The Ontario Securities Commission

OSC Bulletin

July 20, 2001

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

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

July 20, 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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Mary Theresa McLeod	—	MTM
H. Lorne Morphy, Q. C.	—	HLM
R. Stephen Paddon, Q.C.	—	RSP

SCHEDULED OSC HEARINGS

Date to be announced	**Mark Bonham and Bonham & Co. Inc.** s. 127 Mr. A.Graburn in attendance for staff. Panel: TBA
July 20/2001 10:00 a.m.	**Buckingham Securities Corporation, Lloyd Bruce, David Bromberg, Harold Seidel, Rampart Securities Inc., W.D. Latimer Co. Limited, Canaccord Capital Corporation, BMO Nesbitt Burns Inc., Bear, Stearns & Co. Inc., Dundee Securities Corporation, Caldwell Securities Limited and B2B Trust** s. 127 Staff: Johanna Superina Panel: PMM
July 27/2001 10:00 a.m.	**Ricardo Molinari, Ashley Cooper, Thomas Stevenson, Marshall Sone, Fred Elliott, Elliott Management Inc. and Amber Coast Resort Corporation** s. 127 and 127.1 Staff: Sarah Oseni Panel: PMM

July 9 - 12 July 16 -19 July 23-26 July 30 - Aug 2 August 13 -16 August 20,22,23 August 27-30 /2001 10:00 a.m.	**YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths Mcburney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)** s. 127 K. Daniels / M. Code / J. Naster / I. Smith in attendance for staff. Panel: HIW / DB / RWD
August 13/2001 10:00 a.m.	**Jack Banks et al.** s. 127 Mr. Tim Moseley in attendance for staff. Panel: TBA
September 11/2001 10:00 a.m.	**Livent Inc., Garth Drabinsky, Myron I. Gottlieb, Gordon Eckstein, Robert Topol** s. 127 and 127.1 Ms. Johanna Superina in attendance for staff. Panel: TBA
October 24/2001 10:00 a.m.	**Sohan Singh Koonar** s. 127 and 127.1 Ms. Johanna Superina in attendance for staff. Panel: PMM

ADJOURNED SINE DIE

Michael Bourgon

DJL Capital Corp. and Dennis John Little

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

First Federal Capital (Canada) Corporation and Monter Morris Friesner

Global Privacy Management Trust and Robert Cranston

Irvine James Dyck

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

Offshore Marketing Alliance and Warren English

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

S. B. McLaughlin

Southwest Securities

Terry G. Dodsley

Wayne Umetsu

PROVINCIAL DIVISION PROCEEDINGS

Date to be announced	**Michael Cowpland and M.C.J.C. Holdings Inc.** s. 122 Ms. M. Sopinka in attendance for staff. Ottawa
August 20/ 2001 9:00 a.m. Courtroom E	**1173219 Ontario Limited c.o.b. as TAC (The Alternate Choice), TAC International Limited, Douglas R. Walker, David C. Drennan, Steven Peck, Don Gutoski, Ray Ricks, Al Johnson and Gerald McLeod** s. 122 Mr. D. Ferris in attendance for staff. Provincial Offences Court Old City Hall, Toronto
September 17/2001 9:30 a.m.	**Einar Bellfield** s. 122 Ms. Sarah Oseni in attendance for staff. Courtroom 111, Provincial Offences Court Old City Hall, Toronto

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

1.1.2 NI 45-101 Rights Offerings

NOTICE OF MINISTER OF FINANCE APPROVAL OF NATIONAL INSTRUMENT 45-101 RIGHTS OFFERINGS

On April, 3, 2001, the Commission made National Instrument 45-101 Rights Offerings (the "National Instrument") as a Rule under the Act, and adopted Companion Policy 45-101 CP to National Instrument 45-101 Rights Offerings (the "Companion Policy") as a Policy under the Act.

The National Instrument and Companion Policy were approved by the Minister of Finance on June 25, 2001 and will be effective on **July 25, 2001.** The National Instrument and Companion Policy are being published in Chapter 5 of the Bulletin.

1.1.3 Final Rule NI 33-102 Regulation of Certain Registrant Activities

NOTICE OF FINAL RULE
UNDER THE SECURITIES ACT
NATIONAL INSTRUMENT 33-102
REGULATION OF CERTAIN REGISTRANT ACTIVITIES

On June 25, 2001, the Minister of Finance approved National Instrument 33-102 Regulation of Certain Registrant Activities (the "National Instrument"). The National Instrument comes into force on August 1, 2001.

In addition, *Principle of Regulation 1 - Re: Distribution of Mutual Funds by Financial Institutions, Principle of Regulation 2- Re: Full Service and Discount Brokerage Activities of Securities Dealers in Branches of Related Financial Institutions* and *Principle of Regulation 3- Re: Activities of Registrants Related to Financial Institutions* will be revoked as of August 1, 2001.

Related amendments to subsection 209(1), clause 209(10)(a), subsection 219(1) and section 229 of Regulation 1015 of the Revised Regulations of Ontario, 1990 made under the Securities Act were filed as O.Reg. 273/01 on July 10, 2001 and are expected to be published in the Ontario Gazette on July 28, 2001.

The National Instrument is published in Chapter 5 of the Bulletin.

1.1.4 NI 55-102 System for Electronic Disclosure by Insiders (SEDI)

NATIONAL INSTRUMENT 55-102 SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI)

The Commission is publishing in today's Bulletin National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI), six Forms, Companion Policy, Notice and Regulation respecting the National Instrument

The Notice, National Instrument, Forms and Companion Policy are published in Chapter 5 of the Bulletin. The Amending Regulation is published in Chapter 9 of the Bulletin.

1.2 News Releases

1.2.1 Sohan Singh Koonar et al.

FOR IMMEDIATE RELEASE
July 18, 2001

**OSC PROCEEDINGS AGAINST
SOHAN SINGH KOONAR, SPORTS & INJURY REHAB CLINICS INC.,
SELECTREHAB INC., SHAKTI REHAB CENTRE INC.,
NIAGARA FALLS INJURY REHAB CENTRE INC.,
962268 ONTARIO INC., APNA HEALTH CORPORATION
AND APNA CARE INC.**

ADJOURNED TO OCTOBER 24, 2001

Toronto - At a hearing on July 13, 2001 before the Ontario Securities Commission (the "Commission"), the proceeding against Sohan Singh Koonar, Sports & Injury Rehab Clinics Inc., Selectrehab Inc., Shakti Rehab Centre Inc., Niagara Falls Injury Rehab Centre Inc., 962268 Ontario Inc., Apna Health Corporation and Apna Care Inc. was adjourned to October 24, 2001, or as soon thereafter as a panel may be constituted.

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

For Media Inquiries:

Frank Switzer
Director, Communications
416-593-8120

Michael Watson
Director, Enforcement Branch
416-593-8156

For Investor Inquiries:

Call the OSC Contact Centre
416-593-8314
1-877-786-1555 (Toll Free)

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 RBC Dominion Securities Inc. et al. - MRRS Decision

Headnote

MRRS - relief from independent underwriter requirements of securities legislation in connection with an offering by a connected issuer - conditions imposed.

Applicable Ontario Statutory Provisions

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

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., s. 224, 233.

Policies Cited

Proposed Multi-Jurisdictional Instrument - 33-105 - Underwriting Conflicts.

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

AND

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

AND

IN THE MATTER OF
RBC DOMINION SECURITIES INC.,
BMO NESBITT BURNS INC. AND TD SECURITIES INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "**Decision Maker**") in each of British Columbia, Alberta, Ontario, Newfoundland and Québec (the "**Jurisdictions**") has received an application from RBC Dominion Securities Inc., BMO Nesbitt Burns Inc. and TD Securities Inc. (collectively, the "**Applicants**") for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") that the requirement contained in the Legislation which restricts a registrant from participating in a distribution of securities of a connected issuer (or equivalent) shall not apply to the Applicants in connection with the proposed offering (the "**Offering**") of preferred shares (the "**Preferred Shares**") by ATCO Ltd. (the "**Issuer**") to be made by means of a short form prospectus (the "**Prospectus**");

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

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

1. The Applicants are registrants under the Legislation.

2. The Issuer is a corporation governed by the laws of the Province of Alberta whose activities include power generation, electricity transmission, pipelines and gas distribution and manufacture and sale of modular buildings.

3. The Issuer is a reporting issuer under and is not in default of the securities legislation of each of the provinces of Canada. The Issuer's outstanding Class I Non-Voting Shares and Class II Voting Shares are listed on the Toronto Stock Exchange and the Canadian Venture Exchange. The Issuer has a market capitalization in excess of $1,500,000,000 and has consolidated indebtedness of $2,435,600,000.

4. The Issuer intends to enter into an underwriting agreement with a syndicate of underwriters comprised of the Applicants whereby the Issuer will agree to issue and sell, and the Applicants will agree to purchase, as principals, the Preferred Shares.

5. The Issuer intends to file a preliminary short form prospectus (the "**Preliminary Prospectus**") and the Prospectus with the securities regulatory authorities in each of the provinces of Canada in order to qualify the Preferred Shares for distribution in those provinces.

6. The Issuer and its subsidiaries currently have credit facilities (collectively, the "**Credit Facilities**") with Canadian chartered banks (the "**Banks**") of which the Applicants are subsidiaries. As at the date hereof, the following amounts are outstanding under the Credit Facilities:

Royal Bank of Canada	$66,200,000
Bank of Montreal	$95,000,000
Toronto Dominion Bank	$ 2,500,000
Total	$163,700,000.

The Credit Facilities comprise 6.7% of the consolidated indebtedness of the Issuer.

7. In addition, the Issuer is currently negotiating a credit facility of up to $200,000,000 with the Banks to finance the redemption, on July 3, 2001, of the Cumulative Redeemable Preferred Shares, Series A, B and C of CanUtilities Holdings Ltd., a wholly-owned subsidiary of the Issuer. The proceeds of the Offering, before deducting the Applicants' fees and expenses of the Offering, are currently expected to be approximately Cdn. $150 million and will be used by the Issuer to repay a portion of the $200,000,000 credit facility referred to above.

8. Accordingly, the Issuer may be considered a "connected issuer" (or the equivalent) (within the meaning of proposed Multi-Jurisdictional Instrument 33-105 - *Underwriting Conflicts* (the "Proposed Instrument")) of the Applicants. The Issuer is not a "related issuer" (or the equivalent) (within the meaning of the Proposed Instrument) of the Applicants.

9. The proportionate percentage share of the Offering is anticipated to be underwritten by each of the Applicants is as follows:

RBC Dominion Securities Inc.	40%
BMO Nesbitt Burns Inc.	40%
TD Securities Inc.	20%

The final percentage share is subject to negotiation between the Issuer and the Applicants.

10. The Applicants, in connection with the Offering, do not comply with the proportional requirements of the Legislation as there is no independent underwriter.

11. The nature and details of the relationship between the Issuer, the Applicants and the Banks will be described in the Preliminary Prospectus and the Prospectus as prescribed by Appendix C of the Proposed Instrument and the Preliminary Prospectus and the Prospectus will contain a certificate signed by each Applicant in accordance with Item 21.2 of Form 44-101F3 to National Instrument 44-101.

12. The Applicants will receive no benefit relating to the Offering other than the payment of their fees in connection therewith.

13. The decision to issue the Preferred Shares, including the determination of the terms of the distribution, was made through negotiations between the Issuer and the Applicants without involvement of the Banks.

14. The Issuer is not a "specified party" as defined in the Proposed Instrument.

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

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

THE DECISION of the Decision Makers under the Legislation is that the requirement contained in the Legislation which restricts a registrant from participating in a distribution of securities of a connected issuer shall not apply to the Applicants in connection with the Offering by the Issuer to be made by means of the Prospectus provided that at the time of the Offering:

(a) the Issuer is not a specified party (as defined in the Proposed Instrument); and

(b) the Issuer is not a related issuer (as defined in the Proposed Instrument) of any of the Applicants.

June 21, 2001.

"Paul M. Moore" "Stephen N. Adams"

2.1.2 Canada Life Financial Corporation et al. - MRRS Decision

Headnote

MRRS - relief for issuer and its wholly-owned subsidiary from qualification requirements of National Instrument 44-101 - Short Form Distributions and National Instrument 44-102 - Shelf Distributions - relief for issuer from certain requirements of NI 44-101 and NI 44-102 to allow issuer to act as credit supporter - relief from certain prospectus disclosure requirements - continuous disclosure relief - insider reporting relief - conditions imposed.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., sec. 75, 77, 78, 81(2), 80(b)(iii), 107, 121.

Regulations Cited

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

National Instruments Cited

National Instrument 44 –101 - Short Form Distributions.
National Instrument 44 –102 - Shelf Distributions.
Ontario Securities Commission Rule 51-501 - AIF and MD&A.

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

AND

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

AND

IN THE MATTER OF
CANADA LIFE FINANCIAL CORPORATION
THE CANADA LIFE ASSURANCE COMPANY
AND CANADA LIFE CAPITAL CORPORATION INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland, the Northwest Territories, Nunavut and the Yukon Territory (the "Jurisdictions") has received an application from Canada Life Financial Corporation ("CLF"), The Canada Life Assurance Company ("CLA") and Canada Life Capital Corporation Inc. ("CLCC" and, together with CLF and CLA, the "Issuers") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation"):

(a) that CLA qualifies under National Instrument 44-101- *Short Form Distributions* ("NI 44-101") to file a short form prospectus in order to offer any of its securities and qualifies under National Instrument 44-102- *Shelf Distributions* ("NI 44-102") to maintain the effectiveness of a receipt therefor notwithstanding that it has not met the following eligibility requirements (the "CLA Eligibility Requirements"):

(i) that CLA have been a reporting issuer in each of the Jurisdictions for 12 calendar months preceding the date of the filing of CLA's most recent annual information form ("AIF") pursuant to subsection (1) of section 2.4 of NI 44-101;

(ii) that CLA have a "current AIF" (as defined in NI 44-101) pursuant to paragraph 2 of subsection (1) of section 2.4 of NI 44-101 and subclause (b)(i) of subsection (3) of section 2.4 of NI 44-102; and

(iii) that CLA have filed audited financial statements for its most recently completed financial year if it files a preliminary short form prospectus more than 90 days after the end of that year pursuant to paragraph 4 of subsection (1) of section 2.4 of NI 44-101,

all on the basis that CLF concurrently prepares and files and meets such requirements under NI 44-101 and NI 44-102;

(b) that CLCC qualifies under NI 44-101 to file a short form prospectus in order to offer any of its securities for which CLA shall act as "credit supporter" (as defined in NI 44-101) and qualifies under NI 44-102 to maintain the effectiveness of a receipt therefor notwithstanding that CLA as its credit supporter has not met the following eligibility requirements (the "CLCC Eligibility Requirements"):

(i) that CLA have been a reporting issuer in each of the Jurisdictions for 12 calendar months preceding the date of the filing of CLA's most recent AIF pursuant to subparagraphs 2(a)(i) and 2(a)(i)(A) of subsection (1) of sections 2.5 and 2.6, respectively, of NI 44-101;

(ii) that CLA have a current AIF pursuant to paragraph 2(b) of subsection (1) of sections 2.5 and 2.6 of NI 44-101 and subclause (b)(ii)(B) of subsection (3) of sections 2.5 and 2.6 of NI 44-102;

(iii) that CLA have filed audited financial statements for its most recently completed financial year if it files a

preliminary short form prospectus more than 90 days after the end of that year pursuant to paragraphs 4 and 3 of subsection (1) of sections 2.5 and 2.6, respectively, of NI 44-101; and

(iv) that CLA have equity securities listed and posted for trading on an exchange in Canada the aggregate market value of which is $75,000,000 or more at the relevant time pursuant to subparagraph 2(a)(i)(B) of subsection (1) of section 2.6 of NI 44-101 and subclause (b)(ii)(C) of subsection (3) of section 2.6 of NI 44-102,

all on the basis that CLF concurrently prepares and files and meets such requirements under NI 44-101 and NI 44-102;

(c) that CLCC is relieved from compliance with the following requirements of Form 44-101F3 under NI 44-101 for a short form prospectus under which it offers any of its securities for which CLA shall act as credit supporter (the "Prospectus Disclosure Requirements"):

(i) the requirement set out in paragraph 3 of item 13.2 of Form 44-101F3 to provide directly in the short form prospectus the same disclosure that would be contained therein through incorporation by reference of the continuous disclosure documents referred to in item 12.1 of Form 44-101F3 (collectively, the "Documents Incorporated by Reference") if CLA were the issuer of such securities and such documents had been prepared by CLA on the condition that such documents prepared by CLF be instead incorporated by reference; and

(ii) to disclose in a short form prospectus that its financial results are included in the consolidated financial results of CLF on the basis that such short form prospectus will disclose the relationship between CLCC and CLF, CLCC's date of incorporation and its purpose (ie. the holding company for all of CLF's U.K. operations and CLF's Irish subsidiary operations) and indicate that a summary of selected consolidated financial information for CLCC will be included in the prospectus supplement that first offers securities of CLCC and thereafter in the notes to the audited annual and interim financial statements of CLF;

(d) that CLCC is, subject to certain conditions, relieved from the requirements contained in the Legislation to disclose material changes and to prepare and file (a) annual financial statements and annual reports, where applicable, (b) interim financial statements, including interim management's discussion and analysis ("MD&A"), where applicable, (c) information circular, annual filings or reports in the case where a reporting issuer is not required to send an information circular, where applicable, and (d) material change reports and press releases (collectively, the "CLCC Continuous Disclosure Requirements"), following the issuance to CLCC of a final MRRS decision document for a short form shelf prospectus (the "Prospectus") to be filed by CLF, CLA and CLCC with respect to the distribution of common shares and preferred shares by CLF and preferred shares by CLA and CLCC, the preliminary of which is dated May 2, 2001 and was filed with the Jurisdictions on May 3, 2001;

(e) that CLCC is, subject to certain conditions, relieved from the requirements under Ontario Securities Commission Rule 51-501 AIF and MD&A, section 159 of the Regulation to the *Securities Act* (Quebec) and the Saskatchewan Securities Commission Local Policy 6.2, that CLCC file with the applicable Decision Makers an annual information form and annual management discussion and analysis (the "Local AIF and MD&A Requirements"); and

(f) that, in respect of CLCC, CLF and its subsidiaries be exempted from the requirements contained in the Legislation for an insider of a reporting issuer or equivalent to file reports disclosing the insider's direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer or equivalent (the "Insider Reporting Requirements").

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

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

The Canada Life Assurance Company

1. CLA is a life insurance company governed by the provisions of the *Insurance Companies Act* (Canada), S.C. 1991 c. 47, as amended (the "Insurance Companies Act"). The Canadian operations of CLA are regulated by the Superintendent of Financial Institutions (the "Superintendent") and CLA is licensed under the insurance legislation of each of the Jurisdictions.

2. On November 4, 1999, CLA converted from a mutual life insurance company into a life insurance company with common shares (the "Conversion"). The Conversion was effected pursuant to a conversion proposal dated as of July 8, 1999 (the "Conversion Proposal") in accordance with the the Insurance Companies Act. As a result of the Conversion CLA became a direct wholly-owned subsidiary of CLF and

eligible policyholders of CLA received common shares of CLF or in some cases, policy credits or cash.

3. The registered and principal office of CLA is located at 330 University Avenue, Toronto, Ontario, Canada, M5G 1R8.

4. CLA's financial year-end is December 31.

5. As a result of filing a non-offering prospectus on August 13, 1998 with the Ontario Securities Commission, CLA became a reporting issuer in the Province of Ontario on that date. As a result of filing a policyholder guide concerning the Conversion on July 9, 1999 with the Commission des valeurs mobilières du Québec, CLA also became a reporting issuer in the Province of Québec on that date. Finally, as a result of filing a prospectus in each of the Jurisdictions on October 27, 1999 to qualify a private offering of subordinated debentures originally issued by CLA on December 11, 1998, CLA became a reporting issuer or the equivalent, if applicable, in each of the other the Jurisdictions on that date.

6. To the best of CLA's knowledge, information and belief, it is not on the list of defaulting issuers maintained by any of the Decision Makers.

7. The authorized capital of CLA consists of an unlimited number of common shares and an unlimited number of preferred shares issuable in series designated as Classes A through F. None of the preferred shares are currently issued and outstanding.

8. Pursuant to the Conversion, all of CLA's issued and outstanding common shares are held by CLF. CLA does not have any equity securities, listed and posted for trading on an exchange in Canada.

9. CLA has subordinated debentures in an aggregate principal amount of $550,000,000 currently outstanding. Of these subordinated debentures:

   (a) subordinated debentures in an aggregate principal amount of $250,000,000 were issued on September 19, 1996 by way of private placement, mature on September 19, 2011 and bear interest at 8% per annum (the "8% Debentures");

   (b) subordinated debentures in an aggregate principal amount of $200,000,000 were originally issued on December 11, 1998 by way of private placement, were subsequently exchanged by the holders on December 11, 1999 for an equal principal amount of subordinated debentures having identical terms except that they were qualified by a prospectus filed in each of the Jurisdictions on October 27, 1999, such debentures maturing on December 11, 2013 and bearing interest at 5.8% per annum until 2008 and, thereafter, at a rate equal to the Canadian 90 day Bankers' Acceptance Rate plus 1% (the "Series A Debentures"); and

   (c) subordinated debentures in an aggregate principal amount of $100,000,000 were originally issued on December 11, 1998 by way of private placement, were subsequently exchanged by the holders on December 11, 1999 for an equal principal amount of subordinated debentures having identical terms except that they were qualified by a prospectus filed in each of the Jurisdictions on October 27, 1999, such debentures maturing on December 11, 2028 and bearing interest at 6.4% per annum (the "Series B Debentures").

10. Each of the 8% Debentures, the Series A Debentures and the Series B Debentures has an "approved rating" (as defined in NI 44-101). The 8% Debentures are rated A+ by Standard & Poor's Rating Services. The Series A Debentures and Series B Debentures are rated A+ by Standard & Poor's Ratings Services and A(high) by Dominion Bond Rating Service Limited.

Canada Life Financial Corporation

11. CLF is a life insurance company created under the Insurance Companies Act on June 21, 1999 for the purpose of becoming the parent holding company of CLA following the Conversion. CLF is regulated by the Superintendent.

12. On November 4, 1999 CLF completed a public offering of 26,000,000 common shares consisting of 14,227,480 common shares from CLF's treasury and 11,772,520 common shares received from eligible policyholders of CLA resident outside Canada who elected to sell the common shares issued to them pursuant to the Conversion Proposal.

13. CLF is a reporting issuer or the equivalent, as applicable, in all of the Jurisdictions. To the best of CLF's knowledge, information and belief, it is not on the list of defaulting issuers maintained by any of the Decision Makers.

14. The authorized capital of CLF consists of an unlimited number of common shares of which approximately 160.4 million were issued and outstanding on December 31, 2000 and an unlimited number preferred shares issuable in series of which none are currently issued and outstanding.

15. The registered office of CLF is located at 330 University Avenue, Toronto, Ontario, Canada, M5G 1R8.

16. CLF's financial year-end is December 31.

17. The common shares of CLF are listed and posted for trading on The Toronto Stock Exchange under the symbol "CL" and the New York Stock Exchange under the symbol "CLU".

18. CLF has no assets other than its holding of all of the issued and outstanding common shares of CLA aside from minor incidental assets comprising as at December 31, 2000 cash of $3,500,000 and a future tax asset of $9,400,000. CLF does not have any

liabilities other than minor incidental liabilities comprising as December 31, 2000 current tax payable on interest earned on the $3,500,000 of cash and general expense accruals/payables of $91,000. None of these assets or liabilities are material.

19. Through CLA and CLA's subsidiaries and branches, CLF provides protection and wealth management products in four principal jurisdictions, Canada, the United Kingdom, the United States and Ireland. CLF does not carry on any operations directly.

Canada Life Capital Corporation Inc.

20. CLCC is a corporation incorporated under the *Canada Business Corporations Act* on April 9, 1999. A direct wholly-owned subsidiary of CLCC holds all the shares of The Canada Life Group (U.K.) Limited, a corporation formed under the laws of England, and Canada Life Irish Holding Company Limited, a corporation formed under the laws of Ireland (collectively, the "UK/Irish Subsidiaries"). Such subsidiary has no other assets or liabilities. CLA conducts its operations in the United Kingdom and Ireland principally through the UK/Irish Subsidiaries and their respective subsidiaries.

21. CLCC has no assets other than its holding of all of the issued and outstanding shares of its subsidiary that holds the shares in the UK/Irish Subsidiaries. CLCC currently has no liabilities other than debt owed to CLA incurred in connection with the transfer of the shares of the UK/Irish Subsidiaries.

22. CLCC currently has no undertaking apart from its holding of subsidiary shares and the financing activities it may undertake pursuant to the Prospectus to raise funds for CLA's operations. CLCC does not carry on any operations directly.

23. The authorized capital of CLCC consists of an unlimited number of common shares and an unlimited number of preferred shares issuable in series. CLA holds all of the issued and outstanding common shares of CLCC. One or more series of the preferred shares may be offered under the Prospectus.

24. The registered office of CLCC is located at 330 University Avenue, Toronto, Ontario, Canada, M5G 1R8.

25. CLCC's financial year-end is December 31.

26. CLCC is not currently a reporting issuer or the equivalent, as applicable, in any of the jurisdictions.

27. Pursuant to a MRRS Decision Document dated July 8, 1999 issued under National Policy 12-201 by the securities regulatory authorities or regulators in each of the Jurisdictions (except for the Province of Québec) and Decision No. 2000-C-0552 dated September 5, 2000 issued by the Commission des valeurs mobilières du Québec, CLA was granted relief from the requirements contained in the Legislation to disclose material changes and to file annual and interim financial statements on the basis, among other conditions, that CLF would file its continuous disclosure documents in compliance with the continuous disclosure requirements of each of the Jurisdictions. In this Decision Document, MRRS Decision Document dated July 8, 1999 and Decision No. 2000-C-0552 dated September 5, 2000 are collectively referred to as the "CLA Continuous Disclosure Exemption Decision".

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

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

THE DECISION of the Decision Makers under the Legislation is that as long as CLF continues to meet the eligibility requirements under NI 44-101 and NI 44-102 and CLA continues to be a wholly-owned subsidiary of CLF and continues to be entitled to rely on the CLA Continuous Disclosure Exemption Decision:

(a) CLA qualifies under NI 44-101 to file a short form prospectus in order to offer any of its securities and qualifies under NI 44-102 to maintain the effectiveness of a receipt therefor notwithstanding that it has not met the CLA Eligibility Requirements;

(b) CLCC qualifies under NI 44-101 to file a short form prospectus in order to offer any of its securities for which CLA shall act as credit supporter and qualifies under NI 44-102 to maintain the effectiveness of a receipt therefor notwithstanding that CLA as its credit supporter has not met the CLCC Eligibility Requirements; and

(c) CLCC is relieved from compliance with the Prospectus Disclosure Requirements for a short form prospectus under which it offers any of its securities for which CLA acts as credit supporter provided that the following disclosure (the "CLCC Prospectus Disclosure") is made:

(i) the Documents Incorporated by Reference in such short form prospectus discloses such documents as prepared by CLF, and

(ii) such short form prospectus discloses that CLCC's financial results are included in the consolidated financial results of CLF, the relationship between CLCC and CLF, CLCC's date of incorporation and its purpose (ie. the holding company for all of CLF's U.K. operations and CLF's Irish subsidiary operations),

(iii) the short form prospectus or prospectus supplement that first offers securities of CLCC contains a summary of selected consolidated financial information for

CLCC as at its last completed year-end and for the prior financial year and any subsequent completed interim period and comparative interim period for the prior financial year, such summary information to be as set out in paragraph (A)(ii) below of this Decision, and

(iv) any short form prospectus or prospectus supplement offering CLCC securities indicates that for so long as such CLCC securities remain outstanding and CLCC is a reporting issuer or equivalent in any of the Jurisdictions:

(x) a summary containing the information set out in paragraph A(ii) below of this Decision for the then most recently completed financial year of CLCC and the financial year of CLCC immediately preceding such financial year will be included in the notes to future CLF annual financial statements; and

(y) a summary containing that information set out in paragraph (A)(ii) below of this Decision for the then most recently completed financial quarter of CLCC (other than the fourth quarter) and the comparative financial quarter of the financial year immediately preceding such financial year of CLCC will be included in the notes to future CLF interim financial statements.

June 14, 2001.

"Iva Vranic"

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

(A) CLCC is relieved from the CLCC Continuous Disclosure Requirements, provided that:

(i) CLCC remains a direct or indirect wholly-owned subsidiary of CLF;

(ii) at the time CLCC first offers securities by way of a prospectus or prospectus supplement, such prospectus or prospectus supplement includes a summary of selected consolidated financial information for CLCC as at its last completed financial year and prior financial year, such information to be audited, and for any subsequent completed interim period and comparative interim period of the prior financial year, such information to be reviewed, and thereafter such summary is included as a separate note to the notes to the audited annual and interim financial statements of CLF, for so long as such CLCC securities remain outstanding and CLCC is a reporting issuer or its equivalent in any of the Jurisdictions, such summary to include in respect of annual statements, the following audited line items of CLCC's financial information for the most recently completed financial year and the immediately preceding financial year, and in respect of interim statements, the following line items of CLCC's financial information for the most recently completed interim period and the comparative interim period for the most recently completed financial year:

total revenues, shareholder's net income, total invested assets, all other assets, total expenditures, total general fund assets, actuarial liabilities, all other liabilities, shareholder's equity and total general fund, as well as any additional line items that CLCC may believe are material to an investor in CLCC securities;

(iii) from the date that CLCC first offers securities to the public by way of prospectus or prospectus supplement until such time as CLCC is no longer a reporting issuer or its equivalent in any of the Jurisdictions, if there is a material change in respect of the business, operations or capital of CLCC that is not a material change in respect of CLA or CLF, CLCC will file a material change report in accordance with the Legislation; and

(iv) from the date that CLCC first offers securities to the public by way of prospectus or prospectus supplement until such time as CLCC is no longer a reporting issuer or its equivalent in any of the Jurisdictions, CLF files with the Decision Makers in electronic format through SEDAR under CLCC's SEDAR profile the (a) annual financial statements and annual reports, where applicable, (b) interim financial statements, including interim management's discussion and analysis ("MD&A"), where applicable, (c) AIF and annual MD&A, where applicable, (d) information circulars, annual filings or reports in the case where a reporting issuer is not required to send an information circular, where applicable, and (e) material change reports and press releases required under the Legislation to be filed by CLF under its own SEDAR profile; and

(v) CLCC pay all filing fees that would otherwise be payable by CLCC in connection with the filing of the documents referred to in subparagraph (A)(iv) above of this Decision; and

(B) CLF and its subsidiaries be exempted from the Insider Reporting Requirements with respect to CLCC provided that CLCC remains a direct or indirect wholly-owned subsidiary of CLF, continues to have as its only material asset shares in its subsidiaries, has no material liability other than debt owed to CLF or a subsidiary of CLF, carries on no material undertaking apart from its holding of subsidiary shares and the financing activities it may undertake pursuant to the Prospectus to raise funds for CLA's operations, and issues no securities other than to CLF or its subsidiaries or as may be issued under the Prospectus or other short form prospectus and which are fully and unconditionally guaranteed by CLF or CLA.

June 14, 2001.

"Paul M. Moore" "J. A. Geller"

AND THE FURTHER DECISION of the Decision Makers in each of Ontario, Quebec and Saskatchewan is that the Local AIF and MD&A Requirements shall not apply to CLCC provided that the conditions set out in paragraph (A) of the Decision above are complied with.

June 14, 2001.

"Iva Vranic"

2.1.3 CIT Group, Inc. et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - amendment to previous MRRS decision to reflect change in corporate structure.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., s. 144.

Regulations Cited

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

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

AND

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

AND

IN THE MATTER OF
THE CIT GROUP, INC.,
CIT FINANCIAL LTD. AND CIT HOLDINGS, LLC

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario and Nova Scotia (the "Jurisdictions") has received an application from The CIT Group, Inc. ("CIT"), CIT Financial Ltd. (formerly Newcourt Credit Group Inc.) (for the purposes hereof "Newcourt"), CIT Holdings LLC ("Holdings"), Tyco Acquisition Corp. XIX (NV) ("Tyco Acquisition") and Tyco International Ltd. ("Tyco") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the decision (the "2000 Decision Document") granted by the Decision Makers of the Jurisdictions on September 29, 2000 to CIT, Newcourt and Holdings that deemed Newcourt to cease to be a reporting issuer and that deemed Holdings to be a reporting issuer be amended to permit Holdings to comply with the requirements contained in the Legislation with respect to Holdings to issue a press release and file a report with certain Decision Makers upon the occurrence of a material change, file interim financial statements and audited financial statements with the Decision Makers and deliver such statements to the security holders of Holdings, file an information circular or make an annual filing with Decision Makers in lieu of filing an information circular, file an annual information form and provide management's discussion and analysis of financial condition and results of operations (the " Continuous Disclosure Requirements") by

filing and delivering disclosure materials relating to New CIT (as defined below) in lieu of materials related to CIT.

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

AND WHEREAS CIT has represented to the Decision Makers as follows:

CIT, Exchangeco and Holdings

1. CIT and Exchangeco are not in default of any of the requirements of the securities legislation of the Jurisdictions.

2. Holdings is a limited liability company under the laws of the State of Delaware, all of its membership interests are held by CIT and is a reporting issuer in British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia, Quebec and Newfoundland. Holdings is not in default of any of the requirements of the securities legislation of the provinces in which it is a reporting issuer.

Tyco and Tyco Acquisition

3. Tyco is a company incorporated with limited liability under the laws of Bermuda, and is subject to the reporting requirements of the United States *Securities Exchange Act* of 1934 (the "Exchange Act"). Tyco is a reporting issuer in Ontario, Quebec, British Columbia, Alberta, Nova Scotia, Saskatchewan, and Manitoba. Tyco is not in default of any of the requirements of the securities legislation of the provinces in which it is a reporting issuer.

4. The authorized capital of Tyco consists of 2,500,000,000 common shares ("Tyco Common Shares") and 125,000,000 preference shares, par value U.S.$1.00 per share. As of January 26, 2001: (a) 1,752,275,000 Tyco Common Shares were issued and outstanding; and (b) no preference shares were outstanding. As of December 31, 2000, no more than 180,000,000 Tyco Common Shares were reserved for issuance upon exercise of stock options issued under Tyco's stock option plans.

5. The Tyco Common Shares are listed on the New York Stock Exchange, the Bermuda Stock Exchange and the London Stock Exchange.

6. Tyco Acquisition is a company incorporated under the laws of the State of Nevada, and is a wholly-owned subsidiary of Tyco. Tyco Acquisition is not a reporting issuer in the Jurisdictions. Following consummation of the Merger (as defined below), Tyco Acquisition will change its name to CIT Holdings (NV) Inc.

Merger of Tyco Acquisition and CIT

7. Pursuant to an agreement and plan of merger (the "Merger Agreement") dated as of March 12, 2001 between Tyco Acquisition and CIT pursuant to which CIT will merge with and into Tyco Acquisition with Tyco Acquisition continuing as the surviving corporation and as a wholly-owned subsidiary of Tyco (the "Merger"). Holders of CIT common shares will receive 0.6907 of a Tyco Common Share for each share of CIT common share held. The exchangeable shares issued by Exchangeco (the "Exchangeable Shares") will remain outstanding and each Exchangeable Share will be exchangeable for 0.6907 of a Tyco Common Share (subject to adjustment for certain changes in Tyco Common Shares).

8. The Merger must be approved by at least a majority of the voting power of the outstanding CIT common shares and Exchangeable Shares, voting together as a single class, at a special meeting of CIT shareholders to be held on May 23, 2001.

9. On or about April 23, 2001, a proxy statement/prospectus (the "Circular") was mailed to all shareholders of CIT and all holders of Exchangeable Shares in connection with the CIT meeting, containing, among other things, a detailed description of the Merger, information concerning Tyco and a discussion of the effect of the Merger on the Exchangeable Shares. The Circular has been prepared in conformity with the rules and regulations of the United States Securities and Exchange Commission (the "SEC").

10. Application will be made by Tyco to list the Tyco Common Shares to be issued upon exchange of Exchangeable Shares after the completion of the Merger on the New York Stock Exchange.

11. The Merger is expected to be completed on or about June 1, 2001 (the "Closing Date").

12. Promptly following the Merger, Tyco Acquisition will transfer substantially all the assets and liabilities of CIT to a new wholly-owned subsidiary, The CIT Group, Inc., a Nevada corporation ("New CIT"), which will effectively be the successor corporation to CIT.

Canadian Public Debt

13. At the time of the completion of the Arrangement described in the 2000 Decision Document, Newcourt had outstanding unlisted public debt securities in Canada ("Canadian Public Debt") pursuant to a trust indenture dated June 1, 1995 between The R-M Trust Company (now CIBC Mellon Trust Company) and Newcourt and supplemental indentures thereto (collectively, the "Indenture"). The debt securities were issued under the Indenture in five series (pursuant to three shelf prospectuses). On November 15, 1999, CIT provided an unconditional, absolute and irrevocable guaranty of full and prompt payment of all principal and interest on the Canadian Public Debt (the "Guaranty").

14. Holdings and Newcourt entered into a supplemental indenture to the Indenture whereby Holdings expressly assumed all Newcourt's obligations under the outstanding Canadian Public Debt and Holdings became the primary obligor thereunder. The Guaranty continues to operate in favour of Holdings' obligations under the Canadian Public Debt.

15. Following the Merger, New CIT, as the effective successor to CIT, will provide an unconditional, absolute and irrevocable guaranty of full and prompt payment of all principal and interest on the Canadian Public Debt.

16. Except as discussed below, the informational requirements of the Exchange Act that will apply to New CIT, as an issuer of public debt and a wholly-owned indirect subsidiary of a public company (Tyco), are the same as the informational requirements that currently apply to CIT. The following items will not need to be disclosed by New CIT in their annual form 10-K filing: (i) Item 4 – Submission of Matters to a Vote of Holders of Securities; (ii) Item 10 – Director and Executive Officers; (iii) Item 11 – Executive Compensation; (iv) Item 12 – Security Ownership of Certain Beneficial Owners and Management; and (v) Item 13 – Certain Relationships and Related Transactions (although a description of related transactions will be required as a note to New CIT's annual financial statements). Although New CIT is not required under the Exchange Act to provide full management's discussion and analysis of financial condition and results of operation (Item 7) New CIT will be providing full management's discussion and analysis of financial condition and results of operation during the time the Canadian Public Debt is outstanding. As well, New CIT will not be required to prepare and file proxy statements in connection with its annual meeting of shareholders.

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

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides 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 operative portion of the 2000 Decision Document is amended as at the Closing Date by:

(a) deleting paragraph 2(a) and replacing it with the following:

"New CIT files with the Decision Makers copies of all documents required to be filed by it with the SEC under the Exchange Act including, but not limited to, copies of any Form 10-K, Form 10-Q and Form 8-K, which documents will include financial statements prepared solely in accordance with United States generally accepted accounting principles and also files with the Decision Makers full management's discussion and analysis of financial condition and results of operation as discussed in representation 16 contained in the MRRS Decision Document granted in favour of CIT, Newcourt and Holdings and dated May 31, 2001;";

(b) deleting references to "CIT" in subparagraphs 2(b), 2(e) and paragraph 3 and replacing them with references to "New CIT"; and

(c) deleting the reference to "CIT" in paragraph 2(c) and replacing it with "New CIT".

May 31, 2001.

"Robert W. Korthals" "R. Stephen Paddon"

2.1.4 The CIT Group, Inc. et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from registration and prospectus requirements for certain trades made in connection with a merger of 2 foreign issuers - merger involves issuance of exchangeable shares - continuous disclosure relief for exchangeable share issuer - insider reporting relief for certain insiders of exchangeable share issuer - first trade relief for common shares of foreign issuer received in connection with merger - conditions imposed - revocation of previous MRRS decision.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 53, 72(5), 74(1), 75, 77, 78, 79, 80(b)(iii), 81, 86, 88(2), 107, 108, 109, 121(2), 144.

Regulations Cited

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

Policies and Rules Cited

Rule 51-501 - AIF and MD&A.

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

AND

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

AND

IN THE MATTER OF
THE CIT GROUP, INC., 3026192 NOVA SCOTIA COMPANY,
CIT EXCHANGECO INC., TYCO ACQUISITION CORP. XIX (NV)
AND TYCO INTERNATIONAL LTD.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the "Jurisdictions") has received an application from The CIT Group, Inc. ("CIT"), 3026192 Nova Scotia Company ("Newco"), CIT Exchangeco Inc. ("Exchangeco"), Tyco Acquisition Corp. XIX (NV) ("Tyco Acquisition") and Tyco International Ltd. ("Tyco") (collectively, the "Applicants"), for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

(a) the requirements contained in the Legislation to be registered to trade in a security ("Registration Requirements"), to file a preliminary prospectus and a prospectus and receive receipts therefor (the "Prospectus Requirements") (collectively the "Registration and Prospectus Requirements") shall not apply to certain trades in securities to be made upon the exchange of exchangeable shares ("Exchangeable Shares") in the capital of Exchangeco and the other trades contemplated by the agreement and plan of merger (the "Merger Agreement") dated as of March 12, 2001 between Tyco Acquisition and CIT pursuant to which CIT will merge (the "Merger") with and into Tyco Acquisition;

(b) the requirements contained in the Legislation with respect to Exchangeco, to issue a press release and file a report with certain Decision Makers upon the occurrence of a material change, file interim financial statements and audited financial statements with the Decision Makers and deliver such statements to the security holders of Exchangeco, file an information circular or make an annual filing with the Decision Makers in lieu of filing an information circular, file an annual information form and provide management's discussion and analysis of financial condition and results of operations (the "Continuous Disclosure Obligations") shall not apply to Exchangeco;

(c) the requirements contained in the Legislation for an insider of a reporting issuer to comply with insider reporting requirements (the "Insider Reporting Requirements") shall not apply to any "insider" (as such term is defined in the Legislation) of Exchangeco, subject to certain conditions described below; and

(d) the first trades in Tyco Common Shares (defined below) issuable pursuant to the Merger and upon the exchange of Exchangeable Shares are not subject to the Prospectus Requirements, subject to certain terms and conditions described below;

AND WHEREAS the Decision Makers of the Jurisdictions granted a decision (the "November Decision Document") on November 1, 1999 to CIT, Newco and Exchangeco in connection with the acquisition of CIT Financial Ltd. (formerly Newcourt Credit Group Inc.) by CIT pursuant to a plan of arrangement (the "Arrangement") and the Applicants have requested a decision pursuant to the Legislation that a certain portion of the November Decision Document be revoked in light of the relief requested in paragraphs (b) and (c) above;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "MRRS"), the

Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS CIT, Exchangeco, Newco, Tyco and Tyco Acquisition have represented to the Decision Makers as follows:

CIT, Exchangeco, Newco and Newcourt

1. CIT is a corporation incorporated under the laws of the State of Delaware, is subject to the reporting requirements of the *United States Securities Exchange Act* of 1934 (the "Exchange Act"), and is a reporting issuer or the equivalent thereof in each of the Jurisdictions, or, if not a reporting issuer or equivalent, CIT complies with the continuous and timely disclosure filing requirements set forth in the November Decision Document.

2. The CIT Common Stock is listed on the New York Stock Exchange (the "NYSE") and the Toronto Stock Exchange (the "TSE"). It is expected that upon completion of the Merger, CIT Common Stock will be delisted from these exchanges.

3. The authorized capital of CIT consists of 1,210,000,000 shares of CIT Common Stock and 50,000 shares of Preferred Stock, U.S.$0.01 par value per share, of which one share has been designated as Special Voting Stock. As of March 12, 2001: (a) 250,649,657 shares of CIT Common Stock were issued and outstanding; (b) one share of Special Voting Stock was issued and outstanding; (c) 11,248,111 shares of CIT Common Stock were reserved for issuance upon the exchange of the Exchangeable Shares; (d) 23,276,689 shares of CIT Common Stock were reserved for issuance in respect of existing option grants and 5,623,311 shares were reserved for issuance in respect of future option grants under CIT option plans; and (e) 639,525 shares of CIT Common Stock were reserved and available for future issuance pursuant to CIT's Employee Share Purchase Plan and 401(k) Plan.

4. Newco is an unlimited liability company incorporated under the laws of Nova Scotia, is a wholly-owned indirect subsidiary of CIT, and is not a reporting issuer or the equivalent thereof in any of the Jurisdictions.

5. Exchangeco is a company incorporated under the laws of Nova Scotia, all of the common shares of which are held by Newco. Exchangeco is a reporting issuer or the equivalent thereof in each of the Jurisdictions, or, if not a reporting issuer or equivalent, Exchangeco complies with the continuous and timely disclosure filing requirements set forth in the November Decision Document.

6. The authorized capital of Exchangeco consists of: (a) one million common shares; (b) 15 billion non-cumulative, non-voting class A preference shares; (c) one billion cumulative non-voting class B preference shares; and (d) one billion Exchangeable Shares. As of March 12, 2001, there were 11,248,111 Exchangeable Shares issued and outstanding (excluding any shares held by CIT and its affiliates).

7. The Exchangeable Shares are listed on the TSE. After completion of the Merger, the Exchangeable Shares will remain listed on the TSE until all such shares have been exchanged or otherwise redeemed in accordance with their terms.

8. CIT and Exchangeco are not in default of any of the requirements of the securities legislation of the Jurisdictions.

9. CIT Financial Ltd., formerly Newcourt Credit Group Inc. (for the purposes hereof "Newcourt") is a corporation amalgamated under the laws of the Province of Ontario, is a wholly-owned subsidiary of Exchangeco and is not a reporting issuer or the equivalent thereof in any of the Jurisdictions.

Tyco and Tyco Acquisition

10. Tyco is a company incorporated with limited liability under the laws of Bermuda, and is subject to the reporting requirements of the Exchange Act. Tyco is a reporting issuer in Ontario, Quebec, British Columbia, Alberta, Nova Scotia, Saskatchewan, and Manitoba. Tyco is not in default of any of the requirements of the securities legislation of the provinces in which it is a reporting issuer.

11. The shares of common stock in the capital of Tyco ("Tyco Common Shares") are listed on the New York Stock Exchange, the Bermuda Stock Exchange and the London Stock Exchange.

12. The authorized capital of Tyco consists of 2,500,000,000 Tyco Common Shares and 125,000,000 preference shares, par value U.S.$1.00 per share. As of January 26, 2001: (a) 1,752,275,000 Tyco Common Shares were issued and outstanding; and (b) no preference shares were outstanding. As of December 31, 2000, no more than 180,000,000 Tyco Common Shares were reserved for issuance upon exercise of stock options issued under Tyco's stock option plans.

13. Tyco Acquisition is a company incorporated under the laws of the State of Nevada, and is a wholly-owned subsidiary of Tyco. Tyco Acquisition is not a reporting issuer in the Jurisdictions. Following consummation of the Merger, Tyco Acquisition will change its name to CIT Holdings (NV) Inc.

Merger of Tyco Acquisition and CIT

14. Pursuant to the Merger Agreement, the Merger will be effected with CIT merging with and into Tyco Acquisition with Tyco Acquisition continuing as the surviving corporation and as a wholly-owned subsidiary of Tyco. Holders of CIT Common Stock will receive 0.6907 of a Tyco Common Share for each share of CIT Common Stock held. Exchangeable Shares will remain outstanding and each Exchangeable Share will be exchangeable for 0.6907 of a Tyco Common Share (subject to adjustment for certain changes in Tyco Common Shares).

15. Following completion of the Merger, no fractional Tyco Common Shares will be delivered to holders of Exchangeable Shares upon the exchange of Exchangeable Shares. In lieu of any such fractional shares, each holder of an Exchangeable Share who is otherwise entitled to a fractional interest in a Tyco Common Share will receive a cash payment, without interest, when such shares are exchanged for Tyco Common Shares. In accordance with the terms of the Merger Agreement, the cash payment will be equal to such fraction multiplied by the closing price of Tyco Common Shares on the New York Stock Exchange (as reported by Bloomberg Financial Markets (or if such service is unavailable, a service providing similar information)) on the trading day immediately preceding the date of surrender for exchange (a "Fractional Cash Payment").

16. Under the Merger, each option granted by CIT (a "CIT Option") to purchase CIT Common Stock which is outstanding and unexercised immediately prior to the effective time of the Merger will be converted automatically into an option to purchase Tyco Common Shares (each a "Replacement Option"). The number of Tyco Common Shares to be subject to each Replacement Option will be equal to the product of the number of shares of CIT Common Stock subject to the original CIT Option immediately prior to the effective time of the Merger and 0.6907 (rounded down to a whole number of Tyco Common Shares). The exercise price per share of Tyco Common Shares under each Replacement Option shall be equal to the exercise price per share of CIT Common Stock under the original CIT Option immediately prior to the effective time of the Merger divided by 0.6907 (rounded up to the nearest cent). The duration and other material terms of each Replacement Option will be the same as the original CIT Option immediately prior to the effective time of the Merger.

17. The Merger must be approved by at least a majority of the votes of the outstanding CIT Common Stock and Exchangeable Shares, voting together as a single class, at a special meeting of CIT stockholders to be held on May 23, 2001.

18. On or about April 23, 2001, a proxy statement/prospectus (the "Circular") was mailed to all shareholders of CIT and all holders of Exchangeable Shares in connection with the CIT meeting, containing, among other things, a detailed description of the Merger, information concerning Tyco and a discussion of the effect of the Merger on the Exchangeable Shares. The Circular has been prepared in conformity with the rules and regulations of the United States Securities and Exchange Commission (the "SEC").

19. Application will be made by Tyco to list the Tyco Common Shares to be issued upon exchange of Exchangeable Shares after the completion of the Merger on the New York Stock Exchange.

20. The Merger is expected to be completed on or about June 1, 2001 (the "Closing Date").

21. Promptly following the Merger, Tyco Acquisition will transfer substantially all the assets and liabilities of CIT to a new wholly-owned subsidiary, The CIT Group, Inc., a Nevada corporation ("New CIT"), which will effectively be the successor corporation to CIT. New CIT will continue to be subject to the information requirements of the Exchange Act.

Exchangeable Shares

22. The holders of Exchangeable Shares are entitled to dividend, liquidation and voting rights that are, as nearly as possible, functionally and economically equivalent to those of CIT Common Stock. The Exchangeable Shares were issued by Exchangeco on November 15, 1999 upon the acquisition by CIT of Newcourt in the Arrangement and were issued to provide an opportunity for Newcourt shareholders who were resident in Canada to achieve a Canadian tax deferral.

23. Pursuant to a voting and exchange trust agreement dated November 15, 1999 (the "Voting and Exchange Trust Agreement"), among CIT, Exchangeco and Montreal Trust Company of Canada, as trustee (the "Trustee"), the holders of Exchangeable Shares are entitled to vote with the holders of CIT Common Stock on all matters submitted to a vote thereof.

24. On or before the Closing Date, Tyco Acquisition, CIT, Exchangeco and the Trustee will enter into a supplemental agreement to the Voting and Exchange Trust Agreement (the "Supplemental Voting and Exchange Trust Agreement"), pursuant to which Tyco Acquisition will cause Tyco to take all corporate action necessary to issue a special voting preference share (the "Tyco Special Voting Share") to the Trustee for the benefit of the holders of the Exchangeable Shares. The Tyco Special Voting Share shall be entitled to vote with holders of Tyco Common Shares on all matters submitted to a vote thereof. The number of votes attaching to the Tyco Special Voting Share shall be equal to the number of Tyco Common Shares for which the Exchangeable Shares outstanding at such time are then exchangeable (other than Exchangeable Shares owned by Tyco and its affiliates and Exchangeable Shares in respect of which no instructions are received). Tyco will, on or before the Closing Date, enter into a separate agreement pursuant to which Tyco will covenant and agree with Tyco Acquisition, CIT, Exchangeco and the Trustee to take all such action to ensure that Tyco Acquisition will perform its obligations under the Supplemental Voting and Exchange Trust Agreement. The Special Voting Stock issued by CIT pursuant to the Voting and Exchange Trust Agreement will be cancelled.

25. On November 15, 1999, CIT, Newco and Exchangeco entered into an exchangeable share support agreement (the "Support Agreement"). On or before the Closing Date, Tyco Acquisition, CIT, Newco and Exchangeco will enter into a supplemental share support agreement (the "Supplemental Share Support Agreement") in order to provide that CIT Common Stock shall, for all purposes under the Support Agreement, mean Tyco Common Shares, proportionately adjusted. The

Supplemental Share Support Agreement will include Tyco Acquistion's agreement to ensure that Tyco does not declare or pay any dividends on the Tyco Common Shares unless Exchangeco simultaneously declares or pays an equivalent dividend on the Exchangeable Shares. The declaration date, record date and payment date for dividends on the Exchangeable Shares will be the same as the relevant date for the corresponding dividends on the Tyco Common Shares. Tyco will, on or before the Closing Date, enter into a separate agreement pursuant to which Tyco will covenant and agree with Tyco Acquisition, CIT, Newco and Exchangeco to take all such action to ensure that Tyco Acquisition will perform its obligations under the Supplemental Share Support Agreement

26. In specified circumstances, the share provisions attaching to the Exchangeable Shares (the "Exchangeable Share Provisions") and the Voting and Exchange Trust Agreement permit the retraction and redemption of Exchangeable Shares (including upon a liquidation of Exchangeco), grant redemption, retraction and liquidation call rights to Newco, and grant the right to holders of Exchangeable Shares to require CIT to purchase the Exchangeable Shares in the event of the liquidation of Exchangeco or CIT. Currently, the price to be paid for an Exchangeable Share is generally the current market price (as defined in the applicable document) of a share of CIT Common Stock on the last business day prior to the relevant date. The price is to be satisfied by the delivery of one share of CIT Common Stock together with, on the designated payment date therefor, all declared and unpaid dividends held by the holder on any dividend record date. After the Merger, the applicable price to be paid for each Exchangeable Share for the purposes or in the circumstances outlined above will be equal to the product obtained by multiplying 0.6907 (subject to adjustment for certain changes in Tyco Common Shares) by the current market price (as defined in the applicable document) of a Tyco Common Share on the last business day prior to the relevant date. The purchase price will be satisfied by the delivery of 0.6907 of a Tyco Common Share (subject to adjustment for certain changes in Tyco Common Shares) plus the Fractional Cash Payment, together with, on the designated payment date therefor, all declared and unpaid dividends for each Exchangeable Share.

27. Additional changes will be made in the Supplemental Voting and Exchange Trust Agreement and the Supplemental Share Support Agreement as necessary in order to reflect the acquisition of CIT in the Merger.

Trades and Possible Trades

28. The Merger and the attributes of the Exchangeable Shares contained in the Exchangeable Share Provisions, the Supplemental Voting and Exchange Agreement and the Supplemental Share Support Agreement involve or may involve a number of trades of securities. The trades and possible trades in securities to which the Merger gives rise, which are not the subject of the November Decision Document, include trades of Tyco Common Shares issued in exchange for or upon the retraction or redemption of Exchangeable Shares or in connection with the liquidation, dissolution or winding up of Tyco or Exchangeco. Also included are trades in connection with the creation and issuance of the Replacement Options and the issuance of Tyco Common Shares upon the exercise of the Replacement Options. All possible trades in connection with the Merger and the exchange of the Exchangeable Shares subsequent to the Merger, excluding first trades referred to paragraph B below, are referred to collectively as the "Tyco Trades". To the extent that there are no exemptions from the Registration Requirements and Prospectus Requirements for the Tyco Trades, exemptive relief is required.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation that effective from and after the effective time of the Merger is that:

A. The Registration and Prospectus Requirements shall not apply to any of the Tyco Trades;

B. The first trade in Tyco Common Shares received pursuant to the Merger and upon the exchange of Exchangeable Shares in a Jurisdiction, other than a trade that is otherwise exempt from the Registration and Prospectus Requirements or in respect of which the Registration and Prospectus Requirements are complied with, shall be a deemed distribution or primary distribution to the public under the Legislation of such Jurisdiction (the "Applicable Legislation") unless:

(a) Tyco is or is deemed to be a reporting issuer or the equivalent thereof under the Applicable Legislation, or, if not a reporting issuer or equivalent, Tyco complies with the filing requirements set forth in paragraphs (a) through (e) of Section C of this Decision;

(b) if the seller is in a "special relationship" with or is an "insider" of Tyco, as such terms are defined in the Applicable Legislation, the seller has reasonable grounds to believe that Tyco is not in default of any requirement of the Applicable Legislation;

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

(d) disclosure of the trade is made to the Decision Maker(s) (the Decision Makers confirming that

the filing of the Circular with the Decision Makers constitutes disclosure of the trade); and

(e) such first trade is not made from the holdings of any person, company or combination of persons or companies holding a sufficient number of securities of Tyco to affect materially the control of Tyco but any holding of any person, company or combination of persons or companies holding more than twenty percent of the outstanding voting securities of Tyco shall, in the absence of evidence to the contrary, be deemed to affect materially the control of Tyco (and for this purpose the Tyco Common Shares and the Exchangeable Shares are considered to be of the same class), unless:

(i) Tyco is a reporting issuer or is deemed to be a reporting issuer or the equivalent thereof under the Applicable Legislation, or, if not a reporting issuer or equivalent, Tyco complies with the filing requirements set forth in paragraphs (a) through (e) of Section C of this Decision, and is not in default of any requirement of the Legislation;

(ii) the seller files with the applicable Decision Maker(s) and any other stock exchange recognized by such Decision Maker(s) for this purpose on which the Tyco Common Shares are listed, at least seven days and not more than fourteen days prior to the first trade made to carry out the distribution;

(A) a notice of intention to sell in the form prescribed by the Applicable Legislation for control block distributions (the "Control Block Rules") disclosing particulars of the control position known to the seller, the number of Tyco Common Shares to be sold, and the method of distribution; and

(B) a declaration signed by the seller as at a date not more than twenty-four hours prior to its filing and prepared and executed in accordance with the Control Block Rules and certified as follows:

"The seller for whose account the securities to which this certificate relates are to be sold hereby represents that the seller has no knowledge of any material change which has occurred in the affairs of the issuer of the securities which has not been generally disclosed and reported to the [name of securities regulatory authority in the Jurisdiction where the trade takes place], nor has the seller any knowledge of any other material adverse information in regard to the current and prospective operations of the issuer which have not been generally disclosed.";

provided that the notice required to be filed under section (ii)(A) and the declaration required to be filed under section (ii)(B) shall be renewed and filed at the end of sixty days after the original date of filing and thereafter at the end of each twenty-eight day period so long as any of the Tyco Common Shares specified under the original notice have not been sold or until notice has been filed that the Tyco Common Shares so specified or any part thereof are no longer for sale;

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

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

(v) such seller (or an affiliated entity) has held CIT Common Stock, common shares of Newcourt, Exchangeable Shares (if applicable), and the Tyco Common Shares in the aggregate for a period of at least one year provided that if:

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

2. the seller acquires Exchangeable Shares or Tyco Common Shares pursuant to any such prescribed exemptions, all Tyco Common Shares held by the seller will be subject to a one year hold commencing on the date of any Exchangeable Shares and/or Tyco Common Shares are subsequently so acquired.

C. The Continuous Disclosure Requirements shall not apply to Exchangeco after the Merger, provided that

(a) Tyco shall file with each of the Decision Makers copies of all documents required to be filed by it with the United States Securities and Exchange Commission under the Exchange Act including, but not limited to, copies of any Form 10-K, Form 10-Q, Form 8-K and proxy statements prepared in accordance with Tyco's annual meetings which documents will include financial statements prepared solely in accordance with

United States generally accepted accounting principles;

(b) Tyco shall comply with the requirements of the NYSE in respect of making public disclosure of material information on a timely basis and forthwith issue in the Jurisdictions and file with Decision Makers any press release that discloses a material change in Tyco;

(c) Tyco shall concurrently send to all holders of Exchangeable Shares resident in the Jurisdictions all disclosure materials furnished to holders of Tyco Common Shares, including, but not limited to, copies of its annual report and all proxy solicitation materials;

(d) notwithstanding that the Continuous Disclosure Requirements shall not apply to Exchangeco, Tyco shall cause Exchangeco to comply with the requirements of the Legislation to issue a press release and file a report with the Decision Makers upon the occurrence of a material change in the affairs of Exchangeco that is not a material change in the affairs of Tyco;

(e) Tyco shall cause Exchangeco to include in all future mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise insert explaining the reason for the mailed material being solely in relation to Tyco and not to Exchangeco, such insert to include a reference to the economic equivalency between an Exchangeable Share and 0.6907 of a Tyco Common Share and the right to direct voting at Tyco's stockholders' meetings pursuant to the Voting and Exchange Trust Agreement, as supplemented and amended;

(f) Tyco remains the direct or indirect beneficial owner of all of the issued and outstanding common shares of Exchangeco; and

(g) Exchangeco and Newco have not issued securities to the public other than the Exchangeable Shares.

D. The Insider Reporting Requirements shall not apply to any insider of Exchangeco, provided that the conditions in Section C of this Decision are complied with.

THE FURTHER DECISION of the Decision Makers is that, as of the Closing Date, section C and section D of the November Decision Document are revoked.

May 31, 2001.

"Robert W. Korthals" " R. Stephen Paddon"

2.1.5 RBC Dominion Securities Inc. & Royal Bank of Canada - MRRS Decision

Headnote

MRRS - relief from independent underwriter requirements of securities legislation in connection with an offering by a related issuer - conditions imposed.

Applicable Ontario Statutory Provisions

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

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., s. 224, 233.

Policies Cited

Proposed Multi-Jurisdictional Instrument - 33-105 - Underwriting Conflicts.

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

AND

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

AND

IN THE MATTER OF
RBC DOMINION SECURITIES INC. AND
ROYAL BANK OF CANADA

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the "Decision Maker") in each of Québec, British Columbia, Newfoundland and Ontario (the "Jurisdictions") has received an application from RBC Dominion Securities Inc. ("RBC DS" or the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirement (the "Independent Underwriter Requirement") contained in the Legislation which restricts a registrant from acting as an underwriter in connexion with a distribution of securities by an issuer made by means of a prospectus, where the issuer is a related issuer (or the equivalent) of the registrant unless a portion of the distribution at least equal to that portion underwritten by non-independent underwriters is underwritten by an independent underwriter shall notre apply to the Filer or to certain other underwriters in connexion with the filing of a short form base shelf prospectus (the "Prospectus") providing for the distributions, from time to time thereunder, (the "Offerings") of an aggregate amount of up $3,000,000,000 subordinated indebtedness in the form of medium term notes (the "Offered Securities") of Royal Bank of Canada (the "Bank");

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Commission des Valeurs Mobilières du Québec is the principal regulator for this application;

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

1. The Bank is a chartered bank subject to the provisions of the *Bank Act* (Canada).

2. The Bank is a reporting issuer under the Legislation and is not in default of any requirement of the Legislation.

3. The Prospectus qualifies under National Instrument No. 44-102 ("NI 44-102") the distribution of debt securities consisting of medium term notes of the Bank (the "Medium Term Notes"). The Prospectus provides that the Medium Term Notes may be offered from time to time (the "Offerings") in one or more series, in an aggregate principal amount of up to $3,000,000,000 (the "Shelf Amount") during the period that the receipt for the Prospectus, including any amendments thereto, is valid.

4. The Prospectus provides that the Bank may sell the Medium Term Notes to or through underwriters or dealers, and also may sell the Medium Term Notes to one or more other purchasers, directly or through agents.

5. The Bank also proposes to file in all of the provinces and territories of Canada (the "Jurisdictions") in accordance with the procedures set out in NI 44-102 from time to time thereafter, pricing supplements (the "Pricing Supplements") relating to the Medium Term Note program (the "MTN Program").

6. The Bank will enter into an agency agreement in connection with the MTN Program to, among other things, appoint RBC DS and certain other registrants, and such other registrant or registrants as the Bank may from time to time appoint, as its non-exclusive agents to from time to time solicit offers to purchase Medium Term Notes of the Bank.

7. The Pricing Supplement shall include the following information :

   (a) each Pricing Supplement will contain the information specified in Appendix C of Proposed Instrument 33-105 on the basis that the Bank is a related issuer or equivalent of the Filer as such terms are defined in draft Multi-Jurisdictional Instrument 33-105 *Underwriting Conflict* (the «Proposed Instrument 33-105»);

   (b) each Pricing Supplement will identify each underwriter which is an Independent Underwriter, as defined in Proposed Instrument 33-105, and disclose the role of the Independent Underwriter in the structuring and pricing of the distribution and in the due diligence activities performed by the underwriters for the distribution;

8. At least one independent underwriter (an «Independent Underwriter»), as defined in Proposed Instrument 33-105, will subscribe to at least 20 % of the Offering.

9. Any underwriter or agent, as the case may be, in respect of an Offering shall be identified in the respective Pricing Supplement, and shall in all cases include RBC DS and such other registrants as the Bank may from time to time determine in accordance with applicable laws.

10. The Bank is a related issuer or equivalent of RBC DS as such terms are defined in Proposed Instrument 33-105. RBC-DS is a wholly-owned subsidiary of the Bank.

11. RBC DS proposes to comply, in connection with the Offerings, with the respective provisions of Proposed Instrument 33-105 and NI 44-102 of the Canadian Securities Administrators.

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 Maker, pursuant to the Legislation, is that the Independent Underwriter Requirement shall not apply to RBC DS in respect of the Offering of the Offered Securities provided that:

1. the Independent Underwriter participate in each Offering as stated in paragraph 8 above;

2. the Bank shall disclose in each Pricing Supplement the information required by Appendix C of the Proposed Instrument 33-105;

3. each Pricing Supplement contains the disclosure stated in paragraph 7 above;

4. each Pricing Supplement will describe the role played by Independent Underwriters in the structuring and pricing of the Offering and in the due diligence process.

June 12, 2001.

"M[e] Jean Lorrain"

2.1.6 Merrill Lynch HSBC Canada Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Pursuant to section 144 of the Act, variation of an order providing, subject to terms and conditions, relief from the Suitability Requirements, as reflected in paragraph 1.5(1)(b) of OSC Rule 31-505, to extend the time period for Client Acknowledgements.

Pursuant to section 144 of the Act, variation of a decision made pursuant to s.21.1(4) of the Act, that, subject to terms and conditions that the IDA Suitability Requirements do not apply to the Filer, to extend the time period for Client Acknowledgements.

Applicable Ontario Statute

Securities Act R.S.O. 1990, c.S.5, as amended, s.21.1(4), s.144.

Rules Cited

Ontario Securities Commission Rule 31-505 "Conditions of Registration" (1999) 22 O.S.C.B. 731.

IDA Regulations Cited

IDA Regulation 1300.1(b), 1800.5(b), 1900.4.

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

AND

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

AND

IN THE MATTER OF
MERRILL LYNCH HSBC CANADA INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Newfoundland, Nova Scotia and Ontario (collectively, the "Jurisdictions") has received an application from Merrill Lynch HSBC Canada Inc. (the "Filer"), formerly known as HSBC InvestDirect (Canada) Inc., to vary the MRRS Decision Document dated November 10, 2000 IN THE MATTER OF HSBC INVESTDIRECT (CANADA) INC., which provided, subject to terms and conditions, relief from suitability obligations under the securities legislation of the Jurisdictions and decided, subject to terms and conditions and other than under the securities legislation of Newfoundland and Nova Scotia, that suitability requirements of the Investment Dealers Association of Canada do not apply to the Filer (the "Suitability Relief Order");

AND WHEREAS the terms "Suitability Requirements", "IDA Suitability Requirements", "Registered Representatives" and "Client Acknowledgement" shall each have the respective meaning ascribed thereto under the Suitability Relief Order;

AND WHEREAS the Filer wishes to vary the Suitability Relief Order to extend the specified time within which the Filer must continue to comply with Suitability Requirements and IDA Suitability Requirements for existing client accounts for which no Client Acknowledgement is received from eight months after the date of the Suitability Relief Order to December 31, 2001 and to extend the specified time after which restrictions are placed on existing clients accounts for which no Client Acknowledgement is received from eight months after the date of the Suitability Relief Order to December 31, 2001;

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

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

1. the Filer changed its name from HSBC InvestDirect (Canada) Inc. to Merrill Lynch HSBC Canada Inc. on November 30, 2000 and is a corporation incorporated under the *Business Corporations Act* (Ontario) and is registered under the Legislation as an investment dealer or equivalent and is a member of the IDA;

2. the Filer seeks to vary the Suitability Relief Order in order to have additional time to obtain Client Acknowledgements;

3. the Filer and its Registered Representatives will continue to comply with the Suitability Requirements and IDA Suitability Requirements for client accounts for which no Client Acknowledgement is received until December 31, 2001;

4. after December 31, 2001, the Filer will not permit a transaction in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account;

5. except as noted above, the Filer confirms the representations to the Decision Makers in the Suitability Relief Order; and

6. subject to this variation order being granted, the Filer will inform all clients who have not yet provided a Client Acknowledgement that the specified time within which the Filer must continue to comply with Suitability Requirements and IDA Suitability Requirements has been extended to December 31, 2001 and the specified time after which restrictions are placed on existing client accounts for which no Client Acknowledgement is received has been extended to December 31, 2001;

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

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

THE DECISION of the Decision Makers under the Legislation is that the Suitability Relief Order is amended by replacing term and conditions 5 and 6 of the Suitability Relief Order in respect of the Suitability Requirements with the following:

5. the Filer and its Registered Representatives continue to comply, until December 31, 2001, with their Suitability Requirements and IDA Suitability Requirements for client accounts for which no Client Acknowledgement is received; and

6. commencing December 31, 2001, the Filer will not permit transactions in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account.

July 6, 2001.

"William Gazzard"

THE DECISION of the Decision Makers, other than Nova Scotia and Newfoundland, is that the Suitability Relief Order is amended by replacing term and conditions 5 and 6 of the Suitability Relief Order in respect of IDA Suitability Requirements with the following:

5. the Filer and its Registered Representatives continue to comply, until December 31, 2001, with their Suitability Requirements and IDA Suitability Requirements for client accounts for which no Client Acknowledgement is received; and

6. commencing December 31, 2001, the Filer will not permit transactions in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account.

July 6, 2001.

"Paul M. Moore" "R. Stephen Paddon"

2.1.7 National Bank Discount Brokerage Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from the Suitability Requirements as reflected in paragraph 1.5(1)(b) of OSC Rule 31-505, pursuant to section 4.1 of OSC Rule 31-505, subject to the terms and conditions set out in the Decision Document for a division of the Filer, Express Brokerage.

Decision pursuant to s.21.1(4) of the Act, that the IDA Suitability Requirements do not apply to the division of the filer, subject to the terms and conditions set out in the Decision Document.

Applicable Ontario Statute

Securities Act R.S.O. 1990, c.S.5, as amended, s.21.1(4).

Rules Cited

Ontario Securities Commission Rule 31-505 "Conditions of Registration" (1999) 22 O.S.C.B. 731.

IDA Regulations Cited

IDA Regulation 1300.1(b), 1800.5(b), 1900.4.

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

AND

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

AND

IN THE MATTER OF
NATIONAL BANK DISCOUNT BROKERAGE INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Nova Scotia and Ontario (collectively, the "Jurisdictions") has received an application from National Bank Discount Brokerage Inc. (the "Filer") regarding the operation of the separate division, Express Brokerage (the "Division"), for:

1. a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements of the Legislation requiring the Division and its registered salespersons, partners, officers and directors ("Registered Representatives") to make inquiries of each client of the Division as are appropriate, in view of the nature of the client's investments and of the type of transaction being effected for the client's account, to

determine (a) the general investment needs and objectives of the client and (b) the suitability of a proposed purchase or sale of a security for the client (such requirements, the "Suitability Requirements") do not apply to the Division and its Registered Representatives; and

2. a decision under the Legislation, other than the securities legislation of Nova Scotia, that the requirements of the Investment Dealers Association of Canada (the "IDA"), in particular IDA Regulation 1300.1(b), 1800.5(b) and 1900.4, requiring the Division and its Registered Representatives to make inquiries of each client of the Division as are appropriate, in view of the nature of the client's investments and of the type of transaction being effected for the client's account, to determine (a) the general investment needs and objectives of the client and (b) the suitability of a proposed purchase or sale of a security for the client (such requirements, the "IDA Suitability Requirements") do not apply to the Division and its Registered Representatives;

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

AND WHEREAS the Filer and the Division have represented to the Decision Makers that:

1. the Filer is a corporation incorporated under the *Companies Act* (Quebec) and is a wholly-owned subsidiary of National Bank of Canada;

2. the Division is a distinct internal operating division of the Filer which as of the date of this Decision Document does not have any client accounts in the Jurisdictions;

3. the head office and call centre of the Filer and the Division is located in Montreal, Quebec and the Division has Registered Representatives registered in each of the Jurisdictions;

4. the Filer is registered under the Legislation as an investment dealer or equivalent and is a member of the IDA;

5. Express Brokerage is a trade name of the Filer registered with each of the Jurisdictions;

6. the Division operates independently using its own letterhead, accounts, Registered Representatives and account documentation;

7. the Division and its Registered Representatives do not and will not provide advice or recommendations regarding the purchase or sale of any security and the Filer and the Division have adopted policies and procedures to ensure the Division and the Division's Registered Representatives do not and will not provide advice or recommendations regarding the purchase or sale of any security;

8. when the Division provides trade execution services to clients it would, in the absence of this Decision, be required to comply with the Suitability Requirements and IDA Suitability Requirements;

9. clients who request the Division or its Registered Representatives to provide advice or recommendations or advice as to suitability will be referred to another division of the Filer or another dealer;

10. the Division does not and will not compensate its Registered Representatives on the basis of transactional values;

11. all prospective clients of the Division will be advised and required to acknowledge that:

    (a) no advice or recommendations will be provided by the Division or its Registered Representatives regarding the purchase or sale of any security, and

    (b) the Division and its Registered Representatives will not determine the general investment needs and objectives of the client or the suitability of a proposed purchase or sale of a security for the client, (both (a) and (b) shall constitute the "Prospective Client Acknowledgement"),

    prior to the Division opening an account for such prospective client;

12. the Prospective Client Acknowledgement will provide the client with sufficient detail and will explain to each client the significance of not receiving either investment advice or a recommendation from the Division, including the significance of the Division not assessing the general investment needs and objectives of the client, or the suitability of a proposed purchase or sale of a security for the client;

13. the Filer and the Division have adopted policies and procedures to ensure:

    (a) that evidence of all Prospective Client Acknowledgements is established and retained pursuant to the record keeping requirements of the Legislation and the IDA, and

    (b) all client accounts of the Filer are appropriately designated as being a client account to which a Prospective Client Acknowledgement has been received; and

14. the Filer has adopted policies and procedures to ensure that:

    (a) the Division operates separately from any other division of the Filer using its own letterhead, accounts, account documentation and Registered Representatives,

    (b) Registered Representatives of the Division are clearly employed by the Division and will not

handle the business or clients of any other division of the Filer, and

(c) a list of Registered Representatives of the Division is maintained at all times;

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

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

THE DECISION of the Decision Makers under the Legislation is that the Suitability Requirements contained in the Legislation shall not apply to the Division and its Registered Representatives so long as:

1. the Division and its Registered Representatives do not provide any advice or recommendations regarding the purchase or sale of any security;
2. clients who request the Division or its Registered Representatives to provide advice or recommendations or advice as to suitability are referred to another division of the Filer or another dealer;
3. the Division operates independently using its own letterhead, accounts, Registered Representatives and account documentation;
4. the Division does not compensate its Registered Representatives on the basis of transactional values;
5. each prospective client of the Division is advised of the Decision of the Decision Makers and required to make a Prospective Client Acknowledgement prior to the Division or its Registered Representatives servicing such prospective client;
6. evidence of all Prospective Client Acknowledgements is established and retained pursuant to the record keeping requirements of the Legislation and the IDA;
7. the Filer accurately identifies and distinguishes client accounts for which a Prospective Client Acknowledgement has been provided;
8. the Filer has in force policies and procedures to ensure that:
   (a) the Division operates separately from any other division of the Filer using its own letterhead, accounts, Registered Representatives and account documentation,
   (b) Registered Representatives of the Division are clearly employed by the Division and do not handle the business or clients of any other division of the Filer, and
   (c) a list of Registered Representatives of the Division is maintained at all times; and
9. if an IDA rule addressing the IDA Suitability Requirements comes into effect, the Decision with respect to the Suitability Requirements will terminate one year following the date such rule comes into force, unless the Decision Maker determines otherwise.

July 5, 2001.

"William Gazzard"

THE DECISION of the Decisions Makers, other than Nova Scotia, is that the IDA Suitability Requirements do not apply to the Division and its Registered Representatives so long as:

1. the Division and its Registered Representatives do not provide any advice or recommendations regarding the purchase or sale of any security;
2. clients who request the Division or its Registered Representatives to provide advice or recommendations or advice as to suitability are referred to another division of the Filer or another dealer;
3. the Division operates independently using its own letterhead, accounts, Registered Representatives and account documentation;
4. the Division does not compensate its Registered Representatives on the basis of transactional values;
5. each prospective client of the Division is advised of the Decision of the Decision Makers and required to make a Prospective Client Acknowledgement prior to the Division or its Registered Representatives servicing such prospective client;
6. evidence of all Prospective Client Acknowledgements is established and retained pursuant to the record keeping requirements of the Legislation and the IDA;
7. the Filer accurately identifies and distinguishes client accounts for which a Prospective Client Acknowledgement has been provided;
8. the Filer has in force policies and procedures to ensure that:
   (a) the Division operates separately from any other division of the Filer using its own letterhead, accounts, Registered Representatives and account documentation,
   (b) Registered Representatives of the Division are clearly employed by the Division and do not handle the business or clients of any other division of the Filer, and
   (c) a list of Registered Representatives of the Division is maintained at all times; and
9. if an IDA rule addressing the IDA Suitability Requirements comes into effect, the Decision with respect to the IDA Suitability Requirements will

terminate one year following the date such rule comes into force, unless the Decision Maker determines otherwise.

July 5, 2001"

"Paul M. Moore" "J. A. Geller"

2.1.8 RBC Private Counsel Inc. et al. - MRRS Decision

Headnote

MRRS Decision - U.S. registered investment adviser exempted from the adviser registration requirements of the Act with respect to advice given to persons or companies who are resident in the U.S., where the advice is given through individuals that are also otherwise registered to act as advisers or exempt from the adviser registration requirement, in order to advise on behalf of an Ontario registered affiliate.

Applicable Ontario Statute

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1)(c), 74(1), 144.

Applicable Ontario Regulation

R.R.O 1990, Reg. 1015, as am., s. 148.

Applicable Ontario Decisions

In the Matter of RT Capital Management Inc. and RT Investment Management (USA) Inc., (1998) 21 OSCB 5255.

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

AND

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

AND

IN THE MATTER OF
RBC PRIVATE COUNSEL (USA) INC., RBC PRIVATE COUNSEL INC.,
RBC DOMINION SECURITIES INC. AND
RBC GLOBAL INVESTMENT MANAGEMENT INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (the "Jurisdictions") has received an application (the "Application") from RBC Private Counsel (USA) Inc. ("RBC USA") and RBC Private Counsel Inc. ("RBC-PC"), for a decision, under the securities legislation (the "Legislation") of each of the Jurisdictions, that RBC USA, and certain individuals (the "RBC USA Advisers"), who act as advisers on behalf of RBC USA and, at the relevant times, are registered to act as advisers on behalf of RBC-PC or RBC Global Investment Management Inc. ("RBC Global") or authorized to

act as an adviser on behalf of RBC Dominion Securities Inc. ("RBC Dominion") pursuant to an exemption from the Adviser Registration Requirement (as defined below) available to RBC Dominion (RBC-PC, RBC Global and RBC Dominion being referred to collectively as the "Domestic Registrants"), shall not be subject to the requirement (the "Adviser Registration Requirement") contained in the Legislation that prohibits a person or company from acting as an adviser unless the person or company is registered in an appropriate category of registration under the Legislation;

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

AND WHEREAS RBC USA and RBC-PC have represented to the Decision Makers that:

1. RBC USA is a corporation incorporated under the laws of Canada. RBC USA is a wholly owned subsidiary of RT Investment Management Holdings Inc. ("RTIM") and is an indirect wholly-owned subsidiary of Royal Bank of Canada (the "Bank"). The head office of RBC USA is in Toronto, Ontario.

2. RBC USA was established as a vehicle to provide advice with respect to securities to persons or companies (the "U.S. Clients") that are at the relevant time resident in the United States of America. RBC USA is not a registrant under the Legislation of any of the Jurisdictions.

3. RBC USA is registered as an investment adviser under section 203 of the *United States Investment Advisers Act of 1940* to carry on the business of an adviser.

4. RBC-PC was formed under the laws of Canada, by the amalgamation, effective November 1, 2000, of RT Investment Counsel Inc. and RBC Private Counsel Inc. (formerly Connor Clark & Company Ltd.). RBC-PC is the surviving entity of the amalgamation. RBC-PC is also a wholly-owned subsidiary of RTIM and is indirectly a wholly-owned subsidiary of the Bank. The head office of RBC-PC is located in Toronto, Ontario.

5. RBC-PC is registered under the Legislation of each Jurisdiction as an adviser in the categories of "investment counsel" and "portfolio manager" (or the equivalent).

6. RBC Dominion is registered under the Legislation of each Jurisdiction as a dealer in the category of "investment dealer", or the equivalent, and is authorized to act as an adviser pursuant to an exemption from the adviser registration requirement made available under the Legislation of each Jurisdiction to dealers who are members of the Investment Dealers Association of Canada (the "IDA").

7. RBC Global is registered as an adviser under the Legislation of each Jurisdiction in the categories of "investment counsel" and "portfolio manager" (or the equivalent).

8. None of the RBC USA Advisers will act on behalf of RBC USA for a U.S. Client in a Jurisdiction unless the RBC USA Adviser is, at the relevant time, also:

   i) an officer of RBC-PC and registered under the Legislation to act as an adviser on behalf of RBC-PC, which is, in turn, registered to act as an adviser under the Legislation;

   ii) an officer of RBC Global and registered under the Legislation to act as an adviser on behalf of RBC Global, which is, in turn, registered to act as an adviser under the Legislation; or

   iii) a director, officer or employee of RBC Dominion authorized to act as an adviser on behalf of RBC Dominion pursuant to an exemption from the Adviser Registration Requirement in the Legislation available to RBC Dominion as a dealer that is a member of the IDA.

9. RBC USA Advisers will act on behalf of RBC USA as advisers to the U.S. Clients out of the offices of the corresponding Domestic Registrant referred to in paragraph 8 above.

10. RBC USA and the RBC USA Advisers will comply with all registration and other requirements of applicable United States securities laws in respect of advising U.S. Clients. RBC USA will not act as an adviser to any person or company that is then a resident in Canada.

11. U.S. Clients of RBC USA may include clients of a Domestic Registrant, who were, but are no longer, residents of Canada. U.S. Clients may also include persons or companies who are neither former Canadian residents nor former clients of RBC USA or any of the Domestic Registrants.

12. Initially, each potential U.S. Client of RBC USA will be identified from a review of records of the Domestic Registrants and will be asked to enter into a new advisory agreement with RBC USA, at which time written disclosure will be provided to the U.S. Client that the U.S. Client is no longer under the responsibility of the Domestic Registrant. U.S. Clients will also receive a retail client brochure and such other documents as mandated under applicable United States securities laws. RBC USA Advisers will have business cards and letterhead which will identify them to the U.S. Clients as working on behalf of RBC USA, and all communication by RBC USA Advisers with U.S. Clients, on behalf of RBC USA, will be through RBC USA.

13. U.S. Clients will be advised at the time they enter into an advisory agreement with RBC USA (and periodically thereafter) that, if they return to Canada, their accounts must either be transferred to RBC-PC or to another person or company authorized to carry on the business of an adviser in the relevant province or territory.

14. RBC USA (under its former name "RT Investment Management (USA) Inc.") obtained a ruling (the "Prior Ontario Decision") from the OSC under the *Securities Act* (Ontario) (the "Ontario Act"), *In the Matter of RT*

Capital Management Inc. and RT Investment Management (USA) Inc., dated August 11, 1998, pursuant to subsection 74(1) of the Ontario Act, exempting it, and persons who are employed as advisers by it and RT Capital Management Inc., or its affiliates, from the Adviser Registration Requirement contained in clause 25(1)(c) of the Ontario Act in respect of acting as an adviser to U.S. Clients.

15. Ontario was the only Jurisdiction in respect of which RBC USA obtained discretionary relief of the type referred to in paragraph 14.

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

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

THE DECISION of the Decision Makers under the Legislation is that the Adviser Registration Requirement shall not apply to RBC USA, or to the RBC USA Advisers acting on its behalf, in acting as an adviser to U.S. Clients, as described above, provided that:

(a) in acting as an adviser to the U.S. Clients, RBC USA, and the RBC USA Advisers acting on its behalf, comply with all applicable registration and other requirements of United States securities legislation; and

(b) in acting as an adviser to the U.S. Clients, RBC USA acts only through RBC USA Advisers.

AND UPON RBC USA having included through the Application a request that the Prior Ontario Decision be revoked and replaced by the above Decision:

IT IS ALSO ORDERED by the OSC, pursuant to section 144 of the Ontario Act, that the Prior Ontario Decision be revoked.

July 11, 2001.

'Paul M. Moore" "J. A. Geller"

2.1.9 GDF Global Diversified Fund Inc. & GDF Fund Management Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief granted from certain of the self dealing requirements of the Act to permit a mutual fund structure where investors may purchase mutual fund shares by tendering securities of selected blue chip Canadian and US issuers including securities issued by the Canadian chartered banks which are substantial securityholders of the distributors of the mutual fund shares.

Applicable British Columbia Provisions

Statutes Cited:

Securities Act, R.S.B.C. 1996, c. 418, ss. 121(2)(a), 126(a), 126(c) and 130

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
GDF GLOBAL DIVERSIFIED FUND INC. AND
GDF FUND MANAGEMENT INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the Jurisdictions) has received an application from GDF Global Diversified Fund Inc. (GDF Company) and GDF Fund Management Inc. (GDF Management and together with GDF Company, the Applicants) for a decision under the securities legislation of the Jurisdictions (the Legislation) that:

1. The prohibition (the Mutual Fund Investment Prohibition) contained in the Legislation against a mutual fund knowingly making or holding an investment to or in any person or company who is a substantial security holder of the mutual fund, its mutual fund manager or its mutual fund distributor; and

2. The requirement (the Related Person Reporting Requirement) contained in the Legislation for a mutual fund manager to file a report in the required form upon a purchase or sale of a security;

(a) between the mutual fund and any related person; or

(b) effected by the mutual fund through any related person where such person receives a fee from the mutual fund or the other person to the transaction or from both, shall not apply to certain acquisitions by GDF Company of securities of the Bank of Montreal and other Canadian chartered banks (together with Bank of Montreal, the Chartered Banks) or sale of such securities by GDF Company effected through the mutual fund distributors that are subsidiaries of the Chartered Banks;

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

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

1. GDF Company is a mutual fund corporation incorporated under the laws of British Columbia with its head office in Vancouver, British Columbia;

2. The capital structure of GDF Company consists of common shares (Common Shares), preferred shares (Preferred Shares) issuable in series and mutual find shares (Mutual Fund Shares);

3. GDF Fund Holdings Inc. ("GDF Holdings") is the sole holder of the Common Shares; each Common Share entitles the holder to one vote;

4. BMO Nesbitt Burns Inc. ("BMO Nesbitt Burns") owns 50% of the outstanding shares of GDF Holdings, is a promoter of GDF Company, is an authorized distributor of the Mutual Fund Shares and provides certain administrative services to GDF Company;

5. The Mutual Fund Shares are referable to a specific portfolio of assets to be held by GDF Company on behalf of the holders of Mutual Fund Shares; the Mutual Fund Shares and the portfolio of assets to which the Mutual Fund Shares are referable are described herein as the Fund ; the Fund is a mutual fund within the meaning under the Legislation and National Instrument 81-102("81-102");

6. Each Mutual Fund Share will represent the holder's proportionate interest in a diversified portfolio of Canadian, U.S. and international equity securities to be held by GDF Company on behalf of the holders of Mutual Fund Shares and will entitle the holder to receive on demand an amount equal to the holder's proportionate interest in the net assets held by GDF Company on behalf of the holders of Mutual Fund Shares;

7. The Mutual Fund Shares will be offered to the public on a continuous basis under a simplified prospectus and annual information form to be filed in each of the Jurisdictions and the other provinces and territories of Canada; upon obtaining a receipt for the simplified prospectus and annual information form, GDF Company will become a reporting issuer or the equivalent in each Jurisdiction and the other provinces and territories of Canada;

8. The fundamental investment objective of the Fund is to maximize return in a manner consistent with the preservation of capital through prudent diversification by investing primarily in Canadian, U.S. and international equity and equity-related securities over a broad range of industry sectors; certain aspects of the structure of GDF Company and the Fund have been designed specifically to facilitate the purchase of Mutual Fund Shares through an exchange of Subscription Shares (defined below) on a tax-deferred basis;

9. The authorized distributors of the Mutual Fund Shares will include BMO Nesbitt Burns and other registered dealers that are subsidiaries of the Chartered Banks (the "Bank-Owned Distributors");

10. Payment of the purchase price for the Mutual Fund Shares may be made in cash or through a tax-deferred exchange (an Exchange) of shares (Subscription Shares) of certain selected Canadian and U.S. public companies ("Selected Companies") identified by the Board of Directors of GDF Company from time to time; the Subscription Shares and Selected Companies will be identified in the simplified prospectus of the Fund or otherwise communicated to authorized distributors of the Mutual Fund Shares; it is intended that the initial list of Subscription Shares and Selected Companies will include securities of the Chartered Banks, including the Bank of Montreal;

11. Purchasers who pay the purchase price for Mutual Fund Shares through an Exchange rather than in cash will receive a number of Mutual Fund Shares determined by reference to the market price of the Subscription Shares on the date of the Exchange;

12. GDF Capital has agreed to subscribe for all of the Preferred Shares to be issued by GDF Company; the issued and outstanding securities of GDF Capital are owned indirectly by BMO Nesbitt Burns as to 47% and PSK Financial Services Inc. as to 26 2/3% as well as directly by Robert Kopstein as to 33 1/3%;

13. A separate series of Preferred Shares will be issued for each type of Subscription Share acquired by GDF Company in exchange for its Mutual Fund Shares; the Preferred Shares will be retractable at the option of the holder for consideration either in the form of the underlying Subscription Shares (or property substituted therefor) or the proceeds of disposition of the Subscription Shares; the Preferred Shares will also entitle GDF Capital to receive a dividend equal to dividends received on the Subscription Shares; the retraction feature supports the value of the Preferred Shares and will enable GDF Capital, through a financing transaction external to the Fund, to raise the necessary funds to pay for the Preferred Shares;

14. The cash purchase price for the Preferred Shares will be equivalent to the trading value of the underlying Subscription Shares at the time of issuance of the Preferred Shares; the proceeds from the cash subscriptions for Mutual Fund Shares and the sale of the Preferred Shares to GDF Capital will be used to acquire the Fund's investment portfolio;

15. The Preferred Shares will be issued over a period of approximately two weeks after the date of purchase of the Mutual Fund Shares; until the Preferred Shares have been issued and the cash invested in the diversified portfolio, the portfolio of the Fund will include Subscription Shares exchanged for Mutual Fund Shares; thereafter, the portfolio of the Fund will consist of a diversified portfolio of equity securities acquired from the proceeds of issuance of the Preferred Shares and cash subscriptions, and the Subscription Shares will be held by GDF Company separately from the Fund and for the benefit of the holders of Preferred Shares;

16. Each of the Chartered Banks is a substantial security holder, as such term is defined in the Legislation, of each of the relevant Bank-Owned Distributors;

17. The Bank of Montreal is also a "substantial security holder", as such term is defined in the Legislation, of GDF Company because the Bank of Montreal indirectly owns 50% of the issued voting securities of GDF Company;

18. In the absence of this decision, due to the Mutual Fund Investment Prohibition, GDF Company is prohibited from investing in Subscription Shares that may include securities issued by the Bank of Montreal and other Chartered Banks which are substantial security holders of the Bank-Owned Distributors of the Mutual Fund Shares;

19. In the absence of this decision, due to the Related Person Reporting Requirement, GDF Management would be required to file a report in the required form in respect of any purchase or sale of securities of the Chartered Banks:

    (a) between GDF Company and the Bank-Owned Distributors of the Mutual Fund Shares; and

    (b) effected by GDF Company through the Bank-Owned distributors of the Mutual Fund Shares;

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-Makers with the jurisdiction to make the decision has been met;

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

1. The Mutual Fund Investment Prohibition shall not apply to GDF Company in respect of the acquisition by GDF Company of securities of the Chartered Banks that are Subscription Shares as payment for the Mutual Fund Shares, provided that none of these securities are held by the Fund for more than 30 days from the date of their acquisition; and

2. The Related Person Reporting Requirement shall not apply to GDF Management in connection with:

    (a) purchases through the Bank-Owned Distributors by GDF Company of securities of the Chartered Banks in the circumstances described in paragraph 1 above; and

    (b) sales through the Bank-Owned Distributors of the securities of the Chartered Banks previously acquired in the circumstances described in paragraph 1 above.

DATED at British Columbia, Vancouver this 13th day of July 2001.

"Joyce C. Maykut"

2.1.10 Penson Securities Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - section 4.1 of OSC Rule 31-505 – relief for day-trading activities from the Suitability Requirements, as reflected in paragraph 1.5(1)(b) of OSC Rule 31-505, subject to certain terms and conditions.

Subsection 21.1(4) of the Act – decision exempting the Filer from the IDA Suitability Requirements, subject to certain terms and conditions.

Applicable Statutes

Securities Act R.S.O. 1990, c.S.5, as amended, s. 21.1(4).

Applicable Rules

Ontario Securities Commission Rule 31-505 - Conditions of Registration (1999) 22 O.S.C.B. 731.

IDA Regulations Cited

IDA Regulation 1300.1(a) and (b), 1900.4.

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

AND

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

AND

IN THE MATTER OF
PENSON SECURITIES INC. /
VALEURS MOBILIÈRES PENSON INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator in each of the Provinces of Ontario and British Columbia (collectively the "**Jurisdictions**"), being the Ontario Securities Commission and the British Columbia Securities Commission (collectively the "**Decision Makers**") have received an application from Penson Securities Inc. (the "**Filer**") for a decision under:

(a) the securities legislation of the Jurisdictions (the "**Legislation**") exempting the Filer and its registered salespersons, officers and directors (collectively the "**Registered Representatives**") from the requirements of the Legislation to make inquiries of each client of the Filer as are appropriate, in view of the nature of the client's investments and of the type of transaction being effected for the client's account, to determine the suitability of a proposed purchase or sale of a security for the client on an order-by-order basis (such requirements being collectively referred as the "**Suitability Requirements**"); and

(b) a decision under the Legislation, exempting the Filer and its Registered Representatives from the requirements of the Investments Dealers Association of Canada (the "**IDA**"), in particular IDA Regulations 1300.1(a) and (b) and 1900.4, all on an order-by-order basis, requiring the Filer and its Registered Representatives to make inquiries of each client of the Filer as are appropriate, in view of the nature of the client's investments and of the type of transaction being effected for the client's account, to determine the suitability of a proposed purchase or sale of a security for the client (such requirements being collectively referred to the "**IDA Suitability Requirements**");

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

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

1. the Filer is a corporation incorporated under the *Canada Business Corporations Act;*

2. the Filer is registered as a dealer with unrestricted practice (discount broker) in the Province of Quebec and as an investment dealer in the Provinces of Ontario, Manitoba and British Columbia;

3. the Filer is and has been a member of the IDA since April 12, 2001;

4. the Filer intends to provide electronic day trading execution services to its clients;

5. when the Filer provides such services to clients it would, in the absence of a Decision by the Decision Makers, be required to comply with the Suitability Requirements and IDA Suitability Requirements;

6. prospective customers will be required to complete a one week theory course, followed by a three-hour exam on which a grade of 70% is required to proceed to a five week practical course, to be followed by a further exam which requires a grade of 70% to pass and that only by passing both courses will customers be permitted to use the Filer's trading facilities;

7. approved customers will be required to provide a minimum initial deposit of U.S. $25,000 to open an account and a customer will not be permitted to trade if his or her account is below U.S. $15,000;

8. customers will be required to sign a Customer Acknowledgement Form and Day Trading Risk Disclosure Statement under which each Customer will acknowledge that day trading is speculative and that it is possible to lose all, part of or more than one's investment;

9. the trading software that will be used by customers does not permit over-margined trades; and

10. the Filer will not advise its clients with respect to specific investments.

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

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

THE DECISION of the Decision Makers under the Legislation is that the Suitability Requirements contained in the Legislation shall not apply to the Filer and its Registered Representatives on an order-by-order basis provided that:

1. the Filer exercises diligence in ascertaining the financial circumstances (including investment experience and investment objectives) of a prospective customer in order to determine whether a day trading strategy is suitable for the customer;

2. the Filer exercises diligence in ascertaining whether the financial circumstances of a customer have changed such that continuing to pursue a day trading strategy is no longer suitable for the customer;

3. the Filer exercises diligence to ensure that each customer understands the operation of the Filer's order execution systems and procedures;

4. the Filer exercises diligence to ensure that each customer understands the risk associated with day trading by (i) providing each customer with a separate disclosure statement indicating the risks of day trading, and (ii) providing each customer with training to ensure that each customer understands the fundamentals of day trading; and

5. if an IDA rule addressing either the IDA Suitability Requirements or specific requirements for firms promoting a day trading strategy comes into effect, the Decision with respect to the Suitability Requirements will terminate one year following the date such rule comes into force, unless the Decision Makers determine otherwise.

June 29, 2001.

"Randee Pavalow"

THE DECISION of the Decision Makers is that the IDA Suitability Requirements do not apply to the Filer and its Registered Representative on an order-by-order basis provided that:

1. the Filer exercises diligence in ascertaining the financial circumstances (including investment experience and investment objectives) of a prospective customer in order to determine whether a day trading strategy is suitable for the customer;

2. the Filer exercises diligence in ascertaining whether the financial circumstances of a customer have changed such that continuing to pursue a day trading strategy is no longer suitable for the customer;

3. the Filer exercises diligence to ensure that each customer understands the operation of the Filer's order execution systems and procedures;

4. the Filer exercises diligence to ensure that each customer understands the risk associated with day trading by (i) providing each customer with a separate disclosure statement indicating the risks of day trading, and (ii) providing each customer with training to ensure that each customer understands the fundamentals of day trading; and

5. if an IDA rule addressing either the IDA Suitability Requirements or specific requirements for firms promoting a day trading strategy comes into effect, the Decision with respect to the IDA Suitability Requirements will terminate one year following the date such rule comes into force, unless the Decision Makers determine otherwise.

June 29, 2001.

"Paul Moore" "R. Stephen Paddon"

2.1.11 GGOF Alexandria Canadian Balanced Fund et al. - MRRS Decision

Headnote

Relief from the requirements that the mutual funds not knowingly hold an investment on the securities of any person or company who is a substantial security holder of the manager of the funds, subject to a 90 day divestiture requirement.

Statutes Cited

Securities Act, R.S.O. 1990, S5, as amended, ss111(3), 113.

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
GUARDIAN GROUP OF FUNDS LTD.

AND

IN THE MATTER OF
GGOF Alexandria Canadian Balanced Fund
GGOF Alexandria Canadian Growth Fund
GGOF Centurion Canadian Balanced Fund
GGOF Centurion Canadian Value Fund
GGOF Guardian Canadian Equity Fund
GGOF Guardian Canadian Large Cap Fund
GGOF Guardian Canadian Bond Fund
(collectively, the "Funds")

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Bank of Montreal ("BMO"), and from Guardian Group of Funds Ltd. ("GGOF"), GGOF being the manager of each of the Funds, for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation requiring that the Funds not knowingly hold an investment in the securities of any person or company who is a substantial security holder of the manager of the Funds (the "Requirements") shall not apply for a limited period of time in respect of certain investments held by the Funds in securities of BMO.

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 BMO and GGOF have represented to the Decision Makers that:

1. GGOF is a wholly-owned subsidiary of Guardian Capital Group Limited ("Guardian Capital"). Guardian Capital is a diversified financial services company founded in 1962. Guardian Capital is a reporting issuer in British Columbia, Alberta, Manitoba and Ontario. Guardian Capital's shares are listed on the Toronto Stock Exchange (the "TSE") under the stock symbols "GCG" and "GCG.A". The registered office of GGOF is located in Ontario.

2. BMO is a Canadian chartered bank listed in Schedule I to the *Bank Act* (Canada) and carries on a banking business in each province and territory of Canada. BMO is a reporting issuer in each of the provinces and territories of Canada. BMO's shares are listed on the TSE, the New York Stock Exchange and the London Stock Exchange under the symbol "BMO". The voting shares of BMO are widely-held, and to the knowledge of BMO, no shareholder holds in excess of 10% of the issued and outstanding voting shares of BMO.

3. As noted above, GGOF is the manager, and principal distributor of the Funds and of the 24 other mutual fund trusts and corporations which make up the GGOF Group of Funds (collectively, the "GGOF Funds"), and is the trustee of the 29 GGOF Funds that are organized as mutual fund trusts. GGOF employs the services of certain portfolio advisors to assist in the investment management of each of the GGOF Funds. In certain cases, Guardian Capital Inc., a subsidiary of Guardian Capital, and GGOF Investment Management, an investment advisory division of GGOF, act as portfolio advisors to certain of the GGOF Funds. GGOF, as manager of the GGOF Funds, monitors the performance of the portfolio advisers and may, from time to time, terminate a portfolio advisory agreement and select one or more new portfolio advisor(s) for a GGOF Fund.

4. The units and shares of the GGOF Funds are offered by prospectus in each of the provinces and territories of Canada.

5. On May 15, 2001, BMO and Guardian Capital entered into a binding share purchase agreement (the "Purchase Agreement") pursuant to which BMO has agreed to purchase, and Guardian Capital has agreed to sell, all of the issued and outstanding shares of GGOF (the "Transaction"), resulting in a change of control of GGOF.

6. Upon consummation of the Transaction contemplated by the Purchase Agreement, BMO will become a substantial security holder of GGOF under the Legislation.

7. As at May 31, 2001 the Funds held securities of BMO as follows:

(a) GGOF Alexandria Canadian Balanced Fund held 8,310 BMO common shares, representing approximately 1.27% of such Fund's assets;

(b) GGOF Alexandria Canadian Growth Fund held 3,680 BMO common shares, representing approximately 2.92% of such Fund's assets;

(c) GGOF Centurion Canadian Balanced Fund held 50,000 BMO common shares, representing approximately 1.73% of such Fund's assets, and $1,050,000 principal amount of BMO 5.40% June 2, 2003 bonds, representing approximately 0.91% of the Fund's assets;

(d) GGOF Centurion Canadian Value Fund held 4,000 BMO common shares, representing approximately 3.21% of such Fund's assets;

(e) GGOF Guardian Canadian Equity Fund held 157,500 BMO common shares, representing approximately 2.27% of such Fund's assets;

(f) GGOF Guardian Canadian Large Cap Fund held 29,900 BMO common shares, representing approximately 4.25% of such Fund's assets; and

(g) GGOF Guardian Canadian Bond Fund held $50,000 principal amount of BMO 5.40% June 2, 2003 bonds, representing approximately 0.31% of such Fund's assets.

8. As at May 31, 2001, the aggregate of all the Funds' assets invested in common shares of BMO represented approximately 0.05% of all outstanding BMO common shares. As at the same date, the aggregate of all the Funds' assets invested in debt securities of BMO represented approximately 0.02% of all outstanding BMO debt securities.

9. The GGOF Funds have ceased and will not in the future make any investment in securities of BMO (unless the Purchase Agreement is terminated and the Transaction not consummated).

10. At the time the securities of BMO were purchased by the Funds, BMO was not affiliated with the Funds or GGOF, and each investment by the Funds in the BMO securities represented the business judgement of professional portfolio advisors uninfluenced by considerations other than the best interests of the unitholders of the Funds.

11. In the absence of the Decision evidenced by this Decision Document, the Funds would be required to divest of securities of BMO not later than the date of the closing of the Transaction (the "Closing").

12. The holding of investments in securities of BMO by the Funds after the Closing represents the business judgement of professional portfolio advisors uninfluenced by considerations other than the best interests of the unitholders of the Funds.

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

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

THE DECISION of the Decision Makers under the Legislation is that the Requirements shall not apply to the holding of investments in securities of BMO by the Funds provided that the Funds divest all or a portion of their holdings of such securities as quickly as is commercially reasonable, so that no later than 90 days after the date of Closing the Funds do not hold any securities of BMO.

July 13, 2001.

"Paul M. Moore" "R. Stephen Paddon"

2.1.12 Canadian Imperial Bank of Commerce & CIBC Employee Private Equity Fund (Canada) II, L.P. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – trade in units of limited partnership formed by investment dealer to certain qualified employees, officers and directors who meet certain suitability standards not subject to dealer registration and prospectus requirements of the Legislation, subject to certain conditions including the delivery of an offering memorandum.

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF
CANADIAN IMPERIAL BANK OF COMMERCE AND CIBC EMPLOYEE PRIVATE EQUITY FUND (CANADA) II, L.P.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island, Québec and Saskatchewan (the "Jurisdictions") has received an application from Canadian Imperial Bank of Commerce ("CIBC") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file a preliminary prospectus and a prospectus (the "Prospectus Requirement") shall not apply to the proposed offering (the "Offering") of limited partnership interests (the "Interests") by CIBC Employee Private Equity Fund (Canada) II, L.P. (the "Fund"), the general partner (the "General Partner") of which will not be an affiliate of CIBC, to eligible employees of CIBC and its affiliates (the "CIBC Group");

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 CIBC has represented to the Decision Makers that:

1. CIBC is a Canadian chartered bank under Schedule I of the *Bank Act* (Canada).

2. The General Partner will be either a company existing or to be incorporated under the *Companies Act* (Nova Scotia). The shareholders of the General Partner will be three individuals who are not associated with or employed by CIBC Group. The registered office of the General Partner will be in Halifax, Nova Scotia.

3. The General Partner is being organized outside of the CIBC Group in order to deal with certain technical requirements and to mirror the fund structure that the CIBC Group will adopt in the United States.

4. The purpose of the Fund is to permit certain employees of CIBC Group to invest their own funds on a parallel basis with investments made by CIBC Group. Employee co-investment funds of this nature are widespread in the banking and investment banking industries in North America and Europe, and CIBC has determined that it needs to provide comparable arrangements in order to remain competitive in the banking and investment banking business in attracting and retaining key employees.

5. The Fund will be established as a limited partnership under the *Limited Partnerships Act* (Ontario) pursuant to a limited partnership agreement (the "Partnership Agreement"). The Fund will not be and has no present intention of becoming a reporting issuer in any province under the Legislation. The principal place of business of the Fund will be in Toronto, Ontario. The Fund will be authorized to issue Interests, which will be non-redeemable and subject to restrictions on transfer contained in the Partnership Agreement. Interests will represent an equal, undivided interest in the net assets of the Fund.

6. The Fund will be an "in-house" investment vehicle, sponsored and established by CIBC Group. The Fund will invest in three types of investments: (i) investments made by the Trimaran Fund II, L.P. ("Trimaran II") in equity securities and debt or other securities providing an equity-like return of a diverse portfolio of companies across various industries (the "Trimaran Investments"); (ii) investments in private equity funds managed by sponsors not affiliated with CIBC Group ("Fund of Funds Investments"); and (iii) investments in certain types of merchant banking and venture capital investments to be made by CIBC Group on a global basis (the "Merchant Banking Investments", and together with the Trimaran Investments and the Fund of Funds Investments, the "Investments"). It is anticipated that the Fund will invest on a side-by-side basis with CIBC Group in the Investments. Participants will have the ability to allocate their contribution amongst the three categories of Investments by electing an allocation percentage chosen from a number of (probably four to six) available allocation percentages.

7. Employees of CIBC Group (including, specifically, CIBC World Markets Inc.) who are Vice-Presidents, Directors, Senior Vice-Presidents, Executive Vice-Presidents, Senior Executive Vice-Presidents, Executive Directors and Managing Directors, as well as select retail brokers employed by CIBC World Markets Inc. and registered under the appropriate category of registration in the Legislation, (collectively, the "Eligible Employees") will be invited to participate in the Fund, subject to meeting certain internal CIBC Group performance criteria.

8. Participation in the Fund is entirely voluntary and a decision by an Eligible Employee whether or not to invest in the Fund will in no way affect the employment relationship between the Eligible Employee and CIBC Group.

9. It is expected that approximately 480 employees in Canada will be offered the opportunity to participate in the Offering, of which approximately 70% reside in the Province of Ontario and no more than approximately 9% are resident in any other single province.

10. An Eligible Employee who is invited and agrees to participate in the Fund will be subject to certain minimum and maximum participation amounts, subject to the discretion of management of CIBC. Amounts greater than the prescribed maximum amount (as finally determined) must be approved by management of CIBC and may be adjusted to appropriate levels.

11. The Interests will be offered under a confidential offering memorandum which will provide Eligible Employees with statutory and/or contractual rights of rescission or rights to damages (or both).

12. Unless varied, the termination date for the Fund will be 10 years after the closing of the Fund, subject to extension if necessary to satisfy the Fund's obligations with respect to Investments.

13. In the event of an Eligible Employee's termination of employment with CIBC Group, and as may be otherwise permitted by the General Partner, an entity within CIBC Group or other Eligible Employees may purchase or otherwise assume the Interests of an Eligible Employee in accordance with the applicable provisions of the Fund's Partnership Agreement (which will set out at a mechanism for the purchase and sale of Interests).

14. Interests will not be transferable except with the express consent of the General Partner and then only to or amongst permitted transferees as follows (each, a "Permitted Transferee"):

    (i) other Eligible Employees,

    (ii) an entity within CIBC Group,

    (iii) the spouse, child, child's spouse, parents, siblings or grandchild of an Eligible Employee (the "Family Members"); or

    (iv) a trust, partnership, limited liability company or other entity (the "Eligible Employee's Entity") formed for investment by or for the benefit of a Family Member or such Eligible Employee.

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 the Registration and Prospectus Requirements shall not apply to trades in Interests by the Fund to Eligible Employees provided that:

(i) Eligible Employees are not induced to purchase Interests by expectation of employment or continued employment and each Eligible Employee's participation in the Fund is voluntary;

(ii) a copy of the offering memorandum is provided to each Eligible Employee prior to making a decision to invest in the Fund, and is delivered to the Decision Makers in each of the Jurisdictions; and

(iii) the first trade in Interests to a person or entity that is not a Permitted Transferee shall be deemed to be a distribution or a primary distribution to the public.

July 6, 2001.

"Paul M. Moore" "J. A. Geller"

2.1.13 Canadian Natural Resources Limited et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a connected issuer, but not a related issuer, in respect of registrants that are underwriters in proposed distribution of securities 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.S.O. 1990, Reg. 1015, as am., ss. 219(1), 224(1)(b) and 233.

Applicable Ontario Rules

Proposed Multi-Jurisdictional Instrument 33-105 *Underwriting Conflicts* (published for comment February 6, 1998)

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF THE PROVINCES OF ALBERTA,
ONTARIO AND QUEBEC

AND

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

AND

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

AND

IN THE MATTER OF
CANADIAN NATURAL RESOURCES LIMITED

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Alberta, Ontario and Quebec (the "Jurisdictions") has received an application from BMO Nesbitt Burns Inc. ("BMO Nesbitt"), CIBC World Markets Inc. ("CIBC World"), RBC Dominion Securities Inc. ("RBC DS"), Scotia Capital Inc. ("Scotia Capital") and TD Securities Inc. ("TD Securities") (collectively, the "Filers") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirement (the "Independent Underwriter Requirement") contained in the Legislation which restricts a registrant from acting as an underwriter in connection with a distribution of securities of an issuer made by means of prospectus, where the issuer is a connected issuer (or the equivalent) of the registrant unless a portion of the distribution at least equal to that portion underwritten by non-independent underwriters is underwritten by an independent underwriter, shall not apply to the Filers in respect of proposed offerings from time to time (each an "Offering" and collectively the "Offerings") by Canadian Natural Resources Limited (the "Issuer") of Medium Term Notes (the "Offered Securities") to be made by means of a short form base shelf prospectus (the "Base Shelf Prospectus") and prospectus supplements or pricing supplements in accordance with the procedures set out in National Instrument 44-102 Shelf Distributions;

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

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

1. The Issuer is a reporting issuer under the Legislation of each Jurisdiction and is not in default of any requirements of the Legislation.

2. The business of the Issuer is the acquisition of interests in oil and natural gas rights and the exploration, development, production, marketing and sale of oil and natural gas.

3. The common shares of the Issuer are listed on The Toronto Stock Exchange.

4. The head office of each of the Filers is in the Province of Ontario.

5. The Issuer has filed a preliminary short form base shelf prospectus dated July 4, 2001 (the "Preliminary Prospectus") in the Jurisdictions to qualify the Offering of Medium Term Notes.

6. The Issuer intends to enter into a selling dealer agreement with the Filers at the time of filing the Base Shelf Prospectus whereby the Issuer will agree to issue and sell, and the Filers will agree to solicit from time to time, offers to purchase the Notes. The proportionate share of the Offering to be sold by each of the Dealers will be negotiated prior to the filing of each prospectus supplement.

7. The Issuer has credit facilities with Bank of Montreal ("BMO"), Canadian Imperial Bank of Commerce ("CIBC"), Royal Bank of Canada ("Royal"), The Bank of Nova Scotia ("Scotia") and The Toronto Dominion Bank ("TD") (collectively, the "Lenders") and other lenders dated December 19, 1997, as amended, September 29, 1999, as amended, and December 14, 2000 (collectively, the "Credit Facilities") in the aggregate amount of $2,350 million. Pursuant to the Credit Facilities, the commitments of BMO, CIBC, Royal, Scotia and TD are $344 million, $320 million,$470 million, $320 million and $342 million, respectively. RBC DS is a majority owned subsidiary of RBC, CIBC World is a wholly owned subsidiary of CIBC, BMO Nesbitt is a majority owned subsidiary of BMO, TD Securities is a wholly owned subsidiary of TD and Scotia Capital is a wholly owned subsidiary of Scotia. At

March 31, 2001 the Issuer owed $1,457 million to the Lenders pursuant to the Credit Facilities (the "Indebtedness"). The approximate allocation of the Indebtedness among the Lenders is as follows:

BMO	$280 million
CIBC	$256 million
Royal	$393 million
Scotia	$256 million
TD	$272 million

8. The net proceeds to the Issuer from the sale of the Notes under the Prospectus are not currently known but will not exceed the maximum of $1,000,000,000 authorized aggregate principal of Notes. Except as otherwise provided in any prospectus supplement, the net proceeds to be derived by the Issuer from the sale of the Notes will be used for general corporate purposes, which may include financing the capital expenditure programs and working capital requirements of the Issuer. The proceeds are expected to initially be applied principally to repay bank loans which are incurred for working capital purposes and for the Issuer's on-going capital expenditure program. The specifics of the use of proceeds are disclosed in the Preliminary Prospectus and will be disclosed in the Prospectus.

9. The Lenders did not and will not participate in the decision to make an Offering or in the determination of its terms.

10. The Filers will not benefit in any manner from the Offerings other than the payment of their fees in connection with the Offerings.

11. The Issuer may be considered a "connected issuer" (or its equivalent) of the Filers, as such term is described in the Legislation as a result of the Filers' relationships with the Lenders.

12. The Issuer is not a "related issuer" (or the equivalent) of the Filers or of any of the other members of the underwriting syndicate.

13. The Base Shelf Prospectus together with the applicable prospectus supplement for each Offering will contain the disclosure concerning the nature of the relationship between the Issuer, the Filers and the Lenders as specified in Appendix "C" to the 1998 draft of Proposed Multi-Jurisdictional Instrument 33-105 (the "Proposed Instrument").

14. The Issuer is not a "specified party" as defined in the Proposed Instrument.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (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 Filers in respect of the Offerings provided that:

(a) if, at the time of an Offering, the Issuer is a "connected issuer" of a Filer participating in the Offering, the Base Shelf Prospectus together with the prospectus supplement relating to that Offering will contain disclosure concerning the nature of the relationship between the Issuer, the Filer and the Lenders as would be required by Appendix "C" to the Proposed Instrument; and

(b) at the time of each Offering:

(i) the Issuer is not a "specified party" as that term is defined in the Proposed Instrument, and

(ii) the Issuer is not a "related issuer" of any of the Filers as that term is defined in the Proposed Instrument.

July 17, 2001.

"Paul Moore" "R. Stephen Paddon"

2.1.14 Royal Bank Action Direct Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Pursuant to section 144 of the Act, variation of an order providing, subject to terms and conditions, relief from the Suitability Requirements, as reflected in paragraph 1.5(1)(b) of OSC Rule 31-505, to extend the time period for Client Acknowledgements.

Pursuant to section 144 of the Act, variation of a decision made pursuant to s.21.1(4) of the Act, that, subject to terms and conditions, the IDA Suitability Requirements do not apply to the Filer's Division, to extend the time period for Client Acknowledgements.

Applicable Ontario Statute

Securities Act R.S.O. 1990, c.S.5, as amended, s.21.1(4), s.144.

Applicable Ontario Rule

Ontario Securities Commission Rule 31-505 "Conditions of Registration" (1999) 22 O.S.C.B. 731, par. 1.5(1)(b).

Applicable IDA Regulations

IDA Regulation 1300.1(b), 1800.5(b), 1900.4.

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

AND

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

AND

IN THE MATTER OF
ROYAL BANK ACTION DIRECT INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Newfoundland, Nova Scotia and Ontario (collectively, the "Jurisdictions") has received an application from Royal Bank Action Direct Inc. (the "Filer") to vary the MRRS Decision Document dated December 8, 2000 IN THE MATTER OF ROYAL BANK ACTION DIRECT INC. which provided, subject to terms and conditions, relief for Action Direct (the "Division"), a division of the Filer, from suitability obligations under the securities legislation of the Jurisdictions and decided, subject to terms and conditions and other than under the securities legislation of Newfoundland and Nova Scotia, that suitability requirements of the Investment Dealers Association of Canada do not apply to the Division (the "Suitability Relief Order");

AND WHEREAS the terms "Suitability Requirements", "IDA Suitability Requirements", "Registered Representatives" and "Client Acknowledgement" shall each have the respective meaning ascribed thereto under the Suitability Relief Order;

AND WHEREAS the Filer wishes to vary the Suitability Relief Order to extend the specified time within which the Division must continue to comply with Suitability Requirements and IDA Suitability Requirements for existing client accounts for which no Client Acknowledgement is received from June 30, 2001 to December 31, 2001 and to extend the specified time after which restrictions are placed on existing clients accounts for which no Client Acknowledgement is received from June 30, 2001 to December 31, 2001;

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

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

1. the Filer is a corporation incorporated under the *Canada Business Corporations Act* and is registered under the Legislation as an investment dealer or equivalent and is a member of the IDA;

2. the Filer seeks to vary the Suitability Relief Order in order to have additional time to obtain Client Acknowledgements;

3. the Division and its Registered Representatives will continue to comply with the Suitability Requirements and IDA Suitability Requirements for client accounts for which no Client Acknowledgement is received until December 31, 2001;

4. after December 31, 2001, the Division will not permit a transaction in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account;

5. except as noted above, the Filer confirms the representations to the Decision Makers in the Suitability Relief Order; and

6. subject to this variation order being granted, the Division will inform all clients who have not yet provided a Client Acknowledgement that the specified time within which the Division must continue to comply with Suitability Requirements and IDA Suitability Requirements has been extended to December 31, 2001 and the specified time after which restrictions are placed on existing client accounts for which no Client Acknowledgement is received has been extended to December 31, 2001;

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

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

THE DECISION of the Decision Makers under the Legislation is that the Suitability Relief Order is amended by replacing term and conditions 6 and 7 of the Suitability Relief Order in respect of the Suitability Requirements with the following:

6. the Division and its Registered Representatives continue to comply, until December 31, 2001, with their Suitability Requirements and IDA Suitability Requirements for client accounts for which no Client Acknowledgement is received; and

7. commencing December 31, 2001, the Division will not permit transactions in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account.

June 29, 2001.

"William R. Gazzard"

THE DECISION of the Decision Makers, other than Nova Scotia and Newfoundland, is that the Suitability Relief Order is amended by replacing term and conditions 6 and 7 of the Suitability Relief Order in respect of IDA Suitability Requirements with the following:

6. the Division and its Registered Representatives continue to comply, until December 31, 2001, with their Suitability Requirements and IDA Suitability Requirements for client accounts for which no Client Acknowledgement is received; and

7. commencing December 31, 2001, the Division will not permit transactions in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account.

June 29, 2001.

"Paul Moore" "J.A. Geller"

2.1.15 TD Waterhouse Investor Services (Canada) Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Pursuant to section 144 of the Act, variation of an order providing, subject to terms and conditions, relief from the Suitability Requirements, as reflected in paragraph 1.5(1)(b) of OSC Rule 31-505, to extend the time period for Client Acknowledgements.

Pursuant to section 144 of the Act, variation of a decision made pursuant to s.21.1(4) of the Act, that, subject to terms and conditions, the IDA Suitability Requirements do not apply to the Filer's Division, to extend the time period for Client Acknowledgements.

Applicable Ontario Statute

Securities Act R.S.O. 1990, c.S.5, as amended, s.21.1(4), s.144.

Applicable Ontario Rule

Ontario Securities Commission Rule 31-505 "Conditions of Registration" (1999) 22 O.S.C.B. 731, par. 1.5(1)(b).

Applicable IDA Regulations

IDA Regulation 1300.1(b), 1800.5(b), 1900.4.

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

AND

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

AND

IN THE MATTER OF
TD WATERHOUSE INVESTOR SERVICES (CANADA) INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Newfoundland, Nova Scotia and Ontario (collectively, the "Jurisdictions") has received an application from TD Waterhouse Investor Services (Canada) Inc. (the "Filer") to vary the MRRS Decision Document dated December 7, 2000 IN THE MATTER OF TD WATERHOUSE INVESTOR SERVICES (CANADA) INC. which provided, subject to terms and conditions, relief for TD Waterhouse Direct (the "Division"), a division of the Filer, from suitability obligations under the securities legislation of the

Jurisdictions and decided, subject to terms and conditions and other than under the securities legislation of Newfoundland and Nova Scotia, that suitability requirements of the Investment Dealers Association of Canada do not apply to the Division (the "Suitability Relief Order");

AND WHEREAS the terms "Suitability Requirements", "IDA Suitability Requirements", "Registered Representatives" and "Client Acknowledgement" shall each have the respective meaning ascribed thereto under the Suitability Relief Order;

AND WHEREAS the Filer wishes to vary the Suitability Relief Order to extend the specified time within which the Division must continue to comply with Suitability Requirements and IDA Suitability Requirements for existing client accounts for which no Client Acknowledgement is received from June 30, 2001 to December 31, 2001 and to extend the specified time after which restrictions are placed on existing clients accounts for which no Client Acknowledgement is received from June 30, 2001 to December 31, 2001;

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

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

1. the Filer is a corporation incorporated under the *Business Corporations Act* (Ontario) and is registered under the Legislation as an investment dealer or equivalent and is a member of the IDA;

2. the Filer seeks to vary the Suitability Relief Order in order to have additional time to obtain Client Acknowledgements;

3. the Division and its Registered Representatives will continue to comply with the Suitability Requirements and IDA Suitability Requirements for client accounts for which no Client Acknowledgement is received until December 31, 2001;

4. after December 31, 2001, the Division will not permit a transaction in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account;

5. except as noted above, the Filer confirms the representations to the Decision Makers in the Suitability Relief Order; and

6. subject to this variation order being granted, the Filer will inform all clients who have not yet provided a Client Acknowledgement that the specified time within which the Division must continue to comply with Suitability Requirements and IDA Suitability Requirements has been extended to December 31, 2001 and the specified time after which restrictions are placed on existing client accounts for which no Client Acknowledgement is received has been extended to December 31, 2001;

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

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

THE DECISION of the Decision Makers under the Legislation is that the Suitability Relief Order is amended by replacing term and conditions 6 and 7 of the Suitability Relief Order in respect of the Suitability Requirements with the following:

6. the Division and its Registered Representatives continue to comply, until December 31, 2001, with their Suitability Requirements and IDA Suitability Requirements for client accounts for which no Client Acknowledgement is received; and

7. commencing December 31, 2001, the Division will not permit transactions in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account.

June 29, 2001.

"William R. Gazzard"

THE DECISION of the Decision Makers, other than Nova Scotia and Newfoundland, is that the Suitability Relief Order is amended by replacing term and conditions 6 and 7 of the Suitability Relief Order in respect of IDA Suitability Requirements with the following:

6. the Division and its Registered Representatives continue to comply, until December 31, 2001, with their Suitability Requirements and IDA Suitability Requirements for client accounts for which no Client Acknowledgement is received; and

7. commencing December 31, 2001, the Division will not permit transactions in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account.

June 29, 2001.

"Paul Moore" "J.A. Geller"

2.2 Orders

2.2.1 MagiCorp Entertainment Inc. et al. - s. 147

Headnote

Section 147 - relief from certain financial statement requirements in a take-over bid circular - conditions imposed.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., s.147.

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., Form 32.

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

AND

IN THE MATTER OF
MAGICORP ENTERTAINMENT INC.,
MAGICORP INC. AND 1437319 ONTARIO INC.

ORDER
(Section 147)

WHEREAS MagiCorp Entertainment Inc. ("MEI" - formerly Goldie Enterprises Inc.), MagiCorp Inc. ("MagiCorp") and 1437319 Ontario Inc. ("Fusion") have applied to the Ontario Securities Commission (the "Commission") for an order pursuant to Section 147 of the Act exempting MEI from certain requirements of Item 15 of Form 32 of Ontario Regulation 1015 - General Regulation, R.R.O. 1990, as amended (the "Regulation") insofar as such requirements prescribe the inclusion of certain financial statements in the amended take-over bid circular prepared by MEI in connection with its proposed acquisition of all of the shares of Fusion;

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

AND UPON MEI and MagiCorp having represented to the Commission as follows:

1. MEI is a company incorporated under the laws of British Columbia and its principal and registered offices are located in Vancouver.

2. MEI has been a reporting issuer under the *Securities Act* (British Columbia) for more than twelve months.

3. MEI became a reporting issuer under the *Securities Act* (Alberta) in November 1999 as a result of the merger of the Vancouver Stock Exchange and the Alberta Stock Exchange to form the Canadian Venture Exchange Inc. ("CDNX"). MEI's common shares are listed for trading on CDNX.

4. MEI was deemed to be a reporting issuer under the Act pursuant to an order of the Commission dated February 13, 2001 under subsection 83.1(1) of the Act.

5. MagiCorp is a corporation incorporated under the laws of Ontario and its principal and registered offices are located in Toronto. MagiCorp was acquired by MEI earlier in 2001 and is now a wholly-owned subsidiary of MEI. MagiCorp is not a reporting issuer under the securities laws of any jurisdiction in Canada.

6. Fusion is a corporation incorporated under the laws of Ontario and its principal and registered offices are located in Toronto. Fusion is not a reporting issuer under the securities laws of any jurisdiction in Canada. Fusion has 8 registered common shareholders, all of whom reside in Ontario.

7. MEI and Fusion entered into a letter agreement dated as of March 7, 2001 pursuant to which MEI agreed to acquire (the "Acquisition") all of the issued and outstanding shares of Fusion in consideration of 25,296,500 common shares of MEI.

8. Glen Miller and John Thall are the principals of Fusion and, in the aggregate, own or control a majority of the issued shares of Fusion. Mr. Miller and Mr. Thall are very familiar with the financial affairs and condition of MEI and its subsidiaries and on completion of the Acquisition they will become directors of MEI.

9. The other holders of the issued shares of Fusion are sophisticated investors.

10. MEI obtained shareholder approval for the Acquisition and a number of related matters at its shareholders' meeting held in Vancouver on March 5, 2001.

11. MEI has made application to list the common shares to be issued to shareholders of Fusion on CDNX.

12. Since MEI only became a reporting issuer in Ontario on February 13, 2001, the shares of MEI issued to the shareholders of Fusion will be subject to resale restrictions in accordance with the requirements of subsection 72(5) of the Act. Accordingly, MEI proposes to file with the Ontario Securities Commission an amended securities exchange take-over bid circular in connection with the Acquisition (the "Take-over Bid Circular") with the result that the first trade of the shares of MEI issued to the shareholders of Fusion in respect of the Acquisition will be subject to section 2.14 of Ontario Securities Commission Rule 45-501 - *Exempt Distributions* ("Rule 45-501").

13. The Acquisition is a take-over bid which is exempt from the requirements of Part XX of the Act pursuant to clause 93(1)(d).

14. MEI proposes to include the following financial statements in the Take-over Bid Circular:

    (i) *for MagiCorp:*

a) Consolidated balance sheets as at September 30, 2000 (unaudited), December 31, 2000 (unaudited), December 31, 1999 (audited) and December 31, 1998 (audited).

b) Consolidated statements of income, consolidated statements of retained earnings and consolidated statements of cash flows for the nine months ended September 30, 2000 and 1999 (unaudited) and the years ended December 31, 2000 (unaudited), December 31, 1999 (audited) and December 31, 1998 (audited).

(ii) *for MEI:*

a) Balance sheets as at February 28, 2001 (audited), February 29, 2000 (audited), November 30, 2000 (audited) and February 28, 1999 (audited).

b) Statements of loss and deficit and statements of cash flows for the nine months ended November 30, 2000 (unaudited) and November 30, 1999 (unaudited) and the years ended February 28, 2001 (audited), February 29, 2000 (audited) and February 28, 1999 (audited).

(iii) *for Fusion*:

a) Consolidated balance sheets as at February 28, 2001 (audited)

(iv) *Pro forma*:

a) Consolidated balance sheets as at November 30, 2000 (unaudited) (which combines the results of operations of MagiCorp and MEI).

b) Consolidated statements of income and retained earnings for the nine month period ended November 30, 2000 (which combines the results of operations of MagiCorp and MEI for the nine-month period ended September 30, 2000) and for the year ended February 29, 2000 (which combines the result of operations of MagiCorp for the year ended December 31, 1999).

c) Consolidated balance sheets as at February 28, 2001 (which combines the results of operations of MEI, MagiCorp and Fusion for the year ended February 28, 2001).

15. The audit report dated August 20, 1999 with respect to the 1998 financial statements of MagiCorp includes two reservations as to scope.

16. Item 15 of Form 32 of the Regulation provides that, in respect of a securities exchange take-over bid, the "information prescribed by the form of prospectus appropriate to the issuer" must be included in the Take-Over Bid Circular. Moreover, Item 15 of Form 32 provides that "where the form of prospectus so requires, include the financial statements of the offeror or other issuer required to be included in the such prospectus".

17. The acquisition of MagiCorp was a significant acquisition within the meaning of Rule 41-501. Accordingly, Rule 41-501 requires the inclusion in the Take-Over Bid Circular of an audited income statement and statement of retained earnings and cash flows of MagiCorp for the year ended 2000 (the "Excluded MagiCorp Statements"). Moreover, Rule 41-501 does not permit the inclusion of reservations in an audit report in respect of financial statements which must be audited.

AND UPON the Commission being satisfied that the granting of this Order would not be prejudicial to the public interest;

IT IS ORDERED pursuant to Section 147 of the Act that MEI is exempt from the requirements of Item 15 of Form 32 of the Regulation in respect of the Take-Over Bid Circular insofar as such requirements require the inclusion of (i) the Excluded MagiCorp Statements, and (ii) an audit report without reservations in respect of the 1998 financial statements of MagiCorp, provided that the financial statements described in paragraph 14 above are contained in the Take-Over Bid Circular.

June 29, 2001.

"Paul M. Moore" "R. Stephen Paddon"

2.2.2 Derlak Enterprises Inc. - s. 144

Headnote

Section 144 - revocation of cease trade order upon remedying, to the extent possible, its default in respect of disclosure requirements under the Act.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5. as am., ss. 127(1)2, 127(5), 127(8), 144.

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

AND

IN THE MATTER OF

DERLAK ENTERPRISES INC.
(the "Issuer")

ORDER
(Section 144)

WHEREAS the securities of Derlak Enterprises Inc. (the "Reporting Issuer") currently are subject to a Temporary Order (the "Temporary Order") made by a Director on behalf of the Ontario Securities Commission (the "Commission"), pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, on the 25th day of May, 2001, as extended by a further order (the "Extension Order") of a Director, made on the 8th day of June, 2001, on behalf of the Commission pursuant to subsection 127(8) of the Act, that trading in the securities of the Reporting Issuer cease until the Temporary Order, as extended by the Extension Order, is revoked by a further Order of Revocation;

AND WHEREAS the Temporary Order and Extension Order were each made on the basis that the Reporting Issuer was in default of certain filing requirements;

AND WHEREAS the undersigned Manager is satisfied that the Reporting Issuer has remedied its default in respect of the filing requirements and is of the opinion that it would not be prejudicial to the public interest to revoke the Temporary Order as extended by the Extension Order;

NOW THEREFORE, IT IS ORDERED, pursuant to section 144 of the Act, that the Temporary Order and Extension Order be and they are hereby revoked.

July 13, 2001.

"John Hughes"

2.2.3 Tintina Mines Ltd. - s. 144

Headnote

Section 144 - revocation of cease trade order upon remedying, to the extent possible, its default in respect of disclosure requirements under the Act.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5. as am., ss. 127(1)2, 127(5), 127(8), 144.

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

AND

IN THE MATTER OF
TINTINA MINES LTD.
(the "Issuer")

ORDER
(Section 144)

WHEREAS the securities of the Issuer are currently subject to a Temporary Order made by the Director on behalf of the Ontario Securities Commission (the "Commission") dated May 25, 2001 pursuant to paragraph 2 of subsections 127(1) and 127(5) of the Act and extended by a further Order of the Director dated June 8, 2001 made under subsection 127(8) of the Act (collectively, the "Cease Trade Order") directing that trading in the securities of the Issuer cease;

AND WHEREAS the Cease Trade Order was made by reason of the Issuer's failure to file with the Commission audited annual statements for the year ended December 31, 2000;

AND WHEREAS the Issuer has made an application to the Director pursuant to Section 144 of the Act for a revocation of the Cease Trade Order;

AND WHEREAS the Issuer has represented to the Director that:

1. Tintina Mines Ltd. ("Tintina") became a reporting issuer in the Province of Ontario on May 16, 1974 and, except for the Cease Trade Order, is not in default of the continuous disclosure requirements of the Act and the Regulations made thereunder.

2. The Cease Trade Order was issued as a result of the failure of Tintina to file with the Commission its audited annual financial statement for the year ended December 31, 2000 (the "Statement") on a timely basis.

3. The failure to file the Statements arose as a result of the temporary suspension of its exploration activities due to recent market conditions.

4. The Corporation wishes to recommence trading activities in order to pursue new business opportunities,

and has filed application with the Canadian Venture Exchange to obtain a listing.

5. The audited annual statements for the year ended December 31, 2000 and the interim unaudited financial statements for the first quarter ended March 31, 2001 were filed by Tintina on June 19, 2001; and

6. The financial statements have been sent out to the Shareholders.

AND WHEREAS the Director being satisfied that Tintina now has complied with the continuous disclosure requirements under Part XVIII of the Act and has remedied its default in respect of such requirements;

AND WHEREAS the Director being of the opinion that to do so would not be prejudicial to the public interest to revoke the Cease Trade Order;

NOW THEREFORE, it is ordered pursuant to section 144 of the Act, that the Cease Trade Order be and is hereby revoked.

July 12, 2001.

"John Hughes"

2.2.4 NSR Resources Inc. - s. 144

Headnote

Cease-trade order revoked where the issuer has remedied its default in respect of disclosure requirements under the Act.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127(1)2, 127(5), 127(8), 144.

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

AND

IN THE MATTER OF
NSR RESOURCES INC.

ORDER
(Section 144)

1. **WHEREAS** the securities of NSR Resources Inc. ("NSR") are subject to a Temporary Order of the Director dated May 25, 2001 made under the clause 127(1)2 and subsection 127(5) of the Act directing that trading in the securities of NSR cease, which was extended by the Order of the Director dated June 8, 2001 made under subsection 127(8) of the Act (collectively referred to as the "Cease Trade Order");

2. **AND WHEREAS** NSR has made an application pursuant to section 144 for revocation of the Cease Trade Order (the "Application");

3. **AND UPON** considering the Application and the recommendation of the staff of the Commission;

4. **AND UPON** NSR having represented to the Commission as follows:

   a) NSR became a reporting issuer under the Act on November 14, 1952 and, except for the Cease Trade Order, is not in default of the continuous disclosure requirements of the Act and the Regulations made thereunder.

   b) The Cease Trade Order was issued as a result of the failure of NSR to file with the Commission its audited annual financial statement for the year ended December 31, 2000 (the "Statement") on a timely basis.

   c) The failure to file the Statements arose as a result of the temporary suspension of its exploration activities due to recent market conditions.

   d) The Corporation wishes to recommence trading activities in order to pursue new business opportunities, and has filed application with the Canadian Venture Exchange to obtain a listing.

e) The audited annual statements for the year ended December 31, 2000 and the interim unaudited financial statements for the first quarter ended March 31, 2001 were filed by NSR on June 19, 2001; and

f) The financial statements have been sent out to the Shareholders.

5. **AND UPON** the Director being satisfied that NSR now has complied with the continuous disclosure requirements under Part XVIII of the Act and has remedied its default in respect of such requirements;

6. **AND UPON** the Director being of the opinion that to do so would not be prejudicial to the public interest;

IT IS ORDERED, pursuant to section 144 of the Act, that the Cease Trade Order be and is hereby revoked.

July 12, 2001.

"John Hughes"

2.2.5 Sohan Singh Koonar et al. - s. 127

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

AND

SOHAN SINGH KOONAR,
SPORTS & INJURY REHAB CLINICS INC.,
SELECTREHAB INC.,
SHAKTI REHAB CENTRE INC.,
NIAGARA FALLS INJURY REHAB CENTRE INC.,
962268 ONTARIO INC.,
APNA HEALTH CORPORATION
AND APNA CARE INC.

ORDER
(Section 127)

WHEREAS this proceeding was commenced by a Notice of Hearing and related Statement of Allegations dated June 18, 2001;

AND WHEREAS Staff of the Commission and the Respondents have jointly requested that this matter be adjourned to October 24, 2001, or as soon thereafter as a panel may be constituted;

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

IT IS ORDERED THAT this matter be adjourned to October 24, 2001, or as soon thereafter as a panel may be constituted.

July 13, 2001.

"Paul Moore"

2.3 Rulings

2.3.1 Commonwealth Energy Corp. & Empire Energy Corporation - ss. 74(1)

Headnote

Section 74(1) - prospectus relief for first trades of shares of foreign issuer issued in connection with a statutory arrangement - conditions imposed.

Statutes Cited

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

Regulations Cited

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

Rules Cited

Rule 72-501 - Prospectus Exemption for a First Trade Over a Market Outside of Ontario.

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

AND

IN THE MATTER OF
COMMONWEALTH ENERGY CORP. AND
EMPIRE ENERGY CORPORATION

RULING
(Subsection 74(1))

UPON the application of Commonwealth Energy Corp. ("Commonwealth") and Empire Energy Corporation ("Empire") to the Ontario Securities Commission (the "Commission") for a ruling, pursuant to subsection 74(1) of the Act, that the first trades in certain securities issued in connection with the merger (the "Merger") of Commonwealth and Empire, to be effected by way of an arrangement (the "Arrangement") under section 192 of the *Canada Business Corporations Act* ("CBCA"), shall not be subject to section 53 of the Act;

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

AND UPON Commonwealth and Empire having represented to the Commission as follows:

1. Commonwealth was incorporated on December 14, 1987 under the *Alberta Business Corporations Act* ("ABCA").

2. The head office of Commonwealth is in White Rock, British Columbia.

3. Commonwealth, directly and through its subsidiaries, is engaged in the acquisition and exploration of petroleum and natural gas properties in the United States and Canada.

4. The authorized share capital of Commonwealth consists of 100,000,000 common shares (the "Commonwealth Common Shares", the holders of which are "Commonwealth Common Shareholders") of which 34,578,544 were issued and outstanding as at June 25, 2001. As at June 25, 2001, options for 2,928,504 Commonwealth Common Shares ("Commonwealth Options" the holders of which are "Commonwealth Option Holders") were outstanding with exercise prices ranging from $0.20 per share to $0.45 per share and expiration dates at various times up to April 17, 2005. As at June 25, 2001, 2,974,612 share purchase warrants ("Commonwealth Warrants" the holders of which are "Commonwealth Warrant Holders") were outstanding, exercisable at a price of $0.30 per share and expiring at various times up to July 29, 2001.

5. As at June 25, 2001, there were 8 registered holders of Commonwealth Common Shares resident in Ontario, excluding CDS & Co.

6. Commonwealth is a reporting issuer in British Columbia, Alberta, Québec and Nova Scotia and is not in default of any of the requirements of the securities legislation of such provinces. Commonwealth is not a reporting issuer in any other province or territory of Canada.

7. The materials filed by Commonwealth as a reporting issuer in British Columbia and Alberta since December, 1997 are available on the System for Electronic Document Analysis and Retrieval.

8. Commonwealth Common Shareholders, Commonwealth Option Holders and Commonwealth Warrant Holders (collectively, the "Commonwealth Securityholders") are resident in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Ontario and Québec.

9. The Commonwealth Common Shares are, and have been since at least June 15, 2000, listed and posted for trading on Canadian Venture Exchange Inc. ("CDNX").

10. On December 12, 2000, Commonwealth and Empire entered into a formal merger agreement to effect the Merger through the Arrangement.

11. Empire was incorporated in November 1983 under the *Utah Revised Business Corporation Act* ("URBCA") under the name Medivest Inc. In 1999 Medivest Inc. changed its name to Empire Energy Corporation.

12. The head and registered offices of Empire are in Overland Park, Kansas.

13. Empire, directly and through its subsidiaries, is engaged in oil and natural gas exploration,

development and production in the United States, Nicaragua and Ghana.

14. The authorized share capital of Empire consists of 50,000,000 common shares ("Empire Common Shares", the holders of which are "Empire Common Shareholders") of which 14,841,896 were issued and outstanding as at May 10, 2001. As at May 10, 2001, options for 1,596,500 Empire Common Shares ("Empire Options" the holders of which are "Empire Option Holders") were outstanding with exercise prices ranging from $0.60 per share and $2.50 per share and expiration dates at various times up to June 2005. As at May 10, 2001, 11,000,000 share purchase warrants ("Empire Warrants" the holders of which are "Empire Warrant Holders") were outstanding, exercisable at a price of $3.00 per share and expiring at various times up to June 1, 2001.

15. The Empire Common Shares are quoted on NASD OTC Bulletin Board and Empire reports pursuant to the requirements of the *U.S. Securities Exchange Act of 1934* (the "1934 Act").

16. The continuous and timely disclosure materials filed by Empire since October 13, 1999 under the 1934 Act are available on the EDGAR system. Empire is not in default of any of the requirements of the 1934 Act.

17. To accommodate the Arrangement, the board of directors of Commonwealth determined that it would be appropriate for Commonwealth to continue under the CBCA (the "Continuance").

18. As a result of the Arrangement, all of the currently issued and outstanding Commonwealth Common Shares will be held by a newly incorporated special purpose CBCA company owned by Empire, Empire Exchangeco Ltd ("Empire Exchangeco").

19. The Arrangement required the approval of the Court of Queen's Bench of Alberta (the "Court"). The Court approved the Arrangement in an order dated February 14, 2001(the "Final Order"). The Court subsequently issued an order on June 8, 2001 extending the date of completion of the Arrangement to July 31, 2001.

20. The Merger is a "paired" exchangeable share transaction. Commonwealth Common Shareholders will, under the Arrangement, transfer their Commonwealth Common Shares to Empire Exchangeco. Commonwealth Common Shareholders shall receive shares of Empire Exchangeco which shares are exchangeable for Empire Common Shares (the "Exchangeable Shares"). Concurrently, Commonwealth Common Shareholders will be issued low par value "redeemable" voting Class B common shares in Empire ("Empire Voting Shares"), which together with Exchangeable Shares will be "paired", that is treated together as a unit; (i.e. transferable and exchangeable only as a paired unit). The Empire Voting Shares will be voting shares with respect to matters upon which Empire Common Shareholders generally vote (election of directors, fundamental changes and the like) but are not intended to have any economic value (i.e. no interest in Empire assets except the U.S. $.0001 nominal paid up value). The Exchangeable Shares will be non-voting except with regard to matters where a separate class vote is required by law but will, until exchanged into Empire Common Shares, participate in the liquidation value of Empire Exchangeco in the event of a wind-up but only to the extent of being entitled to receive one Empire Common Share per Exchangeable Share in satisfaction of any liquidation right.

21. The Exchangeable Shares are subject to a liquidation call right, a redemption call right, a retractable call right, an exchange right and an automatic exchange right. Under the liquidation call right, Empire may purchase all of the Exchangeable Shares in the event of a proposed liquidation or wind-up of Empire Exchangeco at a price that is equal to the current market price of an Empire Common Share on the last business day prior to the liquidation date. Under the redemption call right, Empire may purchase all of the Exchangeable Shares at a price that is equal to the current market price of an Empire common share on the last business day prior to the liquidation date. Under the retraction call right, a holder of Exchangeable Shares may require Empire to redeem any or all of the Exchangeable Shares registered in the name of such holder for an amount equal to the current market price of Empire Common Shares on the last business day prior to the retraction date, which shall be satisfied in full by Empire delivering to such holder, one Empire common share for each Exchangeable Share surrendered by the holder. Under the exchange right, the trustee pursuant to an exchange trust agreement between Empire, Empire Exchangeco and the trustee, may require Empire to purchase all or any part of the Exchangeable Shares in the event of Empire's insolvency. Under the automatic exchange right provision, in the event of Empire's liquidation, all of the Exchangeable shares shall be automatically exchanged for Empire Common Shares.

22. The number of Exchangeable Shares and Empire Voting Shares received in exchange for Commonwealth Common Shares will be determined by the product of a predetermined six Commonwealth for one Empire exchange ratio (the "Exchange Ratio") multiplied by the number of Commonwealth Common Shares being exchanged therefor. The Exchange Ratio is subject to adjustment to reflect any stock split, reverse split, stock dividend, re-organization, re-capitalization or other like change with respect to Empire or Commonwealth occurring prior to the date of the Final Order.

23. The "paired shares" are at any time at the option of the holder, exchangeable for Empire Common Shares. The Exchangeable Shares will each be exchangeable (by retraction by the holder) for one Empire Common Share and concurrently Empire will redeem for par value of US $.0001 cash per share, an equal number of Empire Voting Shares.

24. Further, under the Arrangement, the Commonwealth Option Holders shall exchange their Commonwealth Options for an option (a "Replacement Option") to purchase a number of Empire Common Shares equal to the product of the Exchange Ratio multiplied by the

number of Commonwealth Common Shares subject to such Commonwealth Option. Such a Replacement Option shall provide for an exercise price per Empire Common Share equal to the exercise price per share of such Commonwealth Option immediately prior to the Final Order multiplied by the Exchange Ratio. The term to expiry, conditions to and manner of exercising, vesting schedule, if applicable, and all other terms and conditions of the Replacement Options will be otherwise unchanged.

25. Further, under the Arrangement, the Commonwealth Warrant Holders shall exchange their Commonwealth Warrants for a warrant (a "Replacement Warrant") to purchase a number of Empire Common Shares equal to the product of the Exchange Ratio multiplied by the number of Commonwealth Common Shares subject to such Commonwealth Warrant. Such a Replacement Warrant shall provide for an exercise price per Empire Common Share equal to the exercise price per share of such Commonwealth Warrant immediately prior to the Final Order multiplied by the Exchange Ratio. The term to expiry, conditions to and manner of exercising, vesting schedule, if applicable, and all other terms and conditions of the Replacement Warrant will be otherwise unchanged.

26. The Continuance and the Arrangement have been approved by the Commonwealth Securityholders at an Extraordinary General Meeting of the Commonwealth Securityholders held on February 12, 2001 (the "Meeting"). A notice of meeting and information circular (the "Commonwealth Information Circular") dated January 8, 2001 containing, among other things, prospectus-level disclosure of the business and affairs of each of Commonwealth and Empire and of the particulars of the Continuance and Arrangement, was provided to Commonwealth Securityholders in connection with the Meeting and filed with the British Columbia Securities Commission (the "BCSC") and the Alberta Securities Commission (the "ASC").

27. The Arrangement and the Merger have been approved by the security holders of Empire at a special meeting held on May 25, 2001.

28. Subject to certain adjustments to the Exchange Ratio, as described above, each Exchangeable Share will be exchangeable at any time by and at the option of the holder but may be required to be exchanged in the event of a decision of a majority of the holders thereof to effect the exchange and certain other events. All Exchangeable Shares must be exchanged no later than December 31, 2007.

29. The Exchangeable Shares and the Empire Voting Shares will not be listed on any stock exchange.

30. The market for trading Empire Common Shares is and is to primarily remain the United States of America. Empire has no plans to seek a listing for Empire Common Shares on an exchange in Canada or to otherwise further develop any market presence in Canada.

31. The Empire Common Shares issued in connection with the Arrangement will be quoted on NASD OTC Bulletin Board.

32. Assuming that all registered holders of Commonwealth Common Shares resident in Ontario acquire the maximum number of Empire Common Shares to which they are entitled in connection with the Arrangement, they would, as of June 25, 2001 hold less than 0.067% excluding CDS & Co., or 16.2% including CDS & Co., of the total issued and outstanding Empire Common Shares. CDS & Co. is the registered holder on behalf of beneficial holders of Commonwealth common shares, most of whom reside outside of Ontario.

33. The first trade of Empire Common Shares by Commonwealth Securityholders resident in Ontario will be a distribution under the Act pursuant to subsection 72(5) of the Act but would qualify for the exemption from the prospectus requirements of the Act contained in Commission Rule 72-501 - *Prospectus Exemption for a First Trade Over a Market Outside of Ontario* ("Rule 72-501"), except that:

    (a) the number of Empire Common Shares held by Ontario residents immediately after the completion of the Arrangement will be more than 10% of the total number of outstanding Empire Common Shares; and

    (b) the first trade may not be executed through an exchange or market listed in section 2.1(c) of Rule 72-501.

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

IT IS RULED pursuant to subsection 74(1) of the Act that the first trades of Empire Common Shares obtained by Commonwealth Securityholders resident in Ontario pursuant to the Arrangement shall not be subject to section 53 of the Act provided that such first trades are executed through the facilities of a stock exchange outside of Ontario or the Nasdaq Stock Market or are quoted on NASD OTC Bulletin Board.

June 29, 2001.

"Paul M. Moore" "R. Stephen Paddon"

2.3.2 Seurat Ontario Corporation et al. - ss. 74(1)

Headnote

Subsection 74 (1) - Registration and prospectus relief granted in respect of trades in connection with merger transaction in which exchangeable shares are issued and where statutory exemptions are unavailable for technical reasons for certain trades related to the transaction - first trade of securities of US company issued on the exchange of exchangeable shares a distribution unless such trade is made through the facilities of a stock exchange outside of Ontario or NASDAQ since US company is a non-reporting issuer and Ontario shareholders have a de minimus position

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., sections 25, 53, 72(5), 74(1).

Rules Cited

Rule 45-501 -Exempt Distributions.

Rule 72-501 - First Trade Over a Market Outside of Ontario.

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

AND

IN THE MATTER OF
Seurat Ontario Corporation,
Seurat Nova Scotia Corporation and Seurat Company
(collectively, the "Seurat Companies")

RULING
(Subsection 74(1))

UPON the application of the Seurat Companies to the Ontario Securities Commission (the "Commission") for a ruling, pursuant to subsection 74(1) of the Act, that certain trades in securities made in connection with an acquisition (the "Transaction") of Doublecroft Enterprises Inc., Hepworth + Company Limited, 1166597 Ontario Inc. and CCSF Ltd. (collectively, the "Hepworth Entities") by Seurat Ontario Corporation ("Seurat Ontario") pursuant to a purchase agreement entered into as of June 28, 2001 between the Seurat Companies and the Hepworth Entities (the "Purchase Agreement"), shall not be subject to section 25 or 53 of the Act;

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

AND UPON the Seurat Companies having represented to the Commission as follows:

1. Angelcroft Enterprises Inc. and Michael Hepworth (collectively, the Vendors"), the Hepworth Entities and Seurat Company ("Seurat") entered into a letter of intent dated May 1, 2001 whereby Seurat agreed to purchase, directly or indirectly, all of the issued and outstanding shares of the Hepworth Entities.

2. In connection with the Transaction, the Vendors and the Hepworth Entities entered into the Purchase Agreement pursuant to which Seurat Ontario acquired all of the issued and outstanding shares of Doublecroft Enterprises Inc. from Michael Hepworth and 50 common shares and 100 Class A special shares of 1166597 Ontario Inc. from Angelcroft (collectively, the "Purchased Shares"). In addition to cash consideration of CDN $1,350,000 and CDN $1,650,000 of 6% four year notes which were issued by Seurat Ontario to the Vendors, the consideration for the Purchased Shares included the issuance to the Vendors of an aggregate of 1,325 Exchangeable Shares (as defined in paragraph 9, below) in exchange for the Purchased Shares.

3. The Exchangeable Shares (as defined in paragraph 9, below) provide the Vendors with securities of a Canadian issuer with economic attributes which are, as nearly as practicable, equivalent to shares of Seurat Common Stock (as defined below), but which were received by the Vendors on a tax-deferred basis.

4. Seurat is a corporation existing under the laws of the State of Delaware. None of the shares of Seurat are listed or posted for trading on any exchange, nor is Seurat a reporting issuer in any jurisdiction. Seurat is in the business of consulting and systems integration. Seurat has no present intention of becoming a reporting issuer under the Act.

5. The authorized capital of Seurat consists of 83,750 shares of convertible preferred stock, par value US$0.01 per share (the "Seurat Preferred Stock") and 150,000 shares of common stock, without par value (the "Seurat Common Stock"). As at June 28, 2001, there were issued and outstanding 40,377 shares of Seurat Preferred Stock and 13,374.001 shares of Seurat Common Stock.

6. Seurat Nova Scotia Corporation ("Seurat Nova Scotia") is an unlimited liability corporation organized under the laws of the Province of Nova Scotia. None of the shares of Seurat Nova Scotia are listed or posted for trading on any exchange, nor is Seurat Nova Scotia a reporting issuer in any jurisdiction. Seurat Nova Scotia is a holding company for Seurat Ontario. Seurat has no present intention for Seurat Nova Scotia to become a reporting issuer under the Act.

7. The authorized capital of Seurat Nova Scotia consists of 10,000,000 common shares of which 450,000 common shares are issued and outstanding as at the date hereof, all of which are owned by Seurat.

8. Seurat Ontario is a corporation amalgamated under the *Ontario Business Corporations Act* ("OBCA"). None of the shares of Seurat Ontario are listed or posted for trading on any exchange, nor will Seurat Ontario be a reporting issuer in any jurisdiction. Seurat Ontario was formed by the amalgamation of the Hepworth Entities

with Seurat Ontario as described in paragraph 10 below. Seurat has no present intention for Seurat Ontario to become a reporting issuer under the Act.

9. The authorized capital of Seurat Ontario consists of an unlimited number of common shares and an unlimited number of Class A non-voting preferred shares (the "Exchangeable Shares") of which 450,000 common shares and 1,325 Exchangeable Shares are issued and outstanding as at the date hereof. All of the outstanding common shares are owned by Seurat Nova Scotia and 662.5 Exchangeable Shares are owned by each of Angelcroft and Michael Hepworth.

10. Under the Purchase Agreement dated as of June 28, 2001, Seurat Ontario acquired all of the Purchased Shares from the Vendors in exchange for an aggregate of 1325 Exchangeable Shares, plus cash consideration of CDN $1,350,000 and CDN $1,650,000 of 6% four year notes issued by Seurat Ontario in reliance upon prospectus and registration exemptions under the Act. Immediately following the completion of the Transaction, the Hepworth Entities amalgamated with Seurat Ontario under the OBCA and continued as Seurat Ontario.

11. The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares (the "Exchangeable Share Provisions"), together with an exchangeable share support agreement entered into among Seurat, Seurat Nova Scotia and Seurat Ontario (the "Support Agreement") and a call rights agreement among Seurat, Seurat Nova Scotia, Seurat Ontario and the Vendors (the "Nova Scotia Call Rights Agreement"), to become effective on the granting of this order, all as described below, will provide the holders of the Exchangeable Shares with a security of Seurat Ontario having economic rights which are, as nearly as practicable, equivalent to those of the shares of Seurat Common Stock.

12. The Exchangeable Shares rank prior to the common shares of Seurat Ontario and any other shares ranking junior to the Exchangeable Shares with respect to the payment of dividends and the distribution of assets in the event of a liquidation, dissolution or winding-up of Seurat Ontario to the extent described below.

13. The Exchangeable Share Provisions provide that each Exchangeable Share entitles the holder to receive a dividend from Seurat Ontario payable at the same time as, and equivalent to, each dividend paid by Seurat on the shares of Seurat Common Stock. Subject to the overriding call right of Seurat Nova Scotia described below, on the liquidation, dissolution or winding-up of Seurat Ontario, a holder of Exchangeable Shares will be entitled to receive from Seurat Ontario, for each Exchangeable Share held, an amount equal to the current market price of a share of Seurat Common Stock, to be satisfied by delivery of one share of Seurat Common Stock, together with all declared and unpaid dividends on each such Exchangeable Share held by the holder on any dividend record date prior to the date of liquidation, dissolution or winding-up (such aggregate amount, the "Liquidation Price"). Upon a proposed liquidation, dissolution or winding-up of Seurat Ontario, when the Nova Scotia Call Rights Agreement becomes effective, Seurat Nova Scotia will have an overriding call right (the "Liquidation Call Right") to purchase all of the outstanding Exchangeable Shares from the holders thereof (other than Seurat or its affiliates) for a price per share equal to the Liquidation Price.

14. The Exchangeable Shares are non-voting (except as required by the Exchangeable Share Provisions or by applicable law) and are retractable at the option of the holder at any time. Subject to the overriding call right of Seurat Nova Scotia described below, upon retraction the holder will be entitled to receive from Seurat Ontario, for each Exchangeable Share retracted, an amount equal to the current market price of a share of Seurat Common Stock, to be satisfied by delivery of one share of Seurat Common Stock, together with all declared and unpaid dividends on each such retracted Exchangeable Share held by the holder on any dividend record date prior to the date of retraction (such aggregate amount, the "Retraction Price"). Upon being notified by Seurat Ontario of a proposed retraction of Exchangeable Shares, when the Nova Scotia Call Rights Agreement becomes effective, Seurat Nova Scotia will have an overriding call right (the "Retraction Call Right") to purchase from the holder all of the Exchangeable Shares that are the subject of the retraction notice for a price per share equal to the Retraction Price.

15. Subject to the overriding call right of Seurat Nova Scotia described below, Seurat Ontario may redeem all the Exchangeable Shares then outstanding at any time on or after the date which is six years from the date of Closing (the "Redemption Date"). The Redemption Date may be accelerated in certain circumstances that are set out in the Exchangeable Share Provisions. Upon such redemption, a holder will be entitled to receive from Seurat Ontario, for each Exchangeable Share redeemed, an amount equal to the current market price of a share of Seurat Common Stock, to be satisfied by the delivery of one share of Seurat Common Stock, together with all declared and unpaid dividends on each such redeemed Exchangeable Share held by the holder on any dividend record date prior to the date of redemption (such aggregate amount, the "Redemption Price"). Upon being notified by Seurat Ontario of a proposed redemption of Exchangeable Shares, when the Nova Scotia Call Rights Agreement becomes effective, Seurat Nova Scotia will have an overriding call right (the "Redemption Call Right") to purchase from the holders or holders thereof, as applicable (other than Seurat or its affiliates) all of the outstanding Exchangeable Shares held by such holder or holders for a price per share equal to the Redemption Price.

16. Under the Nova Scotia Call Rights Agreement, when effective, Seurat will grant to each holder of the Exchangeable Shares the right (the "Exchange Right"), exercisable upon the insolvency of Seurat Ontario, to require Seurat to purchase from such holder all of his or her Exchangeable Shares. The purchase price for each Exchangeable Share so purchased will be an amount equal to the current market price of a share of Seurat

Common Stock, to be satisfied by delivery of one share of Seurat Common Stock, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on such Exchangeable Share held by such holder on any dividend record date prior to the closing of such purchase and sale.

17. Under the Nova Scotia Call Rights Agreement, when effective, upon the liquidation, dissolution or winding-up of Seurat, Seurat will be required to purchase each outstanding Exchangeable Share, and each holder will be required to sell all of his or her Exchangeable Shares, (such purchase and sale obligations are hereafter referred to as the "Automatic Exchange Right") for a purchase price per share equal to the current market price of a share of Seurat Common Stock, to be satisfied by the delivery of one share of Seurat Common Stock, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each such Exchangeable Share held by such holder on any dividend record date prior to the closing of such purchase and sale.

18. At the closing of the Transaction, Seurat, Seurat Holdings and Seurat Ontario entered into the Support Agreement which provides, among other things, that Seurat will not declare or pay any dividend on the shares of Seurat Common Stock unless Seurat Ontario simultaneously declares and pays an equivalent dividend on the Exchangeable Shares, and that Seurat will ensure that Seurat Ontario and Seurat Nova Scotia will be able to honour the redemption and retraction rights and dissolution entitlements that are attributes of the Exchangeable Shares under the Exchangeable Share Provisions and the related Redemption, Retraction and Liquidation Call Rights described above.

19. The Support Agreement also provides that, without the prior approval of the holders of the Exchangeable Shares, actions such as distributions of stock dividends, options, rights and warrants for the purchase of securities or other assets, subdivisions, reclassifications, transactions and other changes cannot be taken in respect of the Seurat Common Stock generally without the same or an economically equivalent action being taken in respect of the Exchangeable Shares.

20. The trades and possible trades (the "Trades") in securities to which the Transaction gives rise are the following:

    (a) the issuance of Exchangeable Shares by Seurat Ontario to the Vendors in exchange for the Purchased Shares;

    (b) the creation of the call rights in favour of Seurat Nova Scotia referred to in paragraphs 13, 14 and 15 above;

    (c) the creation of the Exchange Right and the Automatic Exchange Right in favour of the holders of Exchangeable Shares referred to in paragraphs 16 and 17 above;

    (d) the issuance and intra-group transfers of shares of Seurat Common Stock and related issuances of shares of Seurat affiliates in consideration therefor, all by and between Seurat and its affiliates, from time to time, to enable shares of Seurat Common Stock to be delivered to a holder of Exchangeable Shares, and the subsequent delivery thereof to such holder, upon: (i) a holder's retraction of Exchangeable Shares; (ii) the exercise by Seurat Nova Scotia of the Retraction Call Right; (iii) the redemption of the Exchangeable Shares by Seurat Ontario; (iv) the exercise of the Redemption Call Right by Seurat Nova Scotia; (v) the liquidation, dissolution or winding-up of Seurat Ontario; and (vi) the exercise of the Liquidation Call Right by Seurat Nova Scotia;

    (e) the transfer of Exchangeable Shares by a holder thereof to Seurat Ontario or Seurat Nova Scotia, as applicable, upon: (i) the holder's retraction of Exchangeable Shares; (ii) the exercise of the Retraction Call Right by Seurat Nova Scotia; (iii) the redemption of the Exchangeable Shares by Seurat Ontario; (iv) the exercise of the Redemption Call Right by Seurat Nova Scotia; (v) the liquidation, dissolution or winding-up of Seurat Ontario; and (vi) the exercise of the Liquidation Call Right by Seurat Nova Scotia;

    (f) the issuance and delivery by Seurat of shares of Seurat Common Stock to a holder of Exchangeable Shares upon the exercise of the Exchange Right or the Automatic Exchange Right;

    (g) the transfer of Exchangeable Shares by a holder thereof to Seurat upon the exercise of the Exchange Right or the Automatic Exchange Right;

    (h) the first trades of Exchangeable Shares received by the Vendors in connection with the Transaction; and

    (i) the first trades of shares of Seurat Common Stock received by holders of Exchangeable Shares: (i) upon the retraction or redemption of Exchangeable Shares; (ii) in connection with the liquidation, dissolution or winding-up of Seurat Ontario; (iii) upon the exercise of the Retraction Call Right, Redemption Call Right or the Liquidation Call Right; or (iv) upon the exercise of the Exchange Right or the Automatic Exchange Right.

21. There is no market in Ontario, and none is expected to develop, for shares of Seurat Common Stock.

22. If the Vendors acquired the maximum number of shares of Seurat Common Stock to which they would be entitled under the Exchangeable Share Provisions, together with all other persons or companies in Ontario who beneficially own shares of Seurat Common Stock, they would not beneficially own more than 10% of the

total outstanding number of shares of Seurat Common Stock currently outstanding and would not represent in number more than 10% of the total number of current holders of Seurat Common Stock.

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, to the extent there are no exemptions available from the registration and prospectus requirements of the Act in respect of any of the Trades, such Trades are not subject to sections 25 or 53 of the Act, provided that the first trade in Exchangeable Shares or Seurat Common Stock received in connection with the Exchangeable Share Provisions or the Nova Scotia Call Rights Agreement pursuant to the Transaction shall be a distribution unless:

(a) such trade is made in compliance with section 72(5) of the Act and section 2.18(3) of Commission Rule 45-501 – Exempt Distribution as if the securities had been issued pursuant to one of the exemptions referenced in section 72(5) of the Act; or

(b) such trade is executed through the facilities of a stock exchange outside Ontario or on the NASDAQ Stock Market.

July 17, 2001.

"Paul Moore" "J.A. Geller"

2.3.3 ISOPIA Inc. et al. - ss. 74(1)

Headnote

Subsection 74(1) - Registration and prospectus relief granted in respect of trades in exchangeable securities of non-reporting Canadian issuer common shares of U.K. issuer and grant of various rights attached to the exchangeable securities - first trade relief granted in respect of trades in exchangeable securities and underlying common shares received upon the exercise of rights attached to the exchangeable shares.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 53, 72(5) and 74(1).

Regulations Cited

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

Rules Cited

Rule 72-501 - Prospectus Exemptions for First Trade Over a Market outside Ontario.

Rule 45-501 - Exempt Distributions.

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

AND

IN THE MATTER OF
ISOPIA INC., PARENT MICROSYSTEMS, INC.,
3055855 NOVA SCOTIA COMPANY AND 514713 N.B. INC.

RULING
(Subsection 74(l))

UPON application (the "Application") by ISOPIA Inc. ("ISOPIA" or the "Company"), Sun Microsystems, Inc. ("Parent"), 3055855 Nova Scotia Company ("Callco") and 514713 N.B. Inc. ("Exchangeco") (together with the Selling Shareholders, as defined below, collectively the "Applicants") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act that certain trades in securities made in connection with or resulting from the acquisition (the "Acquisition") by Exchangeco and Callco, of all of the issued and outstanding shares in the capital of ISOPIA are not subject to sections 25 and 53 of the Act;

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

AND UPON the Applicants having represented to the Commission that:

1. ISOPIA was incorporated under the laws of Ontario on March 16, 1998. ISOPIA is a "private company" as

defined in the Act, and is not a "reporting issuer" under the Act or under the securities legislation of any other jurisdiction.

2. ISOPIA's authorized capital consists of an unlimited number of common shares, of which 32,725,490 common shares are currently issued and outstanding (the "ISOPIA Common Shares").

3. All the outstanding ISOPIA Common Shares are currently owned by Payman Hodaie, Omid Hodaie, Vafa Ashraf, Aditya Jha, and Omid Afnan (collectively, the "Founders"), Ramin Doorandish, Peter Swartz, Bruce Jabbari, Soraya Esmail, Paul Kwiatkowski, Vafa Moshtagh, Tom Lang, Payam Vahid, 1410203 Ontario Limited, Mark Stirling, Jane Anne Hamilton and Smith Lyons LLP (collectively, the "Selling Shareholders").

4. Parent was reincorporated under the laws of the State of Delaware in July, 1987, and is not a "reporting issuer" under the Act or under any other Canadian securities legislation and has not become a reporting issuer under the Act as a result of the completion of the Acquisition.

5. The authorized capital of Parent consists of 7,200,000,000 million shares of common stock ("Parent Common Stock") and 10 million shares of preferred stock, of which as of June 12, 2001 there were 3,246,418,920 shares of Parent Common Stock outstanding.

6. Parent is subject to the requirements of the United States Securities Exchange Act of 1934, as amended.

7. The shares of Parent Common Stock are quoted on The Nasdaq Stock Market - National Market System ("The NASDAQ Stock Market").

8. Callco is a Nova Scotia unlimited liability company and is indirectly wholly owned by Parent. Callco is not a reporting issuer under the Act, and has no present intention of becoming a reporting issuer.

9. Exchangeco is incorporated under the laws of the Province of New Brunswick and is a direct wholly-owned subsidiary of Callco and an indirect wholly-owned subsidiary of Parent. The authorized capital of Exchangeco consists of an unlimited number of common shares and an unlimited number of preferred shares, and prior to the closing of the Acquisition, will include an unlimited number of Exchangeable Shares, of which 100 common shares, no preferred shares and no Exchangeable Shares are issued and outstanding.

10. Parent, ISOPIA Acquisition Corp., Exchangeco, ISOPIA and the Selling Shareholders have entered into an acquisition agreement (the "Acquisition Agreement") dated June 19, 2001, pursuant to which Exchangeco and Callco agreed to purchase from the Selling Shareholders all of the outstanding shares in the capital of ISOPIA in consideration for cash and shares issued by Exchangeco which are exchangeable for shares of Parent Common Stock on a one for one basis the ("Exchangeable Shares").

11. The Acquisition is proposed to be effected by way of an arrangement under section 182 of the *Business Corporations Act* (Ontario). The Selling Shareholders will receive an information circular that includes disclosure about Parent.

12. In accordance with the Acquisition Agreement, a portion of the Exchangeable Shares (the "Indemnity Escrow Shares") issued in satisfaction of the purchase price payable to certain of the Selling Shareholders will be held in escrow to secure the performance of the indemnification obligations of those Selling Shareholders under the Acquisition Agreement and will be released on the 16 month anniversary of the closing date of the Acquisition, subject to certain conditions.

13. On the closing date of the Acquisition, each of the Founders have agreed to enter into a Repurchase Agreement, pursuant to which a portion of the Exchangeable Shares issued to the Founders in satisfaction of the purchase price payable to them will be subject to a repurchase option by Exchangeco to secure their continued employment with ISOPIA or one of its affiliates, and will be released on the 12, 24 and 36 month anniversaries of the closing date of the Acquisition, subject to certain conditions.

14. The Exchangeable Shares provide holders thereof ("Exchangeable Shareholders") with a security of a Canadian issuer having economic attributes which are, as nearly as practicable, equivalent to those of shares of Parent Common Stock. The Exchangeable Shares are non-voting.

15. The provisions attaching to the Exchangeable Shares (the "Exchangeable Share Provisions") provide that, except as required by applicable law, Exchangeable Shareholders will not be entitled to receive notice of or vote at meetings of the shareholders of Exchangeco. The Exchangeable Shares rank prior to the common shares and the preferred shares of Exchangeco with respect to the payment of dividends and the distribution of assets in the event of a liquidation, dissolution or winding-up of Exchangeco. Each Exchangeable Share will entitle the holder thereof to receive dividends from Exchangeco at the same time as, and in an amount equivalent to, dividends paid by Parent on each share of Parent Common Stock on the declaration date.

16. Subject to compliance with applicable law, each Exchangeable Share shall be retractable at the option of the holder at any time. Upon retraction, the holder will be entitled to receive an amount per share equal to the market price of one share of Parent Common Stock on the last business day prior to the retraction date, which will be satisfied by Exchangeco delivering one share of Parent Common Stock, together with an additional amount equal to the full amount of all declared and unpaid dividends on each such retracted Exchangeable Share (collectively, the "Retraction Price"). Notwithstanding the foregoing, upon being notified by Exchangeco of a proposed retraction by an Exchangeable Shareholder, Callco will have an overriding call right (the "Retraction Call Right") to purchase from such Exchangeable Shareholder each

Exchangeable Share proposed to be retracted at the Retraction Price.

17. Subject to the overriding call right of Callco referred to below, Exchangeco will be entitled to redeem the outstanding Exchangeable Shares on or after the fifth anniversary of the closing of the Acquisition or earlier in the event of, among other things, a takeover offer for Parent or an extraordinary transaction involving Parent or Exchangeco (the "Automatic Redemption Date"). Upon a redemption by Exchangeco on the Automatic Redemption Date, the Exchangeable Shareholders shall be entitled to receive from Exchangeco for each Exchangeable Share redeemed an amount per share equal to the market price of one share of Parent Common Stock on the last business day prior to the Automatic Redemption Date, which amount will be satisfied by Exchangeco delivering to such Exchangeable Shareholder one share of Parent Common Stock, together with an additional amount equal to the full amount of all declared and unpaid dividends on each such Exchangeable Share up to the Automatic Redemption Date (collectively, the "Redemption Price"). Notwithstanding the foregoing, Callco will have an overriding call right (the "Redemption Call Right") to purchase on the Automatic Redemption Date for the Redemption Price each Exchangeable Share proposed to be redeemed from such Exchangeable Shareholder.

18. Upon the liquidation, dissolution or winding-up of Exchangeco, each Exchangeable Shareholder shall be entitled to receive for each Exchangeable Share held an amount per share equal to the market price of one share of Parent Common Stock on the last business day prior to the liquidation date, which will be satisfied by Exchangeco delivering to such Exchangeable Shareholder one share of Parent Common Stock, together with an additional amount equal to the full amount of all declared and unpaid dividends on each such Exchangeable Share (collectively, the "Liquidation Price"). Notwithstanding the foregoing, upon any proposed liquidation, dissolution or winding-up of Exchangeco, Callco will have an overriding call right (the "Liquidation Call Right") to purchase for the Liquidation Price each Exchangeable Share to be redeemed from the Exchangeable Shareholders.

19. At the closing of the Acquisition, Exchangeco, Callco, Parent and each Exchangeable Shareholder will enter into an exchange and support agreement (the "Exchange and Support Agreement") pursuant to which Parent will agree to ensure that:

    (a) Exchangeco (i) has sufficient assets available to pay simultaneous and equivalent dividends on the Exchangeable Shares, and (ii) simultaneously declares and pays such simultaneous and equivalent dividends on the Exchangeable Shares, in each case, as are declared and paid by Parent with respect to the shares of Parent Common Stock;

    (b) Exchangeco fulfils its obligations in respect of the redemption and retraction rights and the dissolution entitlements upon liquidation in accordance with the Exchangeable Share Provisions; and

    (c) Callco fulfils its obligations in respect of its call rights.

20. Pursuant to the Exchange and Support Agreement, Parent will grant to the Exchangeable Shareholders an insolvency exchange right (the "Insolvency Exchange Right"), that may be exercised upon the insolvency of Exchangeco or upon the failure of Exchangeco to perform certain of its obligations under the Exchangeable Share Provisions. The Insolvency Exchange Right, when exercised, will require Callco to purchase from an Exchangeable Shareholder all or any part of the Exchangeable Shares held by such Exchangeable Shareholder. The purchase price for each Exchangeable Share purchased by Callco in accordance with the Insolvency Exchange Right will be an amount equal to the market price of one share of Parent Common Stock on the trading day prior to the closing date of the purchase under the Insolvency Exchange Right, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each Exchangeable Share. This purchase price will be satisfied by Callco transferring and delivering to an Exchangeable Shareholder one share of Parent Common Stock for each Exchangeable Share held, together with an additional amount for declared and unpaid dividends.

21. Under the Exchange and Support Agreement, the Exchangeable Shares will be automatically exchanged (the "Liquidation Right") by Callco for shares of Parent Common Stock in the event of a voluntary or involuntary liquidation, dissolution or winding-up of Parent (an "Liquidation Event"). In the event of a Liquidation Event, each outstanding Exchangeable Share (except for those held by Parent or any of its affiliates) will be automatically exchanged for shares of Parent Common Stock prior to the effective date of the Liquidation Event. The purchase price for each Exchangeable Share purchased by Callco pursuant to the Liquidation Right will be an amount equal to the market price of one share of Parent Common Stock on the trading day prior to the closing date of the purchase under the Liquidation Right, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each Exchangeable Share. This purchase price will be satisfied by Callco transferring and delivering to an Exchangeable Shareholder one share of Parent Common Stock for each Exchangeable Share held, together with an additional amount for declared and unpaid dividends.

22. In the event that the *Income Tax Act* (Canada) and other applicable provincial income tax laws are amended such that the sale by Canadian resident shareholders who hold Exchangeable Shares as capital property, of Exchangeable Shares to Parent or Callco will qualify as a tax deferred transaction for purposes of the ITA and other applicable provincial income tax laws for such holders of Exchangeable Shares, then Parent shall have the right (the **"Parent Call Right"**) to purchase (or to cause Callco to purchase) from the

Exchangeable Shareholders all of the Exchangeable Shares held by the Exchangeable Shareholders for an amount per share equal to the market price of one share of Parent Common Stock on the last business day prior to the date that Parent or Callco intends to acquire the Exchangeable Shares, which will be satisfied by Parent or Callco, as applicable, delivering to the Exchangeable Shareholders one share of Parent Common Stock, together with an additional amount equal to the full amount of all the declared and unpaid dividends on each such Exchangeable Share.

23. The Acquisition involves, and may involve, trades that may be subject to the registration and prospectus requirements of the Act and for which no exemptions are available under the Act, including the following (collectively, the "**Trades**"):

(a) The transfer of shares of Parent Common Stock to the Exchangeable Shareholders by Exchangeco upon the retraction of the Exchangeable Shares by an Exchangeable Shareholder;

(b) The issuance by Parent pursuant to the Exchange and Support Agreement of shares of Parent Common Stock from time to time to Exchangeco to enable Exchangeco to fulfil its obligations under the Exchangeable Share Provisions, including among others, upon the retraction or redemption of the Exchangeable Shares or upon the liquidation, dissolution or winding-up of Exchangeco;

(c) The issuance by Parent pursuant to the Exchange and Support Agreement of Parent Common Stock to Callco from time to time to enable Callco to deliver Parent Common Stock to Exchangeable Shareholders in connection with the exercise by Callco of the Retraction Call Right, Redemption Call Right, Liquidation Call Right and by Parent of the Parent Call Right;

(d) The trade by Callco of shares of Parent Common Stock to the Exchangeable Shareholders upon Callco exercising the Retraction Call Right (instead of the retraction of Exchangeable Shares);

(e) The trade of shares of Parent Common Stock to the Exchangeable Shareholders by Exchangeco upon the redemption of Exchangeable Shares by Exchangeco on the Automatic Redemption Date;

(f) The trade of shares of Parent Common Stock to the Exchangeable Shareholders by Callco upon Callco exercising the Redemption Call Right (instead of the redemption of the Exchangeable Shares on the Automatic Redemption Date);

(g) The trade of shares of Parent Common Stock to the Exchangeable Shareholders by Callco upon Callco exercising the Liquidation Call Right;

(h) The trade of shares of Parent Common Stock to the Exchangeable Shareholders by Callco or by Parent upon Parent exercising the Parent Call Right;

(i) The transfer of Exchangeable Shares to Callco by the Exchangeable Shareholders upon the exercise by Callco of the Retraction Call Right;

(j) The transfer of Exchangeable Shares to Callco by the Exchangeable Shareholders upon Callco exercising the Redemption Call Right;

(k) The transfer of Exchangeable Shares to Callco by the Exchangeable Shareholders upon Callco exercising the Liquidation Call Right;

(l) The transfer of Exchangeable Shares to Callco by the Exchangeable Shareholders upon the exercise of the Insolvency Exchange Right;

(m) The transfer of Exchangeable Shares to Callco by the Exchangeable Shareholders pursuant to the Liquidation Right;

(n) The transfer of shares of Parent Common Stock by Callco to the Exchangeable Shareholders upon the exercise of the Insolvency Exchange Right; and

(o) The transfer of Exchangeable Shares to Callco or Parent by the Exchangeable Shareholders upon the exercise by Parent of the Parent Call Right.

24. Assuming the exchange of all Exchangeable Shares for shares of Parent Common Stock, immediately after the completion of the Acquisition, all persons or companies resident in Ontario will not in aggregate hold of record or own beneficially more than 10% of the issued and outstanding Parent Common Stock or represent more than 10% of the number of holders of Parent Common Stock.

25. There is no market for the shares of Parent Common Stock in Ontario and none is expected to develop.

26. Upon completion of the Acquisition, neither Parent nor Exchangeco become reporting issuers under the Act.

27. All disclosure material furnished to holders of shares of Parent Common Stock in the United States will concurrently be provided to Exchangeable Shareholders and holders of Parent Common Stock resident in Ontario.

28. So long as any outstanding Exchangeable Shares are held by any person other than Parent or its affiliates, Parent will remain the direct or indirect beneficial owner of a majority of the outstanding voting shares of Exchangeco and Callco.

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

IT IS RULED pursuant to subsection 74(l) of the Act that, to the extent there are no exemptions available from the registration and prospectus requirements of the Act in respect of any of the Trades, such Trades are not subject to sections 25 or 53 of the Act, provided that:

(i) the first trade in Exchangeable Shares, other than the exchange thereof for shares of Parent Common Stock, shall be a distribution; and

(ii) the first trade in any shares of Parent Common Stock issued upon the exchange of Exchangeable Shares shall be a distribution unless:

  (a) such trade is made in compliance with subsection 72(5) of the Act and subsection 2.18(3) of Ontario Securities Commission Rule 45-501 - Exempt Distributions as if the securities had been issued pursuant to one of the exemptions referenced in subsection 72(5) of the Act; or

  (b) such trade is executed through the facilities of a stock exchange outside of Ontario or on The NASDAQ Stock Market.

July 17, 2001.

"Paul Moore" "J.A. Geller"

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Chapter 3

Reasons: Decisions, Orders and Rulings

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

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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
NSR Resources Inc. Tintina Mines Ltd.	25 May 01	06 Jun 01	08 Jun 01	12 Jul 01
Derlak Enterprises Inc.	25 May 01	06 Jun 01	08 Jun 01	13 Jul 01
Laguna Gold Corporation	25 Jun 01	06 Jul 01	06 Jul 01	-
LEF McLean Brothers International Inc.	28 Jun 01	10 Jul 01	10 Jul 01	-
Sonora Diamond Corp. Ltd.	29 Jun 01	11 Jul 01	12 Jul 01	-
United Industrial Services Ltd.	13 Jul 01	25 Jul 01	-	-
American Bullion Minerals Swica Resource Corp. TMI-Learnix Inc.	17 Jul 01	27 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 Lapse/Expire
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. Link Mineral Ventures Ltd. Nord Pacific Limited	30 May 01	12 Jun 01	13 Jun 01	28 Jun 01
Landmark Global Financial Corporation	30 May 01	12 Jun 01	13 Jun 01	28 Jun 01
Dominion International Investments Inc.	12 Jun 01	25 Jun 01	26 Jun 01	-
Zamora Gold Corp.	13 Jun 01	26 Jun 01	26 Jun 01	18 Jul 01
Consumers Packaging Inc.	20 Jun 01	03 Jul 01	-	05 Jul 01
Systech Retail Systems Inc.	27 Jun 01	10 Jul 01	10 Jul 01	-

4.3.1 Lapsed Cease Trading Orders

Company Name	Date of Lapse/Expire
Turbodyne Technologies Inc.	18 Jul 01

Chapter 5

Rules and Policies

5.1 Rules and Policies

5.1.1 NI 45-101 Rights Offerings

NATIONAL INSTRUMENT 45-101
RIGHTS OFFERINGS

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FORM 45-101F

NATIONAL INSTRUMENT 45-101
RIGHTS OFFERINGS

PART 1 DEFINITIONS, INTERPRETATION AND APPLICATION

1.1 **Definitions** - In this Instrument

"acceptance date" means

(a) in all jurisdictions except Quebec,

(i) the date that is 10 days after the date the issuer gives the notice referred to in the rights offering prospectus exemption, or

(ii) if the reviewing authority has objected to the proposed trade under the rights offering prospectus exemption, the date the reviewing authority notifies the issuer by written notice that it no longer objects to the use of the rights offering prospectus exemption; and

(b) in Quebec,

(i) the date that is 15 days after the date the issuer gives the notice referred to in the rights offering prospectus exemption, or

(ii) if the reviewing authority has objected to the proposed trade under the rights offering prospectus exemption, the date the reviewing authority notifies the issuer by written notice that it no longer objects to the use of the rights offering prospectus exemption.

"additional subscription privilege" means the privilege, granted to a holder of a right, to subscribe for securities not subscribed for under a basic subscription privilege;

"basic subscription privilege" means a privilege to subscribe for that number of securities set out in a rights certificate held by a holder of the rights certificate;

"class" includes a series of a class of securities;

"managing dealer" means a dealer that has entered into an agreement with an issuer under which the dealer has agreed to organize, and participate in, the solicitation of the exercise of rights issued by the issuer;

"market price" means for securities of a class for which there is a published market

(a) except as provided in paragraph (b)

(i) if the published market provides a closing price, the simple average of the closing price of securities of that class on the published market for each of the trading days on which there was a closing price falling not more than 20 trading days immediately before the day as of which the market price is being determined, or

(ii) if the published market does not provide a closing price, but provides only the highest and lowest prices of securities of the class traded, the average of the simple averages of the highest and lowest prices of securities of the class on the published market for each of the trading days on which there were highest and lowest prices falling not more than 20 trading days immediately before the day as of which the market price is being determined, or

(b) if trading of securities of the class in the published market has occurred on fewer than 10 of the immediately preceding 20 trading days, the average of the following amounts established for each of the 20 trading days immediately before the day as of which the market price is being determined:

1. The average of the closing bid and closing ask prices for each day on which there was no trading.

2. If the published market

(i) provides a closing price of securities of the class for each day that there has been trading, the closing price, or

(ii) provides only the highest and lowest prices, the average of the highest and lowest prices of securities of that class for each day that there has been trading;

"published market" means, for a class of securities, a marketplace on which the securities have traded that discloses regularly in a publication of general and regular paid circulation or in a form that is broadly distributed by electronic means the prices at which those securities have traded;

"reviewing authority" means

(a) in all jurisdictions except British Columbia and Alberta, the securities regulatory authority or regulator; and

(b) in British Columbia and Alberta, the regulator;

"rights offering" means

(a) in all jurisdictions except British Columbia, the issuance by an issuer to its securityholders of

(i) a right to purchase additional securities of the issuer's own issue, and

(ii) securities on exercise of the right; and

(b) in British Columbia, the issuance by an issuer to its securityholders of a right to purchase additional securities of the issuer's own issue;

"rights offering prospectus exemption" means the exemption in securities legislation from the prospectus requirement for a rights offering;

"rights offering registration exemption" means the exemption in securities legislation from the trading registration requirement for a rights offering;

"soliciting dealer" means a person or company the interest of which in a rights offering is limited to participating in the solicitation of the exercise of rights by holders of those rights;

"stand-by commitment" means an agreement by a person or company to acquire securities of an issuer not issued under the basic subscription privilege or the additional subscription privilege available under a rights offering; and

"subscription price" means the price per security at which the securities issuable on the exercise of rights may be subscribed for under a rights offering.

1.2 **Interpretation** - For the purpose of the definition of "market price", if there is more than one published market for a security,

(a) if only one of the published markets is in Canada, the market price shall be determined solely by reference to that market;

(b) if there is more than one published market in Canada, the market price shall be determined solely by reference to the published market in Canada on which the greatest volume of trading in the particular class of securities occurred during the 20 trading days immediately before the date as of which the market price is being determined; and

(c) if there is no published market in Canada, the market price shall be determined solely by reference to the published market on which the greatest volume of trading in the particular class of securities occurred during the 20 trading days immediately before the date on which the market price is being determined.

1.3 **Application** - This Instrument applies to an issuer that trades in a local jurisdiction, by way of a rights offering, securities of its own issue to a beneficial holder of its securities.

PART 2 REMOVAL OF RIGHTS OFFERING PROSPECTUS EXEMPTION

2.1 **General** - The rights offering prospectus exemption is not available to an issuer unless the issuer and the rights offering comply with the requirements of Parts 3, 5, 6, 7 and 8 of this Instrument.

2.2 **Restricted Offerings** - The rights offering prospectus exemption is not available to an issuer for a rights offering in any of the following circumstances:

1. The issuer is a reporting issuer in any jurisdiction and there would be an increase of more than 25 percent in the number, or, in the case of debt, the principal amount, of the outstanding securities of the class to be issued upon the exercise of rights, assuming the exercise of all rights issued under the rights offering and the exercise of any other rights issued by the issuer under the rights offering prospectus exemption during the 12 months immediately before the acceptance date.

2. The issuer has entered into an agreement to compensate a person or company for soliciting the exercise of rights issued under the rights offering that provides for payment of a higher fee for soliciting the exercise of rights by holders of rights that were not securityholders of the issuer immediately before the rights offering than the fee payable for soliciting the exercise of rights by holders of rights that were securityholders at that time.

3. The rights offering is conditional on a minimum amount of proceeds being raised and the exercise period for the rights is more than 45 days after the acceptance date.

4. The issuer is not a reporting issuer in any jurisdiction and the exercise period for the rights is more than 60 days after the acceptance date.

5. The issuer is a reporting issuer in any jurisdiction and the exercise period for the rights is more than 90 days after the acceptance date.

6. The issuer is a reporting issuer in any jurisdiction and the exercise period for the rights is less than 21 days after the date on which the rights offering circular is sent to securityholders under paragraph 3.2(a).

7. The issuer is a reporting issuer in any jurisdiction and has not filed financial statements required to be filed under Canadian securities legislation.

PART 3 PROSPECTUS EXEMPT OFFERINGS

3.1 **Deliveries to the Reviewing Authority**

(1) An issuer that is relying on the rights offering prospectus exemption shall send to the reviewing authority the following documents:

1. A rights offering circular in draft and final form prepared in accordance with Form 45-101F.

2. If the issuer is not a reporting issuer in any jurisdiction, a statement of the issuer signed on its behalf by a senior officer confirming:

   (a) that the issuer is in compliance with the requirements of its incorporating legislation concerning the distribution of information to its security holders; and

   (b) no material change has occurred that has not been previously disclosed in writing to its security holders.

3. A copy of any agreement entered into, or proposed to be entered into, by the issuer with a managing dealer.

4. A copy of the technical reports and certificates prepared under National Instrument 43-101 Standards of Disclosure for Mineral Projects or National Policy Statement No. 2-B Guide for Engineers and Geologists Submitting Oil and Gas Reports to Canadian Provincial Securities Administrators or any successor instrument.

5. The details of any other rights offering completed by the issuer within the 12 months immediately preceding the date the rights offering circular in draft form is sent to the reviewing authority.

(2) A rights offering circular in draft form may exclude information about the subscription price and other matters dependent on the subscription price.

3.2 Delivery to Securityholders - An issuer that is required to provide notice under the rights offering prospectus exemption shall send

(a) to each securityholder entitled to receive rights under the rights offering a rights offering circular to which the reviewing authority has not objected or has confirmed its acceptance; and

(b) to each securityholder entitled to receive rights under the rights offering and to each registered rights holder, a copy of any amendment under section 3.3.

3.3 Amendments

(1) An issuer that has sent to its securityholders a rights offering circular under paragraph 3.2(a) may amend the rights offering circular, for the purpose of updating information, by sending to the reviewing authority an amendment to the rights offering circular in draft and final form or an amended rights offering circular in draft and final form blacklined to the previously filed rights offering circular.

(2) Despite subsection (1), after the acceptance date, an issuer shall not amend the rights offering circular to change the terms of the rights offering.

PART 4 PROSPECTUS OFFERINGS

4.1 Reliance on Registration Exemption - An issuer that files a prospectus for a rights offering and intends to rely on the rights offering registration exemption shall state that it intends to rely on the exemption in a letter accompanying the filing of the preliminary prospectus.

4.2 Prospectus - An issuer shall not file a prospectus for a rights offering, unless

(a) in addition to qualifying the distribution of the rights, the prospectus qualifies the distribution of the securities issuable on the exercise of the rights;

(b) if there is a managing dealer, the managing dealer has signed the underwriter's certificate in the prospectus; and

(c) if the issuer is a reporting issuer, the exercise period for the rights is at least 21 days after the date on which the prospectus is sent to securityholders.

4.3 Compliance with Instrument - An issuer shall not file a prospectus or an amendment to a prospectus for a rights offering unless the issuer and the rights offering comply with the requirements of Parts 5, 6, 7 and 8.

4.4 Amendment - An issuer shall not file an amendment to a prospectus for a rights offering to change the terms of the rights offering.

PART 5 INSIDER SUBSCRIPTIONS

5.1 Insider Subscriptions

(1) If there is no published market or the subscription price is greater than the market price, for securities of the class of securities issuable on the exercise of the rights, no insider of the issuer shall be permitted to increase its proportionate interest in the issuer through the exercise of the rights under the rights offering or through a stand-by commitment.

(2) Subsection (1) does not apply if there is no published market and the issuer, at the time that the rights offering circular in final form or the rights offering prospectus under which the rights are to be issued is sent to the reviewing authority, by notice in writing confirms to the reviewing authority that the subscription price for the securities issuable on the exercise of the rights is not greater than the fair value of the

securities on the day before the date the subscription price is established.

PART 6 STAND-BY COMMITMENTS

6.1 **Stand-By Commitments** - If there is a stand-by commitment for a rights offering, the issuer shall deliver to the reviewing authority at the time the rights offering circular in final form or the rights offering prospectus is sent to the reviewing authority evidence that the person or company providing the stand-by commitment has the financial ability to carry out the stand-by commitment.

PART 7 ADDITIONAL SUBSCRIPTION PRIVILEGE

7.1 **Additional Subscription Privilege** - An issuer shall not grant an additional subscription privilege to a holder of a right unless the issuer grants the additional subscription privilege to all holders of rights.

7.2 **Stand-by Commitment** - If there is a stand-by commitment for a rights offering, the issuer shall grant an additional subscription privilege to all holders of rights.

7.3 **Number or Amount of Securities**

(1) Under an additional subscription privilege, each holder of a right shall be entitled to receive, on exercise of the additional subscription privilege, the number or amount of securities that is equal to the lesser of

(a) the number or amount of securities subscribed for by the holder under the additional subscription privilege; and

(b) $x(y/z)$ where

x = the aggregate number or amount of securities available through unexercised rights,

y = the number of rights previously exercised by the holder under the rights offering, and

z = the aggregate number of rights previously exercised under the rights offering by holders of rights that have subscribed for securities under the additional subscription privilege.

(2) Any unexercised rights shall be allocated on a pro rata basis to holders who subscribed for additional securities based on the additional subscription privilege up to the number of securities subscribed for by a particular holder.

7.4 **Price of Securities** - The subscription price under an additional subscription privilege or a stand-by commitment shall be the same as the subscription price under the basic subscription privilege.

PART 8 APPOINTMENT OF DEPOSITORY

8.1 **Depository**

(1) Subject to section 8.2, if a reporting issuer has specified in a rights offering circular or rights offering prospectus that no securities will be issued on the exercise of the rights unless proceeds at least equal to the specified minimum amount are received by the issuer under the rights offering, the issuer shall appoint one of the following to hold, as a depository, all money received on the exercise of the rights until that specified minimum amount is received or until the money is returned under the agreement referred to in section 8.2:

1. A Canadian financial institution.

2. A registrant in the jurisdiction in which the funds are proposed to be held, who is acting as managing dealer for the rights offering, or if there is no managing dealer, who is acting as a soliciting dealer.

(2) The issuer shall identify the depository appointed under subsection (1) in the rights offering circular or rights offering prospectus.

8.2 **Release of Funds from Depository** - The agreement between the depository and the issuer under which the depository referred to in section 8.1 is appointed shall provide that, if the specified minimum amount referred to in section 8.1 is not received by the depository during the exercise period for the rights, the money held by the depository will be returned in full to the holders of rights that have subscribed for securities under the rights offering.

PART 9 LISTING REPRESENTATIONS

9.1 **Listing Representations** - A reviewing authority's written permission to include a listing representation that is not otherwise permitted under the securities legislation of the Jurisdictions in a rights offering circular or in a rights offering prospectus is evidenced by the acceptance of, or non-objection to, the circular or the issuance of a receipt for the prospectus by the reviewing authority.

PART 10 EXEMPTION

10.1 **Connection Test**

(1) Parts 2, 3, 5, 6, 7 and 8 do not apply to an issuer effecting a rights offering if

(a) to the knowledge of the issuer after reasonable enquiry,

(i) the number of beneficial holders of the class for which the rights are issued resident in Canada does not constitute 10 percent or more of all holders of that class;

(ii) the number of securities of the issuer of the class for which the rights are issued beneficially held by securityholders resident in Canada does not constitute, in the aggregate, 10 percent or more of the outstanding securities of that class;

(iii) the number of beneficial holders of the class for which the rights are issued resident in the local jurisdiction does not constitute five percent or more of all holders of that class; and

(iv) the number of securities of the issuer of the class for which the rights are issued beneficially held by securityholders resident in the local jurisdiction does not constitute, in the aggregate, five percent or more of the outstanding securities of that class; and

(b) all materials sent to any other securityholders for the rights offering are concurrently sent to the reviewing authority and to each securityholder of the issuer resident in the local jurisdiction.

(2) An issuer relying on the exemption in subsection (1) shall send to the reviewing authority a written notice that it is relying on the exemption and a certificate of an officer or director of the issuer, or if the issuer is a limited partnership, an officer or director of the general partner of the issuer, or if the issuer is a trust, a trustee or officer or director of a trustee of the issuer, that to the knowledge of the person signing the certificate, after reasonable inquiry that

(a) the number of beneficial holders of the class for which the rights are issued resident in Canada does not constitute 10 percent or more of all holders of that class;

(b) the number of securities of the issuer of the class for which the rights are issued beneficially held by securityholders resident in Canada does not constitute, in the aggregate, 10 percent or more of the outstanding securities of that class;

(c) the number of beneficial holders of the class for which the rights are issued resident in the local jurisdiction does not constitute five percent or more of all holders of that class; and

(d) the number of securities of the issuer of the class for which the rights are issued beneficially held by securityholders resident in the local jurisdiction does not constitute, in the aggregate, five percent or more of the outstanding securities of that class.

10.2 Exemption

(1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

10.3 Evidence of Exemption - Without limiting the manner in which an exemption under section 10.2 may be evidenced, the issuance by the reviewing authority of a receipt for the rights offering prospectus or acceptance of, or non-objection to, the rights offering circular is evidence of the granting of the exemption if

(a) the person or company that sought the exemption delivered to the regulator on or before the date the preliminary rights offering prospectus or rights offering circular in draft form was sent to the reviewing authority, a letter or memorandum describing the matters relating to the exemption application, and indicating why consideration should be given to the granting of the exemption; and

(b) the regulator has not sent written notice to the contrary to the person or company that sought the exemption before or concurrently with the issuance of the receipt for the prospectus or acceptance of, or non-objection to, the circular by the reviewing authority.

PART 11 EFFECTIVE DATE

11.1 Effective Date of Instrument - This Instrument comes into force on July 25, 2001.

NATIONAL INSTRUMENT 45-101
FORM 45-101F
INFORMATION REQUIRED IN A RIGHTS OFFERING CIRCULAR

This is the form required by section 3.1 of National Instrument 45-101 Rights Offerings.

Item 1 - Name of Issuer

1.1 **Name of Issuer** - State the full legal name of the issuer and the addresses of its head office or registered office, and of its principal office.

Item 2 - Summary of Offering

2.1 **Summary of Offering** - On the first page of the circular, set out in summary form

(i) the number of rights;

(ii) the record date;

(iii) the time and date of expiry of the offer;

(iv) the subscription price;

(v) the basic subscription privilege;

(vi) the maximum number of securities issuable and the proceeds to be received by the issuer, assuming the exercise of all rights issued under the rights offering;

(vii) the estimated expenses of the rights offering;

(viii) any stand-by commitment;

(ix) the basis on which any additional subscription privilege may be exercised; and

(x) the minimum amount of proceeds, if any, upon which the rights offering is conditioned.

INSTRUCTIONS:

1. *If the rights will be listed on a stock exchange, include the following statement on the face page:*

"The Rights will be listed on the [name of exchange]".

2. *If the securities issuable on the exercise of the rights will be listed on a stock exchange, include the following statement on the face page:*

"The [name of exchange] has approved the listing of the [name of securities] issuable on the exercise of the Rights".

Item 3 - International Issuers

3.1 If the Issuer is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, state the following on the cover page or under a separate heading elsewhere in the rights offering circular, with the bracketed information completed:

"[The issuer] is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. Although [the issuer has appointed [name(s) and address(es) for agent(s) for service] as its agent(s) for service of process in [list jurisdictions] it may not be possible for investors to collect from the issuer, judgments obtained in Canadian courts predicated on the civil liability provisions of securities legislation"

3.2 In Saskatchewan, the rights offering circular must comply with the requirement to disclose statutory rights of action prescribed under securities legislation.

Item 4 - Brief Description of the Business of the Issuer

4.1 **Brief Description of the Business of the Issuer** - Briefly describe the business carried on and intended to be carried on by the issuer and its subsidiaries.

Item 5 - Details of the Rights and Securities Offered

5.1 **Details of the Rights and Securities Offered** - Describe the significant attributes of the rights issued under the rights offering and the securities to be issued on the exercise of the rights.

Item 6 - Registration and Delivery of Certificates Evidencing Securities

6.1 **Registration and Delivery of Certificates Evidencing Securities** - Describe the details of the registration and delivery of security certificates or other evidence of securities to holders of rights who exercise the rights.

Item 7 - Subscription Agent and Transfer Agent

7.1 **Subscription Agent and Transfer Agent**

(1) Identify the person or company appointed as subscription agent to receive subscriptions and payments from holders of a rights certificate and to perform the services relating to the exercise and transfer of the rights and provide details of such arrangements.

(2) Identify the person or company appointed as registrar and transfer agent for the securities to be issued on exercise of the rights.

Item 8 - How to Exercise the Rights

8.1 **How to Exercise the Rights** - Set out in detail how a holder may exercise the basic subscription privilege, exercise any additional subscription privilege, sell or transfer rights or divide or combine the rights evidenced by the certificate.

INSTRUCTIONS:

1. *Describe the basis on which a holder of a rights certificate may exercise the basic subscription privilege and any additional subscription privilege.*

2. *State if a holder of rights is to forward payment for additional securities issuable under any additional subscription privilege with the duly completed rights certificate or wait until notified by the issuer of the number of additional securities allotted to such holder.*

3. *Describe the basis on which the holder of a rights certificate may sell or transfer the rights or the prohibitions to the transfer.*

4. *Describe the basis on which the holder of a rights certificate may divide or combine the certificate with other rights certificates.*

Item 9 - Stand-By Commitment

9.1 Stand-By Commitment - Identify the person or company providing the stand-by commitment, if any. Describe the stand-by commitment, if any, and the material terms of the basis on which the person or company providing the stand-by commitment may terminate the obligation under the stand-by commitment.

Item 10 - Escrow of Proceeds and Depository

10.1 Escrow of Proceeds and Depository - Identify the depository, if any, and any provisions for the deposit of the proceeds of the rights offering with the depository.

Item 11 - Managing Dealer, Soliciting Dealer(s) and Underwriting Conflicts

11.1 Managing Dealer and Soliciting Dealer(s) - Identify the managing dealer, if any, and the soliciting dealers, if known, and describe the fees payable to them.

11.2 Underwriting Conflicts

(1) except in Quebec, if Multilateral Instrument 33-105 Underwriting Conflicts is not in force, provide the disclosure required by securities legislation.

(2) except in Quebec, if and when Multilateral Instrument 33-105 Underwriting Conflicts comes into force, comply with the requirements of Multilateral Instrument 33-105 Underwriting Conflicts.

(3) in Quebec, provide the disclosure regarding underwriting conflicts in accordance with Quebec securities legislation.

INSTRUCTIONS:

Disclose any information concerning conflicts of interest, including, without limitation, underwriting conflicts, as required by securities legislation

Item 12 - Intention of Insiders to Exercise Rights

12.1 Intention of Insiders to Exercise Rights - State, if known to the issuer after reasonable enquiry, the intentions of insiders of the issuer, concerning the exercise of rights issued under the rights offering.

Item 13 - Ownership of Securities of Issuer

13.1 Ownership of Securities of Issuer - Provide the following information for each person or company that is the direct or indirect beneficial owner of or exercises control or direction over more than 10 percent of any class or series of voting securities of the issuer as of a specified date not more than 30 days before the date of the rights offering circular:

(a) the name;

(b) for each class or series of voting securities of the issuer, the number or amount of securities owned, controlled or directed; and

(c) the percentage of each class or series of voting securities known by the issuer to be owned, controlled or directed.

13.2 Changes of Ownership - State the particulars of any issuances and, if known to any director or senior officer of the issuer, transfers of securities of the issuer that in either case have materially affected the control of the issuer since the end of the most recent financial year for which audited financial statements have been prepared.

Item 14 - Use of Proceeds

14.1 Use of Proceeds - Describe the use of the proceeds of the rights offering.

INSTRUCTIONS:

Specify the estimated gross and net proceeds of the rights offering assuming full exercise of the rights, any minimum amount of proceeds required, and the purpose intended for the proceeds.

Item 15 - Statement as to Resale Restrictions

15.1 Statement as to Resale Restrictions - where the issuer is offering rights in one or more jurisdictions in which there are restrictions on the resale of securities, the rights offering circular shall include a heading entitled "Statement as to Resale Restrictions" under which the issuer shall include a statement disclosing when those rights and underlying securities will become freely tradable in those jurisdictions and that until then, such securities

may not be resold except pursuant to a prospectus or prospectus exemption, which may only be available in limited circumstances.

Item 16 - Website

16.1 **Website** - Disclose the SEDAR website address and that continuous disclosure for the issuer can be obtained on that site.

COMPANION POLICY 45-101CP TO NATIONAL INSTRUMENT 45-101 RIGHTS OFFERINGS

PART 1 **PROSPECTUS EXEMPT OFFERINGS**
- 1.1 Notice Under Rights Offering Prospectus Exemption
- 1.2 Objection to Use of Prospectus Exemption
- 1.3 Calculation of Number of Securities
- 1.4 Timing of Deliveries
- 1.5 Compliance with National Instrument 43-101 or National Policy Statement No. 2-B4
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- 2.1 Availability of Registration Exemption
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- 7.1 Resale Restrictions

COMPANION POLICY 45-101CP
TO NATIONAL INSTRUMENT 45-101
RIGHTS OFFERINGS

PART 1 PROSPECTUS EXEMPT OFFERINGS

1.1 Notice Under Rights Offering Prospectus Exemption - The reviewing authority will consider the following as the notice required to be sent under securities legislation in order to rely on the rights offering prospectus exemption:

1. A rights offering circular in draft form.

2. The information required to be sent under clause 10.1(1)(b) and subsection 10.1(2) of the Instrument in order to rely on the exemption provided in subsection 10.1(1) of the Instrument.

1.2 Objection to Use of Prospectus Exemption

(1) The reviewing authority may exercise its statutory power to object to a rights offering being made in reliance on the rights offering prospectus exemption if

(a) the rights offering is for the purpose of financing the reactivation of a dormant or inactive issuer;

(b) the rights offering is for the purpose of financing a material undertaking that would constitute a material departure from the business or operations of the issuer as at the date of its last annual financial statements that have been filed under securities legislation;

(c) excessive consideration is payable to the managing dealer, to any soliciting dealer or for a stand-by commitment; or

(d) the reviewing authority believes that, in the circumstances, reliance upon the exemption is not otherwise appropriate.

(2) Despite clause 1.2(1)(a), the regulator in British Columbia will generally not object to the use of the rights offering prospectus exemption solely on the basis that the proceeds of the rights offering will be used to finance a reactivation. In exercising its discretion, the regulator will consider the following factors:

(a) the amount of funds to be raised, which is generally expected to be less than:

(i) $500,000, if a rights offering complies with the condition in paragraph 1 of section 2.2 of the Instrument ("2.2-1"); and

(ii) $250,000, if the increase in the outstanding securities of the class to be issued on exercise of the rights will not exceed 50% of the outstanding securities of that class immediately before the rights offering (in which case the regulator is prepared to consider granting an exemption from the 25% limit in 2.2-1);

(b) if the rights offering circular, together with other records required to be delivered, contains full, true and plain disclosure of all material facts relating to the reactivation; and

(c) the extent to which shareholders of the issuer, other than management and insiders, can reasonably participate in the rights offering (generally the regulator will not object if the public shareholders able to participate in the offering constitute more than 50% of all shareholders).

1.3 Calculation of Number of Securities

(1) In calculating the number of outstanding securities for purposes of paragraph 1 of section 2.2 of the Instrument the Canadian securities regulatory authorities are of the view that

(a) if

x = the number of securities of the class of the securities that may be or have been issued upon the exercise of rights under all rights offerings made by the issuer in reliance on the rights offering prospectus exemption during the previous 12 months;

y = the maximum number of securities that may be issued upon exercise of rights under the proposed rights offering; and

z = the number of securities of the class of securities that is issuable upon the exercise of rights under the proposed rights offering that are outstanding as of the date of the rights offering circular prepared for the proposed rights offering that is delivered to the securities regulatory authority;

then $\frac{x+y}{z}$ must be equal to or less than 0.25; and

(b) unless it is reasonable to expect that convertible securities that may be acquired under the proposed rights offering will not be converted before 12

months after the date of the proposed rights offering, the potential increase in outstanding securities, and specifically, "y" in paragraph (1), should be calculated as if the conversion of those convertible securities had occurred.

(2) The formula suggested in subsection (1) should be adjusted to take into account any concurrent rights offering.

(3) Since paragraph 1 of section 2.2 of the Instrument prohibits a rights offering under the rights offering prospectus exemption where the result would be an increase in the number or amount of the securities in excess of 25%, the use of the rights offering prospectus exemption is not generally permitted under that paragraph for a rights offering under which the rights are exercisable into a security of a class of securities none of which were outstanding before the date of issuance of the rights.

1.4 **Timing of Deliveries** - In jurisdictions other than Quebec, the reviewing authority will use its best efforts to notify the issuer within two business days of the filing of an amendment to the rights offering circular in draft form or an amended rights offering circular in draft form if changes are required to the document. If the issuer does not hear from the reviewing authority within that time, the issuer may deliver the amendment or amended circular to securityholders. However, this does not preclude further review by the reviewing authority of the amendment or amended circular, which is subject to review at any time. In Quebec, the amendment shall be submitted for approval to the Commission, which must make a decision within two working days after receipt. If approval is refused, the distribution shall cease. If the amendment is approved, the rights offering circular may not be sent unless accompanied by the amendment.

1.5 **Compliance with National Instrument 43-101 or National Policy Statement No. 2-B** - The reviewing authorities may object to the use of the rights offering prospectus exemption if the issuer does not comply with NI 43-101 Standards of Disclosure for Mineral Projects or with National Policy Statement No. 2-B or any successor instrument.

1.6 **Requests for Additional Information** - Canadian securities legislation contemplates that the reviewing authority may request an issuer that intends to effect a rights offering under the rights offering prospectus exemption to send such other information to the reviewing authority as the reviewing authority may require to allow the reviewing authority to determine whether to object to the use of the rights offering prospectus exemption.

1.7 **Availability of Registration Exemption** - The rights offering registration exemption is also ordinarily available if the rights offering prospectus exemption is available.

PART 2 PROSPECTUS OFFERINGS

2.1 **Availability of Registration Exemption** - If an issuer proposes to effect a rights offering by way of prospectus, the rights offering registration exemption continues to be available to the issuer. The Canadian securities regulatory authorities will not ordinarily object to the use of the rights offering registration exemption in that case.

2.2 **Public Interest** - A regulator may refuse to issue a receipt for a prospectus filed for a rights offering under which rights are issued if the rights are exercisable into convertible securities that require an additional payment by the holder on conversion and the securities underlying the convertible securities are not qualified under the prospectus. This will ensure that the remedies for misrepresentation in the prospectus are available to the person or company who pays value.

PART 3 INSIDER SUBSCRIPTIONS

3.1 **Insider Subscriptions** - If no market exists for the securities issuable on the exercise of the rights or if the subscription price is greater than the market price, section 5.1 of the Instrument does not necessarily preclude an insider from exercising rights under a rights offering. Insiders may subscribe for securities issuable on the exercise of rights to maintain their proportionate interest in any class of securities and avoid any dilution. An insider may not, however, exercise its rights to increase its proportionate interest in the issuer. Since the maximum number of securities or amount of securities that an insider may acquire under a rights offering will not be known until it is determined how many rights are exercised by non-insiders, issuers relying on section 5.1 will need to put in place a mechanism to "claw back" securities subscribed for by insiders and to repay subscription proceeds in certain circumstances, such as when the rights held by non-insiders are not fully exercised or have been traded to insiders. The Canadian securities regulatory authorities suggest that an escrow mechanism be used to ensure a successful claw-back, if necessary.

3.2 **Establishing Fair Value If There is no Market Price** Subsection 5.1(2) of the Instrument provides that if there is no market price for the securities issuable on the exercise of rights, insiders may not increase their proportionate interest in the issuer unless the issuer confirms to the reviewing authority that the subscription price is not greater than the fair value of the securities to be subscribed for under the rights. For this purpose, the Canadian securities regulatory authority or regulator will consider as evidence of the fair value such things as fairness opinions, valuations and letters from registered dealers.

PART 4 STAND-BY COMMITMENTS

4.1 **Stand-by Commitments** - In assessing if a person or company providing a stand-by commitment has the financial ability to carry out its obligations under the commitment, a reviewing authority will consider any of the following:

1. A statement of net worth attested to by the person or company making the commitment.

2. A bank letter of credit.

3. The most recent annual audited financial statements of the person or company making the commitment.

4. Any other evidence that provides comfort to the reviewing authority.

PART 5 OFFERINGS OUTSIDE OF LOCAL JURISDICTION

5.1 **Offerings Outside of Local Jurisdiction** - A Canadian securities regulatory authority may consider taking appropriate action, such as the denial of exemptions, issuance of a cease trade order or other sanctions, against an issuer and its directors and officers if securityholders resident in its jurisdiction are excluded from a rights offering that is made by an issuer that is

(a) a reporting issuer; or

(b) not a reporting issuer but has securityholders resident in its jurisdiction either

(i) representing five percent or more of the holders of the securities of the class that are to be issued on the exercise of rights under the rights offering; or

(ii) holding five percent or more of the securities of the class that are to be issued on the exercise of rights under the rights offering.

PART 6 DETERMINATION OF BENEFICIAL OWNERSHIP

6.1 **Determination of Beneficial Ownership** - The Canadian securities regulatory authorities recognize the difficulty of determining beneficial ownership given the book-based system of holding securities. The Canadian securities regulatory authorities are of the view that for the purpose of determining beneficial ownership under Part 10 of the Instrument and Part 5 of the Companion Policy, procedures comparable to those found in National Policy 41 - Shareholder Communication, or any successor instrument, are appropriate.

PART 7 RESALE RESTRICTIONS

7.1 **Resale Restrictions** - Issuers should refer to Canadian securities legislation to determine resale restrictions and exemptions from these restrictions.

5.1.2 NI 33-102 Regulation of Certain Registrant Activities

NATIONAL INSTRUMENT 33-102
REGULATION OF CERTAIN REGISTRANT ACTIVITIES

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NATIONAL INSTRUMENT 33-102
REGULATION OF CERTAIN REGISTRANT ACTIVITIES

PART 1 DEFINITIONS

1.1 **Definitions** - In this Instrument,

(a) **"recognized SRO"** means an SRO that is recognized as a self-regulatory organization by the securities regulatory authority; and

(b) **"retail client"** means

i) an individual, unless the individual has a net worth exceeding $5 million, or

ii) a person or company, other than an individual, unless the person or company has total assets or annual revenues exceeding $10 million

but does not include

iii) a Canadian financial institution, or

iv) a person or company registered under Canadian securities legislation.

PART 2 LEVERAGE DISCLOSURE

2.1 Leverage Disclosure

(1) When a registrant opens an account for a retail client or when a registrant makes a recommendation to a retail client to purchase securities using in whole or in part borrowed money, or otherwise becomes aware of a retail client's intent to purchase securities using in whole or in part borrowed money, the registrant shall deliver to the retail client, before the retail client purchases those securities, a written disclosure statement in substantially the following words:

> Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines.

(2) Before executing an order on behalf of a retail client purchasing securities who to the knowledge of the registrant is using in whole or in part borrowed money in connection with the purchase, the registrant shall obtain an acknowledgement from the retail client that specifically refers to the written disclosure statement required by subsection (1) and confirms that the retail client has read the written disclosure statement.

(3) A registrant is not required to comply with subsections (1) and (2) if:

(a) the registrant has delivered the written disclosure statement required by subsection (1) to the retail client and the client has delivered an acknowledgement within the six month period prior to the registrant making the recommendation for purchasing securities by using in whole or in part borrowed money, or otherwise becoming aware of a retail client's intent to purchase securities using in whole or in part borrowed money, or

(b) the registrant is subject to and complies with the leverage disclosure by-laws, rules, regulations or policies of a recognized SRO.

2.2 **Exemption for Margin Accounts** - Section 2.1 does not apply to purchases of securities by a retail client on margin if the client's margin account is maintained with a registrant that is a member of a recognized SRO and the margin account is operated in accordance with the by-laws, rules, regulations or policies of the recognized SRO.

PART 3 DISCLOSURE OF CONFIDENTIAL RETAIL CLIENT INFORMATION

3.1 **Application of this Part** – This Part does not apply to a registrant registered under securities legislation in Québec with respect to its dealings with retail clients in Québec.

3.2 **Consent Required** - A registrant shall hold all information about a retail client confidential and shall not disclose the information to any third party, except as expressly permitted or required by law or the by-laws, rules, regulations or policies of a recognized SRO, unless, before disclosing the information,

(a) the registrant provides at least the following information to the retail client to whom the information pertains:

(i) the name of the third party or a description of the class of third party to which the information will be disclosed;

(ii) the nature of the relationship between the registrant and the third party;

(iii) the nature of the information that will be disclosed;

(iv) the intended use of the information by the third party, including whether the third party will disclose the information to others;

(v) a statement that the retail client has the right to revoke the consent referred to in paragraph (b), and the effect of the revocation; and

(vi) a statement that the retail client's consent under paragraph (b) is not required as a condition of the registrant dealing with the retail client, except in circumstances described in section 3.3; and

(b) the retail client provides consent to the specified disclosure of the confidential client information.

3.3 **Prohibition to Require Consent as a Condition** - No registrant shall require a retail client to consent to the registrant disclosing confidential information regarding the retail client as a condition, or on terms that would appear to a reasonable person to be a condition, of supplying a product or service, unless the disclosure of the information is reasonably necessary to provide the specific product or service that the retail client has requested.

3.4 **Consent not Required** – Despite section 3.2, a registrant does not need to obtain retail client consent to disclose confidential retail client information

(a) for audit, statistical or record-keeping purposes;

(b) to a law enforcement agency, securities regulatory authority or self-regulatory organization;

(c) for the collection of a debt owed by the client; or

(d) to a barrister or solicitor for the purpose of obtaining legal advice.

PART 4 SETTLING SECURITIES TRANSACTIONS

4.1 **Settling Securities Transactions** - No registrant shall require a person or company to settle that person's or company's transaction with the registrant through that person's or company's account at a Canadian financial institution as a condition, or on terms that would appear to a reasonable person to be a condition, of supplying a product or service, unless this method of settlement is reasonably necessary to provide the specific product or service that the person or company has requested.

PART 5 TIED SELLING

5.1 **Tied Selling** - No person or company shall require another person or company

(a) to invest in particular securities, either as a condition or on terms that would appear to a reasonable person to be a condition, of supplying or continuing to supply products or services; or

(b) to purchase or use any products or services, either as a condition or on terms that would appear to a reasonable person to be a condition, of selling particular securities.

PART 6 DISCLOSURE IN RESPECT OF SECURITIES RELATED ACTIVITIES IN A CANADIAN FINANCIAL INSTITUTION

6.1 Application of Part 6 - This Part applies only to registrants conducting securities related activities in an office or branch of a Canadian financial institution.

6.2 Disclosure

(1) When a registrant opens an account for a retail client, a registrant shall deliver a written disclosure statement that the registrant is a separate entity from the Canadian financial institution and, unless otherwise advised by the registrant, securities purchased from or through the registrant

(a) are not insured by a government deposit insurer,

(b) are not guaranteed by a Canadian financial institution, and

(c) may fluctuate in value.

(2) At the time that the account is opened, the registrant shall obtain an acknowledgement from the retail client that specifically refers to the written disclosure statement required by subsection (1) and confirms that the retail client has read the written disclosure statement.

PART 7 EXEMPTION

7.1 Exemption

(1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

PART 8 EFFECTIVE DATE

8.1 Effective Date - This Instrument comes into force on August 1, 2001.

COMPANION POLICY 33-102CP
REGULATION OF CERTAIN REGISTRANT ACTIVITIES

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COMPANION POLICY 33-102CP
REGULATION OF CERTAIN REGISTRANT ACTIVITIES

PART 1 DISCLOSURE

1.1 **Leverage Disclosure** - Registrants are reminded that leveraging is an important factor to consider when determining suitability and when fulfilling other obligations to clients. National Instrument 33-102 Regulation of Certain Registrant Activities (the "National Instrument") in no way implies that the provision of the leverage disclosure statement referred to in section 2.1 of the National Instrument fulfils the registrant's ongoing duties to its clients. There may be circumstances when a registrant, as part of the registrant's general responsibilities, should remind investors about the risks of purchasing securities using in whole or in part borrowed money.

1.2 **Borrowed Money** - Section 2.1 of the National Instrument requires that leverage disclosure be provided to a retail client when a registrant makes a recommendation to a retail client to purchase securities using in whole or in part borrowed money, or otherwise becomes aware of a retail client's intent to purchase securities using in whole or in part borrowed money. This requirement applies whether or not the borrowed money was specifically borrowed for the purpose of purchasing the securities.

1.3 **Client acknowledgement** - The acknowledgements of a retail client referred to in subsections 2.1(2) and 6.2(2) of the National Instrument may be obtained by a registrant in a number of ways, including requesting the retail client's signature, requesting that the retail client initial an initial box or requesting that the retail client place a check in a check-off box. It is the responsibility of the registrant to draw the client's attention to the disclosure. The acknowledgement must be specific to the information disclosed to the retail client (i.e. disclosure regarding the risks of using leverage to purchase securities or the description of the nature of securities) and must confirm that the retail client has read the relevant information.

1.4 **Exemption for Margin Accounts** - Section 2.2 of the National Instrument exempts registrants from the requirement to provide additional leverage disclosure to retail clients opening a margin account. The exemption is provided because the by-laws, rules, regulations or policies of an SRO may already require that clients with margin accounts acknowledge receipt of leverage disclosure in the account opening form.

1.5 **Electronic Means** – All disclosure or consents required by the National Instrument may be delivered by electronic means and are subject to the provisions of all applicable federal or provincial legislation governing the delivery of electronic documents. Reference should also be made to National Policy 11-201 Delivery of Documents by Electronic Means.

PART 2 COMPLIANCE AND SUPERVISORY ACTIVITIES

2.1 **Registrant Premises** - Securities legislation requires that a registrant designate one officer or partner, known as a compliance officer, to be responsible for ensuring compliance by the registrant and its registered personnel with securities legislation and the registrant's written procedures for dealing with its clients. Any office or branch office of the registrant may be designated by the registrant as its central location for a local jurisdiction.

2.2 **Registrant Responsibility to Prevent Client Confusion** - The registrant is responsible for ensuring that clients understand with which legal entity they are dealing, especially if more than one financial service firm is carrying on business in the same location, and the products being sold to them. The client may be informed through various methods, including signage and disclosure. Registrants are reminded of the obligation to carry on all registrable activities in the name of the registrant. Contracts, confirmations and account statements, among other documents, should contain the full legal name of the registrant.

2.3 **Supervision of Sub-branches** - The Canadian securities regulatory authorities permit the operation of sub-branch offices of registrants in certain circumstances. The activities of registrants operating within a sub-branch office are generally supervised by a branch manager in a location other than the sub-branch. The Canadian securities regulatory authorities are of the view that such supervision is appropriate in most circumstances. However, the Canadian securities regulatory authorities will consider the facts on a case-by-case basis to ensure that an appropriate level of supervision is in place.

PART 3 RECORD KEEPING

3.1 **Third Party Access to Information** - All registrants have a duty to maintain proper books and records and to ensure that there are proper safeguards in place to ensure that there is no unauthorized access to information, particularly confidential client information. If the registrant maintains books and records in a central location to which employees of a third party have access, the registrant should be particularly vigilant in ensuring these safeguards are implemented and effective.

PART 4 RETAIL CLIENT CONSENT

4.1 **Application of Part 3 of the National Instrument** – Part 3 of the National Instrument does not apply to a registrant registered under securities legislation in Québec with respect to its dealings with retail clients in Québec. These registrants must comply with *An Act Respecting the Protection of Personal Information in the Private Sector,* R.S.Q., c. P-39.1

regarding the protection of personal information of their clients.

4.2 **Obtaining Retail Client Consent** - The retail client consent referred to in paragraph 3.2(b) of the National Instrument may be obtained by a registrant in a number of ways, including requesting the retail client's signature, requesting that the retail client initial an initial box or requesting that the retail client place a check in a check-off box.

4.3 **Providing Consent** – Subsection 3.2(b) of the National Instrument states that the client must "provide consent" to the disclosure of the confidential information. It is the view of the Canadian securities regulatory authorities that a retail client provides consent if the retail client takes positive steps to provide the consent required. Upon implementation of the National Instrument, a registrant that uses a "negative option" to obtain consent to disclose the confidential information does not comply with the requirement to obtain consent. For example, a retail client who does not check a check-off box or initial an initial box cannot be presumed to "provide consent" to the transfer of the information to a third party.

4.4 **Consent by Existing Retail Clients** – The Canadian securities regulatory authorities recognize that registrants have existing clients that have already provided consent for the disclosure of confidential information. An existing retail client is considered to have provided consent under subsection 3.2(b) if the retail client:

(a) has provided consent, either positively or negatively, to the registrant to disclose confidential client information prior to the implementation of the National Instrument, and

(b) is provided with a notice that contains

(i) the disclosure required in subsection 3.2(a) of the National Instrument, and

(ii) a statement of the right of the retail client to withdraw his or her consent.

This notice should be provided to all existing retail clients within 90 days of the implementation of the National Instrument.

4.5 **Timing of Retail Client Consent** - Consent to the disclosure of confidential retail client information is to be obtained by the registrant when the information is collected (i.e. upon account opening). However, in certain circumstances, consent with respect to the disclosure of the information should be sought after the collection of the information if the registrant wants to provide the information to a third party not previously identified or if the use by the third party was not initially disclosed.

PART 5 PRODUCTS AND SERVICES

5.1 **Opening an Account** - The Canadian securities regulatory authorities note that the "products or services" referred to in section 3.3, section 4.1 and section 5.1 of the National Instrument include the opening of an account.

PART 6 RELATIONSHIP PRICING

6.1 **Relationship Pricing** - The Canadian securities regulatory authorities are aware that industry participants offer financial incentives or advantages to certain clients, a practice that is commonly referred to as relationship pricing. The tied selling provision in Part 5 of the National Instrument is intended to prevent certain abusive sales practices and is not intended to prohibit relationship pricing or other beneficial selling arrangements similar to relationship pricing. By way of example, the Canadian securities regulatory authorities are of the view that Part 5 of the National Instrument would not be contravened in a case where a financial institution offered to make a loan to a client on more favourable terms or conditions than the financial institution would otherwise offer to the client as a result of the client's agreement to acquire securities of mutual funds that are sponsored by the financial institution. They are of the view that Part 5 of the National Instrument would be contravened, however, if the financial institution refused to make the loan unless the client acquired securities of mutual funds that are sponsored by the financial institution, where the client otherwise met the financial institution's criteria for making loans.

5.1.3 NI 55-102 (SEDI)

NOTICE

NATIONAL INSTRUMENT 55-102, FORMS 55-102F1, 55-102F2, 55-102F3, 55-102F4, 55-102F5 AND 55-102F6, COMPANION POLICY 55-102CP SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI)

Notice of Rule and Policy

The Ontario Securities Commission (the "Commission") and other members of the Canadian Securities Administrators (the "CSA") have implemented National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)* (the "National Instrument") and Forms 55-102F1, 55-102F2, 55-102F3, 55-102F4, 55-102F5 and 55-102F6 (the "Forms") and Companion Policy 55-102CP (the "Companion Policy"). In this Notice, the National Instrument, the Forms and the Policy are referred to collectively as the "Instruments".

The Commission has made the National Instrument and Forms under section 143 of the Securities Act (the "Act") and has adopted the Policy under section 143.8 of the Act. The National Instrument, together with the Forms, has been, or is expected to be, implemented as a rule in each of Alberta, British Columbia, Manitoba, Newfoundland, Nova Scotia and Ontario, as a Commission regulation in Saskatchewan and as a policy in Quebec, these being all of the jurisdictions with insider reporting requirements. The Companion Policy has been, or is expected to be, adopted as a policy in each of these jurisdictions.

The National Instrument and the other material required by the Act to be delivered to the Minister of Finance were delivered on July 16, 2001. Accordingly, subject to certain transitional provisions described below, the Instruments will become effective on October 29, 2001, the effective date contained in the National Instrument, unless the Minister rejects the National Instrument or the Forms or returns them to the Commission for further consideration before September 15, 2001.

The CSA published drafts of the National Instrument (the "Draft Instrument"), the Forms (the "Draft Forms") and the Companion Policy (the "Draft Policy") in June 2000 (collectively the "Draft Instruments").[1]

The comment period on the Draft Instruments ended on September 14, 2000. The CSA received eight submissions in respect of the Draft Instruments. The comments provided in these submissions have been considered by the CSA and the final versions of the National Instrument, Forms and Companion Policy being published with this Notice reflect the decisions of the CSA in this regard. Appendix A to this Notice lists the commentators on the Draft Instruments and Appendix B to this Notice provides a summary of the public comments received and the responses of the CSA.

1 In Ontario, at (2000) 23 OSCB 44.

Substance and Purpose of the National Instrument

The System for Electronic Disclosure by Insiders known as SEDI will facilitate filing and public dissemination of insider reports in electronic format through an Internet web site (www.sedi.ca). The rules and policies governing the electronic filing of insider reports through SEDI are set forth in the Instruments.

The National Instrument defines "SEDI issuers" to mean reporting issuers, other than mutual funds, that are required to file disclosure documents in electronic format through SEDAR[2], and provides that insiders of these SEDI issuers are required to file their insider reports in electronic format through SEDI. To facilitate electronic filing of insider reports, the National Instrument also provides that SEDI issuers are required to file certain information electronically through SEDI. Insiders of reporting issuers that do not file their disclosure documentation in SEDAR will continue to file insider reports in paper format.

By filing an insider report in SEDI, an insider will satisfy the requirements of the securities legislation of all CSA jurisdictions that have insider reporting requirements. Insiders are currently required to file separately by paper or facsimile in each applicable jurisdiction. As well, electronic filing of insider reports will significantly enhance public dissemination of the information disclosed in these reports.

Summary of National Instrument and Changes to National Instrument

This section summarizes the National Instrument and describes the principal changes made in the National Instrument from the Draft Instrument. As the changes to the National Instrument from the Draft Instrument are not material, the National Instrument is not subject to a further comment period.

Insider Profiles

Before any insider reports may be filed by or on behalf of an insider in SEDI, an insider profile containing information identifying the insider and the insider's relationship to one or more SEDI issuers must be filed in electronic format by or on behalf of the insider[3]. The information required to be provided in the insider profile is prescribed by Form 55-102F1 and consists principally of the information required to be included in the existing paper form of insider report that typically would not change as a result of changes in the insider's security holdings. Thereafter, the insider will be required to file an amended insider profile in SEDI format within 10 days if there is a change in the insider's name or the insider's relationship to a SEDI issuer, or if the insider ceases to be an insider of a SEDI issuer, as disclosed in the insider's most recently filed

2 SEDAR is the acronym for System Electronic Document Analysis and Retrieval, the computer system implemented by CSA to facilitate electronic filing of disclosure documents under Canadian securities legislation.

3 In order to access SEDI to make a filing, an individual will be required to register with the system operator as a SEDI user. See "User Registration" below.

insider profile. In the case of a change in any other information disclosed in the insider's most recently filed insider profile, an amended insider profile will be required at the time of the insider's next SEDI filing. This represents a change from the Draft Instrument, which required an insider to file an amended insider profile in SEDI format within 10 days following *any* change in the information disclosed in the insider's profile.

Insider Reports

Once an insider profile has been filed in SEDI, insider reports may be filed electronically by or on behalf of the profiled insider. The information required to be included in an insider report filed electronically is prescribed in Form 55-102F2. Insider reports filed in SEDI format will contain information substantially similar to that contained in the existing paper form of insider report, except for the addition of a separate section for third party derivatives to facilitate insider reporting of trades in exchange-traded or over-the-counter options or other derivatives.

Since the reports will be filed as data, and prepared within the system, SEDI will be able to pre-populate certain form information (e.g. opening balances of securities held), automatically perform certain calculations (e.g. closing securities balances) and perform various edit checks (e.g. ensure all required fields have been completed with valid data) prior to allowing transmission of the completed online report through SEDI. It is expected that this function will significantly reduce the number of deficient insider reports filed.

Securities legislation in several CSA jurisdictions currently requires insiders to report their trades within 10 days after the date of the trade. Securities legislation in other jurisdictions, such as British Columbia, requires insiders to report their trades within 10 days after the end of the month in which the trade occurs. Upon implementation of the National Instrument, the securities legislation in British Columbia will require insider reports to be filed within 10 days after a trade is made.

Issuer Profile Supplements

All SEDI issuers will be required to file a supplement to their SEDAR issuer profiles through SEDI. This filing, which is referred to as an issuer profile supplement, will require information about the SEDI issuer's outstanding securities as well as the name and contact information for an individual who will serve as an insider affairs contact for the SEDI issuer. The requirement to provide information for an insider affairs contact, which will be kept confidential by the securities regulatory authorities, represents a change from the Draft Instruments. This information is required to support notification to a SEDI issuer whenever an insider discloses a relationship to the SEDI issuer. This will assist each SEDI issuer in identifying any incorrect or inappropriate SEDI filings made in respect of the issuer.

The information required to be included in an issuer profile supplement is prescribed in Form 55-102F3. This Form, which was not included in the Draft Instruments, provides more detailed directions with respect to the information required to be included in an issuer profile supplement, including the insider affairs contact information discussed above. The information disclosed publicly in the issuer profile supplement will be used by insiders to help them complete insider reports using the online system. In particular, the issuer profile supplement will disclose the appropriate designation of each outstanding security or class or series of outstanding securities issued by the SEDI issuer. Insiders will select from these designations when filing insider reports, thereby ensuring accuracy and consistency in the reported information.

Upon implementation of SEDI on October 29, 2001, an existing SEDI issuer will be required to file an issuer profile supplement within five business days rather than the standard three day requirement which will be mandated for issuers that become SEDI issuers after October 29, 2001. If a SEDI issuer distributes a security or class or series of securities that is not already disclosed in its issuer profile supplement, or if there is any change in the designation of any security or class of securities of the SEDI issuer disclosed in its issuer profile supplement, or if any such security or class of securities has ceased to be outstanding and is not subject to issuance at a future date, or if there is any other change in the information disclosed or required to be disclosed in the issuer profile supplement, including any change in a SEDI issuer's insider affairs contact, the SEDI issuer must file an amended issuer profile supplement in SEDI format immediately.

Issuer Event Reports

Every SEDI issuer must also file an issuer event report no later than one business day following the occurrence of an "issuer event", which includes a stock dividend, stock split, consolidation, amalgamation, reorganization, merger or other similar event that affects all holdings of a class of securities of the SEDI issuer in the same manner. Issuer event reports must include the information prescribed by Form 55-102F4. Issuer event reports will be displayed for the issuer's insiders in SEDI, thereby assisting these insiders to report changes in their security holdings resulting from issuer events.

The Commission Notice that accompanied National Instrument 55-101 Exemption From Certain Insider Reporting Requirements ("NI 55-101")[4] stated that the Commission would be revoking subsection 172(1) of the Regulation made under the Act upon implementation of NI 55-101. With the implementation of NI 55-101 on May 15, 2001, this provision was replaced by the new exemption that is available to insiders under NI 55-101. Subsection 172(1) exempted insiders of a reporting issuer from the insider reporting requirements under the Act if an officer of the reporting issuer filed written notice of a corporate event affecting all holdings of a class of securities in the same manner within 10 days of the occurrence of such event. Under the new exemption in NI 55-101, insiders are exempt from the obligation to report a change in direct or indirect ownership of, or control or direction over, securities of a reporting issuer resulting from an "issuer event" provided that these changes are reported by the insider within the time prescribed by securities legislation for reporting any other subsequent change in direct or indirect ownership of, or control or direction over, securities of the reporting issuer.

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4 In Ontario, at (2001) 24 OSCB 3025.

Implementation Date

In the comments received on the Draft Instrument, various commentators expressed the view that the implementation timetable was too aggressive. For various reasons, implementation of electronic filing of insider reports in SEDI has taken longer than initially anticipated. The National Instrument now provides that insiders of SEDI issuers will be required to file insider reports electronically using SEDI commencing on November 13, 2001. This will provide SEDI issuers and their insiders with approximately four months to prepare for the transition to electronic filing.

Under this implementation schedule, any insider report filed on or after November 13, 2001 by or for any insider of a SEDI issuer must be filed in SEDI despite the date on which the trade took place. However, as discussed below, the provisions requiring each SEDI issuer to prepare and file an issuer profile supplement within five business days will become effective on October 29, 2001. The CSA believes that this implementation schedule will allow SEDI issuers and insiders to make any necessary preparations for the transition to electronic filing.

Transition to Electronic Filing

In order to facilitate the transition to electronic filing, the requirement to file insider profiles, insider reports and issuer event reports electronically in accordance with the National Instrument will not arise until November 13, 2001, a period of two weeks from the effective date of the National Instrument. During this two week period, all insider reporting will continue in paper format and SEDI users will be encouraged to complete the user registration process described below. However, SEDI issuers will be subject to the issuer profile supplement filing requirements commencing October 29, 2001. Under the transitional provisions, existing SEDI issuers will have five business days from October 29, 2001 within which to register a representative as a SEDI user, if necessary, and to file their issuer profile supplements. This provides existing SEDI issuers with a longer timeframe than the three business day requirement applicable to issuers that become SEDI issuers after implementation of the National Instrument.

Operation of SEDI

CDS INC. ("CDS"), the subsidiary of The Canadian Depository for Securities Limited currently operating SEDAR, has been appointed by the CSA to operate SEDI upon its implementation.

SEDI will be available to receive filings 24 hours a day, seven days a week, subject to service interruptions for maintenance and other technical requirements.

User Registration

Currently, individuals in a variety of capacities are involved in filing insider reports in paper format with the securities regulatory authorities. Individual insiders, representatives of company insiders and lawyers or other agents are typically participants in the insider reporting process. In SEDI, any individual wishing to access the system to make a filing will be required to register with CDS in its capacity as system operator. Individuals will be able to register for this purpose by going to the SEDI web site and completing an online user registration form. The information required to be provided for user registration purposes is set out in Form 55-102F5. For security purposes, in order to complete the registration process, the individual user will also be required to sign a paper copy of the registration form and deliver the signed copy to CDS by prepaid mail, personal delivery or facsimile for verification. Under the National Instrument (and as indicated in the Companion Policy), the individual user must complete the registration process before that individual's filings will be considered valid.

Security Access Keys

In order to permit insiders and issuers that are required to file information in SEDI to control information filed by others on their behalf, it is proposed that SEDI will issue alpha-numeric access keys to insiders and issuers when their insider profiles or issuer profile supplements, respectively, are first created in SEDI. Thereafter, any filing of information in SEDI on behalf of an insider or issuer will require the use of the access key assigned to that insider or issuer. Insiders and issuers will be able to provide their access key to authorized representatives and filing agents from time to time to facilitate filing on their behalf but will be able to obtain a new access key at any time, thereby retaining ultimate control over those who are permitted to file information in SEDI on their behalf.

Certification Requirements

The National Instrument does not require signatures on SEDI filings. However, the insider or any agent acting on the insider's behalf will be required to certify by electronic means that the information filed electronically in an insider profile or insider report is true and complete in every respect. In the case of a filing agent, the certification is based on the agent's best knowledge, information and belief.

Temporary Hardship Exemption

The National Instrument contains a temporary hardship exemption that will permit an insider of a SEDI issuer to comply with the insider reporting requirement by making a filing in paper format rather than in SEDI format if unanticipated technical difficulties arise in filing an insider report in SEDI format or if the SEDI issuer fails to file its issuer profile supplement on a timely basis. This exemption will require the insider to file initially in paper format within a prescribed timeframe and will also require the insider to make a SEDI filing once the technical difficulties have been resolved or the insider has become aware that the SEDI issuer has filed its issuer profile supplement. An insider report filed in paper format under the temporary hardship exemption must be prepared in accordance with Form 55-102F6 and may be submitted by facsimile.

SEDI Service Charges

Insiders will not be required to pay service charges to the SEDI operator for filing in SEDI. Rather, CDS will fund the start-up costs for SEDI and will recover these costs, as well as its operating costs, by means of an annual service charge applied by CDS to SEDI issuers that file documents through SEDAR. The annual service charge will vary, depending on the type of

SEDI issuer. Single jurisdiction issuers will be charged $250, multi-jurisdiction issuers will be charged $750 and short form prospectus issuers will be charged $2,500.

Paper Filing Regime

The National Instrument provides that insiders of non-SEDI issuers must continue to file insider reports in paper format. The existing form of insider report used in the CSA jurisdictions with insider reporting requirements has been adopted for this purpose and designated as Form 55-102F6. Minor changes have been made to the existing form to update it but no material changes have been made.

The National Instrument also deals with reports that are required to be filed under section 108 of the Act and similar provisions in the legislation of certain other jurisdictions in Canada. These reports, which are not covered by the definition of "insider reporting requirement" in National Instrument 14-101 Definitions, are required to be filed if an insider of a reporting issuer transfers securities of that issuer into the name of an agent, nominee or custodian. The National Instrument provides that this type of report, defined in the National Instrument as a "transfer report", must be filed in paper format on Form 55-102F6.

The National Instrument provides that insider reports and transfer reports filed in paper format may be sent to the Commission by prepaid mail, personal delivery or facsimile. Section 109 of the Act, which requires that an insider report be filed where voting securities are registered in the name of a person or company, other than the beneficial owner, who is known to be an insider (except where there was a transfer for the purpose of giving collateral for a genuine debt), is not affected by the Instruments and, consequently, any reports required to be filed under this section will continue to be filed in paper format.

Subsection 117(1) of the Act, which requires a management company to file a report where there are certain transactions (e.g. a purchase, sale or loan) between a mutual fund and any related person or company, is not affected by the Instruments and, consequently, any reports required to be filed under this section will continue to be filed in paper format.

SEC Filers

It is noted that the National Instrument does not affect the operation of Part 17 of National Instrument 71-101 The *Multijurisdictional Disclosure System* ("NI 71-101"). Part 17 of NI 71-101 provides that Canadian insider reporting requirements do not apply to an insider of a "U.S. issuer", as defined in NI 71-101, that has a class of securities registered under section 12 of the United States Securities Act of 1934, as amended (the "1934 Act"), if the insider complies with the requirements of United States federal securities law regarding insider reporting and the insider files with the Securities and Exchange Commission of the United States ("SEC"), any insider report required to be filed under section 16(a) of the 1934 Act and any rules and regulations thereunder.

It is also noted that insiders of non-SEDI issuers that file forms prescribed by the SEC under existing securities commission rules, blanket orders or policies permitting the filing of these forms in lieu of the Canadian form of insider report may continue to file the SEC forms. However, in Ontario, the Commission will be amending existing OSC Policy 7.1 and the related blanket order, as amended (currently being reformulated as OSC Rule 72-502), which permits insiders of reporting issuers that are incorporated or organized under laws outside of Canada and that are subject to U.S. reporting requirements, to file insider reports using SEC forms. Under the amended policy and amended blanket order (prior to its reformulation as a rule), insiders of SEDI issuers will not be permitted to rely upon the exemption because the Commission has determined that all insiders of SEDI issuers should file insider reports in electronic format.

Federal Insider Reporting Requirements

It is noted that SEDI only supports filing under provincial securities legislation. Consequently, insider reports filed in SEDI may not satisfy insider reporting requirements under federal legislation if any such requirements are in force at the time SEDI is implemented.

Early Warning Reports/Alternative Monthly Reports

Early Warning Reports and Alternative Monthly Reports disclosing ownership of 10% or more of a class of equity securities of a SEDAR reporting issuer are currently required to be filed as documents in SEDAR and this will continue to be the case after SEDI is implemented. A link will be available in SEDI that will allow filers and the public to access Early Warning Reports and Alternative Monthly Reports displayed on the SEDAR web site. This is being provided because there is an exemption from the insider reporting requirements if an insider files an Early Warning Report or Alternative Monthly Report in respect of a particular transaction.

Public Access to Filings

The public will be able to access the following information from SEDI filings on the SEDI web site, except for certain confidential personal and other information as set out in the Companion Policy:

(1) insider profiles;

(2) summary reports of insider information, consisting of (a) insider profiles and (b) insider reports; and

(3) information relating to SEDI issuers, consisting of (a) issuer profiles and supplements, and (b) issuer event reports.

Summary of Companion Policy and Changes to Companion Policy

The Companion Policy provides notice of the decision of the applicable securities regulatory authorities and regulators to refrain from disclosing certain personal or other information filed in SEDI by or on behalf of an insider. Information that will not be made publicly available includes the insider's address (including postal code but excluding municipality, province, territory, state and/or country), telephone number, facsimile number, e-mail address and any election to receive correspondence in French or English. The Companion Policy has been revised following publication of the Draft Policy to include reference to the primary purposes for the collection,

use and disclosure of personal information in the context of insider reporting. This is intended to assist those using publicly available information filed under the National Instrument to determine whether the use of personal information included in such filings is permitted under the Personal Information Protection and Electronic Documents Act (Canada) and, in Québec, under the Act Respecting the Protection of Personal Information in the Private Sector, R.S.Q., c. P-39.1. In Québec, any questions with respect to the protection of personal information of individuals may also be addressed to the Commission d'accès à l'information du Québec (1-888-528-7741, web site: www.cai.gouv.qc.ca).

The Companion Policy also provides notice of the determination of the applicable securities regulatory authorities and regulators that SEDI information to be made available to the public will be disseminated through the SEDI web site and that a requirement to produce an originally certified copy of information filed in SEDI will be satisfied through the production of a printed copy or other output certified by the regulator.

The Companion Policy has been revised following publication of the Draft Policy to include reference to the Commission's views as to jurisdiction and date of filing, which had previously formed part of the Draft Instrument. The Companion Policy provides that, upon the filing of an insider report in SEDI, such report will be considered to have been filed in each jurisdiction where the particular insider is required to satisfy an insider reporting requirement under applicable securities legislation. In addition, the information filed will be considered filed, for purposes of securities legislation, on the day that the submission of information in SEDI is completed.

The Companion Policy has also been revised to provide that any insider profiles or insider reports submitted through SEDI prior to completion of the user registration process will not be valid filings or made publicly accessible until the SEDI operator verifies that the paper copy of the individual user's registration form has been completed, signed and delivered as required. A provision to this effect had originally been included in the Draft Instrument.

A further change has been made to the Companion Policy to reflect the Commission's view as to the official record of SEDI filings. Specifically, the official record of any information filed in SEDI format by a SEDI filer is the electronic information stored in SEDI. A provision to this effect had originally been included in the Draft Instrument.

Regulations Amended - Ontario

Upon implementation of the applicable provisions of the National Instrument, the Commission will amend certain provisions of the Regulation under the Act, which are in conflict with the provisions of the National Instrument, as follows:

(1) section 161, which provides that documents required to be signed or certified be manually signed, will be amended by adding a reference to the National Instrument so that the words appearing before clause (a) will read as follows:

> "Except as otherwise provided in the Act, section 11, section 174 or section 181 of this Regulation, the Rule entitled "In the Matter of Certain Reporting Issuers", [1980], OSCB 166, Ontario Securities Commission Rule 55-502 Facsimile Filing or Delivery of Section 109 Reports, or National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI),";

(2) section 173, which enables a person or company required to file a report in accordance with Form 36 (replaced by Form 55-501F1) to be deemed to have complied with such requirement if a report prepared in accordance with Form 36 (replaced by Form 55-501F1) is filed in a Canadian jurisdiction other than Ontario with a securities commission or agent designated by the Commission for the purpose of accepting such filings, will be amended to change the form reference and to make this provision inapplicable to insiders that are required to make SEDI filings; and

(3) section 174, which enables a report filed in accordance with Form 36 (replaced by Form 55-501F1) to contain a facsimile signature if an originally signed copy is filed concurrently with a securities commission in Canada designated by the Commission for the purpose of accepting such filings, will be amended to change the form reference and to make this provision inapplicable to insiders that are required to make SEDI filings.

Revocation of Existing Commission Rule 55-501

Upon implementation of the applicable provisions of the National Instrument, the Commission will revoke existing Rule 55-501 Insider Report. The National Instrument provides that insiders filing in paper format shall use Form 55-102F6.

Amendment of Existing Commission Rule 55-502

Upon implementation of the applicable provisions of the National Instrument, the Commission will amend existing Rule 55-502 Facsimile Filing or Delivery of Insider Reports to remove references to reports filed under sections 107 and 108 and to change the name of the Rule to Facsimile Filing or Delivery of Section 109 Reports. The National Instrument provides for facsimile filing or delivery of reports filed under sections 107 and 108. Therefore, reference to these sections is no longer required

Amendment to OSC Policy 7.1 and Related Instrument[5]

Upon implementation of the applicable provisions of the National Instrument, the Commission will amend existing OSC Policy 7.1 and subparagraph 12(ii) of the Related Instrument which permit insiders of certain Canadian reporting issuers that are subject to U.S. reporting requirements to file SEC insider reports in lieu of the Ontario form of insider report. The effect of the amendment will be to provide that insiders of SEDI issuers will not be permitted to rely upon this exemptive relief. The following paragraph will be added to Section G, Part XXI- Reporting by Insiders of OSC Policy 7.1:

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[5] *In the Matter of Certain Reporting Issuers* (1997) 20 OSCB 1219 (March 1, 1997), as amended (the "Related Instrument")

"4. The exemption afforded to insiders in this section does not apply to insiders that are required to file insider reports in electronic format under National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI)."

Similar language will be incorporated in the Related Instrument.

Amendment to OSC Policy 13-601

The Companion Policy will provide for confidential treatment of certain information filed by insiders in SEDI. Therefore, upon implementation of the applicable provisions of the National Instrument, OSC Policy 13-601, part C, paragraph (k), which provides for the public availability of reports filed under section 107 of the Act, will be amended to make this provision inapplicable to reports filed under section 107 in SEDI format. The text of the amendment is as follows:

"(k) Initial and subsequent insider reports and amended reports under section 107 except for information contained in reports filed in SEDI format that the Commission has determined to hold in confidence under Companion Policy 55-102CP to National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI); insider reports of change of registered holder under section 108; reports by nominee holders under section 109; reports by mutual fund management companies under section 117(1), or comparable reports from other jurisdictions under section 121."

CSA Notice 55-301 Filing Insider Reports by Facsimile and Exemption Where Minimal Connection to Jurisdiction

Upon the implementation of the applicable provisions of the National Instrument, CSA Notice 55-301, which documents the acceptance of insider reports filed by facsimile by certain CSA jurisdictions and which sets out the minimal connection exemptions of certain insiders in Manitoba, Saskatchewan and Nova Scotia, will be revoked. The subject matter of this CSA Notice has been substantially superseded by the provisions of the National Instrument and the related Forms. As such, it is no longer considered necessary.

Questions may be referred to any of:

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National Instrument, Forms and Companion Policy

The texts of the National Instrument, Forms and Companion Policy follow.

July 20, 2001.

APPENDIX A
TO
NOTICE

NATIONAL INSTRUMENT 55-102, FORMS 55-102F1, 55-102F2, 55-102F3, 55-102F4, 55-102F5 AND 55-102F6, COMPANION POLICY 55-102CP SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI)

LIST OF COMMENTATORS

The CSA received comments on the Instruments from the following commentators:

1. Tupper, Jonsson & Yeadon by letter dated July 12, 2000
2. International Northair Mines Ltd. by letter dated July 17, 2000
3. The Toronto-Dominion Bank by letter dated August 30, 2000
4. Security Transfer Association of Canada by letter dated September 8, 2000
5. Nortel Networks Corporation by letter dated September 13, 2000
6. Bridgeway Software Canada Inc. by letter dated September 14, 2000
7. Osler, Hoskin & Harcourt LLP by letter dated September 18, 2000
8. Canadian Bankers Association by letter dated September 19, 2000

APPENDIX B
TO
NOTICE

NATIONAL INSTRUMENT 55-102, FORMS 55-102F1, 55-102F2, 55-102F3, 55-102F4, 55-102F5 AND 55-102F6, COMPANION POLICY 55-102CP SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI)
SUMMARY OF PUBLIC COMMENTS AND CSA RESPONSES

The CSA received comment letters on the Draft Instruments published in June 2000 from the eight commentators identified in Appendix A. The CSA thank all of them for their valuable comments. Their comments, and the CSA's responses, are summarized below.

1. General Comments

Several of the commentators expressed their support for the action taken by the CSA to implement electronic filing and dissemination of insider reports. Additional efficiencies and a more streamlined process for reporting insiders, improved access to disclosure for investors and harmonization of Canadian securities law requirements were among the reasons given by those expressing their support.

2. Mandatory Electronic Filing

Several of the commentators objected to the proposal to make electronic filing of insider reports through SEDI compulsory. Concern was expressed that insiders would not have computers or Internet access and, therefore, would be forced to have their insider reports filed electronically through their SEDI issuers. Concern was also expressed that mandatory electronic filing of insider reports will create additional burdens for directors of public companies, making it more difficult to attract qualified individuals.

The CSA believes that the full benefits associated with the implementation of an electronic filing system would only be achieved if substantially all insiders are required to file their insider reports electronically using the system. The CSA also notes that Internet access among Canadian adults in Canada is already at a very high level per capita and is growing rapidly. As well, Canadian reporting issuers have been filing under mandatory electronic filing requirements for several years and should be well positioned to assist insiders or to direct them to agents. Insiders who do not have access to the Internet can retain a lawyer or other agent to provide assistance.

The CSA also believes that SEDI will provide real benefits for directors and other insiders who become subject to mandatory electronic filing. Specifically, by filing an insider report in SEDI, an insider will satisfy the requirements of the securities legislation of all CSA jurisdictions that have insider reporting requirements. In addition, SEDI is able to provide automated processes that were previously manual (such as editing and validation checks) and produce exception reports (such as reports of late filings).

One commentator noted that the Electronic Commerce Act, 2000, (Ontario), which came into force on October 16, 2000,

may support a legal argument that a person may not be mandated to use electronic technologies without that person's consent.

The CSA understands that the Electronic Commerce Act, 2000 (Ontario) has not been enacted for the purpose of preventing legislative bodies from mandating the use of electronic technologies where they are otherwise authorized to do so.

3. Costs Borne By Reporting Issuers

Several of the commentators expressed concerns about the additional costs to be borne by SEDAR reporting issuers to facilitate recovery of the costs of developing and maintaining SEDI. Some of these commentators expressed the view that the costs to be incurred would outweigh the anticipated benefits as outlined by the CSA in its Notice of the draft National Instrument.

The CSA believes that the benefits associated with electronic filing and dissemination of insider trading information will be significant, particularly in terms of the greater confidence in Canada's capital markets that will be instilled in the investing public through more timely and accurate dissemination of this information. In comparison to other jurisdictions such as the United States, there are fewer restrictions on the ability of insiders to trade securities of Canadian public companies. As such, the CSA believes that effective disclosure of insider trading activities in Canada is of paramount importance to the integrity of Canada's capital markets.

The CSA also notes that there have been reductions over the past year or so in the costs associated with filings under the securities laws in certain provinces and further reductions are contemplated. Costs are being rationalized as a result of the uniformity and harmonization that electronic filing systems have facilitated.

Concern was also expressed as to whether CDS would be reaping significant profits through increases in the amounts charged to SEDAR reporting issuers. The CSA has reviewed the proposed changes to the charges levied on SEDAR reporting issuers and believes that the amounts to be charged by CDS are appropriate to facilitate recovery of the costs of developing and operating the system.

4. Implementation Date

Several commentators expressed concern that the implementation date proposed in the Draft Instruments would not provide SEDI issuers and their insiders with sufficient time to prepare for the transition from paper filing to electronic filing.

For various reasons, implementation of electronic filing of insider reports in SEDI has taken longer than initially anticipated. The National Instrument now provides that insiders of SEDI issuers will be required to file insider reports electronically using SEDI commencing on November 13, 2001. This will provide SEDI issuers and their insiders with approximately four months to prepare for the transition to electronic filing.

Under this implementation schedule, any insider report filed on or after November 13, 2001 by or for any insider of a SEDI issuer must be filed in SEDI despite the date on which the trade took place. However, as discussed below, the provisions requiring each SEDI issuer to prepare and file an issuer profile supplement within five business days will become effective on October 29, 2001. The CSA believes that this implementation schedule will allow SEDI issuers and insiders to make any necessary preparations for the transition to electronic filing.

5. Communication Program

A few commentators suggested that the CSA should undertake a detailed communication program and provide training for SEDI issuers and their insiders.

The CSA is developing a communication program to assist insiders, issuers and agents in preparing for the implementation of SEDI. This will include securities commission bulletins and press releases which will be located on various securities commission web sites, as available. In addition, a detailed information package will be sent to SEDI issuers, prior to implementation, outlining what is required of each insider, issuer or agent when SEDI is implemented. This information package will contain information for distribution by SEDI issuers to their insiders.

6. User Registration Procedures

One commentator expressed concerns about the user registration process. One of these concerns related to the timeframe within which CDS, as system operator, would process the manually signed registration form delivered in paper format by facsimile or courier, particularly in circumstances where an insider report is being filed immediately following user registration.

The CSA recognizes the need to ensure that signed user registration forms delivered to CDS are processed as quickly as possible to facilitate acceptance of insider reports filed contemporaneously. The CSA has received assurances from CDS that procedures will be implemented to ensure that clearance of these signed registration forms will occur on a timely basis following receipt by CDS. The CSA believes that SEDI issuers and their insiders will have ample opportunity to meet their electronic filing requirements in circumstances where user registration is required.

7. User Registration Form

Two commentators noted that the SEDI User Registration Form 55-102F5 pertained only to individuals and suggested that this form be amended to accommodate the registration of corporations as users.

The CSA considered this possibility prior to initial publication of the draft National Instrument and rejected this approach for security related reasons. The CSA concluded that access to the SEDI system for filing purposes should be assigned on an individual by individual basis to ensure accountability. Form 55-102F5 does provide for a corporate name where an individual is acting in a representative capacity. However, the CSA does not want access codes being granted to corporations or other organizations for general use by its representatives as this could lead to significant accountability problems.

8. **Updating Insider Profiles**

Several commentators expressed concern that insiders of SEDI issuers would be required to amend their insider profiles within 10 days following any change in the information contained in the profile. It was noted that this was not required in the existing paper regime and that the requirement to update personal information did not seem to have the same import as reporting of trading activity. It was suggested that insiders should only be required to update their insider profiles at the time of filing an insider report. It was also suggested that insiders should only be required to amend their profile to update required information as opposed to optional information.

In order to address the concerns raised by commentators, the CSA has amended the requirement to file an amended insider profile within 10 days of any change in an insider's information. The new requirement is such that an insider will be required to file an amended insider profile in SEDI format within 10 days only upon a change in the insider's name or the insider's relationship with a SEDI issuer, or upon the insider ceasing to be an insider of a SEDI issuer, as disclosed in its most recently filed insider profile. In the case of a change in any other information in the insider profile, an insider will only be required to file an amended insider profile at the time the insider next files an insider profile or insider report in SEDI format.

9. **Multiple Insider Profiles**

One commentator asked whether SEDI would permit the creation of multiple profiles for an insider reflecting the insider's involvement with more than one SEDI issuer and/or more than one filing agent.

The CSA notes that the system has been designed to deter duplication of insider profiles and the attendant confusion and other adverse consequences associated with duplication of system information. As well, insiders or agents creating insider profiles will be assigned a security access key which may be provided to one or more authorized representatives or filing agents from time to time to facilitate filings made on behalf of the insider. This will permit insiders to appoint representatives from different SEDI issuers to manage filings on an issuer by issuer basis while at the same time permitting the insider to control access to the insider's profile. To clarify the matter, an express prohibition on the creation of more than one insider profile has been added to the National Instrument.

10. **Date and Time of Filing**

One commentator asked about the nature of the evidence to be provided to SEDI insiders that their electronic filings had been successfully completed. The commentator noted that, in the existing paper regime, an insider can maintain a copy of a faxed transmission record as evidence that a fax has been received at a securities commission office.
The CSA notes that the SEDI system will automatically record the date and time (in the Eastern time zone) that an insider report filed in SEDI has been received by SEDI. As stated in the final form of the Companion Policy, with the exception of the conditional filings discussed below, insider reports and other information filed and submitted through SEDI will be considered filed with the securities regulatory authorities at the time and on the day in the relevant jurisdiction that the information is received by the SEDI server. Following receipt by SEDI of information filed electronically, SEDI will provide the filer with the ability to print a copy of the filed information showing the date and time of receipt by SEDI.

The CSA notes that insider reports filed by an individual who has not completed the SEDI user registration process will be considered conditional filings. So long as these filings remain conditional they will not be considered valid filings for purposes of securities legislation and until such time as the individual completes the registration process, will not be made accessible to the public.

One commentator questioned whether there would be confirmation of effectiveness of a conditional filing provided to a filer once a signed user registration form was delivered and verified by the SEDI operator.

The CSA notes that there will not be any specific notification provided to a filer regarding the effectiveness of a filing in these circumstances. However, the filer will be able to determine whether a conditional filing has become effective by monitoring the registration status of the individual using the online functionality available to registering users or by confirming that the filings made on a conditional basis have subsequently become accessible to the public on the SEDI website.

11. **Explanatory Notes**

One commentator expressed concern that the electronic form of insider report would not allow for submission of explanatory notes as schedules to insider reports. This commentator noted that detailed explanatory notes are required in certain circumstances to facilitate a better understanding of reported activities.

The CSA notes that the electronic form of insider report does provide a field within which additional information must be provided if necessary to facilitate accurate reporting of the position or trade that is the subject of the report. The CSA believes that adequate space is available for additional comments of the type appropriate in insider reports. The CSA intends to monitor the use of the applicable field in SEDI to ensure that there is adequate space for reporting purposes.

12. **Online Help**

One commentator indicated that it would be desirable to have a user friendly system that provides online help to filers. The commentator also recommended publication of a user guide which provides detailed instructions on the procedure for using the SEDI system.

The web site will have an online help feature that will assist filers to create, file and amend the various profiles and reports. Online screen text will assist the public to search and obtain information from SEDI.

13. **Temporary Hardship Exemption**

Two commentators suggested that the scope of the temporary hardship exemption should be expanded as there may be circumstances other than technical difficulties in which an

insider may need recourse to a temporary hardship exemption from electronic filing, including illness, physical disability or lack of access to a personal computer or the Internet.

The CSA believes that the electronic filing system will place insiders in a better position to satisfy their reporting obligations than is currently the case under the paper-based reporting system. Most examples of the types of "hardships" given by the commentators could be impediments to filing under any system. The fact that an insider will be able to report wherever a computer with Internet access is available greatly increases the insider's ability to satisfy the requirements even in difficult circumstances. If an insider is unable to access a computer or the Internet for the types of reasons noted by the commentators, the required information could be communicated to someone with such access who could act on the insider's behalf.

The final form of the National Instrument does contain an additional situation, namely, where the reporting issuer has failed to file its issuer profile supplement on a timely basis.

14. **Direct Electronic Filing**

One commentator that is a producer of software which automates the insider reporting process expressed concern that currently there are no plans to allow for direct electronic filing input with the SEDI system as output from a software program in a standardized format. This commentator suggested that the proposed system, which requires individual filing, will prove cumbersome to corporate administrators who may currently process filings on behalf of their companies' insiders using software designed for this purpose.

The CSA did consider the need to develop a system on a basis that would facilitate direct filings from a software program providing output in a standardized format. The CSA concluded that it would be much more costly to introduce this additional functionality into the system and that the additional cost would significantly outweigh the additional benefit given the relatively limited extent to which the CSA believes this additional functionality would be used. The CSA will assess feedback received on the use of the new system with a view to ensuring that it is generally meeting the needs of filers.

15. **Issuer Event Reporting**

One commentator expressed concern with the provision in the draft National Instrument that will require SEDI issuers to file notice of an issuer event. This commentator noted that this was a new requirement for reporting issuers. Currently, issuers need only file information concerning an issuer event as a means of relieving insiders from their filing obligations in respect of these events. The commentator enquired whether there would be penalties if a SEDI issuer failed to make these filings.

The CSA acknowledges that the issuer event report is a new requirement for SEDI issuers but notes that, prior to implementation of National Instrument 55-101 *Exemption from Certain Insider Requirements*, many issuers were filing information about issuer events to relieve their insiders from the reporting requirements. The CSA believes that issuer event reporting is an appropriate responsibility to place on issuers in view of the fact that their action is precipitating a change in the insider's holdings and they have the information required by insiders to fulfil their reporting obligations. If a SEDI issuer fails to comply with the issuer event reporting requirements following implementation of the National Instrument, it will be subject to penalties under securities legislation in certain jurisdictions for contravention of the National Instrument.

16. **Public Availability of Issuer Event Reports**

One commentator expressed concern about potential confusion resulting from issuer event reporting, to the extent that insiders would still need to report the changes resulting from the issuer event. This commentator noted that a change in security holdings resulting from an issuer event is currently not reportable until the next time that the insider is required to file a report. The commentator queried whether the new requirements would lead to a duplication of reporting information as well as an acceleration of the reporting requirement in the circumstances.

The CSA is satisfied that the new requirements will not lead to confusion by the public as to the consequences of issuer event reporting coupled with insider reporting. Although issuer event reports will be accessible by the public, this information will be disseminated in a manner that will permit those viewing an insider's holdings to determine whether they have been adjusted for a particular issuer event. The CSA notes that National Instrument 55-101 now permits insiders to report changes resulting from certain issuer events at the time of their next required insider report. Accordingly, the issuer event reporting requirements do not require insiders to report any earlier than is the case under the current paper-based reporting system.

17. **System Capacity**

One commentator enquired whether the CSA or CDS have estimated the potential capacity of the system to handle the load that could potentially result if the system is accessible by all of the insiders of Canadian public companies. The commentator enquired whether there is an alternative "service provider" model in place if the system is unable to cope with the volume of transactions that may be experienced.

The ability of SEDI to manage the anticipated volume of transactions has been addressed in a number of ways. The system's capacity requirements are based on the total volume of insider reports filed in 1999 with the CSA, as well as information relating to the use of the existing SEDAR system, including use of the SEDAR web site used to disseminate SEDAR filings to the public. The SEDAR information used to determine capacity requirements covers both filing and public access patterns. Capacity requirements based on this information were increased to allow for both anticipated and unanticipated growth.

CDS and the CSA have also made every effort to ensure that the SEDI system infrastructure is scaleable so that the capacity can easily be increased when required without the need to redesign the application. CDS and the CSA will validate the system capacity requirements through performance testing prior to implementation.

18. Federal Filings

One commentator noted that it is unfortunate that the proposed new system will not facilitate the filing of insider reports required under federal legislation, such as the *Canada Business Corporations Act* ("CBCA"). This commentator noted that an insider of an issuer subject to federal insider reporting requirements would still have to file reports in paper format in addition to electronic format.

The CSA notes that amendments to the CBCA have been proposed that will eliminate this duplication for insiders of CBCA companies. However, there is no assurance that the amendments will become effective prior to the implementation of SEDI. The CSA believes that it is not in the public interest to delay implementation of SEDI in the circumstances.

19. Third Party Derivatives

Two commentators expressed concern about the provisions of Form 55-102F2 dealing with third party derivatives. One of the commentators expressed the view that reporting of transactions in third party derivatives is not required of insiders under the *Securities Act* (Ontario) (the "Ontario Act") on the basis that such derivatives are not "securities of the reporting issuer" within the meaning of subsections 107(1) and 107(2) of the Ontario Act.

The CSA notes that subsection 106(2) of the Ontario Act deems the acquisition or disposition by an insider of a put, call or other transferable option with respect to a security to be a change in the beneficial ownership of the security to which it relates. The securities legislation in other jurisdictions contains similar provisions and in some cases the provisions are broader. For example, subsection 87(6) of the *Securities Act* (British Columbia) provides that a put, call option or other right or obligation to purchase or sell securities of a reporting issuer must be reported by insiders of the reporting issuer. These statutory provisions do not limit insider reporting of transactions in derivatives to circumstances where the derivatives have been issued by the reporting issuer itself. The CSA is of the view that derivatives issued by third parties, including both exchange-traded and over-the-counter derivatives, are subject to insider reporting requirements in the circumstances contemplated by the applicable statutory provisions. The CSA further notes that the National Instrument and Form 55-102F2 do not create insider reporting requirements but rather prescribe the content of the reports and the manner in which they are required to be filed if there is a filing obligation.

The same commentator also noted that the term "derivative security" is not defined in the National Instrument or Form 55-102F2.

After considering this comment, the CSA has decided to include definitions of "issuer derivative" and "third party derivative" in Form 55-102F2 and to substitute these defined terms in place of the term "derivative security". The new definitions are as follows:

> "issuer derivative" means a derivative issued by the reporting issuer to which the insider reporting requirement relates;
>
> "third party derivative" means a derivative issued by a person or company other than the reporting issuer to which the insider reporting requirement relates;

The CSA does not propose to define "derivative" for purposes of Form 55-102F2 as the term is already defined generally for purposes of the securities legislation in certain jurisdictions.

Finally, two commentators expressed concern with respect to paragraph 19 (now paragraph 25) of Form 55-102F2 which requires disclosure of the expiration date of a derivative, if applicable. The commentators expressed the concern that one of the counterparties to a reported derivatives transaction would frequently be looking to unwind a hedge at an efficient price at or about the maturity date of the derivative. As a result, requiring disclosure of the maturity date would provide participants in the marketplace with information enabling them to interfere with the ability of a counterparty to unwind its hedge efficiently. One of the commentators noted that, while insider reporting requirements in the United States require disclosure of the expiration date of a derivative, the markets for public company securities in the United States are more liquid than markets for securities of Canadian reporting issuers with the result that the potential for interference with a counterparty unwinding a hedge is much greater in the Canadian markets.

The CSA do not believe that this is a reason to suppress information relating to insider dealings that affect the insider's holdings of the securities of the issuer of which they are an insider. Moreover, the fact that this type of information may be material to investors and other participants in the marketplace is reason for requiring disclosure of the information in insider reports. Accordingly, the CSA believes that a change to the disclosure required by Form 55-102F2 is unwarranted.

NATIONAL INSTRUMENT 55-102

SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI)

PART 1- DEFINITIONS AND INTERPRETATION

1.1 Definitions - In this Instrument

"access key" means an alpha-numeric code issued by SEDI or the SEDI operator in respect of an insider that files an insider profile in SEDI format or in respect of a SEDI issuer that files an issuer profile supplement in SEDI format;

"class" includes a series of a class;

"filing agent" means a person or company that is authorized by a SEDI filer to make a SEDI filing on behalf of the SEDI filer;

"insider profile" means the information that is required under Form 55-102F1;

"insider report" means a report required to be filed under the insider reporting requirement;

"issuer event" means a stock dividend, stock split, consolidation, amalgamation, reorganization, merger or other similar event that affects all holdings of a class of securities of an issuer in the same manner, on a per share basis;

"issuer event report" means the information that is required under Form 55-102F4;

"issuer profile supplement" means the information that is required under Form 55-102F3;

"paper format" means information printed on paper;

"SEDI" means the online computer system providing for the transmission, receipt, review and dissemination of insider reports and related information filed electronically, which is known as the System for Electronic Disclosure by Insiders;

"SEDI filer" means a person or company that is required to make a SEDI filing in accordance with this Instrument;

"SEDI filing" means information that is filed under securities legislation or securities directions in SEDI format, or the act of filing information under securities legislation or securities directions in SEDI format, as the context indicates;

"SEDI format" means information entered electronically in SEDI using the SEDI software application located at the SEDI web site;

"SEDI issuer" means a reporting issuer, other than a mutual fund, that is required to comply with National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*, including a foreign issuer referred to under paragraph 2 of subsection 2.1(1) of that Instrument;

"SEDI operator" means CDS INC. or a successor appointed by the securities regulatory authority to operate SEDI;

"SEDI software application" means the software on the SEDI web site that provides SEDI users with the functionality to make SEDI filings;

"SEDI user" means an individual who has registered in accordance with subsection 2.5(2);

"SEDI web site" means the web site maintained by the SEDI operator for the filing of information in SEDI format;

"transfer report" means

(a) in Alberta, Saskatchewan, Ontario, Nova Scotia or Newfoundland, a report required to be filed by an insider of a reporting issuer under securities legislation if the insider transfers securities of the reporting issuer into the name of an agent, nominee or custodian; or

(b) in Quebec, a report required to be filed by an insider of a reporting issuer under securities legislation if the insider registers or causes to be registered any security of the reporting issuer in the name of a third person;

"user registration form" means the information that is required under Form 55-102F5.

PART 2 - SEDI FILING REQUIREMENTS

2.1 Filing of Insider Profile

(1) An insider of a SEDI issuer shall file an insider profile or an amended insider profile in SEDI format before the insider files an insider report in SEDI format in respect of that SEDI issuer.

(2) An insider profile shall contain the information required under Form 55-102F1.

(3) An insider that has filed an insider profile under subsection (1) shall file an amended insider profile in SEDI format containing the information required under Form 55-102F1

(a) if there is a change in the insider's name or the insider's relationship to any SEDI issuer disclosed in the insider's most recently filed insider profile, or if the insider ceases to be an insider of any such SEDI issuer, within 10 days after the occurrence of the event, or

(b) if there has been any other change in the information disclosed in the insider's most recently filed insider profile, at the time that the insider next files an amended insider profile or an insider report in SEDI format.

(4) An insider that is required to file an insider profile in SEDI format shall not file more than one insider profile.

2.2 Filing of Insider Reports in SEDI Format

(1) An insider of a SEDI issuer that is required by securities legislation to file an insider report in that capacity shall file the insider report in SEDI format through a SEDI user.

(2) For greater certainty, a SEDI user under subsection (1) includes the insider if that insider becomes registered as a SEDI user on or before the time that the insider report is due to be filed.

(3) An insider report that is filed in SEDI format shall contain the information required under Form 55-102F2.

2.3 Filing of Issuer Profile Supplement

(1) A SEDI issuer shall file an issuer profile supplement in SEDI format within three business days after the date that it becomes a SEDI issuer.

(2) An issuer profile supplement that is required to be filed under subsection (1) shall contain the information required under Form 55-102F3.

(3) A SEDI issuer shall file an amended issuer profile supplement in SEDI format immediately if

(a) the SEDI issuer issues any security or class of securities that is not disclosed in its issuer profile supplement;

(b) there is any change in the designation of any security or class of securities of the SEDI issuer disclosed or required to be disclosed in its issuer profile supplement;

(c) any security or class of securities of the SEDI issuer disclosed or required to be disclosed in its issuer profile supplement has ceased to be outstanding and is not subject to issuance at a future date; or

(d) there is any other change in the information disclosed or required to be disclosed in its issuer profile supplement.

2.4 Filing of Issuer Event Report

(1) A SEDI issuer shall file an issuer event report in SEDI format no later than one business day following the occurrence of an issuer event.

(2) An issuer event report that is required to be filed under subsection (1) shall contain the information required under Form 55-102F4.

2.5 SEDI Users

(1) An individual who is a SEDI filer, a filing agent, or an authorized representative of a SEDI filer or filing agent, may use SEDI for the purpose of making SEDI filings.

(2) Before using SEDI to make SEDI filings, an individual referred to in subsection (1) shall register as a SEDI user by

(a) completing and submitting a user registration form in SEDI format; and

(b) delivering a copy of the completed user registration form in paper format to the SEDI operator for verification by the SEDI operator.,

(3) A user registration form under subsection (2) shall contain the information required under Form 55-102F5 and the paper format copy of the user registration form under paragraph (2)(b) shall contain the manual or facsimile signature of the individual being registered.

(4) The paper format copy of the user registration form referred to in paragraph (2)(b) shall be delivered to the SEDI operator by prepaid mail, personal delivery or facsimile at the address or facsimile number indicated on the printed copy of Form 55-102F5, as applicable.

PART 3 - FILING OF REPORTS IN PAPER FORMAT

3.1 Filing of Insider Reports in Paper Format

(1) An insider report that is not required to be filed in SEDI format under this Instrument shall be filed in paper format.

(2) An insider report that is required to be filed in paper format shall be prepared in accordance with Form 55-102F6, subject to any provision of securities legislation that permits the use of an alternative form of report in the particular circumstances.

(3) An insider report that is prepared in accordance with Form 55-102F6 shall be manually signed and shall be filed either

(a) by prepaid mail or personal delivery to the address of the securities regulatory authority set forth on Form.55-102F6; or

(b) by facsimile to the facsimile number of the securities regulatory authority set forth on Form 55-102F6.

3.2 Filing of Transfer Reports in Paper Format

(1) In Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia or Newfoundland, a transfer report shall be filed in paper format and shall be prepared in accordance with Form 55-102F6.

(2) A transfer report that is prepared in accordance with Form 55-102F6 shall be manually signed and shall be filed either

(a) by prepaid mail or personal delivery to the address of the securities regulatory authority set forth on Form 55-102F6; or

(b) by facsimile to the facsimile number of the securities regulatory authority set forth on Form 55-102F6.

PART 4 - SEDI FILING EXEMPTION

4.1 Temporary Hardship Exemption

(1) If unanticipated technical difficulties or failure by a SEDI issuer to file its issuer profile supplement prevent the timely submission of an insider report in SEDI format, a SEDI filer shall file the insider report in paper format as soon as practicable and in any event no later than two business days after the day on which the insider report was required to be filed.

(2) An insider report filed in paper format under subsection (1) shall be prepared in accordance with Form 55-102F6 and shall include the following legend in capital letters at the top of the front page:

IN ACCORDANCE WITH SECTION 4.1 OF NATIONAL INSTRUMENT 55-102 SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI), THIS INSIDER REPORT IS BEING FILED IN PAPER FORMAT UNDER A TEMPORARY HARDSHIP EXEMPTION.

(3) The requirements of securities legislation relating to paper format filings of insider reports apply to a filing under subsection (1) except that signatures to the paper format document may be in typed form rather than manual format.

(4) If an insider report is filed in paper format in the manner and within the time prescribed in this section, the date by which the information is required to be filed under securities legislation is extended to the date on which the filing is made in paper format.

(5) If a SEDI filer makes a paper format filing under this section, the SEDI filer shall file the insider report in SEDI format as soon as practicable after the unanticipated technical difficulties have been resolved or the insider has become aware that the SEDI issuer has filed its issuer profile supplement, whichever is applicable.

PART 5 - PREPARATION AND TRANSMISSION OF SEDI FILINGS

5.1 Manner of Effecting SEDI Filings - A SEDI filing shall be prepared and transmitted using the SEDI software application located at the SEDI web site.

5.2 Access Key - After an issuer profile supplement or an insider profile has been filed by or for a SEDI filer, all information filed in SEDI format by or for the SEDI filer shall be authenticated using the SEDI filer's access key.

5.3 Format of Information and Number of Copies - A requirement in securities legislation relating to the format in which a report or other information to be filed must be printed or specifying the number of copies of a report or other information that must be filed does not apply to a SEDI filing made in accordance with this Instrument.

PART 6 - EXEMPTION

6.1 Exemption

(1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario only the regulator may grant such an exemption.

PART 7 - TRANSITION TO ELECTRONIC FILING

7.1 SEDI Issuers - An issuer that is a SEDI issuer on October 29, 2001 shall file an issuer profile supplement in SEDI format within five business days after that date.

7.2 Transactions Before Effective Date - If, at any time on or after November 13, 2001, an insider of a SEDI issuer is filing an insider report, including an amended insider report, in respect of a relationship to, or a transaction in securities of, the SEDI issuer which arose or occurred prior to that date, the insider shall file the insider report in SEDI format.

PART 8 - EFFECTIVE DATE

8.1 Effective Date

(1) Except for sections 2.1, 2.2, 2.4, 3.1 and 3.2, this Instrument comes into force on October 29, 2001.

(2) Sections 2.1, 2.2, 2.4, 3.1 and 3.2 come into force on November 13, 2001.

FORM 55-102F1

Insider Profile

An insider profile filed in SEDI format shall contain the information prescribed below. The information shall be entered using the online version of this form accessible by SEDI users at the SEDI web site (www.sedi.ca). All references to web pages, fields and lists relate to the online version of the form.

If the insider is an individual, start entering information on the web page titled "Create insider profile (Form 55-102F1) - Enter individual information". If the individual insider has submitted a SEDI user registration form, select "Copy your user registration information" to avoid re-entering the insider's personal information. If the insider is not an individual, select "Enter company information" and start entering information on the web page titled "Create insider profile (Form 55-102F1) - Enter company information".

1. Insider's full legal name

Provide the full legal name of the insider. Use upper and lower case letters as applicable. Do not use initials, nicknames or abbreviations. If the insider is an individual, complete the "Insider family name" and the "Insider given names" fields. If the insider is not an individual, provide the full legal name of the insider in the "Insider company name" field.

2. Name of insider representative (if applicable)

If the insider is not an individual, provide the full legal name of an individual representative of the insider using the "Family name" and "Given names" fields. Use upper and lower case letters as applicable. Do not use initials, nicknames or abbreviations.

3. Insider's address

If the insider is an individual, provide the insider's principal residential address. Otherwise, provide the business address where the insider's representative (provided in item 2 above) is employed. In either case, select or provide the country and provide the address (street name and number, etc.), the municipality (city, town, etc.), province, territory or state and postal or zip code, as applicable. A post office box or similar mailing address is not acceptable.

4. Insider's telephone number

Provide a daytime telephone number for the insider (if the insider is an individual) or for the insider's representative (if the insider is not an individual).

5. Insider's fax number (if applicable)

If available, provide a fax number for the insider (if the insider is an individual) or for the insider's representative (if the insider is not an individual).

6. Insider's e-mail address (if applicable)

If available, provide an e-mail address for the insider (if the insider is an individual) or for the insider's representative (if the insider is not an individual).

7. Correspondence in English or French

If the insider is an individual resident in Quebec, the insider may choose to receive any correspondence from the Quebec securities regulatory authority in English. If no choice is made, any correspondence from the Quebec securities regulatory authority shall be in French. If the insider is a person or company other than an individual and is resident in Quebec, any correspondence from the Quebec securities regulatory authority shall be in French.

If the insider is resident in Manitoba, New Brunswick or Ontario, the insider may choose to receive any correspondence from the local securities regulatory authority in French. If no choice is made, any correspondence from the local securities regulatory authority shall be in English.

8. Confidential question and answer

Provide a "confidential question" and an answer to the confidential question for use in verifying the identity of the insider or the insider's representative if a request is being made to the SEDI operator for a new insider access key. Keep a record of the confidential question and answer in a secure location.

9. Add name(s) of reporting issuer(s)

Add the name of each reporting issuer in respect of which the insider is required to file an insider report in SEDI format. Search for and select each reporting issuer to be added from a database of all SEDI issuers provided for this purpose. Use the reporting issuer's SEDAR number or its legal name (in English or French) to conduct your search. Make sure you select the correct reporting issuer before you proceed further. If you are unable to find the reporting issuer that you are searching for, contact the reporting issuer or the SEDI operator for assistance. Note that the reporting issuer will not appear in your search results unless the reporting issuer has created an issuer profile in SEDAR and filed an issuer profile supplement in SEDI.

If the insider has ceased to be an insider of a reporting issuer added previously to the insider profile, see item 12 below.

10. Insider's relationship to reporting issuer

For each reporting issuer added under item 9 above, disclose all of the insider's relationships to that reporting issuer by selecting from the list of relationship types provided.

11. Date the insider became an insider or date of previous paper filing

For each reporting issuer added under item 9 above, if the insider has not filed an insider report in respect of the reporting issuer since becoming an insider, provide the date on which the insider became an insider of the reporting issuer. Alternatively, if the insider has previously filed an insider report

in paper format in respect of the reporting issuer, provide the date of the insider's last paper filing in respect of the reporting issuer.

12. Date the insider ceased to be an insider

If the insider has ceased to be an insider of a reporting issuer added previously to the insider profile, amend the insider profile by providing the date on which the insider ceased to be an insider of the reporting issuer in the fields provided for this purpose on the web page titled "Amend insider profile - Amend issuer information."

Optional Information

An insider profile filed in SEDI format may, at the option of the insider, contain the following additional information:

13. Additional contact information

For each reporting issuer added to the insider profile, the insider may provide another address at which the insider prefers to be contacted (such as a business address) or may provide contact information for another individual who is to be contacted by the securities regulatory authority instead of the insider. To provide additional contact information, check the applicable box under "Optional information" on the web page titled "Create insider profile - Enter information about the insider's relationship to the issuer".

14. Add name(s) of registered holder(s) of securities

If the insider is required to file an insider report in respect of securities owned indirectly or over which control or direction is exercised, the insider must provide the name of the registered holder of the securities at the time the insider report is filed. To assist the insider in complying with this requirement, for each reporting issuer added to the insider's profile the insider may add the name(s) of the registered holder(s) of securities of the reporting issuer that the insider is required to provide in an insider report.

To add the name(s) of the registered holder(s) for the reporting issuer, check the applicable box under "Optional information" on the web page titled "Create insider profile - Enter information about the insider's relationship to the issuer". Any name added to the insider's profile in this manner may be selected when an insider report is prepared in SEDI format and registered holder information is required. The full legal name of the registered holder must be provided in each case.

Securities beneficially owned directly but held through a nominee such as a broker or book-based depository are considered direct holdings.

Amending Insider Profile To Add a Reporting Issuer

If an insider that has previously filed an insider profile is required to file an insider report in SEDI format in respect of a reporting issuer that is not already disclosed in the insider profile, amend the insider profile to add the name of the reporting issuer, to disclose all of the insider's relationships to the reporting issuer and to provide the date the insider became an insider or the date of the previous paper filing, as applicable. Provide the information required in items 9, 10 and 11 above.

Certification

Prior to submitting an insider profile, the insider or the insider's agent must certify that the information is true and complete in every respect by selecting "Certify" on the web page titled "Create insider profile - Certify and file insider profile" and following the instructions provided for this purpose. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the insider is still responsible for ensuring that the information filed by the agent is true and complete. It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Notice – Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for purposes of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland. Some of the required information will be made public pursuant to the securities legislation in each of the jurisdictions indicated above. Other required information will remain confidential and will not be disclosed to any person or company except to any of the securities regulatory authorities or their authorized representatives. If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction(s) in which the required information is filed, at the address(es) or telephone number(s) set out below. In Quebec, questions may also be addressed to the Commission d'accès à l'information du Québec (1-888-528-7741, web site: www.cai.gouv.qc.ca).

Alberta Securities Commission
4th Floor, 300-5th Avenue S.W.
Calgary, AB T2P 3C4
Attention: Information Officer
Telephone: (403) 297-6454

The Manitoba Securities Commission
1130-405 Broadway
Winnipeg, MB R3C 3L6
Attention: Director, Legal
Telephone: (204) 945-4508

Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 3J9
Attention: FOI Officer
Telephone: (902) 424-7768

Commission des valeurs mobilières du Québec
Stock Exchange Tower
P.O. Box 246, 22nd Floor
800 Victoria Square
Montréal, PQ H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 940-2150 or
(800) 361-5072 (in Quebec)

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Supervisor, Insider Reporting
Telephone: (604) 899-6500 or
(800) 373-6393 (in BC)

Securities Commission of Newfoundland
P.O. Box 8700
2nd Floor, West Block
Confederation Building
St. John's, NFLD A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: FOI Coordinator
Telephone: (416) 593-8314

Saskatchewan Securities Commission
800-1920 Broad Street
Regina, SK S4P 3V7
Attention: Director
Telephone: (306) 787-5645

FORM 55-102F2

Insider Report

An insider report filed in SEDI format shall contain the information prescribed below. The information shall be entered using the online version of this form accessible by SEDI users at the SEDI web site (www.sedi.ca). All references to web pages, fields and lists relate to the online version of the form.

If a position or transaction being reported by the insider involves an option, warrant, right or other derivative, the information prescribed by items 18 to 25 below must be included in the insider report, if applicable. For each reporting issuer in respect of which one or more positions or transactions are being reported by an insider, start by navigating to the web page titled "File insider report (Form 55-102 F2) – Select issuer" and then provide the information required in the circumstances.

1. Name of reporting issuer

Provide the name of the reporting issuer for the securities that are the subject of the insider report by selecting the reporting issuer's name from the list of one or more reporting issuer names added previously to the insider's profile. If the name of the applicable reporting issuer does not appear in the list, the insider's profile must be amended to add the name of the applicable reporting issuer before the insider report can be completed. A separate insider report must be completed for each reporting issuer in respect of which the insider has a reporting obligation.

2. Amended insider report

If the insider is amending information contained in an insider report filed previously in SEDI format, the amended insider report shall contain all of the information required to be disclosed in the previous insider report in its amended form.

If the insider is amending information contained in an insider report filed previously in paper format, select "Amend paper filing" on the "Amend insider transaction" web page and complete a new insider report in SEDI format containing all of the information required to be disclosed in the previous paper filing in its amended form. In the "General remarks" field on the "File insider report - Enter transaction information" web page, provide the date on which the previous paper filing was made.

3. Review issuer information

Review the information contained in the insider's profile with respect to the selected reporting issuer to ensure that it is correct. If required, select "Amend" to file an amended insider profile.

4. Review new issuer event reports

If the reporting issuer has filed an issuer event report that has not previously been viewed or that has been previously flagged for further viewing, the issuer event report will be displayed for review by or on behalf of the insider. If the insider's holdings

of securities of the reporting issuer have been affected by an issuer event, the change in holdings must be reported.

5. Security designation

For each position or transaction being reported, provide the security designation for the applicable security or class of securities. For this purpose, select the applicable security designation from the list shown for the reporting issuer's outstanding securities.

If the applicable security designation does not appear in the list, check the "archived security designation" list containing designations of securities of the reporting issuer that are no longer outstanding and that may no longer be issued. Alternatively, check the "Insider defined security" list that will contain one or more security designations for the reporting issuer if any have been defined previously by or for the insider. In either case, if the applicable securities designation appears in the list, select it.

If the applicable security designation does not appear in any of the lists described above, the insider must define the applicable security designation. For this purpose, select the appropriate "Security category" by choosing "Debt", "Equity", "Issuer Derivative" or "Third Party Derivative" from the list provided. For purposes of the insider reporting requirement, "issuer derivative" means a derivative issued by the reporting issuer to which the insider reporting requirement relates and "third party derivative" means a derivative issued by a person or company other than the reporting issuer to which the insider reporting requirement relates. The security category selected will determine the nature of the information that is required to be reported in relation to positions or transactions involving the applicable security designation.

Next, create the "insider defined" security designation by selecting the most appropriate "Security name" from the list provided and, if applicable, use the "Additional description" field to enter any additional words used to describe the specific security or class of securities. For example, to provide the security designation of "Class A Preferred Shares, Series 1", select "Preferred Shares" from the "Security name" list and then type "Class A, Series 1" in the "Additional description" field.

Important Note: If the security or class of securities being designated is a security that has been issued by the reporting issuer, it is important to try to avoid creating an "insider defined" security designation. If a security designation has not been created by the reporting issuer in respect of a security or class of securities issued by the reporting issuer, contact the reporting issuer to request that the security designation be added to the list of security designations for the reporting issuer's outstanding securities in its issuer profile supplement. However, you must create an "insider defined" security designation if this becomes necessary to ensure that the insider report is filed on a timely basis.

Derivatives: If the security or class of securities being designated is an issuer derivative or a third party derivative, provide the security designation for the derivative and the security designation for the underlying security. See item 18 below. In addition, if the security or class of securities being designated is a third party derivative, the insider will have to provide the applicable security designation in all cases.

6. Ownership type

Indicate whether the securities in respect of which a position or transaction is being reported are (1) beneficially owned directly, (2) beneficially owned indirectly or (3) controlled or directed. Securities beneficially owned directly but held through a nominee such as a broker or book-based depository are considered direct holdings.

7. Identity of registered holder of securities where ownership is indirect or where control or direction is exercised

If beneficial ownership of the securities is indirect or if control or direction is exercised over the securities, provide the name of the registered holder of the securities. If the name of the registered holder has been previously added to the insider's profile in respect of the reporting issuer, select the name of the registered holder from the list shown. Otherwise, enter the full legal name of the registered holder in the field provided.

8. Opening balance of securities held (initial SEDI report only)

If the insider is filing an initial report in respect of securities held on becoming an insider or is reporting a change in a security or class of securities previously reported only in paper format, for each security or class of securities held directly or by a particular registered holder, disclose the initial number or amount of securities so held in the field provided for this purpose on the web page titled "File insider report - Opening balance on initial SEDI report (Non-Derivatives)", or the corresponding web page for derivatives, as applicable. For debt securities, provide the aggregate nominal value of the securities held.

If an opening balance of securities held is required to be disclosed, the information with respect to the "date of transaction" and "nature of transaction" required under items 9 and 10 below will be generated by the SEDI software application. The "date of the transaction" will be the date the insider became an insider or the date of the previous paper filing, whichever has been reported in the insider profile.

If the insider has previously filed a report in SEDI disclosing the balance of the security or class of securities held directly or by a particular registered holder, the opening balance of the security or class of securities so held is generated by the SEDI software application based on all previous reports filed in respect of the particular holding.
If an initial SEDI report involves the holding of a derivative, see item 19 below.

9. Date of transaction

Provide the date of each transaction being reported using the fields provided for this purpose. Provide the "trade date" not the "settlement date".

10. Nature of transaction

Indicate the nature of each transaction being reported by selecting the most appropriate transaction type from the list provided for this purpose.

11. Number or value of securities acquired

Disclose the number or value of securities acquired for each transaction involving an acquisition of securities. For debt securities, provide the aggregate nominal value. If the transaction involved the acquisition of an option, warrant, right or other derivative, see items 21 and 22 below.

12. Number or value of securities disposed of

Disclose the number or value of securities disposed of for each transaction involving a disposition of securities. For debt securities, provide the aggregate nominal value. If the transaction involved the disposition of an option, warrant, right or other derivative, see items 21 and 22 below.

13. Unit price or exercise price

Disclose the price per security paid or received by the insider for each transaction being reported, if applicable. Do not reduce the price being reported to reflect the amount of any commission paid. If the insider acquired or disposed of a security upon the exercise of an option, warrant, right or other derivative, report the exercise price per security. If the insider acquired or disposed of an option, warrant, right or other derivative, see item 23 below.

If the transaction involved consideration other than cash, provide the approximate fair value of the consideration in Canadian dollars and describe the consideration in the "General remarks" field. If no consideration was paid or received by the insider, check "Not applicable".

14. Currency

If the price paid or received in any transaction was in a currency other than Canadian dollars, provide the amount in that other currency and select the other currency from the list provided for this purpose.

15. Closing balance of securities held

After each new transaction being reported in respect of a security or class of securities held directly or through a particular registered holder has been entered, a new balance of the security or class of securities held directly or by the particular registered holder will be generated automatically by SEDI prior to filing. If the insider believes that the closing balance reported by SEDI is not correct, the closing balance calculated by the insider must be reported in the field provided for this purpose. The insider shall make all reasonable efforts to reconcile the balance calculated by SEDI with the balance believed by the insider to be correct. An incorrect balance may have resulted from an error in a previous insider report or from a failure to report a previous transaction.

16. General remarks

Provide additional information if necessary to provide an accurate description of each position and/or transaction in securities being reported. Information provided in this field will be accessible by the public.

17. Private remarks to securities regulatory authority

Using the field provided, the insider may disclose additional information with respect to the position or transaction being reported to staff of the securities regulatory authority. Information provided in this field will not be accessible by the public.

Holdings or Transactions Involving Derivatives

If a holding or transaction being reported by the insider involves an issuer derivative or a third party derivative, the additional information prescribed below shall be disclosed, if applicable. For this purpose, "issuer derivative" means a derivative issued by the reporting issuer to which the insider reporting requirement relates, and "third party derivative" means a derivative issued by a person or company other than the reporting issuer to which the insider reporting requirement relates.

18. Security designation of derivative and underlying security

Provide the security designation for the derivative in the manner described under item 5 above. Next, select the appropriate security category for the underlying security from the list provided and then provide the security designation for the underlying security in a similar manner to that described under item 5 above. If the security or class of securities being designated is a third party derivative, the insider will have to define the applicable security designation in all cases. If the derivative security has been defined by the insider, the underlying security must also be defined by the insider.

19. Opening balance of derivative securities or contracts held (initial SEDI report only)

If the insider is filing an initial report disclosing an option, warrant, right or other derivative held on becoming an insider or is reporting a change in such a derivative not previously reported in SEDI format, for each such derivative position so held directly or by a particular registered holder, disclose the initial number of derivative securities or contracts held in the field provided for this purpose.

20. Opening balance of equivalent number of underlying securities (initial SEDI report only)

If the insider is filing an initial report of an option, warrant, right or other derivative held on becoming an insider or is reporting a change in any such derivative not previously reported in SEDI format, for each such derivative position held directly or by a particular registered holder, disclose the actual or notional number or amount of underlying securities that may be acquired or disposed of upon exercise or settlement of such derivative. If the underlying securities are debt securities, provide the aggregate nominal value of the actual or notional

amount of underlying debt securities that may be acquired or disposed of upon exercise or settlement of such derivative.

21. Number of derivative securities or contracts acquired or disposed of

Disclose the number of derivative securities or contracts acquired for each transaction involving an acquisition of a derivative or the number of derivative securities or contracts disposed of for each transaction involving a disposition of a derivative.

22. Equivalent number of underlying securities acquired or disposed of

For each transaction involving an acquisition or disposition of a derivative, disclose the actual or notional number or amount of underlying securities that may be acquired or disposed of upon exercise or settlement of the derivative. If the underlying securities are debt securities, provide the aggregate nominal value of the equivalent amount of underlying debt securities that may be acquired or disposed of upon exercise or settlement of the derivative.

23. Unit price of derivative

Disclose the premium or other amount paid or received by the insider in connection with the acquisition or disposition of the derivative (per contract if applicable). If the premium or other amount paid or received was in a currency other than Canadian dollars, provide the amount in that other currency and select the other currency from the list provided for this purpose.

24. Conversion or exercise price of derivative

Provide the conversion or exercise price of the derivative by entering the amount in the field provided for this purpose (per underlying security if applicable). If the conversion or exercise price is in a currency other than Canadian dollars, select the relevant currency from the list provided for this purpose. If the conversion or exercise price of the derivative will adjust on one or more specified dates, provide the details of the adjustment terms in the "General remarks" field.

25. Date of expiry or maturity of derivative

If the derivative expires or matures on a given date, specify the date of expiry or maturity using the fields provided for this purpose.

Certification

Prior to filing an insider report, the insider or the insider's agent must certify that the information is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the insider is still responsible for ensuring that the information filed by the agent is true and complete. It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Notice – Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for purposes of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland. Some of the required information will be made public pursuant to the securities legislation in each of the jurisdictions indicated above. Other required information will remain confidential and will not be disclosed to any person or company except to any of the securities regulatory authorities or their authorized representatives. If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction(s) in which the required information is filed, at the address(es) or telephone number(s) set out below. In Quebec, questions may also be addressed to the Commission d'accès à l'information du Québec (1-888-528-7741, web site: www.cai.gouv.qc.ca).

Alberta Securities Commission
4th Floor, 300-5th Avenue S.W.
Calgary, AB T2P 3C4
Attention: Information Officer
Telephone: (403) 297-6454

The Manitoba Securities Commission
1130-405 Broadway
Winnipeg, MB R3C 3L6
Attention: Director, Legal
Telephone: (204) 945-4508

Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 3J9
Attention: FOI Officer
Telephone: (902) 424-7768

Commission des valeurs mobilières du Québec
Stock Exchange Tower
P.O. Box 246, 22nd Floor
800 Victoria Square
Montréal, PQ H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 940-2150 or
(800) 361-5072 (in Quebec)

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Supervisor, Insider Reporting
Telephone: (604) 899-6500 or
(800) 373-6393 (in BC)

Securities Commission of Newfoundland
P.O. Box 8700
2nd Floor, West Block
Confederation Building
St. John's, NFLD A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: FOI Coordinator
Telephone: (416) 593-8314

Saskatchewan Securities Commission
800-1920 Broad Street
Regina, SK S4P 3V7
Attention: Director
Telephone: (306) 787-5645

FORM 55-102F3

Issuer Profile Supplement

An issuer profile supplement filed in SEDI format shall contain the information prescribed below. The information shall be entered using the online version of this form accessible by SEDI users at the SEDI web site (www.sedi.ca). All references to web pages, fields and lists relate to the online version of the form.

1. Name of reporting issuer

Provide the name of the reporting issuer for which the issuer profile supplement is being created by searching for the reporting issuer using the reporting issuer's SEDAR number or the reporting issuer's legal name (in English or French). If the reporting issuer's name does not appear in the search results, an issuer profile must be created for the reporting issuer in SEDAR before proceeding further with any SEDI filings. See National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*.

2. Name of insider affairs contact

Provide the full legal name of an individual who will act as "insider affairs contact" for the reporting issuer. Use the "Family name" and "Given names" fields for this purpose. Use upper and lower case letters as applicable. Do not use initials, nicknames or abbreviations. SEDI will automatically deliver an e-mail message to the e-mail address provided for the insider affairs contact each time an insider profile or an amended insider profile is filed by or on behalf of a person or company disclosing an insider relationship with the reporting issuer. This is intended to assist the reporting issuer in identifying any incorrect or inappropriate SEDI filings made in respect of the reporting issuer. Insider affairs contact information is not accessible by the public.

3. Address of insider affairs contact

Provide a business address for the insider affairs contact. Indicate the country and provide the address (street name and number, etc.), the municipality (city, town, etc.), province, territory or state and postal or zip code, as applicable. A post office box or similar mailing address is not acceptable.

4. Telephone number and e-mail address of insider affairs contact

Provide a business telephone number and a business e-mail address for the insider affairs contact.

5. Fax number of insider affairs contact (if applicable)

If available, provide a business fax number for the insider affairs contact.

6. Confidential question and answer

Provide a "confidential question" and an answer to the confidential question for use in identifying the issuer's representative if a request is being made to the SEDI operator

for a new issuer access key. Keep a record of the confidential question and answer in a secure location.

7. Security designations

Provide the security designation for each outstanding security and each class of outstanding securities of the reporting issuer being profiled. For each security or class of securities, select the appropriate "Security category" by choosing "Debt", "Equity" or "Issuer Derivative" from the list provided. Then provide a designation of the security or class of securities using the fields provided for this purpose, as follows. First, select the "Security name" from the list of generic security names provided. Second, if applicable, enter any additional words used to describe the specific security or class of securities. For example, to provide the designation of "Class A Preferred Shares, Series 1", select "Preferred Shares" from the "Security name" field and then type "Class A, Series 1" in the "Additional description" field.

If the security whose designation is being added is an issuer derivative, provide the designation of the underlying security or class of underlying securities in addition to the designation of the issuer derivative itself. First, select the applicable securities category for the underlying security and then provide the designation for the underlying security using the "Security name" and "Additional description" fields in the same manner as described above.

8. Amending a security designation

If there is any change in the security designation disclosed previously for a security or class of securities of the reporting issuer that is outstanding or that may be issued in the future, use the "Amend security designation" function to amend the applicable security designation in the issuer profile supplement. Select the applicable security designation to be amended and a web page with pre-populated fields containing the existing security designation information will be displayed for purposes of making the necessary amendment(s).

Note that a security designation should only be amended for corrections or for changes that do not result in the security or class of securities ceasing to exist. If a security or class of securities ceases to exist and is replaced by another security or class of securities, the "old" security must be archived in the manner described under item 9 below and a security designation must be added for the "new" security in the manner described under item 7 above.

If the security or class of securities affected by the change is an underlying security for an issuer derivative, use the "Amend security designation" function to amend the security designation of the underlying security as well.

9. Archiving a security designation

If any security or class of securities designated previously by the reporting issuer has ceased to be outstanding and the security or class of securities may no longer be issued, use the "Archive security designation" function to remove the relevant security designation from the reporting issuer's list of "outstanding securities" and place it in the reporting issuer's list of "archived securities". Archived security designations may not be reactivated if the applicable security or class of securities is re-issued or becomes subject to the issuance. In such circumstances, a new security designation must be added to the issuer profile supplement in the manner described under item 7 above.

Notice – Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for purposes of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland. Some of the required information will be made public pursuant to the securities legislation in each of the jurisdictions indicated above. Other required information will remain confidential and will not be disclosed to any person or company except to any of the securities regulatory authorities or their authorized representatives. If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction(s) in which the required information is filed, at the address(es) or telephone number(s) set out below. In Quebec, questions may also be addressed to the Commission d'accès à l'information du Québec (1-888-528-7741, web site: www.cai.gouv.qc.ca).

Alberta Securities Commission
4th Floor, 300-5th Avenue S.W.
Calgary, AB T2P 3C4
Attention: Information Officer
Telephone: (403) 297-6454

The Manitoba Securities Commission
1130-405 Broadway
Winnipeg, MB R3C 3L6
Attention: Director, Legal
Telephone: (204) 945-4508

Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 3J9
Attention: FOI Officer
Telephone: (902) 424-7768

Commission des valeurs mobilières du Québec
Stock Exchange Tower
P.O. Box 246, 22nd Floor
800 Victoria Square
Montréal, PQ H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 940-2150 or
(800) 361-5072 (in Quebec)

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Supervisor, Insider Reporting
Telephone: (604) 899-6500 or
(800) 373-6393 (in BC)

Securities Commission of Newfoundland
P.O. Box 8700
2nd Floor, West Block
Confederation Building
St. John's, NFLD A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: FOI Coordinator
Telephone: (416) 593-8314

Saskatchewan Securities Commission
800-1920 Broad Street
Regina, SK S4P 3V7
Attention: Director
Telephone: (306) 787-5645

FORM 55-102F4

Issuer Event Report

An issuer event report in SEDI format shall contain the information prescribed below. The information shall be entered using the online version of this form accessible by SEDI users at the SEDI web site (www.sedi.ca). All references to web pages, fields and lists relate to the online version of the form.

1. Issuer event type

Starting at the web page titled "File issuer event report – Form 55-102F4", select the "Issuer event type" that appropriately describes the issuer event from the list of transactions and other events provided for this purpose. If an appropriate issuer event type is not provided in the list, select "Other Issuer Event" and enter an appropriate generic term for the type of issuer event being reported in the "Other issuer event type" field provided for this purpose.

2. Effective date of issuer event

Disclose the effective date of the issuer event using the fields provided for this purpose.

3. Issuer event title

Provide a descriptive title for the issuer event that will distinguish the issuer event from other issuer events of the same type. For example, in the case of a merger, refer to another merging issuer, or in the case of a stock split, indicate the approximate date.

4. Issuer event details

Describe the issuer event in plain language. Provide the security designation of each security or class of securities of the issuer affected by the issuer event and explain the adjustment or other change in holdings that affected insiders of the issuer would be required to report as a result of the issuer event. If applicable, provide the ratio by which each security or class of securities affected has been or will be adjusted by the issuer event.

If the required adjustment(s) will result in a fractional number of securities when applied to the number of securities held by affected insiders, indicate whether the number of securities held by the insider shall be rounded up or down.

If the issuer event involved the creation of a new security or class of securities or the formation of a new reporting issuer, disclose this information. If applicable, amend the issuer profile supplement for the reporting issuer.

Optional Information

An issuer event report filed in SEDI format may, at the option of the reporting issuer, contain the following additional information:

5. Private remarks to securities regulatory authority

Using the field provided, the issuer may disclose additional information concerning the issuer event to staff of the securities regulatory authority. Information provided in this field will not be accessible by the public.

FORM 55-102F5

SEDI User Registration Form

An individual who intends to use SEDI to file information with the securities regulatory authority is required to complete and submit a user registration form in SEDI format containing the information prescribed below. The information must be entered using the online version of this form accessible at the SEDI web site (www.sedi.ca). To access the online user registration form, select "Register as a SEDI user" on the navigation bar at the top of the web page titled "Welcome to SEDI".

1. Full legal name of SEDI user

Provide your family name and your given names. Use upper and lower case letters as applicable. Do not use initials, nicknames or abbreviations.

2. Name of employer and position of SEDI user

If you are acting on behalf of an employer, provide the full legal name of your employer and your position with that employer.

3. Address of SEDI user

If you are an insider, provide your principal residential address. Otherwise, provide the business address where you are employed. A post office box or other mailing address is not sufficient.

4. SEDI user's telephone number

Provide your daytime telephone number.

5. SEDI user's fax number

If available, provide your fax number.

6. SEDI user's e-mail address

If available, provide your e-mail address.

7. Check the appropriate box for SEDI user classification

Indicate whether you expect to access SEDI as an insider, an agent and/or an issuer's representative by checking the appropriate box or boxes. The type of user classification will determine the amount of functionality you will have in the SEDI application software.

8. Confidential question and answer

Provide a "confidential question" and an answer to the confidential question for use in verifying your identity if a request in your name is being made to the SEDI operator for a new password.

Certification

Prior to submitting the completed online user registration form, you must certify that the information is true in all material

respects and you must agree to update the information submitted as soon as practicable following any material change in the information.

Delivery of Signed Copy to SEDI Operator

Before you may make a valid SEDI filing, you must deliver a manually signed paper copy of the completed user registration form to the SEDI operator for verification purposes. To satisfy this requirement, it is preferred that you print a copy of the online user registration form once you have certified and submitted it. You must deliver a manually signed and dated copy of the completed user registration form via prepaid mail, personal delivery or facsimile to the SEDI operator at the following address or fax number, as applicable:

CDS INC.
Attention: SEDI Administrator
85 Richmond Street West
Toronto, Ontario M5H 2C9

Facsimile: 1-866-729-8011

or, if you are resident in the province of Quebec, to the SEDI operator at the address above, or to:

CDS INC.
Attention: SEDI Administrator
600 boul. de Maisonneuve Ouest
Montreal, Quebec
H3A 3J2

or at such other address(es) or fax number(s) as may be provided on the SEDI web site (www.sedi.ca).

Questions

Questions may be directed to CDS INC. at 1-800-219-5381 or such other number as may be provided on the SEDI web site.

Notice – Collection and Use of Personal Information

The personal information that you provide on this form is used to facilitate your access to and use of the SEDI system and is not used for any other purpose. The signed copy of the completed form that you deliver to CDS INC. (the SEDI operator) is retained by CDS INC. as evidence of your registration as a SEDI user. The information you provide on this form will not be disclosed to any third party except any of the securities regulatory authorities or their authorized representatives for purposes of the administration or enforcement of securities legislation in the applicable jurisdictions. For information about the use of the information collected on this form or if you would like to obtain access to the information you have submitted, contact the CDS SEDI Administrator at the address or telephone number provided above. In Quebec, questions may also be addressed to the Commission d'accès à l'information du Québec (1-888-528-7741, web site: www.cai.gouv.qc.ca).

SEDI User Registration Form

Note: Before an individual registering as a SEDI user may make a valid SEDI filing, the registering individual must deliver a manually signed paper copy of the completed user registration form to the SEDI operator for verification purposes. It is preferred that the registering individual print a copy of the online version using the "Print" function provided for this purpose in SEDI. The signed paper copy must be delivered by prepaid mail, personal delivery or facsimile to: CDS INC., Attention: SEDI Administrator, 85 Richmond Street West, Toronto, Ontario M5H 2C9, Facsimile: 1-866-729-8011 or, if you are resident in the province of Quebec, to the SEDI operator at the address above, or to CDS INC., Attention: SEDI Administrator, 600 boul. de Maisonneuve Ouest, Montreal, Quebec, H3A 3J2.

Section 1 SEDI User Information

Family name:	Given names (in full):	
Employer name and position (if applicable):		
Address (street name and number, etc.):	Municipality (city, town, etc.):	
Province, territory or state:	Country:	Postal code or zip code:
Telephone number: ( )	Fax number (if available): ( )	
E-mail address (if available):		

Section 2 SEDI User Classification

Check the appropriate box or boxes:

☐ Insider ☐ Agent ☐ Issuer representative

Section 3 Certification of SEDI User

I certify that the foregoing information is true in all material respects. I agree to update the information submitted on this form in SEDI as soon as practicable following any material change in the information. I agree that an executed copy of Form 55-102F5, if delivered to CDS INC. by facsimile, shall have the same effect as an originally executed copy delivered to CDS INC.

Signature of SEDI user	Date:

FORM 55-102F6

INSIDER REPORT

(See instructions on the back of this report)

Notice – Collection and Use of Personal Information: The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for purposes of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland. Some of the required information will be made public pursuant to the securities legislation in each of the jurisdictions indicated above. Other required information will remain confidential and will not be disclosed to any person or company except to any of the securities regulatory authorities or their authorized representatives. If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction(s) in which the required information is filed, at the address(es) or telephone number(s) set out on the back of this report.

BOX 1. NAME OF THE REPORTING ISSUER (BLOCK LETTERS)

BOX 2. INSIDER DATA

RELATIONSHIP(S) TO REPORTING ISSUER

CHANGE IN RELATIONSHIP FROM LAST REPORT ☐ YES ☐ NO

DATE OF LAST REPORT FILED (DAY MONTH YEAR)

OR

IF INITIAL REPORT, DATE ON WHICH YOU BECAME AN INSIDER (DAY MONTH YEAR)

BOX 3. NAME, ADDRESS AND TELEPHONE NUMBER OF THE INSIDER (BLOCK LETTERS)

FAMILY NAME OR CORPORATE NAME

GIVEN NAMES

NO. STREET APT

CITY

PROV. POSTAL CODE

BUSINESS TELEPHONE NUMBER

BUSINESS FAX NUMBER

CHANGE IN NAME, ADDRESS OR TELEPHONE NUMBER FROM LAST REPORT ☐ YES ☐ NO

BOX 4. JURISDICTION(S) WHERE THE ISSUER IS A REPORTING ISSUER OR THE EQUIVALENT

☐ ALBERTA ☐ ONTARIO

☐ BRITISH COLUMBIA ☐ QUÉBEC

☐ MANITOBA ☐ SASKATCHEWAN

☐ NEWFOUNDLAND

☐ NOVA SCOTIA

BOX 5. INSIDER HOLDINGS AND CHANGES (IF INITIAL REPORT, COMPLETE SECTIONS (A) (D) (E) AND (F) ONLY. SEE ALSO INSTRUCTIONS TO BOX 5)

(A) DESIGNATION OF CLASS OF SECURITIES	(B) BALANCE OF CLASS OF SECURITIES ON LAST REPORT	(C) TRANSACTIONS: DATE (DAY MONTH YEAR)	NATURE	NUMBER/VALUE ACQUIRED	NUMBER/VALUE DISPOSED OF	UNIT PRICE/ EXERCISE PRICE	$ US	(D) PRESENT BALANCE OF CLASS OF SECURITIES HELD	(E) DIRECT/INDIRECT OWNERSHIP/ CONTROL OR DIRECTION	(F) IDENTIFY THE REGISTERED HOLDER WHERE OWNERSHIP IS INDIRECT OR WHERE CONTROL OR DIRECTION IS EXERCISED

ATTACHMENT ☐ YES ☐ NO

This form is used as a uniform report for the insider reporting requirements under all provincial securities Acts. The terminology used is generic to accommodate the various Acts.

CORRESPONDENCE ☐ ENGLISH ☐ FRENCH

KEEP A COPY FOR YOUR FILE

BCSC 55-102F6 Rev. 2001 / 6 / 25 VERSION FRANÇAISE DISPONIBLE SUR DEMANDE

BOX 6. REMARKS

The undersigned certifies that the information given in this report is true and complete in every respect. It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

BOX 7. SIGNATURE

NAME (BLOCK LETTERS) SIGNATURE DATE OF THE REPORT (DAY MONTH YEAR)

INSTRUCTIONS

Insider Reports in English and French are available from Manitoba, Ontario and Québec. If you are a corporate insider in the province of Québec, you will receive correspondence in French. Individuals in the province of Québec will receive, upon request, correspondence in English.

Where an insider of a reporting issuer does not own or have control or direction over securities of the reporting issuer, or where an insider's ownership or direction or control over securities of the reporting issuer remains unchanged from the last report filed, a report is not required. Insider reports are not required to be filed in New Brunswick, the Northwest Territories, Nunavut, Prince Edward Island or the Yukon.

If you have any questions about the form you should be using to file your report, see National Instrument 55-102*System for Electronic Disclosure by Insiders (SEDI)*.

BOX 1 Name of the reporting issuer

Provide the full legal name of the reporting issuer. Use a separate report for each reporting issuer.

BOX 2 Insider data

Indicate all of your relationship(s) to the reporting issuer using the following codes:

Reporting issuer that has acquired securities issued by itself	1
Subsidiary of the reporting issuer	2
Security holder who beneficially owns or who exercises control or direction over more than 10% of the securities of the reporting issuer (Québec *Securities Act* – 10% of a class of shares) to which are attached voting rights or an unlimited right to a share of the profits and to its assets in case of winding up	3
Director of a reporting issuer	4
Senior officer of a reporting issuer	5
Director or senior officer of a security holder referred to in 3	6
Director or senior officer of an insider or subsidiary of the reporting issuer, other than in 4, 5 and 6	7
Deemed insider – 6 months before becoming an insider	8

If you have filed a report before, indicate whether your relationship to the reporting issuer has changed.

Specify the date of the last report you filed, and if it is an initial report, the date on which you became an insider.

BOX 3 Name, address and telephone number of the insider

Provide your name, address and business telephone number.

BOX 4 Jurisdiction

Indicate each jurisdiction where the issuer is a reporting issuer or the equivalent.

BOX 5 Insider holdings and changes

Show direct and indirect holdings separately, both in the initial report and where a transaction is reported. Indicate only one transaction per line.

For an initial report complete only:

- (A) designation of class of securities held
- (D) present balance of class of securities held
- (E) nature of ownership (see List of Codes)
- (F) identification of the registered holder where ownership is not direct

If you acquired or disposed of securities while an insider, complete sections (A) to (F):

- (A) Indicate a designation of the securities traded that is sufficient to identify the class, including yield, series, maturity.
- (B) Indicate the number of securities, or for debt securities, the aggregate nominal value, of the class held, directly and indirectly, before the transaction that is being reported.
- (C) Indicate for each transaction:
  - the date of the transaction (not the settlement date)
  - the nature of the transaction (see List of Codes)
  - the number of securities acquired or disposed of, or for debt securities, the aggregate nominal value
  - the unit price paid or received on the day of the transaction, excluding the commission
  - if the report is in United States dollars, check the space under$ US"

List of Codes

BOX 5 (C) Nature of transaction

General	
Acquisition or disposition in the public market	10
Acquisition or disposition carried out privately	11
Acquisition or disposition under a prospectus	15
Acquisition or disposition under a prospectus exemption	16
Acquisition or disposition pursuant to a take-over bid, merger or acquisition	22
Acquisition or disposition under a purchase/ownership plan	30
Stock dividend	35
Conversion or exchange	36
Stock split or consolidation	37
Redemption/retraction/cancellation/repurchase	38
Short sale	40
Compensation for property	45
Compensation for services	46
Acquisition or disposition by gift	47
Acquisition by inheritance or disposition by bequest	48
Issuer Derivatives	
Grant of options	50
Exercise of options	51
Expiration of options	52
Grant of warrants	53
Exercise of warrants	54
Expiration of warrants	55
Grant of rights	56
Exercise of rights	57
Expiration of rights	58
Third Party Derivatives	
Acquisition or disposition (writing) of third party derivative	70
Exercise of third party derivative	71
Other settlement of third party derivative	72
Expiration of third party derivative	73
Miscellaneous	
Change in the nature of ownership	90
Other	97

(D) Indicate the number of securities, or for debt securities, the aggregate nominal value, of the class held, directly and indirectly, after the transaction that is being reported.

(E) Indicate the nature of ownership, control or direction of the class of securities held using the following codes:

Direct ownership	1
Indirect ownership (identify the registered holder)	2
Control or direction (identify the registered holder)	3

(F) For securities that are indirectly held, or over which control or direction is exercised, identify the registered holder.

BOX 6 Remarks

Add any explanation necessary to make the report clearly understandable.

If space provided for any item is insufficient, additional sheets may be used. Additional sheets must refer to the appropriate Box and must be properly identified and signed.

Office staff are not permitted to alter a report.

BOX 7 Signature and filing

Sign and date the report.

File one copy of the report in each jurisdiction in which the issuer is reporting within the time limits prescribed by the applicable laws of that jurisdiction.

Manually sign the report.

Legibly print or type the name of each individual signing the report.

If the report is filed on behalf of a company, partnership, trust or other entity, legibly print or type the name of that entity after the signature.

If the report is signed on behalf of an individual by an agent, there shall be filed with each jurisdiction in which the report is filed a duly completed power of attorney.

If the report is filed by facsimile in accordance with National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*, the report should be sent to the applicable securities regulatory authority at the fax number set out below.

Alberta Securities Commission
4th Floor, 300 – 5th Avenue S.W.
Calgary, AB T2P 3C4
Attention: Information Officer *
Telephone: (403) 297-6454
Fax: (403) 297-6156

British Columbia Securities Commission
PO Box 10142, Pacific Centre
701 West Georgia Street
Vancouver BC V7Y 1L2
Attention: Supervisor, Insider Reporting *
Telephone: (604) 899-6500 or
(800) 373-6393 (in BC)
Fax: (604) 899-6550

The Manitoba Securities Commission
1130 – 405 Broadway
Winnipeg, MB R3C 3L6
Attention: Continuous Disclosure *
Telephone: (204) 945-2548
Fax: (204) 945-4508

Securities Commission of Newfoundland
P.O. Box 8700, 2nd Floor West Block
Confederation Building
St. John's, NF A1B 4J6
Attention: Director of Securities *
Telephone: (709) 729-4189
Fax: (709) 729-6187

Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street, P.O. Box 458
Halifax, NS B3J 3J9
Attention: FOI Officer *
Telephone: (902) 424-7768
Fax: (902) 424-4625

Ontario Securities Commission
Suite 1903, Box 55, 20 Queen Street West
Toronto, ON M5H 3S8
Attention: FOI Coordinator *
Telephone: (416) 593-8314
Fax: (416) 593-3666

Commission des valeurs mobilières du Québec **
Stock Exchange Tower
P.O. Box 246, 22nd Floor
800 Victoria Square
Montreal, PQ H4Z 1G3
Attention: Responsable de l'accès à l'information *
Telephone: (514) 940-2150 or
(800) 361-5072 (in Québec)
Fax: (514) 873-3120

Saskatchewan Securities Commission
800 – 1920 Broad Street
Regina, SK S4P 3V7
Attention: Director *
Telephone: (306) 787-5645
Fax: (306) 787-5899

* For questions about the collection and use of personal information.

** In Québec questions about the collection and use of personal information may also be addressed to the Commission daccès à l'information du Québec (1-888-528-7741).

BCSC 55-102F6 (Reverse) Rev. 2001/6/25

COMPANION POLICY 55-102CP TO NATIONAL INSTRUMENT 55-102 SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI)

PART 1 - PUBLIC AVAILABILITY OF SEDI INFORMATION

1.1 The securities legislation of several provinces requires, in effect, that information filed with the securities regulatory authority or, where applicable, the regulator under such securities legislation, be made available for public inspection during normal business hours except for information that the securities regulatory authority or, where applicable, the regulator,

(a) believes to be personal or other information of such a nature that the desirability of avoiding disclosure thereof in the interest of any affected individual outweighs the desirability of adhering to the principle that information filed with the securities regulatory authority or the regulator, as applicable, be available to the public for inspection, or

(b) in Alberta, considers that it would not be prejudicial to the public interest to hold the information in confidence, or

(c) in Quebec, considers that access to the information could be prejudicial for the affected persons.

Based on the above mentioned provisions of the securities legislation, the securities regulatory authority or the regulator, as applicable, has determined that the information listed in Schedule A to this Companion Policy discloses personal or other information or such a nature that the desirability of avoiding disclosure of this personal or other information in the interests of the affected persons outweighs the desirability of making the information available to the public for inspection. In addition, in Alberta, the securities regulatory authority and the regulator consider that it would not be prejudicial to the public interest to hold the information listed in Schedule A to this Companion Policy in confidence and in Quebec, the security regulatory authority considers that access to the information by the public in general could be prejudicial for the affected persons. Accordingly, the information listed in Schedule A to this Companion Policy will not be made publicly available.

1.2 The securities regulatory authority or the regulator, as applicable, has further determined that, in the case of information filed in SEDI format other than information listed in Schedule A to this Companion Policy, the requirement that this information be made available for public inspection will be satisfied by making the information available on the SEDI web site.

PART 2 - PRODUCTION OF SEDI FILINGS

2.1 The securities legislation of several provinces contains a requirement to produce or make available an original or certified copy of information filed under the securities legislation. The securities regulatory authority or the regulator, as applicable, considers that it may satisfy such a requirement in the case of information filed in SEDI format by providing a printed copy or other output of the information in readable form that contains or is accompanied by a certification by the regulator that the printed copy or output is a copy of the information filed in SEDI format.

PART 3 - JURISDICTION OF FILING

3.1 The SEDI software application located at the SEDI web site does not provide a SEDI user with the functionality to select the jurisdiction(s) in which a SEDI filing is being submitted for filing. However, the securities regulatory authority takes the view that the submission of information in SEDI format in accordance with the National Instrument constitutes the filing of that information under securities legislation if the information is required to be filed under the securities legislation.

PART 4 - DATE OF FILING AND CONDITIONAL FILING

4.1 Subject to section 4.2, the securities regulatory authority takes the view that information filed in SEDI format is, for purposes of securities legislation, filed on the day that the transmission of the information to the SEDI server is completed. Following receipt by SEDI of information filed in SEDI format, SEDI will provide the SEDI user with the ability to print a copy of the filed information showing the date and time of receipt by SEDI.

4.2 Subsection 2.5(1) of the National Instrument provides that an individual who is a SEDI filer, a filing agent, or an authorized representative of a SEDI filer or filing agent, may use SEDI for the purpose of making SEDI filings. Subsection 2.5(2) of the National Instrument provides that, before using SEDI to make a SEDI filing, such an individual must register as a SEDI user by completing and submitting an online user registration form and delivering a manually signed paper copy of the completed user registration form to the SEDI operator, for verification. Since registration requires delivery of a signed paper copy of the completed user registration form to the SEDI operator for verification, the securities regulatory authority takes the view that a SEDI filing made by an individual who has not completed registration as a SEDI user in accordance with subsection 2.5(2) of the National Instrument is not a valid filing for purposes of securities legislation until such time as the individual making the SEDI filing has completed the registration process.

Despite the requirement to complete the user registration process before using SEDI to make filings, SEDI has been designed to permit an individual who has submitted the online user registration form to proceed to prepare and submit an insider profile as well as insider reports prior to the delivery and verification of the signed paper copy of the registration form. However, SEDI will assign a conditional status to any insider profiles or insider reports filed by an individual who has not completed the registration process. Consistent with the provisions of the National Instrument discussed above, SEDI filings that are conditional are not considered valid filings and are not made publicly accessible. If and when the individual making a conditional SEDI filing completes the registration process, any conditional SEDI filings will automatically cease to be conditional filings and will be made publicly accessible.

It is anticipated that signed paper copies of the registration form that are delivered to the SEDI operator for verification will be processed promptly upon receipt by the SEDI operator. If there is a problem with the verification process, the SEDI operator will attempt to resolve the problem by trying to contact the registering individual or using other appropriate means, which may involve referring the problem to the securities regulatory authority. It is preferred that registering individuals sign a computer printout of the online registration form for purposes of satisfying the requirement to deliver a signed paper copy of the form to the SEDI operator for verification.

PART 5 - OFFICIAL COPY OF SEDI FILINGS

5.1 For purposes of securities legislation, securities directions or any other related purpose, the securities regulatory authority takes the view that the official record of any information filed in SEDI format by a SEDI filer is the electronic information stored in SEDI.

PART 6 - COLLECTION, USE AND DISCLOSURE OF PERSONAL INFORMATION

6.1 The *Personal Information Protection and Electronic Documents Act* (Canada) (the "Federal Privacy Act") requires an organization that is collecting, using or disclosing personal information to obtain the individual's consent in most circumstances. While certain information filed in SEDI is personal information within the meaning of the Federal Privacy Act, the Act provides an exemption from the consent requirement in respect of personal information that is, by law, collected and placed in a public registry if the collection, use and disclosure relates directly to the purposes for which the personal information appears in the public registry. This exemption is based on the recognition that often there are legitimate primary purposes for which the personal information is collected, used or disclosed and, therefore, as long as the information is collected, used or disclosed for the primary purposes, no consent is required.

In Quebec, the *Act Respecting Access to Documents Held by Public Bodies and the Protection of Personal Information*, R.S.Q. c. A-2.1 (the "Public Sector Act") and the *Act Respecting the Protection of Personal Information in the Private Sector*, R.S.Q. c. P-39.1 (the "Private Sector Act") are both applicable to information filed in SEDI. Under the Public Sector Act, personal information which, by law, is public is not considered to be nominative (or personal) and, therefore, is not confidential. The Private Sector Act, which applies to persons engaged in carrying on an enterprise (excluding a public body within the meaning of the Public Sector Act and any person that holds information on behalf of the public body), requires an individual's consent to the use or disclosure of personal information concerning the individual in most circumstances. Further, this consent must be manifest, free and enlightened, and must be given for specific purposes. However, Bill 122, which will amend the Private Sector Act and which was introduced in the Quebec legislature on May 11, 2000, will harmonize the Private Sector Act with the Public Sector Act. Bill 122 provides that personal information which, by law, is public is not confidential. Consequently, if the Quebec legislature adopts Bill 122, the use and communication of publicly available information filed in SEDI will not be subject to the consent requirement in the Private Sector Act.

6.2 For purposes of determining the scope of the exemption from the consent requirement in the Federal Privacy Act discussed in section 6.1, the securities regulatory authority takes the view that the primary purposes for the collection, use and disclosure of personal information relating to insiders of reporting issuers and their security holdings in these issuers include the following:

(a) protecting the investing public against unfair, improper or fraudulent use of material undisclosed information relating to publicly traded issuers;

(b) enhancing the ability of investors to make well-informed investment decisions;

(c) promoting efficiency in the capital markets;

(d) promoting fair, honest and responsible market practices by market participants; and

(e) promoting confidence in the transparent operation of the capital markets in Canada.

SCHEDULE A TO COMPANION POLICY 55-102CP SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI)

Form 55-102F1 Insider Profile

The following information filed in Form 55-102F1 Insider Profile will not be made available for public inspection:

1. Name of insider representative (if applicable) (item 2)
2. Insider's address including postal code but excluding municipality (city, town, etc.), province, territory, state and/or country (item 3)
3. Insider's telephone number (item 4)
4. Insider's fax number (if applicable) (item 5)
5. Insider's e-mail address (if applicable) (item 6)
6. Correspondence in English or French (item 7)
7. Confidential question and answer (item 8)
8. Additional contact information (item 13)

Form 55-102F2 Insider Report

The following information filed in Form 55-102F2 Insider Report will not be made available for public inspection:

1. Private remarks to securities regulatory authority (item 17)

Form 55-102F3 Issuer Profile Supplement

The following information filed in Form 55-102F3 Issuer Profile Supplement will not be made available for public inspection:

1. Name of insider affairs contact (item 2)
2. Address of insider affairs contact (item 3)
3. Telephone number and e-mail address of insider affairs contact (item 4)
4. Fax number of insider affairs contact (if applicable) (item 5)
5. Confidential question and answer (item 6)

Form 55-102F4 Issuer Event Report

The following information filed in Form 55-102F4 Issuer Event Report will not be made available for public inspection:

1. Private remarks to securities regulatory authority (item 6)

Form 55-102F5 SEDI User Registration Form

None of the information submitted in Form 55-102F5 SEDI User Registration Form will be made available for public inspection.

Chapter 6

Request for Comments

THERE IS NO MATERIAL FOR THIS CHAPTER

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 SecuritiesScource (see www.carswell.com).

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

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

Chapter 8

Notice of Exempt Financings

Exempt Financings

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

Reports of Trades Submitted on Form 45-501f1

Trans. Date	Security	Price ($)	Amount
26Jun01 & 28Jun01	724 Solutions Inc. - Common Shares	120,431	11,000
30Jun01	AADCO industries.com inc. - Units	300,000	300,000
04Jul01	Aavdex Corporation - Common Shares	150,000	1,500,000
01Jul01	ABC Fundamental-Value Fund - Units	150,000	11,425
09Jul01	Admiral Inc. - Convertible Debenture	1,000,000	1,000,000
21Jun01	Betacom Corporation Inc. - Special Warrants	3,450,003	5,750,005
01Jun01	BPI American Opportunities Fund - Units	150,000	1,224
01Nov00 to 31Dec00	CALP RSP Trust C/O VMH Management Ltd. - Units	21,775,159	1,461,942
01Jan00 to 31Dec00	Canadian Advantage Limited Partnership - Class B Units	36,414,873	393,263
01Jan00 to 31Dec00	Canadian Advantage Limited Partnership - Class A, Limited Partnership Units	3,362,234	33,972
11Jul01	CanAlaska Ventures Ltd. - Property Acquisition	44,000	200,000
09Jul01	CanAlaska Ventures Ltd. - Property Acquisition	44,000	200,000
28Jun01	CC&L Private Client Bond Fund - Units	2,416	12
28Jun01	CC&L Private Client Bond Fund - Units	1,208	12
28Junto 09Jul01	Corridor Resources Inc. - Common Shares (on a Flow through Basis)	3,120,000	1,243,000
27Jun01	DWL Incorporated - Promissory Note	$2,960,000	$2,960,000
02Jul01	Eckhardt Futures (Cayman Islands) Limited - Class A Shares and Class B Shares	US$5,000,000, US$5,000,000	5,000 & 5,000 Resp.
29Jun01	Emerging Markets Growth Fund, Inc. - Shares of Common Shares	3,984,771	54,460
29Jun01	EPCOR Finance Corporation - First Preferred Shares, Series A	130,000,000	5,200,000
29Jun01	Excalibur Harvest Canadian Fund - Units	2,150,000	201,352
24May01	FelCor Loding Limited Partnership - 8½% Senior Notes due 2011	$5,880,000	$5,880,000
28Jun01	First Horizon Holdings Ltd. - Class I Redeemable Convertible Non-Voting Shares and Class I Shares	1,823,814, 400,000	172,975, 37,709 Resp.
29Jun01	Geac Computer Corporation Limited - Special Warrants	20,000,000	10,000,000
29Jun01	Geodyne Energy Inc. - Common Shares	998,200	3,565,000
03Jul01	Gluskin Sheff Fund, The - Units in Limited Partnership	176,330	2,008
30Jun01	Harbour Capital Canadian Balanced Fund - Trust Units	900,000	7,032
30Jun01	Harbour Capital Foreign Balanced Fund - Trust Units	1,100,000	7,664

Trans. Date		Security	Price ($)	Amount
05Jun01		Horizonlive.com, Inc. - Notes	$96,374	$96,374
28Jun01		Hub International Limited - Convertible Debenture	42,500,000	42,500,000
	#	Indigo Secured High Income Fund - Shares	150,000	150,000
06Jun01		Integrative Proteomics, Inc. - Preference Shares	6,095,941	1,476,015
29Jun01		Joseph Littlejohn & Levy IV, L.P. - Capital Commitment	4,845,688	4,845,668
22Jun01		KBSH Private - Balanced Pooled Fund - Units	270,789	24,637
29Jun01		Kinetic Energy Inc. - Special Warrants	5,750,000	2,279,412
30Jun01		Kingwest Avenue Portfolio - Units	3,638,000	181,590
30Jun01		Kingwest Avenue Portfolio - Units	215,462	21,555
27Jun01		MacDonald Dettwiler & Associates Ltd. - Common Shares	14,250,000	1,000,000
15Jun01		Marquest Balanced Fund - Units	10,141	1,025
30Jun01		Marquest Canadian Equity Fund - Units	132,608	17,533
30Jun01		Marquest Canadian Equity Growth Fund - Units	536,893	47,325
30Jun01		Marquest Dividend Income Fund - Units	251,125	23,738
30Jun01		Marquest US Equity Growth Fund - Units	200,000	12,883
21Jun01 to 28Jun01		Maxxum Financial Services - Units	650,000	6,667
26Jun01 & 29Jun01		Maxxum Financial Services - Class A Units	300,000	3,015
03Jul01		McElvaine Investment Trust - Units	350,000	23,613
28Jun01		MDS Proteomics Inc. - Special Warrants	US$14,999,996	681,818
29Jun01		Nth Power Technologies Fund II-A, L.P. -	US$10,000,000	10,000,000
02Jul01		OpenTV Corp. - Class A Ordinary Shares	1,102,317	51,825
09Jul01		Pacific North West Capital Corp. - Property Acquisition	19,200	20,000
06Jul01		Park Manor Limited Partnership - Limited Partnership Units	702,500	5
04Jul01		Pele Mountain Resources Inc. - Flow-Through Common Shares	235,000	1,175,000
03May01		PPL Capital Funding Trust I - 7¾% PEPS Units	34,771	900
22Jun01		Rodin Communications Corporation - Special Warrants	176,500	882,500
27Jun01		SHAAE (2001) Master Limited Partnership - Limited Partnership Units	3,324,588	193
28Jun01		SHAAE (2001) Master Limited Partnership - Limited Partnership Units	24,690,256	1,435
26Jun01		SHAAE (2001) Master Limited Partnership - Limited Partnership Units	398,833	23
25Jun01		SHAAE (2001) Master Limited Partnership - Limited Partnership Units	74,019,684	4,303
29Jun01		TDS Financing Inc. - 7.106% First Mortgage Bond	20,000,000	20,000,000
29Jun01	#	Temple Exploration Inc. - Flow Through Common Shares	1,250,000	1,041,667
08Jun01		Trident Global Opportunities Fund - Units	2,339,285	22,217
01Jun01		Trident Global Opportunities Fund - Units	450,592	4,239
29Jun01		Twenty-First Century Canadian Equity Fund - Units	1,988,900	302,908
29Jun01		Twenty-First Century International Equity Fund - Units	833,040	121,157
29Jun01		Twenty-First Century American Equity Fund - Units	705,360	124,325
29Jun01		Twenty-First Century Canadian Bond Fund - Units	2,006,304	407,553
29Jun01		Valaran Corporation - Series A Convertible Preferred Stock	US$1,500,001	672,646
01Jan00 to 31Dec00		VC Advantage Limited Partnership - Limited Partnership Units	31,388,495	1,890,032
26Jun01		Wolfden Resources Inc. - Common Shares	64,750	175,000
25Jun01		Wolfden Resources Inc. - Units	150,000	375,000
29Jun01		YMG Institutional Fixed Income Fund - Units	1,700,000	171,329
29Jun01		YMG Institutional Fixed Income Fund - Units	1,000,000	100,782

Resale of Securities - (Form 45-501f2)

Date of Resale	Date of Orig. Purchase	Seller	Security	Price ($)	Amount
26Jun01	30Apr98	Bank of Montreal	724 Solutions Inc. - Common Shares	69,270	6,000
09Jul01	25Oct99	Genzyme Corporation	SynX Pharma Inc. - 9.8% Convertible Promissory Note	3,750,000	3,750,000

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

Seller	Security	Amount
Magrill, Gordon	Library Information Software Corp. - Class A Shares	2,500,000
O'Regan Resources Ltd.	NetDriven Solutions Inc. (Formerly Geophysical Micro Computer Application (International)	100,000
Hawkins, Stanley H.	Tandem Resources Ltd. - Common Shares	2,000,000

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Chapter 9

Legislation

9.1.1 Amendment to Regulation 1015 System for Electronic Disclosure by Insiders (SEDI)

ONTARIO REGULATION
MADE UNDER THE
SECURITIES ACT

AMENDING REG. 1015 OF R.R.O. 1990
(GENERAL)

Note: Since the end of 2000, Regulation 1015 has been amended by Ontario Regulations 67/01, 91/01 and 126/01. Previous amendments are listed in the Table of Regulations published in *The Ontario Gazette* dated January 20, 2001.

1. Section 161 of Regulation 1015 of the Revised Regulations of Ontario, 1990 is amended by striking out "or Ontario Securities Commission Rule 55-502 *Facsimile Filing or Delivery of Insider Reports*" and substituting "Ontario Securities Commission Rule 55-502 *Facsimile Filing or Delivery of Insider Reports* or National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*".

2. (1) Section 173 of the Regulation is amended by striking out "Form 36" and substituting "Form 55-102 F6 (made under National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*)".

(2) Section 173 of the Regulation is amended by adding the following subsection:

(2) This section does not apply to insiders who are required by National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)* to file the report in electronic format.

3. (1) Section 174 of the Regulation is amended by striking out "Form 36" and substituting "Form 55-102 F6 (made under National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*)".

(2) Section 174 of the Regulation is amended by adding the following subsection:

(2) This section does not apply to insiders who are required by National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)* to file the report in electronic format.

4. This Regulation comes into force on the day that the rule made by the Ontario Securities Commission on July 13, 2001 entitled "National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*" comes into force.

Ontario Securities Commission:

:David A. Brown"
Vice Chair

David A. Brown
(Print Name)

"Howard I. Wetston"
Vice Chair

Howard I. Wetston
(Print Name)

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
AIC Global Focused Fund
AIC RSP Global Focused Fund
AIC RSP American Balanced Fund
AIC Global Balanced Fund
AIC RSP Global Balanced Fund
AIC U.S. Money Market Fund

Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 9th, 2001
Mutual Reliance Review System Receipt dated July 12th, 2001
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #373225

Issuer Name:
Atlas Cold Storage Income Trust (formerly ACS Freezers Income Trust)
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated July 13th, 2001
Mutual Reliance Review System Receipt dated July 13th, 2001
Offering Price and Description:
$35,040,000 - 3,650,000 Trust Units @ $9.60 per Trust Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Promoter(s):
-
Project #373906

Issuer Name:
Brass Split Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated July 13th, 2001
Mutual Reliance Review System Receipt dated July 16th, 2001
Offering Price and Description:
$ * - * Preferred Shares @ $25.00 per Shares
Underwriter(s) or Distributor(s):
ScotiaCapital Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
TD Securities Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Trilon Securities Corporation
Promoter(s):
Canadian Express Ltd.
Project #373977

Issuer Name:
e-Manufacturing Networks Inc.
Type and Date:
Preliminary Prospectus dated July 12th, 2001
Receipt dated July 13th, 2001
Offering Price and Description:
Maximum: * Units ($5,000,000) Minimum: * Units $4,000,000 and 3,645,328 Common Shares and 1,822,662 Share Purchase Warrants issuable without additional consideration upon the exercise of 3,063,850 previously issued Special Warrants
Underwriter(s) or Distributor(s):
Burgeonvest Securities Limited
Taurus Capital Market Ltd.
Promoter(s):
-
Project #373850

Issuer Name:
Elliott & Page Money Fund
Elliott & Page Active Bond Fund
Elliott & Page Value Equity Fund
E&P Cabot Canadian Equity Fund
E&P Cabot Global MultiStyle Fund
E&P Manulife Balanced Asset Allocation Portfolio
E&P Manulife Maximum Growth Asset Allocation Portfolio
E&P Manulife Tax-Managed Growth Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 16th, 2001
Mutual Reliance Review System Receipt dated July 18th, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Elliott & Page Limited
Promoter(s):
-
Project #374258

Issuer Name:
Fidelity Canadian Growth Company Class
Fidelity Disciplined Equity Class
Fidelity True North Class
Fidelity American Opportunities Class
Fidelity Growth America Class
Fidelity Small Cap America Class
Fidelity European Growth Class
Fidelity Far East Class
Fidelity International Portfolio Class
Fidelity Japanese Growth Class
Fidelity Focus Financial Services Class
Fidelity Focus Health Care Class
Fidelity Focus Natural Resources Class
Fidelity Focus Technology Class
Fidelity Focus Telecommunications Class
Fidelity Canadian Balanced Class
Fidelity Canadian Short Term Income Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 11th, 2001
Mutual Reliance Review System Receipt dated July 12th, 2001
Offering Price and Description:
Series A and Series F Shares and Series A Shares Only)
Underwriter(s) or Distributor(s):
Fidelity Investments Canada Limited
Promoter(s):
-
Project #373485

Issuer Name:
Geac Computer Corporation Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated July 11th, 2001
Mutual Reliance Review System Receipt dated July 13th, 2001
Offering Price and Description:
$20,000,000 - 10,000,000 Common Shares and 5,000,000 Common Shares Purchase Warrants issuable upon exercise of 10,000,000 Special Warrants
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Yorkton Securities Inc.
Promoter(s):
-
Project #373759

Issuer Name:
Solar Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form PREP Prospectus dated July 18th, 2001
Mutual Reliance Review System Receipt dated July 18, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
TD Securities Inc.
Promoter(s):
TD Securities Inc.
Project #374597

Issuer Name:
Vaaldiam Resources Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated July 16th, 2001
Mutual Reliance Review System Receipt dated July 17th, 2001
Offering Price and Description:
$2,000,000 to $5,000,000 - * Units @ $ * per Unit (each Unit Consisting of one Common Share and one-half of one Warrant) and 1,000,000 common Shares ($350,000) issuable upon the Exercise of 1,000,000 Special Warrants
Underwriter(s) or Distributor(s):
Northern Securities Inc.
Promoter(s):
-
Project #374121

Issuer Name:
Wickham ETF Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 16th, 2001
Mutual Reliance Review System Receipt dated July 16th, 2001
Offering Price and Description:
Series A and F Units
Underwriter(s) or Distributor(s):
Wickham Investment Counsel Inc.
Promoter(s):
-
Project #374155

Issuer Name:
Xplore Technologies Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated July 12th, 2001
Mutual Reliance Review System Receipt dated July 16th, 2001
Offering Price and Description:
2,400,000 Common Shares issuable Upon the Exercise of 2,400,000 Special Warrants @ $6.25 per Special Warrant
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
BMO Nesbitt Burns Inc.
Promoter(s):
-
Project #374095

Issuer Name:
AGF U.S. Value Class
(Series F Securities of the above class of AGF All World Tax Advantage Group Limited
(Formerly AGF International Group Limited)
Principal Regulator - Ontario
Type and Date:
Amended and Restated Simplified Prospectus dated July 5th, 2001 to the Simplified Prospectus dated
June 1st, 2001
Mutual Reliance Review System Receipt dated 13th day of July, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #347661

Issuer Name:
AGF Global Resources Class
AGF MultiManager Class
AGF Global Technology Class
AGF Canada Class
AGF Global Health Sciences Class
AGF Global Financial Services Class
AGF Aggressive Japan Class
AGF Global Real Estate Equity Class
AGF International Stock Class
AGF Global Equity Class (formerly, AGF World Equity Class)
AGF Short-Term Income Class
AGF Germany Class
AGF European Equity Class (formerly, AGF European Growth Class)
AGF China Focus Class
AGF Asian Growth Class
AGF Japan Class
AGF Special U.S. Class
AGF American Growth Class
(Series F Securities of the above classes of AGF All World Tax Advantage Group Limited (formerly, AGF International Group Limited))
AGF RSP MultiManager Fund
AGF Global Total Return Bond Fund (formerly, AGF U.S. Short-Term High Yield Fund)
AGF Canadian Aggressive All-Cap Fund
AGF Latin America Fund
AGF India Fund
AGF Emerging Markets Value Fund
AGF RSP International Value Fund
AGF RSP European Equity Fund (formerly, AGF RSP European Growth Fund)
AGF Aggressive Growth Fund
AGF Aggressive Global Stock Fund
AGF RSP American Tactical Asset Allocation Fund
AGF RSP American Growth Fund
AGF RSP Japan Fund
AGF RSP International Equity Allocation Fund
AGF International Value Fund
AGF Canadian Dividend Fund
AGF Canadian Stock Fund
AGF World Balanced Fund
AGF Canadian Aggressive Equity Fund
AGF Canadian Money Market Fund
AGF Canadian High Income Fund
AGF European Asset Allocation Fund
AGF Canadian Tactical Asset Allocation Fund
AGF Canadian Balanced Fund
AGF Canadian Bond Fund
AGF Canadian Resources Fund Limited
AGF Canadian Growth Equity Fund Limited
Principal Regulator - Ontario
Type and Date:
Amended and Restated Simplified Prospectus dated July 5th, 2001 to the Simplified Prospectus dated
April 25th, 2001
Mutual Reliance Review System Receipt dated 13th day of July, 2001
Offering Price and Description:
Series F Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):

-

Project #339955

Issuer Name:
AGF RSP World Companies Fund (formerly, Global Strategy World Companies RSP Fund)
AGF Canadian Small Cap Fund (formerly, Global Strategy Canadian Small Cap Fund)
AGF RSP World Balanced Fund (formerly, Global Strategy World Balanced RSP Fund)
AGF World Opportunities Fund (formerly, Global Strategy World Opportunities Fund)
AGF World Equity Fund (formerly, Global Strategy World Equity Fund)
AGF Canadian Opportunities Fund (formerly, Global Strategy Canadian Opportunities Fund)
AGF Canadian Value Fund (formerly, Global Strategy Canada Growth Fund)
AGF World Companies Fund (formerly, Global Strategy World Companies Fund)
AGF Global Government Bond Fund (formerly, Global Strategy World Bond Fund)
AGF Canadian Total Return Bond Fund (formerly, Global Strategy Bond Fund)
AGF RSP Global Bond Fund (formerly, Global Strategy World Bond RSP Fund)
AGF Precious Metals Fund (formerly, Global Strategy Gold Plus Fund)
AGF RSP World Equity Fund (formerly, Global Strategy World Equity Fund)
Principal Regulator - Ontario
Type and Date:
Amended and Restated Simplified Prospectus dated July 5th, 2001 to the Simplified Prospectus
dated June 27th, 2001
Mutual Reliance Review System Receipt dated 13th day of July, 2001
Offering Price and Description:
Series F Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #364812

Issuer Name:
NCE Flow-Through (2001-1) Limited Partnership
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated July 10, 2001 to Prospectus dated May 10th, 2001
Mutual Reliance Review System Receipt dated 17th day of July, 2001
Offering Price and Description:
$5,000,000 to $40,000,000 - 200,000 to 1,600,000 Limited Partnership Units @ $ 25.00 per Unit -
Minimum Subscription : 100 Units
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
National Bank Financial Inc.
CIBC World Markets Inc.
Dundee Securities Corporation
Raymond James Ltd.
Yorkton Securities Inc.
Research Capital Corporation
Jory Capital Inc.
Promoter(s):
Petro Assets Inc.
Project #347195

Issuer Name:
SOVEREIGN CANADIAN EQUITY POOL
SOVEREIGN US EQUITY POOL
SOVEREIGN OVERSEAS EQUITY POOL
SOVEREIGN GLOBAL EQUITY RSP POOL
SOVEREIGN EMERGING MARKETS EQUITY POOL
SOVEREIGN CANADIAN FIXED INCOME POOL
SOVEREIGN MONEY MARKET POOL
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated July 4th, 2001 to Simplified Prospectus dated December 27th, 2000
Mutual Reliance Review System Receipt dated 11th day of July, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #287335

Issuer Name:
Templeton Canadian Bond Fund
Templeton International Balanced Fund
Templeton Treasury Bill Fund
BISSETT RETIREMENT FUND
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated July 11th, 2001 to Simplified Prospectus and Annual Information Form dated May 31st, 2001
Mutual Reliance Review System Receipt dated 18th day of July, 2001
Offering Price and Description:
Series A, F, I and O Units and Series A Units Only
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #355157 & 345185

Issuer Name:
Chemtrade Logistics Income Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 12th, 2001
Mutual Reliance Review System Receipt dated 12th day of July, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
TD Securities Inc.
Griffiths McBurney & Partners
Trilon Securities Corporation
Promoter(s):
Marsulex Inc.
Project #358836

Issuer Name:
Coretec Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 17th, 2001
Mutual Reliance Review System Receipt dated 17th day of July, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Griffiths McBurney & Partners
National Bank Financial Inc.
TD Securities Inc.
BayStreetDirect Inc.
Promoter(s):
-
Project #368126

Issuer Name:
Fuel Cell Technologies Corporation (formerly ThermicEdge Corporation)
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 13th, 2001
Mutual Reliance Review System Receipt dated 16th day of July, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Acumen Capital Finance Partners Limited
National Bank Financial Inc.
Raymond James Financial Inc.
Promoter(s):
-
Project #367521

Issuer Name:
Kinross Gold Corporation

Type and Date:
Final Prospectus dated July 4th, 2001
Receipt dated 5th day of July, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #367892

Issuer Name:
Bombardier Capital Ltd.
Principal Regulator - Quebec
Type and Date:
Final Short Form Shelf Prospectus dated July 12th, 2001
Mutual Reliance Review System Receipt dated 12th day of July, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #371646

Issuer Name:
CANADIAN TIRE RECEIVABLES TRUST
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated July 11th, 2001
Mutual Reliance Review System Receipt dated 12th day of July, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc,
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
RBC Dominion Securities Inc.
Promoter(s):
Canadian Tire Acceptance Limited
Project #371132

Issuer Name:
Caterpillar Financial Services Limited
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated July 17th, 2001
Mutual Reliance Review System Receipt dated 18th day of July, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
TD Securities Inc.
Promoter(s):
Caterpillar Financial Services Corporation
Project #369365

Issuer Name:
Enervest Diversified Income Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated July 16th, 2001
Mutual Reliance Review System Receipt dated 17th day of July, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #372607

Issuer Name:
MANSFIELD TRUST
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated July 17th, 2001
Mutual Reliance Review System Receipt dated 18th day of July, 2001
Offering Price and Description:
-
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:
Viking Energy Royalty Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated July 12th, 2001
Mutual Reliance Review System Receipt dated 12th day of July, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Raymond James Ltd.
Promoter(s):
-
Project #371337

Issuer Name:
All Equity Portfolio (Formerly Long-Term Equity Portfolio)
All Equity RSP Portfolio (Formerly Long-Term Equity RSP Portfolio)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated July 16th, 2001
Mutual Reliance Review System Receipt dated 17th day of July, 2001
Offering Price and Description:
Class B Units
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #312920

Issuer Name:
Stone & Co. Flagship Global Growth Fund
Stone & Co. Flagship Stock Fund Canada (Class F units also)
Stone & Co. Flagship Money Market Fund Canada
Stone & Co. Flagship Growth & Income Fund Canada
(mutual fund units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated July 12th, 2001
Mutual Reliance Review System Receipt dated 13th day of July, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Stone & Co. Limited
Promoter(s):
-
Project #366377

Issuer Name:
Riphean Platinum Corporation
Type and Date:
Preliminary Prospectus dated March 30th, 2001
Withdrawn on June 27th, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #344654

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Chapter 12

Registrations

12.1.1 Securities

Type	Company	Category of Registration	Effective Date
New Registration	Satori Capital Management Inc. Attention: Hoy Pang Chan 116 Simcoe St., Suite 300 Toronto ON M5H 3E4	Limited Market Dealer (Conditional)	Jul 17/01
New Recognition	S.C.I. Corp. c/o Osler, Hoskin & Harcourt Attention: Angie Palmer Box 50, 1 Canadian Place Toronto ON M5X 1B8	Exempt Purchaser	Jul 13/01
Change of Company Name	Swift Trade Securities Inc. Attention: Joseph Ianni 443 University Avenue 3rd Floor Toronto ON M5G 2H6	From: Penson Securities Inc. To: Swift Trade Securities Inc.	Jul 10/01
Change of Company Name	NBCN Clearing Inc. Attention: Leigh Blackman 121 King Street West, Suite 600 Toronto ON M5H 3T9	From: NBC Clearing Services Incorporated To: NBCN Clearing Inc.	Apr 18/01

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 IDA Discipline - Nelson Allen and Robin Moriarty

BULLETIN # 2858
July 3, 2001

DISCIPLINE PENALTIES IMPOSED ON NELSON ALLEN AND ROBIN MORIARTY BY-LAW 29.1, BY-LAW 19.5 AND REGULATION 1300.1(C)

Person Disciplined

The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Nelson Allen and Robin Moriarty, at the relevant times Registered Representatives with Essex Capital Management, a Member of the Association.

By-laws, Regulations, Policies Violated

By oral decision on June 26, 2001 the District Council found Mr. Allen and Ms. Moriarty guilty of all charges against them, as follows:

Against Mr. Allen:

1. Failed to observe high standards of ethics and conduct in the transaction of his business, engaged in conduct unbecoming to the public interest and was not of good character or business repute, contrary to By-Law 29.1:

   - in misappropriating client funds;
   - in removing client funds from their Essex accounts without authorization (2 counts);
   - in using client funds without authorization to repay an indebtedness to another client, and
   - in failing to deposit funds of two clients to the accounts indicated by the clients, and redirecting the funds to other uses.

2. Refused to attend and give information to the Association with respect to its investigation into his activities and the activities of Essex, as required by By-law 19.5.

3. Failed to ensure two investments recommended to two clients were appropriate for the clients as required by Regulation 1300.1(c).

Against Ms. Moriarty:

1. Failed to observe high standards of ethics and conduct in the transaction of her business, engaged in conduct unbecoming to the public interest and was not of good character or business repute, contrary to By-Law 29.1:

   - in misappropriating client funds (2 counts), and
   - in misrepresenting the nature of an investment to her client.

2. Refused to attend and give information to the Association with respect to its investigation into her activities and the activities of Essex, as required by By-law 19.5.

3. Failed to ensure two investments recommended to two clients were appropriate for the clients as required by Regulation 1300.1(c).

Penalty Assessed

The discipline penalties assessed against Mr. Allen are a fine of $525,000 and a permanent prohibition against receiving approval of the Association in any capacity. He must also pay a portion of the Association's costs of this proceeding in the amount of $ 40,000.00.

The discipline penalties assessed against Ms. Moriarty are a fine of $160,000 and a seven-year prohibition against receiving approval of the Association in any capacity. She must also pay a portion of the Association's costs of this proceeding in the amount of $ 12,000.00.

Summary of Facts

Mr. Allen was the founder of Essex Capital Management and a related unregistered company, Nelbar Financial. Ms. Moriarty was an employee of both Essex and Nelbar Financial. Nelbar Financial was a cover for a pyramid scheme whereby investors were sold what they were told were short term, interest-bearing deposits, called Corporate Investment Certificates, or CICs. Redemptions were funded by subsequent depositors' "investments". Both Mr. Allen and Ms. Moriarty recommended the CIC product to their clients as a safe and low-risk investment, covered by insurance, secured by bank guarantee and asset liens and subject to regulatory oversight. In this manner, they misrepresented the true nature of the investment, and made recommendations, which were not suitable.

In order to pay out one CIC redemption, Allen removed, without authorization, $30,000 from the Essex account of one client, and $9500 from another. These sums were journalled into Nelbar's account at Essex and subsequently journalled into the Essex account of the redeeming depositor. Allen also deposited a client cheque for $60,000 intended for a CIC investment directly to the redeeming depositor's Essex account, and deposited yet another client cheque for $70,000 directly to the redeeming depositor's Essex account.

In March 1999, the Financial Services Commission of Ontario froze the assets of Essex and Nelbar, and the Association suspended Essex's membership. The pyramid scheme collapsed, and several investors were left with outstanding CIC

deposits. One of Mr. Allen's clients purchased a CIC for USD$273,419.94, on Mr. Allen's recommendation. His deposit remains outstanding.

Allen encouraged another client to mortgage her house and invest the equity in a CIC. She invested $273,000 of her mortgage proceeds. He also recommended that she use her personal lines of credit to purchase a CIC. She invested $75,000, the full value of her lines of credit. Shortly before the activities of Essex and Nelbar were frozen by the regulators, he recommended to the same client that she invest a further $11,000 in Nelbar, accompanying her to the bank to facilitate the withdrawal. After the suspension of Essex's membership, Allen advised the same client that he would be able to secure repayment of the pension funds of her husband, an Essex client, if she paid a further $45,000. All these deposits remain outstanding.

One of Ms. Moriarty's clients purchased a CIC for $30,000, on Ms. Moriarty's recommendation. Her deposit remains outstanding.

One of Mr. Allen's clients became eligible to receive $499,103 in locked-in pension funds. This client, who was near retirement, had very poor investment knowledge and was a trusting family friend. Mr. Allen recommended he roll his pension funds into a locked-in RRSP account at Essex. Mr. Allen quickly set up a share structure for another company he owned, The Essex Group of Companies. The Essex Group was a holding company for Essex Capital Management and four other nascent or non-existent companies. Without authorization, Mr. Allen invested the entire pension monies in The Essex Group, and, on the same day and the following day, transferred all the funds from The Essex Group's account at Essex, into Nelbar's account at Essex. The money has not been recovered.

Ms. Moriarty recommended to a client that she invest in First Interactive Computer College. The client, a single, self-employed woman with conservative investment objectives, purchased $28,000 worth of convertible preference shares into her RRSP. The shares were offered through private placement and were a speculative investment. The investment was not suitable for the client.

"Kenneth A. Nason"

Chapter 25

Other Information

THERE IS NO MATERIAL FOR THIS CHAPTER

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