the offering documents for the Funds disclose that MLIM has responsibility for any investment advice given by any of the Applicants and that, to the extent applicable, there may be difficulty in enforcing any legal rights against any of the Applicants because the Applicants are residents outside of Canada and all or a substantial portion of their assets are situated outside of Canada;
- (f) MLIM maintains its status as a registered "commodity trading manager" under the CFA; and
- (g) this ruling shall terminate three years from the date of this ruling.

"June 22, 2001".

"J. A. Geller"

"R. Stephen Paddon"

2.3.4 Crescent Capital Corp. & Dominion Equity 2001 Flow-Through Limited Partnership - ss. 74(1)

Headnote

Subsection 74(1)- Ruling pursuant to subsection 74(1) of the Act that the registration requirements of the Act do not apply to Crescent, a registered adviser in Alberta, with respect to its provision of advice to Dominion Equity 2001 Flow-Through Limited Partnership.

Statutes Cited

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

Securities Act, S.A. 1981, c. S-6.1.

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

AND

**IN THE MATTER OF
CRESCENT CAPITAL CORP. AND
DOMINION EQUITY 2001 FLOW-THROUGH
LIMITED PARTNERSHIP**

RULING

(Subsection 74(1) of the Act)

UPON the application (the "Application") of Crescent Capital Corp. ("Crescent") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act exempting Crescent from paragraph 25(1)(c) of the Act in connection with Crescent acting as a portfolio adviser to Dominion Equity 2001 Flow-Through Limited Partnership (the "Limited Partnership"), subject to certain terms and conditions;

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

AND UPON Crescent having represented to the Commission that:

1. Crescent is a corporation incorporated under the laws of Alberta and is registered as an adviser under the *Securities Act* (Alberta).
2. The Limited Partnership is a limited partnership formed under the laws of Ontario to invest in flow-through shares of resource issuers whose shares are listed on a Canadian stock exchange and flow-through shares of private resource issuers, in each case, whose principal business is oil and gas exploration, development and production.
3. The general partner of the Limited Partnership is Dominion Equity Management 2001 Inc. (the "General Partner"), a corporation incorporated under the laws of

- Alberta. The General Partner is an indirect wholly-owned subsidiary of Crescent.
4. Units of the Limited Partnership will be offered by way of private placement in various provinces of Canada, including Ontario. The units of the Limited Partnership are not redeemable by the holders.
 5. The Limited Partnership's principal place of business is Suite 500, 400 5th Avenue S.W., Calgary, Alberta, T2P 0L6. The Limited Partnership's principal place of business in Ontario is Suite 3900, Canada Trust Tower, BCE Place, 161 Bay Street, Toronto, Ontario M5J 2S1. None of the mind or management of the General Partner or Crescent are in Ontario.
 6. Pursuant to an investment management agreement, Crescent will provide investment services to the General Partner acting on behalf of the Limited Partnership. Crescent will be appointed as the exclusive manager of all investments on behalf of the Limited Partnership and as such will have the exclusive authority to make all investment decisions with respect to proceeds available for investment.
 7. All advice provided by Crescent to the Limited Partnership will be given and received outside of Ontario.

AND WHEREAS paragraph 25(1)(c) of the Act prohibits a company to act as an adviser unless the person or company is registered as an adviser and the registration has been made in accordance with Ontario securities law;

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

IT IS RULED, pursuant to subsection 74(1) of the Act, that Crescent and its representatives, partners, directors and officers are not subject to the requirements of paragraph 25(1)(c) of the Act in connection with Crescent acting as a portfolio adviser to the Limited Partnership provided that:

- (a) Crescent remains not ordinarily resident in Ontario;
- (b) Crescent is registered as an adviser under the *Securities Act* (Alberta);
- (c) no activities in respect of the operation of the Limited Partnership occur in Ontario except in respect of the distribution of units of the Limited Partnership; and
- (d) Crescent's advice to the Limited Partnership is given and received outside of Ontario.

June 22, 2001.

"Paul M. Moore"

"R. Stephen Paddon"

2.3.5 COL China Online International Inc. - ss. 74(1)

Headnote

Subsection 74(1) - issuance of shares to up to 100 Ontario residents by non-reporting issuer pursuant to its directed share program in connection with its U.S. initial public offering exempt from sections 25 and 53 of Act - maximum investment per Ontario resident \$250 - first trade is a distribution unless made in accordance with subsection 72(5) or made through the facilities of a stock exchange or market outside of Ontario, subject to certain conditions.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 53, 72(4) and 74(1).

Rules Cited

Ontario Securities Commission Rule 14-501 - Definitions ((1997), 20 OSCB 4054, as amended, (1999), 22 OSCB 1173.

Ontario Securities Commission Rule 45-501 - Prospectus Exempt Distributions (1998), 21 OSCB 6548.

Ontario Securities Commission Rule 72-501 - Prospectus Exemption for First Trade Over A Market Outside Ontario (1998) 21 OSCB 3873.

IN THE MATTER OF THE SECURITIES ACT

R.S.O. 1990, CHAPTER S.5, AS AMENDED (the "Act")

AND

IN THE MATTER OF COL CHINA ONLINE INTERNATIONAL INC.

RULING (Subsection 74(1))

UPON the application (the "Application") of COL China Online International Inc. ("COL") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act that certain trades in the common shares of COL (the "Shares") to be made pursuant to a proposed Directed Share Program (the "Program") by COL and certain of its shareholders with residents in the Province of Ontario, who elect to participate in the Program (the "Ontario Program Participants"), shall not be subject to Sections 25 or 53 of the Act;

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

AND UPON COL having represented to the Commission as follows:

1. COL is a corporation incorporated under the laws of Delaware and is not a reporting issuer under the Act and has no present intention of becoming a reporting issuer under the Act.

2. COL was formed for the purpose of acquiring and conducting the business of Migration Developments Limited, a British Virgin Islands company ("Migration"). Migration owns 90 percent of Shenzhen Rayes Electronic Network System Co., Ltd., a Sino-foreign joint venture with operations in China. The joint venture has commenced providing physical network engineering consulting services to internet service providers, e-commerce business, and related software development for business networks in China.
 3. COL is currently in the process of completing an initial public offering (the "IPO") in the United States and in connection therewith, on February 8, 2001, the U.S. Securities And Exchange Commission declared effective COL's registration statement on Form SB-2, as amended, which includes a U.S. prospectus (the "U.S. Prospectus"). Sales to participants including Ontario Program Participants must be completed by July 8, 2001 for the reason that the registration statement ceases to be effective after that date.
 4. The total proceeds to COL from the IPO will be in the range of U.S. \$75,000 to U.S. \$100,000. Each individual subscription consists of 5,000 shares of common stock at a price of U.S. \$0.05 per share. A purchaser may not purchase more than 5,000 common shares. The maximum investment a purchaser may make pursuant to the IPO is accordingly U.S. \$250.
 5. COL is proposing to make the Program available to not more than 100 Ontario Program Participants, in connection with the IPO, all on the same terms and conditions as the offering in the United States. If all 100 Ontario Program Participants participate in the IPO, and the maximum amount of proceeds are received by COL in the IPO, Ontario residents will hold approximately 4.85% of the issued and outstanding shares of common stock of COL.
 6. Participation in the Program will be voluntary. A copy of the U.S. Prospectus will be forwarded to each Ontario Program Participant who chooses to participate in the Program.
 7. The Shares will be offered at a price equal to the price of the common shares of COL issued in connection with the IPO.
 8. Each of the Ontario Program Participants has a relationship with one or more of the principals of Migration and possesses knowledge of the business and affairs of COL.
 9. After giving effect to the IPO, the aggregate number of common shares of COL held by Ontario Program Participants will be less than 10% of the issued and outstanding shares of COL and the number of Ontario residents holding Shares will not be more than 10% of the total number of holders of issued and outstanding common shares of COL.
 10. Ontario Program Participants will be provided with a notice advising that an Ontario Program Participant will not have any rights against COL under provincial securities laws and, as a result, must rely on other remedies which may be available, including common law rights of action for damages or rescission or rights of action under the civil liability provisions of U.S. federal securities laws.
11. The annual reports, proxy materials and other materials generally distributed to COL shareholders resident in the United States will be provided to Ontario Program Participants at the same time and in the same manner as the documents would be provided to United States resident shareholders.
12. There is not expected to be a market for the Shares in Ontario and it is intended that any resale of shares acquired under the Program will be effected through the U.S. over-the-counter market.
- AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;
- IT IS RULED, pursuant to subsection 74(1) of the Act, that:
- A. trades in Shares pursuant to the Program to, or on behalf of, the Ontario Program Participants are not subject to section 25 of the Act; and
 - B. trades in Shares pursuant to the Program to, or on behalf of, the Ontario Program Participants are not subject to section 53 of the Act, provided that the first trade in any of the Shares acquired by an Ontario Program Participant pursuant to this ruling shall be a distribution unless such trade is made in accordance with the following conditions:
 - (i) such trade is executed in accordance with the provisions of subsection 72(5) of the Act as if such Shares had been acquired pursuant to an exemption referred to in subsection 72(5) of the Act, and that COL not be in default of any requirement of the Act or the regulations if the seller is in a special relationship with COL, or the seller has reasonable grounds to believe that COL is not in default under the Act or the regulations, if the seller is in a special relationship with COL where, for these purposes, "special relationship" shall have the same meaning as in Commission Rule 14-501 Definitions; or
 - (ii) such trade is made in accordance with the provisions of subsection 2.1 of Commission Rule 72-501 *Prospectus Exemption For First Trade Over a Market Outside Ontario*.

June 26, 2001.

"Paul Moore"

"John Geller"

Chapter 3

Reasons: Decisions, Orders and Rulings

THERE IS NO MATERIAL FOR THIS CHAPTER
IN THIS ISSUE

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Extending & Rescinding Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
National Health Stores Inc.	21 Jun 01	3 Jul 01	-	-
Magra Computer Technologies Corp.	22 Jun 01	4 Jul 01	-	-
Laguna Gold Company Net Shepherd Inc.	25 Jun 01	6 Jul 01	-	-
Advantexcel.com Communications Corp. The Gemstone X.Change Corp.	26 Jun 01	6 Jul 01	-	-
New Inca Gold Ltd. Orvana Minerals Corp.	27 Jun 01	9 Jul 01	-	-

4.2.1 Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
Dotcom 2000 Inc. Galaxy OnLine Inc. Melanesian Minerals Corporation St. Anthony Resources Inc.	29 May 01	11 Jun 01	12 Jun 01	-
Brazilian Resources, Inc. Landmark Global Financial Corporation Link Mineral Ventures Ltd. Nord Pacific Limited	30 May 01	12 Jun 01	13 Jun 01	-
Dominion International Investments Inc.	12 Jun 01	25 Jun 01	26 Jun 01	-
Zamora Gold Corp.	13 Jun 01	26 Jun 01	-	-
Consumers Packaging Inc.	20 Jun 01	3 Jul 01	-	-
Systech Retail Systems Inc.	27 Jun 01	10 Jul 01	-	-

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Chapter 5

Rules and Policies

5.1 Rules and Policies

5.1.1 OSC Policy 12-602 Deeming a Reporting Issuer in Certain Other Canadian Jurisdictions to be a Reporting Issuer in Ontario

**NOTICE OF
ONTARIO SECURITIES COMMISSION POLICY 12-602
DEEMING A REPORTING ISSUER IN CERTAIN OTHER
CANADIAN JURISDICTIONS
TO BE A REPORTING ISSUER IN ONTARIO**

Notice of Policy

The Ontario Securities Commission (the "Commission") has, under Section 143.8 of the *Securities Act* (the "Act"), adopted Policy 12-602 *Deeming a Reporting Issuer in Certain other Canadian Jurisdictions to be a Reporting Issuer in Ontario* (the "Policy"). The Policy is effective June 27, 2001.

Background

On March 9, 2001 the Commission published the Policy for comment (the "Draft Policy"). During the comment period, which ended on May 9, 2001, the Commission received two comment letters. One was from Canadian Venture Exchange Inc. ("CDNX") and one was from the British Columbia law firm of Farris, Vaughan, Wills & Murphy ("Farris, Vaughan"). The comments provided by CDNX and Farris, Vaughan have been considered by the Commission and the final version of the Policy published with this Notice reflects the decision of the Commission with respect to the comments.

Capitalized terms used in this Notice are as defined in the Policy, unless otherwise indicated.

Substance and Purpose of the Policy

The purpose of the Policy is to provide information about the procedure for making an application under section 83.1(1) of the Act and to inform all interested parties of the circumstances in which the Commission would generally grant an order under section 83.1(1) of the Act to certain issuers. The Policy deals primarily with issuers listed on CDNX, other than issuers that are designated as Capital Pool Company ("CPC") issuers until such time as proposed OSC Policy 41-601 - *Capital Pool Companies* is adopted as a policy in Ontario by the Commission, and issuers who have been reporting issuers or reporting issuer equivalents in one or more of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec or Nova Scotia for at least 12 months.

Summary of Changes

The Commission has made changes to the Draft Policy to respond to the comments received from CDNX and Farris, Vaughan and to reflect staff's experience with administering the Draft Policy. The changes made were not material and the Commission is not republishing the Policy for comment.

Comments received from CDNX and Farris, Vaughan

(i) CDNX commented that, with respect to the requirement in Part 4 of the Draft Policy that a letter of "good standing" from CDNX accompany an application made under section 83.1(1), CDNX expects to be in a position, upon the implementation of the Policy, to be able to provide a good standing letter for a CDNX issuer confirming that such issuer has not been suspended or delisted by CDNX pursuant to CDNX Policy 2.9 - Trading Halts, Suspensions and Delistings.

Commission's Response

The information which CDNX proposes to put in a good standing letter is available on the CDNX website on a current basis and therefore the Commission is of the view that the good standing letter proposed by CDNX is not necessary. The Policy has been revised to delete the requirement for a good standing letter from CDNX.

(ii) CDNX commented that the position taken in the Draft Policy with respect to applications made under section 83.1(1) by CPC issuers is inconsistent with the Exemption Order granted by the Commission effective December 5, 2000 and specifically Schedule I of that Exemption Order which deals with the significant connection rules (i.e. the requirement that a CDNX listed issuer that has a significant connection to Ontario must make an application to the OSC to be deemed to be a reporting issuer). CDNX stated that it was its understanding that the significant connection rules were to apply to all CDNX listed issuers, including CPC issuers.

Farris, Vaughan's comment also pertained to the position taken in the Draft Policy with respect to applications made under section 83.1(1) by CPC issuers. Farris, Vaughan felt that it was not necessary to require a CPC issuer to wait 12 months after its Qualifying Transaction (as defined in CDNX Policy 2.4 - Capital Pool Companies) since the information circular which a CPC issuer must prepare under the CDNX rules in order to complete its Qualifying Transaction contains prospectus like disclosure and is reviewed by CDNX.

Commission's Response:

The Policy has been revised by removing the statement that a CPC issuer must wait for 12 months following its Qualifying Transaction to be deemed to be a reporting issuer and by adding the statement that the Policy does not apply to CDNX listed issuers who are designated as CPC issuers until such time as proposed OSC Policy 41-601 - *Capital Pool Companies* is adopted as a policy in Ontario by the Commission. The Policy will, however, apply to any CDNX listed issuer that began as a CPC issuer but has completed a Qualifying Transaction and is no longer designated as a CPC issuer by CDNX.

Changes made to address issues encountered in administering the Draft Policy

The Draft Policy states that an application under section 83.1(1) should include a number of items including particulars of penalties or sanctions imposed on the issuer and/or certain related parties. The Policy has been revised to expand this requirement to include particulars of known ongoing or recently concluded investigations or proceedings by a Canadian securities regulatory authority or that would be likely to be considered important to a reasonable investor making an investment decision and particulars of cease trade or similar orders and bankruptcy and insolvency proceedings relating to the issuer and/or certain related parties. These requirements are consistent with the general prospectus requirements.

ONTARIO SECURITIES COMMISSION POLICY 12-602

DEEMING A REPORTING ISSUER IN CERTAIN OTHER CANADIAN JURISDICTIONS TO BE A REPORTING ISSUER IN ONTARIO

PART 1 - APPLICATION

- 1.1 The procedures set forth in this Policy Statement apply to applications made to the Ontario Securities Commission (the "Commission") under section 83.1(1) of the *Securities Act* (Ontario) (the "Act") for an order deeming an issuer to be a reporting issuer for purposes of Ontario securities law (a "Deeming Order") where the applicant issuer is a reporting issuer in certain other Canadian jurisdictions.
- 1.2 Notwithstanding section 1.1 of this Policy Statement, sections 1.3 and 1.4 of Part 1 and Parts 4 and 5 of this Policy Statement apply to all applications made under section 83.1(1) of the Act.
- 1.3 The procedures set forth in OSC Policy 2.1 - *Applications to the Ontario Securities Commission*, or any successor instrument, apply to all applications made under section 83.1(1) of the Act except to the extent modified by this Policy Statement.
- 1.4 Notwithstanding anything contained in this Policy Statement, the Commission retains its discretion to act in the public interest with respect to its consideration of all applications made under section 83.1(1) of the Act.
- 1.5 Notwithstanding anything contained in this Policy Statement, this Policy Statement does not apply to applications under section 83.1(1) of the Act by issuers who are designated as Capital Pool Company issuers by Canadian Venture Exchange Inc. ("CDNX") until such time as proposed OSC Policy 41-601 - *Capital Pool Companies* is adopted as a policy in Ontario by the Commission.

PART 2 - CDNX-LISTED ISSUERS

- 2.1 Unless it is otherwise prejudicial to the public interest to do so, upon application under section 83.1(1) of the Act, a Deeming Order will generally be granted by the Commission to an issuer whose securities are listed and posted for trading on CDNX if:
 - (1) the issuer is in good standing in all jurisdictions in which it is a reporting issuer or a reporting issuer equivalent; and
 - (2) the issuer is in good standing under the rules, regulations and policies of CDNX.
- 2.2 In order to independently assess the "good standing" referred to in subsection 2.1(1), staff may review the applicant issuer's continuous disclosure record and request that any deficiencies in that record be addressed prior to any recommendation under section 83.1(1) of the Act being made.

PART 3 - NON-CDNX LISTED ISSUERS

3.1 Unless it is otherwise prejudicial to the public interest to do so, upon application under section 83.1(1) of the Act, a Deeming Order will generally be granted by the Commission to an issuer who is a reporting issuer in British Columbia, Alberta, Saskatchewan, Quebec or Nova Scotia or is a reporting issuer equivalent in Manitoba (the "Relevant Jurisdictions") and whose securities are not listed on CDNX if:

- (1) the issuer has been a reporting issuer or a reporting issuer equivalent, as applicable, in one or more Relevant Jurisdictions for at least 12 months prior to the date of the application; and
- (2) the issuer is in good standing in all jurisdictions in which it is a reporting issuer or a reporting issuer equivalent.

3.2 In order to independently assess the "good standing" referred to in subsection 3.1(2), staff may review the applicant issuer's continuous disclosure record and request that any deficiencies in that record be addressed prior to any recommendation under section 83.1(1) of the Act being made.

PART 4 - APPLICATION PROCEDURE

4.1 An application made under section 83.1(1) of the Act should include:

- (1) if applicable, particulars of the jurisdictions in which the issuer is a reporting issuer or a reporting issuer equivalent and the date the issuer became a reporting issuer in each such jurisdiction;
- (2) if applicable, particulars of the stock exchanges or trading or quotation systems on which the issuer's securities are traded or quoted;
- (3) particulars of any penalties or sanctions imposed against the issuer by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement;
- (4) particulars of any penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director or officer of the issuer, or a shareholder holding sufficient securities of the issuer to affect materially the control of the issuer has (i) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority, or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would

be likely to be considered important to a reasonable investor making an investment decision;

(5) particulars of:

- (i) any known ongoing or concluded investigations by:
 - (a) a Canadian securities regulatory authority; or
 - (b) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; and
- (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver manager or trustee, within the 10 years before the date of the application;

relating to the issuer, a director or officer of the issuer, or a shareholder holding sufficient securities of the issuer to affect materially the control of the issuer;

(6) particulars of:

- (i) any cease trade or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the 10 years before the date of the application; and
- (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver manager or trustee, within the 10 years before the date of the application;

relating to any other issuer which a director or officer of the issuer making the application, or a shareholder holding sufficient securities of such issuer to affect materially the control of such issuer, was a director or officer of at the time of such event;

(7) a certificate of no default, dated within 10 days of the date of the application, from the securities regulatory authority in each jurisdiction in which the issuer is a reporting issuer or a reporting issuer equivalent;

(8) for security check purposes, a completed *Authorization of Indirect Collection of Personal Information* in the form attached hereto as Appendix A for each director, executive officer and promoter, if any, and each director and

executive officer of the promoter, if any, of the issuer; and

- (9) the filing fee prescribed under Schedule I to the Regulation made under the Act.

PART 5 - SEDAR

- 5.1 Immediately upon receipt of a Deeming Order, the issuer will be expected to amend its SEDAR Profile to indicate that it is a reporting issuer in Ontario.

APPENDIX A

AUTHORIZATION OF INDIRECT COLLECTION OF PERSONAL INFORMATION

The attached Schedule 1 contains information concerning the name, position with or relationship to the applicant, name and address of employer, if other than the applicant, residential address, passport number and date of issuance, date and place of birth and citizenship of each director, executive officer, promoter, if any, and each director and executive officer of the promoter, if any, of the applicant named below (the "Issuer"). The Issuer hereby confirms that each person or company listed on Schedule 1

- (a) has been notified by the Issuer
 - (i) of the Issuer's delivery to the Commission of the information pertaining to the person or company as set out in Schedule 1,
 - (ii) that such information is being collected indirectly by the Commission under the authority granted to it under the *Securities Act* (Ontario),
 - (iii) that such information is being collected for the purpose of enabling the Commission to discharge its obligations under the provisions of the *Securities Act* (Ontario) that permits the Commission to refuse to grant an order deeming an issuer to be a reporting issuer for the purposes of Ontario securities law where it would be prejudicial to the public interest, and
 - (iv) that the title, business address and business telephone number of the public official who can answer questions about the Commission's indirect collection of the information is:

Administrative Assistant to the Director of Corporate Finance
 Ontario Securities Commission
 20 Queen Street West
 Suite 1903, Box 55
 Toronto, Ontario M5H 3S8
 (416) 597-0681

- (b) has authorized the indirect collection of the information by the Commission.

Date: _____

 Name of Issuer

Per: _____

 Name

 Official Capacity

(Please print the name of the individual whose signature appears in the official capacity)

Schedule 1 Personal Information to Appendix A
 Authorization of Indirect Collection of Personal Information

[Name of Issuer]

Name and Position with or Relationship to Issuer	Name and Address of Employer, if other than issuer	Residential Address [If Residential Address is outside North America provide Passport No. and Date of Issuance]	Date and Place of Birth	Citizenship

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Chapter 6

Request for Comments

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IN THIS ISSUE

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

Exempt Financings

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

Reports of Trades Submitted on Form 45-501f1

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
01Jun01 & 08Jun01	Arrow Eagle & Dominion Fund - Class I Trust Units	324,999	3,264
01Jun01 & 08Jun01	Arrow White Mountain Fund - Class I Trust Units	249,999	2,453
04Apr01	Aspen Group Resources Corporation	1,160,156	495,000
14Jun01	AutoBranch Technologies Inc. - Series B Preferred Shares	150,000	214,286
15Jun01	Brewers Retail Inc. - 7.50% Senior Unsecured Series A Notes due June 15, 2011	\$116,000,000	\$116,000,000
29May01	CashEdge Inc. - Series C Preferred Stock	21,535,134	23,333,332
13Jun01	East West Resource Corporation - Common Shares	2,500	12,500
13Jun01	# FMC Technologies, Inc. - Shares of Common Stock	5,161,540	170,000
31May01	Foreign Equity Fund - Shares	905,270	38,536
25May01	Genetic Diagnostics Inc. -	345,000	862,500
08Jun01	Genetic Diagnostics Inc. -	55,000	137,500
12Jun01	iMpath Networks Inc. - 3 Units of Convertible Loan, Notes and Warrants	1,000,000	3
20Sep00	International Biotechnology Corporation - Special Units of One Common Share and One Share Purchase Warrant	746,000	2,984,000
01Jan00 to 31Dec00	Jarislowsky, Fraser Balanced Fund - Units	165,875,357	12,249,810
01Jan00 to 31Dec00	Jarislowsky, Fraser Bond Fund - Units	12,349,705	1,258,620
01Jan00 to 31Dec00	Jarislowsky, Fraser Special Equity Fund - Units	124,196,348	6,424,664
01Jan00 to 31Dec00	Jarislowsky, Fraser International Pooled Fund - Units	123,523,096	3,788,784
01Jan00 to 31Dec00	Jarislowsky, Fraser U.S. Equity Fund - Units	267,924	25,725
01Jan00 to 31Dec01	Jarislowsky, Fraser Canadian Equity Fund - Units	67,394,785	3,628,584
22May01	KBSH Private - Balanced Pooled Fund - Units	269,807	23,066
06Jun01	KBSH Private - Balanced Pooled Fund - Units	500,000	43,863
12Jun01	Kraft Foods, Inc. - Class A Common Stock	22,834,372	483,170
07Jun01	Mathis Instruments Ltd. - Convertible Debenture	325,000	1
13Jun01	MDR Switchview Global Networks Inc. - Special Warrants	5,000,002	1,612,904

Notice of Exempt Financings

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
30May01	Miramar Mining Corporation - Special Warrants	2,367,189	1,820,915
31May01	Netgraphe Inc. - Common Shares	191,299,399	125,606,723
06Jun01	Nortel Networks Limited - Common Shares	US\$680,000	2
12Jun01	Northstone Power Corp. - Special Warrants	1,249,999	1,666,666
08Jun01	Peel 701 Gold Book LP - Limited Partnership Units	300,000	300,000
31May01	Synenco Energy Inc. - Common Shares	150,000	75,000
31May01	Synenco Energy Inc. - Flow Through Shares	2,000,000	800,000
30Nov01	Tan Range Exploration Corporation - Common Shares	999,999	1,428,571
05May01	Tan Range Exploration Corporation - Common Shares	1,000,000	1,176,471
20Oct00	Tan Range Exploration Corporation - Common Shares	1,000,000	1,000,000
15Jun01	Technology Convergence Inc. - Units	100,000	133,334
15Jun01	Thomson Corporation, The - Common Shares	58,102,012	1,088,071
11Jun01	Tri Origin Exploration Ltd. - Units	200,000	800,000
18May01	Trident Global Opportunities Fund - Units	342,819	3,231
01Jun01	Tyco International Ltd. - Common Shares	2,491,650	30,000
21Dec00	Vaultus, Inc. - Series B Convertible Preferred Stock	2,900,000	1,333,3333
31May01	Veris Biotechnology Corporation - Common Shares	400,000	2,500,000
14Jun01	Xplore Technologies Corp. - Special Warrants	13,237,500	2,118,000

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

<u>Seller</u>	<u>Security</u>	<u>Amount</u>
Paros Enterprises Limited	Aktion Corporation - Common Shares	2,000,000
Beva Holdings Inc.	Brampton Brick Limited - Class A Subordinate Voting Shares	57,000
Apotex Holdings Inc.	Cangene Corporation - Common Shares	3,000,000
Melnick, Larry	Champion Natural Health.com Inc. - Subordinate Voting Shares	29,900
Smith, Ivan W.	Circa Enterprises Inc. - Common Shares	120,000
Gnydjenko, James M.	CTM Cafes Inc. - Common Shares	300,000
Sugi Capital Corp.	CTM Cafes Inc. - Common Shares	300,000
Harris Capital Management Inc.	Duncan Park Holdings Corporation - Common Shares	5,200,000
Magrill, Gordon	Library Information Software Corp. - Class A	2,500,000
Faye, Michael R.	Spectra Inc. - Common Shares	134,000
Malion, Andrew J.	Spectra Inc. - Common Shares	142,000
TLT Investments Corp.	Thomson Corporation, The - Common Shares	295,000

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:

AltaRex Corp.
Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated June 26th, 2001
Mutual Reliance Review System Receipt dated June 27th, 2001

Offering Price and Description:

\$8,400,000 - 3,000,000 Common Shares issuable upon
exercise of 3,000,000 Special Warrants

Underwriter(s) or Distributor(s):

HSBC Securities (Canada) Inc.

Promoter(s):

-
Project #370731

Issuer Name:

ATCO LTD.
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated June 21st, 2001
Mutual Reliance Review System Receipt dated June 21st,
2001

Offering Price and Description:

\$150,000,000 - 6,000,000 Shares 5.75% Cumulative
Redeemable Preferred Shares, Series 3

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

BMO Nesbitt Burns Inc.

TD Securities Inc.

Promoter(s):

-
Project #369801

Issuer Name:

The Bank of Nova Scotia
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Shelf Prospectus dated June 26th,
2001
Mutual Reliance Review System Receipt dated June 28th,
2001

Offering Price and Description:**Underwriter(s) or Distributor(s):****Promoter(s):**

-
Project #370851

Issuer Name:

Boliden Limited
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated June 20th, 2001
Mutual Reliance Review System Receipt dated June 22nd,
2001

Offering Price and Description:

\$395,190,333 (SEK2,643,413,600) issued of Rights to
Subscribe for 571,706,800

Common Shares at the price of \$0.03 or SEK2 per Common
Share and Issued of 750,000,000

Common Shares at the price of \$0.32 or SEK@ per Common
Share

Underwriter(s) or Distributor(s):**Promoter(s):**

-
Project #369792

Issuer Name:

Cable Satisfaction International Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Prospectus dated June 21st, 2001
Mutual Reliance Review System Receipt dated June 22nd,
2001

Offering Price and Description:

\$ * - * Subordinate Voting Shares

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

CIBC World Markets Inc.

TD Securities Inc.

National Bank Financial Inc.

Promoter(s):

-
Project #367895

Issuer Name:

CI Latin American RSP Fund
CI Global Value RSP Fund
CI Pacific RSP Fund
CI Global Energy RSP Fund
CI International Value RSP Fund
CI European RSP Fund
CI Global Boomernomics RSP Fund
CI World Bond Fund
CI Pacific Fund
CI Money Market Fund
CI Latin American Fund
CI International Balanced RSP Fund
CI International Balanced Fund
CI Global Equity RSP Fund
CI Global Bond RSP Fund
CI Emerging Markets Fund
CI Canadian Income Fund
CI Canadian Bond Fund
CI Global Fund
CI International Value Fund
CI Global Value Fund
CI European Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated June 15th, 2001
Mutual Reliance Review System Receipt dated June 22nd, 2001

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #368667 & 361431

Issuer Name:

CI Global Boomernomics Sector Fund
Signature Select Canadian Sector Fund
Signature Canadian Resource Sector Fund
Landmark Canadian Sector Fund
CI Short-Term US\$ Sector Fund
CI International Balanced Sector Fund
CI Latin American Sector Fund
CI International Value Fund
CI International Sector Fund
CI Global Telecommunications Sector Fund
CI Global Technology Sector Fund
CI Global Managers Sector Fund
CI Global Health Sciences Sector Fund
CI Global Financial Services Sector Fund
CI Global Energy Sector Fund
CI Global Consumer Products Sector Fund
CI Global Biotechnology Sector Fund
CI European Sector Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated June 15th, 2001
Mutual Reliance Review System Receipt dated June 22nd, 2001

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #368671 & 361431

Issuer Name:

Landmark Canadian Fund
BPI Global Equity RSP Fund
BPI American Equity RSP Fund
Signature Select Canadian Fund (Formerly CI American Fund)
Signature Canadian Resource Fund
BPI International Equity Fund
Harbour Growth & Income Fund
Harbour Fund
Signature High Income Fund
Signature Global Small Companies Fund
BPI Global Equity Fund
Signature Dividend Income Fund
Signature American Small Companies Fund
BPI American Equity Fund
Landmark American RSP Fund (Formerly CI American RSP Fund)
Landmark American Fund (Formerly CI American Fund)
Signature Dividend Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated June 15th, 2001
Mutual Reliance Review System Receipt dated June 26th, 2001

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #368664

Issuer Name:

Mansfield Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated June 26th, 2001
Mutual Reliance Review System Receipt dated June 26th, 2001

Offering Price and Description:

\$253,300,000 - (Approximate) - Commercial Mortgage Pass-Through Certificates, Series 2001-1

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
TD Securities Inc.

Promoter(s):

-

Project #370499

Issuer Name:

Norrep 2001 Flow-Through Limited Partnership
Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated June 22nd, 2001
Mutual Reliance Review System Receipt dated June 22nd, 2001

Offering Price and Description:

\$5,000,000 to \$20,000,000 - 500,000 to 2,000,000 Limited Partnership Units

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
FirstEnergy Capital Corp.
HSBC Securities (Canada) Inc.
Peters & Co. Limited
Yorkton Securities Inc.

Promoter(s):

Hesperian Capital Management Ltd.

Project #370090

Issuer Name:

Red Oak Trail Corp.

Type and Date:

Preliminary Prospectus dated June 21st, 2001
Receipt dated June 26th, 2001

Offering Price and Description:

A Maximum of 6,000,000 Units to be Issued in Exchange for all of the Issued and Outstanding Class "A" Shares and A Maximum of 850,000 Common Shares to be issued in Exchange of all of the Issued and Outstanding Common Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

Daniel Donn
Project #370366

Issuer Name:

Stone & Co. Flagship Stock Fund Canada
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated June 20th, 2001
Mutual Reliance Review System Receipt dated June 25th, 2001

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

Underwriter(s) or Distributor(s):

Stone & Co. Limited

Promoter(s):

-

Project #366377

Issuer Name:

B2B Trust
Principal Regulator - Ontario

Type and Date:

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

Offering Price and Description:

-
Underwriter(s) or Distributor(s):

Scotia Capital Inc.
Laurentian Bank Securities Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Dundee Securities Corporation

Promoter(s):

Laurentian Bank of Canada
Project #324895

Issuer Name:

APF Energy Trust
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated June 21st, 2001
Mutual Reliance Review System Receipt dated 21st day of June, 2001

Offering Price and Description:

-
Underwriter(s) or Distributor(s):

Scotia Capital Inc.
Research Capital Corporation
CIBC World Markets Inc.
National Bank Financial Inc.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.

Promoter(s):

APF Energy Management Inc.
Project #368102

Issuer Name:

Agrium Inc.
Principal Regulator - Alberta

Type and Date:

Final Short Form Shelf Prospectus dated June 26th, 2001
Mutual Reliance Review System Receipt dated 27th day of June, 2001

Offering Price and Description:

-
Underwriter(s) or Distributor(s):

-
Promoter(s):

-
Project #355841

Issuer Name:

Concert Industries Ltd
Principal Regulator - British Columbia

Type and Date:

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

Offering Price and Description:

-
Underwriter(s) or Distributor(s):
Loewen, Ondaatje, McCutcheon Limited
National Bank Financial Inc.

Promoter(s):

-
Project #368153

Issuer Name:

ConjuChem Inc.
Principal Regulator - Quebec

Type and Date:

Final Prospectus dated June 22nd, 2001
Mutual Reliance Review System Receipt dated 22nd day of June, 2001

Offering Price and Description:

-
Underwriter(s) or Distributor(s):

Yorkton Securities Inc.
BMO Nesbitt Burns Inc.
HSBC Securities (Canada) Inc.

Promoter(s):

-
Project #362848

Issuer Name:

Golden Credit Card Trust
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated June 22nd, 2001
Mutual Reliance Review System Receipt dated 22nd day of June, 2001

Offering Price and Description:

-
Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.

Promoter(s):

Royal Bank of Canada
Project #368456

Issuer Name:

Golden Credit Card Trust
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated June 22nd, 2001
Mutual Reliance Review System Receipt dated 22nd day of June, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.

Promoter(s):

Royal Bank of Canada
Project #368487

Issuer Name:

Oncolytics Biotech Inc.
Principal Regulator - Alberta

Type and Date:

Final Short Form Shelf Prospectus dated June 19,th 2001
Mutual Reliance Review System Receipt dated June 22nd, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Promoter(s):

Synsorb Biotech Inc.
Project #365080

Issuer Name:

Patheon Inc.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated June 22nd, 2001
Mutual Reliance Review System Receipt dated 22nd day of June, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
CIBC World Markets Inc.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Paradigm Securities Capital Inc.

Promoter(s):

Project #368489

Issuer Name:

Residential Equities Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated June 27th, 2001
Mutual Reliance Review System Receipt 27th day of June, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Merrill Lynch Canada Inc.
Raymond James Ltd.

Promoter(s):

Project #368473

Issuer Name:

Resin Systems Inc.
Principal Regulator - Alberta

Type and Date:

Amended and Restated Final Prospectus dated June 19th, 2001
Mutual Reliance Review System Receipt dated 25th day of June, 2001

Offering Price and Description:

\$5,000,000 - 7,692,308 Units at \$0/65 per Unit (Each Unit consists of one Common Share and one Warrant)

Underwriter(s) or Distributor(s):

Golden Capital Securities Ltd.

Promoter(s):

Dr. Brian Carpenter
Greg Pendura
Len Danard
Project #336524

Issuer Name:

Caldwell Balanced Fund
Caldwell International Fund
Caldwell Income Fund
Caldwell Canada Fund
Caldwell America Fund
Caldwell Technology Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form dated June 22nd, 2001
Mutual Reliance Review System Receipt dated 27th day of June, 2001

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

Underwriter(s) or Distributor(s):

Caldwell Securities Ltd.

Promoter(s):

Project #354862

Issuer Name:

Middlefield Mutual Funds Limited - Middlefield U.S. Equity Class

Middlefield Mutual Funds Limited - Middlefield Global Technology Class

Middlefield Mutual Funds Limited - Middlefield Canadian Balanced Class

Middlefield Mutual Funds Limited - Middlefield Alternative Energy Class

Middlefield Mutual Funds Limited - Middlefield Income Plus Class

Middlefield Mutual Funds Limited - Middlefield Equity Index Plus Class

Middlefield Mutual Funds Limited - Middlefield Growth Class

Middlefield Enhanced Yield Fund

Middlefield Money Market Fund

Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form dated June 15th, 2001

Mutual Reliance Review System Receipt dated 21st day of June, 2001

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

Underwriter(s) or Distributor(s):

Middlefield Securities Limited

Promoter(s):

-

Project #354004

Issuer Name:

The GS&A RRSP Fund

Type and Date:

Final Simplified Prospectus and Annual Information Form dated June 25th, 2001

Receipt dated 27th day of June, 2001

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

Underwriter(s) or Distributor(s):

Gluskin Sheff & Associates Inc.

Promoter(s):

-

Project #365010

Issuer Name:

YMG American Growth Fund

YMG Enterprise Fund

YMG Strategic Fixed Income Fund

YMG Sustainable Development Fund

YMG Bond Fund

YMG Canadian Value Fund

YMG Income Fund

YMG Money Market Fund

YMG Growth Fund

YMG Balanced Fund

Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form dated June 19th, 2001

Mutual Reliance Review System Receipt dated 21st day of June, 2001

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

YMG Capital Management Inc.

Promoter(s):

-

Project #355108

Issuer Name:

Biotech RAIDers Trust

Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated February 15th, 2001

Closed 25th day of June, 2001

Offering Price and Description:

\$ * per Unit \$ * (maximum) Units

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.

BMO Nesbitt Burns Inc.

National Bank Financial Inc.

RBC Dominion Securities Inc.

Scotial Capital Inc.

TD Securities Inc.

HSBC Securities (Canada) Inc.

Raymond James Inc.

Canaccord Capital Corporation.

Yorkton Securities Inc.

Promoter(s):

-

Project #332424

Chapter 12

Registrations

12.1.1 Securities

Type	Company	Category of Registration	Effective Date
New Registration	Mercedes Capital Limited Attention: Diane Harris 257 Lytton Blvd. Toronto ON M5N 1R7	Limited Market Dealer (Conditional)	Jun 21/01
New Registration	Jory Capital Inc. Attention: Barry Marshall McCort 360 Main Street Suite 2070 Winnipeg MB R3C 3Z3	Broker/Investment Dealer Equities Managed Accounts	Jun 22/01
Change in Category (Categories)	Cartier Capital Group Inc. Attention: Edward Schwartz 411 Glenayr Road Toronto ON M5P 3C8	From: Securities Dealer To: Limited Market Dealer (Conditional)	Jun 22/01
Change in Category (Categories)	Covington Capital Corporation Attention: Malcolm Brown 100 King Street West Suite 2620 PO Box 165 Toronto ON M5X 1C9	From: Investment Counsel & Portfolio Manager To: Investment Counsel & Portfolio Manager Limited Market Dealer (Conditional)	Jun 22/01

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Chapter 13

SRO Notices and Disciplinary Proceedings

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Chapter 25
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