The Ontario Securities Commission

OSC Bulletin

August 10, 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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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

August 10, 2001

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

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- -

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Robert W. Korthals	—	RWK
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 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

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

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

Ricardo Molinari, Ashley Cooper, Thomas Stevenson, Marshall Sone, Fred Elliott, Elliott Management Inc. and Amber Coast Resort Corporation

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 Approval of the TSE Inc. Acquisition of Canadian Venture Exchange Inc.

Notice of Commission Approval of The Toronto Stock Exchange Inc. Acquisition of Canadian Venture Exchange Inc.

On July 31, 2001, the Commission approved The Toronto Stock Exchange Inc. ("TSE") acquisition of Canadian Venture Exchange Inc. ("CDNX") (the "Transaction").

The Toronto Stock Exchange Inc.

(A) TSE Recognition Order

The TSE's current recognition order ("TSE Recognition Order") dated April 3, 2000 was issued in connection with the demutualization of the TSE (published at (2000) 23 OSCB 2495).

As part of the review of this Transaction, the TSE published a notice and submission discussing the potential impact, if any, that the Transaction would have on the terms and conditions of the TSE's Recognition Order (published on June 15, 2001 at (2001) 24 OSCB 3573). At that time, Staff indicated that, subject to comments received, Staff would recommend to the Commission that no changes were necessary to the TSE's Recognition Order. No comments were received.

On July 31, 2001, the Commission agreed that no changes were necessary to the TSE Recognition Order as a result of the Transaction.

(B) By-law amendments

On July 31, 2001, the Commission approved two by-law amendments in connection with the Transaction:

1. A requirement that the President of CDNX shall be deemed not to be associated with a TSE Participating Organization.

2. A requirement that at least 25% of the members of the TSE Board of Directors will have experience in, or an association with, the Canadian public venture capital market and that they shall collectively provide a broad geographic representation within Canada.

The by-law amendments were published for comment on June 15, 2001 at (2001) 24 OSCB 3723. No comments were received.

Canadian Venture Exchange Inc.

In connection with the exchange restructuring, on December 5, 2000, the Commission granted an order exempting CDNX from recognition as a stock exchange in Ontario (the "CDNX Exemption Order") (published at (2000) 23 OSCB 8437). The CDNX Exemption Order was granted on the basis that CDNX is and will continue to be recognized as an exchange by the Alberta Securities Commission (the "ASC") and the British Columbia Securities Commission (the "BCSC") and is subject to joint oversight by the ASC and BCSC.

As a result of the Transaction, the ASC and BCSC granted new recognition orders for CDNX dated July 31, 2001 with terms and conditions. Consequently, on July 31, 2001, the Commission granted an amended order exempting CDNX from recognition as a stock exchange in Ontario (the "Amended CDNX Exemption Order"). The new ASC and BCSC recognition orders for CDNX are attached as schedules to the Amended CDNX Exemption Order. The Amended CDNX Exemption Order is set out below.

The ASC and BCSC issued the new recognition orders on the basis of representations contained in CDNX's application for approval of the Transaction and after having obtained from the TSE the representations, undertakings and acknowledgements set out in a letter from the TSE to the ASC and BCSC dated July 30, 2001. The TSE letter to the ASC is attached below. Please note that the TSE letter to the BCSC is identical in substance.

The ASC and BCSC have requested to receive certain information about the TSE that may be relevant to their assessment of CDNX's operations and its financial condition. Since the TSE is recognized as a stock exchange in Ontario and is currently required to provide that information to the Commission, the Commission agreed to provide the relevant information. The letter from the Commission to the ASC and BCSC is attached below.

Reference:

Susan Greenglass
Legal Counsel, Market Regulation
(416) 593-8140

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

AND

IN THE MATTER OF
CANADIAN VENTURE EXCHANGE INC.

AMENDED EXEMPTION O R D E R
(Section 144)

1. **WHEREAS** Canadian Venture Exchange Inc. ("CDNX") applied to the Ontario Securities Commission (the "Commission") for and was granted on December 5, 2000:

   1.1. an order pursuant to section 147 of the Act (the "Previous Order") exempting CDNX from recognition under section 21 of the Act (the "Act") for the purposes of carrying on business as a stock exchange in Ontario

   and the Commission considers it appropriate to amend the Previous Order to reflect the continued recognition of CDNX as an exchange by the Alberta Securities Commission (the "ASC") and the British Columbia Securities Commission ("BCSC") following the closing of a transaction whereby CDNX will become a wholly-owned subsidiary of The Toronto Stock Exchange Inc. (TSE) and CDNX will become a for-profit corporation (the "Transaction").

IT IS ORDERED, pursuant to section 144 of the Act that the Previous Order be revoked and it is ordered, pursuant to section 147 of the Act, that the following be substituted therefor:

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

AND

IN THE MATTER OF
CANADIAN VENTURE EXCHANGE INC.

AMENDED EXEMPTION O R D E R
(Section 147)

1. **WHEREAS** Canadian Venture Exchange Inc. ("CDNX") applied to the Ontario Securities Commission (the "Commission") for an order pursuant to section 147 of the Act exempting CDNX from recognition under section 21 of the Act for the purposes of carrying on business as a stock exchange in Ontario.

2. **AND WHEREAS** CDNX has represented to the Commission that:

Corporate Structure, Recognition and Services in Ontario:

2.1. CDNX was incorporated on October 29, 1999 pursuant to the *Business Corporations Act* (Alberta).

2.2. On November 26, 1999, CDNX was recognized by the Alberta Securities Commission (the "ASC") as an exchange in Alberta under subsection 52(2) of the *Securities Act* (Alberta) (the "Alberta Act") and by the British Columbia Securities Commission (the "BCSC") as an exchange in British Columbia under subsection 24(2) of the *Securities Act* (British Columbia) (the "BC Act") pursuant to COR #99/323 and the ASC and BCSC will continue the recognition of CDNX effective on the closing of the Transaction (together, the "Recognition Orders" which are attached as Schedules "A" and "B").

2.3. CDNX will operate a national exchange for junior issuers which is separate from the TSE's exchange and which has a separate CDNX brand identity. CDNX presently maintains offices in Calgary, Vancouver and Winnipeg. CDNX opened an office in Toronto, Ontario on May 1, 2000 and intends to receive applications from issuers for listings and to perform continuous listing services for issuers through its Ontario office.

Regulatory Oversight:

2.4. CDNX is subject to joint regulatory oversight by both the ASC and the BCSC.

2.5. CDNX is advised that the OSC, ASC and BCSC have entered into a memorandum of understanding ("MOU") respecting the continued oversight of CDNX by the ASC and BCSC (attached as Schedule "C") and that the existing MOU or any successor agreements, as amended from time to time, will continue to apply in respect of the regulatory oversight of CDNX. Under the terms of the MOU, the ASC and BCSC will continue to be responsible for conducting the regulatory oversight of CDNX and for conducting an oversight program of CDNX for the purpose of ensuring that CDNX meets appropriate standards for market operation and regulation.

2.6. CDNX provides any proposed changes to its by-laws, rules, policies, and other regulatory instruments to the ASC and BCSC for review and approval in accordance with the review and approval procedures established by the ASC and BCSC from time to time. CDNX will concurrently provide the OSC with copies of all by-laws, rules, policies and other regulatory instruments that it files for review and approval with the ASC and BCSC. Copies of all final by-laws, rules, policies and other regulatory instruments will also be provided to the OSC.

2.7. CDNX has represented to the ASC and BCSC that it will operate its exchange in accordance with the representations set forth in Schedules A and B.

CDN Business

2.8. Effective September 29, 2000, CDNX entered into an agreement (the "Agreement") with the The Toronto Stock Exchange Inc. ("TSE") and the Canadian Dealing Network Inc. ("CDN"), a wholly-owned subsidiary of the TSE, pursuant to which the TSE and CDN agreed to cease operating the quoted market and the reported market operated by CDN.

2.9. CDN ceased to operate the CDN quoted market in Ontario at the close of business on September 29, 2000 and CDNX commenced operating CDNX Tier 3 on October 2, 2000. Issuers that were quoted on CDN on September 1, 2000 or that had made a complete application to be quoted on CDN by September 1, 2000, which was subsequently approved, were eligible to be listed CDNX Tier 3.

2.10. Effective September 29, 2000 Canadian Unlisted Board, Inc. ("CUB"), a wholly-owned not-for-profit subsidiary of CDNX, CDNX and the OSC entered into an agreement which is attached as Schedule "D", pursuant to which CUB will operate an internet web-based reporting system for the reporting by dealers of trading in unlisted and unquoted equity securities in Ontario.

Reporting Issuer Status and Incorporation of OSC Rule 61-501

2.11. CDNX has adopted certain amendments to its Corporate Finance Policies in the form attached as schedule "E", as may be amended from time to time, which require that, effective June 30, 2001, CDNX Issuers that are not otherwise reporting issuers in Ontario and have a "significant connection to Ontario" make application to the OSC and become reporting issuers in Ontario.

2.12. CDNX has adopted Corporate Finance Policy 5.9 effective June 30, 2001, entitled "*Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions*" in the form attached as schedule "F".

3. **AND UPON** the Commission being satisfied that the amendment of the order granting an exemption from recognition to CDNX would not be contrary to the public interest.

4. **IT IS HEREBY ORDERED** that pursuant to section 147 of the Act, CDNX is exempt from recognition under section 21 of the Act provided that:

4.1. CDNX continues to be recognized as an exchange by the ASC and the BCSC in accordance with the terms and conditions set out in the Recognition Orders attached as Schedules A and B;

4.2. CDNX continues to be subject to such joint regulatory oversight as may be established and prescribed by the ASC and BCSC from time to time;

4.3. The MOU referred to in clause 2.5 above, as may be amended from time to time, has not been terminated;

4.4. CDNX will not make any changes to the amendments to its Corporate Finance Policies referred to in clause 2.11 or to the Corporate Finance Policy referred to in clause 2.12 above without the prior consent of the OSC;

4.5. CUB will continue to be in compliance with the agreement referred to in clause 2.10 above until the OSC implements a local rule relating to Ontario over-the-counter trading;

4.6. CDNX concurrently provides to the OSC copies of all by-laws, rules, policies and other regulatory instruments that it files for review and approval with the ASC and BCSC. CDNX also provides to the OSC copies of all final by-laws, rules, policies and other regulatory instruments;

4.7. CDNX provides to the OSC, where requested by the OSC through the ASC and the BCSC, any information in the possession of CDNX relating to members, shareholders and the market operations of CDNX, including, but not limited to, shareholder and participating organization lists, products, trading information and disciplinary decisions; and

5. **IT IS HEREBY FURTHER ORDERED** that:

5.1. CUB is deemed to be in compliance with the agreement referred to in clause 4.5 above unless CUB has been provided with written notice of non-compliance and has failed to remedy the alleged non-compliance in accordance with the terms of the agreement; and

5.2. CDNX is deemed to be in compliance with clause 4.6 and 4.7 unless CDNX has been provided with written notice of non-compliance and failed to provide the documents or information within 10 business days of receipt of such written notice.

July 31, 2001

"Howard I. Wetston" "Paul Moore"

SCHEDULE A

ORD # 2001/110
DOC # 804409.2

ALBERTA SECURITIES COMMISSION

IN THE MATTER OF
the Securities Act
(S.A. 1981, c. S-6.1, as amended) (the "Act")

AND

IN THE MATTER OF
THE CANADIAN VENTURE EXCHANGE INC.

RECOGNITION
(Subsection 52(2))

1. **WHEREAS** Canadian Venture Exchange Inc. ("CDNX") was recognized as an exchange under subsection 52(2) of the Act by Recognition Order dated November 26, 1999 (the "First Recognition Order");

2. **AND WHEREAS** CDNX has applied to the Commission for approval of a transaction whereby CDNX will become a wholly-owned subsidiary of The Toronto Stock Exchange Inc. (the "TSE") and CDNX will become a for-profit corporation (the "Transaction"), as more fully described in CDNX's application dated May 16, 2001 published under Alberta Securities Commission Notice dated May 18, 2001.

3. **AND WHEREAS** CDNX's application contains a number of significant changes to the representations and undertakings made by CDNX when its predecessors, the Vancouver Stock Exchange and The Alberta Stock Exchange, applied for recognition under subsection 52(2) of the Act in November, 1999;

4. **AND WHEREAS** the Commission considers it appropriate to set out in an order the terms and conditions of CDNX's continued recognition as an exchange in Alberta following the Transaction;

5. **AND WHEREAS** CDNX and the TSE have agreed to the terms and conditions set out in the order;

6. **AND WHEREAS** based on the application of CDNX, including the representations, undertakings and acknowledgments made by the TSE to the Commission in connection with CDNX's application, the Commission is satisfied that the continued recognition of CDNX following the Transaction would not be prejudicial to the public interest;

7. **IT IS HEREBY ORDERED** that CDNX will continue to be recognized as an exchange in Alberta under subsection 52(2) of the Act effective on the closing of the Transaction provided CDNX meets and continues to meet the terms and conditions set out in Schedule A. Such recognition will continue until the Commission, after giving CDNX an opportunity to be heard, revokes it.

8. **IT IS HEREBY FURTHER ORDERED** that this order will replace and supercede the First Recognition Order.

Dated at the City of Calgary)
)
in the Province of ALBERTA)
) "original signed by"
this 31st day of July, 2001)Stephen P. Sibold, Q.C., Chair
)
)
) "original signed by"
)Glenda A. Campbell, Vice-Chair
)

Schedule A
to the Recognition Order of CDNX
Dated July 31, 2001

National Junior Exchange

1. CDNX will operate a national exchange for junior issuers under a separate brand identity and separately from the national exchange for senior issuers operated by the TSE.

2. CDNX will maintain an office in Calgary.

Public Interest

3. CDNX will operate in the public interest.

4. CDNX will maintain by-laws, rules, regulations, policies, procedures and practices and other similar instruments that:

   a) are not contrary to the public interest;

   b) regulate all aspects of its business and affairs; and

   c) are appropriate to foster a vibrant and effective market for junior issuers.

5. More specifically, CDNX will govern and regulate with the purpose of:

   a) ensuring compliance with applicable securities legislation and its by-laws, rules, regulations, policies, procedures and practices and other similar instruments;

   b) preventing fraudulent and manipulative acts and practices;

   c) promoting just and equitable principles of trade;

   d) fostering co-operation and co-ordination with persons engaged in regulating, clearing, settling, processing information about, and facilitating transactions in, securities; and

   e) ensuring that all persons over which CDNX has jurisdiction are appropriately sanctioned for violations of securities legislation and the by-laws, rules, regulations, policies, procedures, practices and other similar instruments of CDNX.

6. CDNX will not

   a) permit unreasonable discrimination between clients, listed issuers, shareholders, and members or participating organizations; or

   b) impose any burden on competition that is not necessary or appropriate in view of applicable securities legislation.

Corporate Finance Services and Functions

7. Subject to paragraph 8, CDNX will continue to

   a) provide corporate finance services and functions to listed issuers and applicants for listing in its Calgary office,
   b) obtain, solicit and provide regional input on the development of corporate finance policies, and
   c) perform its existing decision-making and internal review and appeal processes for corporate finance matters

   in a manner that is substantially equivalent to the manner in which these services, functions and processes were provided before the transaction.

8. CDNX will not make any significant change to the services, functions and processes outlined in paragraph 7 without first obtaining the approval of the Commission.

Regulatory Functions

9. Subject to paragraph 10, CDNX will continue to

   a) perform listed company and market surveillance functions in its Calgary office, and

   b) use its existing decision-making and internal review and appeal processes for surveillance related matters

   in a manner that is substantially equivalent to the manner in which these services, functions and processes were provided before the transaction.

10. CDNX will not make any significant change to the services, functions and processes outlined in paragraph 9 without first obtaining the approval of the Commission.

11. As long as CDNX performs any regulatory function, CDNX will advise the Commission in writing at least on a monthly basis of

   a) all new investigations initiated by CDNX and provide information on the persons involved and the nature of the investigation; and

   b) all investigations that do not lead to disciplinary proceedings and are closed and provide information on the date the investigation started,

the conduct and persons involved and the disposition of the investigation.

12. CDNX will advise the Commission in writing on at least a quarterly basis of all significant exemptions or waivers of corporate finance policies and provide information on the issuers involved, the nature of these waivers or exemptions and the reasons for granting these waivers or exemptions.

Regulatory Oversight

13. CDNX will be subject to the joint regulatory oversight of the ASC and the BCSC.

14. CDNX will provide any proposed changes to its by-laws, rules, policies, and other regulatory instruments to the ASC and BCSC for review and approval in accordance with the review and approval procedures established from time to time by the ASC and BCSC.

15. The existing memoranda of understanding ("MOU") respecting the oversight of CDNX by the ASC and BCSC entered into by the ASC and BCSC with the Ontario Securities Commission (OSC) and the Manitoba Securities Commission, or any successor agreements, as amended from time to time, will continue to govern the regulatory oversight of CDNX.

Corporate Governance

16. CDNX will ensure that

    a) the persons appointed to its board are individuals that provide a proper balance between the interests of the different persons using the services and facilities of CDNX; and

    b) subject to paragraph 19, at least 50 percent of its directors are independent from CDNX and the TSE or their members and participating organizations.

17. More specifically, CDNX's corporate governance structure will provide for:

    a) fair and meaningful representation, having regard to the nature and structure of CDNX, on the board and any board or advisory committee;

    b) appropriate representation on the board and any board or advisory committees of persons independent of CDNX, the TSE, any members or participating organizations of CDNX and any participating organizations of the TSE; and

    c) appropriate qualification, remuneration and conflict of interest provisions and limitation of liability and indemnification protections for directors, officers and employees of CDNX generally.

18. At least 25% of the directors of CDNX will, at all times, be persons that have expertise in or are associated with the Canadian public venture capital market.

19. For purposes of making the calculation to ensure that at least 50% of the directors of CDNX are independent directors, CDNX will

    a) on closing of the transaction, exclude the CEO and the President from both the numerator and the denominator; and

    b) by the close of the first annual meeting of its shareholders following the closing of the transaction, exclude the CEO from the numerator and denominator and count the President and any other officer as a non-independent director.

20. By the close of the first annual meeting of its shareholders after the closing of the transaction, CDNX will amend its By-law No. 1 to give effect to the condition set out in paragraph 19 b).

21. Except as noted in paragraphs 18 to 20, CDNX will not implement any significant changes to the corporate governance structure and practices of its board, including changes to the composition and terms of reference of its board committees and advisory committees, without the prior approval of the Commission.

Access

22. CDNX's requirements will not unreasonably prohibit or limit properly registered dealers that are members of a self-regulatory organization or exchange and that satisfy CDNX's requirements for accessing the trading facilities of CDNX.

23. CDNX will not unreasonably prohibit or limit access by a person to services offered by it.

24. CDNX will maintain established written standards separate from the TSE for granting access to trading through its trading facilities.

25. CDNX will keep separate records of:

    a) each grant of access and, for each entity granted access to its facilities, the reasons for granting access; and

    b) each denial or limitation of access and the reasons for denying or limiting access.

Fees

26. CDNX will have a fair and appropriate process for setting fees and will determine the fees it imposes on its listed issuers, applicants for listing, members, participating organizations and other market participants.

27. These fees will

    a) be allocated on an equitable basis as among the parties noted in paragraph 26;

b) not have the effect of creating barriers to access; and

c) be fair, reasonable and appropriate.

Financial Viability

28. CDNX will have sufficient financial and other resources for the performance of its functions in a manner that is consistent with the public interest and the terms and conditions of this order.

29. CDNX will prepare annual financial statements, including note disclosure that would normally be included in audited financial statements, in accordance with Canadian GAAP and will file these statements with the Commission within 90 days of its financial year-end.

System Security, Capacity and Sustainability

30. CDNX will:

a) make reasonable current and future capacity estimates;

b) conduct capacity stress tests of the critical systems on a reasonably frequent basis to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

c) develop and implement reasonable procedures to review and keep current the development and testing methodology of those systems;

d) review the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards, and natural disasters;

e) establish reasonable contingency and business continuity plans;

f) on an annual basis, perform an independent review, in accordance with established audit procedures and standards, of its current systems technology plans and whether there are appropriate processes in place to manage the impact of change in technology on the exchange and parties interfacing with exchange systems. This will include an assessment of CDNX's controls for ensuring that each of its systems that support order entry, order routing, execution, data feeds, trade reporting and trade comparison and capacity and integrity requirements, complies with sub-paragraphs a) to e) above. Senior management will conduct a review of a report containing the recommendations and conclusions of the independent review; and

g) promptly notify the Commission of material systems failures and changes.

31. For CDNX securities listed on a system operated by the TSE, CDNX will be considered to have met the requirements set out under sub-paragraphs a) to f) of paragraph 30 if the TSE meets the equivalent requirements contained in the OSC recognition order.

Change in Operations or Ownership

32. CDNX will not cease to operate or suspend, discontinue or wind-up all or a significant portion of its operations and/or dispose of all or substantially all of its assets without

a) providing the Commission at least six months prior notice of its intention; and

b) complying with any terms and conditions the Commission may impose in the public interest for the orderly discontinuance of its operations or the orderly disposition of its assets.

33. CDNX will obtain the approval of the Commission before it or the TSE completes any transaction that would result in CDNX ceasing to be controlled by the TSE.

34. CDNX will not cease to be a wholly-owned subsidiary of the TSE without CDNX

a) providing the Commission at least three months prior notice of its intention; and

b) complying with any terms and conditions the Commission may impose in the public interest.

Due Process

35. In connection with giving access to its facilities, CDNX will ensure that

a) its requirements, the limitations or conditions it imposes on access, and the decisions it makes to deny access are fair and reasonable;

b) the parties are given notice and an opportunity to be heard or make representations; and

c) it keeps a record, gives reasons and provides for appeals of its decisions.

Information Sharing

36. CDNX will share information of a regulatory nature and will otherwise co-operate with the Commission and its staff, other exchanges and self-regulatory organizations recognized in Canada, and Canadian regulatory authorities responsible for the supervision or regulation of securities, subject to the applicable privacy or other laws about the sharing of information and the protection of personal information.

Additional Information

37. CDNX will file any information required under the rules adopted to implement the alternative trading system proposal.

Commission Approval

38. When seeking the approval of the Commission under these terms and conditions, CDNX will comply with the procedures established from time to time by the Commission for the joint regulatory oversight of CDNX.

SCHEDULE B

IN THE MATTER OF
THE SECURITIES ACT R.S.B.C. 1996, c. 418

AND

IN THE MATTER OF
THE CANADIAN VENTURE EXCHANGE INC.

Recognition Order Under Section 24(2)

Canadian Venture Exchange Inc. (CDNX) was recognized as an exchange under section 24(2) of the Act on November 26, 1999 under COR#99/323.

CDNX has applied to the Commission for approval of a transaction whereby CDNX will become a wholly owned subsidiary of The Toronto Stock Exchange Inc. (TSE) and CDNX will become a for-profit corporation (the transaction), as more fully described in CDNX's application dated May 16, 2001 published with BCN2001/35.

CDNX's application contains a number of significant changes to the representations and undertakings made by CDNX when its predecessors, the Vancouver Stock Exchange and The Alberta Stock Exchange, applied for its recognition under section 24(2) of the Act in November 1999.

The Commission considers it appropriate to set out in an order the terms and conditions of CDNX's continued recognition as an exchange in British Columbia following the transaction.

CDNX and the TSE have agreed to the terms and conditions set out in the order.

Based on the application of CDNX, including the representations, undertakings and acknowledgements made by the TSE to the Commission in connection with CDNX's application, the Commission is satisfied that the continued recognition of CDNX following the transaction will not be prejudicial to the public interest.

The Commission orders the continued recognition of CDNX as an exchange in British Columbia under section 24(2) of the Act effective on the closing of the transaction provided CDNX meets and continues to meet the terms and conditions set out in Schedule A. Recognition will continue until the Commission, after giving CDNX an opportunity to be heard, revokes it.

This order revokes and replaces COR#99/323.

July 31, 2001.

Douglas M. Hyndman
Chair

Ref: COR#99/323

Schedule A

National Junior Exchange

1. CDNX will operate a national exchange for junior issuers under a separate brand identity and separately from the national exchange for senior issuers operated by the TSE.

2. CDNX will maintain an office in Vancouver.

Public Interest

3. CDNX will operate in the public interest.

4. CDNX will maintain by-laws, rules, regulations, policies, procedures and practices and other similar instruments that:

   a) are not contrary to the public interest;

   b) regulate all aspects of its business and affairs; and

   c) are appropriate to foster a vibrant and effective market for junior issuers.

5. More specifically, CDNX will govern and regulate with the purpose of:

   a) ensuring compliance with applicable securities legislation and its by-laws, rules, regulations, policies, procedures and practices and other similar instruments;

   b) preventing fraudulent and manipulative acts and practices;

   c) promoting just and equitable principles of trade;

   d) fostering co-operation and co-ordination with persons engaged in regulating, clearing, settling, processing information about, and facilitating transactions in, securities; and

   e) ensuring that all persons over which CDNX has jurisdiction are appropriately sanctioned for violations of securities legislation and the by-laws, rules, regulations, policies, procedures, practices and other similar instruments of CDNX.

6. CDNX will not

   a) permit unreasonable discrimination between clients, listed issuers, shareholders, and members or participating organizations; or

   b) impose any burden on competition that is not necessary or appropriate in view of applicable securities legislation.

Corporate Finance Services and Functions

7. Subject to paragraph 8, CDNX will continue to

   a) provide corporate finance services and functions to listed issuers and applicants for listing in its Vancouver office,

   b) obtain, solicit and provide regional input on the development of corporate finance policies, and

   c) perform its existing decision-making and internal review and appeal processes for corporate finance matters

   in a manner that is substantially equivalent to the manner in which these services, functions and processes were provided before the transaction.

8 CDNX will not make any significant change to the services, functions and processes outlined in paragraph 7 without first obtaining the approval of the Commission.

Regulatory Functions

9. Subject to paragraph 10, CDNX will continue to

   a) perform listed company and market surveillance functions in its Vancouver office, and

   b) use its existing decision-making and internal review and appeal processes for surveillance related matters

   in a manner that is substantially equivalent to the manner in which these services, functions and processes were provided before the transaction.

10. CDNX will not make any significant change to the services, functions and processes outlined in paragraph 9 without first obtaining the approval of the Commission.

11. As long as CDNX performs any regulatory function, CDNX will advise the Commission in writing at least on a monthly basis of

   a) ll new investigations initiated by CDNX and provide information on the persons involved and the nature of the investigation; and

   b) all investigations that do not lead to disciplinary proceedings and are closed and provide information on the date the investigation started, the conduct and persons involved and the disposition of the investigation.

12. CDNX will advise the Commission in writing on at least a quarterly basis of all significant exemptions or waivers of corporate finance policies and provide information on the issuers involved, the nature of these waivers or exemptions and the reasons for granting these waivers or exemptions.

Regulatory Oversight

13. CDNX will be subject to the joint regulatory oversight of the ASC and the BCSC.

14. CDNX will provide any proposed changes to its by-laws, rules, policies, and other regulatory instruments to the ASC and BCSC for review and approval in accordance with the review and approval procedures established from time to time by the ASC and BCSC.

15. The existing memoranda of understanding ("MOU") respecting the oversight of CDNX by the ASC and BCSC entered into by the ASC and BCSC with the Ontario Securities Commission (OSC) and the Manitoba Securities Commission, or any successor agreements, as amended from time to time, will continue to govern the regulatory oversight of CDNX.

Corporate Governance

16. CDNX will ensure that

    a) the persons appointed to its board are individuals that provide a proper balance between the interests of the different persons using the services and facilities of CDNX; and

    b) subject to paragraph 19, at least 50 percent of its directors are independent from CDNX and the TSE or their members and participating organizations.

17 More specifically, CDNX's corporate governance structure will provide for:

    a) fair and meaningful representation, having regard to the nature and structure of CDNX, on the board and any board or advisory committee;

    b) appropriate representation on the board and any board or advisory committees of persons independent of CDNX, the TSE, any members or participating organizations of CDNX and any participating organizations of the TSE; and

    c) appropriate qualification, remuneration and conflict of interest provisions and limitation of liability and indemnification protections for directors, officers and employees of CDNX generally.

18. At least 25% of the directors of CDNX will, at all times, be persons that have expertise in or are associated with the Canadian public venture capital market.

19. For purposes of making the calculation to ensure that at least 50% of the directors of CDNX are independent directors, CDNX will

    a) on closing of the transaction, exclude the CEO and the President from both the numerator and the denominator; and

    b) by the close of the first annual meeting of its shareholders following the closing of the transaction, exclude the CEO from the numerator and denominator and count the President and any other officer as a non-independent director.

20. By the close of the first annual meeting of its shareholders after the closing of the transaction, CDNX will amend its By-law No. 1 to give effect to the condition set out in paragraph 19 b).

21. Except as noted in paragraphs 18 to 20 , CDNX will not implement any significant changes to the corporate governance structure and practices of its board, including changes to the composition and terms of reference of its board committees and advisory committees, without the prior approval of the Commission.

Access

22. CDNX's requirements will not unreasonably prohibit or limit properly registered dealers that are members of a self-regulatory organization or exchange and that satisfy CDNX's requirements for accessing the trading facilities of CDNX.

23. CDNX will not unreasonably prohibit or limit access by a person to services offered by it.

24. CDNX will maintain established written standards separate from the TSE for granting access to trading through its trading facilities.

25. CDNX will keep separate records of:

    a) each grant of access and, for each entity granted access to its facilities, the reasons for granting access; and

    b) each denial or limitation of access and the reasons for denying or limiting access.

Fees

26. CDNX will have a fair and appropriate process for setting fees and will determine the fees it imposes on its listed issuers, applicants for listing, members, participating organizations and other market participants.

27. These fees will

    a) be allocated on an equitable basis as among the parties noted in paragraph 26;

    b) not have the effect of creating barriers to access; and

    c) be fair, reasonable and appropriate.

Financial Viability

28. CDNX will have sufficient financial and other resources for the performance of its functions in a manner that is consistent with the public interest and the terms and conditions of this order.

29. CDNX will prepare annual financial statements, including note disclosure that would normally be included in audited financial statements, in accordance with Canadian GAAP and will file these statements with the Commission within 90 days of its financial year-end.

System Security, Capacity and Sustainability

30. CDNX will:

a) make reasonable current and future capacity estimates;

b) conduct capacity stress tests of the critical systems on a reasonably frequent basis to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

c) develop and implement reasonable procedures to review and keep current the development and testing methodology of those systems;

d) review the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

e) establish reasonable contingency and business continuity plans;

f) on an annual basis, perform an independent review, in accordance with established audit procedures and standards, of its current systems technology plans and whether there are appropriate processes in place to manage the impact of change in technology on the exchange and parties interfacing with exchange systems. This will include an assessment of CDNX's controls for ensuring that each of its systems that support order entry, order routing, execution, data feeds, trade reporting and trade comparison, and capacity and integrity requirements, complies with sub-paragraphs (a) to (e) above. Senior management will conduct a review of a report containing the recommendations and conclusions of the independent review; and

g) promptly notify the Commission of material systems failures and changes.

31 For CDNX securities listed on a system operated by the TSE, CDNX will be considered to have met the requirements set out under sub-paragraphs a) to f) of paragraph 30 if the TSE meets the equivalent requirements contained in the OSC recognition order.

Change in Operations or Ownership

32. CDNX will not cease to operate or suspend, discontinue or wind-up all or a significant portion of its operations, or dispose of all or substantially all of its assets, without

a) providing the Commission at least six months prior notice of its intention; and

b) complying with any terms and conditions the Commission may impose in the public interest for the orderly discontinuance of its operations or the orderly disposition of its assets.

33. CDNX will obtain the approval of the Commission before it or the TSE completes any transaction that would result in CDNX ceasing to be controlled by the TSE.

34. CDNX will not cease to be a wholly-owned subsidiary of the TSE without CDNX:

a) providing the Commission at least three months prior notice of its intention; and

b) complying with any terms and conditions the Commission may impose in the public interest.

Due Process

35 In connection with giving access to its facilities, CDNX will ensure that

a) its requirements, the limitations or conditions it imposes on access, and the decisions it makes to deny access are fair and reasonable;

b) the parties are given notice and an opportunity to be heard or make representations; and

c) it keeps a record, gives reasons and provides for appeals of its decisions.

Information Sharing

36. CDNX will share information of a regulatory nature and will otherwise co-operate with the Commission and its staff, other exchanges and self-regulatory organizations recognized in Canada, and Canadian regulatory authorities responsible for the supervision or regulation of securities, subject to the applicable privacy or other laws about the sharing of information and the protection of personal information.

Additional Information

37. CDNX will file any information required under the rules adopted to implement the alternative trading system proposal.

Commission Approval

38. When seeking the approval of the Commission under these terms and conditions, CDNX will comply with the

procedures established from time to time by the Commission for the joint regulatory oversight of CDNX.

SCHEDULE C

MEMORANDUM OF UNDERSTANDING REGARDING THE OVERSIGHT OF THE CANADIAN VENTURE EXCHANGE INC. BY THE ALBERTA SECURITIES COMMISSION AND BRITISH COLUMBIA SECURITIES COMMISSION

BETWEEN:

ALBERTA SECURITIES COMMISSION
(the "ASC")

AND

BRITISH COLUMBIA SECURITIES COMMISSION
(the "BCSC")

AND

ONTARIO SECURITIES COMMISSION
(the "OSC")

The parties agree as follows:

1. Underlying Principles

1.1 The ASC and BCSC are the lead regulators (the "Lead Regulators") in connection with the oversight of the Canadian Venture Exchange Inc. ("CDNX") in accordance with the division of duties outlined in Appendix "A".

1.2 The OSC has exempted or will exempt CDNX from recognition as a stock exchange in Ontario on the basis that:

1.2.1 CDNX is and will continue to be recognized as an exchange by the Lead Regulators;

1.2.2 the Lead Regulators are responsible for conducting the regulatory oversight of CDNX; and

1.2.3 the OSC will be informed of the oversight activities of the Lead Regulators and will be provided with opportunities to raise issues concerning the oversight of CDNX with the Lead Regulators in accordance with this Memorandum of Understanding (the "MOU").

1.3 The parties will act in good faith in the resolution of issues raised by any of the parties in connection with the oversight of CDNX by the Lead Regulators.

1.4 The Lead Regulators are responsible for conducting an oversight program of CDNX which will include the

matters described in Part 2 (the "Oversight Program")[1]

1.5 The purpose of the Oversight Program is to ensure that CDNX meets appropriate standards for market operation and regulation. Those standards include:

1.5.1 fair access to issuers and market participants;

1.5.2 fair representation in corporate governance and rule making;

1.5.3 systems and financial capacity to carry out its regulatory functions;

1.5.4 orderly markets through appropriate review of products to be traded and trading rules;

1.5.5 appropriate listed company regulation;

1.5.6 transparency through timely access to relevant information on traded products and market prices;

1.5.7 market integrity through prohibition of unfair trading practices;

1.5.8 proper identification and management of risks, including financial condition of operation and standards for market participants; and

1.5.9 integration with effective clearing and settlement systems.

1.6 The OSC acknowledges that the Lead Regulators may enter into a Memorandum of Understanding substantially similar to this MOU with the securities commission of any other jurisdiction where CDNX opens an office.

1.7 The Lead Regulators intend to enter into a Memorandum of Understanding with the Manitoba Securities Commission ("MSC") regarding the oversight of CDNX by the Lead Regulators (the "MSC MOU") in substantially the same form as this MOU.

2. Oversight Program

2.1 The Lead Regulators will establish and conduct the Oversight Program, which will include, at a minimum, the following:

2.1.1 review of information filed by CDNX on critical financial and operational matters and significant changes to operations, including information related to:

a) affiliated entities;
b) operation of CDNX systems/technological capacity;
c) financial statements;
d) membership and access requirements and forms;
e) corporate finance policies, including listing and filing requirements; and
f) corporate governance, including board and committee composition, structure, mandate and function;

2.1.2 review and approval of changes to CDNX by-laws, rules, policies and other regulatory instruments in accordance with the procedures established by the Lead Regulators for the review of such instruments in effect from time to time. The current procedures are set out in letters dated November 26, 1999 and February 24, 2000; and

2.1.3 periodic examination of CDNX functions, including:

a) corporate finance policies: policies relating to minimum listing requirements, listing or tier maintenance requirements, sponsorship and continuous disclosure;
b) trading halts, suspensions and delisting procedures;
c) surveillance and enforcement: procedures for detection of non-compliance and resolution of outstanding issues;
d) access: requirements for access to trade through the facilities of CDNX;
e) information transparency: procedures for the dissemination of market information;
f) corporate governance: corporate governance procedures, including policy and rule making process; and
g) risk management and computer systems.

2.2 The Lead Regulators will retain sole discretion regarding the manner in which the Oversight Program is carried out, including, but not limited to, determining the order and timing of their examinations of CDNX functions under section 2.1. However, the Lead Regulators will perform the examinations of CDNX functions under section 2.1.3 at least once every three years. The Lead Regulators will provide to the OSC a copy of the report of the examination performed in accordance with section 2.1.3 and any responses of CDNX to the report.

3. Involvement of the OSC

3.1 The Lead Regulators acknowledge that the OSC will require that CDNX provide to the OSC:

3.1.1 copies of all by-laws, rules, policies and other regulatory instruments that CDNX files for review and approval with the Lead Regulators, under the Lead Regulators' procedures referred to in

[1] The matters outlined in the Oversight Program are intended to prescribe a minimum level of oversight. The Lead Regulator may conduct additional review procedures. The purpose of specifying the Oversight Program is to ensure that each participant in the CDNX Oversight Protocol is comfortable that there is acceptable oversight of CDNX, which in turn justifies reliance on the Lead Regulator.

section 2.1.2, at the same time that CDNX files those documents with the Lead Regulators;

3.1.2 copies of all final by-laws, rules, policies and other regulatory instruments once approved by the Lead Regulators in accordance with the procedures outlined in section 2.1.2; and

3.1.3 if requested by the OSC, copies of information filed by CDNX pursuant to section 2.1.1 as identified in the request.

3.2 Where the OSC advises the Lead Regulators that it has specific concerns regarding the operations of CDNX in Ontario and requests that the Lead Regulators perform an examination of CDNX in Ontario, the Lead Regulators may determine to conduct an examination of an office or offices of CDNX in Ontario or a function performed by a CDNX office located in Ontario. The OSC may, as part of its request, ask that the Lead Regulators include staff of the OSC in the Lead Regulators' examination.

3.3 If the Lead Regulators advise the OSC that they cannot or will not conduct the examination as referenced in section 3.2, the OSC may conduct such examination on behalf of the Lead Regulators without the participation of the Lead Regulators. In such cases, the OSC will provide copies of the results of the examination to the Lead Regulators.

3.4 The Lead Regulators will inform the OSC in writing of any material changes in how they perform their obligations under this MOU.

4. Information Sharing

4.1 The Lead Regulators will, upon written request from the OSC, provide or request CDNX to provide to the OSC any information in the possession of CDNX relating to members, shareholders and the market operations of CDNX, including, but not limited to, shareholder and participating organization lists, products, trading information and disciplinary decisions.

5. Oversight Committee

5.1 A committee will be established (the "Oversight Committee") which will act as a forum and venue for the discussion of issues, concerns and proposals related to the oversight of marketplaces by the parties.

5.2 The Oversight Committee will include staff representatives from each of the Lead Regulators and the OSC who have responsibility and/or expertise in the areas of exchange oversight and market regulation.

5.3 The Oversight Committee will meet at least once annually in person and will conduct conference calls at least quarterly.

5.4 At least quarterly the parties will provide to the Oversight Committee a summary report on their oversight of marketplaces regulated by them that will include a summary description of any material changes to their oversight program implemented during the period.

5.5 At least once annually the Oversight Committee will provide to the Canadian Securities Administrators (the "CSA") a written report of the oversight activities of the committee members during the previous period.

5.6 The OSC acknowledges that, since the Lead Regulators intend to enter into the MSC MOU and may enter into another Memorandum of Understanding substantially similar to this MOU with the securities commissions of any other jurisdiction where CDNX opens an office under section 1.6, the Oversight Committee will include staff representatives from the MSC and the relevant securities commission and those representatives will participate in the work of the Oversight Committee on the same basis as the staff representatives from the OSC.

Waiver and Non-Performance

6.1 The terms, conditions and procedures of this MOU may be varied or waived by mutual agreement of the staff of the parties. A waiver or variation may be specific or general and may be for a time or for all times as mutually agreed by staff of the parties.

6.2 If a party believes that another party is not performing satisfactorily its obligations under this MOU, it may give written notice to the other party stating that belief and accompanied by particulars in reasonable detail of the alleged failure to perform. If the party receiving the notice has not satisfied the notifying party within two months of the delivery of the notice either that its performance is satisfactory or that it has taken or will take acceptable steps to rectify its performance, the notifying party may by written notice to the other parties terminate this MOU on a date not less than six months following delivery of such notice. In that case the notifying party will send to CDNX a copy of its notice of termination at the same time that it sends such notice to the other party.

6.3 For the purposes of this Part, the Lead Regulators will be considered to be one party.

Effective Date

7.1 This MOU comes into effect on the date it is approved by the Minister of Finance in Ontario pursuant to section 143.10 of the Ontario Securities Act.

ALBERTA SECURITIES COMMISSION

"Stephen Sibbold"
Chair
September 18, 2000

ONTARIO SECURITIES COMMISSION

"David A. Brown"
Chair
September 18, 2000

BRITISH COLUMBIA SECURITIES COMMISSION

"Douglas M. Hyndman"
Chair
September 18, 2000

ASC/ BCSC FUNCTIONAL REGULATION CONTACT LIST

Functional Area	Functional Regulator	BCSC Contact Person	ASC Contact Person
Corporate Governance	ASC	Special Adviser to the Chair (L. Gauvin (604) 899-6538)	Director, Legal Services & Policy Development (P.M. Johnston (403) 297-2074)
Corporate Finance	ASC	Director, Corporate Finance (W. Redwick (604) 899-6526)	Director, Legal Services & Policy Development (P.M. Johnston (403) 297-2074)
Trading	BCSC	Deputy Director, Compliance (G. Halischuk (604) 899-6617)	Director, Legal Services & Policy Development (P.M. Johnston (403) 297-2074)
Compliance	BCSC	Deputy Director, Compliance (G. Halischuk (604) 899-6617)	Director, Capital Markets (K. Parker (403) 297-3251) Director, Enforcement (G. Cornfield (403) 297-2091)
Risk Management	ASC	Deputy Director, Compliance (G. Halischuk (604) 899-6617)	Director, Capital Markets (K. Parker (403) 297-3251)
Systems	BCSC	Deputy Director, Compliance (G. Halischuk (604) 899-6617)	Director, Capital Markets (K. Parker (403) 297-3251)
Clearing & Settlement	BCSC	Deputy Director, Compliance (G. Halischuk (604) 899-6617)	Director, Legal Services & Policy Development (P.M. Johnston (403) 297-2074)

June 09, 2000.

SCHEDULE D

OTC AGREEMENT

(the "Agreement")

THIS AGREEMENT made as of the 6th day of October, 2000,

AMONG:

CANADIAN UNLISTED BOARD INC.
("CUB")

AND

CANADIAN VENTURE EXCHANGE INC.
("CDNX")

AND

THE ONTARIO SECURITIES COMMISSION
("OSC")

WHEREAS:

A. By an agreement made as of February 28, 1991 among The Toronto Stock Exchange (the "TSE"), the OSC and the Canadian Dealing Network Inc. ("CDN"), CDN (a wholly-owned subsidiary of the TSE) took on assignment from the OSC and has been operating a trade reporting system (the "CDN Reporting System") and a quotation system (the "CDN Quotation System") (collectively, the "CDN System") to provide visibility for over-the-counter ("OTC") trading of equity securities in the Province of Ontario;

B. By an agreement made as of September 29, 2000 among CDNX, the TSE and CDN (the "CDN Agreement"), the TSE and CDN have agreed to cease operating the CDN System;

C. The OSC wishes to ensure that a system continues to exist in the Province of Ontario through which OSC registered dealers can continue their mandatory reporting of all OTC trading in unlisted and unquoted equity securities in the Province of Ontario not specifically excluded from the reporting requirements of the *Securities Act, R.S.O. 1990, Chapter S.5* and the regulations thereto (collectively, the "Act");

D. Subject to the terms and conditions of this Agreement, CUB, a wholly owned subsidiary of CDNX, is prepared to operate an internet web-based reporting system for the reporting by registered dealers of OTC trading in unlisted and unquoted equity securities in the Province of Ontario (the "OTC System") and to provide certain services to the OSC with respect thereto; and

E. Subject to the terms and conditions of this Agreement, CDNX has agreed to ensure that CUB fulfils its obligations hereunder and has adequate resources (including those made available to it by CDNX) to operate the OTC System and to provide to the OSC those services called for by this Agreement;

NOW THEREFORE in consideration of the premises and the mutual covenants, terms and conditions herein contained, the parties hereto do hereby mutually covenant and agree as follows:

1. THE OTC SYSTEM

1.1 The OTC System to be operated by CUB pursuant to this Agreement shall possess the characteristics and functionality described in Schedule "A" which is attached hereto and forms a part of this Agreement; provided, however, and the parties further agree that for greater certainty the OTC System will not provide for visible trade reporting.

1.2 The OTC System shall commence operation as at 5:00 p.m. EST on October 6, 2000 such that mandatory reporting by OSC registered dealers of all OTC trading in unlisted and unquoted equity securities in the Province of Ontario not specifically excluded from the reporting requirements of the Act (hereinafter referred to as "Ontario OTC trading") via the OTC System will commence on October 10, 2000.

1.3 All right, title and interest in and to the OTC System shall be owned solely by CUB, its successors and permitted assigns. For greater certainty, the right, title and interest in and to all registered and unregistered trademarks, trade names, service marks, copyrights, designs, inventions, patents, patent applications, patent rights, licenses, franchises, processes, technology, trade secrets and other industrial property pertaining to the OTC System developed by CUB (or on behalf of CUB by CDNX) or to any developments or enhancements of the OTC System implemented by CUB shall be owned solely by CUB, its successors and permitted assigns and, subject as herein otherwise provided, the OSC, OSC registered dealers who report trades on the OTC System ("Users") and any other parties shall acquire no rights in or license to use the OTC System except as may be necessary for the due implementation of this Agreement.

2. ADMINISTRATION/OPERATION OF THE OTC SYSTEM

2.1 Subject to the terms and conditions of this Agreement, CUB shall administer and operate the OTC System by providing:

(i) trade reporting services in respect of Ontario OTC trading by Users;

(ii) surveillance services as referred to in Part 4 of this Agreement in respect of Ontario OTC trading by Users; and

(iii) such services as may be required to record and account for the fees referred to in subsection 2.3 below and charged by CUB for use of the OTC System.

2.2 CUB will provide such staff as are necessary to operate the OTC System with the functionality described in Schedule "A".

2.3 CUB may establish and from time to time amend a schedule of fees that it will be entitled to charge for use of the OTC System. Such fees shall be established at a level which, in the aggregate, will permit CUB to be reimbursed for all costs associated with the development and ongoing operation of the OTC System, including all operating, capital and related costs. All fees charged by CUB will be consistent with CUB's status as a not-for-profit entity and, though not subject to prior approval by the OSC, may be reviewed by the OSC.

2.4 All fees and other revenue derived from the operation of the OTC System will be retained by CUB.

2.5 CUB will ensure that each User shall, as a condition of using the OTC System, enter into an agreement with CUB (the "User Agreement") in the form and upon substantially the terms attached hereto as Schedule "B".

3. REGULATION OF THE OTC SYSTEM

3.1 In the event that the OTC System is implemented prior to the implementation of the OSC's rules governing alternative trading systems (the "ATS Rules") and unless otherwise agreed, the parties agree that the OTC System will be regulated in two phases as follows:

(i) for the period commencing on the date of implementation of the OTC System and ending on the date of implementation in Ontario of a local rule relating to Ontario OTC trading which will be implemented concurrently with the ATS Rules or such other rules as the OSC may apply to Ontario OTC trading (the "Ontario Local Rule"), the OTC System will be regulated in accordance with the OTC Terms and Conditions which are attached as Schedule "A" to the User Agreement (the "User Obligations"); and

(ii) commencing on the date of implementation of the Ontario Local Rule and ending on the date of the termination of this Agreement, the OTC System will be regulated in accordance with the Ontario Local Rule.

3.2 In the event that the OTC System is implemented after implementation of the Ontario Local Rule, the OTC System will be regulated in accordance with the Ontario Local Rule.

3.3 It is recognized and agreed that CUB shall not make any rules or regulations regarding Ontario OTC trading and that until such time as the Ontario Local Rule is implemented the OTC System will be operated and governed in accordance with the User Obligations.

4. SURVEILLANCE SERVICES IN RESPECT OF THE OTC SYSTEM

4.1 CUB will provide surveillance services as described in confidential Schedule "C" which is attached hereto and forms a part of this Agreement in respect of Ontario OTC trading that is reported to the OTC System; provided, however, and it is further understood and agreed, that the responsibility for enforcement regulatory activity pertaining to Ontario OTC trading will rest exclusively with the OSC and CUB will not provide enforcement services in respect of the market participants using the OTC System.

4.2 The surveillance services described in confidential Schedule "C" and provided by CUB in respect of Ontario OTC trading that is reported to the OTC System will be comprised generally of and limited to the following:

(i) exception monitoring for Ontario OTC trading activity in violation of the terms of any User Agreement, applicable trading rules or applicable securities laws; and

(ii) press release monitoring for issuer disclosure in respect of Ontario OTC trading in violation of applicable securities laws.

4.3 All matters requiring enforcement action will be referred to the applicable securities regulatory body which it is anticipated will be the OSC in most cases involving the OTC System.

4.4 CUB will impose no trading halts in respect of any Ontario OTC trading reported to the OTC System.

4.5 CUB will provide to the OSC on request all such Ontario OTC trading and surveillance data respectively reported to the OTC System and collected by CUB as the OSC may require for its investigative and enforcement purposes.

5. MAINTENANCE OF TRADING DATA

5.1 Ontario OTC reporting and surveillance data respectively reported to the OTC System and collected by CUB will be maintained by CUB for its surveillance and the OSC's enforcement purposes only, and will not be published. For greater certainty, CUB shall ensure that such data is retained for a period of at least seven (7) years and accessible to OSC staff for investigative and enforcement purposes.

5.2 CUB recognizes its obligation to provide the OSC access (via the OTC System) to data collected by CUB in respect of Ontario OTC trading reported to the OTC System so as to assist the OSC in carrying out its regulatory responsibilities.

6. ACKNOWLEDGEMENTS OF THE OSC

6.1 Effective as at 5:00 p.m. EST on October 6, 2000, the OSC by separate instrument has appointed CUB as the

OSC's agent as contemplated in Part VI of the *Regulation*, for the purpose of operating the OTC System.

6.2 In order to assist CUB in its operation of the OTC System, the OSC may obtain and provide to CUB such information as the OSC deems appropriate, including information:

(i) on disciplinary or other action the OSC determines to take against a User which, in the OSC's view, will have a material impact on the User's participation in the OTC System; and

(ii) relating to issuers of OTC Securities (being the same as "COATS Securities" as defined in section 152 of Part VI of the *Regulation*), OSC registered dealers or any other Persons (as such latter term is defined in the Act) that leads the OSC to believe that there has been or will be a breach of the terms and conditions of Part VI of the *Regulation*.

7. COVENANTS OF CDNX

7.1 CDNX agrees to ensure that CUB fulfils its obligations under this Agreement and has adequate resources (including those made available to it by CDNX) to operate the OTC System and to provide to the OSC those services called for by this Agreement.

8. CUB TO LIMIT THE LIABILITY OF CDNX

8.1 CUB agrees that it will, in connection with the performance by it of its obligations under this Agreement, take reasonable precautions to limit the liability, if any, of CDNX to any third party in connection with the operation of the OTC System, such precautions to include, where possible, the use of disclaimers in connection with the supply of information and the insertion of appropriate limiting conditions in contracts entered into by CUB.

9. TERM AND TERMINATION

9.1 This Agreement shall come into force and effect as at 5:00 p.m. EST on October 6, 2000 (the "Effective Date") such that the reporting of Ontario OTC trading via the OTC System will commence on October 10, 2000 and (provided that it is not terminated due to termination of the CDN Agreement pursuant to the terms thereof) shall survive from such date until the earlier of the day upon which it is terminated pursuant to subsection 9.2 hereof or the day upon which this Agreement is replaced by a new agreement entered into amongst the parties by reason of implementation by the OSC of the Ontario Local Rule; provided, however, that if this Agreement is so replaced the replacement agreement will not itself be able to be terminated before the earliest date that this Agreement can be terminated pursuant to subsection 9.2 hereof.

9.2 At any time at least three (3) years after the Effective Date, any of the parties may give one (1) year's written notice to the others of its decision to terminate its obligations hereunder, and this Agreement shall thereafter terminate on the expiry of such notice.

10. NON PERFORMANCE

10.1 If a party to this Agreement believes that another party is not performing satisfactorily its obligations under this Agreement, it may give written notice to the other party stating that belief accompanied by particulars in reasonable detail of the alleged failure to perform. If the party receiving such notice has not satisfied the notifying party within one (1) month of the delivery of the notice either that its performance is satisfactory or that it has taken or will take acceptable steps to rectify its performance, the notifying party may by written notice to the other parties terminate this Agreement on a date not less than three (3) months following delivery of such notice.

11. NOTICE

Any notice or other communication required or permitted to be given hereunder shall be sufficiently given if delivered in person or if sent by facsimile transmission:

11.1 in the case of CUB, both for itself and on behalf of CDNX, at the following address:
Canadian Unlisted Board Inc.
c/o Canadian Venture Exchange Inc.
10th Floor, 300 Fifth Avenue S.W.
Calgary, Alberta T2P 3C4

Attention: CDNX Vice President, Regulatory Affairs & Corporate Secretary
Facsimile No: (403) 237-0450

11.2 in the case of the OSC, at the following address:
The Ontario Securities Commission
Suite 1800, P.O. Box 55
20 Queen Street West
Toronto, Ontario M5H 3S8
Attention: Manager, Market Regulation
Facsimile No: (416) 593-8240

or at such other address as the party to which such notice or other communication is to be given has last notified to the other parties in the manner provided in this section, and if so given the same shall be deemed to have been received on the date of such delivery or sending.

12 FURTHER ASSURANCES, AMENDMENTS AND WAIVERS

12.1 Each party hereto covenants and agrees that it shall from time to time and at all times execute and deliver all such further documents and assurances as shall be reasonably required in order to fully perform and carry out the intent of this Agreement. This Agreement can only be amended with the consent in writing of both parties and no party shall be deemed to have waived any provision of this Agreement unless such waiver is in writing.

13. APPLICABLE LAW

13.1 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

14. COUNTERPARTS AND FACSIMILE SIGNATURE

14.1 This Agreement may be executed in separate counterparts and all such counterparts shall together constitute one and the same instrument.

14.2 The parties agree that executed copies of this Agreement may be delivered by fax or similar device and that the signatures appearing on the copies so delivered will be as binding as if copies bearing original signatures had been delivered; each party undertakes to deliver to the other party a copy of this Agreement bearing original signatures, forthwith upon demand.

15. FORCE MAJEURE

15.1 No party shall be responsible for delays or failures in performance resulting from acts beyond the control of such party. Such acts shall include, but not be limited to, acts of God, the operation of any law, regulation or order of government or other similar authority, any labour disparity or dispute, strike, lockout, riot, explosion, war, invasion, epidemic, fire, earthquake or other natural disaster, power failure or system failure including network failures.

16. SUCCESSORS AND ASSIGNS

16.1 Neither CUB, CDNX nor the OSC shall assign this Agreement or any of their respective rights or obligations hereunder without the prior written consent of the others. This Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto.

IN WITNESS WHEREOF, the parties have hereunto duly executed this Agreement as of the day and year first above written.

CANADIAN UNLISTED BOARD INC.

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

CANADIAN VENTURE EXCHANGE INC.

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

THE ONTARIO SECURITIES COMMISSION

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

This is Schedule "A" to that certain Agreement made as of the 6th day of October, 2000, among Canadian Unlisted Board Inc., Canadian Venture Exchange Inc. and The Ontario Securities Commission

OTC SYSTEM CHARACTERISTICS AND FUNCTIONALITY

1.1 Characteristics- Included Characteristics

The OTC System will be a CUB-developed internet web-based system solution for the reporting of Ontario OTC trading the general characteristics of which will be a system:

1 providing a secure, reliable environment to enable registered dealers to report trades in securities according to the *Securities Act (Ontario)*.

2. providing a basic reporting, surveillance, and administrative functionality with unexplained trading and disclosure anomalies being forwarded to the OSC for enforcement and further investigation.

3 providing a separation of Ontario OTC trading from CDNX and the CDNX brand.

4. separable from CDNX technology operations and deployable to other technical environments should the OSC choose to change service providers.

5. extendable to other provincial jurisdictions in support of possible national trade reporting.

6. possessing a separate logical billing system within CDNX's Oracle Financials to generate invoices and statements for CUB that are distinct from those of CDNX.

7. possessing a backup OTC System application server (existing disaster recovery hardware at CDNX Business Continuity Planning ("BCP") recovery sites having sufficient capacity to accommodate the OTC System application).

1.2 Functionality

1.2.1 Included Functionality

The OTC System will possess the following functionality:

1.2.1.1 Registered Dealer Functionality:

1. Registered Dealer administrative functions

    1.1. Provide the ability for the registered dealer (who may or may not be TSE or CDNX members) to logon, logoff and change their passwords

2. Report a trade

    2.1 Report a trade done today (typically reported by the selling registered dealer)

        2.1.1. Data includes: symbol, volume, price, contra-broker, time-stamp, identification of which side reported the trade.

    2.2. Limit or restrict the registered dealer from reporting a trade that was executed prior to the current day. 'As of' reporting to be handled by the administrative or market regulation function of CUB (see *Administrative Functionality* below).

3. Report a trade cancellation

4. Inquire on trading activity for an issue

    4.1 The reporting functions proposed with respect to Ontario OTC trading are purposely limited.

    4.2. Data attributes to be displayed are:

        4.2.1 For today: high price, low price, last price, net change, volume, value, # trades and list of all trades

        4.2.2 For historical periods: high price, low price, last price, net change, volume, value, # trades

5. View Administrative Notice Board

    5.1 Contains textual information posted by CUB administrative and market regulation staff

6. Online Help

    6.1 Display of "How To" information explaining the operation of the OTC System

    6.2. Inquiries to list:

        6.2.1. Securities on the system that have reported activity (stock list) that would include the issue name, symbol, and Cusip number (if applicable)

        6.2.2 Yesterday's and today's add's, delete's and changes to the stock list

        6.2.3 A directory of registered dealer users Ids and names

1.2.1.2. Administrative Functionality:

Administrative functionality will be used by CUB staff to administer the OTC System.

1. UserID administration

    1.1. Setup new UserID

    1.2 Maintain UserID (change, delete, force password changes)

2. Security Master maintenance

2.1 Add, change, delete issues that can be reported. This functionality can be done in real-time.

2.2 Update Trading status to restrict the reporting of trades

3. Report trade (on behalf of a registered dealer)

3.1 Similar to the registered dealer function to report a trade.

3.2. This functionality can also serve as a short-term backup service should operational problems arise with accessing the system.

4. Report a trade done up to 364 days ago ("as of")

4.1. 'As of' reporting is done by CUB staff on behalf of the registered dealer. The registered dealer would send (via fax) to CUB the particulars of the delayed trade report.

4.2 Historical information to be updated to reflect the reported trade.

5 Report trade cancellation (on behalf of a registered dealer)

5.1 Similar to the registered dealer function to report a trade cancellation.

5.2. This functionality can also serve as a short-term backup service should operational problems arise with accessing the system.

5.3 Historical information would be updated to reflect the cancelled trade.

6 Post and clear notices and other textual information to Administrative Notice Board

6.1. The transaction is logged to an audit trail file

7. Online Help maintenance

7.1. Update static "How To" information

1.2.1.3. **Regulatory Functionality:**

Regulatory functionality will be that employed by CUB staff to provide regulatory oversight or surveillance of Ontario OTC trading (it being understood that all enforcement action arising from CUB's surveillance activities in respect of Ontario OTC trading that is reported to the OTC System will be undertaken by the OSC). Due to the nature of Ontario OTC trading, all such regulatory functionality will be of a post-trade nature.

1 Alerts of reported trades that cause exceptions to price change and volume tolerance parameters.

2 OSC access to the OTC System to perform specified inquiry functions:

2.1. Today and historical trading inquiries (see *Registered Dealer Functionality* above)

2.2. Generate reports on trading activity per Registered Dealer firm, per security, and for all securities per specified (flexible) date range.

2.3 Access to Online Help inquiries (see *Registered Dealer Functionality* above)

3 Ad hoc reports for investigations forwarded to the OSC.

4. Data extracts for investigations forwarded to the OSC.

1.2.1.4. **Operational Functionality:**

Operational functionality will be global in nature and apply to the entire OTC System.

- Implement a standalone OTC System application server (NT operating system), separate from CDNX systems.

- Establish recovery procedures to transfer the application to an existing CDNX NT server on an interim basis in the event of a CUB/OTC System server failure.

- Store trade summaries for surveillance purposes (history)

- Store detail trade records for investigative purposes (history)

- Conduct daily backup of files and databases

- Include OTC System in CDNX BCP and provide 48 hour recovery time for the CUB OTC System at the CDNX BCP recovery site(s)

- Generate billing reports

- Generate monthly reports of trading activity for invoice preparation.

1.3 **Excluded Functionality**:

The OTC System will NOT possess the following functionality:

- Capability regarding investigation and enforcement of trading and disclosure anomalies generated by the system.
- Capability to prioritize price/volume exceptions.
- Capability to generate real time data feeds or press reports.
- Capability to transfer historical trade information from the TSE/CATS system.

This is Schedule "B" to that certain Agreement made as of the 6th day of October, 2000, among Canadian Unlisted Board Inc., Canadian Venture Exchange Inc. and The Ontario Securities Commission

CANADIAN UNLISTED BOARD INC.
USER AGREEMENT
(THE "AGREEMENT")

WHEREAS the Canadian Venture Exchange Inc. ("CDNX" or the "Exchange") has entered into an agreement with the Toronto Stock Exchange Inc. ("TSE") and the Canadian Dealing Network Inc. ("CDN") whereby:

(i) as at 5:00 p.m. EST on September 29, 2000, the TSE and CDN shall cease operating the CDN Quotation System such that eligible CDN quoted issuers that have filed complete applications as determined by CDNX shall commence trading on CDNX Tier 3 as at the start of business on October 2, 2000; and

(ii) as at 5:00 p.m. EST on October 6, 2000, the TSE and CDN shall cease operating the CDN Reporting System such that as of the start of business on October 10, 2000, OSC registered dealers can continue their mandatory reporting of all OTC trading in unlisted and unquoted equity securities in the province of Ontario not specifically excluded from the reporting requirements of the Act and the regulations thereto via the OTC System;

WHEREAS the Canadian Unlisted Board Inc., a wholly owned subsidiary of CDNX ("CUB"), CDNX and the Ontario Securities Commission (the "Commission") have entered into an agreement pursuant to which CUB will operate an internet web-based reporting system for the reporting by dealers of trading in unlisted and unquoted equity securities in Ontario (the "OTC System") for the purposes of Part VI of Regulation 1015 ("Part VI");

WHEREAS CUB has been appointed as an agent of the Commission for the purposes of developing computer software and providing and operating computer facilities for the reporting of trading in unlisted and unquoted equity securities in Ontario pursuant to section 153 of Part VI;

WHEREAS for the purposes of this agreement the following definitions shall apply:

"Act" means the Securities Act, R.S.O. 1990, c.s. 5 as amended;

"CDN Policy" means that policy which has been adopted by CDN board of directors respecting trading in unlisted and unquoted equity securities in Ontario;

"OTC security" shall have the same meaning as "COATS security" as defined in section 152 of Part VI;

"Person" means a "person" as that term is defined in the Act;

"User" means a registrant under the Act and who reports trades on the OTC System;

WHEREAS in order to assist CUB in its operation of the OTC System, the Commission may obtain and provide to CUB such information as the Commission deems appropriate, including information:

(i) on disciplinary or other action the Commission determines to take against a User which, in the Commission's view, will have a material impact on the User's participation in the OTC System; and

(ii) relating to issuers of OTC Securities, registrants under the Act or any other Persons that leads the Commission to believe that there has been or will be a breach of the terms and conditions of Part VI.

WHEREAS the Commission and CUB have agreed that in the event that the OTC system is implemented prior to the implementation of the OSC's rules governing alternative trading systems (the "ATS Rules") the OTC System shall be regulated in the following two phases:

for the period commencing on the date of implementation of the OTC System and ending on the date of the implementation of a local Ontario rule relating to Ontario OTC trading which will be implemented concurrently with the ATS Rules or such other rules as the OSC may apply to Ontario OTC trading (the "Ontario Local Rule"), the OTC System will be regulated in accordance with Part VI and those portions of the CDN Policy pertaining to trade reporting of unlisted and unquoted equity securities in Ontario as in effect at 5:00 p.m. EST October 6, 2000; and

(i) commencing on the date of the implementation of the Ontario Local Rule and ending on the date of the termination of the Agreement, the OTC System will be regulated in accordance with the Ontario Local Rule.

WHEREAS CUB will provide monitoring and surveillance services to the OSC in respect of trading in securities reported through the OTC System. CUB will not provide enforcement services in respect of the market participants using the OTC System.

WHEREAS CUB will refer any matters relating to a suspected violation of applicable trading rules or securities laws to the OSC or other applicable securities regulatory body.

WHEREAS CUB has agreed to provide to the OSC on request all such trading and surveillance data collected by CUB in respect of the OTC System as the OSC may require.

WHEREAS the OSC requires registered dealers to act in accordance with applicable securities legislation including but not limited to the obligation to deal fairly, honestly and in good faith with its customers.

WHEREAS the OSC expects registered dealers, as part of their general obligations, to have policies and procedures which enable them to operate in a manner which is consistent

with the requirements set out in the OTC Terms and Conditions (as defined below);

NOW, THEREFORE, in consideration of CUB permitting the undersigned User to utilize the OTC System, the User agrees with CUB as follows:

1. The User is a registered dealer within the meaning of the Act and shall at all times act in accordance with applicable securities legislation including but not limited to the obligation to deal fairly, honestly and in good faith with its customers and shall have policies and procedures which enable them to operate in a manner which is consistent with the requirements set out in the OTC Terms and Conditions (as defined below);

2. Until such time as the Ontario Local Rule is implemented, the User agrees that the OTC System will be operated and governed in accordance with:

   (i) Part VI and those portions of the CDN Policy pertaining to trade reporting of unlisted and unquoted equity securities in Ontario as in effect at 5:00 p.m. EST on October 6, 2000; and

   (ii) such directives as may be issued by authority of the Board of Directors of CUB in respect of the use of the OTC System;

(collectively, the "OTC Terms and Conditions" which are attached as Schedule "A" to this Agreement) and the User shall comply with the OTC Terms and Conditions.

3. The User shall promptly communicate to CUB transaction reports with respect to OTC securities in accordance with the OTC Terms and Conditions;

4. The User shall comply with all requirements of the OTC Terms and Conditions and without limiting the generality of the foregoing, all Users acknowledge and agree:

   (i) that they will provide to CUB any and all records, reports, and information required or requested by CUB in order for CUB to satisfy its regulatory obligations, in such manner and form, including electronically, as may be required by CUB from time to time;

   (ii) that they will permit CUB or its designate to inspect their records at any time;

   (iii) that CUB may suspend the User's access to the OTC System pending a determination of the OSC in respect of any referral by CUB to the OSC of any suspected violation of the User's obligation to comply with section 1 above; and

   (iv) that CUB may terminate the User's access to the OTC System upon notification to CUB by the OSC that the User has violated the OTC Terms and Conditions.

5 The User shall pay, when due, any applicable fees or charges established by CUB from time to time and which current fees and charges are attached as Schedule "B" to this Agreement.

6. The User acknowledges that it is possible that from time to time the OTC System may be disrupted, contain inaccurate information, omit required information or may otherwise operate in an unsatisfactory manner (such events being hereinafter referred to as "Errors") whether through malfunction of equipment, power failure, human error or other reason. The causes of such Errors may be attributable to CUB, the Exchange, negligent or wilful acts or omissions of current or former directors, governors, officers, employees or committee members of CUB or the Exchange (hereinafter collectively referred to as "Personnel") or persons or companies who have supplied goods or services to either CUB or the Exchange in connection with the OTC System (hereinafter referred to as "Contractors").

7 It is acknowledged that neither CUB nor the Exchange assumes any responsibility with respect to the use to which the User, its employees or agents puts the facilities, services or the information obtained therefrom or with respect to the results of such use. It is further acknowledged that the information, services and facilities provided hereunder are provided on the express condition that Users making use of them assent that no liability whatsoever in relation thereto shall be incurred by CUB, the Exchange or Personnel.

8. The User agrees that none of CUB, the Exchange or Personnel shall have any liability whatsoever to the User with respect to any loss, damage, cost, expense or other liability or claim suffered or incurred by or made against the User, directly or indirectly, by reason of Errors, or arising from any negligent, reckless or wilful act or omission or out of the use, operation or regulation of the OTC System by CUB, the Exchange, Personnel or Contractors, or otherwise as a result of the use by the User of the facilities, services or information provided by CUB or the Exchange. By making use of the facilities, services or information provided by CUB or the Exchange the User expressly agrees to accept all liability arising from such use.

9. It is acknowledged by the User that the sole remedy for any wilful or negligent act or omission of any Personnel or Contractors shall be appropriate action, of a disciplinary nature or otherwise, instituted solely at the discretion of CUB or the Exchange.

10. CUB may terminate or amend this Agreement, subject to the approval of its Board of Directors and upon notice to the User, and any subsequent participation of the User in the OTC System shall constitute acceptance by the User of any such amendment.

11. It is acknowledged that neither CUB nor the Exchange shall incur any liability to the User with respect to any loss or damage whatsoever that the User may suffer, directly or indirectly, by reason of any termination of this Agreement.

12. In the event that any legal proceeding is brought or threatened against CUB, the Exchange, Personnel or

Contractors to impose liability which arises directly or indirectly from the use by the User of the OTC System or from the use by the User of the facilities, services or information provided by CUB or the Exchange, the User agrees to indemnify and save CUB and the Exchange harmless from and against:

(i) all liabilities, damages, losses, costs, charges and expenses of every nature and kind (including, without limitation, legal and professional fees) incurred by CUB or the Exchange in connection with the proceeding, including costs incurred to indemnify Personnel;

(ii) any recovery adjudged against CUB, the Exchange or Personnel in the event that any of them is found to be liable; and

(iii) any payment by CUB or the Exchange, made with the consent of the User, in settlement of such proceeding.

13. Except as otherwise expressly provided herein, all of the terms used in this Agreement which are defined in OTC Terms and Conditions are used herein as so defined.

14. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

15. The Agreement shall not be binding until accepted in writing by CUB.

16. The Agreement shall be effective as of the date accepted in writing by CUB.

_____
[Insert Name of User]

By: _____
Authorized Signatory

_____
Name and Title of Authorized Signatory
(Please Print Name and Title)

By: _____
Authorized Signatory

_____
Name and Title of Authorized Signatory
(Please Print Name and Title)

Accepted this ___ day of _____, 200__

CANADIAN UNLISTED BOARD INC.
By: _____

Schedule "A" to User Agreement

OTC Terms and Conditions

A. Transaction Reporting

1. Operation and Administration of OTC System

1.1. All Users shall comply with the Terms and Conditions governing the operation and administration of the OTC System, which Terms and Conditions shall include:

1.2. those matters set forth in Part VI applicable to trade reporting in respect of over-the-counter equity securities in Ontario;

1.3. those portions of the former CDN Policy pertaining to trade reporting of unlisted and unquoted equity securities in Ontario as in effect at 5:00 p.m. EST on October 6, 2000 and incorporated herein; and

1.4. such directives as may be issued by authority of the Board of Directors of CUB in respect of the use of the OTC System.

2. Trades to be Reported

2.1 Pursuant to Part VI, every purchase or sale in Ontario of an OTC security made by a registered dealer, as principal or agent, must be reported through the OTC System, with the following exceptions (which shall not be reported through the OTC System):

2.1.1 a trade made through the facilities of a stock exchange or other organized market recognized and identified in this section A-2;

2.1.2 a distribution effected in accordance with the Act by or on behalf of an issuer; or

2.1.3 a secondary trade made in reliance on the exemptions in clauses 72(1)(a), (c) or (d) of the Act.

2.2. Where a security that is listed on one or more of the Canadian stock exchanges becomes suspended (i.e., it is no longer posted for trading) on all such exchanges, then any trade in that security by a registered dealer shall become reportable through the OTC System if that security and trade is otherwise required to be reported through the OTC System.

2.3. The obligation to report a trade in an OTC security applies only with respect to purchases and sales in Ontario of such security. A purchase or sale in Ontario for the purpose of these OTC Terms and Conditions is one in which either:

2.3.1 the person to whom the trade is confirmed (other than a User) is a resident of Ontario; or

2.3.2. the User's trader or sales representative handling the trade is acting from an Ontario office (irrespective of whether the User is acting as principal or agent).

2.4. Transactions that are merely booked through a User's inventory for purposes of adding a usual mark-up or commission in respect of trades which, for all intents and purposes, are agency trades on NASDAQ or a foreign stock exchange, need not be reported through the OTC System. Such transactions are considered to be trades made through the facilities of a foreign stock exchange or NASDAQ.

2.5. With respect to clause 2.1.1 above, CUB recognizes NASDAQ, The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited, and all stock exchanges outside of Canada that require participants to report details of transactions and publish such details.

2.6. Trades may not be aggregated for reporting purposes except that trades from orders received prior to the opening of the OTC System and simultaneously reported at the opening may be aggregated into a single transaction report.

3. Who Reports Trades

3.1. Every purchase or sale in an OTC security that is required to be reported under subsection A-2 above shall be reported on the OTC System in accordance with the following provisions:

3.1.1. Where the transaction involves only one User, that User shall report the trade.

3.1.2. Where the transaction involves two Users, the User by or through whom the sale is made shall report the trade.

3.1.3. Where the transaction is not a trade in Ontario for the seller, the User by or through whom the purchase is made must report the trade.

4. Method, Timing and Content of Trade Reports

4.1. For reporting purposes, a trade is a transaction between a User and a given client, or another User, in a specific OTC security, at a given price, and executed at a certain time.

4.2. For the purposes of this section A-4, "Reportable Trades" shall mean every purchase or sale in an OTC security that is required to be reported under subsection A-3.

4.3 All trade tickets for Reportable Trades shall be time stamped at the time of execution.

4.4. All Reportable Trades taking place at or between 9:30 A.M. and 5:00 P.M. on a business day shall be reported through the OTC System within three minutes after execution.

4.5. All Reportable Trades taking place after 5:00 P.M. on a business day and prior to 9:30 A.M. the next business day shall be reported through the OTC System between 8:30 A.M. and 9:30 A.M. the next business day and shall form part of the trading statistics for the next business day.

4.6 All reports of Reportable Trades shall contain the following information:

4.6.1. symbol of the OTC security traded;

4.6.2. number of shares traded;

4.6.3. price of the trade as required by section A-5;

4.6.4. the identities of the purchasing and selling Users;

4.6.5. the time of execution of the transaction; and

4.6.6 any trade marker required by these OTC Terms and Conditions.

5. Price to be Reported

5.1. The price to be reported is the price at which the User actually traded with its customer, adjusted by the amount that would be customary as a commission or spread in such transaction.

5.2 A trade with another User is to be reported at the actual price agreed upon. This applies to a trade in which the reporting User is acting as agent for a customer, as well as to a trade in which the User acts as principal vis-a-vis the other User.

B. Dealers' Obligations

1. Prices to Customers

1.1. Spread or Mark-Up: Where a trade is substantially an agency transaction, the size of any spread or "mark-up" should reflect the riskless nature of the transaction.

1.2 *Interpositioning:* Users shall not arrange or otherwise participate in any transaction which interpositions an intermediary or other third party in a way that will result in an unfavourable price for a customer of any User.

1.3 Users shall not enter into any transaction with a customer for any OTC security at any price that is not reasonably related to the then current market price of that security or charge a customer a commission or service charge that is not fair and reasonable in all the circumstances.

2. Fair Dealings

2.1 Users shall transact business openly and fairly and in accordance with just and equitable principles of trade. No fictitious sale or contract shall be made in an OTC security.

3. Customer Priority

3.1. No User Shall:

3.1.1 buy or initiate the purchase of a OTC security for its own account or for any account in which it or

any person associated with it is directly or indirectly interested, while such User holds or has knowledge that any person associated with it holds an unexecuted market order or limit price order to buy such security for a customer;

3.1.2 sell or initiate the sale of any OTC security for its own account or for any account in which it or any person associated with it is directly or indirectly interested, while it holds or has knowledge that any person associated with it holds an unexecuted market order or limit price order to sell such security for a customer.

3.2. The provisions of this section shall not apply:

3.2.1 to any purchase or sale of any OTC security in an amount less than the customary unit of trading made by a User to offset odd-lot orders for customers;

3.2.2 to any purchase or sale of any OTC security upon terms for delivery other than those specified in such unexecuted market or limit price order; or

3.2.3 to any unexecuted order that is subject to a condition that has not been satisfied.

3.3. For purposes of this section a User may include a reasonable commission charge in determining whether its customer's order is at the same price as a principal order.

4. Best Market Price

4.1 Where a User executes a trade with or for its client for an OTC security that is posted for trading on a foreign market recognized under this subsection, the User shall execute the trade on behalf of the client at a price equal to or better than the market price in the foreign market (taking exchange rates into account), plus or minus (as the case may be) a reasonable commission and any added cost of executing the order in the foreign market.

4.2. For the purpose of this subsection, CUB presently recognizes any foreign stock exchange or organized market that provides real time public dissemination of information, including firm market quotations and trading statistics.

5. Manipulative or Deceptive Trading

5.1 A User shall not use or knowingly participate in the use of any manipulative or deceptive method of trading in connection with the purchase or sale of an OTC security that creates or may create a false or misleading appearance of trading activity or an artificial price for the said security. Without in any way limiting the generality of the foregoing, the following shall be deemed manipulative or deceptive methods of trading:

5.1.1 making a fictitious trade or giving or accepting an order which involves no change in the beneficial ownership of an OTC security;

5.1.2 entering an order or orders for the purchase of an OTC security with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price for the sale of any such security, has been or will be entered by or for the same or different persons and with the intention of creating a false or misleading appearance of active public trading in a security or with respect to the market price of an OTC security;

5.1.3 entering an order or orders for the sale of an OTC security with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price for the purchase of such security, has been or will be entered by or for the same or different person and with the intention of creating a false or misleading appearance of active public trading in a security or with respect to the market price of an OTC security;

5.1.4 making purchases of, or offers to purchase an OTC security at successively higher prices, or sales of or offers to sell any such security at successively lower prices for the purpose of creating or inducing a false or misleading appearance of trading in such security or for the purpose of unduly or improperly influencing the market price of such security; or

5.1.5 effecting, alone or with one or more persons, a series of trades in an OTC security, for the purpose of inducing the purchase or sale of such security, which creates actual or apparent trading in such security or raises or depresses the price of such security.

6. Restrictions on Trading During Distributions

Restricted Users

6.1 The restrictions on trading during a distribution set out in this part 6.1 entitled "Restricted Users" apply to a User (a "restricted User") involved in a distribution by prospectus of an OTC security or a distribution by prospectus, Exchange Offering Prospectus, Statement of Material Facts or "wide distribution" of a security that is related to an OTC security. The restrictions do not apply to a User involved in a distribution only as a selling group member that is not obligated to purchase any unsold securities.

6.1.1 Two securities are "related" if they have substantially the same characteristics, or

(a) one is immediately convertible, exercisable or exchangeable into the other; and

(b) the conversion, exercise or exchange price at the beginning of the restricted period (as defined below) is less than 110% of the offer price of the underlying

security on the principal market where the underlying security is traded.

6.1.2 A "wide distribution" means a series of distribution principal trades to not less than 25 separate and unrelated client accounts, no one of which participate to the extent of more than 50% of the total value of the distribution

Restrictions

6.1.3 During the restricted period, a restricted User shall not bid for or purchase an OTC security that is being distributed or that is related to a security being distributed except as follows:

Distributed Securities

6.1.4. Restricted User Not Short. A restricted User that is not short the OTC security being distributed may bid for or purchase it at or below the lower of the highest independent bid price at the time of the bid or purchase and the distribution price.

(a) A restricted User may bid for or purchase the OTC security being distributed at or below the distribution price.

(b) A restricted User that makes an initial bid below the distribution price shall not raise that bid price during the restricted period.

6.1.5. Restricted User Short. A restricted User that is short the OTC security being distributed may bid for or purchase it at or below the distribution price.

Related Securities

6.1.6. A restricted User may bid for or purchase a related OTC security at or below the highest independent bid price.

6.1.7. If there is no independent bid price for a related OTC security, a restricted User shall not bid for or purchase that security without the prior consent of CUB.

(a) A bid price is "independent" if it is for the account of a User that is not involved in the distribution or is involved only as a member of a selling group.

(b) A restricted User shall not solicit purchase orders for the OTC security being distributed or any related OTC security during the restricted period except orders to purchase OTC securities being sold pursuant to the distribution.

(c) The above restrictions do not affect sales by restricted Users to unsolicited client buy orders. In the case of an OTC security that will be listed on the Toronto Stock Exchange ("TSE") or the Canadian Venture Exchange Inc. ("CDNX") and until such time as the OTC security is actually listed and posted for trading on the TSE or CDNX and the TSE's or CDNX's market stabilization rules apply, Users must comply with the above market stabilization restrictions.

All Users

6.2. The restrictions on trading during a distribution set out in this part 6.2 entitled "All Users" apply to all Users

Restrictions

6.2.1 During the restricted period, no User shall participate in a trade of an OTC security that is being distributed or that is related to an OTC security being distributed involving a purchase by or on behalf of:

(a) the issuer of the OTC security;

(b) a selling OTC security holder whose securities are being distributed

(c) an affiliate of the issuer or selling OTC security holder; or

(d) a person acting jointly or in concert with any of the foregoing.

6.3. The "restricted period" begins on the later of:

6.3.1. the ninth trading day (or, in the case of a OTC security that is related to a TSE or CDNX-listed security, the second trading day) prior to the date on which the offering price of the OTC securities to be distributed is determined; and

6.3.2. the date on which the restricted User agrees to participate in a distribution, whether or not the terms and conditions of such participation have been agreed upon.

6.3.3. The restricted period ends on the earlier of:

(a) the ninth trading day (or, in the case of a OTC security that is related to a TSE or CDNX listed security, the second trading day) prior to the date on which the offering price of the OTC securities to be distributed is determined; and

(b) the date on which the restricted User has sold all of the OTC securities allotted to it (including all securities acquired by it in connection with the distribution) and any stabilization arrangements to which it is a party have been terminated; and

(c) the date on which the distribution has been terminated pursuant to applicable securities legislation,

provided that, if purchasers of 5% or more of the OTC securities allotted to or acquired by a restricted User in connection with a distribution give notice that they intend to exercise their statutory rights of withdrawal, the restricted period shall again apply to that User until the OTC securities are resold or the distribution ends, as provided above. Securities are not considered "sold" before the receipt for the final prospectus has been issued.

7. Disclosure of Interest or Control

7.1. Any User that is an insider (as that term is defined in the Act) or is controlled by, directly or indirectly, controls, or is under common control of any issuer must disclose to its customers prior to, and confirm, in writing, at the time of buying or selling any OTC security of such an issuer, the nature and existence of any such relationship.

8. System Failures

8.1. Trades made during an OTC system power failure or any other event that would fully or partially disable the system or cause it to malfunction must be reported on the system immediately upon the system being available to accept such data.

9. Settlement Rules

9.1. The settlement of transactions shall conform to the rules and practices of the TSE, CDNX and The Canadian Depository for Securities Limited.

C. Fees And Charges

1. Every User shall pay the applicable OTC System fees.

2. All fees and charges of CUB, including, but not limited to, the fees charged for transaction reports shall be determined by CUB's board of directors.

D. Access

1 Where the Commission has provided CUB with information relating to:

1.1. disciplinary or other action the Commission determines to take against a User which, in the Commission's view will have a material impact on the User's participation in the OTC System; or

1.2. the issuers of OTC Securities, registrants under the Act or any other persons that leads the Commission to believe that there has been or will be a breach of the terms and conditions of Part VI.

2. CUB may suspend the Users access to the OTC System pending a determination by the Commission in respect of such matters.

3. Where CUB has referred any matter relating to a suspected violation by a User of the OTC Terms and Conditions, CUB may suspend the Users access to the OTC System pending a determination by the Commission in respect of such matters.

4 Where the Commission has notified CUB that a User has violated the OTC Terms and Conditions, CUB may terminate the User's access to the OTC System

E. Miscellaneous

1. All references to a "business day" in this Schedule "A" shall mean any day from Monday to Friday inclusive.

2. All references to a time of day in the Schedule "A" shall mean Eastern Standard Time.

Schedule "B" to User Agreement

Canadian Unlisted Board Inc. User and Transaction Fees

1. USER TRANSACTION FEE
$1.95/trade (each side)

2. USER FEE:

Monthly Fee of $150.00
per Employee CUB access ID granted,
up to a maximumof $500.00/month per User

SCHEDULE "E"

REVISIONS TO CORPORATE FINANCE MANUAL
RE: REPORTING ISSUER STATUS OF EXCHANGE LISTED ISSUERS

Policy 1.1 – Interpretation

The following definitions will be added to Policy 1.1:

" BHs" means those beneficial shareholders of an Issuer that are included in either:

(a) a DSR for the Issuer and whose shares were disclosed in the Issuer's books and records or list of registered shareholders as being held by an intermediary; or

(b) after the implementation of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, a NOBO list for the Issuer.

" DSR" means the Demographic Summary Report available from the International Investors Communications Corporation ("IICC").

" NOBO list" refers to a 'non-objecting beneficial owner list' as currently defined in Proposed National Instrument 54-101 or as defined in the final form of the instrument.

"NOBOs" refers to non objecting beneficial owners as currently defined in Proposed National Instrument 54-101 or as defined in the final form of the instrument.

"RHs" means the registered shareholders of the Issuer that are beneficial owners of the equity securities of the Issuer. For the purposes of this definition, where the beneficial owner controls or is an affiliate of the registered shareholder, the registered shareholder shall be deemed to be the beneficial owner.

" Significant Connection to Ontario" exists where an Issuer has:

(a) RHs and BHs resident in Ontario who beneficially own more than 20% of the total number of equity securities beneficially owned by the RHs and the BHs of the Issuer; or

(b) its mind and management principally located in Ontario and has RHs and BHs resident in Ontario who beneficially own more than 10% of the number of equity securities beneficially owned by the RHs and the BHs of the Issuer.

The residence of the majority of the board of directors in Ontario or the residence of the President or the Chief Executive Officer in Ontario may be considered determinative in assessing whether the mind and management of the Issuer is principally located in Ontario.

Policy 2.3 – Listing Procedures

The following section 4 will be added to Policy 2.3:

4. Significant Connection to Ontario

4.1 Where it appears to the Exchange that an Issuer undertaking an Initial Listing on the Exchange has a Significant Connection to Ontario, the Exchange will, as a condition of its acceptance of the Initial Listing, require the Issuer to provide the Exchange with evidence that it has made a bona fide application to become a reporting issuer in Ontario.

Policy 2.4 – Capital Pool Companies

The following subsection 12.6 will be added to Section 12, *Qualifying Transaction*, of Policy 2.4:

12.6 Assessment of a Significant Connection to Ontario

(a) Where a Resulting Issuer will have a Significant Connection to Ontario, it must be a reporting issuer in Ontario at the Completion of the Qualifying Transaction.

Policy 2.9 – Trading Halts, Suspensions and Delisting

The following clause (h) will be added to section 3.1, *Reasons for Suspension*, of Policy 2.9:

3.1 The Exchange may impose a suspension in a variety of circumstances including where:

(h) an Issuer fails to comply with a direction or requirement of the Exchange to make application for and obtain reporting issuer status in Ontario when it has a Significant Connection to Ontario.

Policy 3.1 – Directors Officers and Corporate Governance

The following sections will be added to Policy 3.1:

Subsection 2.8 will be added to section 2, *Directors and Management Qualifications:*

2.8. Where an Issuer has a Significant Connection to Ontario, the Exchange may refuse to grant Exchange Acceptance of any application relating to the acceptability of any director, officer or Insider, or revoke, amend or impose conditions in connection with a previous Exchange Acceptance of any such application, until such time as the Issuer has complied with a direction or requirement of the Exchange to make application or to become a reporting issuer in Ontario (See section 19, *Assessment of a Significant Connection to Ontario* of this Policy).

Subsection 12.3 will be added to section 12, *Management Compensation and Compensation Committee*:

12.3 The Exchange may refuse to accept any application that would provide remuneration, compensation or incentive to the directors, officers or Insiders of the Issuer until such time as the Issuer has complied with a direction or requirement of the Exchange to make application or to become a reporting issuer in Ontario where the Issuer has a Significant Connection to Ontario. (See section 19, *Assessment of a Significant Connection to Ontario* of this Policy).

Section 19 will be added to Policy 3.1

19. Assessment of a Significant Connection to Ontario

19.1 Effective June 30, 2001 all Issuers, that are not otherwise reporting issuers in Ontario, are required to immediately assess whether they have a Significant Connection to Ontario.

19.2 Where an Issuer, that is not otherwise a reporting issuer in Ontario, becomes aware that it has a Significant Connection to Ontario as a result of complying with subsection 19.1 above or otherwise, the Issuer is required to immediately notify the Exchange, and promptly make a bona fide application to the Ontario Securities Commission to be deemed a reporting issuer in Ontario. The Issuer must become a reporting issuer in Ontario within six months of becoming aware that it has a Significant Connection to Ontario.

19.3 All Issuers, that are not otherwise reporting issuers in Ontario, are required to assess on an annual basis, in connection with the preparation for mailing of their annual financial statements, whether they have a Significant Connection to Ontario. All Issuers must obtain and maintain for a period of three years after each annual review, evidence of the residency of the RHs and BHs of the Issuer.

19.4 If requested, Issuers must provide the Exchange with evidence of the residency of their NOBOs.

SCHEDULE F

POLICY 5.9

INSIDER BIDS, ISSUER BIDS, GOING PRIVATE TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Scope of Policy

This Policy is not effective until June 30, 2001.

This Policy incorporates Ontario Securities Commission ("OSC") Rule 61-501, Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions (the "OSC Rule"), together with the Companion Policy 61-501CP (the "OSC Policy"), as they exist as at September 1, 2000 as a policy of the Exchange, subject to certain modifications. In addition to the stated exemptions in the OSC Rule, this Policy also provides certain **additional exemptions**. A complete copy of the OSC Rule and OSC Policy can be found on the OSC's website at **www.osc.gov.on.ca.** The text of the OSC Rule and OSC Policy have also been incorporated, respectively, as Appendix 5B and Appendix 5C to the Exchange's Corporate Finance Manual.

The main headings of this Policy are:

1. Definitions
2. Effective Date of this Policy
3. Application of the OSC Rule and OSC Policy
4. Exchange Valuation Exemptions

1. Definitions

1.1 Definitions contained in the OSC Rule and OSC Policy that are inconsistent with definitions contained within other Exchange policies shall be applicable only to the interpretation of this Policy.

1.2 References in the OSC Rule and OSC Policy to the "Director", for the purposes of this Policy, shall refer to a Vice-President, Corporate Finance of the Exchange.

1.3 "Feasibility Study" for the purpose of this Policy, means a comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail to serve as the basis for a qualified person experienced in mineral production activities, acting reasonably, to make a final decision on whether to proceed with development of the deposit for mineral production.

1.4 "Independent Committee" for the purpose of this Policy, means a committee consisting exclusively of two or more Independent Directors.

1.5 "Independent Directors" for the purpose of this Policy, means for an Issuer, a director who is neither an employee, senior officer, Control Person or management consultant of the Issuer or its Associates or Affiliates and is otherwise independent as determined in accordance with section 7.1 of the OSC Rule.

1.6 "Related Party" and "Related Party Transaction" have the meaning ascribed to such terms in the OSC Rule.

1.7 "Unrelated Investors" for the purpose of this Policy, means Persons who are not Related Parties of the Issuer or the Target Issuer and who are not members of the Pro Group.

2. Effective Date of this Policy

2.1 This Policy shall become effective June 30, 2001 (the "Effective Date"). Prior to the Effective Date of this Policy, the Exchange may nevertheless use this Policy as a guideline.

3. Application of the OSC Rule and OSC Policy

3.1 The Exchange considers it appropriate to have policies providing guidance in respect of insider bids, issuer bids, going private transactions and related party transactions, and in particular concerning the circumstances in which disinterested shareholder approval, valuations, independent board committee approval and enhanced disclosure are required. On May 1, 2000, the OSC Rule and the OSC Policy became effective, replacing the former OSC Policy 9.1. Although the Exchange is considering adoption of its own separate policy, the Exchange considered the OSC Rule and the OSC Policy and determined that in an effort to create a national, harmonized set of rules, it would adopt the OSC Rule and the OSC Policy as a CDNX policy.

3.2 On the Effective Date, this Policy will apply to all Issuers listed on CDNX or seeking listing on CDNX, regardless of whether the Issuer is a reporting issuer in Ontario. References in either the OSC Rule or the OSC Policy to their application to Ontario reporting issuers, for the purposes of this policy, shall be considered to be references to Issuers listed on CDNX.

3.3 Subject to the modifications described in this Policy, and in particular the additional exemptions set forth in section 4 of this Policy, the OSC Rule and the OSC Policy are adopted, in their entirety, as a Corporate Finance policy of the Exchange as at the Effective Date.

3.4 Prior to the Effective Date, the Exchange will be reviewing its other corporate finance policies to minimize any conflicts or inconsistencies created by the introduction of this Policy and to provide appropriate cross-references and clarifications.

3.5 A number of Exchange policies may be impacted by the adoption of the OSC Rule and the OSC Policy, including the following:

(a) Policy 2.4, Capital Pool Companies,
(b) Policy 4.1, Private Placements,
(c) Policy 5.2, Changes of Business and Reverse Take-Overs,
(d) Policy 5.3, Acquisitions and Dispositions of Non-Cash Assets,
(e) Policy 5.5, Stock Exchange Take-Over Bids and Issuer Bids, and
(f) Policy 5.6, Normal Course Issuer Bids.

4. Exchange Valuation Exemptions

4.1 The OSC Rule contains various provisions exempting issuers from its application. In regard to valuations, the OSC Rule sets out various situations in which an Issuer is exempt from the requirement to obtain an independent valuation. In addition to the stated exemptions in the OSC Rule and subject to sections 4.3 and 4.4 below, the Exchange will also generally exempt an Issuer from the requirement of an independent valuation ("Exchange Valuation Exemptions") in the course of Exchange acceptance of a Related Party Transaction in connection with a:

- Qualifying Transaction by a CPC;
- Change of Business;
- Reviewable Acquisition;
- Reviewable Disposition; or
- Reverse Take-Over or such other transaction deemed to be a Reverse Take-Over by the Exchange notwithstanding that the transaction may not be a reverse take-over for accounting purposes;

provided that one of the following circumstances is met:

(a) the fair market value of the assets, business or securities is "indeterminate" with reference to the criteria described in section 4.5 below; or

(b) the transaction constitutes the acquisition or disposition of an oil and gas property in North America and the Issuer has obtained an independent engineering or geological report, which provides a value of proved and probable reserves based on constant dollar pricing presented at discount rates of 10%, 15% and 20%, with probable reserves discounted a further 50%; or

(c) the transaction constitutes the acquisition or disposition of a mineral resource property and the Issuer has obtained a Feasibility Study based on proven and probable reserves that demonstrates a minimum three year mine life; or

d) the transaction constitutes an acquisition by either a CPC or an Issuer that does not meet Tier 2 Tier Maintenance Requirements such that the Issuer could be designated Inactive, and the consideration to be paid consists solely of equity securities of the Issuer and the Issuer is conducting a concurrent financing constituting the issuance of equity securities provided that:

(i) the product obtained by multiplying the gross proceeds of the financing by the inverted fractional interest that the concurrent financing subscribers will own

of the Issuer, less net tangible assets of the Issuer, is equal to or greater than the total of the deemed value of the securities being issued for the assets, business or securities to be acquired;

(ii) Unrelated Investors purchase equity securities in the concurrent financing representing 20% or more of the total issued and outstanding equity securities of the Issuer after giving effect to both the concurrent financing and the transaction; and

(iii) Unrelated Investors contribute at least 2/3 of the aggregate proceeds of the concurrent financing.

Eg. An Issuer has outstanding 5,000,000 Listed Shares and is conducting an acquisition of a private start-up technology company, Targetco. The purchase price for all of the issued and outstanding shares of Targetco is to be the issuance by the Issuer of 10,000,000 Listed Shares at $0.30 (ie. a deemed value of $3,000,000) to acquire all of the issued and outstanding shares of Targetco. Concurrently with the acquisition, the Issuer is conducting a financing to arm's length subscribers, issuing 5,000,000 Listed Shares at $0.30 to raise total gross proceeds of $1,500,000. In this example, the Issuer has no net tangible assets other than the cash raised on the financing in the amount of the $1,500,000.

The subscribers to the concurrent financing will own 25% of the Resulting Issuer, assuming completion of both the acquisition and the financing. Accordingly, the required 20% minimum has been met and the financing can be used as an alternative method of valuation.

Based on the financing, the Exchange will accept a deemed value for Targetco of up to $4,500,000.

The $4,500,000 is calculated by multiplying the gross proceeds of the concurrent financing (ie. $1,500,000) by the inverted fractional interest that the concurrent financing subscribers will own of the Resulting Issuer. (ie. 25% is 25/100 which, when inverted is 100/25) less net tangible assets of the Issuer (which, in this case, are confined to $1,500,000). $4,500,000 ($1,500,000 x 100/25 - $1,500,000) is the maximum deemed value attributable to Targetco. Since the Issuer only intends to pay a deemed price of $3,000,000, the consideration to be paid is acceptable.

4.2 Subject to sections 4.3 and 4.4 below, an Exchange Valuation Exemption will also generally be available to an Issuer in the course of Exchange acceptance of a Private Placement which is a Related Party Transaction:

(a) where the fair market value of the Issuer's securities is "indeterminate" with reference to the criteria described in section 4.5 below; or

(b) where:

(i) a liquid market (as defined in paragraph 1.3(1)(a) of the OSC Rule) does not exist for the securities of the Issuer at the time the transaction is agreed to;

(ii) the Exchange's normal pricing policies will be applied in fixing the price of the equity securities purchased on the Private Placement;

(iii) Unrelated Investors contribute at least 2/3 of the aggregate proceeds of the Private Placement; and

(iv) the pro rata share of the total issued and outstanding equity securities of the Issuer owned by any Related Party of the Issuer will not increase after giving effect to the Private Placement.

4.3 Where an Issuer relies upon the Exchange Valuation Exemptions:

(a) the Issuer must provide to the Exchange a certificate in accordance with section 4.4 below, executed by either a majority of the board of directors of the Issuer which must include two or more Independent Directors or an Independent Committee;

(b) the contents of the Certificate must be disclosed in any Information Circular or Filing Statement provided to shareholders in connection with the transaction; and

(c) any securities issued in consideration for such assets, business or securities will be subject to escrow or other resale restrictions as prescribed by the Exchange. See Policy 5.4 - Escrow and Vendor Consideration.

4.4 The certificate referred to in section 4.3 above shall provide:

(a) disclosure with respect to the Exchange Valuation Exemption being relied upon and the basis for such reliance;

(b) disclosure of the manner in and basis upon which price or value was determined;

(c) that either a majority of the board of directors of the Issuer including two or more Independent Directors or the Independent Committee , having made reasonable inquiry, have:

(i) no knowledge of a Material Change or Material Fact concerning the Issuer or its securities that has not been generally disclosed; and

(ii) no reason to believe it is inappropriate to apply the Exchange's normal pricing policies; and

(d) in respect of the exemptions set forth in subsections 4.1(a) and 4.2(a) above, the certificate must also state that:

(i) either a majority of the board of directors of the Issuer including two or more Independent Directors or the Independent Committee , acting in good faith, reasonably believe that the fair market value of the assets, business or securities is "indeterminate" with reference to the criteria described in section 4.5; and

(ii) there has been disclosure of the manner and basis upon which the consideration to be paid for the assets, business or securities was determined including, without limitation, reference to net tangible asset value;

(e) in respect of the exemption set forth in subsection 4.1(d) above, the certificate must also state that:

(i) prior to making their investment, the Unrelated Investors will have received disclosure in the Information Circular or offering memorandum, as the case may be, of all matters relating to or affecting the concurrent financing and the transaction;

(ii) prior to voting on the transaction, the shareholders of the Issuer will have received disclosure in the Information Circular of all matters relating to or affecting the concurrent financing and the transaction; and

(iii) either a majority of the board of directors of the Issuer including two or more Independent Directors or the Independent Committee, having made reasonable inquiry, have no knowledge of any matter that might impact upon the deemed value determined in subsection 4.1(d).

(f) in respect of the exemption set forth in subsection 4.2(b) above, that the pro rata share of the total issued and outstanding equity securities of the Issuer owned by any Related Party of the Issuer will not increase after giving effect to the Private Placement.

4.5. The Exchange will generally consider assets, businesses or securities to be of "indeterminate" value where:

(a) the Issuer has demonstrated, to the satisfaction of the Exchange, a minimal history of commercial operations (less than one full fiscal year); and

(b) financial statements relating to such assets, business or securities evidence:

(i) no cumulative earnings since commencement of operations;

(ii) either no sales or revenues or minimal cumulative sales or revenues derived from operations (less than $1,000,000 since the commencement of operation of such assets or business); and

(iii) no positive cash flow or a minimal history of positive cash flow (two or fewer quarterly reporting periods).

4.6 The Exchange exemptions from the valuation requirements are only exemptions from the application of this Policy. An Issuer that is a reporting issuer in Ontario and is therefore directly subject to the OSC Rule and OSC Policy cannot rely upon the Exchange Valuation Exemptions to exempt them from the requirements of the OSC Rule and OSC Policy.

4.7. Where an Issuer is a reporting issuer in Ontario and the Issuer seeks an exemption from the OSC Rule or OSC Policy from the OSC, the Issuer must make application to the OSC with a copy of such application and all subsequent correspondence being provided to the Exchange. Where an exemption or waiver is permitted by the OSC, the Exchange will generally defer to the decision of the OSC.

4.8. Where an Issuer is not a reporting issuer in Ontario and is not directly subject to the OSC Rule and OSC Policy and seeks only an exemption from this Policy 5.9, the Issuer will make application for exemption or waiver of this Policy solely to the Exchange.

July 30, 2001

Stephen P. Sibold, Q.C.
Chair
Alberta Securities Commission
4th Floor, 300 - 5th Avenue S.W.
Calgary, Alberta
T2P 3C4

Dear Sir:

Re: **Continued Recognition of Canadian Venture Exchange Inc. ("CDNX")**
Following its Acquisition By The Toronto Stock Exchange Inc. ("TSE")

The TSE has seen a copy of the order (the "Order") of the Alberta Securities Commission (the "Commission") for the continued recognition of Canadian Venture Exchange Inc. ("CDNX") as an exchange under subsection 52(2) of the Securities Act. The TSE is aware that the Order will become effective on the date of closing of the acquisition of CDNX by the TSE. The TSE agrees with the terms and conditions of CDNX's continued recognition under the Order.

The TSE is making the following representations, acknowledgments and undertakings to the Commission in connection with the Order.

Performance of CDNX Functions

1. The TSE represents that, subject to paragraph 3, it will allocate sufficient financial and other resources to CDNX to ensure that CDNX can carry out its functions in a manner that is consistent with the public interest and the terms and conditions of the Order.

2. The TSE represents that it will cause CDNX to comply with the terms and conditions of the Order.

3. The TSE undertakes to notify the Commission

   a) at least six months before it voluntarily allocates financial and other resources to CDNX in a way that could reasonably be expected to have the effect of preventing CDNX from carrying out its functions in a manner that is consistent with the public interest and the terms and conditions set out in the Order; and

   b) immediately upon becoming aware that it is or will be unable to allocate sufficient financial and other resources to CDNX to ensure that it can carry out its functions in a manner that is consistent with the public interest and the terms and conditions of the Order.

4. The TSE acknowledges that the Ontario Securities Commission (the "OSC") will advise the Commission promptly, if the OSC

   a) becomes concerned about the financial viability of the TSE;

   b) is advised by the TSE that the TSE has failed to satisfy the financial tests set out in the TSE Recognition Order issued by the OSC on April 3, 2000 (the "OSC Recognition Order"); or

   c) is considering revoking or takes steps to revoke the recognition of the TSE.

5. The TSE undertakes to create an Advisory Board to the TSE Board with the mandate, composition and terms of reference set out in Schedule 2.4 of the Acquisition Agreement between the TSE and CDNX dated April 30, 2001.

Change in Control or Operations

6. The TSE undertakes to obtain the prior approval of the Commission before it or CDNX completes any transaction that would result in CDNX ceasing to be controlled by the TSE.

7. The TSE undertakes that CDNX will not cease to be a wholly-owned subsidiary of the TSE without the TSE

   a) providing the Commission at least three months prior notice of its intention; and

   b) complying with any terms and conditions the Commission may impose in the public interest.

8. The TSE will not complete any transaction that would result in CDNX ceasing to carry on business in Alberta, discontinuing, suspending or winding-up all or a significant portion of its operations, or disposing of all or substantially all of its assets without

a) providing the Commission at least six months prior notice of its intention; and

b) complying with any terms and conditions the Commission may impose in the public interest for the orderly discontinuance of its operations or the orderly disposition of its assets.

9. The TSE acknowledges that the OSC will promptly advise the Commission in writing if the OSC becomes aware of any impending change of control of the TSE or of an intention to by the TSE to cease operations or dispose of all or substantially all of its assets.

Systems

10. Upon transfer of CDNX listed securities to trading facilities operated by the TSE, the TSE undertakes to

a) meet standards equivalent to those set out in sub-paragraphs a) to f) of paragraph 30 of Schedule A to the order for the trading of CDNX listed securities;

b) adopt procedures that do not unreasonably discriminate against CDNX listed securities;

c) provide the same or better market and listed company surveillance tools as were provided by the trading facilities operated by CDNX prior to the transaction;

d) ensure that Capital Pool Companies and inactive issuers listed on CDNX are specifically designated as such in any trading and market data feeds provided by CDNX or by the TSE on CDNX's behalf; and

e) use commercially reasonable efforts to ensure that any display of trading and market data information to end-users includes the designation referred to in sub-paragraph d).

General

11. These representations, acknowledgments and undertakings will cease to have effect if

a) the Commission revokes the Order; or

b) CDNX ceases to carry on business after complying with any terms and conditions the Commission may impose.

Yours truly,

"Barbara Stymiest"
President and CEO
The Toronto Stock Exchange Inc.

cc: Mr. Doug Hyndman, BCSC
Mr. David A. Brown, OSC

July 31, 2001

Douglas M. Hyndman
Chair
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia
V7Y 1L2

Stephen P. Sibold, Q.C.
Chair
Alberta Securities Commission
4th Floor, 300 Fifth Avenue, S.W.
Calgary, Alberta
T2P 3C4

Dear Sirs:

Re: **Continued Recognition of the Canadian Venture Exchange Inc. ("CDNX")**
Following its Acquisition by The Toronto Stock Exchange (the "TSE")

The TSE entered into an Acquisition Agreement with CDNX dated April 30, 2001 under which the TSE will acquire all of the outstanding shares of CDNX and CDNX will become a for-profit corporation (the "Transaction"). The TSE and CDNX propose to close the Transaction on July 31, 2001.

By Recognition Order dated April 3, 2000 (the " Recognition Order"), the Ontario Securities Commission (the "OSC") recognized the TSE as a stock exchange in the Province of Ontario.

The Recognition Order requires the TSE to maintain sufficient financial resources for the proper performance of its functions as a stock exchange. Further, the TSE must notify the OSC in the event it fails to satisfy any of the liquidity measure, solvency ratio or financial leverage ratio tests outlined in Part 4 of the Recognition Order.

Part 6 of the Recognition Order also requires the TSE to meet certain requirements for each of its systems that support order entry, order routing, execution, data feeds, trade reporting and trade comparison and capacity and integrity requirements, including to promptly notify the OSC of material systems failures and changes.

Upon closing of the Transaction, the TSE will control whether CDNX can fulfill certain obligations that have been imposed or would have been imposed on CDNX by the Alberta Securities Commission and British Columbia Securities Commission as the lead regulators of CDNX (the "Lead Regulators").

Further to the Memorandum of Understanding between the Lead Regulators and the OSC dated September 18, 2000, the OSC agrees that:

As long as the OSC recognizes and acts as the lead regulator for the TSE, the OSC has undertaken to advise the Lead Regulators of certain matters or events that occur in the operations and business of the TSE because they may have an impact on the operations and business of CDNX and the recognition of CDNX by the Lead Regulators.

For as long as the OSC recognizes and acts as the lead regulator for the TSE, the OSC will promptly advise the Lead Regulators in writing, if the OSC

a) becomes concerned about the financial viability of the TSE;

b) is advised by the TSE that the TSE has failed to satisfy any of the financial tests set out in the Recognition Order;

c) is considering revoking or revokes its recognition of the TSE; or

d) becomes aware of any impending change of control of the TSE or of an intention by the TSE to cease operations or dispose of all or substantially all of its assets.

For as long as the OSC recognizes and acts as the lead regulator for the TSE, the OSC will, immediately upon receipt of same, provide to the Lead Regulators any reports provided to the OSC by the TSE regarding the results of any tests, reviews or monitoring performed by the TSE in connection with its systems.

Yours very truly,

"Howard I. Wetston"
Vice Chair

cc: Louyse Gauvin, BCSC
Patricia M. Johnston, ASC
Denise F. Hendrickson, ASC
Randee Pavalow, OSC

1.1.3 Assignment of Certain Powers and Duties of the OSC - Amendment to Executive Director's Designation and Determination

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

AND

IN THE MATTER OF
THE DESIGNATION BY THE EXECUTIVE DIRECTOR OF POSITIONS FOR THE PURPOSE OF THE DEFINITION OF "DIRECTOR" IN THE ACT

AND

IN THE MATTER OF
THE ASSIGNMENT OF CERTAIN POWERS AND DUTIES OF
THE ONTARIO SECURITIES COMMISSION

AMENDMENT TO EXECUTIVE DIRECTOR'S DESIGNATION AND DETERMINATION

WHEREAS:

A. on April 12, 1999 the Commission assigned, pursuant to subsection6(3) of the Act, certain of its powers and duties under the Act to each "Director" as that term is defined in subsection 1(1) of the Act, acting individually (the "Original Assignment");

B. the Original Assignment was amended on September 7, 1999 and February 15, 2000 (the Original Assignment as amended hereinafter referred to as the "Commission Assignment");

C. the Commission Assignment provides that the Executive Director of the Commission

(i) shall determine, from time to time, which one or more other Directors (in each case acting alone) should, as an administrative matter, exercise each of the powers or perform each of the duties assigned by the Commission to each Director, and

(ii) may, acting alone, also exercise each of such powers or perform each of such duties assigned by the Commission to each Director;

D. on April 12, 1999, the Executive Director made a Designation and Determination pursuant to the Original Assignment, which was also amended on September 7, 1999 (the "Prior Designation")

E. on February 15, 2000, the Executive Director revoked the Prior Designation and issued a new Designation and Determination (the "February 2000 Designation"), which designated in paragraph 2 thereof a number of positions, whether or not in an acting capacity, for the purposes of the definition of "Director" in the Act and also for the purpose of the Commission Assignment;

F. on October 13, 2000 and October 16, 2000, the Executive Director amended the February 2000 Designation (collectively the "October 2000 Designation") which designated in paragraph 2 thereof a number of positions, whether or not in an acting capacity, for the purposes of the definition of "Director" in the Act and also for the purpose of the Commission Assignment;

G. the Executive Director considers it necessary and desirable to amend the October 2000 Designation.

NOW, THEREFORE, the Executive Director hereby amends paragraph 2 of the October 2000 Designation by deleting clause (e) thereof and deleting clause (b) thereof and replacing it with a new clause (b) as follows:

(b) Senior Legal Counsel, Capital Markets Branch; Manager, Investment Funds, Regulatory Reform; and each Manager in the Capital Markets Branch of the Commission;

August 7, 2001.

"Charlie Macfarlane"

1.1.4 Approval of IDA - Rule Amendment, Late Filing Fees for Reports

INVESTMENT DEALERS ASSOCIATION OF CANADA BY-LAW AMENDMENT, LATE FILING FEES FOR REPORTS

NOTICE OF COMMISSION APPROVAL

On July 19, 2001, the Commission approved Amendments to By-laws 4.14, 7.6 and 18.18 of the Investment Dealers Association which have the effect of permitting the IDA to impose fees on Members for a failure by the Member to file, within the prescribed period, reports related to terms or conditions attached to the approval by the IDA of certain persons acting on behalf of the Member. The Amendments which were approved by the Commission had been published for comment in the April 6, 2001 Bulletin, at (2001) 24 OSCB 2279.

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 United Dominion Industries Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - reporting issuer deemed to have ceased to be a reporting issuer - one security holder.

Statutes Cited

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

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

AND

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

AND

IN THE MATTER OF
UNITED DOMINION INDUSTRIES LIMITED

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Ontario, Quebec, Newfoundland and Nova Scotia (the "Jurisdictions") has received an application from SPX Corporation ("SPX") and United Dominion Industries Limited ("UDI") (collectively, the "Applicants") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that UDI be deemed to have ceased to be a reporting issuer or the equivalent thereof under the Legislation;

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

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

1. The predecessor to UDI, "United Dominion Industries Limited", was incorporated under the *Canada Business Corporations Act* ("CBCA").

2. Pursuant to a plan of arrangement (the "Arrangement") under the CBCA effected on May 24, 2001, United Dominion Industries Limited amalgamated with SPX Mergeco Inc., an indirect wholly-owned subsidiary of SPX, to form UDI. Subsequent to the Arrangement, UDI has been continued under the *Companies Act* (Nova Scotia). UDI's registered office is located in Halifax, Nova Scotia.

3. UDI's Articles of Association contain restrictions on the transfer of its securities, limit the number of its security holders and prohibit UDI from offering any of its securities to the public.

4. As a result of the Arrangement, UDI became a reporting issuer or the equivalent thereof under the Legislation and is not in default of any requirement under the Legislation except the requirement to file interim financial statements for the period ended March 31, 2001.

5. UDI's authorized and issued capital consists of 9,385,029 common shares (the "Common Shares") having a par value, in the aggregate, of $1.00. Other than its common shares, UDI currently has no outstanding security, including debt securities.

6. As a result of the Arrangement, all of the outstanding Common Shares are owned by UDI Nova Scotia Holding Company, an indirect wholly-owned subsidiary of SPX. Consequently, UDI has only one holder of Common Shares and no other security holders.

7. UDI does not intend to seek public financing by way of offering of its securities.

8. The Common Shares were delisted from The Toronto Stock Exchange effective at the close of trading on May 25, 2001 and have been suspended from trading on the New York Stock Exchange on May 24, 2001 pending delisting. UDI has no securities listed or posted for trading on any other exchange or market.

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

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

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

July 10, 2001.

"John Hughes"

2.1.2 InfoInterActive Inc. - s. 9.1 of Rule 61-501

Headnote

Rule 61-501 - Going Private Transaction - employment agreements of officers/directors.

Statutes Cited

Business Corporations Act (Alberta), S.A. 1981, c.s-6.1, as am., s.186.

Rules Cited

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

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION RULE 61-501
("Rule 61-501")

AND

IN THE MATTER OF
INFOINTERACTIVE INC.

RULE 61-501
(Section 9.1)

UPON the application (the "Application") of InfoInterActive Inc. ("InfoInterActive") to the Director for a decision pursuant to section 9.1 of Rule 61-501 that, in connection with the proposed arrangement (the "Arrangement") involving InfoInterActive, its shareholders, optionholders and warrantholders (collectively, its "Securityholders"), America Online, Inc. ("AOL") and IAN Acquisition ULC ("Subco") pursuant to which Subco would become the sole owner of all outstanding securities of InfoInterActive, the Arrangement be exempt from the requirement to obtain a formal valuation for the Arrangement under section 4.4 of Rule 61-501 (the "Valuation Requirement");

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

AND UPON InfoInterActive having represented to the Director as follows:

1. InfoInterActive is incorporated under and governed by the *Business Corporations Act* (Alberta) (the "ABCA") and is a reporting issuer in the provinces of British Columbia, Alberta, Ontario, Québec and Nova Scotia. Its head office is located in Bedford, Nova Scotia.

2. InfoInterActive is engaged in the development and deployment of enhanced network-based services combining telephone, wireless and Internet technologies.

3. AOL is incorporated under the laws of the State of Delaware and is not a reporting issuer or the equivalent in any Canadian jurisdiction.

4. AOL is a provider and developer of interactive services, Web brands, Internet technologies and electronic commerce services. AOL is a wholly-owned subsidiary of AOL Time Warner Inc., an integrated media and communications company.

5. Subco is an unlimited liability company under the *Companies Act* (Nova Scotia) and is an indirect wholly-owned subsidiary of AOL.

6. The authorized share capital of InfoInterActive consists of an unlimited number of common shares ("Common Shares") without par value, an unlimited number of First Preferred Shares and an unlimited number of Second Preferred Shares.

7. As of May 28, 2001, there were 19,817,671 Common Shares issued and outstanding, no First Preferred Shares outstanding, and no Second Preferred Shares outstanding.

8. In addition, as at May 28, 2001, the following securities convertible into Common Shares were outstanding:

   (a) 1,193,752 options ("Options") to purchase Common Shares; and

   (b) 868,404 common share purchase warrants ("Warrants"), each of which entitles the holder thereof to purchase one Common Share upon payment of C$3.00.

9. The Common Shares are listed on The Toronto Stock Exchange ("TSE") under the symbol "IIA" and on the NASDAQ Small Cap Market under the symbol "IIAA". On May 17, 2001, the last trading day prior to public announcement of the proposed Arrangement, the closing price of the Common Shares on the TSE was C$1.50 and on the NASDAQ was US$1.04.

10. As at May 28, 2001, William McMullin ("McMullin"), Michael Smith ("Smith"), and Patricia Murphy Muzyk ("Muzyk") (collectively, the "Key Employees"), each of whom is a senior officer of InfoInterActive, collectively owned, directly or indirectly, approximately 6.5% of the issued and outstanding Common Shares (8.0% on a fully diluted basis), as follows:

    (a) McMullin, Chief Executive Officer of InfoInterActive, owned, directly or indirectly, 1,044,321 Common Shares and 135,000 Options;

    (b) Smith, President and Chief Operating Officer of InfoInterActive, owned, directly or indirectly, 220,400 Common Shares and 125,000 Options; and

    (c) Muzyk, Secretary and Chief Financial Officer of InfoInterActive, owned, directly or indirectly, 22,000 Common Shares and 200,000 Options.

11. None of the Warrants are owned, directly or indirectly, by any of the Key Employees.

12. On May 18, 2001, InfoInterActive, AOL and Subco entered into an agreement (the "Acquisition Agreement") pursuant to which Subco will, subject to the satisfaction of certain conditions, including the requisite approval of Securityholders, acquire all of the issued and outstanding Common Shares by way of an arrangement under section 186 of the ABCA.

13. Under the Acquisition Agreement, InfoInterActive has agreed to call and hold a special meeting (the "Special Meeting") of Securityholders for the purpose of considering and approving the Arrangement. The Special Meeting is expected to be held on July 17, 2001.

14. InfoInterActive received an interim order (the "Interim Order") from the Court of Queen's Bench of Alberta on June 6, 2001 setting out the various procedural and administrative matters relating to the Special Meeting, including a determination that the shareholders, optionholders and warrantholders of InfoInterActive shall vote as a single class at the Special Meeting.

15. In connection with the execution of the Acquisition Agreement, certain Securityholders have entered into agreements ("Shareholder Agreements") with AOL and Subco pursuant to which such Securityholders have agreed, among other things and subject to certain conditions, to vote in favour of the Arrangement at the Special Meeting. Approximately 33% of the Common Shares (calculated on a fully diluted basis) are subject to Shareholder Agreements. Each of the Key Employees has entered into a Shareholder Agreement.

16. On June 11, 2001, InfoInterActive mailed to Securityholders a management information circular and proxy statement (the "Circular") in order to solicit proxies for the Special Meeting.

17. Among other things, the Plan of Arrangement contemplated by the Acquisition Agreement provides for the following:

    (a) each issued and outstanding Common Share shall be transferred to Subco in exchange for a cash payment of US$1.42 (approximately C$2.18 at the May 18, 2001 exchange rate);

    (b) subject to the approval of the board of directors of AOL's parent company, AOL Time Warner Inc., and to the receipt of all necessary approvals of Canadian regulatory authorities and Canadian stock exchanges (collectively, the "Approvals"), all outstanding Options shall be exchanged for options to purchase stock of AOL Time Warner Inc., the exercise price and number of such options to be determined by an exchange ratio that will be based on the closing price of AOL Time Warner Inc. common stock on the New York Stock Exchange immediately prior to the effective date of the Arrangement;

    (c) if the Approvals are not received by the effective time of the Arrangement, all outstanding Options shall be cancelled in exchange for a cash payment equal to the excess (if any) of US$1.42 over the exercise price of the cancelled Option (converted to U.S. dollars), with no consideration to be paid for Options having an exercise price per share greater than US$1.42; and

    (d) any Warrants outstanding as of the effective time of the Arrangement, all of which have exercise prices greater than US$1.42, shall be cancelled, and no consideration of any kind shall be paid in respect of such cancellation.

18. The respective obligations of AOL and Subco and/or of InfoInterActive under the Acquisition Agreement are subject to a number of conditions customarily found in agreements of this nature, including, among others, not more than 10% of the Common Shares (calculated on a fully diluted basis) being held by Securityholders who exercise their dissent rights under the Interim Order.

19. The respective obligations of AOL and Subco under the Acquisition Agreement are also conditional on continuing employment agreements being in effect with certain current employees of InfoInterActive, one of which is McMullin, and including at least seven of eight other designated employees (which include Smith) and at least 80% of InfoInterActive's full-time technology staff.

20. McMullin and Smith, both of whom are senior officers of InfoInterActive, have entered into continuing employment agreements (the "Continuing Agreements") with AOL and InfoInterActive that provide for their continued service to InfoInterActive following completion of the Arrangement. The Continuing Agreements are conditional on the closing of the Arrangement, and amend certain of the terms under which such executives are currently employed by InfoInterActive.

21. In addition, AOL and InfoInterActive have offered to continue to employ Muzyk for a three-month transitional period following completion of the Arrangement, on terms (the "Transition Terms") that differ in certain respects from those pursuant to which Muzyk is currently employed by InfoInterActive.

22. The Continuing Agreements and the Transition Terms (collectively, the "Employment Arrangements") were negotiated on an arm's length basis, independently of the Acquisition Agreement.

23. Under their current terms of employment, each of the Key Employees:

    (a) is paid an annual salary (subject to discretionary increases each year) of:

        (i) McMullin - C$150,000;
        (ii) Smith - C$135,000; and
        (iii) Muzyk - C$125,000

    (b) is entitled to participate in the InfoInterActive bonus plan, pursuant to which each executive has a target bonus of 50% of base salary, with

the following amounts actually paid to the Key Employees during the fiscal year ended December 31, 2000:

(i) McMullin - C$28,125 (18.75% of base salary);
(ii) Smith - C$32,062 (23.75% of base salary); and
(iii) Muzyk - C$23,437 (18.75% of base salary);

(c) is eligible to receive Options under InfoInterActive's stock option plan, pursuant to which the following Options grants were made to the Key Employees during the fiscal year ended December 31, 2000:

(i) McMullin - 100,000 Options;
(ii) Smith - 100,000 Options; and
(iii) Muzyk - 100,000 Options;

(d) is entitled to participate in InfoInterActive's benefits and perquisites program; and

(e) in the event of termination of employment (except for just cause), is entitled to receive, in lieu of notice, a cash severance payment based upon current base salary, target bonus payments and the Corporation's cost of benefits and perquisites for a period equal to one month for every year of service with InfoInterActive, subject to a minimum of twelve months and a maximum of 24 months.

24. If the Arrangement is completed, then pursuant to the Continuing Agreements each of McMullin and Smith will earn the following:

(a) a one-time signing bonus (to be refunded *pro rata* if he resigns within one year after closing of the Arrangement) of C$25,000;

(b) an annual salary of:

(i) McMullin – C$225,000; and
(ii) Smith – C$200,000;

(c) eligibility to participate in AOL's Management Incentive Plan with a targeted bonus of up to 35% of annual base salary if he and AOL meet established performance objectives;

(d) stock options to purchase common shares of AOL Time Warner Inc. (subject to regulatory requirements and board approval), vesting equally over a four-year period, as follows:

(i) McMullin – 150,000 options; and
(ii) Smith – 125,000 options;

(e) health, disability and life insurance benefits consistent with those generally offered by AOL to its employees; and

(f) in the event that his employment is terminated without cause during the first year, he would receive as severance his base compensation through the termination date plus a lump sum payment equal to twelve months' base compensation. Any severance benefits payable in respect of a cessation of employment after the first year of employment will be determined by laws of general application or will be confirmed in writing at the time of departure.

25. In connection with the making of the Continuing Agreements, each of McMullin and Smith has also executed a confidentiality, non-competition and proprietary rights agreement and a general release and waiver in favour of AOL and InfoInterActive.

26. The compensation to be paid under the Continuing Agreements is consistent with that paid to similarly situated employees of AOL and by relevant peer employers in the marketplace.

27. If the Arrangement is completed then, pursuant to the Transition Terms, Muzyk will receive:

(a) for a three-month period (the "Transition Period") following completion of the Arrangement, a base salary equal to an annualized C$150,000, plus ordinary benefits;

(b) in accordance with the bonus payment policy that will apply to all employees of InfoInterActive in respect of that portion of fiscal 2001 preceding the Arrangement, 75% of her target bonus (which, as an executive of InfoInterActive, is targeted at 50% of base salary) in respect of that portion of fiscal 2001 during which she is actually employed by the company, prorated to the end of her employment;

(c) upon completion of the Transition Period, a lump sum severance payment equal to 18 months' base salary plus target bonus and InfoInterActive's cost of benefits for such period, and executive outplacement services for one year following the Transition Period, all in accordance with InfoInterActive's current severance policy for executive officers; and

(d) upon completion of the Transition Period, a retirement allowance equal to C$50,000.

28. The severance component of the Transition Terms is consistent with the severance benefits to which Muzyk is already entitled pursuant to the severance policies in effect for InfoInterActive executives.

29. If the Arrangement is completed, each of the Key Employees will only be entitled to receive, directly or indirectly, consequent upon the Arrangement, consideration per Common Share that is identical in amount and type to that paid to all other beneficial owners of Common Shares.

30. Other than pursuant to the Employment Arrangements, each of the Key Employees will not be entitled to receive consideration of greater value than that paid to all other beneficial owners of Common Shares.

31. Upon completion of the Arrangement, none of the Key Employees will beneficially own or exercise control or direction over any securities of InfoInterActive, and the sole holder of securities of InfoInterActive will be Subco.

32. The Employment Arrangements have been entered into for reasons other than to increase the value of the consideration payable pursuant to the Arrangement for the securities of InfoInterActive held by the Key Employees. The purpose of the Employment Arrangements is to assure the continued services of the Key Employees to the new owners of InfoInterActive in the event that the Arrangement is completed. The substantial expertise of the Key Employees, each of whom has played a key role in the successful development and management of InfoInterActive's business, will be of continuing value to the new owners of InfoInterActive should the Arrangement be completed.

33. The terms of the Employment Arrangements have been disclosed in the Circular.

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

IT IS DECIDED pursuant to section 9.1 of Rule 61-501 that, in connection with the Arrangement, InfoInterActive shall be exempt from the Valuation Requirement, provided that InfoInterActive complies with the other applicable provisions of Rule 61-501.

July 16, 2001.

"Ralph Shay"

2.1.3 Rogers Wireless Communications Inc. - s. 9.1 of Rule 61-501

Headnote

Rule 61-501 - Going Private Transaction - relief from requirement to provide a formal valuation in respect of non-cash consideration being offered in a transaction granted where non-cash consideration consists of highly liquid shares of an issuer with a very large market capitalization, subject to an opinion from an independent valuator that a valuation of the non-cash consideration is not required.

Ontario Rule Cited

Rule 61-501 - Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions, ss. 4.7, 6.3 and 9.1.

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION RULE 61-501
("RULE 61-501")

AND

IN THE MATTER OF
ROGERS WIRELESS COMMUNICATIONS INC.

RULE 61-501
(Section 9.1)

UPON the application (the "Application") of Rogers Wireless Communications Inc. ("RWCI") to the Director for a decision pursuant to section 9.1 of Rule 61-501 that, in connection with a going private transaction (the "Proposed Transaction") currently proposed to be carried out through the amalgamation of RWCI with a newly incorporated subsidiary of Rogers Communications Inc. ("RCI") pursuant to which RCI will acquire all of the RWCI Class B Restricted Voting Shares (the "RWCI Restricted Voting Shares") held by public shareholders of RWCI in exchange for RCI Class B Non-Voting Shares ("RCI Non-Voting Shares"), RWCI be exempt from the requirement under subsection 6.3(1)(d) of Rule 61-501 to obtain a formal valuation of the non-cash consideration being offered pursuant to the Proposed Transaction, provided RWCI complies with subsection 6.3(2) of Rule 61-501 other than clause (b)(i) thereof;

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

AND UPON RWCI having represented to the Director as follows:

1. RWCI is a corporation continued under the *Canada Business Corporations Act* ("CBCA").

2. RWCI is a reporting issuer (or equivalent) in each of the provinces of Canada and is not on the list of defaulting issuers maintained by the Commission.

3. The authorized capital of RWCI consists of an unlimited number of Class A Multiple Voting Shares (the "RWCI

Multiple Voting Shares"), without par value, an unlimited number of RWCI Restricted Voting Shares, without par value, and an unlimited number of First Preferred Shares (the "RWCI Preferred Shares"), issuable in series, without par value. As at May 31, 2001, 90,468,259 RWCI Multiple Voting Shares, 50,968,986 RWCI Restricted Voting Shares and no RWCI Preferred Shares were issued and outstanding.

4. The RWCI Restricted Voting Shares are listed and traded on The Toronto Stock Exchange (the "TSE") and the New York Stock Exchange (the "NYSE").

5. RCI and AT&T BT Canada JVII General Partnership ("JVII Partnership") (which is ultimately controlled by AT&T Wireless Services, Inc.) own, respectively, 62,820,371 and 27,647,888 RWCI Multiple Voting Shares, representing all the outstanding RWCI Multiple Voting Shares. RCI and JVII Partnership own, respectively, 11,395,802 and 20,948,549 RWCI Restricted Voting Shares, representing approximately 63% of the total outstanding RWCI Restricted Voting Shares.

6. RCI is a corporation continued under the *Companies Act* (British Columbia).

7. RCI is a reporting issuer (or equivalent) in each of the provinces of Canada and is not on the list of defaulting issuers maintained by the Commission.

8. The authorized share capital of RCI consists of 2 billion shares divided into 200,000,000 Class A Voting Shares (the "RCI Voting Shares") without par value, 1.4 billion RCI Non-Voting Shares with a par value of $1.62478 per share and 400,000,000 Preferred Shares (the "RCI Preferred Shares"), issuable in one or more series. As at May 31, 2001 there were outstanding 56,240,494 RCI Voting Shares, 152,566,709 RCI Non-Voting Shares, 139,755 Series B RCI Preferred Shares, 164,202 Series E RCI Preferred Shares, 105,500 Series XXIII RCI Preferred Shares, 253,500 Series XXVI RCI Preferred Shares, 150,000 Series XXVII RCI Preferred Shares, 30,000 Series XXIX RCI Preferred Shares, 818,300 Series XXX RCI Preferred Shares, 300,000 Series XXXI RCI Preferred Shares and 300,000 Series XXXII RCI Preferred Shares.

9. The RCI Voting Shares are listed and traded on the TSE. The RCI Non-Voting Shares are listed and traded on the TSE and the NYSE.

10. Subject to review of the Proposed Transaction by the Independent Committee (as defined in paragraph 16 below), RCI has requested that RWCI call a meeting of the RWCI shareholders (the "Meeting") to approve, among other matters, the Proposed Transaction. If the Proposed Transaction receives approval by the requisite shareholder votes at the Meeting (including approval by a majority of the votes cast by minority shareholders as required by section 4.7 of Rule 61-501), it is intended that the Proposed Transaction will be completed and all shareholders of RWCI (other than RCI and JVII Partnership) will exchange their RWCI Restricted Voting Shares for RCI Non-Voting Shares at the exchange ratio provided pursuant to the Proposed Transaction.

11. The completion of the Proposed Transaction is subject to a number of conditions including, without limitation, receipt of all applicable regulatory and shareholder approvals. The management information circular (the "Information Circular") to be prepared for the Meeting will comply, subject to receipt of the relief requested by this application, with the requirements of applicable corporate and securities laws and will provide that the holders of RWCI Restricted Voting Shares may dissent in respect of the Proposed Transaction in accordance with the provisions of the CBCA and be paid the fair value of their RWCI Restricted Voting Shares (subject to the right of the parties not to proceed with the Proposed Transaction in the event that dissents in respect of more than 1% of the outstanding RWCI Restricted Voting Shares are filed). The Information Circular will disclose, among other matters, that RWCI has no knowledge of any material non-public information concerning RWCI or its securities that has not been generally disclosed.

12. For the Proposed Transaction to be approved by shareholders in accordance with applicable corporate law, it must be approved by (i) at least 66⅔% of the votes cast by holders of RWCI Multiple Voting Shares and RWCI Restricted Voting Shares voting together, present or represented by proxy at the Meeting (including votes cast by RCI and JVII Partnership); and (ii) at least 66⅔% of the votes cast by the holders of the RWCI Multiple Voting Shares and RWCI Restricted Voting Shares voting separately, present or represented by proxy at the Meeting (including votes cast by RCI and JVII Partnership).

13. In addition, section 4.7 of Rule 61-501 requires that the Proposed Transaction be approved by a majority of the votes cast by minority shareholders (excluding votes cast by RCI and JVII Partnership), present or represented by proxy at the Meeting and entitled to vote on the Proposed Transaction.

14. Upon completion of the Proposed Transaction, RWCI will become wholly-owned by RCI and JVII Partnership.

15. RCI intends to vote all shares beneficially owned by it in favour of the Proposed Transaction. JVII Partnership has agreed in principle to support a going private transaction and RCI believes that JVII Partnership will agree to vote all RWCI shares beneficially owned by it in favour of the Proposed Transaction.

16. A committee of directors (the "Independent Committee") independent of RCI and JVII Partnership has been established by RWCI for the purpose of supervising the preparation of a formal valuation of the RWCI Restricted Voting Shares, reviewing the Proposed Transaction and making a recommendation to the Board of Directors of RWCI.

17. The Independent Committee has retained independent legal counsel and an independent investment advisor (the "Financial Advisor").

18. The Financial Advisor retained by the Independent Committee will prepare a formal valuation of the RWCI Restricted Voting Shares under the supervision of the Independent Committee. RCI understands that the Financial Advisor will also carry out sufficient valuation work with respect to RCI in order to come to an opinion whether a formal valuation of the RCI Non-Voting Shares is necessary (as contemplated by section 6.3(2)(c) of Rule 61-501).

19. Pursuant to the Proposed Transaction, RCI is offering 1.1 RCI Non-Voting Shares for each RWCI Restricted Voting Share.

20. A "liquid market" for the RCI Non-Voting Shares exists as defined in Rule 61-501 in that:

    (a) there is a published market for the RCI Non-Voting Shares (i.e., such shares are traded on the TSE),

    (b) during the period of 12 months before the date the Proposed Transaction was publicly announced,

        (i) the number of outstanding RCI Non-Voting Shares was at all times at least 5,000,000 shares (in fact, there were at least 147,857,000 RCI Non-Voting Shares outstanding) excluding RCI Non-Voting Shares beneficially owned, directly or indirectly, or over which control or direction was exercised, by related parties and RCI Non-Voting Shares that were not freely tradeable,

        (ii) the aggregate trading volume of the RCI Non-Voting Shares on the TSE was at least 1,000,000 RCI Non-Voting Shares (in fact, the trading volume was at least 219,100,000 RCI Non-Voting Shares),

        (iii) there were at least 1,000 trades in RCI Non-Voting Shares on the TSE (in fact, there were at least 100,209 trades), and

        (iv) the aggregate trading value based on the price of the trades referred to in clause (iii) was at least $15,000,000 (in fact, the trading value was at least $6,400,000,000), and

    (c) the market value of the RCI Non-Voting Shares on the TSE, as determined in accordance with Rule 61-501, was at least $75,000,000 for the calendar month of May 2000 (in fact, the market value was at least $2,790,000,000 for that month).

21. The RCI Non-Voting Shares being offered as consideration are freely tradeable.

22. The RCI Non-Voting Shares offered as consideration under the Proposed Transaction will constitute approximately 13.4% of the aggregate number of RCI Non-Voting Shares issued and outstanding, and 9.8% of the total number of RCI Voting Shares and RCI Non-Voting Shares issued and outstanding, immediately before the distribution of the RCI Non-Voting Shares in connection with the Proposed Transaction.

23. The Proposed Transaction constitutes a going private transaction under Rule 61-501. Unless discretionary relief is granted, RWCI would be subject to the requirement under subsection 6.3(1)(d) of Rule 61-501 to obtain a formal valuation in respect of the RCI Non-Voting Shares (the non-cash consideration being offered in the Proposed Transaction).

24. RWCI cannot rely upon the exemption from subsection 6.3(1)(d) of Rule 61-501 in subsection 6.3(2) of Rule 61-501 because the RCI Non-Voting Shares to be issued pursuant to the Proposed Transaction will constitute more than 10% (the "10% Limit") of the aggregate number of RCI Non-Voting Shares issued and outstanding immediately before the distribution of the RCI Non-Voting Shares pursuant to the Proposed Transaction.

25. Although the number of RCI Non-Voting Shares being issued in connection with the Proposed Transaction exceeds the 10% Limit,

    (a) holders of RWCI Restricted Voting Shares will be receiving a relatively small percentage of highly liquid securities of an issuer with an extremely large market capitalization; and

    (b) this relief is conditional upon the Financial Advisor being of the opinion that a valuation of the non-cash consideration is not required.

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

IT IS DECIDED pursuant to section 9.1 of Rule 61-501 that, in connection with the Proposed Transaction, the Corporation shall be exempt from the requirement under subsection 6.3(1)(d) of Rule 61-501 to obtain a formal valuation of the non-cash consideration being offered pursuant to the Proposed Transaction, provided RWCI complies with subsection 6.3(2) of Rule 61-501 other than clause (b)(i) thereof.

July 11, 2001.

"Kathryn Soden"

2.1.4 Voxcom Incorporated - s. 9.1 of Rule 61-501

Headnote

Rule 61-501 - Related party transactions - relief from valuation requirement granted for the proposed amendment to the terms of certain debentures held by a related party of the Applicant on the basis that any benefit that shareholders of the Company would receive from a formal valuation is outweighed by the costs of preparing such a valuation - the amended debentures only differ from the Existing Debentures in respect of four major terms, which can be easily evaluated by the Company's shareholders in connection with their minority approval of this transaction and full disclosure of the Proposed Amendments will be made to shareholders of the Company in the Information Circular and their approval will be sought in accordance with the requirements of 61-501 and the CDNX

Ontario Rules Cited

Rule 61-501 - Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions, ss. 5.4, 5.5 and 9.1.

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION RULE 61-501
("RULE 61-501")

AND

IN THE MATTER OF
VOXCOM INCORPORATED

RULE 61-501
(section 9.1)

UPON the application (the "Application") of Voxcom Incorporated (the "Company") to the Director for a decision pursuant to section 9.1 of Rule 61-501 that certain amendments to certain existing debentures held by Clairvest Group Inc. ("Clairvest") be exempt from Section 5.5 (the "Valuation Requirements") of Rule 61-501;

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

AND UPON The Company having represented to the Director as follows:

1. The Company is a corporation incorporated under the *Canada Business Corporations Act*.

2. The Company is a reporting issuer in Ontario and is not on the list of defaulting reporting issuers maintained by the Ontario Securities Commission (the "Commission").

3. The Company's authorized capital consists of an unlimited number of common shares ("Common Shares"), 40,000 Class "A" Performance Shares, Series I (non-voting), 40,000 Class "A" Performance Shares ("Class A Shares"), Series II (non-voting), 40,000 Class "A" Performance Shares, Series III (non-voting), 40,000 Class "A" Performance Shares, Series IV (non-voting) and 40,000 Class "A" Performance Shares, Series V (non-voting). As at July 30, 2001, there were 5,049,842 Common Shares and 200,000 Class "A" Shares issued and outstanding.

4. The Common Shares are listed on the Canadian Venture Exchange (the "CDNX"). The closing price of the Common Shares on the CDNX on July 17, 2001 was $1.60.

5. Clairvest is a corporation incorporated under the laws of the Province of Ontario.

6. Clairvest is a reporting issuer in Ontario and is not on the list of defaulting reporting issuers maintained by the Commission.

7. Clairvest is a related party of the Company for the purposes of Rule 61-501 by virtue of its holding of debentures of the Company. One debenture (the "First Debenture") was issued to Clairvest on December 20, 1996. The First Debenture is convertible into Common Shares, provides a pre-emptive right (the "Pre-emptive Right") to participate in any future financings and provides Clairvest with the right to nominate two representatives to the Board of Directors of the Company. A second debenture of the Company (the "Second Debenture") was issued to Clairvest on July 19, 1997 pursuant to the Pre-emptive Right in the First Debenture (collectively, the First Debenture and the Second Debenture are referred to herein as the "Existing Debentures"). If the Existing Debentures are converted into Common Shares, Clairvest will hold approximately 32% of the voting rights attached to all of the issued and outstanding voting securities of the Company.

8. The Existing Debentures can further be described as follows:

   a) The First Debenture is an 8% secured convertible grid debenture in the principal sum of $2,000,000. The First Debenture initially matured on December 20, 2000 but pursuant to an amending agreement was extended to July 18, 2001. The principal and interest under the First Debenture are convertible into Common Shares at a rate of $3.35 per share.

   b) The Second Debenture is an 8% secured convertible grid debenture in the principal sum of $3,000,000. The Second Debenture matured on July 18, 2001. The principal and interest are convertible into Common Shares at a rate of $3.50 per share.

9. The Company entered into a letter agreement dated July 12, 2001 as amended on July 25, 2001 (the "Letter Agreement") with Clairvest pursuant to which the Existing Debentures would be amended to extend their maturity dates to February 28, 2002 and potentially to July 18, 2002, subject to regulatory approval.

10. In connection with the extension of the maturity dates, the Company and Clairvest have agreed, among other things, as follows:

    (a) the interest rate on the Existing Debentures will be increased from 8% to 14% on the total amount, calculated on a semi-annual basis, compounded (if not paid) quarterly. Interest is payable in kind and added to the principal amount of the debentures;

    (b) Clairvest will be paid a fee equal to 0.8% of the principal and accrued interest of the Existing Debenture and effective as of July 18, 2001, payable in kind and added to the principal amount of the debentures. If Clairvest exercises its option to extend the maturity date beyond February 28, 2002, Clairvest will be paid an additional fee of 0.4% of the principal and accrued interest of the Existing Debentures, payable in kind and added to the principal amount of the debentures;

    (c) the Company will pay all third party and out of pocket costs and expenses of Clairvest respecting this transaction; and

    (d) the Existing Debentures will be amended to include a right in favour of Clairvest to delete the convertibility feature of the Existing Debentures and provide that upon exercise of that right, 3,813,613 warrants (the "Warrants") will separate from the Debentures. This number of Warrants is calculated by dividing the principal and accrued interest on the Existing Debentures at July 18, 2001, by $1.80. The Warrants will be exercisable into Common Shares of the Company at an exercise price of $1.80 per share for a period of 5 years.

11. In addition, as consideration for the extension of the maturity date, Clairvest will be paid a fee of approximately $55,000.

12. The amendments contemplated by the Letter Agreement (the "Proposed Amendments") constitute a related party transaction which is governed by, and not exempt from, Rule 61-501.

13. The total amount of principal and accrued interest owing pursuant to the Existing Debentures as at July 18, 2001 is $6,864,535.

14. As at July 18, 2001, being the maturity date for the Existing Debentures, the Company was unable to pay the indebtedness owing to Clairvest under the Existing Debentures.

15. At the Annual General and Special Meeting of Shareholders for the Company scheduled for September 5, 2001, the Company will seek the approval of disinterested shareholders for the Proposed Amendments in accordance with section 8.1 of Rule 61-501.

16. In connection with the September 5, 2001 meeting, shareholders of the Company will receive an information circular that will contain the information required pursuant to section 5.4 of Rule 61-501.

17. A formal valuation will create additional expense which will outweigh the benefit of the information it provides, since the disclosure of the terms of the Proposed Amendments will provide the Company's disinterested shareholders with the information they need to make a reasonably informed voting decision.

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

IT IS DECIDED pursuant to Section 9.1 of Rule 61-501 that, in connection with the Proposed Amendments, the Company shall not be subject to the Valuation Requirements of Rule 61-501, provided that the Company complies with the other applicable provisions of Rule 61-501 and any conditions imposed by the CDNX.

July 31, 2001.

"Ralph Shay"

2.1.5 Rogers Wireless Communications Inc.

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Exemption granted from the requirement to disclose executive compensation in Item 6 of Form 30 and indebtedness of directors, executive officers and senior officers in Item 7 of Form 30 in connection with the mailing of an information circular for a special shareholders' meeting approve a going private transaction. Relief granted because the excluded information had recently been publicly disclosed in connection with the issuer's annual meeting, there had been no material change in the excluded information since it was publicly disclosed, and the excluded information was not relevant to the matters under consideration at the special meeting.

Ontario Statues Cited

Securities Act, R.S.O. 1990, c.S.5, as am, ss.86(1) and 88(2)(b).

Ontario Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., Items 6 and 7 of Form 30.

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
ROGERS WIRELESS COMMUNICATIONS INC.

MRRS DECISION DOCUMENT

WHEREAS the local 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 Rogers Wireless Communications Inc. ("RWCI") for a decision pursuant to the Canadian securities legislation of the Jurisdictions (the "Legislation") that RWCI be exempted from the requirement to include disclosure in the Information Circular (as defined below) regarding executive compensation and indebtedness of directors, executive officers and senior officers (the "Required Disclosure") as otherwise required by the Legislation;

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

AND WHEREAS RWCI has represented to the Decision Makers that:

1. RWCI is continued under the *Canada Business Corporations Act* and is a reporting issuer (or equivalent) in each of the provinces of Canada and, to the best of its knowledge, is not in default of any requirement of the Legislation or the respective regulations or rules made thereunder.

2. Although RWCI's head office is located in the Province of Québec, the Québec Securities Commission (the "QSC") could not be selected to act as principal regulator, pursuant to section 3.2(1) of National Policy 12-201, Mutual Reliance Review System (the "Policy"), as RWCI does not require exemptive relief in the Province of Québec. The Province of Ontario is considered the jurisdiction with which RWCI has the next most significant connection and consequently, the OSC has been selected to act as principal regulator for this application, in compliance with section 3.2(2) of the Policy.

3. The authorized capital of RWCI consists of an unlimited number of Class A Multiple Voting Shares (the "RWCI Multiple Voting Shares"), without par value, an unlimited number of Class B Restricted Voting Shares (the "RWCI Restricted Voting Shares"), without par value, and an unlimited number of First Preferred Shares (the "RWCI Preferred Shares"), issuable in series, without par value. As at May 31, 2001, 90,468,259 RWCI Multiple Voting Shares, 50,968,986 RWCI Restricted Voting Shares and no RWCI Preferred Shares are issued and outstanding.

4. The RWCI Restricted Voting Shares are listed and traded on The Toronto Stock Exchange (the "TSE") and The New York Stock Exchange (the "NYSE").

5. Rogers Communications Inc. ("RCI") and AT&T BT Canada JVII General Partnership ("JVII Partnership") (which is ultimately controlled by AT&T Wireless Services, Inc.) own, respectively, 62,820,371 and 27,647,888 RWCI Multiple Voting Shares representing all the outstanding RWCI Multiple Voting Shares. RCI and JVII Partnership own, respectively, 11,395,802 and 20,948,549 RWCI Restricted Voting Shares, representing approximately 63% of the total outstanding RWCI Restricted Voting Shares.

6. RCI is a British Columbia corporation and is a reporting issuer (or equivalent) in each of the provinces of Canada and, to the best of its knowledge, is not in default of any requirement of the Legislation or the respective regulations or rules made thereunder.

7. The authorized share capital of RCI consists of 2 billion shares divided into 200,000,000 Class A Voting Shares (the "RCI Voting Shares"), without par value, 1.4 billion RCI Non-Voting Shares with a par value of $1.62478 per share and 400,000,000 Preferred Shares (the "RCI Preferred Shares"), issuable in one or more series. As

at May 31, 2001 there were outstanding 56,240,494 RCI Voting Shares, 152,566,709 RCI Non-Voting Shares, 139,755 Series B RCI Preferred Shares, 164,202 Series E RCI Preferred Shares, 105,500 Series XXIII RCI Preferred Shares, 253,500 Series XXVI RCI Preferred Shares, 150,000 Series XXVII RCI Preferred Shares, 30,000 Series XXIX RCI Preferred Shares, 818,300 Series XXX RCI Preferred Shares, 300,000 Series XXXI RCI Preferred Shares and 300,000 Series XXXII RCI Preferred Shares.

8. The RCI Voting Shares are listed and traded on the TSE. The RCI Non-Voting Shares are listed and traded on the TSE and the NYSE.

9. RCI has publicly announced a going private transaction (the "Proposed Transaction") which is currently proposed to be carried out through the amalgamation of RWCI pursuant to which RCI would acquire all of the RWCI Restricted Voting Shares held by public shareholders of RWCI in exchange for RCI Non-Voting Shares.

10. Subject to review of the Proposed Transaction by the Independent Committee referred to below, RCI has requested that RWCI call a shareholders meeting (the "Meeting") to approve, among other matters, the Proposed Transaction. If the Proposed Transaction receives approval by the requisite shareholder votes at the Meeting (including approval by a majority of the votes cast by minority shareholders as required by applicable securities legislation), it is intended that the Proposed Transaction will be completed and all shareholders of RWCI (other than RCI and JVII Partnership) will exchange their RWCI Restricted Voting Shares for RCI Non-Voting Shares at the exchange ratio provided pursuant to the Proposed Transaction.

11. The completion of the Proposed Transaction is subject to a number of conditions including, without limitation, receipt of all applicable regulatory and shareholder approvals. The management information circular (the "Information Circular") to be prepared for the Meeting will comply, subject to receipt of the relief requested herein and the relief described in paragraph 19, with the requirements of applicable corporate and securities laws and will provide that the holders of RWCI Restricted Voting Shares may dissent in respect of the Proposed Transaction in accordance with the provisions of the CBCA and be paid the fair value of their RWCI Restricted Voting Shares (subject to the right of the parties not to proceed with the Proposed Transaction in the event that dissents in respect of more than 1% of the outstanding RWCI Restricted Voting Shares are filed). The Information Circular will disclose, among other matters, that RWCI has no knowledge of any material non-public information concerning RWCI or its securities that has not been generally disclosed.

12. For the Proposed Transaction to be approved by shareholders in accordance with applicable corporate law, it must be approved by (i) at least 66c% of the votes cast by holders of RWCI Multiple Voting Shares and RWCI Restricted Voting Shares voting together, present or represented by proxy at the Meeting (including votes cast by RCI and JVII Partnership); and (ii) at least 66c% of the votes cast by the holders of the RWCI Multiple Voting Shares and RWCI Restricted Voting Shares voting separately, present or represented by proxy at the Meeting (including votes cast by RCI and JVII Partnership).

13. In addition, applicable securities legislation requires that the Proposed Transaction be approved by a majority of the votes cast by minority shareholders (excluding votes cast by RCI and JVII Partnership), present or represented by proxy at the Meeting and entitled to vote on the Proposed Transaction.

14. If the Proposed Transaction is completed, RWCI will become wholly-owned by RCI and JVII Partnership.

15. The Proposed Transaction constitutes a going private transaction under applicable securities legislation, and therefore, is subject to the formal valuation and minority approval requirements under such legislation.

16. A committee of directors (the "Independent Committee") independent of RCI and JVII Partnership has been established by RWCI for the purpose of supervising the preparation of a formal valuation of the RWCI Restricted Voting Shares and reviewing the Proposed Transaction and making a recommendation to the Board of Directors of RWCI.

17. The Independent Committee has retained independent legal counsel and an independent investment advisor (the "Financial Advisor").

18. The Financial Advisor retained by the Independent Committee will prepare a formal valuation of the RWCI Restricted Voting Shares under the supervision of the Independent Committee. The Financial Advisor will also carry out sufficient valuation work with respect to RCI in order to come to an opinion whether a formal valuation of the RCI Non-Voting Shares is necessary.

19. On June 20, 2001, RWCI applied to each of the OSC and the QSC for orders exempting it from the requirement to obtain a formal valuation of the RCI Non-Voting Shares in connection with the Proposed Transaction.

20. Unless a discretionary exemption is granted, the Legislation would require that the Information Circular include the Required Disclosure.

21. The annual general meeting for RWCI was held on April 11, 2001. Meeting materials sent to shareholders and filed with the securities regulators in respect of such meeting included the Required Disclosure. There has been no material change to the Required Disclosure as contained in those materials.

22. The Required Disclosure is not relevant to a shareholder's decision whether or not to vote in favour of the Proposed Transaction because the matters to be

determined at the Meeting do not relate to the performance or compensation of the directors or officers of RWCI.

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 RWCI is exempt from the requirement to include the Required Disclosure in the Information Circular.

July 13, 2001.

"Paul Moore" "J.A. Geller"

2.1.6 Verticore Communications Ltd. & Captivate Network, Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Registration and prospectus relief granted in respect of trades in shares of non-reporting U.S. issuer upon exercise of various rights attached to exchangeable securities of non-reporting Ontario issuer - first trade relief granted in respect of trades in shares of U.S. non-reporting issuer provided trades made over market outside of Ontario and de minimus market in Ontario at time trades are executed.

Applicable Ontario Statutes

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

Applicable Ontario Rules

Rule 45-501 Exempt Distributions, (1998) 21 O.S.C.B. 6548.

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

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

AND

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

AND

IN THE MATTER OF
VERTICORE COMMUNICATIONS LTD. AND CAPTIVATE NETWORK, INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan and Ontario (collectively, the "Jurisdictions") has received an application (the "Application") from Verticore Communications Ltd. ("Verticore") and Captivate Network Inc. ("Captivate") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that certain trades in securities of Captivate shall not be subject to 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 and receive receipts therefor (the "Prospectus Requirement");

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

AND WHEREAS Verticore and Captivate have represented to the Decision Makers that:

1. Verticore, a corporation incorporated under the laws of the Province of Ontario, is not a reporting issuer under the Legislation and has no intention of becoming a reporting issuer under the Legislation. Verticore is engaged in the electronic distribution and display of information and advertising in specific locations including elevator cabs and elevator waiting areas.

2. In order to provide better access to the United States capital markets, Verticore completed a reorganization (the "Reorganization") on August 22, 2000. As a result of the Reorganization, all of the common shares of Verticore are owned by 3044011 Nova Scotia Company ("Nova Scotia Subco"), which is a wholly owned subsidiary of Narrowcast Communications Corp. ("Narrowcast").

3. Narrowcast, a company organized under the laws of Delaware, is not a reporting issuer under the Legislation and has no intention of becoming a reporting issuer under the Legislation. None of Narrowcast's securities have been registered under the *United States Securities Act of 1933*, as amended, and none of its securities are publicly traded on any stock exchange or market. Narrowcast is engaged in the electronic distribution and display of information and advertising in specific locations including elevator cabs and elevator waiting areas.

4. Narrowcast has entered into an agreement and Plan of Merger (the "Merger Agreement") pursuant to which it has merged with BigFoot Merger Corp. (the "Merger"), a wholly owned subsidiary of Captivate effective as of March 30, 2001.

5. Captivate, a corporation organized under the laws of Delaware, is not a reporting issuer under the Legislation and has no intention of becoming a reporting issuer under the Legislation. None of Captivate's securities have been registered under the *United States Securities Act of 1933*, as amended, and none of its securities are publicly traded on any stock exchange or market. Captivate is engaged in the electronic distribution and display of information and advertising in specific locations including elevator cabs and elevator waiting areas.

6. Shareholders of Verticore previously held securities of Verticore which were exchangeable for securities of Narrowcast (the "Exchangeable Securities"). As a result of the Merger, the provisions of the Exchangeable Securities have been amended to provide for the right to exchange such securities for securities of Captivate as opposed to securities of Narrowcast. The Exchangeable Securities provide a holder with a security of a Canadian issuer having economic and voting rights which are, as nearly as practicable, equivalent to those of the corresponding class of securities of Captivate.

7. As part of the Merger, options to purchase an aggregate of approximately 1,348,500 Narrowcast shares were converted into options (the "Captivate Options") to purchase shares of Captivate Stock. Also as part of the Merger, warrants to purchase an aggregate of 3,763,400 Narrowcast shares became, by their terms, warrants to purchase shares of Captivate Stock ("Captivate Warrants").

8. The Merger was approved by the directors and shareholders of Verticore.

9. The share provisions attaching to the Exchangeable Securities, together with provisions contained in an amended exchange rights agreement, an amended and restated support agreement and an amended and restated voting trust agreement, each entered into concurrently with the Merger, provide mechanisms by which the Exchangeable Securities will be ultimately exchanged for securities of Captivate.

10. The holders of Exchangeable Securities have the right to exchange their Exchangeable Securities at any time through a retraction right attached to such securities, and will receive, on retraction, corresponding securities of Captivate. Upon the exercise of a retraction right by a holder, Captivate and Nova Scotia Subco have an overriding call right to purchase the Exchangeable Securities being retracted instead of Verticore. Holders of Exchangeable Securities also have a right to acquire corresponding Captivate securities upon a liquidation, dissolution or winding up of Verticore, again subject to a call right exercisable by Captivate or Nova Scotia Subco to purchase the Exchangeable Securities instead of Verticore. In the event that Verticore cannot or does not meet such obligations, a holder has a right to require Nova Scotia Subco to purchase its Exchangeable Securities in exchange for securities of Captivate. Verticore also has the right to redeem Exchangeable Securities from holders thereof in certain circumstances, subject to a call right by Captivate or Nova Scotia Subco. The retraction call right, liquidation call right and redemption call right described in this paragraph are referred to collectively as the "Call Rights". The various rights of holders of Exchangeable Securities to obtain Captivate securities described in this paragraph are referred to collectively as the "Exchange Rights".

11. As a result of the steps under the Merger and the attributes of the Captivate securities and Exchangeable Securities, the issuance of Captivate Stock upon the exercise of any Exchange Right and upon the exercise of the Captivate Options and Captivate Warrants involve or may involve trades and/or distributions under the Legislation for which no statutory exemptions from the Prospectus Requirement and Registration Requirement will be available.

12. It is expected that all future financings of Verticore and Captivate will be undertaken in the United States and that new investors will primarily be residents of the United States. No market for the securities of Captivate is expected to develop in the Jurisdictions. It is contemplated that Captivate will make its initial public offering, if any, in the United States and seek listing on the Nasdaq Stock Market.

13. If, as of the date of the Application, holders of Exchangeable Securities resident in the Jurisdictions exchanged such securities for securities of Captivate, they would hold approximately 12% of the shares of Captivate common stock, as converted, and would represent, in number, approximately 45% of the holders of shares of Captivate common stock, as converted.

14. All disclosure material furnished to holders of securities of Captivate resident in the United States will be provided to holders of the Exchangeable Securities and will be provided to all security holders of Captivate resident in the Jurisdictions.

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 Requirement and the Prospectus Requirement will not apply to any trade in Exchangeable Securities or Captivate securities that is made pursuant to the exercise of any of the Call Rights or Exchange Rights provided, however, that the first trade in Exchangeable Securities or Captivate securities that are acquired upon the exercise of any of the Call Rights or Exchange Rights and the first trade of Captivate securities that are acquired upon the exercise of the Captivate Options or Captivate Warrants shall be a distribution under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation"), unless:

A. (i) Captivate is a reporting issuer and has been a reporting issuer for at least 12 months in the relevant Jurisdiction;

(ii) if the seller is in a "special relationship" with Captivate, the seller has reasonable grounds to believe that Captivate is not in default under the Legislation, where, for these purposes, "special relationship" shall have the meaning ascribed to it in the Applicable Legislation; and

(iii) no unusual effort is made to prepare the market or to create a demand for securities of Captivate and no extraordinary commission or consideration is paid in respect of such first trade,

then such first trade is a distribution only if it is a trade made from the holdings of any person, company or combination of persons or companies holding a sufficient number of any securities of Captivate to affect materially the control of Captivate, but any holding of any person, company or combination of persons or companies, holding more than 20 percent of the outstanding voting securities of Captivate shall, in the absence of evidence to the contrary, be deemed to affect materially the control of Captivate (and, for such purposes, securities of Captivate and the Exchangeable Securities are considered to be of the same class); or

B. if Captivate is not a reporting issuer under the Applicable Legislation, such first trade is made through the facilities of a stock exchange outside Canada or on the Nasdaq Stock Market and at the time of such first trade, holders of common shares of Captivate (with holders of Captivate Exchangeable Securities considered to be holders of common shares of Captivate) whose last address as shown on the books of Captivate or Verticore, as the case may be, is in the Jurisdictions, do not hold more than 10% of the common shares of Captivate and represent in number, not more than 10% of the holders of common shares of Captivate; and

C. in either case, Verticore or Captivate shall provide each holder of Exchangeable Securities and each holder of Captivate Options or Captivate Warrants resident in the Jurisdictions with a copy of this MRRS Decision Document which outlines the limitations imposed upon the first trade of Captivate securities acquired pursuant to the exercise of any of the Call Rights or Exchange Rights or upon the exercise of the Captivate Options or Captivate Warrants.

August 3, 2001.

"Paul Moore" "Robert W. Davies"

2.1.7 CI Mutual Funds Inc. et al. - MRRS Decision

Headnote

MRRS Exemptive Relief Application-Extension of lapse date.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 62(5).

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

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS
AND IN THE MATTER OF
BPI American Equity Fund
BPI American Equity RSP Fund
BPI Global Equity Fund
BPI Global Equity RSP Fund
BPI International Equity Fund
BPI International Equity RSP Fund
Landmark American Fund (formerly, CI American Fund)
Landmark American RSP Fund (formerly, CI American RSP Fund)
CI American Managers RSP Fund
CI Canadian Growth Fund
CI Emerging Markets Fund
CI Emerging Markets RSP Fund
CI European Fund
CI Global Biotechnology RSP Fund
CI Global Business-to-Business (B2B) RSP Fund
CI Global Consumer Products RSP Fund
CI Global Energy RSP Fund
CI Global Equity RSP Fund
CI Global Financial Services RSP Fund
CI Global Fund
CI Global Health Sciences RSP Fund
CI Global Managers RSP Fund
CI Global Technology RSP Fund
CI Global Telecommunications RSP Fund
CI Global Value Fund
CI International Fund
CI International RSP Fund
CI International Value Fund
CI Japanese RSP Fund
CI Latin American Fund
CI Pacific Fund
CI Pacific RSP Fund
Landmark Canadian Fund
Landmark Global RSP Fund
CI Canadian Balanced Fund
CI Canadian Income Fund
CI Global Boomernomicsâ RSP Fund
CI International Balanced Fund
CI International Balanced RSP Fund
CI Canadian Bond Fund
CI Global Bond RSP Fund
CI Money Market Fund
CI US Money Market Fund
CI World Bond Fund
BPI American Equity Sector Fund
BPI Global Equity Sector Fund
BPI International Equity Sector Fund
CI American Managers Sector Fund
Landmark American Sector Fund (formerly, CI American Sector Fund)
CI Canadian Sector Fund
CI Emerging Markets Sector Fund
CI European Sector Fund
CI Global Biotechnology Sector Fund
CI Global Business-to-Business (B2B) Sector Fund
CI Global Consumer Products Sector Fund
CI Global Energy Sector Fund
CI Global Financial Services Sector Fund
CI Global Health Sciences Sector Fund
CI Global Managers Sector Fund
CI Global Sector Fund
CI Global Technology Sector Fund
CI Global Telecommunications Sector Fund
CI Global Value Sector Fund
CI International Value Sector Fund
CI Japanese Sector Fund
CI Latin American Sector Fund
CI Pacific Sector Fund
Harbour Sector Fund
Landmark Global Sector Fund
Signature American Small Companies Sector Fund
Signature Canadian Sector Fund
Signature Explorer Sector Fund
Signature Global Small Companies Sector Fund
CI Global Boomernomicsâ Sector Fund
CI Short-Term Sector Fund
Harbour Fund
Harbour Growth & Income Fund
Signature American Small Companies Fund
Signature American Small Companies RSP Fund
Signature Canadian Fund
Signature Canadian Resource Fund
Signature Select Canadian Fund (formerly, Signature Dividend Equity Fund)
Signature Explorer Fund
Signature Global Small Companies Fund
Signature Global Small Companies RSP Fund
Signature Canadian Balanced Fund
Signature Dividend Fund
Signature Dividend Income Fund
Signature High Income Fund
(collectively, the "Funds")

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces and territories of British Columbia, Alberta, Saskatchewan,

Manitoba, Ontario, Quebec, Nova Scotia, Prince Edward Island, Newfoundland, Northwest Territories, Yukon Territory and Nunavut Territory (the "Jurisdictions") has received an application (the "Application") from the CI Mutual Funds Inc. ("CI"), the manager of each of the Funds, for a decision pursuant to securities legislation of the Jurisdictions (the "Legislation") that the time limits pertaining to the distribution of securities under the prospectuses of the Funds be extended to the time limits that would be applicable if the lapse dates were July 28, 2001;

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

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

1. Each Fund is a reporting issuer as defined in the Legislation and is not in default of any of the requirements of the Legislation.

2. The earliest lapse date for the distribution of qualified securities (the "Securities") of the Funds pursuant to their respective prospectuses dated July 17, 2000 (the "Prospectuses") is July 17, 2001.

3. On June 15, 2001, the Funds filed pro forma prospectuses (the "Renewal Prospectuses") under SEDAR project numbers 368664, 368667 and 368671 in each of the Jurisdictions within the time limits specified by the Legislation.

4. In connection with the filing of the Renewal Prospectuses, the Funds require additional time to complete the preparation of the Renewal Prospectuses.

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 time limits provided in the Legislation for the filing of the Renewal Prospectuses and receipting thereof, in connection with the distribution of the Securities under the Prospectuses, are hereby extended to the time limits that would be applicable if the lapse dates for the distributions of the Securities under the Prospectuses were July 28, 2001.

July 27, 2001.

"Paul A. Dempsey"

2.1.8 Atlas Cold Storage Income Trust et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a "connected issuer" in respect of the Filers - Filers exempt from requirement in the Legislation that an independent underwriter underwrite a portion of the distribution at least equal to that underwritten by non-independent underwriters subject to certain conditions.

Applicable Ontario Regulations

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

Applicable Ontario Rules

Proposed Multi-Jurisdictional Instrument 33-105 Underwriting Conflicts (1998), 21 OSCB 781.

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

AND

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

AND

IN THE MATTER OF
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
AND TD SECURITIES INC. AND
ATLAS COLD STORAGE INCOME TRUST

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta, Québec and Newfoundland (the "Jurisdictions") has received an application from BMO Nesbitt Burns Inc. ("BMO-NB"), Scotia Capital Inc. ("SCI") and TD Securities Inc. ("TDSI" and together with BMO-NB and SCI, the "Filers") for a decision pursuant to the securities legislation (the "Legislation") of the Jurisdictions 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 by an issuer made by means of a prospectus, where the issuer is a connected issuer or a related issuer (or the equivalent) of the registrant unless a portion of the distribution at least equal to that underwritten by non-independent underwriters is underwritten by an independent underwriter shall not apply to the Filers in respect of a proposed distribution (the "Offering") of trust units (the "Offered Securities") of Atlas Cold Storage Income Trust (the "Issuer") pursuant to a short-form prospectus (the "Prospectus");

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 Trust is a special purpose trust the activities of which are limited specifically to investing in securities issued by Atlas Cold Storage Holdings Inc., a corporation involved in providing public refrigerated warehouse services.

3. The trust units of the Issuer are listed on The Toronto Stock Exchange.

4. The Issuer has filed a preliminary short-form prospectus dated July 13, 2001 (the "Preliminary Prospectus") in the Jurisdictions.

5. The Offered Securities will be offered by BMO Nesbitt Burns Inc., SCI, National Bank Financial Inc., RBC Dominion Securities Inc. and TDSI (collectively, the "Underwriters").

6. The proportionate share of the Offering to be underwritten by each of the Underwriters is as follows:

BMO Nesbitt Burns Inc.	33%
Scotia Capital Inc.	22%
National Bank Financial Inc.	20%
RBC Dominion Securities Inc.	15%
TD Securities Inc.	10%
	100%

7. Each of National Bank Financial Inc. and RBC Dominion Securities Inc. (the "Independent Underwriters") is an independent underwriter as defined in draft Multilateral Instrument 33-105 *Underwriting Conflicts* published in February, 1998 (the "1998 Proposed Instrument") with respect to the Offering.

8. The Toronto-Dominion Bank (the "TD Bank") is the owner of approximately 22% of the outstanding trust units of the Issuer on a fully-diluted basis without giving effect to the Offering.

9. Each of The Bank of Nova Scotia ("BNS"), Bank of Montreal ("BMO") and The Toronto-Dominion Bank ("TD Bank") is, or will be before the Offering is complete, a lender to certain operating subsidiaries of the Issuer. All of the net proceeds of the Offering will be used to reduce the outstanding indebtedness (if any) of such subsidiaries to the Issuer's bankers including BNS, BMO and TD Bank.

10. By virtue of the relationships described above, the Issuer may, in connection with the Offering, be considered a connected issuer (or the equivalent) of each of the Filers and a related issuer of TDSI.

11. The nature and details of the relationships between the Issuer and the Filers will be described in the Prospectus. The Prospectus will contain the information specified in subsection 2.1(1) and in Appendix "C" of the 1998 Proposed Instrument.

12. The decision to issue the Offered Securities, including the determination of the terms of such distribution, has been made through negotiations between the Issuer and the Underwriters.

13. The Independent Underwriters as a group will underwrite 35% of the Offering and NBF will underwrite 20% of the Offering. The Prospectus will identify the Independent Underwriters and disclose the role of the Independent Underwriters in the structuring and pricing of the Offering and in the due diligence activities performed by the Underwriters.

14. The certificate in the Preliminary Prospectus has been and the certificate in the Prospectus will be signed by the Underwriters, including each of the Independent Underwriters.

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

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

THE DECISION of the Decision Makers, under the Legislation, is that the Independent Underwriter Requirement shall not apply to the Filers in connection with the Offering provided that:

(i) the Independent Underwriters participate in the Offering as stated in paragraph 13 above; and

(ii) the Prospectus contains the disclosure stated in paragraphs 11 and 13 above.

July 24, 2001.

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

2.1.9 CIT Holdings (NV) Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer has only one security holder - issuer deemed to have ceased being a reporting issuer.

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF
CIT HOLDINGS (NV) INC. (FORMERLY TYCO ACQUISITION CORP. XIX (NV))

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Alberta, Saskatchewan, Ontario, Quebec, Newfoundland and Nova Scotia (together the "Jurisdictions," and each a "Jurisdiction") has received an application from CIT Holdings (NV) Inc. (formerly Tyco Acquisition Corp. XIX (NV)) ("CIT Holdings") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that CIT Holdings be deemed to have ceased to be a reporting issuer (or the equivalent thereof) under the Legislation;

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

AND WHEREAS CIT Holdings has represented to the Decision Makers that:

1. The CIT Group, Inc. ("CIT") was a corporation incorporated under the laws of the State of Delaware, and, prior to the Merger (as defined below), was subject to the reporting requirements of the United States Securities Exchange Act of 1934 (the "Exchange Act"). CIT was a reporting issuer or the equivalent thereof in each of the Jurisdictions, or, if not a reporting issuer or the equivalent thereof, CIT complied with the continuous and timely disclosure filing requirements set forth in a decision document dated November 1, 1999 granted in connection with the acquisition by CIT of CIT Financial Ltd. (formerly Newcourt Credit Group Inc.).

2. The CIT common stock was listed on the New York Stock Exchange and the Toronto Stock Exchange. Upon completion of the Merger, the CIT common stock was delisted from these exchanges.

3. Tyco Acquisition Corp. XIX (NV) ("Tyco Acquisition") was incorporated under the laws of the State of Nevada as a wholly-owned subsidiary of Tyco International Ltd. ("Tyco").

4. Pursuant to an agreement and plan of merger dated as of March 12, 2001 between Tyco Acquisition and CIT, CIT merged with and into Tyco Acquisition (the "Merger").

5. Under the Merger, holders of shares of CIT common stock received 0.6907 of a Tyco common share for each share of CIT common stock held. Each outstanding exchangeable share issued by CIT Exchangeco Inc. ("Exchangeco"), an indirect subsidiary of CIT, became exchangeable for 0.6907 of a Tyco common share (subject to adjustment in the event of certain changes in Tyco common shares). The special voting stock of CIT was converted into a special voting preference share of Tyco. Each option granted by CIT to purchase CIT common stock which was outstanding and unexercised immediately prior to the effective time of the Merger was converted into an option to purchase Tyco common shares.

6. Tyco was incorporated under the laws of Bermuda, and is subject to the reporting requirements of the Exchange Act. The common shares of Tyco are listed on the New York Stock Exchange, the Bermuda Stock Exchange and on the London Stock Exchange.

7. Upon completion of the Merger on June 1, 2001, the separate corporate existence of CIT ceased, and Tyco Acquisition continued as the surviving corporation as a wholly-owned subsidiary of Tyco. Following consummation of the Merger, Tyco Acquisition changed its name to CIT Holdings. CIT Holdings is not on the list of defaulting reporting issuers maintained under the Legislation.

8. Following the Merger, CIT Holdings transferred substantially all the assets and liabilities of CIT to a new wholly-owned subsidiary, The CIT Group, Inc. (formerly Tyco Acquisition Corp. XX (NV)), a Nevada corporation, which is subject to the informational requirements of the Exchange Act.

9. The authorized capital of CIT Holdings consists of 1000 shares of common stock ("Common Stock"), par value U.S. $1.00 per share, of which 100 shares are outstanding, all of which are owned by Tyco. There are no outstanding options, warrants, or other rights to acquire securities of CIT Holdings and there are no securities convertible or exchangeable for securities of CIT Holdings.

10. CIT Holdings does not have any securities listed or quoted on any exchange or market in Canada or elsewhere.

11. CIT Holdings does not have any securities, including debt securities, outstanding other than Common Stock

12. CIT Holdings does not intend to seek public financing by way of an issue of securities.

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

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

THE DECISION of the Decision Makers under the Legislation is that CIT Holdings is deemed to have ceased to be a reporting issuer (or equivalent thereof) under the Legislation, or if not a reporting issuer (or equivalent thereof) in any one Jurisdiction, is no longer required to comply with the continuous and timely disclosure filing requirements in that Jurisdiction.

August 2, 2001.

"John Hughes"

2.2 Orders

2.2.1 2M Energy Corp. - ss. 1(6) of OBCA

Headnote

Subsection 1(6) of the OBCA - Issuer deemed to have ceased to be offering its securities to the public under the Business Corporations Act (Ontario).

Applicable Ontario Statutory Provisions

Business Corporations Act, R.S.O. 1990, c.B.16, as am., s.1(6).

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

AND

IN THE MATTER OF
2M ENERGY CORP.

ORDER
(Subsection 1(6) of the OBCA)

UPON the application of 2M Energy Corp. (the "**Applicant**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to subsection 1(6) of the OBCA that the Applicant be deemed to have ceased to be offering its securities to the public;

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

AND UPON the Applicant having represented to the Commission that:

1. 2M is a corporation continued under the OBCA with its head office in Toronto, Ontario.

2. The authorized capital of 2M consists of an unlimited number of common shares ("**Common Shares**") of which 16,872,516 are issued and outstanding as at July 23, 2001.

3. 2M is an "offering corporation" as defined in the OBCA. 2M ceased to be a "reporting issuer", as defined in the *Securities Act* (Ontario), in Ontario pursuant to an MRRS Decision Document dated June 19, 2001.

4. As a result of a take-over bid and subsequent compulsory acquisition, all of the outstanding Common Shares of 2M have been acquired by Middlefield Bancorp Limited.

5. Other than the Common Shares, 2M has no outstanding securities, including debt securities.

6. No securities of 2M are listed or quoted on any exchange or market in Canada or elsewhere.

7. 2M does not intend to seek public financing by way of an offering of its securities.

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

IT IS ORDERED, pursuant to subsection 1(6) of the OBCA, that the Applicant is deemed to have ceased to be offering its securities to the public for the purposes of the OBCA.

July 31, 2001.

"Paul M. Moore" "John A. Geller"

2.2.2 Business Development Bank of Canada - s. 83

Headnote

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

Applicable Ontario Statutory Provisions

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

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

AND

IN THE MATTER OF
THE BUSINESS DEVELOPMENT BANK OF CANADA

ORDER
(Section 83)

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

AND UPON the Bank having represented to the Commission that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13. on April 28, 2000, the Bank became a reporting issuer by virtue of the listing of International Equity Index Linked Notes, Series 1 of the Bank on the TSE. On June 2, 2000, the Commission issued an order pursuant to section 83 of the Act deeming the Bank to have ceased to be a reporting issuer under the Act;

14. on December 6, 2000, the Bank became a reporting issuer by virtue of the listing of Global Equity Index Linked Notes, Series 1 of the Bank on the TSE. On

January 5, 2001, the Commission issued an order pursuant to section 83 of the Act deeming the Bank to have ceased to be a reporting issuer under the Act;

15. on March 22, 2001, the Bank became a reporting issuer by virtue of the listing of Nasdaq-100 Index® Linked Notes, Series 1 and Nasdaq-100 Index® Linked Notes, Series 2 of the Bank on the TSE. On April 15, 2001, the Commission issued an order pursuant to section 83 of the Act deeming the Bank to have ceased to be a reporting issuer under the Act;

16. on April 27, 2001, the Bank became a reporting issuer by virtue of the listing of Nasdaq-100 Index® Linked Notes, Series 3 of the Bank on the TSE. On July 17, 2001, the Commission issued an order pursuant to section 83 of the Act deeming the Bank to have ceased to be a reporting issuer under the Act;

17. on May 30, 2001, the Bank became a reporting issuer by virtue of the listing of Nasdaq-100 Index® Linked Notes, Series 4 of the Bank on the TSE. On July 24, 2001, the Commission issued an order pursuant to section 83 of the Act deeming the Bank to have ceased to be a reporting issuer under the Act;

18. on June 29, 2001, Canadian Technology Equity Linked Notes, Series 1 of the Bank were listed on the TSE. The Bank is not in default of any requirements of the Act or regulations promulgated thereunder;

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

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

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

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

July 31, 2001.

"Paul M. Moore" "Robert W. Davis"

2.2.3 Saco SmartVision 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
SACO SMARTVISION INC.

ORDER
(Section 144)

WHEREAS the securities of Saco SmartVision Inc. ("Saco") are subject to a temporary order of the Director made on the 30th day of May 2001 on behalf of the Ontario Securities Commission (the "Commission") pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act (the "Temporary Order"), as extended by a further order of the Director made on the 12th day of June 2001 on behalf of the Commission pursuant to subsection 127(8) of the Act (the "Extension Order", and, together with the Temporary Order, the "Cease Trade Order"), that trading in the securities of Saco cease;

AND WHEREAS Saco has made an application to the Director of the Commission pursuant to section 144 of the Act for an order revoking the Cease Trade Order;

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

AND UPON Saco having represented to the Director that:

1. Saco was formed pursuant to the *Canada Business Corporations Act*.

2. Saco's head office is in Montreal, Quebec.

3. Saco is a reporting issuer under the Act.

4. The authorized capital of Saco consists of an unlimited number of common shares, an unlimited number of first ranking preferred shares issuable in series and an unlimited number of second ranking preferred shares issuable in series, of which 20,218,477 common shares and no first ranking preferred shares and no second ranking preferred shares are issued and outstanding.

5. Prior to the issuance of the Cease Trade Order, the common shares were traded on the Toronto Stock Exchange.

6. The Cease Trade Order was issued due to Saco's failure to file and mail to its shareholders its financial statements and the accompanying auditors' report for the fiscal year ended November 30, 2000, its annual report for the fiscal year ended November 30, 2000, its financial statements for the quarter ended February 28, 2001 and to file its annual information form for the fiscal year ended November 30, 2000.

7. The financial statements and the accompanying auditors' report for the fiscal year ended November 30, 2000, the annual report for the fiscal year ended November 30, 2000, the financial statements for the quarter ended February 28, 2001 were filed with the Commission and mailed to the shareholders of Saco and the annual information form for the fiscal year ended November 30, 2000 was filed with the Commission.

8. Saco is not considering, nor is it involved in any discussions relating to, a reverse take-over or similar transaction.

9. Except for the Cease Trade Order, Saco has not been subject to any previous cease trade orders issued by the Commission.

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

AND WHEREAS the Director is of the opinion that it would not be prejudicial to the public interest to revoke the Cease Trade Order;

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

July 27, 2001.

"John Hughes"

2.2.4 ClubLink Corporation - ss. 104(2)(c)

Headnote

Clause 104(2)(c) - Issuer Bid - offer by issuer to acquire convertible debentures from arm's length debentureholder where remaining debentureholders are sophisticated parties, have declined the offer and have consented to the purchase is not subject to sections 95, 96, 97, 98 and 100 of the Act.

Statutes cited

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

Regulations cited

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

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

AND

IN THE MATTER OF
CLUBLINK CORPORATION

ORDER
(Section 104(2)(c))

UPON the application (the "Application") of ClubLink Corporation ("ClubLink") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 104(2)(c) of the Act exempting ClubLink from complying with the provisions of the Act applicable to issuer bids in connection with certain purchases by ClubLink of its 6 1/2% convertible unsecured subordinated debentures (the "Debentures");

AND UPON considering the Application and the recommendation of staff;

AND UPON ClubLink having represented to the Commission that:

1. Pursuant to articles of amalgamation under the *Business Corporations Act* (Ontario) (the "OBCA") dated December 31, 1993, ClubLink resulted from the amalgamation of Sindor Resources Inc. and Cherry Downs Development Corporation ("Cherry Downs").

2. ClubLink is a reporting issuer under the Act and applicable securities legislation of other provinces of Canada.

3. The authorized capital of ClubLink consists of an unlimited number of common shares and an unlimited number of preference shares, issuable in series.

4. ClubLink's common shares are listed and posted for trading on The Toronto Stock Exchange.

5. The Debentures were issued pursuant to a trust indenture dated December 1, 1993, between Cherry Downs and The R-M Trust Company (the "Trust Indenture"). There is currently $10,000,000 principal amount of Debentures outstanding, pursuant to the Trust Indenture. The Debentures are held by or on behalf of (i) Polar Securities Inc. ("Polar") and (ii) two U.S. hedge funds (the "U.S. Funds"). Polar has advised that it manages accounts (the "Managed Accounts") which together hold an aggregate of $1,300,000 principal amount of Debentures (the "Polar Debentures"), and the U.S. Funds have advised that they are the beneficial owners of an aggregate of $8,700,000 principal amount of Debentures.

6. The Debentures are convertible, at the option of the holder, at the rate of 74.07 common shares per $1,000 principal amount of Debentures, or $13.50 per common share.

7. The weighted average trading price of the common shares during the 20 days preceding the date of the Application was $6.06. The closing price of the common shares on the last business day preceding the date of the Application was $6.30.

8. The Debentures are presently redeemable at the option of ClubLink on payment by ClubLink of the principal amount, plus accrued and unpaid interest.

9. The Debentures mature on April 30, 2004. At maturity, the Debentures become payable either in cash, or at the option of ClubLink, may be converted into that number of common shares of ClubLink obtained by dividing the principal amount of Debentures to be converted by 95% of the weighted average trading price of the common shares on The Toronto Stock Exchange over 20 days preceding the date of conversion.

10. The Debentures are not listed on a recognized stock exchange.

11. Polar has offered ClubLink the opportunity to purchase for cancellation the Polar Debentures for a price of $790 for every $1,000 principal amount of Debentures, plus accrued and unpaid interest (the "Purchase Price").

12. Polar has advised that it has discretionary authority granted by the Managed Accounts to make decisions concerning the Debentures.

13. After being approached by Polar, ClubLink approached the U.S. Funds concerning an offer to purchase all or a portion of the Debentures held on behalf of the U.S. Funds in consideration of the Purchase Price. The U.S. Funds advised that they were not prepared to sell their Debentures in consideration for the Purchase Price.

14. Both Polar and U.S. Funds are sophisticated investors who are knowledgeable in the affairs of ClubLink and who have consented to the purchase for cancellation of the Polar Debentures.

15. Polar has consented to the purchase of the Polar Debentures without the benefit of an issuer bid circular or the other protections afforded by applicable securities laws.

16. Polar does not currently own directly or on behalf of the Managed Accounts any common shares of ClubLink. Polar is not represented on the Board of Directors of ClubLink and deals at arm's length with ClubLink.

17. Under the Act, the purchase by ClubLink of the Polar Debentures would constitute an "issuer bid" that would be subject to the formal requirements of Part XX of the Act and the corresponding provisions of Part X of the regulation (the "Regulation") made thereunder, by reason of the fact that the Polar Debentures are debt securities convertible "into securities other than debt securities".

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

IT IS HEREBY ORDERED by the Commission that, pursuant to section 104(2)(c) of the Act, the acquisition by ClubLink of the Polar Debentures from Polar is not subject to Part XX of the Act and the corresponding provisions of Part X of the Regulation.

July 13, 2001.

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

2.2.5 Synergy Asset Management Inc. - ss. 59(1)

Headnote

Exemption from the fees otherwise due under subsection 14(1) of Schedule 1 of the Regulation to the *Securities Act* on the distribution of units made by "underlying" funds arising in the context of fund-on-fund structures.

Regulations Cited

Regulation made under the *Securities Act*, R.S.O. 1990, Reg, 1015, as am., Schedule 1, ss. 14(1).

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

AND

IN THE MATTER OF
SYNERGY ASSET MANAGEMENT INC.

ORDER
(Subsection 59(1) of Schedule I of the Regulation)

UPON the application of Synergy Asset Management Inc. ("Synergy"), the manager of the Top Funds and Underlying Funds (as set out in Schedule "A" to this Decision Document) and other similar funds established by Synergy from time to time (together, the "Top Funds" or "Underlying Funds", as the case may be) for an order pursuant to Subsection 59(1) of Schedule I of the Regulation exempting the Underlying Funds from paying duplicate filing fees on an annual basis in respect of the distribution of units or shares (collectively, the "Securities") of the Underlying Funds to the Top Funds and on the reinvestment of distributions of such Securities.

AND UPON considering the application and the recommendations of the staff of the Commission.

AND UPON Synergy having represented to the Commission that:

1. The Top Funds and the Underlying Funds are, or will be, open-end mutual fund trusts or classes of shares of Synergy Canadian Fund Inc. (the "Cdn. Corporation") or Synergy Global Fund Inc. (the "Global Corporation"), each established under the laws of Ontario. Synergy is a corporation established under the laws of Ontario.

2. Synergy is, or will be, the manager of the Top Funds and Underlying Funds, as well as the trustee of those funds, other than those that are classes of shares of the Cdn. Corporation and the Global Corporation.

3. The Top Funds and the Underlying Funds are, or will be, reporting issuers and are not in default of any requirement of the securities acts or regulations applicable in each of the provinces and territories of Canada. The Securities of the Top Funds and Underlying Funds are or will be qualified for distribution pursuant to simplified prospectuses and annual information forms in those jurisdictions.

4. As part of their investment strategy, each Top Fund may invest a portion of its assets directly in Securities of its corresponding Underlying Fund (the "Fund-on-Fund Investments").

5. Applicable securities regulatory approvals for the Fund-on-Fund Investments and the Top Funds' investment strategies have, or will have, been obtained.

6. Annually, each of the Top Funds will be required to pay filing fees to the Commission in respect of the distribution of its Securities in Ontario pursuant to Section 14 of Schedule I of the Regulation and will similarly be required to pay fees based on the distribution of its Securities in other relevant Canadian jurisdictions pursuant to applicable securities legislation in each of those jurisdictions.

7. Annually, each of the Underlying Funds will be required to pay filing fees in respect of the distribution of its Securities in Ontario, including the distribution of Securities to the Top Funds, pursuant to Section 14 of Schedule I of the Regulation and will similarly be required to pay fees based on the distribution of its Securities in other relevant Canadian jurisdictions pursuant to the applicable securities legislation in each of those jurisdictions.

8. A duplication of filing fees pursuant to Section 14 of Schedule I of the Regulation may result when (a) assets of a Top Fund are invested in the applicable Underlying Fund, and (b) a distribution fee is paid by an Underlying Fund on Securities of the Underlying Fund purchased by the applicable Top Fund which are reinvested in additional Securities of the Underlying Fund (the "Reinvested Securities").

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

IT IS ORDERED by the Commission pursuant to subsection 59(1) of Schedule I of the Regulation that the Underlying Funds are exempt from the payment of duplicate filing fees on an annual basis pursuant to Section 14 of Schedule I of the Regulation in respect of the distribution of Securities of the Underlying Funds to the Top Funds and distribution of the Reinvested Securities, in connection with any such distributions made on or after October 1, 2000, provided that each Underlying Fund shall include in its notice filed under subsection 14(4) of Schedule I of the Regulation a statement of the aggregate gross proceeds realized in Ontario as a result of the issuance by the Underlying Funds of Securities to the Top Funds and Reinvested Securities; together with a calculation of the fees that would have been payable in the absence of this Order.

August 3, 2001.

"Paul Moore" "R. Stephen Paddon"

SCHEDULE "A"

Top Funds

Synergy Canadian Growth Class (1)
Synergy Canadian Momentum Class (1)
Synergy Canadian Value Class (1)
Synergy Canadian Style Management Class (1)
Synergy Tactical Asset Allocation Fund

Underlying Funds

Synergy Global Growth Class (2)
Synergy Global Momentum Class (2)
Synergy Global Value Class (2)
Synergy Global Style Management Class (2)
Synergy Global Style Management Class (2)

(1) Classes of shares of Synergy Canadian Fund Inc.
(2) Classes of shares of Synergy Global Fund Inc.

2.3 Rulings

2.3.1 Gluskin Sheff & Associates Inc. - ss. 74(1) & s.147

Headnote

Subsection 74(1) - Certain trades in units that constitute an initial investment in a pooled fund, and additional units of such fund, exempt from section 25 and 53 of the Act subject to certain conditions.

Section 147 - Trades in units of pooled funds not subject to subsection 72(3) of the Act provided a Form 45-501F1 filed and required fees paid annually.

Statues Cited

Securities Act, R.S.O. 1990, c.S.5, as am. Ss. 25, 35(1)5, 53, 72(1)(d), 72(3), 74(1), 77(2), 78, 79, 147.

Rules Cited

Ontario Securities Commission Rule 45-501 "Exempt Distributions", ss. 3.1, 7.1.

Ontario Securities Commission Rule 81-501 "Mutual Fund Reinvestment Plans", s. 2.1.

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

AND

IN THE MATTER OF
GLUSKIN SHEFF & ASSOCIATES INC.

RULING AND ORDER
(Subsection 74(1) and Section 147 of the Act)

UPON the application (the "**Application**") of Gluskin Sheff & Associates Inc. (the "**Applicant**") to the Ontario Securities Commission (the "**Commission**") for: (i) a ruling pursuant to subsection 74(1) of the Act that (A) certain trades in units ("**Units**") of a pooled fund to be established and managed by the Applicant, namely The GS+A Premium Income Fund (the "**Fund**"), are not subject to sections 25 or 53 of the Act, and (B) certain trades in additional units ("**Additional Units**") of the Fund are not subject to sections 25 or 53 of the Act; and (ii) an order of the Commission pursuant to section 147 of the Act that the trades in Units are not subject to subsection 72(3) of the Act and section 7.1 of Rule 45-501 of the Commission (the "**Rule 45-501**") with respect to the filing of a Form 45-501F1 in respect of trades in Units and Additional Units of the Fund, provided a Form 45-501F1 and the prescribed fee are filed and paid within 30 days of the financial year end of the Fund;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a corporation incorporated under the laws of the Province of Ontario and is registered under the Act as an adviser in the categories of investment counsel and portfolio manager and as a dealer in the categories of limited market dealer and mutual fund dealer.

2. The Applicant will be the manager of the Fund.

3. The Fund will be a pooled investment fund organized under the laws of the Province of Ontario in which each participant has an undivided *pro rata* interest evidenced by Units in the Fund. Units are redeemable at their net asset value on any valuation date, as will be set forth in the constating documents of the Fund. Accordingly, the Fund will be a "mutual fund" and a "mutual fund in Ontario" as such terms are defined in subsection 1(1) of the Act.

4. Since the Fund will be a "mutual fund in Ontario", the Fund will be required to comply with the requirement of section 78 of the Act regarding the filing of annual financial statements, the requirements of section 79 of the Act regarding the delivery of such financial statements to holders of Units ("**Unitholders**") and the prohibitions set out in section 111 of the Act. The Fund will not be subject to the requirements of National Instrument 81-102 as the Units will not be offered pursuant to a prospectus.

5. In addition to providing Unitholders with annual audited financial statements, each Unitholder will be provided with periodic account summaries which detail the number of Units held, the Unit price, as well as timely confirmation of distributions and/or redemptions of Units for the holder's account.

6. The Fund does not expect to become a reporting issuer in any jurisdiction and does not expect that the Units will be listed on any stock exchange.

7. In order to acquire Units of the Fund, an investor must make an initial investment of not less than $150,000 (the "**Initial Investment**"). Where the Initial Investment is made by an investor alone, the Units which comprise the Initial Investment will be issued in reliance upon the registration and prospectus exemptions contained in, respectively, paragraph 35(1)5 of the Act and clause 72(1)(d) of the Act as amended by section 3.1 of Rule 45-501 (unless and until Rule 45-501 is amended as proposed).

8. The Applicant proposes that, for the purposes of calculating an investor's Initial Investment in the Fund, an investor may aggregate purchases made by the investor and his or her registered retirement saving plans or registered retirement income funds and his or her wholly-owned holding companies, or any combination of the foregoing (a "**Combined Unitholder**").

9. Following an Initial Investment in the Fund, it is proposed that a Combined Unitholder be permitted to subscribe for Additional Units of the Fund, provided that at the time of such subsequent acquisition, the

Combined Unitholder holds Units of the Fund having an aggregate acquisition cost or aggregate net asset value of at least $150,000.

AND UPON the Commission being satisfied that the granting this ruling and order would not be prejudicial to the public interest;

IT IS RULED pursuant to subsection 74(1) of the Act that trades by the Fund of Units or Additional Units of the Fund to a Combined Unitholder as described above will not be subject to sections 25 and 53 of the Act, provided that:

A. at the time of the acquisition of Units or Additional Units of the Fund, the Applicant is registered under the Act as an adviser in the categories of investment counsel and portfolio manager and as a dealer in the categories of limited market dealer and mutual fund dealer and such registrations are in good standing;

B. at the time of the acquisition of Units of the Fund, the aggregate acquisition cost of the Initial Investment to the Combined Unitholder is not less than $150,000;

C. at the time of the acquisition of Additional Units of the Fund, the Combined Unitholder then owns Units of the Fund having an aggregate acquisition cost or aggregate net asset value of not less than $150,000; and

D. this ruling will terminate upon the publication in final form by the Commission of any rule regarding trades in securities of pooled funds.

AND IT IS ORDERED pursuant to section 147 of the Act that trades by the Fund of Units and Additional Units of the Fund are not subject to subsection 72(3) of the Act and section 7.1 of Rule 45-501 provided that, within 30 days after the financial year of the Fund, the Fund files a report in accordance with Form 45-501F1 in respect of trades in Units of the Fund during such financial year and pays the fee prescribed by section 7.3 of Rule 45-501.

August 3, 2001.

"Paul Moore" "R.S. Paddon"

2.3.2 Capital Alliance Ventures Inc. - ss. 74(1) & 144(1)

Headnote

Subsections 74(1) and 144(1) - relief from requirement of clause 3.11(2)(c) of Ontario Securities Commission Rule 45-501 that all securities of a "control block" holder must be held for at least 12 months from the date of the latest exempt purchase of securities of the subject issuer on the basis that the tainting acquisitions did not raise the policy concerns - securities held indirectly for over 12 months and no current intention of disposition of said securities - variance granted since change in mechanics of proposed transaction did not raise additional policy considerations.

Statues Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 53, 72(7)(b), 72(7)(c) and 74(1).

Rules Cited

Ontario Securities Commission Rule 45-501, s. 3.11(2) and (5).

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

AND

IN THE MATTER OF
INTERNATIONAL DATACASTING CORPORATION

AND

IN THE MATTER OF
CAPITAL ALLIANCE VENTURES INC.

RULING
(Subsections 74(1) and 144(1))

WHEREAS International Datacasting Corporation ("IDC") and Capital Alliance Ventures Inc. ("CAVI") applied to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act (the "Application") that the first trades in certain securities of IDC which were previously acquired by CAVI would not be subject to the hold periods contained in Section 3.11 of Ontario Securities Commission Rule 45-501 - Exempt Distributions ("Rule 45-501");

AND WHEREAS the Commission accepted the Application and issued a ruling on November 21, 2000 (the "Ruling");

AND WHEREAS certain matters have not or will not occur as they are stated in the Application and the Ruling;

AND WHEREAS IDC and CAVI now wish to make application to the Commission for a variation of the Ruling pursuant to subsection 144(1) of the Act;

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

AND UPON IDC and CAVI having represented to the Commission that:

1. IDC is a corporation existing under and governed by the *Canada Business Corporations Act* which was incorporated on January 28, 1987 under its current name.

2. CAVI is an Ottawa-based community small business investment fund incorporated under the *Canada Business Corporations* Act on July 29, 1994. CAVI was registered as a labour-sponsored venture capital corporation under the *Income Tax Act (Canada)* on July 29, 1994 and as a labour sponsored investment fund corporation under the *Community Small Business Investment Funds Act (Ontario)* on August 31, 1994.

3. 1238651 Ontario Inc. was, until February 22, 2001, a private company within the meaning of subsection 1(1) of the Act which was incorporated under the *Business Corporations Act (Ontario)* on July 10, 1997.

4. 1065836 Ontario Inc. was, until February 22, 2001, a private company within the meaning of subsection 1(1) of the Act which was incorporated under the *Business Corporations Act (Ontario)* on February 18, 1994.

5. 1238651 Ontario Inc. and 1065836 Ontario Inc. amalgamated under the *Business Corporations Act (Ontario)* on February 22, 2001 (the "Amalgamation") thereby forming 1457461 Ontario Inc., a private company within the meaning of subsection 1(1) of the Act ("IDC HOLDCO").

6. IDC has been a reporting issuer under the Act since at least February 3, 1988, being the date IDC amalgamated with Central Dynamics Ltd. ("CDL") and assumed CDL's listing on the Montreal Exchange, and is also a reporting issuer in the provinces of British Columbia and Quebec.

7. To the best of its knowledge, information and belief, IDC is not in default of the Act or the regulations or the rules made thereunder.

8. The authorized share capital of IDC consists of an unlimited number of common shares of which there were 36,506,354 issued and outstanding as of May 29, 2001 (the "Common Shares").

9. The Common Shares are and have been listed and posted for trading on the Toronto Stock Exchange since December 7, 1999 and ceased to be traded on the Montreal Exchange as of that date.

10. Immediately prior to the Amalgamation, 1238651 Ontario Inc. held 15,342,990 Common Shares, representing 42% of the issued and outstanding Common Shares. Of the Common Shares held by 1238651 Ontario Inc., 5,192,308 of these were issued to1238651 Ontario Inc. on May 10, 1999, following the conversion of a debenture issued to it by IDC on August 29, 1997. The remainder have been held by 1238651 Ontario Inc. since July 31, 1997. No other Common Shares were acquired by 1238651 Ontario Inc.

11. The authorized share capital of 1238651 Ontario Inc. consisted of an unlimited number of Class A voting common shares and an unlimited number of Class B non-voting common shares.

12. On July 10, 1997, two Class A voting common shares and five Class B non-voting common shares were issued by 1238651 Ontario Inc. to CAVI and three Class A voting common shares were issued by 1238651 Ontario Inc. to 1084836 Ontario Inc.

13. On August 29, 2000, a convertible debenture issued by 1238651 Ontario Inc. to CAVI on August 29, 1997 matured and 3,880,402 Class A voting shares and 8,193,750 Class B non-voting shares of 1238651 Ontario Inc. were issued to CAVI. The original Class A and Class B shares held by CAVI were cancelled.

14. The authorized share capital of IDC HOLDCO consists of an unlimited number of Class A voting common shares and an unlimited number of Class B non-voting common shares.

15. Upon the Amalgamation taking effect, 3,880,402 Class A voting common shares and 8,268,531 Class B non-voting common shares were issued by IDC HOLDCO to CAVI.

16. IDC HOLDCO currently holds15,334,990 Common Shares, representing 42% of the issued and outstanding Common Shares. These Common Shares were acquired from 1238651 Ontario Inc. as a result of the Amalgamation. No further Common Shares have been acquired by IDC HOLDCO since the Amalgamation.

17. In addition to its indirect holdings of Common Shares through its shares of 1238651 Ontario Inc. prior to the Amalgamation, and through its shares of IDC HOLDCO upon and since the Amalgamation, CAVI has held 833,333 Common Shares directly since May 10, 1999 following the conversion of a debenture issued directly to it by IDC on July 6, 1998.

18. CAVI directly or indirectly through IDC HOLDCO owns or exercises control or direction over approximately 35 percent of the issued and outstanding Common Shares and is hence considered the holder of a control block of Common Shares under the Act.

19. IDC and IDC HOLDCO are proposing to amalgamate (the "Proposed Amalgamation"), with the successor company being referred to herein as "NuCo".

20. Upon the Proposed Amalgamation taking place, CAVI will be receiving 0.994567 shares of NuCo for each Class A voting common share of IDC HOLDCO held and 0.994567 shares of NuCo for each Class B non-voting common share of IDC HOLDCO held.

21. The distribution of shares of NuCo in the course of the Proposed Amalgamation will be effected in reliance upon exemptions provided for in the Act and/or in Rule 45-501.

22. Upon the Proposed Amalgamation taking effect, CAVI will hold all of its beneficial interest in the Common Shares directly.

23. The "tacking provisions" contained in subsection 3.11(5) of Rule 45-501 which, for the purposes of computing the time period specified in subsection 3.11(2) thereof, would permit CAVI to include the period during which 1238651 Ontario Inc. owned its Common Shares, will not be available to CAVI as 1238651 Ontario Inc. was not an "affiliated entity" of CAVI, as such term is defined in Rule 45-501.

24. Clauses 72(7)(b) and (c) of the Act will not be available to permit CAVI to distribute any of the Common Shares it now owns or will receive upon the Proposed Amalgamation taking effect unless it has held them for the period specified in paragraph 3.11(2)(c) of Rule 45-501.

25. CAVI has no current intention of disposing of its Common Shares.

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

IT IS RULED pursuant to subsection 144(1) and subsection 74(1) of the Act, that the Ruling is hereby varied and that section 53 of the Act shall not apply to the trade or trades by CAVI of all of part of its Common Shares provided that:

(a) such trade or trades are made in accordance with clauses 72(7)(b) and (c) of the Act; and

(b) other than as set out in the foregoing representations, CAVI does not acquire direct or indirect ownership, control or direction over any additional Common Shares after the date hereof.

July 27, 2001.

"Paul Moore" "R.S. Paddon"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 Decisions

3.1.1 Derivative Services Inc. & Malcolm Robert Bruce Kyle

Headnote

This decision was previously published incorrectly, at 24 OSCB 4575, and is being reproduced here in its corrected format. The earlier version should be disregarded. The error in the earlier version was in the formatting of the quotations.

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, c.C. 20, AS AMENDED

AND

IN THE MATTER OF
A HEARING AND REVIEW OF RULINGS OF THE
ONTARIO DISTRICT COUNCIL FOR THE
INVESTMENT DEALERS ASSOCIATION OF CANADA
RE: DERIVATIVE SERVICES INC. AND MALCOLM ROBERT BRUCE KYLE

Hearing: May 28, 2001

Panel:	Paul M. Moore, Q.C.	-	Vice-Chair (Chair of the Panel)
	John A. Geller, Q.C.	-	Commissioner
	R. Stephen Paddon, Q.C.	-	Commissioner
Counsel:	Mary L. Biggar	-	For Derivative Services Inc. and Malcolm Robert Bruce Kyle
	Brian K. Awad	-	For the Investment Dealers Association of Canada
	Johanna Superina Sarah Oseni	-	For the Staff of the Ontario Securities Commission

DECISION AND REASONS

1. This was a hearing and review pursuant to section 21.1 of the *Commodity Futures Act*, R.S.O. 1990, c.C.20, as amended (the "CFA"), of five rulings of the Ontario District Council (the "Council") for the Investment Dealers Association of Canada (the "IDA") concerning Derivative Services Inc. ("DSI") and Malcolm Robert Bruce Kyle (collectively, the "Applicants").

Issues

2. The following issues emerged in this hearing:

   i) Does the Commission staff have standing at this hearing?

   ii) Is the 30-day time limit for making a request for a hearing and review substantive or only procedural?

   iii) When did the 30-day time limit commence?

   iv) Should the Commission confirm the fifth ruling or make such other decision as the Commission considers proper?

IDA

3. The IDA is a self-regulatory organization recognized by the Commission under section 21.1 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Securities Act"), and a self-regulatory body recognized by the Commission under section 16 of the CFA. Subsection 16(3) of the CFA requires such a body to

regulate the operations and the standards of practice and business conduct of its members.

Right to Hearing and Review

4. Under subsection 21.1(1) of the CFA a person or company directly affected by or by the administration of a direction, decision, order or ruling made under a by-law, rule, regulation, policy, procedure, interpretation, direction or practice of a recognized self-regulatory organization may apply to the Commission for a hearing and review of the direction, decision, order or ruling. Subsection 21.1(2) of the CFA provides that section 4 of the CFA applies to the hearing and review in the same manner as it applies to a hearing and review of a decision of the director of the Commission.

5. Section 4 of the CFA reads as follows:

> 4(1) Within 30 days after a decision of the Director, the Commission may notify the Director and any person or company directly affected of its intention to convene a hearing to review the decision.
>
> (2) Any person or company directly affected by a decision of the Director may, by notice in writing sent by registered mail to the Commission within 30 days after the mailing of the notice of the decision, request and be entitled to a hearing and review thereof by the Commission.
>
> (3) Upon a hearing and review, the Commission may by order confirm the decision under review or make such other decision as the Commission considers proper.

Background

6. By Notices of Hearing dated December 1, 1998, notice was given to the Applicants of a hearing of disciplinary actions brought by the IDA against them, the hearing to be held before the Council. In the Notices, staff of the IDA alleged that on or about June 1998, the Applicants engaged in business conduct or practice that was unbecoming or detrimental to the public interest by failing to provide documents or other information requested by the staff in the course of an investigation pursuant to By-law 19 of the IDA, contrary to By-law 29 of the IDA.

7. The Applicants brought a preliminary motion before the Council requesting a number of declarations and orders, the net effect of the granting of which would have been to terminate the hearing on the merits (the "Hearing on the Merits"). After hearing arguments on the motion, the Council issued a ruling on June 28, 1999 (the "Preliminary Motion Ruling"; see *Re Derivative Services Inc. and Kyle* (1999), 22 OSCB 5544) against the Applicants on all grounds, giving extensive written reasons for its decision.

8. The Applicants then applied to the Commission under a predecessor of section 21.1 of the CFA for a hearing and review of the Preliminary Motion Ruling, asking that the decision be set aside and that various declarations and orders be made by the Commission in lieu thereof. On a preliminary review of that application, the Commission had some doubt that it had the power to make some of the declarations and orders requested; but in view of the decision which it arrived at, it became unnecessary for the Commission to decide this.

9. On October 5, 1999, the Commission issued its decision (the "Earlier Commission Decision"; see *Re Derivative Services Inc. and Kyle* (1999), 22 OSCB 6441) that it clearly had discretion to proceed with the Applicants' request for a hearing and review of the Council's Preliminary Motion Ruling. It decided that the proper course was for the Commission to permit the Council to proceed with the Hearing on the Merits and that, if after this had been completed, and the Council had made its determination, the Applicants wished to seek a hearing and review by the Commission of the Council's decision, then that would be the appropriate time to deal with the arguments raised by the Applicants in the preliminary motion, and any other matters they may then wish to raise.

10. On November 29, 1999 the Hearing on the Merits was reconvened before the Council.

11. Counsel for the Applicants requested the Council to adjourn the proceedings pending the hearing of applications brought by the Applicants in the Superior Court of Justice pursuant to Rule 14.05 of the Rules of Civil Procedure seeking declaratory relief of the nature sought in their preliminary motion before the Council and addressed by the Council in its Preliminary Motion Ruling, and an appeal to the Divisional Court from the Earlier Commission Decision pursuant to section 5 of the CFA. The Council was also informed that the IDA had brought a motion to dismiss the Applicants' application to the Divisional Court.

12. On December 13, 1999, the Council ruled (the "Scheduling Ruling"; see *Re Derivative Services Inc. and Kyle* (1999), 22 OSCB 8478) that the Hearing on the Merits should be scheduled for January 11 and 12, 2000, thus allowing the Applicants time to move for a stay of proceedings at the court hearing that had been scheduled for December 23, 1999.

13. On January 11 and 12, 2000, the Hearing on the Merits was held and on May 5, 2000, the Council issued its ruling on the merits ("Ruling on the Merits"; see *Re Derivative Services Inc. and Kyle* (2000), 23 OSCB 3492).

14. The Council's Ruling on the Merits concludes on page 3498 with the following:

> i) The District Council finds that the respondents committed the violations identified in the Notices.

ii) The District Council rules that a penalty hearing be scheduled at the earliest convenient date.

15. On June 7, 2000, a penalty hearing of the Council was held to hear submissions on penalties.

16. The Council issued its ruling on penalties on June 29, 2000 ("Penalty Ruling"; see *Re Derivative Services Inc. and Kyle,* [2000] I.D.A.C.D. No. 26 (QL)).

17. The Penalty Ruling provided on page 14 as follows:

> Paragraph 20.12 of the Association's By-laws grants the District Council discretion to require a respondent to "pay the whole or part of the costs of the proceedings" and any related investigation. Mr. Awad requested costs in the amount of $5,000, based on time spent by the investigator and by him as counsel in connection with the preliminary motion and the hearing on the merits. He submitted that the amount of $5,000 is a conservative one and takes into account the fact that the respondents raised issues in this matter which were "interesting". Ms. Biggar made no submissions with respect to costs.
>
> The District Council has decided to award the Association costs of $5,000 against the respondents jointly and severally, so that each respondent is responsible for the full amount of the costs, although, of course, the total amount of the costs to be paid will not exceed $5,000.

18. The Penalty Ruling was sent to the Applicants on June 30, 2000. The other previous rulings of the Council had previously been sent to the Applicants.

19. On July 13, 2000, Ms. Biggar wrote to the IDA to advise that the Applicants wished to make submissions with respect to costs. In that letter she stated:

> I am aware that the Ontario District Council has rendered its decision with respect to the issue of costs and are, technically, "functus". However, the ususal practice is to request the submissions of counsel after a decision has been made with respect to costs. Therefore, on behalf of Derivative Services Inc. and Robert Kyle, I am requesting that the Ontario District Council consider re-opening their deliberations with respect to costs.

20. On July 18, 2000, the Council issued a ruling ("Refusal to Re-Open Ruling"; see *Re Derivative Services Inc. and Kyle* (2000), 23 OSCB 5244) determining not to grant the request to re-open the hearing to consider its costs order. The ruling stated at page 5245:

> In the District Council's view the Association's past practice is preferable where the facts are not contested or where, as here, the District Council issues its decision on the merits and then convenes a subsequent hearing to consider the appropriate penalty.

21. On July 24, 2000, Ms. Biggar wrote to Mr. Brian Awad of the IDA as follows:

> I confirm receipt of the ruling of the Ontario District Council dated July 18, 2000. Since the Council chose to rule on the issues raised in my letter dated July 13, 2000 rather than stating that it was functus, in my view, the time period for any appeal of the rulings (collectively) of the Ontario District Council runs thirty days following July 18, 2000.
>
> If you have a different view, I would appreciate it if you would advise me of your position at your very earliest convenience.

22. On August 2, 2000, counsel for Commission staff wrote to Ms. Biggar referring to the Ruling on the Merits, the Penalty Ruling and the Refusal to Re-Open Ruling. The letter went on to state:

> Staff of the Commission have not been provided with any material relating to any application for a request for review of a decision or decisions made by the IDA in respect of DSI and Kyle.
>
> If such material is filed in support of any such application, Commission Staff will consider our position as to whether the respondents have made an application within the time requirements prescribed by the CFA.

23. On August 8, 2000, the Applicants requested a hearing and review by the Commission of the following rulings of the Council:

i) the Preliminary Motion Ruling (June 28, 1999);
ii) the Scheduling Ruling (December 13, 1999);
iii) the Ruling on the Merits (May 5, 2000);
iv) the Penalty Ruling (June 29, 2000); and
v) the Refusal to Re-Open Ruling (July 18, 2000).

24. Shortly before this hearing, an amendment to the request for hearing and review was received. This amendment is also dated August 8, 2000.

25. On May 18, 2001, Commission staff filed a notice of motion returnable May 28, 2001 to dismiss the request for a hearing and review as it related to the first four rulings.

Standing of Commission Staff

26. At the commencement of this hearing, counsel for the Applicants raised the question of whether Commission staff should be allowed standing at the hearing.

27. Counsel for Commission staff pointed out that this should not be an issue since Commission staff had

been involved without challenge by counsel for the Applicants in the hearing resulting in the Earlier Commission Decision and in all preliminary matters leading up to this hearing, and that if there was an issue on standing, it was waived long ago. In addition, counsel for Commission staff observed that staff had been served with all the materials in this hearing.

28. Counsel for Commission Staff referred to *Re Reuters Information Services (Canada) Ltd.* (1997), 20 OSCB 1584. *Reuters* was a hearing and review by the Commission of a decision of the IDA with respect to an application by Reuters for recognition as a market transparency organization. The Commission, at page 1584, determined that:

> The hearing and review will be on the record that was before the IDA Board, supplemented by such evidence, written and oral, as IDA, Reuters or Commission staff may wish to present, and the panel of the Commission admit, with respect to the question that was before the IDA Board on the application...
>
> At least 10 days before the commencement of the hearing and review, each of IDA, Reuters and staff shall advise the others, and the entities given "Torstar-type" standing below, as to the substance of the evidence it proposes to adduce, and shall deliver to the others and those entities copies of all new documents to be relied on by it at the hearing and review

It is clear in *Reuters* that Commission staff had full standing before the Commission.

29. Commission staff, observing that it was not suggesting it should be given only intervenor status, also referred to the Commission's decision in *Re George Albino* (1991), 14 OSCB 365, for a guiding principle in determining standing for third party intervenors. *Albino* concerned a proceeding under a predecessor to section 127 of the Securities Act and considered, among other issues, whether or not a certain incentive plan constituted a security. A lawyer from the firm of Blake Cassels & Graydon wanted to appear and be given standing to deal with the importance of the issue for his clients, unrelated to the specific facts before the Commission. The Commission stated at page 425:

> In conclusion, it seems to us that on requests for standing the Commission must first and foremost consider the nature of the issue and the likelihood that intervenors will be able to make a useful contribution without injustice to the immediate parties (the MacMillan Bloedel test, adopted in Torstar).

30. In its written submission in the matter before us in this hearing Commission staff stated:

> With respect to the various factual and legal issues raised by the Applicants, Staff will address some but not all of the issues outlined in the Applicants' Factum. Staff's submissions are intended to be supplementary to the submissions of the Counsel for the IDA. In particular, Staff will address the submissions that follow as they relate to the decision of the District Council, dated June 28, 1999, [*Applicant's Book of Documents at Tab 27*];
>
> i) whether there has been a sub-delegation of authority of Commission to the IDA under subsection 15(2) [now 16(3)] of the CFA;
>
> ii) whether By-law 19 is invalid;
>
> iii) whether the District Council has jurisdiction to determine the constitutionality of By-law 19;
>
> iv) whether the *Charter* applies to By-law 19;
>
> v) whether IDA By-law 19.5 violates section 8 of the *Charter*;
>
> vi) whether the *Statutory Powers Procedures Act* ("SPPA") and the *Evidence Act* apply to the IDA; and
>
> vii) whether the doctrine of duress applies to the contract between the IDA and DSI.

31. In summary, Commission staff submitted that it would be able to make a useful contribution to the hearing without injustice to either party and that staff participation in hearings of this nature is well established as a practice of the Commission. In the event that it should be found to be necessary for a motion for standing to be made by Commission staff, Commission staff so moved.

32. Counsel for the Applicants argued that the question of standing of Commission staff was not something that had been waived by the Applicants.

33. The principal issue, in the words of Applicants' counsel, "was whether or not OSC Staff had full, automatic standing as a party or whether they needed to apply to this panel for intervenor status. I do acknowledge that it might well be appropriate that the OSC Staff have intervenor status, which is what I understand the Torstar-type standing to be. The point was just that the OSC Staff had to take some steps."

34. The Commission ruled, for the reasons submitted by Commission staff, that Commission staff had standing to participate in this hearing and that no separate motion for standing was necessary.

Procedural or Substantive?

35. Canadian courts have frequently recognized that administrative bodies must strictly adhere to the limitation periods provided in their empowering

legislation where there is no express power provided to extend the same. (See *Leclair* v. *Manitoba (Residential Care, Director)*, [1999] M.J. No. 38(QL) (Man.C.A.); *Parker* v. *British Columbia (Police Commission)*, [1999] B.C.J. No. 1532 (QL) (B.C.C.A.); *Simpson* v. *Blacks Harbour*, [1995] N.B.J. No. 56 (QL) (N.B.C.A.); *Perrott* v. *Storm*, [1985] 18 D.L.R. (4th) 473 (N.S.S.C.); *Cessland Corporation Ltd.* v. *Fort Norman Explorations Inc.* (1979), 25 O.R. (2D) 69 (Ont. H.C.J.); *Vialoux* v. *Registered Psychiatric Nurse Association of Manitoba* (1983), 23 Man.R. (2d) 310 (Man. C.A.).

36. Counsel for Commission Staff referred us to subsection 4(1) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c.S.22 ("SPPA"), which provides:

> 4(1) Any procedural requirement of the Act, or of another Act or a regulation that applies to a proceeding, may be waived with the consent of the parties and the tribunal.

37. Counsel for Commission staff, counsel for the IDA, and counsel for the Applicants all indicated that they would give any necessary consents to extend the 30-day limit if the time limit in subsection 4(2) of the CFA was procedural.

38. Counsel for Commission Staff referred us to the Commission's recent decision in *Re Hamilton Airlines (2000) Inc.* (2001), 24 OSCB 3295. In that case the Commission dealt with the issue of its jurisdiction to proceed with the hearing and review of a decision of the director in circumstances in which the applicant failed to request his application for a hearing within the requisite 30 days. In that case, Commission staff indicated it would not consent to waive the time limit for the sending of the notice requesting the hearing and review; therefore, the Commission did not need to decide whether the time limit requirement was procedural or substantive.

39. Subsection 4(2) of the CFA (set out in paragraph 5 of these reasons) provides that a person will "be entitled to a hearing and review" where "by notice in writing sent by registered mail to the Commission within 30 days after the mailing of the notice of the decision" the person requests the hearing and review.

40. The CFA, like subsection 8(2) of the Securities Act does not provide for an extension of time in which to request the hearing and review, and does not authorize the Commission to exercise its discretion to extend the time requirement.

41. By comparison, subsections 25(1) and (2) of the *Securities Act* (Alberta) S.A. 1981, c. S-6.1, as amended, expressly provide the Alberta Securities Commission with the power to extend the 30-day limitation period in certain circumstances, but only if the extension is made within the 30-day limitation period. Subsections 25(1) and (2) state:

> 25(1) To commence an appeal to the Commission, the applicant shall, within 30 days from the day on which the written notice of the decision is served on the appellant, serve a written notice of appeal on the Secretary either personally or by registered mail.
>
> (2) Notwithstanding subsection (1), the Commission may, on application by the appellant during the appeal period prescribed in subsection (1) extend the appeal period if the Commission considers that it would not be prejudicial to the public interest to do so.

42. Counsel for Commission staff, in oral argument and in its written submission referred to several cases.

43. In *Pagee* v. *Manitoba (Director, Winnipeg Central)*, [2000] M.J. No. 180 (QL) (Man.C.A.), the Director ordered the continuance of income assistance to the applicant under *The Employment and Income Assistance Act of Manitoba*, C.C.S.M., c. E98. The applicant appealed the Director's order to the Social Services Advisory Committee which dismissed the appeal. She then sought leave to appeal against the order of the Committee dismissing her appeal from the Director's order. The applicant's appeal to the Committee of the Director's order was filed at least 57 days after the applicant received notice of the Director's order. Philip J.A. (in Chambers) refers to subsection 9(4) of *The Employment and Income Assistance Act* which states that:

> 9(4) A person who receives a notice under subsection (2) and who desires to appeal a decision or order for any of the reasons set out in subsection (1), may within 15 days after receiving the notice, file a written notice of appeal with the appeal board setting out the grounds of the appeal.

44. Philip J.A. observed that there was no power under the act to extend the time limit period. He adopted the reasoning of Millett L.J. in *Petch* v. *Gurney (Inspector of Taxes)*, [1994] 3 All E.R. 731 (C.A.), stating as follows (page 2):

> A review of those authorities is not necessary in order to conclude that the time requirement in s.9(4) of the Act is absolute. I reach that conclusion by a liberal and purposive interpretation of the scheme of the Act, the interpretive tool endorsed by the Supreme Court of Canada. (See, by way of example, the Court's recent decision in R. v Gladue, [1999] 1 S.C.R. 688, and Nanaimo (City) v. Rascal Trucking Ltd., 2000 S.C.C. 13, [2000] S.C.J. No. 14). That is the kind of approach Millett L.J. applied and explained in Petch v. Gurney (Inspector of Taxes), [1994] 3 All E.R. 731 at 738 (C.A.), leave to appeal refused [1994] 4 All E.R. xix. He wrote:

> Where statute requires an act to be done in a particular manner, it may be possible to regard the requirement that the act be done as mandatory but the requirement that it be done in a particular manner as merely directory. In such a case the statutory requirement can be treated as substantially complied with if the act is done in a manner which is not less satisfactory having regard to the purpose of the legislature in imposing the requirement. But that is not the case with a stipulation as to time. If the only time limit which is prescribed is not obligatory, there is no time limit at all. Doing an act late is not the equivalent of doing it in time. That is why Grove J. said in Barker v. Palmer (1881) 8 Q.B.D. 9 at 10 - "provisions with respect to time are always obligatory, unless a power of extending the time is given to the court". This probably cannot be laid down as a universal rule, but in my judgement it must be the normal one. Unless the court is given a power to extend the time, or some other and final mandatory time limit can be spelled out of the statute, a time limit cannot be relaxed without being dispensed with altogether; and it cannot be dispensed with altogether unless the substantive requirement itself can be dispensed with.
>
> I adopt that reasoning. The Act sets out a scheme whereby the recipient of income or other assistance can challenge in a timely and structured way the Director's decision or order discontinuing, reducing, or suspending his/her assistance. To conclude that the time requirement of s. 9(4) of the Act is not obligatory would, in effect, ignore the ordinary and grammatical sense of the words and leave the statutory scheme in disarray.

45. He continued on page 3:

> It is trite law that waiver or consent will not bestow jurisdiction upon a tribunal where none exists. That principle, more recently explained and applied in the leading case of Essex Incorporated Congregational Church Union v. Essex County Council, [1963] A.C. 808(H.L.(E.)), has been affirmed in Canada by courts and legal commentators. See, for example, Jacmain v. Attorney General (Can.) et al., [1978] 2 S.C.R. 15 at 38, and R. Dussault & L.Borgeat, Administrative Law: A Treatise, 2ed., vol. 4 (Toronto: Carswels, 1990) at 212.

46. Counsel for Commission staff referred to *K.C. v. College of Physician Therapists of Alberta*, [1998] A.J. No. 99; 1998 A.B.C.A. 213 (QL) (Alta. C.A.). The case concerned a physical therapist who had disciplinary proceedings brought against him for a variety of matters on which he was found guilty of professional misconduct. He appealed and filed his notice of appeal within the prescribed 30 days but, through a mistake of his lawyer, failed to serve it on time. He sought leave to extend the period of time set out in the statute and that leave was denied. He appealed that decision. The respondent argued that the right to appeal was conditional on the time limits being met. The issue in the case was whether the provision of subsection 64(2) of the applicable statute set out requirements that are better characterised as substantive or as procedural. Conrad J.A. quoted section 64 of the *Physical Therapy Profession Act*, S.A.1984 c. P-7.5, which provided, in part, as follows:

> 64(1) An investigative person or the College may appeal to the Court of Appeal any finding or order made by the Council under section 63.
>
> (2) An appeal under this section shall be commenced
>
> a) by filing a notice of appeal with the Registrar of the Court at Edmonton or Calgary, and
>
> b) by serving a copy of the notice of appeal
>
> i) on the Council when the investigative person is the appellant, or
>
> ii) on the investigated person when the College is the appellant.
>
> both within thirty days from the date on which the decision of the Council is served on the appellant.

47. He also quoted subsection 65(2) of the same act:

> 65(2) The procedure in an appeal shall be the same, with the necessary changes, as that provided in the Rules of Court for appeals from a judgement of a judge of the Court of Queen's Bench to the Court of Appeal.

48. Conrad J.A. determined that although ambiguous, the wording of the statute suggested that the time limits in subsection 64(2) were procedural. He reasoned at page 3:

> Section 64(1) provides that there is a right of appeal. It does not make that right conditional on the happening of any other event. The statute then provides for the commencement of

> an appeal and contains, within that provision, the time limit for filing and service....
>
> The question is whether the statute intends the time limits in s.64(2) to be a condition of the right of appeal in s.64(1), or whether the time limits are intended to be directive only, and thereby subject to the extension rights under the Rules of Court.
>
> Like Kierans J.A. in Re Wolski, I accept that, at best, the meaning is ambiguous. The right to appeal is not clearly conditional as it was in Yorkshire Trust....

49. Conrad J.A. distinguished *Yorkshire Trust Co. v. Mallett* (1986), 71 A.R. 23 (Alberta C.A.) as follows at page 2:

> The Respondent relies on the reasoning of this Court in Yorkshire Trust, supra. That case referred to the Reciprocal Enforcement of Judgements of Act, R.S.A. 1980, c.R - 6, 6(1)(b) which provided that:
>
> > "When a judgement is rendered pursuant to an ex-parte order, ...the judgement debtor, within one month after he has had notice of the registration, may apply to the court to have the registration set aside."
>
> The Application was not made within the prescribed limit and the Court held at p. 24, that:
>
> > [C]onditions set for the exercise of an enabling provision constitute a statutory prescription on the right...
>
> It held further that, absent any explicit statutory authority, this Court has no power to relieve against a statutory prescription....

50. The right to appeal in *College of Physical Therapists of Alberta* was not clearly conditional as it was in *Yorkshire Trust.*

51. There is a similarity in structure and wording between subsection 4(2) of the CFA and the applicable statutory provision in *Yorkshire Trust.* Subsection 4(2) of the CFA makes it clear that the entitlement to a hearing and review is conditional upon a request by notice in writing being sent by registered mail to the Commission within 30 days after the mailing of the notice of the decision. There is no unconditional entitlement to a hearing and review.

52. Because performance of the requirement to make a request for a hearing and review by sending notice within 30 days after the mailing of the decision creates the entitlement to the hearing and review, it is a substantive and conditional aspect of the hearing. It is not procedural and cannot be waived pursuant to subsection 4(1) of the SPPA.

Commencement of the 30-Day Time Limit

53. Counsel for Commission staff argued that the computation of time for making a request for a hearing and review of the first four rulings started from June 30, 2000, being the day the Penalty Ruling was mailed to the Applicants, and that, since the application for a hearing and review was in fact filed on August 8, 2000, it was too late for a hearing and review of any ruling other than the Refusal to Re-Open Ruling.

54. Applicants' counsel argued that the Refusal to Re-Open Ruling somehow kept the other rulings alive for the purposes of a hearing and review because, in her words, until July 18 the Council was not *functus officio.*

55. Counsel for the Applicants referred to *Chandler* v. *Association of Architects Alberta,* [1989] 2 S.C.R. 848. That case dealt with the extent to which the principle of *functus officio* applies to an administrative tribunal. It is relevant, however, to whether a tribunal itself may continue or revisit proceedings on which the tribunal has ruled. It does not deal with the question of a hearing and review by or an appeal to another tribunal of the lower tribunal's ruling.

56. We do not find the principle of *functus officio* helpful in determining the issues before this hearing.

57. What we are required to determine is whether the Commission has jurisdiction under the CFA to hold a hearing and review of the *rulings* of the Council, not of the *arguments* that were before the Council.

58. The Commission has already held a hearing and review of the Preliminary Motion Ruling and determined to let that ruling stand. The reason the Commission decided to let the ruling stand was that it would be premature at that time to decide on the issues raised by the Applicants' preliminary motion before the Council for the reasons the Commission gave in its decision. In its Earlier Commission Decision, the Commission stated at page 6445:

> We clearly had the discretion to proceed with the Applicants' motion....We are satisfied that the proper course is for us to dismiss the Applicants' motion and permit the Council to proceed with the hearing on the merits. If, after this has been completed, and the Council has made its determination, the Applicants wish to seek a hearing and review by the Commission of the Council's decision, then that will be the appropriate time for the Commission to deal with the arguments raised in the Applicants' motion, and any other matters they may then wish to raise.

59. In other words, the arguments raised in the preliminary motion of the Applicants before the Council could be made on a hearing and review of any decision by the Council flowing from the Hearing on the Merits. Indeed, we have considered those arguments to the extent they

may be relevant to our review of the Refusal to Re-Open Ruling.

60. In conclusion, the 30-day time limit referred to in subsection 4(2) of the CFA commenced with respect to each of the five rulings of the Council with the first of the days referred to in the subsection, namely the day after "the mailing of the notice of the decision".

Decision on Jurisdiction

61. Since the request for this hearing and review so far as it applies to the first four rulings was not made within the applicable time period for any of the Preliminary Motion Ruling, the Scheduling Ruling, the Ruling on the Merits, or the Penalty Ruling, and since the time limit requirement is not procedural and capable of being waived under the SPPA, the Commission does not have jurisdiction to review any of those rulings.

Refusal to Re-Open Ruling

62. On July 18, 2000, Council issued the Refusal to Re-Open Ruling, stating at page 5244:

> The District Council has determined not to grant the request to re-open the hearing to re-consider its costs order. The practice in Association disciplinary proceedings has been to address costs at the same time as the penalty; see, e.g., *In the Matter of James Hill* (2000), 23 O.S.C.B. 3348 (May 5); *In the Matter of Edward Richard Milewski* (1999), 20 O.S.C.B. 5404 (August 27).

63. The Council then reviewed practice before securities commissions in Canada and noted that practice varies. The ruling went on to state at page 5245:

> In the District Council's view the Association's past practice is preferable where the facts are not contested or where, as here, the District Council issues its decision on the merits and then convenes a subsequent hearing to consider the appropriate penalty.

64. The ruling concludes by stating that the Council could see no reason to exercise a discretion to re-open the hearing with respect to costs (p. 5245):

> The Respondents had notice that costs would be addressed in the penalty hearing; counsel for the Association provided a written submission containing a request for costs, a draft of which was sent to counsel for the respondents prior to the penalty hearing, as both counsel acknowledged at that hearing. The respondents thus were aware that costs would be addressed at the penalty hearing and had an opportunity to make submissions on them. That they did not do so does not provide a reason to re-open, especially in view of the relatively nominal award of costs for proceedings of the length and complexity of this one. Indeed, had the Association requested a greater amount of costs, the District Council would have seriously considered a larger award.

65. In *Wilkinson v. Toronto Stock Exchange* (1993), 16 OSCB 3545, the Commission reviewed and set out the principles it considered applicable on a hearing and review of a decision of a self-regulatory organization. The five possible grounds on which the Commission might interfere with a decision of a self-regulatory organization were said to be:

i) the self-regulatory organization proceeded on some incorrect principle;
ii) the self-regulatory organization erred in law;
iii) the self-regulatory organization overlooked material evidence;
iv) new and compelling evidence was presented to the Commission that was not presented to the self-regulatory organization; and
v) the self-regulatory organization's perception of the public interest conflicts with that of the Commission's.

66. Counsel for each party advised the Commission that they had no oral arguments to make on the Refusal to Re-Open Ruling and that they were each relying on the arguments put forth in their respective written submissions.

67. In her factum, Applicants' counsel argued that the IDA did not have jurisdiction over DSI. The arguments of Applicants' counsel, in her factum and made orally at the Hearing on the Merits, were fully addressed by the Council in the Preliminary Motion Ruling and the Ruling on the Merits considered together. We found no errors in law by the Council that would cause us to come to a conclusion that the Council did not have jurisdiction over the Applicants to issue the Refusal to Re-Open Ruling.

68. We find that in deciding to issue its Refusal to Re-Open Ruling, the Council did not proceed on some incorrect principle, err in law, or overlook material evidence. Furthermore, no new and compelling evidence was presented to the Commission that was not presented to the Council. We find nothing that suggests the Council did not act fairly or in the public interest in making its Refusal to Re-Open Ruling.

69. For the above reasons, the Commission confirms the Refusal to Re-Open Ruling.

July 17, 2001.

"Paul Moore" "John Geller"

"Stephen Paddon"

3.1.2 Air Canada

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

AND

IN THE MATTER OF
AIR CANADA

Hearing: July 27, 2001

Panel:	Paul M. Moore, Q.C.	-	Vice-Chair (Chair of the Panel)
	H. Lorne Morphy, Q.C.	-	Commissioner
	R. Stephen Paddon, Q.C.	-	Commissioner
Quebec Panel:	Guy Lemoine	-	Vice-Chair
	Viateur Gagnon	-	Commissioner
Counsel:	Kathryn J. Daniels Benjamin Eggers	-	For the Staff of the Ontario Securities Commission
	Edward Waitzer Katherine Kay John Baker	-	For Air Canada

EXCERPT FROM THE SETTLEMENT HEARING
CONTAINING THE ORAL REASONS FOR DECISION

The following statement has been prepared for purposes of publication in the *Ontario Securities Commission Bulletin* and is based on the transcript of the oral hearing, including oral reasons delivered at the hearing, in the matter of Air Canada.

While this statement has been approved by the Chair of the panel for the purpose of providing notice of the panel's decision in the matter, only the certified transcript should be relied on as a true record of the proceedings.

CHAIR: This is a hearing of the Ontario Securities Commission pursuant to section 127(1) of the Securities Act and section 127.1 of the Securities Act in the matter of Air Canada pursuant to a notice of hearing issued on July 25, 2001.

This will be a joint hearing with the Quebec Securities Commission...

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We will confer with our Quebec colleagues, but come to separate decisions. In other words, in Ontario we will decide what is appropriate and in Quebec they will decide what is appropriate, so that it is a simultaneous, separate hearing being held jointly...

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MS. DANIELS: I have provided to the panel yesterday and to my colleague, Mr. Waitzer, brief written submissions of the Staff of the Ontario Securities Commission in support of this application. If you have had an opportunity to review these submissions, you will note that at paragraphs 4 through 8 is a brief description of the facts. At this time, I would like to review those facts, certainly the salient points, in support of our application for you to approve the settlement.

The first important point to note is that Air Canada is a listed company on the Toronto Stock Exchange and has executed a listing agreement with that exchange requiring it to comply with all TSE requirements for listed companies.

The second important point to note is that Air Canada has in place and had in place in 1998 a public disclosure policy. This policy included a quiet period which would prohibit the dissemination of financial information at the close of a quarter until the official general disclosure of that quarter's results. On October 5th,

2000, which fell within this quiet period, two employees of Air Canada prepared a script and read that script into the voice mail of 13 analysts that review Air Canada's performance and issue research on Air Canada common shares. That script contained information relating directly to the third quarter earnings per share results and also contained a revised forecast for the next quarter. At the time of the script and at the time that it was read into the analysts' voice mail, that information -- that is, the quarterly earnings and the near future forecast -- were not generally disclosed.

Overnight the shares opened at a dollar below their closing price on October 5, and just after the market opened, ten minutes after the market opened, TSE staff contacted Air Canada to inquire into the trading activity, to inquire into the drop in price and to inquire into certain media accounts of the analyst call the previous evening.

Just before four o'clock that day, Air Canada issued a general press release which attempted to explain the market activity and, directed the public to the fact, in Air Canada's submission, that at the time that information had been generally disclosed and predicted a return to normal activity.

The press release issued on October 6th did not contain the same figures -- that is, the actual quantitative figures -- relating to the earnings per share for the third quarter nor did it contain a prediction for the fourth quarter and overall did not mirror the script that had been read to the analysts the previous evening.

It is important to note that Air Canada has admitted in the settlement agreement that the information contained in the script to the analysts which was read to analysts was a material fact, and Air Canada has further admitted that that material fact is not generally disclosed at the time, on October 5, when the script was read to the analysts.

Air Canada has also admitted that the press release released 24 hours later just before the market closed on the 6th did not contain the same information that had been contained in the script read to the analysts.

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MR. MORPHY: Ms. Daniels, on the facts, I note there is nothing as to whether the actions of Mr. Peterson and Ms. Peck were an oversight having regard to their obligations or whether it was a knowing infringement. Is that material to our considerations here?

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MS. DANIELS: In response to Commissioner Morphy's question, I touched on Section 76(2) of the Securities Act which is the cornerstone, in Staff's submission, of the public disclosure tipping regime in Ontario.

Briefly, no reporting issuer or no person in a special relationship with a reporting issuer shall inform, other than in the necessary course of business, another person or company of a material fact with respect to that reporting issuer before it has been generally disclosed. So the Act, in staff's submission, requires the reporting issuer and employees to ensure that general disclosure takes place in advance of any private conversations as it relates to a material fact.

You will have in your brief of authorities which are attached to my written submissions the Commission's decision in the matter of Gary George. That case was heard under section 76(2) as well. The respondent in Gary George was actually the tippee or purported to be, and it dealt with whether or not he was aware in effect whether or not it was a tip. In coming to the decision, however, the Commission had some remarks about Section 76(2) in general and the obligations of a reporting issuer or people who are employees of a reporting issuers not to tip.

And I should have highlighted on the side of page 16 of this case, which is found at tab 4 of your brief, the authority which Ontario Staff relies on, the proposition that this Commission takes very seriously the issue of tipping and takes seriously and considers it to have been tipping in the event a company is providing information to analysts in advance of the general public. The key phrase is simply that:

> "We would like to make it absolutely clear that such conduct is both illegal and improper."

And in this case they were dealing with the actual employees.

> "If proceedings were commenced against an officer of an issuer or an analyst, if such conduct were proved we would regard it most seriously."

In this case, it is Staff's submission that Air Canada, as the reporting issuer, stands in the shoes of the person or entity who is doing the tipping and it is appropriate in a situation to consider Air Canada's conduct as one which is quite serious and worthy of the appropriate sanction.

In addition to the obligations contained in the Ontario Securities Act, the TSE company manual, which Air Canada has contractually signed, contains in sections 408 and 411 obligations which relate to disclosure and prohibitions against selective disclosure, in particular, of financial information.

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So the TSE company manual and the Ontario Securities Act combined and separately, in Staff's view, proscribe the behaviour engaged in by Air Canada in this case, and accordingly it is Staff's submission that their conduct is worthy of sanction under each of sections 127 and 127.1 of the Act.

Before moving on to the proposed sanctions, I simply want to highlight the admissions that have been made by Air Canada in the settlement agreement. In particular, Air Canada has admitted that in the disclosure of various information, it engaged in conduct contrary to the public interest. And in the disclosure of the information and not following up with the same information the next day in the press release, it has also breached its listing agreement with the Toronto Stock Exchange and therefore has acted contrary to the public interest.

Finally, in mitigation in favour of Air Canada, there are two points. One, by entering into the settlement agreement, Air Canada has obviously eliminated the need for a more expensive hearing process and has brought to a speedy conclusion this matter. The second point is that in addition to the corporate disclosure policy that was in place from 1998 forward, Air Canada has taken several steps since October 6th to improve their public disclosure regime, including web casting, public notice of calls with analysts and allowing the general public to dial in to their analysts' calls just to improve the quality of their information going out to the public at large.

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You will have had an opportunity to review the proposed settlement, which really contains four particular sanctions. The first is a contribution by Air Canada in Ontario in the amount of $500,000, which will be designated by the Commission to such third party as it sees fit for the benefit of investors in Ontario. This $500,000 is matched by a similar amount in Quebec for a total of $1 million that Air Canada is paying to each province, or half and half.

The second sanction is a quarterly review, for a period of one year, by Air Canada's auditors to ensure that Air Canada is complying with its obligations under securities law, the TSE company manual and its own corporate disclosure policies and meeting its selected disclosure obligations to ensure that this does not happen again in the next year. That report to be provided on a quarterly basis to each of Air Canada and the Securities Commission will thereafter be publicly available as well.

The third sanction is a reprimand that Air Canada has consented to by the Ontario Securities Commission, and the fourth is payment of Ontario's costs of investigating this matter in the amount of $80,000.

Contained in the written submissions is a decision of the Commission in Belteco Holdings, and that decision sets out a number of factors the Commission had regard to when considering whether or not agreed upon sanctions are appropriate in the circumstance. They include, and I summarize them on page 7 of my written submissions, six different factors which should be considered, in our view, in this case.

The first and perhaps most obvious is the seriousness of the allegations. It is the submission of Ontario Staff that the allegation in this case is quite serious. It is submitted that the breach was an obvious breach during the quiet period that Air Canada had in place, and that it in fact was not -- Air Canada was not assisted by the actions the following day in issuing a press release that did not contain the same information.

The second factor to consider is the respondent's experience in the marketplace, and in Staff's submission Air Canada is quite obviously a leading Canadian company, a major reporting issuer or listed company on the Toronto Stock Exchange and has a wealth of

experience in corporate governance matters and in securities matters, which is reflected by their own corporate disclosure policy and which would have prohibited the activity in question.

A third factor to consider is whether or not the respondent has recognized the seriousness of the impropriety, and in Staff's submission Air Canada has recognized the seriousness. Overall, Air Canada has cooperated with the investigation. The financial sanction, the $1 million, is a figure that Air Canada views as quite a serious figure in its current situation, and it has agreed to ongoing public monitoring of this company for the next year in order to ensure that it stays on track and to provide a bellwether, if you will, for other reporting issuers and listed companies in Canada to sort of bring everybody up to standard in the issue relating to selective disclosure.

The fourth consideration is whether or not the sanctions imposed would deter like-minded people or companies from engaging in similar conduct. In Staff's submission, that is particularly apt in this situation. Air Canada will recognize that the cost of compliance is less than the cost of non-compliance, and in Staff's submission the company public at large, if you will, will also recognize that.

The other fact is that it will provide guidance to the reporting issuer public that calls to analysts, even when the facts may suggest that you could have taken this piece of information from some description of oil prices and this piece of information and add it all up to a specific number, is not appropriate behaviour, and will hopefully provide guidance to those companies and some deterrence factor.

The fifth consideration is mitigating factors. I've highlighted the two that, in Staff's submission, are appropriate to consider in this case. One is the admissions made by Air Canada in reaching this settlement, and, two, the improvements to their corporate disclosure policy since settlement has been reached.

Finally costs award ties directly into the investigation branch here, their cost of investigation in this matter. While Air Canada did cooperate, the investigation incurred costs along the way, both in reviewing the matter and interviewing the necessary various parties, and in reaching the settlement, it is appropriate for Air Canada to bear the costs of that investigation, and they have agreed to do so.

So for those reasons, Staff of Ontario submit that the settlement is appropriate in the circumstances and we ask that the Commission approve same.

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MR. WAITZER: Air Canada understands the seriousness with which the two Commissions take this matter. As a major issuer, with a significant stake in the quality and integrity of Canada's capital markets, Air Canada takes the matter quite seriously as well. It has entered into the settlement agreement that is before you today on that basis.

While the obiter in the cases that counsel for Ontario Commission's Staff has referred you to in terms of sanctions, it may well be relevant. I would submit that the contextual circumstances of those cases are quite a bit different than the matter that you have before you. This may go to the question that was raised by Mr. Morphy to Ms. Daniels.

As is noted in the settlement agreement, there is no suggestion that there was any culture of non-compliance at Air Canada. This was an isolated incident. It is also noted in the settlement agreement that sensitivity to the issue of selective disclosure has heightened in recent years.

I think it is fair to say that the standards that are being applied with respect to selective disclosure in both Canada and the United States -- and Air Canada is a registrant in the United States listed on Nasdaq as well -- are the subject of continuing debate and are evolving. To put it into context, Regulation FD, which is the SEC's regulation with respect to selective disclosure, was implemented shortly after the circumstances that gave rise to this settlement agreement.

Air Canada, too, was facing what might be viewed as unique circumstances at the time. It was in the middle of a difficult integration effort with a financially distressed airline, Canadian Airlines. It was a highly sensitive environment for a variety of reasons. There was a lot going on.

Ms. Daniels pointed out that the information that was conveyed to the analysts in the 13 phone calls was not

generally disclosed, and you will note that in the settlement agreement we talked about the information not being generally disclosed as such. I don't put a lot of weight on that other than to point out to you that there is not necessarily agreement between Staff and Air Canada with respect to whether that information was substantially disclosed in the public domain ahead of the analysts' call. That might have been the subject for a hearing, had we gone to a hearing. Air Canada has acknowledged and acknowledges to you today that there was a clear public interest harm that was occasioned by those communications.

I suppose the proof of materiality is always in the pudding. With the benefit of knowing how the analysts and the market reacted to the information that was communicated to the analysts on the evening of October 5th, it is clear that those calls, without the issuance of a contemporaneous press release, was an error in judgment and was damaging both to Air Canada and to the public interest.

I would point out that there is no suggestion of any personal or corporate gain, and again I'm contrasting these circumstances to those in some of the cases that Ms. Daniels has referred you to. There is clearly confusion that arose in the marketplace and an informational imbalance in the marketplace that resulted, and the notoriety of these proceedings have clearly harmed Air Canada.

Let me be clear that Air Canada takes full responsibility for its actions and regrets and is submitting to these panels because it regrets the events which occurred. Air Canada took immediate action to ensure that such events would not recur. Its corporate disclosure policy at the time was in keeping with standards that one would expect of a senior issuer. It has noted in the settlement agreement it has upgraded its own policies and practices subsequent to October to ensure that its own practices and policies reflect best current practices in the marketplace. And as Ms. Daniels pointed out, Air Canada cooperated with the Commissions' Staffs in this investigation.

I want to be clear for the panel what has been agreed to in the settlement, which is that Air Canada's actions resulted in harm to the public interest. That is the section on which the Commission will be exercising its jurisdiction, if it accepts this. There is no allegation -- no direct allegation -- and no admission of a statutory breach in the settlement agreement. That is, there is no admission of a breach of Section 76(2) which Ms. Daniels referred to.

THE CHAIR: No direct allegation.

MR. WAITZER: No direct allegation, and no admission of a statutory breach. Air Canada has agreed to the sanctions. It accepts, as I say, full responsibility for the conduct. It has taken this matter very seriously. It wants to put this matter behind it. I think by its actions it has demonstrated a resolve to ensure that it not occur again. It was an isolated error that was a significant error. Air Canada would like to be able to move on to face other challenges ahead of it for the benefit of its shareholders. I would be happy to answer any questions for either the panel in Montreal or Toronto.

MR. MORPHY: Mr. Waitzer, Ms. Daniels in her submissions said, as I understood, that this was an obvious breach. I think those were her words. Do you concur with an admission -- it's paragraph 13, that it breached its listing agreement? You say it is not a straight admission, referring to the statute. Do you agree that this is an obvious breach of the listing agreement?

MR. WAITZER: Air Canada has agreed that it breached the listing agreement.

MR. MORPHY: I used the word "obvious" as she did.

MR. WAITZER: I would not use the word "obvious". I think there is considerable uncertainly still in the application of the TSE listing agreement and the specific provisions, but for purposes in these circumstances, Air Canada had admitted a breach of the listing agreement.

MR. MORPHY: But you are not saying obvious. Thank you.

THE CHAIR: I have a couple of questions, Mr. Waitzer. You say there is no direct allegation of breach of statutory provisions, but Ms. Daniels, as it has already been observed by Mr. Morphy, it is quite clear that in her view there was a breach of the Act. I believe the statute in Ontario, which is longstanding, is quite different from that in the United States and mandates disclosure and also has anti-tipping provisions.

You referred to the disclosure in the United States, but the case that was referred to by Ms. Daniels, Re George,

which came out in January of 1999 before this conduct and before any Regulation FD in the United States, makes it quite clear, as Ms. Daniels said: "We would like to make it absolutely clear that such conduct", referring to disclosure to analysts, "is both illegal and improper and that if, in proceedings commenced against an officer of an issuer or an analyst, such conduct was proved, we would regard it most seriously."

My question to you is this - I am a little troubled - you almost seem to be saying there was not anything improper here. I take it, and I want your comments on this, that if we approve this settlement, Air Canada should be reprimanded for its conduct and that its conduct was unacceptable and that this should be a clarion call to the street that they should take seriously the existing laws that we have in Ontario.

Now, am I going too far in interpreting what our approving of this settlement agreement would mean?

MR. WAITZER: I do not disagree with anything that you have just said.

THE CHAIR: That's fine, because I think as part of the reprimand I would like to state that.

MR. WAITZER: I did not mean to suggest, Mr. Chair, that there was nothing improper in Air Canada's conduct. If that was the case, we would not be before you here today. I think what I suggested was materiality decisions made in real time in complex circumstances are difficult – are often difficult. This was a difficult one. Knowing how everybody reacted, it is clear in hindsight that the information was material. There was an error in judgment, and Air Canada accepts full responsibility for that and I think takes it as seriously as you have just suggested in your remarks, and that is why they are submitting to this settlement.

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MS. DANIELS: Just in response to comments made by Mr. Waitzer and considering some of the questions that have come from the panel, -- what is obvious, and we submit is obvious to Staff in Ontario and has been admitted to by Air Canada is a simple two-step process: a) Air Canada admits that any information that was disclosed was a material fact; and b) Air Canada admits that that information was not generally disclosed.

In Staff's view, that is the obvious problem here and it is conduct which is contrary to the public interest.

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--- Recess at 10:30 a.m.

--- Resuming at 10:45 a.m.

(DECISION AND ORAL REASONS)

THE CHAIR: We are reconvening. We have come to our respective decisions, and the Ontario Securities Commission has decided to approve the settlement as being in the public interest.

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We have had presented to us a settlement agreement that has been entered into by the staff of the Ontario Securities Commission and Air Canada, and in Quebec a similar, if not identical, agreement has been entered into between the Staff of the Commission des valeurs mobilières du Québec and Air Canada.

This agreement was considered by us, and we determined that it is in the public interest to approve this agreement.

The agreement calls for a payment of $500,000 to the Ontario Securities Commission to be used for investor education.

It calls for a quarterly review for the next four quarters by the auditors of Air Canada to ensure compliance with securities laws - in particular, the selective disclosure, timely disclosure, and public disclosure policies.

It also calls for making copies of the review available to the Staff of the Ontario Securities Commission and the public.

It calls for a reprimand by the Ontario Securities Commission, which I will deliver in a moment, and calls for costs of the Ontario Securities Commission involved in this investigation to the amount of $80,000.

The Commission considered this agreement and satisfied itself that it was in the public interest to approve it for various reasons.

One, we look upon this kind of activity very seriously. Our law in Ontario has

been longstanding in requiring prompt disclosure of any material change in the affairs of an issuer. This is different than the laws in the United States.

We also have had on our statute books for many years laws against tipping, or treating investors unequally: giving selected information to some investors and not to others; and that has been on our books for many years.

In 1999, as a matter of fact it was January, there was a decision of the Ontario Securities Commission dealing with a similar situation where analysts had been given specific information that was generally not available, and although the facts were different, the statement that was made by the Commission at that time is relevant. Dealing with giving selective disclosure to analysts, the Commission said:

> "We would like to make it absolutely clear that such conduct is both illegal and improper and that if, in proceedings commenced against an officer of an issuer or an analyst, such conduct was proved, we would regard it most seriously."

It is interesting to note that that statement, in reasons that were released in January 1999 and reported in the Ontario Securities Commission Bulletin, was long before this conduct that we are dealing with today, which took place in October of 2000.

It is also interesting to note that at the Ontario Securities Commission, we conducted a survey in October of '99 of several companies, and 170 companies responded, to find out what the practice was with respect to corporate disclosure policies, with respect to one-on-one meetings with analysts, and so forth. We did find at that time that the practice was not happy.

While that survey was going on, the United States Securities and Exchange Commission came out with their fair disclosure guideline, Regulation FD, dealing with communication with analysts. And I think it is important, in looking at Air Canada's activities here, that although there has been heightened awareness of the problems involved in dealing with analysts, and some debate as to what the law should be in the United States, the situation in Canada is relatively clear.

To help clarify the situation, however, as to what practices are good or not good, the CSA, the Securities Commissions across Canada, have put out proposed National Policy 51-201 as to fair disclosure standards. That policy makes it quite clear that no change in the law is suggested. It reiterates what the law in various jurisdictions of Canada is and suggests various practices that could be followed by companies to keep out of trouble.

We note that Air Canada had and does have a corporate disclosure policy. They have and have had policies in place.

It appears that there were serious errors of judgment made by the people involved in the incident at hand. While that cannot be excused, we do take some comfort from what appears to be a culture of compliance at Air Canada. Nevertheless, because of the seriousness of the infraction, because of the prior statements by the Commission as to the seriousness with which we would regard this kind of situation, and in order to give a clarion call to the street that this kind of activity will not be tolerated, we feel that the settlement agreement, with its sanctions, is appropriate in the situation.

We feel that it will help to foster confidence in the financial markets to know that the law requires, and that good corporations will comply with the requirement for, full disclosure of all material information on a timely basis as required by the securities laws and by the Toronto Stock Exchange's listing agreement and listing requirements.

Secondly, we believe it underlines the importance of the principle in securities laws of equal treatment of all investors. And where investors are not given information on an even footing, unless there are special circumstances of privilege or the law makes reasonable exceptions for confidential disclosure under adequate safeguards to ensure there is no insider trading, unless those special conditions exist, all investors should be given equal opportunity.

Communication by a corporation with analysts is not covered under some exception; so what is disclosed to analysts, if it is material and will significantly affect the market price, or reasonably may be expected to significantly affect the market price of the shares of the issuer, should not be selectively disclosed.

> We note also that Air Canada has taken many steps to put safeguards in place; and we take great comfort from the fact that for the next four quarters their conduct will be reviewed, so that we are satisfied that it is reasonable to expect that this kind of conduct will not reoccur with Air Canada.
>
> We also note that in Quebec there is also a payment of $500,000, so that the total sanction, if you will, comes to $1,000,000. We think that that is appropriate in this situation.
>
> Now that there is a clarion call to the street to watch what happens, I do not want to predict what might come in the future.

(The reprimand is contained in the Order issued by the Commission at the conclusion of the hearing.)

August 2, 2001.

"Paul M. Moore"

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
Dominion International Investments Inc. Link Mineral Ventures Ltd. Nord Pacific Limited United Trans-Western, Inc.	23 Jul 01	03 Aug 01	03 Aug 01	-
Acme Metals Incorporated	26 Jul 01	07 Aug 01	07 Aug 01	-
Benz Energy Inc. Cosgrove-Moore Bindery Services Limited	03 Aug 01	15 Aug 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	Date of Issuer Temporary Order
Dotcom 2000 Inc.	29 May 01	11 Jun 01	11 Jun 01	-	23 Jul 01
St. Anthony Resources Inc.	29 May 01	11 Jun 01	11 Jun 01	23 Jun 01	-
Galaxy OnLine Inc. Melanesian Minerals Corporation	29 May 01	11 Jun 01	11 Jun 01	24 Jul 01	-
Brazilian Resources, Inc. Link Mineral Ventures Ltd. Nord Pacific Limited	30 May 01	12 Jun 01	12 Jun 01	-	23 Jul 01
Landmark Global Financial Corp.	30 May 01	12 Jun 01	12 Jun 01	28 Jun 01	-
Dominion International Investments Inc.	12 Jun 01	25 Jun 01	25 Jun 01	-	23 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	-	-
United Trans-Western, Inc.	05 Jul 01	18 Jul 01	19 Jul 01	-	23 Jun 01

4.3.1 Lapsed Cease Trading Orders

Company Name	Date of Lapse/Expire
Dotcom 2000 Inc.	07 Aug 01

Chapter 5

Rules and Policies

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Chapter 6

Request for Comments

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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
10Jul01 to 13Jul01	724 Solutions Inc. - Common Shares	268,852	29,900
16Jul01to 18Jul01	724 Solutions Inc. - Common Shares	89,478	10,100
01Jul01	Bank of Ireland Asset Management Limited - Units	14,500,000	1,301,173
01Feb01	Bank of Ireland Asset Management Limited - Units	1,900,000	140,771
01Feb01	Bank of Ireland Asset Management Limited - Units	700,000	51,863
01Feb01	Bank of Ireland Asset Managment Limited - Units	200,000	14,814
27June01 and 04Jul01	Bioniche Life Sciences Inc. - Special Warrants	9,927,350	3,254,869
20Jul01	Canadian Imperial Venture Corp. - Special B Warrants	3,966,270	2,833,050
20Jul01	CERTAPAY INC. - Class C Convertible Preferred Shares Series I and Class C Convertible Preferred Shares Series II	5,500,000	42,708,333
19Jul01	Charles River Laboratories International, Inc. - Common Stock	1,341,279	30,000
26Jul01	Compton Petroleum Corporation - Common Shares	16,230,000	2,705,000
23Jul01	DragonWave Inc. - Series A Preferred Shares	6,499,999	4,333,333
01Jan98 to 31Dec98	Goldman Sachs Mutual Funds - Securities		
23Jul01	Greater Lenora Resources Corp. - Convertible promissory note	150,000	150,000
16Jul01	Intrepid Minerals Corporation	112,500	450,000
20Jul01	IPC Financial Network Inc. - Secured promissory note	300,000	300,000
20Jul01	IPC Financial Network Inc. - Secured Promissory Note	$300,000	300,000
19Jul01	Isotechnika Inc. - Special Warrants	18,029,440	4,097,600
19Jul01	Isotechnika Inc. - Special Warrants	1,298,000	295,000
30Jun01	Kingwest Avenue Portfolio - Units	1,404,393	69,854
11Jul01	Local Media Internet Venture, LLC - Class A Units	2,109,011	138,314
12Mar01	Local Media Internet Venture, LLC - Class A Units	1,737,671	112,050
26Feb01	Local Media Internet Venture, LLC - Class A Units	402,180	26,264
23Jul01	Ozz Corporation - Common Shares	850,000	1,214,287
19Jul01	Pacific Rodera Ventures Inc. - Special Warrants	149,999	535,714
24Jul01	Pentland Firth Ventures Ltd. - Common Shares	854700	8,547,000
02Apr01 to 30Jun01	RTCM American Equity Fund - Pooled Fund Units	24,968,358	1,479,966
02Apr01 to 30Jun01	RTCM Balanced Fund - Pooled Fund Units	25,029,876	1,506,804

Trans. Date	Security	Price ($)	Amount
02Apr01 to 30Jun01	RTCM Balanced Capped Fund - Pooled Fund Units	720,895	76,924
02Apr01 to 30Jun01	RTCM Bond Fund - Pooled Fund Units	51,778,121	6,023,372
02Apr01 to 30Jun01	RTCM Canada Plus Equity Fund - Pooled Fund Units	76,824,660	4,471,817
02Apr01 to 30Jun01	RTCM Canadian Income Fund - Pooled Fund Units	134,884	13,708
02Apr01 to 30Jun01	RTCM Canadian Equity Capped Fund Fund - Pooled Fund Units	72,015,107	8,416,163
02Apr01 to 30Jun01	RTCM Canadian Equity Fund - Pooled Fund Units	248,127,223	2,419,714
02Apr01 to 30Jun01	RTCM Conventional Mortgage Fund - Pooled Fund Units	402,000	47,870
02Apr01 to 30Jun01	RTCM Diversified Fund - Pooled Fund Units	9,065,482	545,571
02Apr01 to 30Jun01	RTCM Emerging Technologies Fund - Pooled Fund Units	1,800,000	209,984
02Apr01 to 30Jun01	RTCM Global Bond Fund - Pooled Fund Units	652,188	64,252
02Apr01 to 30Jun01	RTCM Global Equity Fund - Pooled Fund Units	21,029,239	1,343,137
02Apr01 to 30Jun01	RTCM Government of Canada Money Market Fund - Pooled Fund Units	3,350,000	335,000
02Apr01 to 30Jun01	RTCM International Equity Fund - Pooled Fund Units	43,661,811	782,539
02Apr01 to 30Jun01	RTCM Money Market Fund - Pooled Fund Units	45,838,163	4,583,816
02Apr01 to 30Jun01	RTCM Small Capitalization Fund - Pooled Fund Units	7,679,393	472,195
02Apr01 to 30Jun01	RTCM U.S Equity Growth Fund - Pooled Fund Units	47,888,232	700,545
02Apr01 to 30Jun01	RTCM U.S. Equity Value Fund - Pooled Fund Units	8,788,400	161,578
13Jul01	SatCon Technology Corporation - Common Shares	400,000	400,000
24Jul01	SHAAE (2001) Master Limited Partnership - Units	17,200	967
19Jul01	SHAAE (2001) Master Limited Partnership - Units	17,200	1,024
29Jun01	Sprott Hedge Fund Limited Partnership - Units	4,321,003	2,841
30Mar01	Sprott Hedge Fund Limited Partnership - Units	3,300,006	2,477
31May01	Sprott Hedge Fund Limited Partnership - Units	3,700,007	2,708
30Apr01	Sprott Hedge Fund Limited Partnership - Units	751,233	566
18Apr01	The Royal Trust Company - Units	2,433,614	72,303
11Apr01	The Royal Trust Company - Units	1,850,865	39,348
18Jul01	The Governing Council of the University of Toronto - 6.78% Series A Senior Unsecured Debentures	160,000,000	679,258
02May01	The Royal Trust Company - Units	1,625,883	42,102
25Apr01	The Royal Trust Company - Units	1,497,459	47,690
16May01	The Royal Trust Company - Units	2,619,826	78,970
09May01	The Royal Trust Company - Units	3,903,975	118,653
04Apr01	The Royal Trust Company - Units	1,872,947	43,275
30May01	The Royal Trust Company - Units	1,884,263	68,226
13Jun01	The Royal Trust Company - Units	1,805,410	54,019
20Jun01	The Royal Trust Company - Units	2,585,162	117,359
27Jun01	The Royal Trust Company - Units	3,796,960	175,900
23May01	The Royal Trust Company - Units	2,675,339	67,786
06Jun01	The Royal Trust Company - Units	1,891,711	116,267
19Jul01	Western Oil Sands Inc. - Shares	3,858,400	274,000

Trans. Date	Security	Price ($)	Amount
25Jul01	Wilson Greatbatch Technologies, Inc. - Common Stock	176,720	5,000
25Jul01	Woodside Finance Limited - 6.70% Notes due 8/1/11	15,279,869	10,000,000

Resale of Securities - (Form 45-501f2)

Date of Resale	Date of Orig. Purchase	Seller	Security	Price ($)	Amount
26Jul01 to 27Jul01	06Mar01	Canadian National Railway Company	360NETWORKS INC. - Subordinated Voting Shares	1,081,304	5,581,750
19Jul01 to 20Jul01	29Mar01	Investors Group Trust Co. Ltd. as Trustee for Investors Canadian Small Cap	Stratos Global Corporation - Common Shares	120,473	11,100

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

Seller	Security	Amount
Jalovec, John	Carma Financial Services Corporation - Common Shares	500,000
Estill, Glen R.	EMJ Data Systems Ltd. ("EMJ") - Common Shares	40,000
Mourin, Stanley	WESTERN TROY CAPITAL RESOURCES INC - Common Shares	60,000

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Chapter 9

Legislation

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Crescent Point Energy
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated August 1st, 2001
Mutual Reliance Review System Receipt dated August 3rd, 2001
Offering Price and Description:
Minimum: 6,000 Units ($6,000,000) Maximum: 9,000 Units (9,000,000). Price: $1,000 per Unit, Minimum Subscription: 5 Units ($5,000)
Underwriter(s) or Distributor(s):
Griffiths McBurney & Partners
Promoter(s):
Paul Colborne
Project #378123

Issuer Name:
eMedia-IT Solutions Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated August 2nd, 2001
Mutual Reliance Review System Receipt dated August 3rd, 2001
Offering Price and Description:
Maximum: * Common Shares ($*) Minimum: * Common Shares ($*). Price: $* per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
Raymond James Ltd.
Project #378416

Issuer Name:
HSBC Japan Fund
HSBC Global Resources Fund
HSBC Global Healthcare Fund
HSBC Global Financial Services Fund
HSBC Global Technology Fund
HSBC U.S. Equity RSP Fund
HSBC Global Equity RSP Fund
HSBC U.S. Dollar Money Market Fund
HSBC Global Equity Fund
HSBC Mortgage Fund
HSBC Canadian Money Market Fund
HSBC Emerging Markets Fund
HSBC U.S. Equity Fund
HSBC AsiaPacific Fund
HSBC Canadian Balanced Fund
HSBC Canadian Bond Fund
HSBC Dividend Income Fund
HSBC Equity Fund
HSBC European Fund
HSBC World Bond RSP Fund
HSBC Small Cap Growth Fund
Principal Regulator - British Columbia
Type and Date:
Preliminary Simplified Prospectus dated August 2nd, 2001
Mutual Reliance Review System Receipt dated August 3rd, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s) or Distributor(s):
HSBC Invsetment Funds (Canada) Inc.
HSBC Investment Funds (Canada) Inc.
Promoter(s):
-
Project #378050

Issuer Name:
NHC Communications Inc.
Principal Jurisdiction - Quebec
Type and Date:
Preliminary Short Form Prospectus dated July 26th, 2001
Mutual Reliance Review System Receipt dated July 26th, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):

Project #376402

Issuer Name:
Alberta Energy Company Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Shelf Prospectus dated August 2nd, 2001
Mutual Reliance Review System Receipt dated August 2nd, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #376513

Issuer Name:
Alliance Atlantis Communications Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated August 2nd, 2001
Mutual Reliance Review System Receipt dated 2nd day of August, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Merrill Lynch Canada Inc.
Goldman Sachs Canada
RBC Dominion Securities Inc.
TD Securities Inc.
Promoter(s):
-
Project #374917

Issuer Name:
CI Latin American RSP Fund (Class A and Class F units)
CI Global Value RSP Fund (Class A and Class F units)
CI American Value Sector Fund (Sector A and Sector F shares)
CI Global Focus Value RSP Fund (Class A and Class F units)
CI Short-Term US$ Sector Fund (Sector A shares)
CI American Managers Sector Fund (Sector A and Sector F units)
CI Global Managers Sector Fund (Sector A, Sector F and Sector I shares)
CI International Balanced Sector Fund (Sector A and Sector F shares)
CI International Sector Fund (Sector A and Sector F shares)
CI Global Business-to-Business (B2B) Sector Fund (Sector A and Sector F shares)
CI Pacific RSP Fund (Class A, Class F and Class I units)
CI International Value RSP Fund (Class A and Class F units)
CI European RSP Fund (Class A and Class F units)
CI American Value RSP Fund (Class A and Class F units)
CI International RSP Fund (Class A and Class F units)
CI Global Energy RSP Fund (Class A and Class F units)
CI Global Consumer Products RSP Fund (Class A and Class F units)
CI Global Focus Value Sector Fund (Sector A and Sector F shares)
CI American Managers RSP Fund (Class A and Class F shares)
CI Global Biotechnology RSP Fund (Class A and Class F units)
CI Global Business-to-Business (B2B) RSP Fund (Class A and Class F units)
CI Global Managers RSP Fund (Class A and Class F units)
CI Japanese RSP Fund (Class A and Class F units)
CI Emerging Markets RSP Fund (Class A and Class F units)
CI Global Biotechnology Sector Fund (Sector A, Sector F and Sector I shares)
CI Global Telecommunications RSP Fund (Class A and Class F units)
CI Global Health Sciences RSP Fund (Class A and Class F units)
CI Japanese Sector Fund (Sector A and Sector F shares)
CI International Fund (Class A and Class F units)
CI Global Technology RSP Fund (Class A and Class F units)
CI Global Financial Services RSP Fund (Class A and Class F units)
CI Global Boomernomics RSP Fund (Class A, Class F and Class I units)
CI Global Energy Sector Fund (Sector A and Sector F shares)
CI Global Boomernomics Sector Fund (Sector A, Sector F and Sector I shares)
CI Global Consumer Products Sector Fund (Sector A, Sector F and Sector I shares)
CI Global Telecommunications Sector Fund (Sector A, Sector F and Sector I shares)
CI Global Technology Sector Fund (Sector A, Sector F and Sector I shares)
CI Global Financial Services Sector Fund (Sector A, Sector F and Sector I shares)
CI Global Health Sciences Sector Fund (Sector A, Sector F and Sector I shares)
CI International Value Sector Fund (Sector A and Sector F shares)
CI European Sector Fund (Sector A and Sector F shares)
CI Global Value Sector Fund (Sector A and Sector F shares)

CI Latin American Sector Fund (Sector A and Sector F shares)
CI Short-Term Sector Fund (Sector A and Sector F shares)
CI Emerging Markets Sector Fund (Sector A and Sector F shares)
CI Pacific Sector Fund (Sector A and Sector F shares)
CI Canadian Sector Fund (Sector A and Sector F shares)
CI Global Sector Fund (Sector A and Sector F shares)
CI World Bond Fund (Class A, Class F and Class I units)
CI Pacific Fund (Class A, Class F and Class I units)
CI US Money Market Fund (Class A units)
CI Money Market Fund (Class A, Class F and Class I units)
CI Latin American Fund (Class A and Class F units)
CI International Balanced Fund (Class A, Class F and Class I units)
CI Global Bond RSP Fund (Class A and Class F units)
CI International Balanced RSP Fund (Class A, Class F and Class I units)
CI Global Equity RSP Fund (Class A, Class F and Class I units)
CI Emerging Markets Fund (Class A, Class F and Class I units)
CI Canadian Income Fund (Class A and Class F units)
CI Canadian Growth Fund (Class A and Class F units)
CI Canadian Bond Fund (Class A, Class F and Class I units)
CI Canadian Balanced Fund (Class A and Class F units)
CI Global Fund (Class A, Class F and Class I units)
CI International Value Fund (Class A, Class F and Class I units)
CI Global Value Fund (Class A, Class F and Class I units)
CI European Fund (Class A and Class F units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated July 31st, 2001
Mutual Reliance Review System Receipt dated 3rd day of August, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #377531

Issuer Name:
Counsel Select Sector RSP Portfolio
Counsel Select Sector Portfolio
Counsel World Equity RSP Portfolio
Counsel Focus RSP Portfolio
Counsel Money Market
Counsel Focus Portfolio
Counsel World Equity Portfolio
Counsel Managed Portfolio
Counsel International Managed RSP Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated August 3rd, 2001
Mutual Reliance Review System Receipt dated 7th day of August, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #371292

Issuer Name:
FRIEDBERG FOREIGN BOND FUND
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated August 7th, 2001
Mutual Reliance Review System Receipt dated 7th day of August, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Friedberg Mercantile Group
Promoter(s):
-
Project #369941

Issuer Name:
Juniper Equity Growth Fund
Type and Date:
Final Simplified Prospectus and Annual Information Form dated July 31st, 2001
Receipted on 2nd day of August, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #354394

Issuer Name:
National Bank Mutual Funds - 2001
Principal Regulator - Quebec
Type and Date:
Final Simplified Prospectus and Annual Information Form dated July 27th, 2001
Mutual Reliance Review System Receipt dated August 3rd, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
National Bank Securities Inc.
Promoter(s):
-
Project #362480

Issuer Name:
NCE Petrofund
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated August 8th, 2001
Mutual Reliance Review System Receipt dated August 8th, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #376697

Issuer Name:
Premdor Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated August 1st, 2001
Mutual Reliance Review System Receipt dated 2nd day of August, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #375437

Issuer Name:
Quebecor World Inc.
Principal Regulator - Quebec
Type and Date:
Final Simplified Prospectus and Annual Information Form dated August 3rd, 2001
Mutual Reliance Review System Receipt dated August 3rd, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #376665

Issuer Name:
RESOLUTE GROWTH FUND
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated July 30th, 2001
Mutual Reliance Review System Receipt dated August 3rd, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Thomson Kernaghan & Co. Ltd.
Promoter(s):
-
Project #368270

Issuer Name:
Signature Canadian Resource Sector Fund (Sector A and Sector F units)
Signature Select Canadian Sector Fund (Sector A and Sector F shares)
Landmark Canadian Sector Fund (Sector A and Sector F shares)
Landmark Global Sector Fund (Sector A and Sector F shares)
Landmark Canadian Fund (Class A, Class F and Class I units)
Landmark Global RSP Fund (Class A and Class F units)
Signature Global Small Companies Sector Fund (Sector A and Sector F shares)
Signature Global Small Companies RSP Fund (Class A and Class F units)
Signature Explorer Fund (Class A and Class F units)
Signature Canadian Resource Fund (Class A and Class F units)
Landmark American Sector Fund (Sector A and Sector F shares)
Signature American Small Companies RSP Fund (Class A and Class F units)
BPI International Equity RSP Fund (Class A and Class F units)
Signature American Small Companies Sector Fund (Sector A and Sector F shares)
BPI International Equity Sector Fund (Sector A and Sector F shares)
BPI Global Equity Sector Fund Sector A and Sector F shares)
BPI American Equity Sector Fund (Sector A and Sector F shares)
Signature Canadian Sector Fund (Sector A and Sector F shares)
BPI Global Equity RSP Fund (Class A, Class F and Class I units)
BPI American Equity RSP Fund (Class A, Class F and Class I units)
Signature Canadian Fund (Class A and Class F units)
Signature Select Canadian Fund (Class A, Class F and Class I units)
Signature Explorer Sector Fund (Sector A and Sector F shares)
Harbour Sector Fund (Sector A and Sector F shares)
Signature Canadian Balanced Fund (Class A and Class F units)
BPI International Equity Fund (Class A, Class F and Class I units)
Harbour Growth & Income Fund (Class A, Class F and Class I units)
Harbour Fund (Class A, Class F and Class I units)
Signature High Income Fund (Class A and Class F units)
Signature Global Small Companies Fund (Class A, Class F and Class I units)
BPI Global Equity Fund (Class A, Class F and Class I units)
Signature Dividend Income Fund (Class A and Class I units)
Signature American Small Companies Fund (Class A, Class F and Class I units)
BPI American Equity Fund (Class A, Class F and Class I units)
Landmark American RSP Fund (Class A, Class F and Class I units)
Landmark American Fund (Class A, Class F and Class I units)
Signature Dividend Fund (Class A and Class F units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated July 31st, 2001
Mutual Reliance Review System Receipt dated August 3rd, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #377534

Issuer Name:
Technology Trust, 2001 Portfolio
Pharmaceutical Trust, 2001 Portfolio
(Series A and Series F Units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated July 31, 2001
Mutual Reliance Review System Receipt dated August 7, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
First Defined Portfolio Management Inc.
Promoter(s):
-
Project #366073

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Chapter 12

Registrations

12.1.1Securities

Type	Company	Category of Registration	Effective Date
Change of Company Name	Vengate Management Corp. Attention: Michael Joseph Callaghan 100 International Blvd. Etobicoke ON M9W 6J6	From: MDS Health Ventures Management Inc. To: Vengate Management Corp.	Jul 27/01

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Chapter 13

SRO Notices and Disciplinary Proceedings

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Chapter 25

Other Information

25.1.1 Securities

TRANSFER WITHIN ESCROW

COMPANY NAME	DATE	FROM	TO	NO. AND TYPE OF SHARES
Triple G Systems Group, Inc.	August 2, 2001	F. Lee Green	1484713 Ontario Inc.	1,471,435 common shares

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