

**The Ontario Securities Commission**

# **OSC Bulletin**

October 19, 2001

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

**The Ontario Securities Commission**

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# Chapter 1

## Notices / News Releases

### 1.1 Notices

### SCHEDULED OSC HEARINGS

#### 1.1.1 Current Proceedings Before The Ontario Securities Commission

October 19, 2001

#### CURRENT PROCEEDINGS

BEFORE

#### ONTARIO SECURITIES COMMISSION

Date to be announced

Mark Bonham and Bonham & Co. Inc.

s. 127

Staff: TBA

Panel: TBA

November 30/2001  
10:00 a.m.

Rampart Securities Inc.

ss. 127

Staff in attendance Johanna Superina

Panel: PMM

January 3/2002

Jack Banks et al.

s. 127

Mr. Ian Smith in attendance for staff.

Panel: PMM

October 24/2001  
10:00 a.m.

Sohan Singh Koonar

s. 127 and 127.1

Ms. Johanna Superina in attendance for staff.

Panel: PMM

October 29/2001  
10:00 a.m.

YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth

October 30/2001  
2:00 p.m.

E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen

November 6-9

Mitchell, David R. Peterson, Michael

November 13-16  
December 4, 6,  
7, 13, 14, 18 &  
20/2001

D. Schmidt, Lawrence D. Wilder, Griffiths Mcburney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)

9:30 a.m.

s. 127

K. Daniels / M. Code / J. Naster / I. Smith in attendance for staff.

Panel: HIW / DB / RWD

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

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

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Howard Wetston, Q.C., Vice-Chair	—	HW
Kerry D. Adams, FCA	—	KDA
Stephen N. Adams, Q.C.	—	SNA
Derek Brown	—	DB
Robert W. Davis, FCA	—	RWD
John A. Geller, Q.C.	—	JAG
Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
H. Lorne Morphy, Q. C.	—	HLM
R. Stephen Paddon, Q.C.	—	RSP

December 5  
/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: HIW

December 17  
/2001  
10:00 a.m.

**James Frederick Pincock**

ss. 127

Ms. Johanna Superina in attendance for staff.

Panel: PMM

**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**

**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**

**S. B. McLaughlin**

**Southwest Securities**

**Terry G. Dodsley**

**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

November 9/  
2001  
1:30 p.m.  
Courtroom N

**1173219 Ontario Limited c.o.b. as TAC (The Alternate Choice), TAC International Limited, Douglas R. Walker, David C. Drennan, Steven Peck, Don Gutoski, Ray Ricks, Al Johnson and Gerald McLeod**

s. 122

Mr. D. Ferris in attendance for staff.  
Provincial Offences Court  
Old City Hall, Toronto

November  
15/2001  
9:00 a.m.

**Einar Bellfield**

s. 122

Ms. Sarah Oseni in attendance for staff.

Courtroom 111, Provincial  
Offences Court  
Old City Hall, Toronto

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Reference:

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

1.1.2 CSA Staff Notice 43-302 Re. NI 43-101

**CANADIAN SECURITIES ADMINISTRATORS  
STAFF NOTICE 43-302**

**Frequently Asked Questions**

**NATIONAL INSTRUMENT 43-101 ("NI 43-101")  
Standards of Disclosure for Mineral Projects**

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- 4.8 When an issuer agrees to buy a property with resources and perhaps reserves, must the issuer disclose the resources and reserves under NI 43-101 definitions? Must the issuer file a technical report, and if so, when?
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- 4.11 If a CDNX listed issuer must become a reporting issuer in Ontario because it has a "significant connection to Ontario", must the issuer file technical reports on all its material properties with the OSC?
- 4.12 If a Bourse listed issuer is being transferred to CDNX as a consequence of the re-organization of the Canadian exchanges, must the issuer file technical reports on all its material properties with the BCSC and the ASC?
- 4.13 In circumstances other than the ones described in 4.11 and 4.12, will an issuer that is a reporting issuer in one or more Canadian jurisdictions and becomes a reporting issuer in another Canadian jurisdiction be required to file technical reports on all its material properties in the new jurisdiction?

**PART 5 PRELIMINARY ASSESSMENTS**

- 5.1 What is a "preliminary assessment"?
- 5.2 Why are there restrictions on disclosure of preliminary assessments?

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**PART 7 EXEMPTION ORDERS**

- 7.1 Where should an issuer apply for an exemption order?
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- 7.3 Does an issuer need a separate exemption order if it obtains a prospectus receipt?
- 7.4 What if someone has questions about NI 43-101?
- 7.5 Where can I find exemption orders that securities regulators have granted?

To assist mining industry participants and their advisors in understanding and applying NI 43-101, Canadian Securities Administrators (CSA) staff have compiled this summary of questions and CSA staff responses.

**PART 1 APPLICATION OF NI 43-101**

**1.1 What is NI 43-101?**

NI 43-101 is a rule that governs how issuers disclose scientific and technical information about their mineral projects to the public. It covers oral statements as well as written documents and websites. It requires that all disclosure be based on advice by a "qualified person" (a term defined in NI 43-101) and in some circumstances that the person be independent of the issuer and the property. NI 43-101 also requires issuers to file technical reports at certain times and there is a prescribed format for the technical report. Issuers are required to make disclosure of reserves and resources using definitions approved by the CIM, except for coal and diamonds.

NI 43-101, together with its Companion Policy 43-101CP and Form 43-101F1 *Technical Report*, can be found on our websites:

B.C.	<a href="http://www.bcsc.bc.ca">www.bcsc.bc.ca</a>
Ontario	<a href="http://www.osc.gov.on.ca">www.osc.gov.on.ca</a>
Quebec	<a href="http://www.cvmq.com">www.cvmq.com</a>
Alberta	<a href="http://www.albertasecurities.com">www.albertasecurities.com</a>

Exchanges may impose requirements on their listed issuers that are in addition to the requirements contained in NI 43-101.

**1.2 Does NI 43-101 apply to all of an issuer's scientific and technical disclosure?**

No. NI 43-101 only applies to scientific and technical disclosure that an issuer makes concerning mineral projects on properties that are material to the issuer. However, issuers do have general obligations regarding all disclosure that they make.

**1.3 Does NI 43-101 apply to non-reporting issuers?**

Yes. NI 43-101 applies to any issuer that discloses scientific and technical information to the public about a mineral project.

An **issuer** is any entity that issues a security. Issuers can include partnerships and grubstakes, as well as companies. **Securities** include interests in properties, profits, earnings and royalties, as well as shares and options.

It does not matter whether the issuer is listed on an exchange, or whether it is a "reporting issuer" under securities legislation or a non-reporting issuer. For example, if an issuer raises money under an offering memorandum before it goes public, NI 43-101 applies and the issuer is required to file a technical report that a qualified person prepares.

#### **1.4 Are assessment work reports covered by NI 43-101?**

No. NI 43-101 does not cover assessment work reports that an issuer files to keep its properties in good standing.

#### **1.5 What if the issuer is doing a "private" placement?**

Certain kinds of "private" placements involve public disclosure and therefore NI 43-101 applies. For example, a rights offering circular that contains scientific or technical disclosure about a mineral project is covered by NI 43-101 because when it is filed with securities regulators it is available to the public on request.

#### **1.6 Does a prospector have to be concerned with NI 43-101?**

No, a prospector who is carrying out the ordinary business of prospecting mineral properties and selling the properties to an exploration or mining company, does not have to be concerned about NI 43-101.

However, the situation changes if the prospector decides that he or she wants to raise money to finance exploration on the property. As soon as there is a "security" involved, securities legislation applies and if the prospector makes disclosure available to the public, NI 43-101 applies.

The *Securities Act* covers all "issuers" of securities, including individuals and partnerships, as well as companies. A security is not only a share of stock in a company. Profit sharing agreements and other arrangements where the investor's return is based primarily on the efforts of the prospector can also be securities.

As an example, if a prospector meets with his family and close personal friends and raises money to do work on a mineral property to increase its value before the prospector plans to sell it to a junior company, and offers a return to those investors that is based on the sale of the property, the prospector is probably offering a "security". Even in that case however, the prospector is not likely to be making disclosure that will be available to the public and therefore NI 43-101 does not apply.

If the circle gets wider, and friends of friends are investing, the "public" is involved. The prospector should make sure an exemption from the registration and prospectus requirements of the *Securities Act* is available. If the prospector relies on an exemption from registration and prospectus requirements that requires the use of an offering memorandum, NI 43-101 will apply, and the scientific and technical disclosure the prospector makes will have to be based on a technical report or other information prepared by a qualified person.

Prospectors engaged in the ordinary business of selling their properties should avoid calling the property information they prepare a "technical report" or an "investment package" as those terms could be misleading.

## **PART 2 THE QUALIFIED PERSON REQUIREMENT**

### **2.1 How can a person satisfy the "professional association" requirement to be a qualified person?**

One of the conditions to be a qualified person is membership in a "professional association" as defined in section 1.2 of NI 43-101. Any self-regulatory organization of engineers and/or geoscientists that meets the definition is a professional association, wherever it is located in the world.

For example, the following Canadian associations are professional associations:

- Association of Professional Engineers and Geoscientists of the Province of British Columbia (APEGBC)
- Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA)
- Association of Professional Engineers and Geoscientists of Saskatchewan (APEGS)
- Association of Professional Engineers and Geoscientists of Manitoba (APEGM)
- Professional Engineers of Ontario (PEO)
- Ordre des ingenieurs du Québec (OIQ)
- Ordre des Géologues du Québec (OGQ)
- Association of Professional Engineers of Prince Edward Island (APEPEI)
- Association of Professional Engineers and Geoscientists of New Brunswick (APEGNB)
- Association of Professional Engineers of Nova Scotia (APENS)
- Association of Professional Engineers and Geoscientists of Newfoundland (APEGN)

- Association of Professional Engineers of Yukon (APEY)
- Association of Professional Engineers, Geologists & Geophysicists of the Northwest Territories (NAPEGG) (representing NWT and Nunavut Territory)

The Association of Geoscientists of Ontario (AGO) qualifies as a professional association until February 1, 2002, at which time the Association of Professional Geoscientists of Ontario (APGO) should be fully established. The APGO will be a professional association under NI 43-101.

Geoscientist associations in other Canadian provinces that do not have associations that are created or recognized by statute qualify as professional associations until February 1, 2003, when it is anticipated that these associations will be recognized by statute. Geoscientists that are members of these associations meet the requirement of belonging to a professional association.

There are other self-regulatory organizations outside of Canada that may not entirely meet the definition of "professional association" in NI 43-101 because they have not been given authority or recognition by statute. However, for the purpose of being a "member of a professional association" under NI 43-101, CSA staff will accept a person who

- is licensed or certified in a state in the United States that is a member of the National Association of State Boards of Geology (ASBOG). Currently these include: Alabama, Arizona, Arkansas, California, Delaware, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Maine, Minnesota, Mississippi, Missouri, North Carolina, Oregon, Pennsylvania, Puerto Rico, South Carolina, Virginia, Wisconsin and Wyoming
- is certified by the American Institute of Professional Geologists (AIPG) as a Certified Professional Geologist
- holds the title European Geologist from the European Federation of Geologists (EFG)
- is a Fellow or Member of the Australasian Institute of Mining and Metallurgy (AusIMM)
- is a Fellow of the Institution of Mining and Metallurgy (IMM)
- is a Fellow or Member of the Australian Institute of Geoscientists (AIG)
- is a Fellow of the South African Institute of Mining and Metallurgy (SAIMM)
- holds a licence, other than a limited licence, under the *Engineers and Geoscientists Act* (British Columbia)

This list may be amended in the future.

Any self-regulatory association of geoscientists and/or engineers that meets the definition of "professional association" in NI 43-101 is a professional association. If a qualified person is not a "member of a professional association" (as set out in NI 43-101 or in this FAQs), then the issuer would require exemptive relief.

## **2.2 What can an issuer do in order to rely on the advice or technical report of a foreign person who does not satisfy the professional association requirement, but would otherwise be a qualified person?**

The issuer may

- look to a person in its own organization or, if an independent technical report is required, retain an outside consultant that is a qualified person to review and take responsibility for the foreign person's advice or technical report
- arrange for the person to join one of the Canadian associations that accepts foreign citizens/residents as members or licensees, for example the AGO or APEGBC
- apply for an exemption from the professional association requirement for the foreign person.

## **2.3 Will securities regulators grant an exemption from the requirement that a qualified person belong to a professional association?**

Yes, in certain circumstances. We will likely limit the exemption to a particular property or area, or to a particular task, and grant the exemption for a limited period of time.

Where an issuer wishes to retain a person who is well qualified and who does not belong to a professional association because no association exists in his or her jurisdiction or because it is not common practice for members of his or her profession to be registered in the jurisdiction, we will consider granting an exemption.

However, if the person wishes to continue to provide services either to the same issuer or to another issuer that makes public disclosure in Canada, then the person will be urged to join a professional association, as we will not provide continued relief.

We will generally not grant relief to an issuer that has qualified persons available to it in management positions, as these qualified persons should take responsibility for the issuer's scientific and technical disclosure on their mineral projects.

An exemption does not relieve the issuer of the responsibility to ensure that the person that the issuer plans to rely on has the required experience to carry out the responsibilities of a qualified person for the tasks at hand.

We remind issuers to comply with local laws governing the practice of engineering and geoscience. If the property is located in Canada, we expect that the qualified person will have the appropriate Canadian registration. We encourage issuers to check with the local professional association where the property is located.

**2.4 Does every person who works on a mineral project have to be a qualified person?**

No. Only the person who the issuer relies on in making public disclosure of scientific and technical information on its mineral projects must be a qualified person. Other people may work on the project. If a qualified person relies on the work of people who are not qualified persons (under the definition in NI 43-101) to prepare a technical report or to provide information or advice to the issuer, it is up to the qualified person to take whatever steps are appropriate, in his or her professional judgment, to ensure that the information that he or she relies upon is sound. A qualified person is required to visit the site.

**2.5 When does an issuer have to name the qualified person it is relying on?**

NI 43-101 requires issuers to name the qualified person they are relying on and that person's relationship to the issuer, if any, in all written disclosure of scientific and technical information, except in news releases. However, the exchanges require that listed issuers name the qualified person they are relying on and that person's relationship to the issuer, if any, in news releases that disclose scientific and technical information.

**2.6 In deciding whether a qualified person is not independent, do you calculate his or her aggregate income over a three-year period?**

No. The test is whether the qualified person has received the majority of his or her income in each of the previous three years from the issuer and its affiliates and insiders.

**PART 3 RESOURCES AND RESERVES**

**3.1 When a qualified person reclassifies an issuer's previously disclosed resources and reserves to the definitions in NI 43-101, does this issuer have to name the qualified person?**

Yes. A listed issuer is required to name the qualified person and disclose the relationship of the qualified person to the issuer in all written disclosure. Non-listed issuers are not required to name the qualified person in a news release.

**3.2 Is an issuer required to retain an independent qualified person to reclassify the issuer's previously disclosed resources and reserves to the definitions in NI 43-101?**

The answer depends on what triggers the disclosure of the reclassified reserves and resources.

The answer is yes if the reclassified resources and reserves are disclosed in a document that requires a technical report prepared by an independent qualified person. This includes a long form prospectus, a valuation and documents filed when an issuer becomes a reporting issuer.

**3.3 Will securities regulators permit disclosure of preliminary feasibility and feasibility studies that include inferred resources?**

NI 43-101 prohibits the inclusion of inferred resources in an economic evaluation in a preliminary feasibility or feasibility study. The prohibition is based on the guidance under the CIM definition of Inferred Mineral Resource that reads, in part:

"...Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure. Inferred Mineral Resources must be excluded from estimates forming the basis of feasibility or other economic studies."

If the economic evaluation in the issuer's preliminary feasibility or feasibility includes inferred resources, the issuer must "back out" the inferred resources in public disclosure of the economic evaluation contained in the study.

However, there will be some circumstances where securities regulators will grant an exemption to permit the issuer to disclose, as an alternative case, an evaluation that includes inferred resources. One example is an evaluation of an open pit that is designed based on proven and probable reserves or measured and indicated resources, and contains inferred resources within the pit. Securities regulators will not generally grant an exemption if the pit's design is based on inferred resources.

If securities regulators permit disclosure, the issuer will be required to disclose both cases: a base case without inferred resources, and an alternative case that includes inferred resources. The alternative case must be accompanied by the disclosure required for preliminary assessments in section 2.3 (3)(b) of NI 43-101.

Whether securities regulators will grant an exemption to permit disclosure will depend on the particular circumstances of each deposit. The test will be stringent in view of the CIM's expressed concern. We will consider granting relief where the pit or mine plan has been developed based on proven and probable reserves and it is reasonable to defer further development of the inferred resources. We will look at various factors including the percentage of inferred resources, their location in the deposit and other technical factors.

**3.4 Can issuers report resources and reserves under any other foreign codes in addition to the JORC Code, USGS Circular 831 and the IMM system?**

These are the only codes permitted by NI 43-101. If an issuer wishes to report using another foreign code, the issuer must apply to securities regulators for exemptive relief.

We have granted relief to permit an issuer to report using the South African Code for Reporting of Mineral Resources and Mineral Reserves (the "SAMREC Code") on terms consistent with those set out in section 7.1 of NI 43-101, including a reconciliation to the CIM definitions.

**3.5 What definitions should be used for estimating and reporting coal resources and reserves?**

Coal resources and reserves should be estimated and reported using the Geological Survey of Canada (GSC) Paper 88-21, A Standardized Coal Resource/Reserve Reporting System for Canada. We acknowledge that this is not clear in NI 43-101 and we intend to clarify this in a future amendment to NI 43-101.

**3.6 What definitions must be used for estimating and reporting diamond resources and reserves?**

Diamond resources and reserves should be estimated and reported using the Guidelines for Reporting of Diamond Exploration Results, Identified Mineral Resources and Ore Reserves, published by the Association of Professional Engineers, Geologists and Geophysicists of the Northwest Territories.

**3.7 Do the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines apply to the estimation and reporting of industrial minerals?**

Yes, plus the additional guidelines set out in section 1.5(a) of Companion Policy 43-101CP.

**PART 4 TECHNICAL REPORTS**

**4.1 Who can prepare a technical report?**

A technical report is required to be prepared by, or under the supervision of, a qualified person. Persons who are not "qualified persons" under NI 43-101, but have the experience and skill necessary may prepare portions of the technical report provided that a qualified person takes responsibility for the person's work. The qualified person must take whatever steps are appropriate, in his or her professional judgment, to ensure that the work is sound. A qualified person must conduct the site visit.

**4.2 Must a technical report follow Form 43-101F1 exactly?**

Yes. The form is mandatory.

However, it may be easier and less costly to an issuer for a qualified person to update an existing report prepared by a qualified person under National Policy Statement No. 2-A or in another reasonable format so that it complies with NI 43-101 than to prepare a new technical report, if there has been no significant work done on the property since the report was prepared.

Therefore, a report prepared prior to February 1, 2001 under National Policy Statement No. 2-A or in another reasonable format will be acceptable under NI 43-101 provided there has been no significant work done on the property since the report was prepared, and the report is accompanied by:

- an addendum that includes any information required by NI 43-101 that is not included in the report
- the certificate of a qualified person required by NI 43-101 and
- a cross-reference sheet listing the headings required by Form 43-101F1 and referencing the location of the disclosure required by the headings in the report.

The addendum should include an update on the status of the property and the new information required by NI 43-101. If the changes to the existing report are considerable or the work that has been done since the report affects the interpretation, conclusion or recommendations, a new technical report will be required.

If the issuer is required to file a technical report that is prepared by an independent qualified person and the prior report was not, the issuer can satisfy this requirement by having an independent qualified person prepare the addendum and give the certificate, taking responsibility for the information in the report, amended by his or her addendum.

All technical reports prepared after February 1, 2001 are required to follow Form 43-101F1.

Where the technical report is required to be filed with an exchange, the exchange may have additional requirements.

**4.3 Where are the requirements for the qualified person's certificate and consent that must accompany the technical report that the issuer is required to file?**

The requirements can be found in Part 8 of NI 43-101.

Issuers are required to provide a certificate and consent from the qualified person who visited the site.

**4.4 Must preliminary feasibility and feasibility studies be filed in full?**

No. Preliminary feasibility and feasibility studies typically provide more technical detail than the investing public requires. Rather than filing these studies in full, we would prefer that issuers file a technical report that provides a summary in NI 43-101 format of the material information contained in the preliminary feasibility or feasibility study. However, we may request a copy of the full study for our review.

**4.5 Must an issuer file a technical report with a rights offering circular?**

An issuer is only required to file a technical report if there is scientific or technical disclosure in the rights offering circular. There is no specific requirement that a rights offering circular contain scientific and technical disclosure.

**4.6 Must an issuer file a technical report with an offering memorandum?**

Yes. An issuer is required to file a technical report to support the scientific or technical disclosure in the offering memorandum.

**4.7 Can an issuer obtain an extension of time to file a technical report?**

We understand that the industry may need some time to adjust to the new requirements. We will consider granting short extensions in appropriate cases during the first year or so that NI 43-101 is in effect. As the industry becomes more familiar with NI 43-101, we will expect issuers to carry out their responsibilities within the required time unless there are compelling circumstances.

The time for filing technical reports is contained in section 4.2 (2)-(6) of NI 43-101. If an issuer needs an extension of time, it should apply to the securities regulators for an exemption order.

**4.8 When an issuer agrees to buy a property with resources and perhaps reserves, must the issuer disclose the resources and reserves under NI 43-101 definitions? Must the issuer file a technical report, and if so, when?**

When an issuer options or agrees to buy a property, the issuer can disclose an estimate of resources and reserves made before February 1, 2001 using the terminology of the estimate as long as the issuer follows section 2.4 of NI 43-101.

The issuer is required to file a technical report on the property if

- i. the property, or interest in the property, is material to the issuer and
- ii. the acquisition of the resources and reserves is a material change in the affairs of the issuer within 30 days of the issuer's disclosure.

In most cases the 30 day period will not begin to run until the issuer enters into a legally binding purchase or option agreement, which should allow the issuer time to complete its due diligence and have the technical report prepared.

**4.9 Must an issuer file technical reports on SEDAR?**

Yes, technical reports are required to be filed electronically.

Technical reports can be lengthy and costly to file on SEDAR if they are not prepared with SEDAR filing in mind. We have the following suggestions:

- Do not insert photographs or maps that are larger than 8 ½" x 11"
- Limit the image resolution of the document. The image resolution must not exceed 300 dots per inch in any event, and may be less provided the document remains readable.
- Limit the use of colour.
- Do not scan documents into electronic format.
- Wherever possible, have technical reports prepared and transmitted in electronic format.
- Wherever possible, limit the size of the technical report. Many personal computers have limited ability to download larger files.

#### **4.10 How can an electronic document be signed and sealed?**

If a person's name appears in an electronic document with (signed by) or (sealed) next to the person's name or there is a similar indication in the document, we will consider that the document has been signed or sealed by that person.

#### **4.11 If a CDNX listed issuer must become a reporting issuer in Ontario because it has a "significant connection to Ontario", must the issuer file technical reports on all its material properties with the OSC?**

An issuer is required to file a technical report upon becoming deemed a reporting issuer in Ontario. Requests for relief from this requirement will be considered where an issuer is applying to be deemed a reporting issuer in consequence of the recent re-organization of Canadian exchanges and the issuer having a "significant connection with Ontario". OSC staff anticipate that this relief will be granted in virtually all cases. The relief may be denied in exceptional circumstances such as where an issuer is unable to demonstrate a reasonably up-to-date and accurate record of continuous disclosure.

An issuer should include the request for relief in the application to the OSC to be deemed to be a reporting issuer. OSC staff also anticipate exemptions from the fee associated with this request for relief will be granted in virtually all cases.

#### **4.12 If a Bourse de Montréal listed issuer is being transferred to CDNX as a consequence of the re-organization of the Canadian exchanges, must the issuer file technical reports on all its material properties with the BCSC and the ASC?**

No.

#### **4.13 In circumstances other than the ones described in 4.11 and 4.12, will an issuer that is a reporting issuer in one or more Canadian jurisdictions and becomes a reporting issuer in another Canadian jurisdiction be required to file technical reports on all its material properties in the new jurisdiction?**

Yes, and if the issuer is not a producing issuer the qualified person that prepares the technical report is required to be independent. If a report has been previously filed in another jurisdiction it may be updated, as set out in 4.2 of these FAQs. If an issuer needs relief from these requirements, it should make application to the securities regulator in the new jurisdiction.

### **PART 5 PRELIMINARY ASSESSMENTS**

#### **5.1 What is a "preliminary assessment"?**

A preliminary assessment, commonly known as a "scoping study", is an assessment of the potential viability of the mineral project taken at an early stage of the project, prior to a preliminary feasibility study. It is generally used as a tool for management decisions on further advancement of the project. The term "preliminary assessment" is used in NI 43-101 to identify this type of study that contains an economic evaluation that includes inferred mineral resources.

#### **5.2 Why are there restrictions on disclosure of preliminary assessments?**

Although preliminary assessments can provide important information to the market, because of the early stage of the project, the information has a high degree of uncertainty and can be used as the basis for abusive market tactics.

An issuer must disclose a preliminary assessment that is a material change in its affairs. An issuer must follow section 2.3(3)(b) of NI 43-101 when it discloses a preliminary assessment. This section was written to help an investor understand the information.

A preliminary assessment must be either in the form of a technical report, or be supported by a technical report. If the issuer is reporting in Ontario, the issuer is required to pre-file with the OSC, 5 days in advance of the proposed disclosure, the proposed disclosure, the preliminary assessment and, if there is a separate technical report, the technical report. In other jurisdictions the issuer may file these documents at the time of the disclosure.

### **PART 6 GENERAL DISCLOSURE QUESTIONS**

#### **6.1 Can an issuer put some of the disclosure required by NI 43-101 on its website, instead of in the body of its news release?**

Yes. The issuer may put detailed information of a background nature on the issuer's website, provided the news release clearly refers the reader to the issuer's website for the information.

Issuers are reminded that their news releases must not be misleading and that statements that are required to be "proximate" to disclosure that is made in a news release (for example, the statements that are required to be made proximate to disclosure of a preliminary assessment under section 2.3(3)(b) of NI 43-101) cannot be omitted from a news release. Information required by sections 3.1 (for a listed issuer) and 3.2 (for all issuers) should not be omitted from a news release.

## 6.2 Do the rules for disclosure in Form 43-101F1 apply to written disclosure other than technical reports?

No, not specifically. However, where the rules in the Form reflect good professional practice, we strongly suggest issuers follow these rules in all their written disclosure.

Good examples are:

19(j) that requires an issuer that is reporting a quantity of contained metal to state the grade or quality, quantity and category of resources and reserves.

19(k) that requires an issuer that is reporting the grade of a polymetallic resource as a metal equivalent to report the individual grade of each metal, among other things.

## PART 7 EXEMPTION ORDERS

### 7.1 Where should an issuer apply for an exemption order?

An issuer that wants to obtain an exemption from any of the requirements of NI 43-101 or the form of technical report should apply to the securities regulators in all of the jurisdictions where the issuer is a reporting issuer for an order granting the exemption. A separate fee may apply in each jurisdiction. If the issuer is reporting in more than one jurisdiction please see National Policy 12-201 *Mutual Reliance Review System for Exemptive Relief Applications* for details on the application process.

### 7.2 When should an issuer apply for an exemption order?

Please apply well in advance of the time the relief is required. Where more than one jurisdiction is involved the process typically takes several weeks. Exemption orders cannot cure a default that has already occurred.

If an issuer plans on using a technical report to support disclosure, the issuer should apply for any relief from NI 43-101 before the issuer is required to file the technical report. For example, if the issuer requires relief from the requirements of NI 43-101 in connection with a technical report it plans to file with a preliminary prospectus, the issuer must make application for that relief before it files the preliminary prospectus.

### 7.3 Does an issuer need a separate exemption order if it obtains a prospectus receipt?

An issuer that requires relief from the requirements of NI 43-101 for disclosure in a prospectus is required to specifically request the securities regulator for the relief when it files the prospectus (or before it files the prospectus—see 7.2 above). If the regulator grants the exemption, the prospectus receipt will be the evidence that the exemption was granted. The issuer is not required to make a separate application for an exemption order in this situation.

### 7.4 What if someone has questions about NI 43-101?

If you have any questions about NI 43-101, please call:

Terry Macauley, Chief Mining Consultant, BCSC	(604) 899-6723
Adrienne Marskell, Lead Counsel, Deregulation Project, BCSC	(604) 899-6645
Deborah McCombe, Chief Mining Consultant, OSC	(416) 593-8151
Pierre Martin, Legal Counsel, CVMQ	(514) 940-2199(x4557)
Stephen Murison, Legal Counsel, ASC	(403) 297-4233

We will be pleased to discuss your questions and to assist you in deciding whether you need to apply for an exemption. Please note that staff cannot guarantee that their Commissions will grant the relief requested in a particular application.

### 7.5 Where can I find exemptions that securities regulators have granted?

Most of our exemption orders are posted on our websites.

For orders granted by the B.C. Securities Commission visit the BCSC website at [www.bcsc.bc.ca](http://www.bcsc.bc.ca). Click on "Commission Documents Database" and "Search" for "43-101" for a list of documents relating to NI 43-101. To view exemption orders, look at the documents classified as "D&O" (Decisions and Orders).

For orders granted by the Ontario Securities Commission visit the OSC website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca). Click on "Rules and Regulation" followed by "Orders and Rulings" to find a list of orders and rulings organized in alphabetical order.



**7.6 Does the CSA foresee changes to NI 43-101 in the future?**

Yes, some changes are likely. We are monitoring NI 43-101 and are prepared to make changes to it in the future. We have established the Mining Technical Advisory and Monitoring Committee (MTAMC), whose members are drawn from the Canadian mining and exploration industry and who represent a broad geographic and professional spectrum. With the assistance of MTAMC, we are identifying areas where relief is required and matters that need clarification. We welcome industry input and comments, and will work with MTAMC to address industry concerns. Until NI 43-101 is amended, we will provide relief and clarification through orders and these FAQs.

### 1.1.3 OSC Staff Notice 12-702

#### Ontario Securities Commission Staff Notice 12-702

#### Applications to be Deemed a Reporting Issuer in Ontario

##### Orders Required by Year-end

As of June 30, 2001 all issuers listed on the Canadian Venture Exchange ("CDNX") that were not already reporting issuers in Ontario were required to immediately make an initial assessment of whether they had a "significant connection to Ontario". Those issuers with a significant connection were required to promptly make a bona fide application to the Ontario Securities Commission (a "deeming application") to be deemed a reporting issuer in Ontario. An Issuer must become a reporting issuer in Ontario within six months of becoming aware that it has a significant connection to Ontario. An issuer with a significant connection to Ontario, as assessed on June 30, 2001, must become a reporting issuer in Ontario by December 31, 2001.

This notice advises potential applicants of timing deadlines for filing and review of deeming applications for the period preceding December 31, 2001. Ontario Securities Commission staff wish to announce that, consistent with all other applications filed with the Ontario Securities Commission, all deeming applications should be filed before November 1, 2001 in order for the application to be dealt with by December 31, 2001.

This notice will expire on December 31, 2001.

Questions or concerns regarding the foregoing or the timing of particular applications should be brought to the attention of staff as soon as possible. For further information contact:

Margo Paul  
Manager, Corporate Finance  
Ontario Securities Commission  
(416) 593-8136  
[mpaul@osc.gov.on.ca](mailto:mpaul@osc.gov.on.ca)

### 1.1.4 National Instrument 55-102 - System for Electronic Disclosure by Insiders (SEDI)

#### NOTICE OF MINISTER OF FINANCE APPROVAL OF NATIONAL INSTRUMENT 55-102 - SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI)

AND

#### NOTICE OF RESCISSION OF CSA NOTICE 55-301 FILING OF INSIDER REPORTS BY FACSIMILE AND EXEMPTION WHERE MINIMAL CONNECTION TO JURISDICTION

On September 12, 2001 the Minister of Finance approved National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)* (the "National Instrument") and related Forms 55-102F1, 55-102F2, 55-102F3, 55-102F4, 55-102F5 and 55-102F6 (the "Forms").

**The National Instrument comes into force on October 29, 2001, except for sections 2.1, 2.2, 2.4, 3.1 and 3.2, which come into force on November 13, 2001.**

The related regulation, amending sections 161, 173 and 174 of Regulation 1015 (the "Regulation") of the Revised Regulations of Ontario, 1990 made under the Securities Act, was filed as O. Reg. 388/01 on October 12, 2001 and is expected to be published in *The Ontario Gazette* on October 27, 2001. The Regulation comes into force on November 13, 2001.

Upon coming into force of the applicable provisions of the National Instrument, the Commission will:

- Revoke existing Rule 55-501 *Insider Report*. The National Instrument provides that insiders filing in paper format shall use Form 55-102F6.
- Amend existing Rule 55-502 *Facsimile Filing or Delivery of Insider Reports* to remove references to reports filed under sections 107 and 108 and to change the name of the Rule to *Facsimile Filing or Delivery of Section 109 Reports*. The National Instrument provides for facsimile filing or delivery of reports filed under sections 107 and 108.
- Amend existing OSC Policy 7.1 and subparagraph 12(ii) of the related blanket order to provide that insiders of SEDI issuers will not be permitted to rely on the exemptive relief that permits insiders of certain Canadian reporting issuers that are subject to U.S. reporting requirement to file SEC insider reports in lieu of the Ontario form of insider report.
- Amend OSC Policy 13-601, part C, paragraph (k), which provides for the public availability of reports filed under section 107 of the Act, to make this provision inapplicable to reports filed under section 107 in SEDI format.

Previously, materials related to the Rule were published in the Bulletin on June 16, 2000 and July 20, 2001.

The Rule, Forms, and Companion Policy 55-102CP to National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)* are published in Chapter 5 of this Bulletin, and the related regulation O. Reg. 388/01 is published in Chapter 9 of this Bulletin.

#### Notice of Rescission of CSA Notice 55-301

Effective November 13, 2001, CSA Notice 55-301 *Filing Insider Reports by Facsimile and Exemption Where Minimal Connection by Jurisdiction* is rescinded.

#### 1.1.5 CSA Staff Notice 71-301 - SEC Proposed Rule: Mandated Edgar Filing for Foreign Issuers

##### CANADIAN SECURITIES ADMINISTRATORS' STAFF NOTICE 71-301

#### SEC Proposed Rule: Mandated Edgar Filing for Foreign Issuers

CSA staff note that the United States Securities and Exchange Commission (the "SEC") has published for comment proposed amendments to Regulation S-T, the rules that govern the SEC's Electronic Data Gathering, Analysis and Retrieval ("EDGAR") system. The proposed amendments would require foreign private issuers and foreign governments to file electronically through the EDGAR system their securities documents, including registration statements under the Securities Act of 1933 and registration statements, reports and other documents under the Securities Exchange Act of 1934.

The documents would be filed in HTML or ASCII format. The proposed amendments are set out in SEC Release Nos. 33-8016, 34-44868, International Series Release No. 1250, dated September 28, 2001, available on the SEC website at [www.sec.gov](http://www.sec.gov). The 60 day comment period ends on December 3, 2001. The release states that the amendments would become effective for filings made four months after the date of adoption of the amendments. Canadian market participants are encouraged to review the SEC's release and may wish to provide comments to the SEC.

This notice will expire on December 3, 2001.

October 19, 2001.

Questions may be referred to:

Pamela Egger  
Legal Counsel, Corporate Finance Division  
British Columbia Securities Commission  
Telephone: (604) 899-6867  
e-mail: [pegger@bcsc.bc.ca](mailto:pegger@bcsc.bc.ca)

Ken Parker  
Director, Capital Markets  
Alberta Securities Commission  
Telephone: (403) 297-3251  
e-mail: [ken.parker@seccom.ab.ca](mailto:ken.parker@seccom.ab.ca)

Ian McIntosh  
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Saskatchewan Securities Commission  
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Jean-François Bernier  
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Commission des valeurs mobilières du Québec  
Telephone: (514) 940-2199  
e-mail: jean-francois.bernier@cvmq.com

Bill Slattery  
Deputy Director, Corporate Finance  
Nova Scotia Securities Commission  
Telephone: (902) 424-7355  
e-mail: slattejw@gov.ns.ca

**1.2 Notice of Hearings**

**1.2.1 Arlington Securities Inc. and Samuel Arthur Brian Milne**

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

**AND**

**IN THE MATTER OF  
ARLINGTON SECURITIES INC.  
AND SAMUEL ARTHUR BRIAN MILNE**

**NOTICE OF HEARING  
(Sections 127 and 127.1)**

**WHEREAS** on the 11<sup>th</sup> day of October, 2001, the Ontario Securities Commission (the "Commission") ordered, pursuant to subsection 127(5) of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act"), that certain terms and conditions be imposed on the registration of Arlington Securities Inc. ("Arlington") and its registered officer, Samuel Arthur Brian Milne ("Milne"), pursuant to clause 1 of subsection 127(1) of the Act;

**TAKE NOTICE** that the Commission will hold a hearing pursuant to section 127 of the Act at its offices on the 17<sup>th</sup> Floor, 20 Queen Street West, Toronto, Ontario commencing on Wednesday, the 24<sup>th</sup> day of October, 2001, at 11:00 a.m. or as soon thereafter as the hearing can be held:

**TO CONSIDER** whether, pursuant to sections 127(1) and 127.1 of the Act, it is in the public interest for the Commission:

- (a) To make an order to extend the Temporary Order until this hearing is concluded;
- (b) To make an order that the Respondents cease trading in securities, permanently or for such time as the Commission may direct;
- (c) To make an order that the registration of the Respondents, be terminated, suspended or restricted for such period as directed by the Commission, and/or that terms and conditions be imposed as directed by the Commission;
- (d) To make an order that any exemptions contained in Ontario securities law do not apply to the Respondents or any of them permanently, or for such period as specified by the Commission;
- (e) To make an order that the Respondent, Milne resign one or more positions which Milne may hold as an officer or director of any issuer;
- (f) To make an order that the Respondent, Milne be prohibited from becoming or acting as a director or officer of any issuer;

- (g) To make an order that the Respondents be reprimanded;
- (h) To make an order that the Respondents pay the costs of Staff's investigation and the costs of, or related to, this proceeding, incurred by or on behalf of the Commission; and
- (i) To make such other order as the Commission may deem appropriate.

**BY REASON OF** the allegations set out in the Temporary Order made on October 11, 2001, the related Statement of Allegations dated October 11, 2001, and such additional allegations as counsel may advise and the Commission may permit;

**AND TAKE FURTHER NOTICE** that any party to the proceeding may be represented by counsel at the hearing;

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

October 11, 2001.

"John Stevenson"

**1.2.2 Arlington Securities Inc. and Samuel Arthur Brian Milne - Statement of Allegations**

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

**AND**

**IN THE MATTER OF  
ARLINGTON SECURITIES INC.  
AND SAMUEL ARTHUR BRIAN MILNE**

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

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

1. The Respondent, Arlington Securities Inc. ("Arlington") is, and was at all material times, registered under Ontario securities law as a securities dealer. The Respondent Samuel Arthur Brian Milne ("Milne") is, and was at all material times, registered under Ontario securities law as the sole officer of Arlington. Milne is, and was at all material times, the President, Secretary, Compliance Officer and Branch Supervisor, and a director of Arlington.
2. During the period from 1996 to 2000 (the "Material Time"), all of Arlington's business consisted of it acquiring stock for its own account and selling that stock to its clients (referred to below as "principal trading").
3. During this same period, approximately 92% of Arlington's revenue was derived from principal trading in the stock of eight issuers (the "Eight Issuers") referred to below. Stock of each of the Eight Issuers was traded through the Canadian Dealing Network ("CDN") and, in the case of stock traded after October 2, 2000, through the Canadian Venture Exchange ("CDNX").
4. The Eight Issuers are as follows:
  1. Allegiance Equity Corporation;
  2. Beverly Glen Capital Corp, now Phonetime Inc.;
  3. Biogenetic Technologies Inc.;
  4. GoldMint Explorations Ltd., now Caspian Oil Tools Limited;
  5. HPB Investments Inc.;
  6. Miltec Technology Inc.;
  7. Ungava Minerals Corp.; and
  8. Wavetech Networks Inc.
5. In the case of the Eight Issuers, Arlington either held stock in its inventory or held options to acquire stock in each of the Eight Issuers. In respect of several of the Eight Issuers, Arlington exercised options to acquire stock in that Issuer immediately prior to the commencement of principal trading in the stock with its clients.

6. Arlington acquired stock in the Eight Issuers at prices significantly lower than the selling price of the stock to its clients. Arlington re-sold the stock to its own clients at mark-ups above acquisition costs ranging from approximately 146% to approximately 337%, which mark-ups were excessive.
7. During the Material Time, Arlington's gross profit (*i.e.* sale price less direct cost of sales) earned from principal trading in the stock of the Eight Issuers was approximately \$13.8 million.
8. Particulars of the principal trading in the Eight Issuers by Arlington are set out below.

**Allegiance Equity Corporation ("Allegiance")**

9. Allegiance is a reporting issuer in Ontario whose shares are currently traded through the CDNX.
10. During the period from October 1, 1997 to December 31, 1999, Arlington purchased 166,650 shares of Allegiance at an average cost of \$0.48 per share.
11. During this time, Arlington sold substantially all of its shares to its own clients at an average price of \$1.19 per share, generating a gross profit to it of approximately \$0.4 million. Between July 28, 1998 and December 21, 1998, Arlington accounted for approximately 64% of the reported trading of the Allegiance shares.
12. Arlington sold Allegiance shares to its clients at a mark-up of approximately 146%, which mark-up was excessive. As of September 19, 2001 the ask/bid for Allegiance shares was \$.22/\$.36.

**Beverly Glen Capital Corporation ("Beverly") (now Phonetime Inc. ("Phonetime"))**

13. Phonetime (formerly Beverly) is a reporting issuer in Ontario whose shares are currently traded through the CDNX. (Beverly changed its name to Phonetime on October 28, 1999).
14. During the period from January 28, 1998 to November 24, 1998, Arlington purchased 1,031,250 shares of Beverly at \$0.65 per share.
15. On November 27, 1997, Beverly was quoted on the CDN. On or about December 12, 1997, Arlington commenced selling securities in Beverly to its clients at \$1.70 per share.
16. From approximately December 12, 1997 to December 31, 1999, Arlington sold substantially all of its shares to its clients at an average price of \$1.27 per share, generating a gross profit of approximately \$1.3 million. During this time, Arlington accounted for approximately 19% of the reported trading of the Beverly shares.
17. Arlington sold Beverly shares to its clients at a mark-up of approximately 243%, which mark-up was excessive. Phonetime last traded on April 4, 2001 at \$0.05.

**Biogenetic Technologies Inc. ("Biogenetic")**

- 18. Biogenetic is a reporting issuer in Ontario. On June 30, 1999, the Ontario Securities Commission (the "Commission") ordered pursuant to subsection 127(8) of the Act that trading in securities of Biogenetic cease by reason of the failure by Biogenetic to file its interim statements for the nine-month period ended February 28, 1999. This Order was extended by the Commission on July 14, 1999 and remains in effect.
- 19. During the period from December 1, 1995 to April 30, 1999, Arlington purchased 2,842,006 shares of Biogenetic at an average price of \$0.56 per share.
- 20. During the period from December 1, 1995 to April 30, 1999, Arlington sold substantially all of its shares to its own clients at an average price of \$1.38 per share, generating a gross profit of approximately \$2.3 million. During this time, Arlington accounted for approximately 72% of the reported trading in Biogenetic shares. (In 1996, Arlington accounted for 93% of the reported trading in Biogenetic shares.)
- 21. Arlington sold Biogenetic shares to its own clients at an average mark-up of 147%, which mark-up was excessive.

**GoldMint Explorations Ltd. ("GoldMint") (now Caspian Oil Tools Limited)**

- 22. Caspian Oil Tools Limited ("Caspian") (formerly known as GoldMint Explorations Ltd. ("GoldMint") until November 2, 1998, and as Axcension Capital Corp. ("Axcension") until July 5, 1999) is a reporting issuer in Ontario. During the Material Time, trades of its shares were reported through the CDN. On March 14, 2001 the Commission ordered pursuant to subsection 127(8) of the Act that trading in securities in Caspian cease by reason of the failure by Caspian to file interim statements for the nine month period ended December 31, 2000. This Order was extended by the Commission on March 26, 2001 and remains in effect.
- 23. On July 26, 1996, GoldMint was quoted on the CDN. During the Material Time, Arlington acquired 4,795,467 shares of Caspian (then known as GoldMint) at an average price of \$0.36 per share. On or about August 8, 1996, Arlington commenced selling securities in GoldMint to its clients at \$1.20 per share.
- 24. During the Material Time, Arlington sold substantially all of its shares to its clients at an average price of \$1.18 per share, generating a gross profit of approximately \$4.2 million. During the period from July 30, 1996 and October 21, 1998, Arlington accounted for approximately 59% of the reported trading in GoldMint shares. In 1996, Arlington accounted for approximately 88% of the reported trading in GoldMint shares.
- 25. Arlington sold GoldMint shares to its clients at a mark-up of approximately 228%, which mark-up was excessive. GoldMint last traded on the CDN on

February 2, 1999, as Axcension, at a price of \$0.05 per share. It has not traded since that date.

**HPB Investments Inc. ("HPB")**

- 26. HPB is a reporting issuer in Ontario. During the Material Time, HPB was quoted on the CDN. As of October 6, 2000, trades of HPB shares have been reported through the Canadian Unlisted Board.
- 27. During the period from May 1, 1999 to December 31, 1999, Arlington purchased 1,237,705 shares at an average price of \$0.31 per share.
- 28. On May 6, 1999, HPB was added to the CDN for trade reporting only. On or about May 12, 1999 Arlington commenced selling securities to its clients at a price of \$1.25 per share.
- 29. During the period from May 1, 1999 to December 31, 1999, Arlington sold substantially all of its shares to its own clients at an average price of \$1.31 per share, generating a gross profit of approximately \$1.2 million. During this time, Arlington accounted for approximately 21% of the reported trading of the HPB shares.
- 30. Arlington sold HPB shares to its own clients at a mark-up of approximately 323%, which mark-up was excessive. HPB last traded on October 13, 2000 at a price of \$.01 per share.

**Miltec Technology Inc. ("Miltec")**

- 31. Miltec is a reporting issuer in Ontario. On July 7, 2000 the Commission ordered pursuant to subsection 127(8) of the Act that trading in securities in Miltec cease by reason of the failure by Miltec to file audited annual financial statements for the year ended November 30, 1999 and interim statements for the three month period ended February 29, 2000. This Order was extended by the Commission on July 19, 2000 and remains in effect.
- 32. During the period from September 1, 1998 to December 31, 1999, Arlington purchased 1,869,036 shares of Miltec at an average price of \$0.27 per share.
- 33. On October 6, 1998, Miltec was added to the CDN for trade reporting only. On or about October 21, 1998, Arlington commenced selling securities in Miltec at \$1.00 per share.
- 34. During the period from September 1, 1998 to December 31, 1999, Arlington sold substantially all of its shares to its clients at an average price of \$1.18 per share, generating a gross profit of approximately \$2.1 million. In 1998, Arlington accounted for approximately 43% of the reported trading of the Miltec shares, and in 1999, approximately 17% of the reported trading of the Miltec shares.
- 35. Arlington sold Miltec shares to its clients at a mark-up of approximately 337%, which mark-up was excessive. The last trade in Miltec shares prior to the cease trade order referred to above in paragraph 31, was on May 17, 2000, at \$0.15 per share.

**Ungava Minerals Corp. ("Ungava")**

36. Ungava is a reporting issuer in Ontario. During the Material Time, trades of its shares were reported through the CDN. As of October 6, 2000, trades of shares of Ungava have been reported on the Canadian Unlisted Board.
37. During the period from October 1, 1996 to December 31, 1999, Arlington purchased 727,884 shares of Ungava at an average price of \$0.65 per share.
38. During the period from October 1, 1996 to December 31, 1999, Arlington sold substantially all of its shares to its clients at an average price of \$1.82 per share, generating a gross profit of approximately \$0.8 million. Between April 1, 1997 and September 30, 1997, Arlington accounted for approximately 30% of the trades of Ungava shares reported to the CDN.
39. Arlington sold Ungava shares to its own clients at a mark-up of approximately 180%, which mark-up was excessive. The last trade of Ungava shares was on December 15, 2000 at a price of \$0.125 per share.

**Wavetech Networks Inc. ("Wavetech")**

40. Wavetech is a reporting issuer in Ontario. During the Material Times, trades of its shares were reported through the CDN. As of October 6, 2000, trades of shares in Wavetech have been reported on the Canadian Unlisted Board.
41. During the period from March 1, 1999 to December 31, 1999, Arlington purchased 1,172,200 shares of Wavetech at an average price of \$0.37 per share.
42. During the period from March 1, 1999 to December 31, 1999, Arlington sold substantially all of its shares to its own clients at an average price of \$1.54 per share, generating a gross profit of approximately \$1.5 million. During the period from May 18, 1999 to October 21, 1999, Arlington accounted for approximately 89% of the trades of Wavetech shares reported to the CDN.
43. Arlington sold Wavetech shares to its own clients at a mark-up of approximately 316%, which mark-up was excessive. Wavetech last traded on February 15, 2001 at a price of \$0.20 per share.

**Conduct Contrary to Public Interest**

44. In engaging in the conduct described above, the respondents failed to deal fairly, honestly and in good faith with their clients, in breach of the requirements set out in Ontario securities law, and in particular, subsections 2.1(1) and (2) of Rule 31-505, have not acted in the best interests of their clients, and have acted contrary to the public interest. The Respondent, Milne, authorized, permitted or acquiesced in the contraventions by Arlington, as described above, and acted contrary to the public interest.
45. Such additional allegations as Staff may make and the Commission may permit.



## 1.3 News Releases

### 1.3.1 Arlington Securities Inc. and Samuel Arthur Brian Milne

FOR IMMEDIATE RELEASE  
October 11, 2001

#### OSC ISSUES TEMPORARY ORDER AND COMMENCES PROCEEDINGS IN RESPECT OF ARLINGTON SECURITIES INC. AND SAMUEL ARTHUR BRIAN MILNE

**Toronto** - The Ontario Securities Commission (the "Commission") today issued a Notice of Hearing in respect of Arlington Securities Inc. ("Arlington") and Samuel Arthur Brian Milne ("Milne"), the sole registered officer of Arlington. The Commission further issued a Temporary Order imposing certain terms and conditions on the registration of Arlington and Milne.

Arlington is registered as a securities dealer. Milne, was at all material times, the President, Compliance Officer and a Director of Arlington.

#### **Allegations Related to Principal Trading by Arlington with its Clients at Excessive Mark-Ups.**

*The allegations relate to Arlington's conduct during the period from 1996 to 2000 in relation to its acquisition of stock for its own account in eight issuers (the "Eight Issuers") trading on the Canadian Dealing Network Inc. (the "CDN"), and after October 2, 2000, through the Canadian Venture Exchange ("CDNX"), and the re-sale of that same stock to its clients (referred to as "principal trading") at excessive mark-ups. Staff of the Commission allege that during the material times, in excess of 90% of Arlington's revenue was earned from principal trading and derived from trading stock of the Eight Issuers. Staff allege that in the case of the Eight Issuers, Arlington either held stock in its inventory or held options to acquire the stock in the issuer immediately prior to the commencement of principal trading in the stock with its clients. Staff further allege that Arlington acquired stock in the Eight Issuers at prices significantly lower than the selling price to its clients. It is alleged that Arlington re-sold this stock to its own clients at mark-ups above acquisition costs ranging from approximately 146% to approximately 337%, which mark-ups were excessive.*

Staff further allege that during the four year period 1996 to 2000, gross profit (i.e. sale price less direct cost of sales) earned from principal trading in stock of the Eight Issuers was approximately \$13.8 million.

Particulars of the principal trading are set out in the attached Statement of Allegations.

Staff allege that in engaging in this conduct Arlington and Milne failed to deal fairly, honestly and in good faith with their

clients and have not acted in the best interest of their clients and otherwise acted contrary to the public interest.

The Temporary Order further states that Arlington's anniversary date for renewal of registration is November 13, 2001. Pursuant to Rule 31-507 Arlington is required to be a member of an SRO recognized by the Commission under section 21.1 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") by its anniversary date, subject to any exemption to this Rule which may be granted by the Director under Rule 31-507.

As of the date of the Temporary Order, Arlington's application to the Investment Dealers Association (the "IDA") to become a member of the IDA has not been accepted by the IDA, nor has any exemption been granted by the Director from the requirement of SRO membership set out in Rule 31-507.

The hearing of this matter is scheduled to commence on Wednesday, October 24, 2001 at 11:00 a.m. in the main hearing room of the Commission located on the 17<sup>th</sup> Floor, 20 Queen Street West, Toronto, Ontario. At the hearing Staff will seek an Order extending the Temporary Order in respect of Arlington and Milne.

Copies of the Temporary Order, the Notice of Hearing and related Statement of Allegations are available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca) or from the Commission, 19<sup>th</sup> Floor, 20 Queen Street West, Toronto, Ontario.

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1-877-785-1555 (Toll Free)

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## Chapter 2

# Decisions, Orders and Rulings

### 2.1 Decisions

#### 2.1.1 Courage Energy Inc. - MRRS Decision

##### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Decision under section 125 of the Act declaring a corporation to be no longer a reporting issuer following the acquisition of all of its outstanding securities by another issuer.

##### Applicable Ontario Statutory Provisions

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

**IN THE MATTER OF  
THE SECURITIES LEGISLATION  
OF ALBERTA, QUÉBEC AND ONTARIO**

**AND**

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

**AND**

**IN THE MATTER OF  
COURAGE ENERGY INC.**

**MRRS DECISION DOCUMENT**

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Québec and Ontario (the "Jurisdictions") has received an application from Courage Energy Inc. ("Courage") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Courage be deemed to have ceased to be a reporting issuer or the equivalent under the Legislation;
  2. **AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Alberta Securities Commission is the principal regulator for this application;
  3. **AND WHEREAS** Courage has represented to the Decision Makers that:
    - 3.1 Courage is a corporation amalgamated under the *Business Corporations Act* (Alberta)(the "ABCA");
    - 3.2 the head office of Courage is in Calgary, Alberta;
    - 3.3 Courage is a reporting issuer or the equivalent in each of the Jurisdictions;
    - 3.4 Courage is not in default of any requirement under the Legislation;
    - 3.5 the authorized capital of Courage consists of an unlimited number of common shares (the "Common Shares") and an unlimited number of preferred shares;
    - 3.6 there are 25,047,692 Common Shares outstanding;
    - 3.7 all of the outstanding Common Shares are held by held by Samson Canada, Ltd. ("Samson");
    - 3.8 Samson acquired all of the outstanding Common Shares pursuant to an offer to purchase dated June 13, 2001 and a subsequent compulsory acquisition under the ABCA;
    - 3.9 the Common Shares were delisted from The Toronto Stock Exchange at the close of business on July 25, 2001;
    - 3.10 no securities of Courage are listed on any exchange or quoted on any market;
    - 3.11 no securities of Courage, including debt obligations, are currently outstanding other than the Common Shares;
    - 3.12 Courage does not intend to seek public financing by way of an offering of securities;
  4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
  5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
  6. **THE DECISION** of the Decision Makers under the Legislation is that Courage is deemed to have ceased to be a reporting issuer or the equivalent under the Legislation.
- September, 2001.  
"Patricia Johnston"

**2.1.2 ICM Balanced Fund, ICM Equity Fund and  
Integra Capital Financial Corporation -  
MRRS Decision**

**Headnote:**

Revocation and replacement of MRRS decision document dated September 15, 2000 to allow for investment by existing Top Funds, as well as by future Top Funds established by the manager, in new Underlying Fund, as well as in future Underlying Funds established by the manager from time to time.

Fund-on-fund investment for foreign content purposes exempted from the self-dealing prohibitions and reporting requirements of clause 111(2)(b), subsection 111(3), clauses 117(1)(a) and 117(1)(d), subject to certain specified conditions.

**Statute Cited:**

Securities Act, R.S.O. 1990, c.S.5, as am. ss. 111(2)(b), 111(3), 117(1)(a), 117(1)(d), and 144.

**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  
ICM BALANCED FUND  
ICM EQUITY FUND  
INTEGRA CAPITAL FINANCIAL CORPORATION**

**MRRS DECISION DOCUMENT**

**WHEREAS** the Canadian securities regulatory authority or regulator (collectively, the "Decision Makers") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (collectively, the "Jurisdictions") has received an application from Integra Capital Financial Corporation ("Integra"), as manager and trustee of the ICM Balanced Fund, the ICM Equity Fund (collectively, the "Existing Top Funds") and other mutual funds managed by Integra after the date of this Decision (defined herein) having an investment strategy that involves investing in one or more mutual funds managed by Integra for foreign property exposure while remaining eligible for registered plans (individually, a "Future Top Fund" and, together with the Existing Top Funds, the "Top Funds") for a decision by each Decision Maker (collectively, the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following provisions of the Legislation (the "Applicable Requirements") shall not apply to Integra or the Top Funds, as the case may be, in respect of certain investments to be made

by a Top Fund in an Underlying Fund (as defined herein) from time to time:

- (a) the restrictions contained in the Legislation prohibiting a mutual fund from knowingly making or holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder, and
- (b) the requirements contained in the Legislation requiring a management company, or in British Columbia, a mutual fund manager, to file a report relating to a purchase or sale of securities between the mutual fund and any related person or company, or any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, the mutual fund is a joint participant with one or more of its related persons or companies.

**AND WHEREAS** the Decision Maker in each of the Jurisdictions has received an application from Integra for a Decision under the Legislation revoking and replacing the MRRS Decision Document dated September 15, 2000 entitled *In the Matter of ICM Balanced Fund, ICM Equity Fund, Integra Capital Financial Corporation* (the "Existing Decision Document") which decided that the Applicable Requirements did not apply to Integra or the Existing Top Funds, as the case may be, in respect of certain investments to be made by the Existing Top Funds in each of the Analytic Core U.S. Equity Fund (formerly Integra Analytic U.S. Large Cap Equity Fund) and the Acadian Core International Equity Fund (formerly Integra EuroPacific Fund) (together, the "Existing Underlying Funds");

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

**AND WHEREAS** Integra has represented to the Decision Makers as follows:

1. Integra is a corporation incorporated under the laws of Ontario and its registered office is located in Ontario. Integra is or will be the manager and trustee of the Top Funds and the Underlying Funds (as defined herein) (collectively, the "Integra Funds").
2. Each of the Integra Funds is or will be an open-end mutual fund trust established under the laws of Ontario. Units of each of the Integra Funds are or will be qualified for distribution in all of the provinces of Canada pursuant to a simplified prospectus and annual information form filed with and accepted by the Decision Makers.
3. Each of the Integra Funds is or will be a reporting issuer in each of the provinces of Canada. The Existing Top Funds and the Existing Underlying Funds are not in default of any requirements of the Legislation.
4. Each of the Top Funds seeks to achieve its investment objective while ensuring that its securities do not constitute "foreign property" for registered retirement savings plans, registered retirement income funds,

- deferred profit sharing plans and similar plans ("Registered Plans").
5. For the purposes of foreign content exposure, the Existing Top Funds currently invest in the Existing Underlying Funds subject to the terms of an exemption letter pursuant to National Instrument 81-102 Mutual Funds ("NI 81-102") dated September 15, 2000 (the "Existing Exemption"), and the terms of the Existing Decision Document.
  6. Integra now wishes to add the NWQ U.S. Large Cap Value Fund (the "NWQ Fund") as an Underlying Fund and may in the future establish other mutual funds (the "Future Underlying Funds", and together with the NWQ Fund and the Existing Underlying Funds, the "Underlying Funds").
  7. Integra now wishes to revoke and replace the terms of the Existing Exemption and the Existing Decision Document so that the Top Funds may invest in the Underlying Funds on substantially similar terms as the terms of the Existing Exemption and the Existing Decision Document.
  8. The investment objectives of the Underlying Funds are or will be achieved through investment primarily in foreign securities.
  9. As part of its investment strategy, each Top Fund seeks to obtain foreign content exposure by investing fixed percentages (the "Fixed Percentages") of its assets (other than cash and cash equivalents) in securities of the Underlying Funds, subject to a variation of 2.5 percent above or below the Fixed Percentages (the "Permitted Ranges") to account for market fluctuations.
  10. The aggregate amount of assets invested by a Top Fund in one or more Underlying Funds for foreign content purposes does not exceed an amount which is 2.5 percent below the amount prescribed from time to time as the maximum permitted amount capable of being made as foreign property investment under the Income Tax Act (Canada) for Registered Plans (the "Permitted Aggregate Investment"), subject to a variation to account for market fluctuations as described in representation #9.
  11. Each Top Fund will invest its assets in accordance with the Fixed Percentages and the Permitted Aggregate Investment.
  12. The simplified prospectus for the Top Funds discloses the investment objectives, investment strategies, risks and restrictions of the Top Funds and the applicable Underlying Funds, the Fixed Percentages and the Permitted Ranges.
  13. The investments by the Top Funds in securities of the Underlying Funds represent the business judgement of "responsible persons" (as defined in the Legislation) uninfluenced by considerations other than the best interests of the Top Funds.
  14. Except to the extent evidenced by this Decision and specific approvals granted by the regulator or the securities regulatory authority in each of the provinces of Canada pursuant to NI 81-102, the investments by each of the Top Funds in the Underlying Funds have been structured to comply with the investment restrictions of the Legislation and NI 81-102.
  15. In the absence of this Decision, pursuant to the Legislation, each Top Fund is prohibited from knowingly making or holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder. As a result, in the absence of this Decision, each Top Fund would be required to divest itself of any such investments.
  16. In the absence of this Decision, Legislation requires Integra to file a report on every purchase or sale of securities of the Underlying Funds by a Top Fund.
- AND WHEREAS** pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker;
- AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
- THE DECISION** of the Decision Makers pursuant to the Legislation is that the Existing Decision Document is hereby revoked and replaced with the following Decision with effect as of, and from, the date hereof;
- AND THE DECISION** of the Decision Makers pursuant to the Legislation is that the Applicable Requirements shall not apply so as to prevent the Top Funds from making and holding an investment in securities of the Underlying Funds or require Integra to file a report relating to the purchase and sale of such securities;
- PROVIDED IN EACH CASE THAT:**
1. the Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with matters in section 2.5 of NI 81-102.
  2. the Decision shall only apply if, at the time a Top Fund makes or holds an investment in its Underlying Funds, the following conditions are satisfied:
    - (a) the securities of both the Top Fund and the Underlying Funds are being offered for sale in the jurisdiction of the Decision Maker pursuant to a simplified prospectus and annual information form which has been filed with and accepted by the Decision Maker;
    - (b) the investment by the Top Fund in the Underlying Funds is compatible with the fundamental investment objectives of the Top Fund;

- (c) the simplified prospectus discloses the intent of the Top Fund to invest in securities of the Underlying Funds, the names of the Underlying Funds, the Fixed Percentages and the Permitted Ranges within which such Fixed Percentages may vary;
- (d) the Underlying Funds are not mutual funds whose investment objective includes investing directly or indirectly in other mutual funds;
- (e) the Top Fund invests its assets (exclusive of cash and cash equivalents) in the Underlying Funds in accordance with the Fixed Percentages disclosed in the simplified prospectus and in accordance with the Permitted Aggregate Investment;
- (f) the Top Fund's holdings of securities in the Underlying Funds does not deviate from the Permitted Ranges;
- (g) any deviation from the Fixed Percentages is caused by market fluctuations only;
- (h) where an investment by the Top Fund in any of the Underlying Funds has deviated from the Permitted Ranges as a result of market fluctuations, the Top Fund's investment portfolio is re-balanced to comply with the Fixed Percentages on the next day on which the net asset value was calculated following the deviation;
- (i) if the Fixed Percentages and the Underlying Funds which are disclosed in the simplified prospectus have been changed, either the Top Funds' simplified prospectus has been amended or a new simplified prospectus has been filed to reflect the change, and the security holders of the Top Fund have been given at least 60 days' notice of the change;
- (j) there are compatible dates for the calculation of the net asset value of the Top Fund and the Underlying Funds for the purpose of the issue and redemption of the securities of such mutual funds;
- (k) no sales charges are payable by the Top Fund in relation to its purchase of securities in the Underlying Funds;
- (l) no redemption fees or other charges are charged by an Underlying Fund in respect of the redemption by the Top Fund of securities of the Underlying Fund owned by the Top Fund;
- (m) no fees or charges of any sort are paid by the Top Fund and the Underlying Funds, by their respective managers or principal distributors, or by any affiliate or associate of any of the foregoing entities, to anyone in respect of the Top Fund's purchase, holding or redemption of the securities of the Underlying Funds;
- (n) the arrangements between or in respect of the Top Fund and the Underlying Funds are such as to avoid the duplication of management fees;
- (o) any notice provided to security holders of an Underlying Fund as required by applicable laws or the constating documents of that Underlying Fund has been delivered by the Top Fund to its security holders;
- (p) all of the disclosure and notice material prepared in connection with a meeting of security holders of the Underlying Funds and received by the Top Fund has been provided to its security holders, the security holders have been permitted to direct a representative of the Top Fund to vote its holdings in the Underlying Fund in accordance with their direction, and the representative of the Top Fund has not voted its holdings in the Underlying Funds except to the extent the security holders of the Top Fund have directed;
- (q) in addition to receiving the annual, and upon request, the semi-annual financial statements, of the Top Fund, security holders of a Top Fund have received appropriate summary disclosure in respect of the Top Fund's holdings of securities of the Underlying Funds in the financial statements of the Top Fund; and
- (r) to the extent that the Top Fund and the Underlying Funds do not use a combined simplified prospectus and annual information form containing disclosure about the Top Fund and the Underlying Funds, copies of the simplified prospectus and annual information form of the Underlying Funds have been provided upon request to security holders of the Top Fund and the right to receive these documents is disclosed in the simplified prospectus of the Top Fund.

October 4, 2001.

"Howard I. Wetston"

"R. Stephen Paddon"

**2.1.3 BXL Energy Ltd. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - issuer deemed to have ceased to be a reporting issuer under the Act;

**Applicable Ontario Statutory Provisions**

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

**IN THE MATTER OF  
THE SECURITIES LEGISLATION  
OF ALBERTA AND ONTARIO**

**AND**

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

**AND**

**IN THE MATTER OF  
BXL ENERGY LTD.**

**MRRS DECISION DOCUMENT**

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Alberta and Ontario (the "Jurisdictions") has received an application from BXL Energy Ltd. ("BXL") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that BXL be deemed to have ceased to be a reporting issuer or equivalent under the Legislation;
2. **AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Alberta Securities Commission is the principal regulator for this application;
3. **AND WHEREAS** BXL has represented to the Decision Makers that:
  - 3.1 BXL is a corporation which was incorporated under the *Business Corporations Act* (Alberta) with its head office located in Calgary, Alberta;
  - 3.2 the authorized share capital of BXL consists of an unlimited number of common shares (the "Shares"), an unlimited number of first preferred shares and an unlimited number of second preferred shares, of which 27,733,406 Shares and no preferred shares are issued and outstanding;
  - 3.3 BXL is a reporting issuer in each of the Jurisdictions and is not in default of any of the requirements under the Legislation;

- 3.4 by virtue of an offer to purchase made by Viking Energy Ltd. ("VEL"), a wholly-owned subsidiary of Viking Energy Royalty Trust on May 16, 2001 and the subsequent exercise of its rights of compulsory acquisition, VEL is now the sole shareholder of BXL;
- 3.5 other than the Shares, BXL has no securities, including debt securities, presently outstanding;
- 3.6 the Shares were delisted from trading on The Toronto Stock Exchange at the close of business on June 26, 2001 and no securities of BMX are listed or quoted on any exchange or market in Canada or elsewhere;
- 3.7 BMX does not presently intend to seek public financing by way of an offering of its securities.

4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
6. **THE DECISION** of the Decision Makers under the Legislation is that BXL is deemed to have ceased to be a reporting issuer or the equivalent under the Legislation.

August 27, 2001.

"Patricia J. Johnston"

**2.1.4 Ballard Power Systems Inc., Daimler Chrysler AG and Ford Motor Company - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - relief from valuation and minority approval requirements granted in connection with related party transaction involving issuer and two principal shareholders - total value of transaction is below 25% of issuer's market capitalization - exemption would have been available but for the fact that part of the transaction will take place by way of Delaware merger for tax purposes.

**Applicable Ontario Rule**

OSC Rule 61-501 - Insider Bids, Issuer Bids, Going Private Transaction and Related Party Transactions, ss. 5.5, 5.6(2), 5.6(3), 5.7, 5.8(1)2 and 9.1.

**IN THE MATTER OF  
THE SECURITIES LEGISLATION  
OF ONTARIO AND QUÉBEC,**

**AND**

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

**AND**

**IN THE MATTER OF  
BALLARD POWER SYSTEMS INC.,  
DAIMLER CHRYSLER AG AND  
FORD MOTOR COMPANY.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario and Québec (the "Jurisdictions") has received an application from Ballard Power Systems Inc. ("Ballard") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that a related party transaction (the "Third Alliance Transaction") involving the merger of an affiliate of DaimlerChrysler North American Holdings Corporation USA ("DCX Holdco") and Ford Electric Drive Holdings, Inc. USA ("Ford Electric") into Ballard Power Corporation USA ("BPC") will not be subject to the requirements in the Legislation to:

- (a) obtain a formal, independent valuation of the subject matter of the Third Alliance Transaction and any non-cash consideration being offered in or forming part of the Third Alliance Transaction (the "Formal Valuation") and comply with the disclosure and filing requirements applicable to Formal Valuations under the Legislation (collectively, the "Formal Valuation Requirements"), and
- (b) obtain minority approval of the Third Alliance Transaction at a meeting of Ballard securityholders

called for that purpose (the "Minority Approval Requirement");

**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** Ballard has represented to the Decision Makers that:

1. Ballard was amalgamated under the *Canada Business Corporations Act* on May 30, 1989, and its head office is located in Burnaby, British Columbia.
2. The authorized share capital of Ballard consists of an unlimited number of common shares, an unlimited number of preferred shares, issuable in a series, of which one Series 1 Preferred share, one Series 2 Preferred share and one Series 3 Preferred share are authorized. As of August 17, 2001, 90,442,625 common shares, one Series 2 Preferred share and one Series 3 Preferred share are issued and outstanding.
3. Ballard is a reporting issuer in Ontario and Quebec within the meaning of the Legislation and Ballard's common shares are listed and posted for trading on The Toronto Stock Exchange and the National Association of Securities Dealers Automated Quotation System. The preferred shares are not listed, but they are each convertible into one common share of Ballard.
4. Ballard is not in default of any requirements of the securities legislation of Ontario and Québec.
5. Ballard proposes to complete the Third Alliance Transaction through a series of transactions, as follows:
  - (a) the acquisition, on certain terms and conditions, by Ballard of a 51.5% interest in Xcellsis GmbH ("Xcellsis") and a 16.9% interest in Ecostar Electric Drive Systems LLC ("Ecostar"), both of which interests are currently held by DaimlerChrysler AG ("DC") or its subsidiaries; and
  - (b) the acquisition by Ballard of a 21.8% interest in Xcellsis and a 62.1% interest in Ecostar, both of which interests are currently held by Ford Motor Company ("Ford") or its subsidiaries,so that Ballard will own 100% of Xcellsis and 100% of Ecostar.
6. The Third Alliance Transaction also includes the participation by DC and Ford in a private placement of securities of Ballard and revisions to the existing Alliance Agreement among Ballard, DC and Ford (the "Private Placement and Revision").
7. The Third Alliance Transaction is a "related party transaction" because Ford and DC hold, directly or indirectly, 13.5% and 18.04%, respectively, of the outstanding Ballard common shares.



8. The Legislation provides for an exemption to the Formal Valuation and Minority Approval Requirements where the value of the transaction does not exceed 25% of the market capitalization of the reporting issuer, in this case Ballard. The value of the shares of Xcellsis and Ecostar that Ballard will acquire from Ford and DC plus the value of the Private Placement and Revision is less than 25% of Ballard's market capitalization.
9. Some of the shares of Xcellsis are being acquired by way of purchase of shares pursuant to a share purchase agreement. This purchase, together with the Private Placement and Revision, would have been exempt under the Legislation.
10. Solely for U.S. tax reasons, the acquisition of the remaining shares of Xcellsis and Ecostar is being effected by way of a Delaware merger of DCX Holdco (a holding company of DC), Ford Electric (a holding company of Ford) and BPC (a holding company of Ballard).
11. On a technical reading, an exemption from the Formal Valuation and Minority Approval Requirements of the Legislation does not apply because a part of the Third Alliance Transaction is being implemented by way of a "merger", and while Ballard holds more than 20% of the shares of each of Xcellsis and Ecostar, they are controlled by DC and by Ford respectively, and the merger is among holding companies, not these operating entities.
12. Ballard has established a special committee comprised of independent members of the board of directors to review the Third Alliance Transaction, the special committee has engaged a financial advisor who will be advising with respect to the fairness of the Third Alliance Transaction from a financial point of view, the board of directors of Ballard has engaged another financial advisor who, if requested by Ballard, will also be delivering a fairness opinion, and certain elements of the Third Alliance Transaction will be the subject of a special meeting of the shareholders of Ballard.

**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 Third Alliance Transaction will not be subject to the Formal Valuation and Minority Approval Requirements contained in the Legislation, provided that Ballard complies with the other applicable provisions of the Legislation.

September 24, 2001.

"K. Soden"

## 2.1.5 Marquest Investment Counsel Inc. - MRRS Decision

### Headnote

MRRS - trades to investors and their registered plans of at least a prescribed minimum amount and trades by pooled funds of additional units and reinvested units to existing unitholders exempted from registration and prospectus requirements - trades in units of pooled funds exempt from the requirement to file a report of such trade within 10 days of the trade provided that reports be filed and fees paid yearly.

### Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., s. 25(1), 53(1), 72(3), 74(1).

### Regulations Cited

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

### Rules Cited

Rule 45-501 - section 7.1, Form 45-501F1.  
Rule 81-501.

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

AND

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

AND

IN THE MATTER OF  
MARQUEST INVESTMENT COUNSEL INC.

### MRRS DECISION DOCUMENT

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, Yukon, Northwest Territories and Nunavut (the "Jurisdictions") has received an application from Marquest Investment Counsel Inc. (the "Applicant") for a decision pursuant to the securities legislation (the "Legislation") of the Jurisdictions that:

- (a) certain trades in units ("Units") of open-end unit trusts established, or to be established from time to time, by the Applicant (the "Funds") shall not be subject to the registration and prospectus requirements of the Legislation of the Jurisdictions, other than British Columbia where such relief is not required;

- (b) trades in additional Units ("Additional Units") of the Funds to an investor upon:
- (i) the subsequent subscription of an investor shall not be subject to the registration and prospectus requirements of the Legislation of the Jurisdictions, other than British Columbia where such relief is not required; and
  - (ii) the reinvestment of distributions by a Fund shall not be subject to the registration and prospectus requirements of the Legislation of New Brunswick, Newfoundland, Prince Edward Island and Yukon Territory; and
- (c) trades in Units and Additional Units are not subject to the requirements of the Legislation of the Jurisdictions relating to the filing of forms and the payment of fees within 10 days of each trade;

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

**AND WHEREAS** the Applicant has represented to the Decision Maker that:

1. the Applicant is registered under the *Securities Act* (Ontario) as a limited market dealer and as an adviser in the categories of investment counsel and portfolio manager;
2. the Applicant has established or will establish one or more Funds pursuant to declarations of trust for which the Applicant acts or will act as the trustee and manager;
3. each Fund is or will be a "mutual fund" as defined in the Legislation of the Jurisdictions;
4. none of the Funds currently intends to become a reporting issuer, as such term is defined in the Legislation of the Jurisdictions, and the Units of the Funds will not be listed on any stock exchange;
5. each Fund is or will be divided into Units which will evidence each investor's undivided interest in the assets of the Fund;
6. it is intended that Units of certain Funds are or will be qualified for investment by a trust governed by a self-administered registered retirement savings plan, registered retirement income fund or a deferred profit sharing plan ("Registered Plans");
7. the initial distribution of Units of a Fund (the "Initial Investment") to an investor and the Registered Plans of the investor will have an aggregate acquisition cost to the investor and the investor's Registered Plans (an investor alone, an investor's Registered Plan alone, or any combination of the foregoing, a "Unitholder") of at least the amount prescribed by the Legislation of the Jurisdictions (the "Prescribed Amount") in connection with exemptions from the prospectus and registration requirements (the "Private Placement Exemptions")

which require the investor to purchase securities of an issuer having a minimum acquisition cost;

8. where the Prescribed Amount of an Initial Investment in a Fund is met through the aggregation of the acquisition costs of Units of a Fund by some or all of an investor and an investor's Registered Plans, the Private Placement Exemptions would not be available in the Jurisdictions, except British Columbia, and exemptive relief would be required;
9. following an Initial Investment, it is proposed that a Unitholder be able to subscribe and pay for Additional Units of a Fund in increments of less than the Prescribed Amount, provided that at the time of such subsequent acquisition the Unitholder holds Units of the Fund with an aggregate acquisition cost or aggregate net asset value of at least the Prescribed Amount;
10. each Fund proposes to distribute Additional Units by way of automatic reinvestment of distributions to Unitholders of the Fund; and
11. Units are non-transferable except in limited circumstances as set out in the declaration of trust of each Fund.

**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 DECISIONS** of the Decision Makers pursuant to the Legislation are that:

- (A) the registration and prospectus requirements contained in the Legislation of the Jurisdictions, other than British Columbia where such relief is not required, shall not apply to:
- (i) an Initial Investment in Units of a Fund provided that:
    - (a) the aggregate acquisition cost to a Unitholder of the Initial Investment is not less than the Prescribed Amount;
    - (b) at the time of the Initial Investment of Units, the Applicant is registered under the Legislation of Ontario as an adviser in the categories of investment counsel and portfolio manager and such registration is in good standing; and
    - (c) this clause (A)(i) will cease to be in effect in a Jurisdiction 90 days after the coming into force, subsequent to the date of this Decision, of any legislation, regulation or rule in the Jurisdiction exempting from the registration and prospectus requirements of the Legislation Initial Investments by

- Unitholders in securities of a pooled fund as described in this Decision;
- (ii) trades in Additional Units pursuant to a subsequent subscription and payment by a Unitholder provided that:
- (a) at the time of trade of Additional Units, the Applicant is registered under the Legislation in Ontario as an adviser in the categories of investment counsel and portfolio manager;
- (b) at the time of the trade of Additional Units of a Fund, the Unitholder then owns Units of the Fund having an aggregate acquisition cost or an aggregate net asset value of not less than the Prescribed Amount; and
- (c) this clause (A)(ii) will cease to be in effect in a Jurisdiction 90 days after the coming into force, subsequent to the date of this Decision, of any legislation, regulation or rule in the Jurisdiction exempting from the registration and prospectus requirements of the Legislation distributions by a fund manager on behalf of a pooled fund of additional securities which applies to trades of Additional Units as described in this Decision;
- (B) trades in Additional Units of a Fund pursuant to the reinvestment of distributions of the Fund shall not be subject to the registration and prospectus requirements of the Legislation in New Brunswick, Newfoundland, Prince Edward Island and Yukon Territory provided that:
- (i) no sales commissions or other charge in respect of such issuance of Additional Units is payable; and
- (ii) each Unitholder who receives Additional Units has received, not more than 12 months before such issuance, a statement describing (a) the details of any deferred or contingent sales charges or redemption fee that is payable at the time of the redemption of a Unit, (b) any rights that the Unitholder has to make an election to receive cash instead of Units in the payment of the net income or net realized capital gains distributed by the Fund, (c) instructions on how the right referred to in subclause (b), if any, can be exercised and (d) the fact the no prospectus is available for the Fund as Units are offered pursuant to prospectus exemptions only;
- (C) the first trade of Units by Unitholders acquired under an exemption from the registration and prospectus requirements provided in this Decision is deemed to be a distribution or primary distribution to the public in a Jurisdiction unless otherwise exempt under the Legislation of the Jurisdiction or unless at the time of the first trade:
- (i) the Fund has been a reporting issuer or the equivalent under the applicable Legislation for at least 12 months;
- (ii) if the seller of the Units is in a special relationship (as defined in the applicable Legislation) with the Fund, the seller has reasonable grounds to believe that the Fund is not in default of any requirement of the applicable Legislation;
- (iii) the trade is not a control distribution;
- (iv) no unusual effort is made to prepare the market or to create a demand for the Units and no extraordinary commission or consideration is paid in respect of such trades; and
- (v) the Units have been held for a period of at least twelve months from the date they were acquired by the seller of the Units; and
- (D) the requirements contained in the Legislation of the Jurisdictions to file a report of trades in Units and pay the associated fee shall not apply to a trade in Units of a Fund made in reliance on the exemptions from the registration and prospectus requirements contained in this Decision or in reliance on the Private Placement Exemptions, provided that, within 30 days of the end of each financial year of each Fund, such Fund:
- (i) files with the applicable Decision Maker a report in respect of all trades in Units of the Fund during such financial year, in a form prescribed by applicable Legislation; and
- (ii) remits to the applicable Decision Maker the fee prescribed by the applicable Legislation.

September 28, 2001.

"Paul M. Moore"

" R. W. Davis"

## 2.1.6 Terayon Communications Systems Inc. - MRRS Decision

### Headnote

MRRS - registration and prospectus relief for issuance of shares by foreign issuer to Canadian employees, officers and directors under option and incentive plans - issuer bid relief for foreign issuer in connection with acquisition of shares under option and incentive plans.

### Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., s. 25, 35(1)(12)(iii), 35(1)(17), 53, 72(1)(f)(iii), 72(1)(k), 74(1), 89(1), 93(3)(a), 93(3)(d), 104(2).

### Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., s. 182(1), 204, 206.

### Policies Cited

OSC Rule 45-503 - Employee Exemption - ss. 2.2(b), 2.4, 3.5.  
OSC Rule 72-501 - Prospectus Exemption from First Trade Over a Market Outside Ontario.

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

AND

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

**AND IN THE MATTER OF  
TERAYON COMMUNICATION SYSTEMS INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta and Québec (the "Jurisdictions") has received an application from Terayon Communication Systems Inc. ("Terayon" or the "Company") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

- (i) the requirements contained in the Legislation to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Registration and Prospectus Requirements") shall not apply to certain trades in shares of Terayon common stock (the "Shares") made in connection with the Terayon 1995 Stock Option Plan (the "SOP"); the Terayon 1997 Equity Incentive Plan (the "1997 EIP"); the Terayon 1999 Non-Officer Equity Incentive Plan (the "1999 EIP"); and the Terayon 1998 Employee

Stock Purchase Plan (the "ESPP") (collectively the "Plans"); and

- (ii) the requirements contained in the Legislation relating to issuer bids (the "Issuer Bid Requirements") shall not apply to certain acquisitions by the Company of Shares pursuant to the Plans.

**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** Terayon has represented to the Decision Makers as follows:

1. Terayon is presently a corporation incorporated under the laws of the state of Delaware. The executive offices of Terayon are located in Santa Clara, California.
2. The Company is registered with the Securities Exchange Commission (the "SEC") in the United States under the United States Securities Exchange Act of 1934 (the "Exchange Act") and is not exempt from the reporting requirements of the Exchange Act pursuant to Rule 12G 3-2 made thereunder.
3. The Shares are quoted on the Nasdaq National Market ("Nasdaq") under the symbol "TERN".
4. Terayon is not a reporting issuer in any Jurisdiction and has no present intention of becoming a reporting issuer in any Jurisdiction. The majority of the directors and senior officers of Terayon reside outside of Canada. One director resided in Alberta.
5. The authorized share capital of Terayon consists of 200,000,000 Shares and 5,000,000 shares of preferred stock ("Preferred Shares"). As of April 13, 2001, there were 67,604,392 Shares and no Preferred Shares issued and outstanding.
6. Under the SOP, 1997 EIP, and 1999 EIP, (collectively the "Incentive Plans") options exercisable for Shares (the "Options"), stock bonuses (the "Stock Bonuses") and rights to purchase restricted stock (the "Restricted Stock") (collectively, the "Awards") may be granted to employees, directors, officers and consultants of Terayon and its affiliates (the "Terayon Companies"). Under the ESPP employees of the Terayon Companies are able to purchase Shares. Collectively employees, directors, officers and consultants participating in the Incentive Plans and the ESPP are referred to herein as the "Participants".
7. Employees who participate in the Plans will not be induced to exercise Options or purchase Shares by expectation of employment or continued employment. Consultants who participate in the Plans will not be induced to exercise Options or purchase Shares by expectation of the individual consultant, the consultant's company or the consultant's partnership being engaged or continuing to be engaged as a consultant. Officers who participate in the Plans will not be induced to

- exercise Options or purchase Shares by expectation of appointment or employment or continued appointment or employment as an officer.
8. It is anticipated that consultants who will be granted Awards under the Plans will (a) provide technical, business, management or other services to the Terayon Companies (other than services relating to the sale of securities or promotional/investor relations services); (b) provide consulting services to the Terayon Companies under a written contract; (c) have a relationship with the Terayon Companies that will permit them to be knowledgeable about the business affairs of Terayon; and (d) will spend a significant amount of time and attention on the affairs and business of one or more of the Terayon Companies.
  9. The Plans are administered by the board of directors (the "Board") of the Company and/or a committee appointed by the Board (the "Committee").
  10. The purpose of the ESPP is to provide employees of the Terayon Companies an opportunity to purchase Shares through payroll deductions.
  11. The purpose of the Incentive Plans is to provide a means by which selected employees, directors, officers, and consultants of the Terayon Companies may be given an opportunity to purchase Shares and to benefit from increases in the value of the Shares.
  12. All necessary securities filings have been made in the U.S. in order to offer the Plans to Participants resident in the U.S. As is required by U.S. law, the ESPP, SOP and 1997 EIP (but not the 1999 EIP) have been approved by the shareholders.
  13. A prospectus prepared according to U.S. securities laws describing the terms and conditions of the Plans will be delivered to each employee who is eligible to participate in the ESPP and to each Participant who is granted an Award under the Incentive Plans. The annual reports, proxy materials and other materials Terayon is required to file with the SEC will be provided or made available to Canadian Participants at the same time and in the same manner as the documents are provided or made available to U.S. Participants. In Québec, the most recent audited annual financial statements will also be provided to each Participant resident in Québec.
  14. Awards and rights under the Plans may not be assigned, transferred, pledged or otherwise disposed of other than by will or the laws of intestacy.
  15. Following the termination of a Participant's relationship with the Terayon Companies, a former Participant or in some cases the Participant's or former Participant's estate, the legal representative of a Participant or of a former Participant, or the beneficiary of a Participant or Former Participant by a designation or by will or the laws of intestacy (collectively, the "Former Participants") will continue to have rights in respect of the Plans. Post-termination rights may include, among other things, the right of a Former Participant to exercise an Award for a specified period following termination and the right to sell Shares acquired under the Plans through the Agents.
  16. Terayon intends to use the services of one or more agents/brokers (the "Agents") for each of the Plans. The current Agents for the Plans are Deutsche Banc Alex Brown Inc. and Salomon Smith Barney, Inc. Terayon intends to add E\*TRADE Securities, Inc. as a third Agent shortly. The current Agents are, and if replaced, or if additional Agents are appointed, will be registered under applicable U.S. securities or banking legislation and have been or will be authorized by Terayon to provide services under the Plans. The Agents are not registered to conduct retail trades in any of the Jurisdictions and, if replaced, or additional Agents are appointed, are not expected to be so registered in any of the Jurisdictions.
  17. The Agents' role in the Plans may include: (a) assisting with the administration of the Plans, including record-keeping functions; (b) facilitating the exercise of Awards granted under the Plans (including cashless and stock-swap exercises) to the extent that they are exercisable for Shares; (c) holding Shares issued under the Plans on behalf of Participants and Former Participants; and (d) facilitating the resale of the Shares issued in connection with the Plans.
  18. As there is no market in the Jurisdictions for the Shares and none is expected to develop and it is expected that any resale of Shares will be effected through the facilities of the Nasdaq.
  19. As of March 31, 2001, there were four employees in Canada eligible to participate in the ESPP and nine Participants eligible to receive Awards under the Incentive Plans.
  20. An eligible employee may purchase Shares through accumulated payroll deductions Shares at a discount to the market price to a maximum of 15% of their Earnings (as defined in the ESPP). Subject to the discretion granted under the ESPP to the Board or Committee Shares will be issued by Terayon to the Agents on a periodic basis based on the level of accumulated payroll deductions of each Employee participating in the ESPP.
  21. Generally, in order to exercise an Option or other exercisable Award, the Participant or Former Participant, must submit to the Agents a written notice of exercise identifying the Award and the number of Shares being exercised, together with full payment of the exercise price. The exercise price of an Award may be paid in cash or where permitted by the Committee, by way of a cashless exercise, promissory note, stock-swap exercise, or such other method permitted by the Committee.
  22. Pursuant to the Incentive Plans the acquisition of Shares and or Options by the Company in certain circumstances may constitute an "issuer bid". The terms of the Incentive Plans permit: (a) Award holders to surrender Shares to the Company to satisfy

government withholding tax obligations or on a stock-swap exercise; (b) the Company to withhold Shares to satisfy government withholding tax obligations; (c) the Company to cancel outstanding Awards and the substitute new Awards for repricing purposes; (d) the Company to repurchase Shares where an Option has been exercised prior to the Option being fully vested; and (e) the Company to repurchase or otherwise reacquire Shares held by that person which have not vested as of the date of termination under the terms of the Restricted Stock purchase agreement. The Shares acquired by the Company will either be cancelled by the Company or put into the Company treasury. The exemptions in the Legislation from the Issuer Bid Requirements may not be available for such acquisitions by the Company since such acquisitions may occur at a price that is not calculated in accordance with the "market price," as that term is defined in the Legislation and may be made from persons other than employees or former employees.

23. Canadian Participants, including Former Participants, who wish to sell Shares acquired under the Plans may do so through the Agents.
24. As of April 13, 2001 two Canadian shareholders (the "Strategic Partners"), one resident in Alberta, and the other resident in Ontario, together own approximately 8.92% and 4.79% respectively, of the outstanding voting securities of Terayon. The remaining Canadian shareholders represent in number less than 1% of the registered and beneficial holders of Terayon's Shares and hold less than one-tenth of 1% of Terayon's outstanding Shares.
25. The Strategic Partners have represented to Terayon that they have acquired securities of Terayon for investment only and not with a view to distribution.
26. When the Agents sell Shares on behalf of Participants or Former Participants, the Agents, the Participants and the Former Participants may not be able to rely upon the exemption from the Registration Requirement contained in the Legislation of certain Jurisdictions.
27. The Legislation of certain of the Jurisdictions does not contain exemptions from the Prospectus and Registration Requirements for intended trades in Options, Shares or other Awards under the Plans.

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

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

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

- (i) the Registration and Prospectus Requirements shall not apply to any trade or distribution of Options or Shares to or on behalf of Participants made in connection with

the Plans, including trades and distributions involving the Agents or Former Participants and provided that first trades of Shares acquired through the Plans, pursuant to this Decision shall be deemed a distribution under the Legislation unless such first trade is executed on a stock exchange or market outside of Canada;

- (ii) the first trade by Participants or Former Participants in Shares acquired pursuant to the Plans including first trades effected through the Agents, shall not be subject to the Registration Requirement, provided such first trade is executed through a stock exchange or market outside of Canada; and
- (iii) the Issuer Bid Requirements of the Legislation shall not apply to the acquisition by Terayon of Shares or Awards from Participants or Former Participants provided such acquisitions are made in accordance with the terms of the Plans.

October 4, 2001.

"Howard I. Wetston"

"R. Stephen Paddon"

**2.1.7 Mist Inc. - MRRS Decision**

**Headnote**

Rule 61-501 - Related party transactions - Applicant proposes to enter into a credit facility with an affiliate of a shareholder of the Applicant that holds 47.6% of its common shares - Applicant to pay the affiliate a commitment fee and issue a five-year warrant to acquire common shares of the Applicant at a price protected by the Toronto Stock Exchange - the proposed transactions are supported by a holder of approximately 46.8% of the common shares of the Applicant - the supporting shareholder is not a party to the transaction, deals at arm's length from the shareholder whose affiliate is involved in the transactions and will be treated identically with all holders of affected securities - members of the Applicant's board of directors appointed by the shareholder with an interest in the proposed transactions did not participate in the board meeting at which the proposed transactions were approved - Applicant's board confirmed by resolution that the credit facilities were being obtained on reasonable commercial terms - the proposed transactions were negotiated at arm's length - transactions exempt from requirement to prepare valuation and obtain minority approval.

**Ontario Rules Cited**

Rule 61-501 - Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions, ss. 5.5, 5.7 and 9.1.

**IN THE MATTER OF  
THE SECURITIES LEGISLATION  
OF ONTARIO AND QUEBEC**

**AND**

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

**AND**

**IN THE MATTER OF MIST INC.  
MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario and Quebec (the "Jurisdictions") has received an application from MIST Inc. ("Mist") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to obtain a formal valuation and to obtain the approval of minority shareholders (collectively, the "Valuation and Minority Approval Requirements") shall not apply to the Proposed Transactions (as defined in paragraph 12 below);

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

**AND WHEREAS** Mist has represented to the Decision Makers that:

1. Mist is amalgamated under the *Business Corporations Act* (Ontario) (the "OBCA"), is a reporting issuer (or equivalent) in each of the provinces of Canada and is not in default of any requirement of the *Securities Act* (Ontario), the *Securities Act* (Quebec), or the respective regulations or rules made thereunder.
2. The head office of Mist is located in Ontario.
3. Mist's authorized capital consists of an unlimited number of common shares (the "Common Shares") and an unlimited number of special shares (the "Special Shares") (collectively, the Common Shares and the Special Shares are referred to as the "Mist Shares"). As at June 29, 2001, 30,309,190 Common Shares and 2,500,000 Special Shares respectively were issued and outstanding. The market capitalization of Mist is approximately \$36 million.
4. The Common Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE"). The Special Shares are not listed on any stock exchange.
5. The holders of the Special Shares are entitled to vote with the holders of Common Shares and not as a separate class, except where entitled to do so by law. Holders of the Special Shares do not receive dividends or participate in any other distributions declared by the board of directors of Mist (the "Board"). The Special Shares may be converted into Common Shares, on a one for one basis, at the request of the holders or upon notice from Mist. All of the Special Shares are owned by Charles Lee, President & CEO of Mist, and Drazen Ivanovic, Executive Vice President, Engineering, of Mist.
6. Trilon Financial Corporation ("Trilon Financial"), beneficially owns 14,434,067 Common Shares, representing approximately 47.6% of the outstanding Common Shares and 44% of the Mist Shares.
7. CAI Capital Corporation and certain related private equity investors (collectively, "CAI") own 14,166,667 Common Shares, representing approximately 46.8% of the outstanding Common Shares and 43.2% of the Mist Shares.
8. The remainder of the Common Shares are publicly-owned.
9. Trilon Financial and CAI are parties to a shareholder agreement (the "Shareholder Agreement") dated February 24, 1995, which entitles CAI to representation on the Board and provides that certain matters must be approved by both Trilon and CAI. Under the terms of the Agreement, the Proposed Transactions require the prior consent of CAI.
10. The Board consists of Charles Lee, the President and CEO of Mist, three nominees of Trilon Financial, two nominees of CAI, and two independent directors. The current nominees of Trilon Financial on the Board are

- George Myhal, Bruce Robertson, and Mike Velshi. The current representatives of CAI on the Board are Peter Gottsegen and Manfred Yu.
11. Pursuant to commitment letters dated July 24, 2001 and executed July 27, 2001, Mist intends to enter into the following credit facilities (the "Facilities") with Trilon Bancorp, an affiliated entity of Trilon Financial:
    - (a) a senior working capital facility provided on a revolving basis in an aggregate amount not to exceed C\$12,000,000, and expiring twelve months from the date of initial availability; and
    - (b) a subordinate non-revolving credit facility in an aggregate amount not to exceed C\$10,000,000 and expiring December 31, 2001.
  12. As consideration for the agreement of Trilon Bancorp to establish the Facilities, Mist has agreed to pay a commitment fee (the "Fee Payment") and, subject to regulatory approval, to issue to Trilon Bancorp a five-year warrant (the "Warrant") to acquire 500,000 Common Shares (the "Warrant Shares") (the entering into of the Facilities, the Fee Payment and the issuance of the Warrant are collectively referred to as the "Proposed Transactions").
  13. By letter dated August 2, 2001, The Toronto Stock Exchange has granted (subject to the satisfaction of certain conditions) "price protection" for the exercise price of the Warrant at \$1.25 per Common Share. The exercise price is based upon the market price of the Common Shares prevailing at the time the Proposed Transactions were agreed to.
  14. None of the Warrant Shares will be included in the Shareholder Agreement or any future shareholder agreement to which CAI or any affiliate of CAI is a party.
  15. Trilon Bancorp is a related party of Mist within the meaning of the Legislation as Trilon Bancorp's affiliate, Trilon Financial, beneficially owns more than 10% of the Common Shares. Therefore, the Proposed Transactions are related party transactions within the meaning of the Legislation and, absent an exemption or discretionary relief, Mist would have to comply with the Valuation and Minority Approval Requirements.
  16. The negotiations on behalf of Mist are being led by Mark Swalwell, Vice-President, Finance of Mist.
  17. The Proposed Transactions were approved at a Board meeting, excluding nominees of Trilon Financial, held on August 15, 2001.
  18. By a resolution of the Board dated August 31, 2001, the Board, excluding nominees of Trilon Financial, confirmed that, in their opinion, the Facilities are being obtained on reasonable commercial terms that are not less advantageous to Mist than if the Facilities were obtained from a person or company dealing at arm's length with Mist.
  19. Other than as a result of the discussion between Mist and Trilon Bancorp concerning the Proposed Transactions, Trilon Financial was not aware of any material information that was not publicly disclosed at the time the commitment letters referred to in paragraph 11 above were entered into.
  20. By a certificate executed August 9, 2001, CAI has confirmed to the Decision Makers that CAI:
    - (a) owns or controls securities which affect materially the control of Mist;
    - (b) is not a party to the Proposed Transactions;
    - (c) is dealing at arm's length with Trilon Financial and Trilon Bancorp;
    - (d) supports the Proposed Transactions; and
    - (e) is treated identically to all other holders in Canada of affected securities and does not receive, directly or indirectly, as a consequence of the Proposed Transactions a benefit that is not also received on a pro rata basis by all other holders of affected securities.
  21. Although CAI is a significant arm's length shareholder of Mist, the exemptions from the Valuation and Minority Approval Requirements applicable to a negotiated transaction with an arm's length controlling shareholder are not available to Mist because Trilon Financial owns slightly more Common Shares than CAI.

**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 Valuation and Minority Approval Requirements shall not apply to the Proposed Transactions, provided that Mist complies with all other applicable provisions of the Legislation.

September 13, 2001.

"Margo Paul"



**2.1.8 Canadian Pacific Limited et al. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - relief under subsection 74(1) of the Act from the registration and prospectus requirements in respect of certain trades made in connection with and following an arrangement;

- relief for certain wholly owned subsidiaries from the requirements to file material change reports, annual and interim financial statements, annual filings in lieu of information circulars and AIFs including MD&A subject to certain conditions, including the fact that the parent company complies with all these requirements and has no assets or liabilities, other than its holding of all of the outstanding voting and equity securities of the subsidiary, which are of more than nominal value having regard to the total value of the parent;

- exemption from the requirement of National Instrument 44-101 that an issuer have been a reporting issuer for at least 12 months in order to be eligible to file a short form prospectus, on the basis of the reporting issuer history of the issuer conducting the arrangement, to permit issuers resulting from the arrangement to be eligible to file short form prospectuses;

- exemption from the requirement of National Instrument 44-101 that a subsidiary have a current AIF in order to be eligible to file a short form prospectus on certain conditions, including that (i) its parent company has a current AIF (ii) its parent company has no assets or liabilities, other than its holding of all of the outstanding voting and equity securities of the subsidiary, which are of more than nominal value having regard to the total value of the parent and (iii) the short form prospectus contains or incorporates by reference all of the information or documents that would be required to be contained in or incorporated by reference in a short form prospectus filed by the parent.

**Applicable Ontario Statutes**

Securities Act, R.S.O. 1990, c.S.5, as am., ss.25, 53, 74,75, 77, 78, 79, 80(b)(ii), 81(2).

**Applicable Ontario Rules**

National Instrument 44-101 - Short Form Prospectus Distributions  
Ontario Securities Commission Rule 51-501 - AIF and MD&A  
Ontario Securities Commission Rule 51-502- Financial Statements.

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

AND

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

AND

IN THE MATTER OF  
CANADIAN PACIFIC LIMITED,  
PANCANADIAN PETROLEUM LIMITED,  
CANADIAN PACIFIC RAILWAY COMPANY,  
CP SHIPS LIMITED, CANADIAN PACIFIC  
RAILWAY LIMITED, FORDING ARRANGEMENT  
INC., PANCANADIAN ENERGY CORPORATION  
AND FHR INVESTMENTS INC.

**MRRS DECISION DOCUMENT**

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Newfoundland, Prince Edward Island, the Northwest Territories, the Yukon and Nunavut (the "Jurisdictions") has received an application from Canadian Pacific Limited ("CPL") for:
  - 1.1 a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and prospectus (the "Prospectus Requirement") shall not apply to certain trades to be made in connection with an arrangement involving CPL (the "Arrangement");
  - 1.2 a decision under the Legislation in Alberta, British Columbia, Saskatchewan, Ontario, Nova Scotia, Newfoundland, Prince Edward Island, the Northwest Territories, the Yukon and Nunavut that the Prospectus Requirement shall not apply to certain trades of securities of issuers created in contemplation of the Arrangement following completion of the Arrangement; and
  - 1.3 a decision under the Legislation that certain disclosure requirements under the Legislation shall not apply to certain issuers created in contemplation of the Arrangement and to certain other issuers;

2. **AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;
3. **AND WHEREAS** CPL has represented to the Decision Makers that:
  - 3.1 CPL is a corporation incorporated under the *Canada Business Corporations Act* (the "CBCA");
  - 3.2 the head office of CPL is in Calgary, Alberta, but will be moved to Toronto, Ontario following the Arrangement;
  - 3.3 the authorized capital of CPL includes an unlimited number of common shares ("CPL Common Shares") and an unlimited number of Series A preferred shares (the "CPL Preferred Shares");
  - 3.4 as of July 31, 2001, there were 316,368,470 CPL Common Shares, 2,473,045 options to purchase CPL Common Shares ("CPL Options") and 8,800,000 CPL Preferred Shares outstanding;
  - 3.5 the CPL Common Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE") and the New York Stock Exchange (the "NYSE");
  - 3.6 the CPL Preferred Shares are listed and posted for trading on the TSE;
  - 3.7 CPL is a reporting issuer or the equivalent in each Jurisdiction where such a concept exists and has been for a period in excess of twelve months;
  - 3.8 CPL is not in default of any requirement under the Legislation;
  - 3.9 CPL is subject to the reporting requirements under the *Securities Exchange Act of 1934* in the United States of America;
  - 3.10 CPL is eligible to use the short form prospectus procedures under National Instrument 44-101 ("NI 44-101");
  - 3.11 CPL has business interests in five main areas consisting of shipping, railways, hotels, mining of coal and mineral interests and oil and gas;
  - 3.12 CPL's shipping interests (the "Ships Business") are primarily held and operated through CP Ships Holdings Inc. ("CP Ships");
  - 3.13 CPL's railway interests (the "Rail Business") are primarily held and operated through Canadian Pacific Railway Company ("CP Rail");
  - 3.14 CP Rail is a corporation incorporated under the CBCA;
  - 3.15 the head office of CP Rail is in Calgary, Alberta;
  - 3.16 no securities of CP Rail are listed on any stock exchange or traded on any market;
  - 3.17 CP Rail is a reporting issuer or the equivalent in each Jurisdiction where such a concept exists and has been for a period in excess of twelve months;
  - 3.18 CP Rail is not in default of any requirement under the Legislation;
  - 3.19 CP Rail is eligible to use the short form prospectus procedures under NI 44-101;
  - 3.20 CPL's hotel interests (the "Hotel Business") are primarily held and operated through Canadian Pacific Hotels & Resorts Inc. ("CP Hotels");
  - 3.21 CPL's coal and mineral interests (the "Coal Business") are primarily held and operated through Fording Inc. ("Fording");
  - 3.22 CPL directly or indirectly holds all of the outstanding voting and equity securities of CP Ships, CP Rail, CP Hotels and Fording;
  - 3.23 CPL's oil and gas interests (the "Oil Business") are primarily held and operated through PanCanadian Petroleum Limited ("PanCanadian");
  - 3.24 PanCanadian is a corporation incorporated under the CBCA;
  - 3.25 the head office of PanCanadian is in Calgary, Alberta;
  - 3.26 the authorized capital of PanCanadian includes an unlimited number of common shares ("PanCanadian Shares");
  - 3.27 as of July 31, 2001, there were 256,122,092 PanCanadian Shares and 9,986,550 options to purchase PanCanadian Shares ("PanCanadian Options") outstanding;
  - 3.28 CPL indirectly holds 218,122,712 PanCanadian Shares, representing approximately 85% of the outstanding PanCanadian Shares;
  - 3.29 the PanCanadian Shares are listed and posted for trading on the TSE;
  - 3.30 PanCanadian is a reporting issuer or the equivalent in each province where such a concept exists and has been for a period in excess of twelve months;
  - 3.31 PanCanadian is not in default of any requirement under the Legislation;

- 3.32 PanCanadian is eligible to use the short form prospectus procedures under NI 44-101;
- 3.33 CP Ships Limited ("New Ships") is a corporation incorporated under the CBCA, but will be continued under the *Business Corporations Act* (New Brunswick) shortly following the Arrangement;
- 3.34 the head office of New Ships is in Saint Johns, New Brunswick;
- 3.35 the authorized capital of New Ships following the Arrangement will include an unlimited number of common shares ("New Ships Shares");
- 3.36 Canadian Pacific Railway Limited ("New Rail") is a corporation incorporated under the CBCA;
- 3.37 the head office of New Rail is in Calgary, Alberta;
- 3.38 the authorized capital of New Rail following the Arrangement will include an unlimited number of common shares ("New Rail Shares");
- 3.39 Fording Arrangement Inc. ("New Coal") is a corporation incorporated under the CBCA;
- 3.40 the head office of New Coal is in Calgary, Alberta;
- 3.41 the authorized capital of New Coal following the Arrangement will include an unlimited number of common shares ("New Coal Shares");
- 3.42 PanCanadian Energy Corporation ("New Oil") is a corporation incorporated under the CBCA;
- 3.43 the head office of New Oil is in Calgary, Alberta;
- 3.44 the authorized capital of New Oil following the Arrangement will include an unlimited number of common shares ("New Oil Shares");
- 3.45 New Ships, New Rail, New Coal and New Oil (collectively, the "Newcos") are reporting issuers or the equivalent under the Legislation in Alberta, Ontario, Nova Scotia, British Columbia, Québec and Saskatchewan and have been since August 10, 2001;
- 3.46 the Newcos are not in default of any requirement under the Legislation;
- 3.47 FHR Investments Inc. ("Newco CP SP") is a corporation incorporated under the CBCA;
- 3.48 the registered office of Newco CP SP is in Calgary, Alberta, but will be in Toronto, Ontario following the Arrangement;
- 3.49 Newco CP SP is a special purpose entity with no business or creditors;
- 3.50 the authorized capital of Newco CP SP following the Arrangement will include 8,800,000 Cumulative Redeemable Preferred Shares (the "Newco CP SP Preferred Shares");
- 3.51 the articles of incorporation of Newco CP SP restrict it from incurring debt, giving security or carrying on business unless authorized by a special resolution of the holders of the Newco CP SP Preferred Shares;
- 3.52 CPL proposes to conduct the Arrangement under the provisions of the CBCA;
- 3.53 the purpose of the Arrangement will be to transfer the businesses represented by CPL's interests in CP Ships, CP Rail, CP Hotels, Fording and PanCanadian to the holders of CPL Common Shares;
- 3.54 the Arrangement will involve CPL, PanCanadian, CP Ships, CP Rail, CP Hotels, Fording, the Newcos and various holding companies (the "Holdcos");
- 3.55 the Arrangement, and the steps leading up to the Arrangement, will involve various trades of various classes of securities of CPL, PanCanadian, CP Ships, CP Rail, CP Hotels, Fording, the Newcos and the Holdcos (collectively, the "Trades"), the net effect of which will be that:
- 3.55.1 holders of CPL Common Shares will exchange them for a specified number of common shares of CPL of a new class to be created in connection with the Arrangement ("New CPL Shares") and New Ships Shares, New Rail Shares, New Coal Shares and New Oil Shares (collectively, the "New Shares");
- 3.55.2 holders of CPL Options will exchange them for a specified number of options to purchase each class of New Shares;
- 3.55.3 holders of PanCanadian Shares, other than CPL, will exchange them for a specified number of New Oil Shares;
- 3.55.4 holders of PanCanadian Options will exchange them for a specified number of options to purchase New Oil Shares; and
- 3.55.5 holders of CPL Preferred Shares will, depending on the results of the vote and preference designation of holders of CPL Preferred Shares described in paragraph 3.58, retain their CPL Preferred Shares or exchange them with CPL for cash or Newco CP SP Preferred Shares;

3.56 following the Arrangement:

- 3.56.1 a successor of New Ships by short form amalgamation will hold all of the voting and equity securities of CP Ships;
- 3.56.2 a successor of New Rail by short form amalgamation will hold all of the voting and equity securities of CP Rail;
- 3.56.3 a successor of New Coal by short form amalgamation will hold all of the voting and equity securities of Fording;
- 3.56.4 a successor of New Oil by short form amalgamation will hold all of the voting and equity securities of PanCanadian; and
- 3.56.5 CPL will continue to hold all of the outstanding voting and equity securities of CP Hotels;

(for greater certainty, each reference to New Ships, New Rail, New Coal and New Oil herein is to be deemed to include a reference to the successors described above, as applicable, and each reference to New Ships Shares, New Rail Shares, New Coal Shares and New Oil Shares herein is to be deemed to include reference to the equivalent securities of the successors described above, as applicable)

3.57 that portion of the Arrangement dealing with the exchange of PanCanadian Shares for New Oil Shares is subject to the approval of the holders of PanCanadian Shares. In the event that such approval is not obtained, holders of PanCanadian Shares will retain them, holders of CPL Common Shares will receive the specified number of New Oil Shares and New Oil will hold the PanCanadian Shares currently held by CPL;

3.58 in respect of the holders of CPL Preferred Shares, the terms of the Arrangement provide that:

- 3.58.1 if more than 2/3 of the votes cast by holders of CPL Preferred Shares at the special meeting of CPL security holders concerning the Arrangement (the "CPL Meeting") approve the Arrangement and holders holding more than 2/3 of such shares designate a preference to receive cash, all holders of CPL Preferred Shares will exchange them with CPL for a specified amount of cash;
- 3.58.2 if more than 2/3 of the votes cast by holders of CPL Preferred Shares at the CPL Meeting approve the Arrangement, but holders holding more than 1/3 of such shares designate a

preference to receive Newco CP SP Preferred Shares, then holders of CPL Preferred Shares will, in accordance with their preference designation, exchange them with CPL for a specified amount of cash, exchange them with Newco CP SP for a specified number of Newco CP SP Preferred Shares or retain them. Holders of CPL Preferred Shares that fail to designate a preference will receive cash;

3.58.3 if less than 2/3 of the votes cast by holders of CPL Preferred Shares at the CPL Meeting approve the Arrangement, then holders of CPL Preferred Shares will, in accordance with their preference designation, exchange them with Newco CP SP for a specified number of Newco CP SP Preferred Shares or retain them. Holders of CPL Preferred Shares that fail to designate a preference will receive Newco CP SP Preferred Shares;

3.58.4 if any Newco CP SP Preferred Shares are issued under the Arrangement, CPL will purchase any CPL Preferred Shares held by Newco CP SP for debt securities of a type permitted under Newco CP SP's articles of incorporation in sufficient quantity to provide for dividends to be paid upon, and for the redemption of, the outstanding Newco CP SP Preferred Shares; and

3.58.5 all of the outstanding common shares of Newco CP SP will be held by CPL;

3.59 subject to adjustment, based on the number of CPL and PanCanadian common shares outstanding on July 31, 2001, the following shares would be outstanding following the Arrangement:

3.59.1 79,092,117 New Ships Shares;

3.59.2 158,184,235 New Rail Shares;

3.59.3 52,517,166 New Coal Shares;

3.59.4 if that portion of the Arrangement dealing with the exchange of PanCanadian Shares for New Oil Shares is approved by the holders of PanCanadian Shares, 254,395,413 New Oil Shares;

3.59.5 if that portion of the Arrangement dealing with the exchange of PanCanadian Shares for New Oil Shares is not approved by the holders of PanCanadian Shares, 216,396,034 New Oil Shares; and

- 3.59.6 depending on the results of the vote and election of holders of CPL Preferred Shares described in paragraph 3.58, up to 8,800,000 Newco CP SP Preferred Shares and up to 8,800,000 CPL Preferred Shares;
- 3.60 the TSE has granted conditional listing approval to the New Shares of each class to be issued under the Arrangement and the NYSE has cleared the Newcos to file original listing applications, with the listing of the New Shares of each class to be subject to the fulfilment of the usual and customary conditions;
- 3.61 the TSE has granted conditional listing approval to the Newco CP SP Preferred Shares that may be issued under the Arrangement;
- 3.62 the Arrangement is subject to the approval of the holders of CPL Common Shares and the Court of Queen's Bench of Alberta;
- 3.63 the CPL Meeting will be held on or about September 26, 2001;
- 3.64 an information circular (the "CPL Circular") prepared in accordance with the Legislation has been provided to the holders of CPL Common Shares and CPL Preferred Shares in connection with the CPL Meeting;
- 3.65 the CPL Circular contains prospectus level disclosure concerning the Arrangement, the assets and operations of CPL, CP Ships, CP Rail, CP Hotels, Fording and PanCanadian and the proposed assets and operations of the Newcos;
- 3.66 the CPL Circular contains a description of the Trades, which description is incorporated herein by reference;
- 3.67 a special meeting of the holders of PanCanadian Shares (the "PanCanadian Meeting") will be held on or about September 26, 2001 to consider that portion of the Arrangement dealing with the exchange of PanCanadian Shares for New Oil Shares;
- 3.68 an information circular (the "PanCanadian Circular") prepared in accordance with the Legislation has been provided to the holders of PanCanadian Shares in connection with the PanCanadian Meeting;
- 3.69 the PanCanadian Circular contains prospectus level disclosure concerning that portion of the Arrangement dealing with the exchange of PanCanadian Shares for New Oil Shares, the assets and operations of PanCanadian and the proposed assets and operations of New Oil;
- 3.70 the holders of CPL Common Shares, CPL Preferred Shares and PanCanadian Shares will be afforded dissent rights under the CBCA with respect to the Arrangement;
- 3.71 if all necessary approvals of the Arrangement are obtained and all conditions to the Arrangement are satisfied, CPL anticipates that the Arrangement will become effective on or about October 1, 2001;
- 3.72 exemptions from the Registration Requirement and Prospectus Requirement are not available under the Legislation of all the Jurisdictions with respect to the Trades;
- 3.73 following the Arrangement, the Newcos may issue securities in reliance on certain exemptions from the Prospectus Requirement contained in the Legislation, the first trade of which securities will be deemed to be a distribution or primary distribution to the public if the applicable issuer has not been a reporting issuer or the equivalent under the Legislation of the Jurisdiction or Jurisdictions where the trade takes place for a period of twelve months at the date of the trade (the "Specified Exempt Trades");
- 3.74 the Specified Exempt Trades would include the issuance of New Shares upon the exercise of options to acquire such securities issued under the Arrangement;
- 3.75 following the Arrangement, CP Rail will be a wholly owned subsidiary of New Rail, the sole material asset of which will be all of the outstanding shares of CP Rail. As a result, the assets, liabilities and operations of New Rail on a consolidated basis will be, in all material respects, the same as the assets, liabilities and operations of CP Rail;
- 3.76 following the Arrangement, and assuming that portion of the Arrangement dealing with the exchange of PanCanadian Shares for New Oil Shares is approved by the holders of PanCanadian Shares, PanCanadian will be a wholly owned subsidiary of New Oil, the sole material asset of which will be all of the outstanding PanCanadian Shares. As a result, the assets, liabilities and operations of New Oil on a consolidated basis will be, in all material respects, the same as the assets, liabilities and operations of PanCanadian;
- 3.77 following the Arrangement, CP Rail and PanCanadian may remain reporting issuers or the equivalent in each Jurisdiction where they currently are such in order to facilitate existing or future debt financings;
- 3.78 following the Arrangement, holders of debt securities of CP Rail and PanCanadian that are currently entitled to receive continuous disclosure materials with respect to CP Rail and PanCanadian under their governing indentures

will continue to be provided with the continuous disclosure materials relating to New Rail and New Oil, as applicable;

3.79 following the Arrangement, CPL, each of the Newcos, CP Rail and PanCanadian may use the short form prospectus procedures under NI 44-101;

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

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

6. **THE DECISION** of the Decision Makers under the Legislation is that the Registration Requirement and the Prospectus Requirement shall not apply to the Trades, provided that the first trade of any security acquired as a result of a Trade shall be deemed to be a distribution or primary distribution to the public under the Legislation of the Jurisdiction or Jurisdictions where the trade takes place (the "Applicable Legislation") unless:

6.1 at the time of the trade, the issuer of the securities is a reporting issuer or the equivalent under the Applicable Legislation or has filed all materials with the Decision Maker of the applicable Jurisdiction or Jurisdictions that it is required to file in the Jurisdictions in which it is a reporting issuer or the equivalent;

6.2 no unusual effort is made to prepare the market or create a demand for the security;

6.3 no extraordinary commission or consideration is paid to a person or company in respect of the trade;

6.4 if the seller of the security is an insider or officer of the issuer, the seller has no reasonable grounds to believe that the issuer is in default of any requirement of the Applicable Legislation; and

6.5 except in Québec, the trade is not a trade from the holdings of any person or company or any combination of persons or companies holding a sufficient number of any securities of the issuer so as to materially affect the control of the issuer or more than 20% of the outstanding voting securities of the issuer, except where there is evidence showing that the holdings of those securities does not affect materially the control of the issuer;

7. **THE FURTHER DECISION** of the Decision Makers under the Legislation in Alberta, British Columbia, Saskatchewan, Ontario, Nova Scotia, Newfoundland, Prince Edward Island, the Northwest Territories, the Yukon and Nunavut is that the Prospectus Requirement

shall not apply to the first trade of securities acquired under a Specified Exempt Trade, provided that:

7.1 at the time of the trade, the issuer of the securities is a reporting issuer or the equivalent under the Legislation of the Jurisdiction or Jurisdictions where the trade takes place (the "Relevant Legislation") or has filed all materials with the Decision Maker of the applicable Jurisdiction or Jurisdictions that it is required to file in the Jurisdictions in which it is a reporting issuer or the equivalent;

7.2 no unusual effort is made to prepare the market or create a demand for the security;

7.3 no extraordinary commission or consideration is paid to a person or company in respect of the trade;

7.4 if the seller of the security is an insider or officer of the issuer, the seller has no reasonable grounds to believe that the issuer is in default of any requirement of the Relevant Legislation;

7.5 the trade is not a trade from the holdings of any person or company or any combination of persons or companies holding a sufficient number of any securities of the issuer so as to materially affect the control of the issuer or more than 20% of the outstanding voting securities of the issuer, except where there is evidence showing that the holdings of those securities does not affect materially the control of the issuer;

7.6 the seller of the securities has held them for the hold period, if any, that would have applied under the Relevant Legislation if the Specified Exempt Trade had been in equivalent securities of CPL prior to the effective date of the Arrangement; and

7.7 the trade occurs on or before the earlier of August 10, 2002 or the date of the coming into force of Multilateral Instrument 45-102;

8. **THE FURTHER DECISION** of the Decision Makers under the Legislation is that the following requirements of NI 44-101 are waived following the Arrangement:

8.1 with respect to the Newcos, the requirement under subsection 2.2(1)(a) of NI 44-101 that an issuer have been a reporting issuer in the local jurisdiction or another jurisdiction for a period of 12 calendar months preceding the date of the filing of its most recent annual information form ("AIF") to be eligible to use a short form prospectus; and

8.2 any requirement under NI 44-101 for CP Rail or PanCanadian to have a current AIF to be eligible to use a short form prospectus for as long as New Rail or New Oil, as applicable, have a current AIF and comply with the requirements in

paragraphs 9 or 10, as applicable, and provided that the short form prospectus contains or incorporates by reference all information or documents that would be required to be contained or incorporated by reference in a short form prospectus filed by New Rail or New Oil, as applicable;

9. **THE FURTHER DECISION** of the Decision Makers under the Legislation in Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland is that, following the Arrangement, CP Rail shall not be subject to the requirements under the Legislation, as and where applicable, that a reporting issuer or the equivalent issue a press release and file a report upon the occurrence of a material change and file interim and annual financial statements, an annual information form, interim and annual management discussion and analysis, an annual report, an information circular and an annual filing in lieu of an information circular (the "Continuous Disclosure Requirements") for so long as:

- 9.1 New Rail complies with all of the Continuous Disclosure Requirements;
- 9.2 New Rail remains the direct or indirect beneficial owner of all the issued and outstanding voting and equity securities of CP Rail;
- 9.3 New Rail continues to have no assets or liabilities, other than its holding of all of the outstanding voting and equity securities of CP Rail, of more than a nominal value having regard to the total value of New Rail; and
- 9.4 CP Rail complies with the requirement of the Legislation that a reporting issuer or the equivalent issue a press release and file a report upon the occurrence of a material change for any material change in the affairs of CP Rail that is not also a material change in the affairs of New Rail;

10. **THE FURTHER DECISION** of the Decision Makers under the Legislation in Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland is that, following the Arrangement, PanCanadian shall not be subject to the Continuous Disclosure Requirements if that portion of the Arrangement dealing with the exchange of PanCanadian Shares for New Oil Shares is approved by the holders of PanCanadian Shares and for so long as:

- 10.1 New Oil complies with all of the Continuous Disclosure Requirements;
- 10.2 New Oil remains the direct or indirect beneficial owner of all the issued and outstanding voting and equity securities of PanCanadian;
- 10.3 New Oil continues to have no assets or liabilities, other than its holding of all of the outstanding voting and equity securities of

PanCanadian, of more than a nominal value having regard to the total value of New Oil; and

- 10.4 PanCanadian complies with the requirement of the Legislation that a reporting issuer or the equivalent issue a press release and file a report upon the occurrence of a material change for any material change in the affairs of PanCanadian that is not also a material change in the affairs of New Oil.

September 21, 2001.

"Thomas G. Cooke"

"Jerry A. Bennis"

## 2.1.9 InterTan Inc. - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer bid made through the facilities of the NYSE by U.S. offeror with approximately 1,609 registered holders in Canada holding approximately 1.76% of the total outstanding securities subject to the bid - Offeror exempt from the formal issuer bid requirements, provided that the issuer bid is made in compliance with applicable U.S. securities laws and all materials relating to the issuer bid sent to U.S. offerees is also sent to all offerees in the Jurisdictions and filed with the Decision Maker in each Jurisdiction.

### Applicable Ontario Statutory Provisions

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

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

AND

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

AND

**IN THE MATTER OF  
INTERTAN INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Makers") in each of the provinces of British Columbia, Alberta, Manitoba and Ontario, (collectively, the "Jurisdictions") has received an application from InterTAN Inc. ("InterTAN") for a decision, under the securities legislation of each of the Jurisdictions (the "Legislation") that, in connection with the proposed purchase by InterTAN of up to 1,400,000 shares of its issued and outstanding shares of common stock \$1 par value per share (the "Common Shares") pursuant to an issuer bid (the "Issuer Bid"), InterTAN be exempt from the provisions in the Legislation relating to delivery of an offer and issuer bid circular and any notices of change or variation thereto, minimum deposit periods and withdrawal rights, take-up of and payment for securities tendered to an issuer bid, disclosure, restrictions upon purchases of securities, identical consideration and collateral benefits (collectively, the "Issuer Bid Requirements");

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

**AND WHEREAS**, InterTAN has represented to the Decision Makers that:

1. InterTAN is a corporation incorporated under the laws of the State of Delaware with its registered and principal office in Concord, Ontario;
2. InterTAN is a reporting issuer in Ontario, Nova Scotia and Saskatchewan, but is not a reporting issuer or the equivalent in any other Jurisdiction. It is not in default as a reporting issuer in Ontario, Nova Scotia or Saskatchewan. InterTAN is also a registrant under and is subject to the requirements of the United States *Securities Act of 1933* (the "1933 Act") and the United States *Securities and Exchange Act of 1934* (the "1934 Act"), including the reporting requirements thereof;
3. As at June 26, 2001, there were approximately 28,281,975 Common Shares issued and outstanding;
4. As at June 26, 2001, there were approximately 1,609 holders of record of the Common Shares having addresses in Canada (collectively, the "Canadian Registered Holders") holding, in the aggregate, 500,036 Common Shares representing approximately 1.76% of the outstanding Common Shares. As at June 26, 2001, there were 50 or more Canadian registered holders resident in each of British Columbia, Alberta, Manitoba and Ontario ;
5. The Common Shares are listed on The Toronto Stock Exchange ("TSE") under the symbol ITA and are also listed on the New York Stock Exchange ("NYSE") under the symbol ITN. Based on information provided by the TSE, only 1 trade was reported in the Common Shares reported on that exchange during all of 2000, for 300 Common Shares. There have been 26 trades of Common Shares on the TSE in 2001, representing in the aggregate 7,347 Common Shares. All other trading activity in Common Stock in 2000 and to date in 2001 occurred through the facilities of the NYSE. Based on information provided by the NYSE, approximately 38.16 million Common Shares were traded through the facilities of that exchange in 2000 and approximately 24.94 million Common Shares have been traded on the NYSE to date in 2001, (representing in each case excess of 99% of the total volume of shares of Common Shares traded on both the TSE and NYSE in the relevant time period).;
6. InterTAN proposes to make the Issuer Bid in the United States through the facilities of the NYSE. Purchases of shares of common stock will be made either in the open market on the NYSE, or through privately negotiated transactions at prices equal to market prices on the NYSE and anticipates that shares of common stock so purchased will be purchased largely from holders of shares of common stock resident in the United States (collectively, "the U.S. Shareholders");
7. The Issuer Bid will be made in compliance with the 1933 Act, the 1934 Act and the rules of the Securities and Exchange Commission pursuant to the 1933 Act and 1934 Act (collectively, the "Applicable U.S. Securities Laws");
8. All material relating to the Issuer Bid and any amendment thereto that is required to be sent by or on



behalf of InterTAN to the U.S. Shareholders under Applicable U.S. Securities Laws also will be sent concurrently to all Canadian Registered Holders whose last address, as shown on InterTAN's books, is in any Jurisdiction, and filed with each of the Decision Makers;

9. Although the laws of the United States of America have been recognized for the purposes of the "de minimis" exemptions from the Issuer Bid Requirements that exist in some Jurisdictions, InterTAN cannot rely upon such exemptions because there are 50 or more Canadian registered holders whose last address as shown on InterTAN's books is in British Columbia, Alberta, Manitoba, Ontario and Quebec;
10. InterTAN cannot rely on the "normal course issuer bid" exemption from the Issuer Bid Requirements that exist in some jurisdictions because, in the 12 month period preceding the date hereof, InterTAN has purchased 1,500,000 Common Shares (representing approximately 5% of the issued and outstanding shares of common stock) pursuant to a share repurchase program commenced by InterTAN pursuant to an order dated June 7, 2000;
11. InterTAN cannot rely on the "recognized stock exchange" exemption from the Issuer Bid Requirements that exist in some jurisdictions because the NYSE is not recognized for the purposes of those exemptions;
12. All material changes in the affairs of InterTAN have been generally disclosed as at the date hereof and InterTAN will not purchase Common Shares at any time when it has knowledge of any material fact or material change which has not been generally disclosed.

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

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

**THE DECISION** of the Decision Makers pursuant to the Legislation is that the Issuer Bid is exempt from the Issuer Bid Requirements, provided that:

- (a) the Issuer Bid is made in compliance with the requirements of the Applicable U.S. Securities Laws; and
- (b) all material relating to the Issuer Bid and any amendment thereto that is required to be sent by or on behalf of InterTAN to U.S. Shareholders under Applicable U.S. Securities Laws is also sent to all Canadian Registered Holders whose last address, as shown on InterTAN's books, is in any Jurisdiction and filed with each of the Decision Makers.

September 20, 2001.

"Paul W. Moore"

"R. Stephen Paddon"

## 2.1.10 Motorola, Inc. - MRRS Decision

### Headnote

MRRS - Mutual Reliance Review System for Exemptive Relief Applications - relief from registration requirements for trades by plan broker on behalf of former employees and legal representatives - first trade relief for former employees and the plan broker on behalf of former employees and legal representatives, subject to certain conditions - relief from issuer bid requirements.

### Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., s. 25, 35(1)(1), 53, 74(1), 93(3)(d), and 104(2)(c).

### Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., s. 183.

### Applicable Ontario Rules

Rule 45-502 Dividend or Interest Reinvestment and Stock Dividend Plans, Rule 45-503 - Trades to Employees, Executives and Consultants, Rule 72-501 - Prospectus Exemption for First Trade Over a Market Outside Ontario.

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

**AND**

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

**AND**

**IN THE MATTER OF  
MOTOROLA, INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Manitoba, Ontario, Quebec and Nova Scotia (the "Jurisdictions") has received an application from Motorola, Inc. ("Motorola") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that certain trades in securities of Motorola made in connection with the Motorola Compensation/Acquisition Plan of 2000, as such plan may be amended, supplemented, superseded or re-enacted from time to time (the "Plan"), including shares of common stock of Motorola (the "Shares") to be acquired upon the optional reinvestment of dividends payable by Motorola (the "Dividend Reinvestments"):

- (i) shall not be subject to the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements") (collectively, the "Registration and Prospectus Requirements"); and
- (ii) shall not be subject to the requirements contained in the Legislation pertaining to bids to acquire or redeem securities of an issuer made by an issuer (the "Issuer Bid Requirements");

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

**AND WHEREAS** Motorola has represented to the Decision Makers as follows:

1. Motorola is a corporation incorporated under the laws of Delaware, is not a reporting issuer under the Legislation and has no present intention of being a reporting issuer under the Legislation.
2. The share capital of Motorola as at March 15, 2001 consisted of 4,200,000,000 Shares and 500,000 shares of Preferred Stock of which 2,196,061,916 Shares and no shares of Preferred Stock were issued and outstanding, excluding 349,427 Shares held in treasury.
3. Motorola is subject to the requirements of the *Securities Exchange Act of 1934*, as amended, of the United States, and the Shares are listed and posted for trading on the New York Stock Exchange ("NYSE"), Chicago Stock Exchange and Tokyo Stock Exchange.
4. The purpose of the Plan is (i) to make awards to employees of Motorola and its Subsidiaries (as defined under the Plan), excluding directors of Motorola and officers (the "Employees") in connection with Motorola's recruiting and retention efforts and (ii) to furnish incentive to those persons to improve operations and increase profits by providing them stock options and other incentives.
5. Under the Plan, eligible Employees are granted options ("Options"), which Options are non-transferable other than by will (or other death beneficiary designation) or the law of descent and distribution.
6. Types of benefits under the Plan consist of Stock Options, Stock Appreciation Rights, Restricted Stock, Performance Stock, Performance Units and other Stock Awards, as described in the Plan.
7. The Plan will be administered by a committee of the Motorola board of directors consisting of two or more directors as the board may designate from time to time, each of whom shall qualify as a Non-Employee Director (as defined in the Plan) (the "Committee"). The Committee may delegate the administration of the Plan.
8. Motorola proposes to use the services of an agent (the "Plan Broker") in connection with the Plan and the Dividend Reinvestments, currently Salomon Smith Barney Inc., which is registered as a broker under applicable legislation in the United States.
9. The Plan Broker will administer the operation of the Plan, including the exercise of Options by Employees, former Employees and the legal representatives of Employees or former Employees, as the case may be (collectively, the "Participants"), and the sale by the Participants of any Shares acquired under the Plan or upon the Dividend Reinvestments.
10. The number of Shares reserved for issuance under the Plan is an aggregate of 40,000,000 Shares of Motorola common stock, subject to adjustment. However, the number of Shares that may be issued under the Plan for benefits other than Stock Options shall not exceed a total of 4,000,000, subject to adjustment.
11. Shares issued to Participants upon the exercise of Options granted under the Plan will be authorized and unissued Shares or issued Shares reacquired by Motorola.
12. The exercise price for each Option will be determined by the Committee but will not be less than 100% of the fair market value of Motorola's common stock on the date the Option is granted. Currently, the Committee has determined that the fair market value corresponds to the closing price of the Shares on the last trading day before the day of grant as reported on the NYSE-Composite Transactions and printed in the Wall Street Journal, Midwest edition.
13. The exercise price, upon exercise of any Option, is payable to Motorola in full by (a) cash payment or its equivalent, (b) tendering previously acquired shares (held for at least six months) having a fair market value at the time of exercise equal to the Option price, (c) certification of ownership of such previously-acquired shares, (d) delivery of a properly executed exercise notice, together with irrevocable instructions to the Plan Broker to promptly deliver to Motorola the amount of sale proceeds from the option from the option shares or loan proceeds to pay the exercise price and any withholding taxes due to Motorola, and (e) such other methods of payment as the Committee, at its discretion, deems appropriate (a "Share Payment").
14. As at May 15, 2001, there were approximately 1276 Canadian Employees eligible to participate in the Plan, of which there were 297 Employees in British Columbia, 28 Employees in Alberta, 1 Employee in Manitoba, 663 Employees in Ontario, 274 Employees in Quebec and 13 Employees in Nova Scotia.
15. As at May 17, 2001, the aggregate number of Shares held by holders of record with addresses in any of the Jurisdictions represented less than one percent (1%) of the total number of outstanding Shares, and the aggregate number of holders of record with addresses in each of the Jurisdictions was less than one percent (1%) of the total number of holders of record.

16. No incentive stock option will be granted (i) more than ten (10) years after the date of adoption of the Plan by the Motorola board of directors, such date corresponding to November 7, 2000, or (ii) after a decision of the board of directors to terminate the Plan.
17. Employees will not be induced to participate in the Plan by expectation of employment or continued employment.
18. All disclosure material relating to Motorola that Motorola is required to file with the Securities and Exchange Commission in the United States will be provided or made available upon request to the Canadian Participants who acquire Shares upon the exercise of Options granted under the Plan, at the same time, and in the same manner, as such materials are provided or made available upon request to holders of Shares who are resident in the United States.
19. An exemption from the Prospectus Requirements is not available in all of the Jurisdictions for trades by Canadian Participants in Shares acquired upon the exercise of Options granted under the Plan, and an exemption from the Registration Requirements is not available in all of the Jurisdictions for trades by Canadian Participants in Shares acquired upon the exercise of Options granted under the Plan.
20. The purchase of Shares from a Canadian Participant by Motorola in connection with a Share Payment will constitute an "issuer bid" as defined under the Legislation of each of the Jurisdictions. Exemptions from the issuer bid provisions of the Legislation may not be available for such purchases, since the formula under the Plan for establishing market value will not necessarily establish a price that is equal to or less than market value as prescribed under the Legislation. Furthermore, such exemptions are not available for purchases from legal representatives of Canadian Employees.
21. Since there is no market for the Shares in Canada and none is expected to develop, any resale of the Shares acquired under the Plan will be effected through the facilities of, and in accordance with the rules applicable to, a stock exchange or market outside of Canada on which the Shares may be listed or quoted for trading.
22. A French-language offering notice which describes in detail the operation of the Plan will be distributed to all Plan Participants in each jurisdiction which bylaw requires such distribution.

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

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

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

1. the Registration and Prospectus Requirements shall not apply to:
  - (i) the issuance by Motorola of Options to Canadian Participants under the Plan;
  - (ii) the issuance by Motorola of Shares to the Plan Broker on behalf of Canadian Participants upon the exercise of Options granted under the Plan;
  - (iii) trades of Shares acquired through the facilities of a stock exchange outside of Canada by the Plan Broker on behalf of Canadian Participants pursuant to the Dividend Reinvestments; or
  - (iv) the activities of the Plan Broker in connection with the foregoing;provided that the first trade in the Shares acquired in the manner described in paragraph 1(ii) above shall be subject to the Prospectus Requirements;
2. the first trade in Shares acquired by a Canadian Participant upon the exercise of Options granted under the Plan shall not be subject to the Prospectus Requirements, and the Registration Requirements shall not apply to the first trade in Shares acquired upon the exercise of Options granted under the Plan or pursuant to the Dividend Reinvestments where the first trade is made by a Canadian Participant through the Plan Broker, provided that:
  - (i) at the time of the trade, Motorola is not a reporting issuer in any of the Jurisdictions;
  - (ii) such first trade is effected through the facilities of, and in accordance with the rules applicable to, a stock exchange or quotation system outside of Canada on which the Shares may be listed or quoted for trading; and
3. the Issuer Bid Requirements of the Legislation shall not apply to the purchase of Shares from a Canadian Participant by Motorola in connection with a Share Payment.

October 12, 2001.

"Paul M. Moore"

"R. Stephen Paddon"

**2.1.11 John Hancock Financial Services, Inc. and  
John Hancock Canadian Corporation -  
MRRS Document**

**Headnote**

MRRS - NI 44-101 - relief from certain eligibility criteria to permit a wholly-owned Canadian subsidiary of a MJDS eligible U.S. issuer to issue approved rating debt, guaranteed by U.S. parent using a short form prospectus, relief from GAAP reconciliation requirement - certain continuous disclosure relief.

**Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c.S.5, as am., s. 75, 77, 78, 79, 80(b)(iii), 81(2), 88(2)(b), 107, 108, 109, 121(2), 147.

**Regulations Cited**

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

**National Instruments**

NI 44 -101 Short Form Prospectus Distributions, Form 44-101F3  
OSC Rule 51-501 - AIF and MD&A.

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

**AND**

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

**AND**

**IN THE MATTER OF  
JOHN HANCOCK FINANCIAL SERVICES, INC.  
AND  
JOHN HANCOCK CANADIAN CORPORATION**

**MRRS DECISION DOCUMENT**

**WHEREAS** the securities regulatory authority or regulator (the "Decision Makers" or the "Commissions") in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Ontario, Prince Edward Island, Quebec and Saskatchewan (the "Jurisdictions") has received an application (the "Application") from John Hancock Financial Services, Inc. ("JHFS") and John Hancock Canadian Corporation ("JHCC", and together with JHFS, the "Applicants") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

- A. the Applicants be exempted from the following requirements contained in the Legislation:
- (i) the requirements in section 2.5(1) of National Instrument 44-101 ("NI44-101"), that a person or company guaranteeing non-convertible debt issued by a subsidiary be a reporting issuer with a 12 month reporting history in a Canadian province or territory, and have a current annual information form (an "AIF") (the "Eligibility Requirement"), in order to permit JHCC to issue (the "Offering") non-convertible debt securities, in particular senior unsecured notes (the "Notes"), with an approved rating, as defined in NI 44-101, which will be fully and unconditionally guaranteed by JHFS;
  - (ii) the requirement in NI 44-101 that the short form prospectus filed by JHCC in connection with the Offering include a reconciliation (the "Reconciliation Requirement") to Canadian generally accepted accounting principles ("GAAP") of the consolidated financial statements of JHFS and its subsidiaries included in or incorporated by reference into the prospectus which have been prepared in accordance with foreign GAAP and that where such financial statements are audited in accordance with foreign generally accepted auditing standards ("GAAS"), JHCC provide a statement by the auditor disclosing any material differences in the auditor's report and confirming that the auditing standards of the foreign jurisdiction are substantially similar to Canadian GAAS;
  - (iii) the requirement in NI 44-101 and under the Legislation of Ontario (Ontario Securities Commission Rule 51-501), Québec (section 159 of the Regulation to the *Securities Act* (Quebec)) and Saskatchewan (Saskatchewan Instrument 51.501 of the Saskatchewan Securities Commission) that JHCC have a current AIF and file renewal AIFs (the "AIF Requirements") with the Commissions;
  - (iv) the requirement that JHCC file with the Commissions and send, where applicable, to its securityholders audited annual financial statements or annual reports, where applicable, including without limitation management's discussion and analysis thereon (the "Annual Financial Statement Requirements");
  - (v) the requirement that JHCC file with the Commissions and send, where applicable, to its securityholders unaudited interim financial statements, including without limitation management's discussion and analysis thereon (the "Interim Financial Statement Requirements");
  - (vi) the requirement that JHCC issue and file with the Commissions press releases and file

material change reports (the "Material Change Requirements");

- (vii) the requirement that the insiders of JHCC file with the Commissions insider reports (the "Insider Reporting Requirements"); and
- (viii) the requirement that JHCC comply with the proxy and proxy solicitation requirements, including filing an information circular or report in lieu thereof (the "Proxy Requirements" and, together with the Annual Financial Statement Requirements, the Interim Financial Statement Requirements, the Material Change Requirements, and the Insider Reporting Requirements, the "Continuous Disclosure and Reporting Requirements"); and

B. the Application and the Decision, as defined below, be held in confidence by the Decision Makers subject to certain conditions.

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

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

1. JHFS was incorporated under the laws of Delaware on August 26, 1999, and is not a reporting issuer or the equivalent in any of the provinces or territories of Canada.
2. Prior to February 1, 2000, the business of JHFS was conducted by John Hancock Mutual Life Insurance Company (the "Mutual Company"). The Mutual Company had been in business as such since 1862 until it converted from a mutual life insurance company to a stock life insurance company (*i.e.*, demutualized) and became a wholly-owned subsidiary of JHFS, which is a holding company.
3. JHFS has been a reporting company under the *Securities Exchange Act of 1934*, as amended (the "1934 Act"), since January 27, 2000. JHFS has filed with the U.S. Securities and Exchange Commission (the "SEC"), among other things, annual reports under Form 10-K for the fiscal years ended December 31, 1999 and 2000 and quarterly reports under Form 10-Q for the quarterly periods ended March 31, 2001 and June 30, 2001, in accordance with the filing obligations set out in sections 13 and 15(d) of the 1934 Act (collectively, the "JHFS Disclosure Documents").
4. The aggregate market value of JHFS's equity securities (which are listed and posted for trading over the facilities of the New York Stock Exchange (the "NYSE")), calculated in accordance with NI 44-101, on August 24, 2001 was approximately US\$12.25 billion.
5. JHFS has received an approved rating from Moody's Investors Service, Inc. of P-1 and Standard & Poor's Ratings Group of A-1 on its commercial paper program.
6. As at July 31, 2001, JHFS had approximately US\$71 million outstanding under its commercial paper program.
7. JHCC was incorporated as an unlimited liability company under the laws of Nova Scotia on March 27, 2001, and is an indirect wholly-owned subsidiary of JHFS.
8. JHCC is a reporting issuer or the equivalent in each of the provinces of Canada and has been so since April 20, 2001, the date of filing its (final) prospectus dated April 20, 2001 in respect of its distribution (the "Prior Offering") of \$220,000,000 6.672% senior unsecured notes (the "6.672% Notes"). The 6.672% Notes are currently rated AA (low) by DBRS Inc., A1 by Moody's Investor Service, Inc. and A+ by Standard & Pools.
9. JHCC's primary business is to access Canadian capital markets to raise funds on behalf of the Canadian subsidiary companies of JHFS. JHCC has no operations that are independent of JHFS, has no products or services, owns no property and has no employees. The only securities that JHCC has outstanding are common shares held by John Hancock Canadian LLC, a wholly-owned subsidiary of JHFS, and the 6.672% Notes.
10. JHFS satisfies the criteria set forth in paragraph 3.1(a) of National Instrument 71-101 ("NI 71-101") and is eligible to use the multi-jurisdictional disclosure system ("MJDS"), as set out in NI 71-101, for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure.
11. Except for the fact that JHCC is not incorporated under United States law, the Offering would comply with the alternative eligibility criteria for offerings of non-convertible debt having an approved rating under the MJDS as set forth in Section 3.2 of NI 71-101.
12. JHCC is ineligible to issue the Notes by way of a prospectus in the form of a short form prospectus under NI 44-101 as neither JHCC nor JHFS, as credit supporter for the payments to be made by JHCC under the Notes, has been a reporting issuer with a 12 month reporting history in any province or territory of Canada, and JHFS does not itself have a current AIF.
13. In connection with the Prior Offering, exemptions were obtained from the Continuous Disclosure and Reporting Requirements in an MRRS decision document dated March 21, 2001 (the "Prior Decision Document"), subject to certain conditions including, among others, that certain of the continuous disclosure materials filed by JHFS with the SEC in the United States also would be filed with the Commissions, which conditions have been complied with by the Applicants.
14. The Prior Decision Document requires JHCC or JHFS to file with the Commissions certain of the documents filed by JHFS with the SEC within 24 hours of their being filed with the SEC.

14. The different public holidays between the United States and Canada, together with the standard five day work week within which the Decision Makers conduct business, may create circumstances in which it is not possible to satisfy the obligation to file documents within the 24 hours prescribed by the Prior Decision Document.
15. In connection with the Offering:
- (i) the prospectus will be prepared pursuant to the short form prospectus requirements contained in NI 44-101 and will comply with the requirements set out in Form 44-101F3 of NI 44-101 with the disclosure required by item 12 of Form 44-101F3 of NI 44-101 being addressed by incorporating by reference relevant portions of the JHFS Disclosure Documents and with the disclosure required by item 7 of Form 44-101F3 of NI 44-101 being addressed by disclosure with respect to JHFS in accordance with United States requirements;
  - (ii) the prospectus will include or incorporate by reference all material disclosure concerning JHCC;
  - (iii) the prospectus will incorporate by reference the JHFS Form 10-K for the fiscal year ended December 31, 2000, together with all Form 10-Qs and Form 8-Ks filed under the 1934 Act in respect of the financial year following the year that is the subject of the JHFS Form 10-K, and will incorporate by reference any documents of the foregoing type filed after the date of the prospectus and prior to termination of the Offering and will state that purchasers of the Notes will not receive separate continuous disclosure information regarding JHCC;
  - (iv) the annual and interim financial statements that will be included or incorporated by reference in the prospectus are prepared in accordance with U.S. GAAP and otherwise comply with the requirements of U.S. law, and in the case of the audited annual financial statements, such financial statements are audited in accordance with U.S. GAAS;
  - (v) JHFS will fully and unconditionally guarantee the payments to be made by JHCC as stipulated in the terms of the Notes or in an agreement governing the rights of holders of Notes such that the holder of Notes will be entitled to receive payment from JHFS within 15 days of any failure by JHCC to make a payment as stipulated;
  - (vi) the Notes will have an approved rating;
  - (vii) JHFS will sign the prospectus as credit supporter and promoter; and
  - (viii) JHFS will undertake to file with the Commissions, in electronic format under JHCC's SEDAR, as defined in National Instrument 13-101, profile, all documents that it files under Section 13 (other than sections 13(d), (f) and (g) which relate, *inter alia*, to holdings by JHFS of securities of other public companies) and 15(d) of the 1934 Act, together with the appropriate filing fees, until such time as the 6.672% Notes and the Notes are no longer outstanding.
16. The consolidated financial statements of JHFS and its subsidiaries that will be included in or incorporated by reference into the short form prospectus in connection with the Offering have been prepared in accordance with U.S. GAAP.
17. In the circumstances, were JHFS to have effected the Offering of the Notes under the MJDS it would be unnecessary for it to reconcile to Canadian GAAP its financial statements included in or incorporated by reference into the short form prospectus in connection with the issuance of the Notes.
18. Part 7 of NI 44-101 and Item 20.1 of Form 44-101F3 of NI 44-101 would seem to require the reconciliation to Canadian GAAP of financial statements prepared in accordance with foreign GAAP that are included in a short form prospectus.
- AND WHEREAS** pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
- AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides each 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 Applicants be exempted from the Eligibility Requirement and the Reconciliation Requirement in connection with the Offering provided that:
- (i) each of JHCC and JHFS complies with paragraph 15 above;
  - (ii) JHCC complies with all of the filing requirements and procedures set out in NI 44-101 except as varied by the Decision;
  - (iii) JHFS remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of JHCC; and
  - (iv) JHFS continues to satisfy the criteria set forth in paragraph 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purposes of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure.
- THE FURTHER DECISION** of the Decision Makers pursuant to the Legislation is that, in connection with the Offering, the AIF Requirements shall not apply to JHCC, provided that

(i) JHFS complies with the AIF requirements of NI 44-101 as if it is the issuer; and (ii) the Applicants comply with all of the conditions in the Decisions above and below.

"Nicholas A. Pittas"

**THE FURTHER DECISION** of the Decision Makers pursuant to the Legislation is that in connection with the Offering, the following exemptions are granted, and in connection with the Prior Offering, the exemptions from the Continuous Disclosure and Reporting Requirements in the Prior Decision Document are revoked and the following exemptions are granted:

- A. the Annual Financial Statement Requirements shall not apply to JHCC, provided that (i) JHCC files with the Commissions the annual reports on Form 10-K filed by JHFS with the SEC within one business day after they are filed with the SEC; and (ii) such documents are provided to holders of 6.672% Notes and the Notes (the "Noteholders") whose last address as shown on the books of JHCC is in Canada in the manner and at the time required by applicable United States law;
- B. the Interim Financial Statement Requirements shall not apply to JHCC, provided that (i) JHCC files with the Commissions the quarterly reports on Form 10-Q filed by JHFS with the SEC within one business day after they are filed with the SEC; and (ii) such documents are provided to Noteholders whose last address as shown on the books of JHCC is in Canada in the manner and at the time required by applicable United States law;
- C. the Material Change Requirements shall not apply to JHCC, provided that (i) JHCC files with the Commissions the mandatory reports on Form 8-K (including press releases) filed by JHFS with the SEC forthwith after the earlier of the date the report is filed with the SEC and the date it is required to be filed with the SEC; (ii) JHFS complies with the requirements of the NYSE in respect of making public disclosure of material information on a timely basis and forthwith issues in each Jurisdiction any press release issued in this regard; (iii) JHFS forthwith issues in each Jurisdiction and JHCC files with the Commissions any press release that discloses material information and which is required to be issued in connection with the mandatory Form 8-K requirements applicable to JHFS; and (iv) if there is a material change in respect of the business, operations or capital of JHCC that is not a material change in respect of JHFS, JHCC will comply with the requirements of the Legislation to issue a press release and file a material change report notwithstanding that the change may not be a material change in respect of JHFS;
- D. the Insider Reporting Requirements shall not apply to insiders of JHCC, provided that such

insiders file with the SEC on a timely basis the reports, if any, required to be filed with the SEC pursuant to section 16(a) of the 1934 Act and the rules and regulations thereunder; and

- E. the Proxy Requirements shall not apply to JHCC, provided that (i) JHFS complies with the requirements of the 1934 Act and the rules and regulations thereunder relating to proxy statements, proxies and proxy solicitations in connection with any meeting of its note holders (if any); (ii) JHCC files with the Commissions the materials relating to the meeting filed by JHFS with the SEC promptly after they are filed by it with the SEC; and (iii) such documents are provided to Note holders whose last address as shown on the books of JHCC is in Canada in the manner, at the time and if required by applicable United States law;

for so long as (i) JHFS maintains an approved rating in respect of the 6.672% Notes and the Notes; (ii) JHFS maintains direct or indirect 100% beneficial ownership of the voting securities of JHCC; (iii) JHFS maintains a class of securities registered pursuant to section 12 of the 1934 Act; (iv) JHFS continues to satisfy the criteria set forth in paragraph 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure; (v) JHCC carries on no other business than that set out in paragraph 8 of the Decision (vi) JHFS continues to fully and unconditionally guarantee the 6.672% Notes and the Notes as to the payments required to be made by JHCC to the Noteholders; (vii) JHCC does not issue additional securities other than the 6.672% Notes and the Notes (or any other series of the 6.672% Notes or the Notes which hereinafter may be issued), debt securities ranking *pari passu* to the 6.672% Notes or the Notes, any debentures issued in connection with the security granted by JHCC to the holders of 6.672% Notes and Notes or debt ranking *pari passu* with the 6.672% Notes or the Notes, and those securities currently issued and outstanding, other than to JHFS or to wholly-owned subsidiaries of JHFS; and (viii) if notes of another series or debt securities ranking *pari passu* with the 6.672% Notes and the Notes are hereinafter issued by JHCC, JHFS shall fully and unconditionally guarantee such notes or debt securities as to the payments required to be made by JHCC to holders of such notes or debt securities.

**THE FURTHER DECISION** of the Decision Makers pursuant to the Legislation is that the Application and the Decision shall be held in confidence by the Decision Makers until the earlier of the date that the preliminary prospectus is filed in connection with the Offering and October 31, 2001.

September 17, 2001.

"H. Leslie O'Brien

**2.1.12 El Paso Velvet Canada Inc. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - issuer deemed to be no longer a reporting issuer under the Act.

**Applicable Ontario Statutory Provisions**

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

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

**AND**

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

**AND**

**IN THE MATTER OF  
EL PASO VELVET CANADA INC.**

**MRRS DECISION DOCUMENT**

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

"Common Shares") of which there is one (1) outstanding;

- 3.6 all of the Common Shares are held by El Paso Oil & Gas Canada, Inc. ("El Paso Inc.");
- 3.7 El Paso was formed on August 1, 2001 by the amalgamation (the "Amalgamation") of El Paso Oil & Gas Canada Acquisition, Inc. ("El Paso Acquisition") and Velvet Exploration Ltd. ("Velvet");
- 3.8 under an offer to purchase dated June 25, 2001, El Paso Acquisition, an indirect wholly-owned subsidiary of El Paso Corporation, made an offer to purchase all of the outstanding securities of Velvet, which was followed by a compulsory acquisition (the "Compulsory Acquisition") under the provisions of the ABCA;
- 3.9 the Compulsory Acquisition was completed on August 1, 2001;
- 3.10 before the Amalgamation, El Paso Acquisition held all of the outstanding securities of Velvet;
- 3.11 as Velvet was a reporting issuer in the Jurisdictions at the time of the Amalgamation, El Paso became a reporting issuer in the Jurisdictions as a result of the Amalgamation;
- 3.12 the Velvet Shares were delisted from trading on The Toronto Stock Exchange on August 3, 2001 and no securities of El Paso are listed or quoted on any exchange or market in Canada or elsewhere;
- 3.13 other than the Common Shares, El Paso has no securities, including debt securities, outstanding; and
- 3.14 El Paso does not intend to seek public financing by way of an offering of its securities;
4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
6. **THE DECISION** of the Decision Makers, under the Legislation, is that El Paso is deemed to have ceased to be a reporting issuer under the Legislation.

October 10, 2001.

"Patricia M. Johnston"



## 2.1.13 NSI Communications Inc. - MRRS Decision

### Headnote

MRRS Applications - Relief from the registration and prospectus requirements of the Act with respect to the issuance of warrants and shares in connection with certain loans and guarantees.

### Applicable Ontario Statutory Provisions

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

**IN THE MATTER OF THE  
SECURITIES LEGISLATION OF  
QUÉBEC AND ONTARIO**

**AND**

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

**AND**

**IN THE MATTER OF  
NSI COMMUNICATIONS INC.  
(the "Corporation")**

**MRRS DECISION DOCUMENT**

**WHEREAS** the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of Québec and Ontario (the "Jurisdictions") has received an application from the Corporation (the "Application") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") exempting the Corporation from the requirements to prepare prospectus (the "Prospectus Requirements") and to register itself as a dealer (the "Registration Requirements") in connection with (i) the issuance of warrants to acquire common shares of the Corporation (the "Common Shares") to certain of its shareholders who are guarantors of a loan issued in favour of the Corporation and whose names are set out in Schedule A to the Application (collectively, the "Shareholders") and to a lender to the Corporation, and (ii) the issuance of Common Shares upon the exercise of said warrants;

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

**AND WHEREAS** the Corporation has represented to the Decision Makers that:

1. The Corporation, whose head office is located at 9600 Trans-Canada Highway, Pointe-Claire, Québec H9R 1C2, is a corporation continued under the Canada Business Corporations Act and is a leading international provider of full-meshed VSAT (Very Small Aperture Terminals) networks allowing for the satellite-based transmission of telephone, data and

video. VSAT networks provide organizations, which have geographically dispersed locations, with efficient and secure communication facilities in areas of the world where conventional telecommunications infrastructure are lacking. The Corporation is a publicly-traded company whose Common Shares are listed on the CDNX under the symbol "YSI" and is a reporting issuer in the provinces of Québec, Ontario, Alberta and British Columbia.

2. The Corporation and BNP Paribas (Canada) ("BNP") entered into an agreement on May 17, 2000 with respect to the use by the Corporation, amongst other things, of a non-revolving credit facility in the amount of CDN\$5,000,000 (the "BNP Loan"). As a condition for granting the BNP Loan, BNP required that the BNP Loan be guaranteed by third parties. Consequently, the Corporation entered into agreements with each of the Shareholders, one of whom is a resident in the Province of Ontario (the "Ontario Resident"), pursuant to which each Shareholder would require its bank to issue an irrevocable letter of guarantee in favour of BNP or, in the case of Manitex Capital Inc., pursuant to which it would deposit money in an account with BNP, in the amount set forth next to each Shareholder's name in Schedule A to the Application (the "Guarantees").
3. As consideration for providing each of the Guarantees, the Corporation agreed to the following with each Shareholder:
  - (a) to pay a flat fee in the amount of 1.5% of the Guarantee and to pay a monthly fee in the amount of 0.33% of the Guarantee for each month during which the Guarantee remains outstanding;
  - (b) to issue to each Shareholder the number of warrants to acquire Common Shares (the "Warrants") set out next to each Shareholder's name in Schedule A to the Application, which is equal to 250 Warrants for each \$1,000 of Guarantee; and
  - (c) in the event that the Guarantee is outstanding for more than 6 months, to issue, for every subsequent month during which the Guarantee is still outstanding, the number of additional warrants to acquire Common Shares (the "Additional Warrants") set out next to each Shareholder's name in Schedule A to the Application, which is equal to 80 Additional Warrants per \$1,000 of Guarantee.
4. The Warrants and Additional Warrants will not be transferable.
5. The Corporation has not yet issued any Warrants or Additional Warrants and all obligations to issue such Warrants and Additional Warrants are conditional upon receiving any required regulatory approval. As the BNP Loan is still available to the Corporation, the Guarantees remain outstanding in the same amounts.

6. The Corporation has agreed with the CDNX to limit the number of Additional Warrants to be issued to 4,512,000.
7. Each Warrant entitles the holder thereof to acquire one Common Share and may be exercised, at the price hereinafter set forth, at any time and from time to time, on or before the date that is twenty-four (24) months following the date on which the relevant Guarantee was made available to the BNP (the "Start Date"), as set forth next to each Shareholder's name in Schedule A to the Application:
  - (a) if exercised on or before the date that is twelve (12) months from the Start Date: \$1.15 per share; or
  - (b) if exercised after twelve (12) months from the Start Date but no later than twenty-four (24) months from the Start Date: \$1.25 per share.
8. Each Additional Warrant entitles the holder thereof to acquire one Common Share and may be exercised, at any time and from time to time, on or before the date that is twenty-four (24) months from the date of its issuance at the lower of the following prices:
  - (a) \$1.15 per share for the first twelve (12) months from the date of its issuance, and \$1.25 per share after twelve (12) months from the date of its issuance; or
  - (b) at the market price of the Common Shares on the date of issuance of the Additional Warrant.
9. In addition to the BNP Loan and the related Guarantees, the Corporation entered into an agreement on June 2, 2000 with a non-resident of Canada, Ashmour Investments Inc. (the "Lender"), whereby the Lender lent the Corporation the sum of US\$2,000,000 (the "Lender Loan"). The Lender Loan has since been fully repaid.
10. As consideration for the Lender Loan, the Corporation agreed to the following:
  - (a) to pay a flat fee of US\$80,000 and to pay a monthly fee in the amount of 1% of the outstanding amount of the Lender Loan at the beginning of each month; and
  - (b) to issue to the Lender warrants to acquire Common Shares (the "Lender Warrants") on the following basis: 80 Lender Warrants for each CDN\$1,000 of debt outstanding as at the beginning of each month, using the US/CDN dollar exchange rate as at the same date. Pursuant to such method of calculation, the Corporation has agreed to issue 445,994 Lender Warrants.
11. The Lender Warrants will not be transferable.
12. Each Lender Warrant entitles the holder thereof to acquire one Common Share and may be exercised as follows:
  - (a) if exercised on or before May 17, 2001, \$1.15 per share; or
  - (b) if exercised after May 17, 2001 but no later than on May 17, 2002, \$1.25 per share.
13. The BNP Loan and the Lender Loan were necessary for the Corporation to make the acquisition of the TIW division of Vertex Satcom Systems Inc.

**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;

**IT IS HEREBY DECIDED** by the Decision Makers that the Prospectus Requirements and the Registration Requirements of the Legislation shall not apply to the Corporation with respect to trades made by the Corporation in connection with the distribution of 1,175,000 Warrants, 4,512,000 Additional Warrants and 445,994 Lender Warrants, as well as the distribution of Common Shares pursuant to the proper exercise of such warrants (the "Underlying Shares"), to the Shareholders and to the Lender, provided that the first trade in Underlying Shares that is made by a Shareholder or by the Lender shall be deemed a distribution unless:

- (a) at the time of the trade, the Corporation is a reporting issuer in the Jurisdictions and is not in default of any requirement of the Legislation;
- (b) the Underlying Shares are listed and posted for trading on a stock exchange recognized for this purpose by the Jurisdictions and have been held at least one year from the date of the initial exempt trade or the date the Corporation became a reporting issuer, whichever date is later;
- (c) the trade is made through a person or company that is appropriately licensed to trade in securities under the applicable securities legislation in the Jurisdiction where the trade is executed;
- (d) no unusual effort is made to prepare the market or create a demand for the Underlying Shares;
- (e) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and
- (f) if the seller of the Underlying Shares is an insider or an officer of the Corporation, the seller has no reasonable grounds to believe that the issuer is in default of any applicable legislation.

September 7, 2001.

"Jean-François Bernier"

**2.1.14 Aim Funds Management Inc. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - trades by pooled funds of additional units and reinvested units to existing Unitholders exempted from the dealer registration and prospectus requirements - trades in units of pooled funds exempt from requirement to file a report of such trade within 10 days of the trade provided that reports be filed and fees paid yearly.

**Applicable Ontario Statutes**

Securities Act, R.S.O. 1990, c.S.5, as am., ss 1(1), 25, 35(1)5, 53, 72(1)(d), 72(3), 74(1), and 147.

**Applicable Ontario Rules**

Ontario Securities Commission Rule 45-501 Exempt Distributions (1998), 22 OSCB 127.

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

**AND**

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

**AND**

**IN THE MATTER OF  
AIM FUNDS MANAGEMENT INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Nova Scotia, Ontario, Prince Edward Island, New Brunswick, Newfoundland, Yukon, Northwest Territories and Nunavut (the "Jurisdictions") has received an application from Aim Funds Management Inc. (the "Applicant") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

- (a) certain trades in Additional Units (as defined below) and Reinvested Units (as defined below) of a Pooled Fund (as defined below) to existing holders of Units (as defined below) of that Pooled Fund are not subject to the prospectus requirement of the Legislation of Manitoba, Ontario, New Brunswick, Prince Edward Island, Newfoundland and Yukon (the "Non - Exempt Prospectus Jurisdictions"); and
- (b) trades in Units and Additional Units of a Pooled Fund are not subject to the requirements of the Legislation other than that of Manitoba relating to the filing of forms and the payment of fees within 10 days of each trade, or in some cases

within 10 days after the end of the calendar year in which the distribution takes place.

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

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

1. The Applicant was amalgamated under the laws of the Province of Ontario and is registered under the Legislation as (i) a mutual fund and limited market dealer, and as an adviser in the categories of investment counsel and portfolio manager in Ontario; (ii) a mutual fund dealer in British Columbia, Alberta, Saskatchewan, Prince Edward Island, Nova Scotia and Newfoundland; (iii) a broker in New Brunswick, Northwest Territories, Nunavut and the Yukon and (iv) a broker dealer in Manitoba.
2. The Applicant currently offers two groups of mutual fund trusts known as the "INVESCO Pooled Funds" and the "AIM Pooled Funds" in Canada. To date, the Applicant has established three of such funds, INVESCO Structured Core U.S. Equity Fund ("INVESCO U.S. Fund"), INVESCO International Equity Fund ("INVESCO International Fund") and AIM American Outlook Fund ("AIM U.S. Fund") (INVESCO U.S. Fund, INVESCO International Fund and AIM U.S. Fund are referred to herein collectively as the "Existing Pooled Funds").
3. Additional mutual fund trusts may be established by the Applicant from time to time in the future as members of the INVESCO Pooled Funds or the AIM Pooled Funds to better service the clients of the Applicant (the "Future Pooled Funds", and collectively with the Existing Pooled Funds, the "Pooled Funds"). The Applicant is the manager, principal investment advisor, principal distributor and promoter of the Existing Pooled Funds although the Applicant has retained affiliates to act as subadviser in respect of the Pooled Funds, and it is anticipated that the management structure and general nature of the Future Pooled Funds will be substantially the same as that of the Existing Pooled Funds.
4. Each of the Pooled Funds is or will be an open-ended, pooled investment trust established pursuant to a declaration of trust under the laws of the Province of Ontario. Each of the Pooled Funds is or will be a "mutual fund" as defined in the Legislation.
5. Each Pooled Fund is or will be divided into Units which may be issued in series. Units of a Pooled Fund rank equally with every other Unit of the same series and of the same fund. Units of the Pooled Funds are or will not be transferable, except in the limited circumstances set out in the declaration of trust for a particular Pooled Fund. It is not expected that any of the Pooled Funds will become a reporting issuer (as such term is defined in the Legislation) or that Units of any of the Pooled Funds will be listed on any stock exchange.
6. Units of each Pooled Fund are or will be offered on a continuous basis to investors in all of the Jurisdictions at a price per Unit equal to the net asset value per Unit of the Pooled Fund calculated in accordance with the

declaration of trust of the relevant fund. Units of the Pooled Funds are or will be redeemable at the option of investors, in accordance with the declaration of trust of each Pooled Fund.

7. Units of each Pooled Fund are or will be distributed to investors ("Unitholders") in the Jurisdictions by a registered dealer or in reliance on the exemption from the dealer registration and prospectus requirements set out in the Legislation or, in the Yukon to be set out in exemptive relief for which the Applicant will apply (the "Private Placement Exemption") where the purchaser purchases as principal if the aggregate acquisition cost is not less than a prescribed amount (the "Prescribed Amount") or pursuant to other exemptions from the dealer registration and prospectus requirements of the Legislation.
8. The minimum initial investment in a Pooled Fund (the "Initial Investment") by a resident of any Jurisdiction in reliance on the Private Placement Exemption will be not less than the Prescribed Amount in that Jurisdiction.
9. Following a Unitholder's Initial Investment in a Pooled Fund, the Unitholder from time to time may wish to purchase additional Units of that Pooled Fund ("Additional Units") having an acquisition value of less than the Prescribed Amount, provided that at the time of the subsequent acquisition the Unitholder holds Units of the relevant Pooled Fund with an aggregate acquisition cost or aggregate net asset value equal to at least the Prescribed Amount.
10. Each Pooled Fund distributes or may distribute Additional Units by way of automatic reinvestment of distributions to Unitholders of such Fund ("Reinvested Units").

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

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

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

- (a) The prospectus requirement contained in the Legislation of the Non - Exempt Prospectus Jurisdictions does not apply to:
  - (i) the issuance of Additional Units of a Pooled Fund provided that:
    - (A) the Initial Investment by a Unitholder was for not less than the Prescribed Amount in the Jurisdiction;
    - (B) at the time of the issuance of such Additional Units of a Pooled Fund, the Unitholder who made the Initial Investment in such Fund of at least the Prescribed Amount, then owns Units of that Pooled Fund

having an aggregate purchase price or net asset value of not less than the Prescribed Amount of the applicable Prospectus Jurisdiction;

- (C) at the time of the issuance of such Additional Units, the Applicant is registered under the Legislation of Ontario as an adviser in the categories of investment counsel and portfolio manager and such registration is in good standing; and
  - (D) this paragraph (a)(i) will cease to be in effect with respect to a Prospectus Jurisdiction 90 days after the coming into force of any legislation, regulation or rule in such Jurisdiction regarding the distribution of Additional Units of pooled funds;
- (ii) an issuance of Reinvested Units of a Pooled Fund to a Unitholder of that fund provided that
    - (A) no sales commissions or other charge in respect of such issuance of Reinvested Units is payable; and
    - (B) each Unitholder who receives Reinvested Units has received, not more than 12 months before such issuance, a statement describing (A) the details of any deferred or contingent sales charge or redemption fee that is payable at the time of the redemption of a Unit, (B) any right that the Unitholder has to make an election to receive cash instead of Units on the payment of the net income or net realized capital gains distributed by the Fund, (C) instructions on how the right referred to in subclause (B), if any, can be exercised, and (D) the fact that no prospectus is available for the Pooled Fund as Units are offered pursuant to prospectus exemptions only;

provided that the first trade in Additional Units and Reinvested Units that are issued pursuant to this Decision shall be deemed to be a distribution or a primary distribution to the public under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation"), unless otherwise exempt thereunder or unless such first trade is made in the following circumstances:

- (iii) the applicable Pooled Fund is a reporting issuer or the equivalent under the Applicable Legislation;

- (iv) if the seller of the Additional Units or Reinvested Units is in a special relationship (as defined in the Applicable Legislation) with the Pooled Fund, the seller has reasonable grounds to believe that the Pooled Fund is not in default of any requirement of the Applicable Legislation;
  - (v) no unusual effort is made to prepare the market or to create a demand for the Additional Units or Reinvested Units and no extraordinary commission or consideration is paid in respect of such trade; and
  - (vi) the Additional Units have been held for a period of at least eighteen months from the date they were acquired by the seller of the Additional Units, or the Reinvested Units have been held for a period of at least eighteen months from the date they were acquired by the seller of the Reinvested Units;
- (b) The requirements contained in the Legislation other than that of Manitoba to file a report of an Initial Investment or of a distribution of Additional Units within 10 days of such trade (or in some cases within 10 days after the end of the calendar year in which the distribution takes place), shall not apply to such trade, provided that within 30 days after each financial year end of each Pooled Fund, such Fund:
- (i) files with the applicable Decision Maker a report in respect of all trades in Units and Additional Units of that Fund during such financial year, in the form prescribed by the applicable Legislation; and
  - (ii) remits to the applicable Decision Maker the fee prescribed by the applicable Legislation.

October 15, 2001.

"Paul M. Moore"

"R. Stephen Paddon"

## 2.1.15 George Weston Limited and Loblaw Companies Limited - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Selling security holder is a connected issuer, but not a related issuer, in respect of registrants that are underwriters in proposed secondary offering of common shares - Underwriters exempt from the independent underwriter requirement in the legislation provided that the selling security holder is not in financial difficulty and disclosure of the relationship between the selling security holder, the issuer, the registrants and related issuers of the registrants is provided in the prospectus.

### Applicable Ontario Statutes

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

### Applicable Ontario Regulations

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

### Applicable Ontario Rules

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

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

AND

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

AND

**IN THE MATTER OF  
CIBC WORLD MARKETS INC.,  
RBC DOMINION SECURITIES INC.,  
TD SECURITIES INC., NATIONAL BANK FINANCIAL INC.,  
SCOTIA CAPITAL INC. AND MERRILL LYNCH CANADA  
INC.**

AND

**IN THE MATTER OF  
GEORGE WESTON LIMITED  
AND LOBLAW COMPANIES LIMITED**

### MRRS DECISION DOCUMENT

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Ontario, Alberta, Quebec and Newfoundland (the "Jurisdictions") has received an application from CIBC World Markets Inc. ("CIBCWM"), RBC Dominion Securities Inc. ("RBCDS"), TD Securities Inc. ("TDSI"), Scotia Capital Inc. ("Scotia"), and Merrill Lynch Canada Inc. ("Merrill"), (collectively, the "Applicant Underwriters") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirement (the "Independent

Underwriter Requirement") contained in the Legislation which restricts a registrant from acting as an underwriter in connection with a distribution of securities of an issuer made by means of a prospectus, where the issuer is a connected issuer (or the equivalent) of the registrant, unless a portion of the distribution at least equal to that portion underwritten by non-independent underwriters is underwritten by one or more independent underwriters, shall not apply to the Applicant Underwriters in respect of proposed offering (the "Offering") by George Weston Limited ("Weston") of 4,200,000 Common Shares (the "Offered Shares") in the capital of Loblaw Companies Limited ("Loblaw") to be made by means of a short form prospectus (the "Prospectus") in accordance with the procedures set out in National Instrument 44-101 Short Form Prospectus Distributions ("NI 44-101");

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

**AND WHEREAS** the Applicant Underwriters and Weston have represented to the Decision Makers that:

1. The Applicant Underwriters are registrants under the Legislation and their head offices are located in the Province of Ontario.
2. Weston is a corporation incorporated under the laws of Canada on January 27, 1928 and amalgamated under the Canada Business Corporations Act effective January 1, 1989. Weston's registered office is located at 22 St. Clair Avenue East, Toronto, Ontario M4T 2S7.
3. Weston carries on business primarily in Canada and the United States directly and indirectly through its subsidiaries and through its Food Processing and Food Distribution operating segments. Weston's Food Processing segment is a major participant in the North American baking, dairy and fish processing industries. Weston's Food Distribution segment operates through Loblaw, the largest food distributor in Canada. Weston's consolidated net sales for its fiscal year ended December 31, 2000 amounted to \$22.3 billion and its consolidated net earnings for that period were \$481 million. As at December 31, 2000, the consolidated assets of Weston were \$11.4 billion and its shareholders' equity was \$2.9 billion.
4. The common shares of Weston are listed on The Toronto Stock Exchange.
5. Weston has a market capitalization of approximately \$13.5 billion.
6. Weston is a reporting issuer under the Legislation, and is not in default of any requirements of the Legislation.
7. Loblaw is a corporation incorporated under the laws of Canada on January 18, 1956 and continued under the Canada Business Corporations Act effective May 7, 1980. Loblaw's registered office is located at 22 St. Clair Avenue East, Toronto, Ontario M4T 2S7.
8. Weston beneficially owns directly or indirectly through Weston Food Distribution Inc. 62.91% of the Common Shares in the capital of Loblaw.
9. Weston proposes to distribute the Offered Shares pursuant to the Prospectus and an underwriting agreement (the "Underwriting Agreement") to be entered into with the Applicant Underwriters and Harris Partners.
10. The Common Shares of Loblaw are listed on The Toronto Stock Exchange.
11. Loblaw has a market capitalization of approximately \$14.9 billion.
12. Loblaw is a reporting issuer under the Legislation, and is not in default of any requirements of the Legislation.
13. Weston proposes that the Prospectus will qualify the distribution of the Offered Shares at a price per share and for an aggregate consideration which will be set forth in the Prospectus.
14. It is anticipated that Weston will enter into the Underwriting Agreement with the Applicant Underwriters and Harris Partners before filing the Prospectus for the Offering whereby Weston will agree to sell, and the Applicant Underwriters and Harris Partners will agree to purchase, the Offered Shares.
15. Weston entered into a credit facility agreement dated July 25, 2001 with a syndicate of 20 financial institutions, which include the Canadian Imperial Bank of Commerce ("CIBC"), Royal Bank of Canada ("Royal"), Toronto-Dominion Bank ("TD"), National Bank of Canada ("NBC"), Bank of Nova Scotia ("BNS") and Merrill Lynch Capital Canada Inc. ("ML Capital") (collectively, the "Lenders"), for a \$2.5 billion and U.S. \$400 million credit facility maturing in three portions on April 25, 2002, July 25, 2002 and October 25, 2002 (the "Credit Facility"). The Credit Facility provides for advances for the purpose of Weston's acquisition of the stock of Bestfoods Baking Co., Inc. and certain trademarks used in the business of Bestfoods Baking for a purchase price of U.S. \$1.765 billion and for the payment of costs, fees and other expenses incurred by Weston in connection with the purchase. In addition, the Credit Facility provides for a revolving 364-day operating line facility of \$312.7 million maturing July 25, 2002 and subject to renewal at that date. There is no security for the indebtedness under the Credit Facility; there are, however, guarantees provided by two wholly-owned subsidiaries of Weston. In addition to a proportionate participation in the operating line facility under the Credit Facility, the six Lenders have provided additional credit lines in a total amount of approximately \$95 million to Weston.
16. As at September 30, 2001, Weston had borrowings of approximately \$2.173 billion and U.S. \$400 million outstanding under the Credit Facility, including a total amount of \$854 million and U.S. \$158 million on the part of the six Lenders, collectively. In addition, the six Lenders have a total of \$127 million committed under the revolving operating line facility. Weston is in compliance with the terms of the Credit Facility and is not in financial difficulty.
17. The net proceeds of the Offered Shares sold under the Offering will be added to the general funds of Weston and used to repay maturing commercial paper, to

refinance indebtedness, including repayment of a portion of the indebtedness incurred by Weston and outstanding under the Credit Facility to all members of the syndicate of financial institutions including the Lenders on a pro rata basis, and for general corporate purposes. The use of proceeds will be disclosed in the Prospectus.

18. CIBCWM is a wholly-owned subsidiary of CIBC, RBCDS is a wholly-owned subsidiary of Royal, TDSI is a wholly-owned subsidiary of TD, NBF is a wholly-owned indirect subsidiary of NBC, Scotia is a wholly-owned subsidiary of BNS and Merrill is an affiliate of ML Capital,
19. Weston is not, and will not be, a "related issuer", as that term is defined in the 1998 draft Multi-Jurisdictional Instrument 33-105 on Underwriting Conflicts (the "MJl 33-105"), of any of the Applicant Underwriters.
20. By virtue of the relationship of the Applicant Underwriters with the Lenders and by virtue of the relationship of Weston with the Lenders in connection with the Credit Facility and by virtue of the relationship of Weston with Loblaw, each of Weston and Loblaw may, in connection with the Offering of Offered Shares, be considered a "connected issuer" (or its equivalent) of the Applicant Underwriters, as such term is defined in the Legislation. Pursuant to the Underwriting Agreement, the Applicant Underwriters may underwrite a portion of the aggregate amount of Offered Shares pursuant to the Offering that is greater than would otherwise be permitted by the Legislation.
21. The Prospectus will contain the disclosure concerning the relationship between Loblaw, Weston, the Applicant Underwriters and the Lenders as required by Appendix C to MJl 33-105.

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

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

**THE DECISION** of the Decision Makers pursuant to the Legislation is that the Independent Underwriter Requirement shall not apply to the Applicant Underwriters in respect of the Offering of Offered Shares provided that:

- (a) Weston is not a "related issuer" of any Applicant Underwriter as that term is defined in MJl 33-105; and
- (b) Weston is not a "specified party" as at that term is defined in MJl 33-105; and
- (c) the Prospectus contains disclosure of the relationship between Loblaw, Weston, the Applicant Underwriters and the Lenders as would be required by Appendix "C" of MJl 33-105.

October 16, 2001.

"Howard I. Wetston"

"H. Lorne Morphy"

## 2.1.16 BMO Nesbitt Burns Inc. et al. - MRRS Decision

### Headnote

MRRS - Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a "connected issuer" but not a "related issuer" of registrants that are to act as underwriters in a proposed distribution of securities of the Issuer - Issuer is not a "specified party" as defined in Draft Multi-Jurisdictional Instrument 33-105 Underwriter Conflicts - Registrant underwriters exempted from independent-underwriter requirements, provided that, at the time of the distribution, the issuer is not a "specified party" as defined in the Instrument, and is not a "related issuer" of the registrant underwriters as defined in the Instrument.

### Applicable Ontario Statutes

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

### Applicable Ontario Regulations

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

### Rules Cited

Proposed Multi-jurisdictional Instrument 33-105 - Underwriting Conflicts (1998) 21 OSCB 781.

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ALBERTA, ONTARIO, 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.,  
FIRSTENERGY CAPITAL CORP.  
AND TRANSCANADA POWER, L.P.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Ontario, Québec and Newfoundland (the "Jurisdictions") has received an application from BMO Nesbitt Burns Inc. (the "Bank-Affiliated Underwriter") and FirstEnergy Capital Corp. ("FirstEnergy") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation that the portion of an offering of securities to be underwritten by an independent underwriter be at least equal to the largest portion of the offering to be underwritten by any non-independent underwriter, where the offering is otherwise being underwritten by underwriters in respect of which the issuer is a "connected issuer" (the "Proportional Independent Underwriter Requirements"), or the equivalent, shall not apply to a proposed distribution of partnership units (the "Partnership Units") of TransCanada Power, L.P. (the "Issuer") to be made by way of a short form prospectus (the "Offering");

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

**AND WHEREAS** the Bank-Affiliated Underwriter and FirstEnergy have represented to the Decision Makers that:

1. The Issuer is a limited partnership created on March 27, 1997 under the laws of the Province of Ontario pursuant to a limited partnership agreement between TransCanada Power Services Ltd. and the initial limited partner, as amended June 6, 1997 and September 29, 1998.
2. The Issuer is a reporting issuer or equivalent under the securities laws of each of the Provinces of Canada and is not in default of any of the requirements of the Legislation.
3. The outstanding Partnership Units are listed and posted for trading on the The Toronto Stock Exchange (the "TSE"). The Issuer has applied to list the Partnership Units to be distributed in connection with the Offering on the TSE.
4. On October 5, 2001, the Issuer filed a preliminary short form prospectus in connection with the Offering.
5. The Issuer has entered into an underwriting agreement (the "Underwriting Agreement") among the Issuer and BMO Nesbitt Burns Inc., Merrill Lynch Canada Inc., RBC Dominion Securities Inc., TD Securities Inc., Scotia Capital Inc., National Bank Financial Inc., FirstEnergy and Raymond James Ltd. (collectively, the "Underwriters") pursuant to which the Issuer has agreed to issue and sell and the Underwriters have agreed to purchase, as principals, Partnership Units of the Issuer.
6. The Underwriting Agreement provides, among other things, for the payment of a 5% commission to the Underwriters. The commission will be paid on a pro rata basis to the Underwriters based upon the amount of Partnership Units that the Underwriters have each agreed to purchase from the Issuer.
7. The proportion of the Offering to be purchased by the Underwriters (the "Syndicate Composition") pursuant to the Underwriting Agreement is as follows:
 

(i) BMO Nesbitt Burns Inc.	30%
(ii) Merrill Lynch Canada Inc.	20%
(iii) RBC Dominion Securities Inc.	20%
(iv) TD Securities Inc.	11%
(v) Scotia Capital Inc.	6.0%
(vi) National Bank Financial Inc.	6.0%
(vii) FirstEnergy Capital Corp.	5.0%
(viii) Raymond James Ltd.	2.0%
	100%
8. The Underwriters will not benefit in any manner from the Offering other than the payment of the commissions

described in paragraph 6 above. However, it is currently intended that the net proceeds of the Offering will be used to repay bank indebtedness.

9. The Bank-Affiliated Underwriter is a subsidiary of the Bank of Montreal, a Canadian chartered bank (the "Bank"), which is a lender to the Issuer. The Issuer currently has a non-revolving term credit facility (the "Credit Facility") established with a syndicate of lenders which includes the Bank. The Issuer currently owes approximately \$155.4 million under the Credit Facility including approximately \$23.8 million owing to the Bank.
10. The net proceeds of the Offering will be used to repay all of the Issuer's indebtedness to the syndicate of lenders, including approximately \$23.8 million to be repaid to the Bank.
11. The Issuer is not, in connection with the Offering, a "related issuer" of any of the Underwriters as such term is defined in the Legislation, or as such term is defined in Proposed Multi-Jurisdictional Instrument 33-105 as published February 6, 1998 (the "1998 Proposed Instrument"). However, by virtue of the relationship between the Issuer and the Bank described above, the Issuer may, in connection with the Offering, be a "connected issuer" of the Bank-Affiliated Underwriter as such term is defined in the Legislation, or as such term is defined in the 1998 Proposed Instrument.
12. One of the directors of TransCanada Power Services Ltd., the general partner of the Issuer, is also an officer and director of First Energy. As a consequence of this relationship, the Issuer may, in connection with the Offering, be a "connected issuer" of FirstEnergy as such term is defined in the Legislation, or as such term is defined in the 1998 Proposed Instrument.
13. The Issuer is not, in connection with the Offering, a "connected issuer", as such term is defined in the Legislation or as such term is defined in the 1998 Proposed Instrument, of any of the Underwriters, other than the Bank-Affiliated Underwriter and FirstEnergy. The syndicate of lenders to the Issuer is comprised of foreign banks not affiliated with any other member of the underwriting syndicate.
14. The nature of the relationships among the Issuer and FirstEnergy, and the Issuer, the Bank-Affiliated Underwriter and the Bank are described in the preliminary prospectus and will be described in the prospectus.
15. The preliminary prospectus and prospectus will contain a certificate signed by each Underwriter in accordance with Item 21.2 of Form 44-101F3 to National Instrument 44-101.
16. The decision to undertake the Offering, including the determination of the terms of the distribution, was made through negotiation between TransCanada Power Services Ltd. (the general partner of the Issuer) on behalf of the Issuer and BMO Nesbitt Burns Inc., on its own behalf and on behalf of the other Underwriters, without involvement of the Bank.
17. The Underwriters, in connection with the Offering, will not comply with the Proportional Independent



Underwriter Requirements contained within the Legislation.

18. The preliminary prospectus and prospectus relating to the Offering will contain such disclosure concerning the nature of the relationship among the Issuer and FirstEnergy, and the Issuer, the Bank-Affiliated Underwriter and the Bank as would be required under Appendix "C" of the 1998 Proposed Instrument.
19. The Issuer is not in financial difficulty.
20. The Issuer is not a "specified party" as that term is defined in the 1998 Proposed Instrument.

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

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

**THE DECISION** of the Decision Makers pursuant to the Legislation is that the Bank-Affiliated Underwriter and FirstEnergy shall be exempted from the Proportional Independent Underwriter Requirements contained in the Legislation in respect of the Offering, provided that:

- (a) at the time of the Offering, the Issuer is not a "specified party" as that term is defined in the 1998 Proposed Instrument, and the Issuer is not a "related issuer" of an Underwriter as that term is defined in the 1998 Proposed Instrument; and
- (b) the preliminary prospectus and the prospectus relating to the Offering contains disclosure of the relationship between the Issuer and FirstEnergy, and the Issuer, the Bank-Affiliated Underwriter and the Bank as would be required under Appendix "C" of the 1998 Proposed Instrument.

October 16, 2001.

"J.A. Geller"

"H. L. Morphy"

## 2.1.17 Big Horn Resources Ltd. - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - corporation deemed to have ceased to be a reporting issuer following the implementation of a plan of arrangement

### Applicable Ontario Statutory Provisions

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

**IN THE MATTER OF  
THE SECURITIES LEGISLATION  
OF ALBERTA, SASKATCHEWAN AND ONTARIO**

AND

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

AND

**IN THE MATTER OF  
BIG HORN RESOURCES LTD.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Alberta, Saskatchewan and Ontario (the "Jurisdictions") has received an application from Big Horn Resources Ltd. ("New Big Horn") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that New Big Horn be deemed to have ceased to be a reporting issuer under the Legislation;

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

**AND WHEREAS** New Big Horn has represented to the Decision Makers that:

New Big Horn is a corporation resulting from the amalgamation of Big Horn Resources Ltd. ("Old Big Horn") and 3779041 Canada Ltd. ("3779041") pursuant to a plan of arrangement (the "Arrangement") under the provisions of the *Canada Business Corporations Act* (the "CBCA"); the authorized capital of New Big Horn consists of an unlimited number of common shares ("Common Shares") and an unlimited number of special shares ("Special Shares"), of which there are currently one Common Share and no Special Shares issued and outstanding;

New Big Horn is a reporting issuer in the Jurisdictions and is not in default of any of its obligations as a reporting issuer in the Jurisdictions, save for its failure to file its December 31, 2000 Annual Information Form in Ontario;

New Big Horn's head office is located in Calgary, Alberta;

On May 16, 2001 Old Big Horn and Westlinks Resources Ltd. ("Westlinks") entered into an arrangement agreement pursuant to which the parties agreed to effect a business combination among Westlinks (through 3779041) and Old Big Horn by way of the Arrangement;

Old Big Horn was a corporation continued under the CBCA;

Old Big Horn was a reporting issuer in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario;

Old Big Horn's shares were listed and traded on the Toronto Stock Exchange (the "TSE");

- 3.9 3779041, a wholly owned subsidiary of Westlinks, was incorporated under the CBCA for the purposes of effecting the Arrangement;
- 3.10 on July 23, 2001, the Arrangement was approved by the shareholders of Old Big Horn;
- 3.11 on July 27, 2001, the Court of Queen's Bench of Alberta issued an Order granting final approval of the Arrangement;
- 3.12 following the Arrangement, Westlinks became the sole holder of New Big Horn's securities;
- 3.12 New Big Horn's Common Shares were delisted from the TSE on September 17, 2001, and no securities of New Big Horn are listed or quoted for trading on any exchange or market;
- 3.12 other than the Common Share, New Big Horn has no securities, including debt securities, outstanding; and
- 3.13 New Big Horn does not intend to seek public financing by way of an offering of its securities;

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

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

**THE DECISION** of the Decision Makers under the Legislation is that New Big Horn is deemed to have ceased to be a reporting issuer under the Legislation.

October 4, 2001.

"Patricia M. Johnston"

## 2.1.18 Luscar Coal Income Fund - MRRS Decision

### Headnote

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

### Applicable Ontario Statutory Provisions

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

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

**AND**

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

**AND**

**IN THE MATTER OF  
LUSCAR COAL INCOME FUND  
MRRS DECISION DOCUMENT**

1. **WHEREAS** the local securities regulatory authority or regulator (the Decision Maker) in Alberta, Saskatchewan, Ontario, Québec, Nova Scotia, and Newfoundland (the Jurisdictions) has received an application from Luscar Coal Income Fund (Luscar) for a decision under the securities legislation of the Jurisdictions (the Legislation) that Luscar be deemed to have ceased to be a reporting issuer under the Legislation;
2. **AND WHEREAS** under the Mutual Reliance Review System for Exemptive Relief Applications (the System) the Alberta Securities Commission is the principal regulator for this application;
3. **AND WHEREAS** Luscar has represented to the Decision Makers that:  
  
Luscar is a single purpose trust governed by the laws of Alberta and established by a Declaration of Trust dated April 15, 1996 (the Declaration of Trust);
  - 3.1 Luscar's head office is located in Edmonton, Alberta;
  - 3.2 Luscar is a reporting issuer in the Jurisdictions and became a reporting issuer in Alberta on June 5, 1996 by receiving a receipt for a prospectus;
  - 3.3 other than its failure to file interim financial statements due on August 29, 2001 for the

- period ended June 30, 2001, Luscar is not in default of any of the requirements of the Legislation;
- 3.4 Luscar is authorized to issue an unlimited number of trust units;
- 3.5 on March 8, 2001, Luscar's outstanding capital consisted of 90,700,000 trust units (the Units) and \$100,000,000 of convertible debentures (the Debentures);
- 3.6 on March 8, 2001, Sherritt Coal Partnership (the Partnership) and Sherritt International Corporation made an offer (the Offer) to purchase the Units and Debentures;
- 3.7 through a series of notices the Offer remained open for acceptance by the holders of Units and Debentures until May 23, 2001;
- 3.8 on completion of the Offer, the Partnership acquired in excess of 95% of the Units and the Debentures;
- 3.9 under the Declaration of Trust, the Partnership caused the compulsory acquisition of the remaining Units not tendered to the Offer, and on June 29, 2001, the Partnership became the sole beneficial owner of the Units;
- 3.10 under the trust indenture governing the Debentures, the Partnership caused the mandatory redemption by Luscar of the Debentures not tendered to the Offer;
- 3.11 on June 28, 2001 Luscar redeemed \$3,947,000 of the Debentures leaving \$96,053,000 outstanding Debentures (the Outstanding Debentures);
- 3.12 on June 28, 2001, the Partnership became the sole beneficial owner of the Outstanding Debentures;
- 3.13 the Partnership is the sole owner of all the outstanding securities of Luscar;
- 3.14 the Units and Debentures were delisted from The Toronto Stock Exchange on July 3, 2001 and June 28, 2001 respectively and no securities of Luscar are listed or quoted on any exchange or market;
- 3.15 other than the Units and the Outstanding Debentures, Luscar has no securities, including debt securities, outstanding; and
- 3.16 Luscar does not intend to seek public financing by way of an offering of its securities;

4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the Decision);
5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
6. **THE DECISION** of the Decision Makers under the Legislation is that Luscar is deemed to have ceased to be a reporting issuer under the Legislation.

September 18, 2001.

"Patricia M. Johnston"

**2.1.19 InfoInteractive Inc. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Decision deeming corporation to have ceased to be a reporting issuer following the acquisition of all of its outstanding securities by a trust.

**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 NOVA SCOTIA, ALBERTA,  
ONTARIO AND QUÉBEC**

**AND**

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

**AND**

**IN THE MATTER OF  
INFOINTERACTIVE INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (collectively the "Decision Makers") in each of Nova Scotia, Alberta, Ontario and Québec (the "Jurisdictions") has received an application from InfoInterActive Inc. ("InfoInterActive") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that InfoInterActive be deemed to have ceased to be a reporting issuer under the Legislation;

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

**AND WHEREAS** InfoInterActive has represented to the Decision Makers that:

1. InfoInterActive was incorporated under the laws of the Province of Alberta on February 14, 1994, and continued under the laws of the Province of Nova Scotia on July 19, 2001.
2. InfoInterActive's registered office is located in the Province of Nova Scotia.
3. The authorized capital of InfoInterActive consists of an unlimited number of common shares (the "Common Shares"). As of August 22, 2001, 19,817,671 Common Shares were issued and outstanding.

4. InfoInterActive is a reporting issuer under the Legislation and is not in default of any of its obligations as a reporting issuer under the Legislation.
5. Pursuant to a Certificate of Arrangement effective at 12:01 a.m. (Alberta time) on July 19, 2001 (the "Effective Time"):
  - (a) all of the then issued and outstanding Common Shares were transferred to IAN Acquisition ULC ("IAN"), an indirect wholly owned subsidiary of America Online, Inc. ("AOL");
  - (b) IAN paid US\$1.42 per Common Share to each person who held Common Shares immediately prior to the Effective Time;
  - (c) outstanding options to purchase Common Shares granted under InfoInterActive's stock option plans were exchanged for options to purchase shares of common stock of AOL Time Warner Inc., the parent company of AOL; and
  - (d) outstanding InfoInterActive common share purchase warrants issued and certified under a warrant indenture dated as of September 3, 1999 between InfoInterActive and Montreal Trust Company of Canada, were cancelled for no consideration.
6. As a result of the exchange described in paragraph 5, InfoInterActive became a wholly-owned subsidiary of IAN, which is the only security holder of InfoInterActive.
7. The Common Shares were delisted from trading on The Toronto Stock Exchange and NASDAQ effective as of the closing of business on July 19, 2001. No securities of InfoInterActive are listed on any stock exchange or quoted on any market.
8. No securities are outstanding in the capital of InfoInterActive, including debt securities, other than the Common Shares held by IAN.
9. InfoInterActive does not intend to seek public financing by way of an offering of its securities.

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

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides

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

**THE DECISION** of the Decision Makers pursuant to the Legislation is that InfolnterActive is deemed to have ceased to be a reporting issuer under the Legislation.

October 4, 2001.

"H. Leslie O'Brien"

2.2 Orders

2.2.1 Arlington Securities Inc. and Samuel Arthur Brian Milne - ss. 127(1) & (5)

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

AND

IN THE MATTER OF  
ARLINGTON SECURITIES INC. AND  
SAMUEL ARTHUR BRIAN MILNE

TEMPORARY ORDER  
(Subsection 127(1) and 127(5))

WHEREAS IT APPEARS to the Ontario Securities Commission (the "Commission") that:

1. Arlington Securities Inc. ("Arlington") is registered under Ontario securities law as a securities dealer.
2. Samuel Arthur Brian Milne ("Milne") is registered under Ontario securities law as the sole officer of Arlington, and is the President, Secretary, Compliance Officer, Branch Supervisor and a director of Arlington.
3. The Commission proposes to issue a Notice of Hearing and related Statement of Allegations dated October 11, 2001 in respect of Arlington and Milne.
4. Arlington's anniversary date for renewal of registration is November 13, 2001. Pursuant to Rule 31-507 Arlington is required to be a member of an SRO recognized by the Commission under section 21.1 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") by its anniversary date, subject to any exemption to this Rule which may be granted by the Director under Rule 31-507.
5. As of the date of this Order, Arlington's application to the Investment Dealers Association (the "IDA") to become a member of the IDA has not been accepted by the IDA, nor has any exemption been granted by the Director from the requirement of SRO membership set out in Rule 31-507.
6. Arlington was asked to agree to terms and conditions to its registration which involve among other things, reporting to Staff certain details of Arlington's operations on an ongoing basis.
7. Arlington has not agreed to the proposed terms and conditions to its registration as requested by Staff.
8. The proposed terms and conditions to Arlington's registration and that of its registered officer Milne, as set out herein, would be in the public interest, having regard to the considerations referred to above.

AND WHEREAS the Commission is of the opinion that the length of time required to conclude a hearing could be prejudicial to the public interest having regard to the foregoing.

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this order.

AND WHEREAS by Commission Order made March 9, 2001, pursuant to subsection 3.5(3) of the Act, any one of David A. Brown, Howard Wetston or Paul Moore, acting alone, is authorized to make an order under section 127 of the Act.

IT IS ORDERED pursuant to subsection 127(1) of the Act that:

1. The Registrant (which term includes Arlington and its registered officer, Samuel Arthur Brian Milne) shall, as at the end of each calendar month commencing September 1, 2001, file with Carlin Fung, Senior Accountant, Capital Markets Branch, Ontario Securities Commission, or such other designated employee of the Ontario Securities Commission that Carlin Fung, or the designated employee, notifies the Registrant is to act as Senior Accountant (the "Senior Accountant"), within 15 business days of the end of each month the following:
  - (a) the total number of client accounts of the Registrant sorted according to the type of account (e.g. cash account, RRSP account, margin account), as at the end of the calendar month;
  - (b) details as to how securities held by the Registrant for clients are registered (i.e. nominee name or client name), including the number of nominee and client name accounts, as at the end of the calendar month;
  - (c) identification of all securities (specifying name of issuer and type of security) in which the Registrant purchased or sold securities for its own account, during the calendar month;
  - (d) in the case of each client of the Registrant, a reconciliation of the securities held on behalf of the client as recorded on the books of the Registrant to the records of the books of any other person or company holding the securities on behalf of the Registrant, as at the end of the calendar month;
  - (e) for each account of the Registrant at a financial institution, a reconciliation of the account balance recorded on the books of the Registrant to that recorded by the financial institution, as at the end of the calendar month; and
  - (f) interim financial statements of the Registrant, including an income statement, a classified balance sheet and a statement

of cash flows, for the period commencing with the beginning of the Registrant's fiscal year and ending the last day of the calendar month, all prepared in accordance with generally accepted accounting principles.

2. The Registrant shall not take any of the following actions, without demonstrating to the satisfaction of the Senior Accountant that, after giving effect to the action, the Registrant will maintain an amount of net free capital not less than the minimum amount required to be maintained in accordance with section 107 of the Regulation:

(a) reduce the share capital of the Registrant in any manner (including, but not limited to, any redemption, re-purchase or cancellation of any shares of the Registrant);

(b) reduce or repay any indebtedness that was subordinated in accordance with a subordination agreement referred to in section 111 of the Regulation;

(c) make any advance or other payment, directly or indirectly (including, but not limited to, any payment for services or payment on account of securities of the Registrant that are held by the payee, such as a payment upon redemption, a dividend, or other distribution) to any of the following:

(i) any person or company that is an associate of either the Registrant or an affiliate of the Registrant; and

(ii) any director, officer or shareholder of the Registrant or any of its affiliates;

(d) enter into any transaction that will result in an increase in capital assets, except pursuant to a commitment entered into before the effective date of these terms and conditions of registration.

3. If the Registrant at any time is capital deficient, the Registrant shall immediately notify the Senior Accountant in writing of the capital deficiency, including the amount, and how it intends to rectify such deficiency.

4. The Registrant shall notify the Senior Accountant in writing at least 10 business days prior to the sale or transfer of its client lists and such notice shall identify the registered dealer(s) receiving the Registrant's client lists.

5. In the event that the Registrant intends to wind up its business, the Registrant shall immediately notify the Senior Accountant in writing, and include in the notification the details of its wind up plans including how the Registrant will deal with its client accounts.

6. In the event that the Registrant intends to wind up its business, the Registrant shall immediately provide a written notice to its clients and customers that it intends to wind up its business and such notice shall include:

(a) the procedures that the Registrant will take to transfer the accounts of its clients and customers to another registered dealer and the name of the dealer;

(b) the date that the Registrant intends to wind up its business;

(c) the date on which the Registrant's clients and customers need to provide their consent to the transfer of their accounts; and

(d) the name and phone number of a contact person at the Registrant who will be available to assist clients and customers with the transfers of their accounts; and the Registrant shall immediately forward a copy of such notice to the Senior Accountant.

7. The Registrant shall notify the Senior Accountant in writing at least 10 business days prior to the Registrant commencing any proceedings under:

(a) the Bankruptcy and Insolvency Act;

(b) the Companies Creditors Arrangement Act; or

(c) the Winding Up and Restructuring Act.

8. The Registrant shall immediately notify the Senior Accountant if the Registrant becomes aware of the commencement of proceedings against the Registrant under:

(a) the Bankruptcy and Insolvency Act;

(b) the Companies Creditors Arrangement Act;

(c) the Winding Up and Restructuring Act; or

(d) if the Registrant becomes aware of any actions or proceedings which could result in the appointment of a liquidator, monitor, interim receiver, receiver or receiver manager for the assets or the business of the Registrant.

**IT IS FURTHER ORDERED** that the foregoing terms and conditions imposed on the registration of Arlington and its registered officer, Milne, do not abrogate, or relieve the Registrant from compliance with, any or all other terms, conditions and requirements contained in Ontario securities law which are applicable to the Registrant.

IT IS FURTHER ORDERED that pursuant to clause 6 of subsection 127(1) of the Act that the aforesaid Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by the Commission.

October 11, 2001.

## 2.2.2 Cyprus Amax Minerals Company - s. 83

### Headnote

Section 83 of the Securities Act - Issuer has one shareholder and 12 holders of debt securities, none of whom are residents of Ontario - Issuer deemed to have ceased being a reporting issuer.

### Statute Cited

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

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

AND

IN THE MATTER OF  
CYPRUS AMAX MINERALS COMPANY

ORDER  
(Section 83)

UPON the application of Cyprus Amax Minerals Company (the "Filer"), a corporation existing under the laws of the State of Delaware, for an order pursuant to section 83 of the Act, deeming the Filer to have ceased to be a reporting issuer under the Act;

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

AND UPON it being represented to the Commission that:

1. The Filer was formed on August 16, 1999 as a corporation under the laws of the State of Delaware with the corporate name CAV Corporation.
2. On December 22, 1999, the Filer was merged with the former Cyprus Amax Minerals Company, a Delaware corporation (the "Predecessor"), in a merger under the laws of the State of Delaware (the "Merger"). Immediately following the effective time of the Merger, the Filer's name was changed to Cyprus Amax Minerals Company.
3. Prior to the Merger, the authorized capital of the Predecessor consisted of 150 million shares of common stock and 20 million preferred shares.
4. As a result of the Merger, all of the issued and outstanding common shares of the Filer are held by Phelps Dodge Corporation.
5. The Filer has the following debt securities outstanding: 10 1/8% Notes due 2002 (the "10 1/8% Notes"), 8 3/8% Debentures due 2023 (the "8 3/8% Debentures"), 7 3/8% Notes due 2007 (the "7 3/8% Notes") and 6 5/8% Notes due 2005 (the "6 5/8% Notes," and collectively, the "Notes"). There is one (1) beneficial holder of the 10 1/8% Notes, six (6)



beneficial holders of the 8 3/8% Debentures, one (1) beneficial holder of the 7 3/8% Notes and four (4) beneficial holders of the 6 5/8% Notes. No beneficial holder of Notes is a resident of Ontario or any other jurisdiction in Canada.

6. The common shares of the Filer were delisted from the New York Stock Exchange on December 29, 1999. None of the securities of the Filer are listed or quoted on any other exchange or market.
7. Other than a failure to file its annual financial statements for the fiscal periods ended December 31, 1999 and December 31, 2000, and a failure to file its interim financial statements for the fiscal periods ended March 31, 2000, June 30, 2000, September 30, 2000, March 31, 2001 and June 30, 2001, the Filer is not in default of any of the requirements of the Act or the rules or regulations made thereunder. The Merger occurred on December 2, 1999 and as a result the Filer became a wholly-owned subsidiary of Phelps Dodge before the obligation arose to file annual financial statements for the fiscal period ended December 31, 1999.
8. Other than the common shares and Notes, the Filer has no securities, including debt securities, outstanding.
9. The Filer 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 section 83 of the Act that the Filer is deemed to have ceased to be a reporting issuer for the purposes of the Act.

October 11, 2001.

"John Hughes"

**2.3 Rulings**

**2.3.1 Marquest Investment Counsel Inc.**

**Headnote**

Section 144(1) - revocation of previous Order.

**Statutes Cited**

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

**Regulations Cited**

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

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

**AND**

**IN THE MATTER OF  
MARQUEST INVESTMENT COUNSEL INC.**

**RULING**

**WHEREAS** Marquest Investment Counsel Inc. (the "Applicant") received relief from Ontario Securities Commission (the "Commission") by way of a ruling dated April 4<sup>th</sup>, 1997 (the "Previous Ruling") from the prospectus requirements of the securities legislation in Ontario (the "Legislation") in connection with trades in units of pooled funds to be established by the Applicant from time to time;

**AND WHEREAS** the Applicant has applied under the Mutual Reliance Review System for Exemptive Relief Applications to the Commission and to the securities regulatory authority or regulator in each of British Columbia, Alberta, Saskatchewan, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, Yukon, Northwest Territories and Nunavut for prospectus, registration and fee relief pursuant to a decision document (the "New Decision Document") in connection with trades of units of pooled funds established and to be established by the Applicant from time to time;

**AND WHEREAS** the relief set out in the New Decision Document will replace and supplement the relief granted under the Previous Ruling and therefore the Applicant has requested that the Previous Ruling be revoked;

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

**IT IS ORDERED** pursuant to section 144(1) of the Act that the Previous Ruling is revoked as of the effective date of the New Decision Document.

September 28th, 2001.

"Paul M. Moore"

"R. Stephen Paddon"

**2.3.2 Mulvihill Pro-Ams 100 Plus (CDN\$) Trust and Mulvihill Pro-Ams 100 Plus (US\$) Trust - ss.74(1) and 59(1)**

**Headnote**

Subsection 74(1) - Issuer exempt from sections 25 and 53 of the Act in connection with the writing of over-the-counter covered call options, subject to certain conditions.

Subsection 59(1), Schedule I - Issuer exempt from the fees prescribed by subsection 28(2) of Schedule I of the Regulation in connection with the writing of over-the-counter covered call options.

**Statutes Cited**

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

**Regulations Cited**

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 28(2) and 59(1) of Schedule I.

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

**AND**

**IN THE MATTER OF  
R.R.O. 1990, REGULATION 1015,  
AS AMENDED (the "Regulation")**

**AND**

**IN THE MATTER OF  
MULVIHILL PRO-AMS 100 PLUS (CDN\$) TRUST  
AND  
MULVIHILL PRO-AMS 100 PLUS (US\$) TRUST**

**RULING AND EXEMPTION  
(Subsection 74(1) of the Act and Subsection 59(1) of  
Schedule I of the Regulation)**

**UPON** the application of Mulvihill Fund Services Inc. ("Mulvihill"), as manager of Mulvihill Pro-AMS 100 Plus (Cdn\$) Trust (the "Cdn\$ Trust") and Mulvihill Pro-AMS 100 Plus (US\$) Trust (the "US\$ Trust" and, together with the Cdn\$ Trust, the "Trusts"), to the Ontario Securities Commission (the "Commission") for a ruling:

- (i) pursuant to subsection 74(1) of the Act that the writing of certain over-the-counter covered call options and cash covered put options (collectively, the "OTC Options") by each of the Trusts is not subject to sections 25 and 53 of the Act; and
- (ii) pursuant to subsection 59(1) of Schedule I of the Regulation for an exemption from the fees required to be paid under section 28 of

Schedule I of the Regulation in connection with the writing of certain OTC Options by each of the Trusts;

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

**AND UPON** Mulvihill having represented to the Commission as follows:

1. The Trusts are investment trusts that will be established under the laws of the Province of Ontario pursuant to trust agreements between Mulvihill, as manager, and The Royal Trust Company, as trustee.
2. The authorized capital of each of the Trusts will consist of an unlimited number of transferable, redeemable trust units (the "Units").
3. By virtue of the redemption features attaching to the Units, the Trusts are considered "mutual funds" within the meaning of the Act and other applicable legislation.
4. In connection with the Trusts' public offering (the "Offering") of Units, each of the Trusts has filed a preliminary prospectus dated August 9, 2001 and will file a (final) prospectus (the "Prospectus") with the Commission and with the securities regulatory authority in each of the other provinces of Canada under SEDAR Project Numbers 379279 and 379281.
5. Mulvihill Capital Management Inc. ("MCM") will act as investment manager of the Trusts.
6. MCM is registered under the Act in the categories of investment counsel and portfolio manager, mutual fund dealer and limited market dealer.
7. The Cdn\$ Trust's investment objectives are: (i) to return at least the original issue price of the Units (Cdn. \$25.00 per Cdn\$ Trust Unit) to Unitholders upon termination of the Trust on December 30, 2016 (the "Termination Date"); (ii) to provide Unitholders with a stable stream of monthly distributions targeted to be at least Cdn. \$0.17708 per Cdn\$ Trust Unit (Cdn. \$2.1250 per annum or 8.50% on the original issue price); and (iii) to preserve the value of the Trust's Managed Portfolio (as defined in paragraph 9).
8. The US\$ Trust's investment objectives are: (i) to return at least the original issue price of the Units (U.S. \$20.00 per US\$ Trust Unit) to Unitholders upon termination of the Trust on the Termination Date; (ii) to provide Unitholders with a stable stream of monthly distributions targeted to be at least U.S. \$0.14167 per US\$ Trust Unit (U.S. \$1.70 per annum or 8.50% on the original issue price); and (iii) to preserve the value of the Trust's Managed Portfolio (as defined in paragraph 9).
9. To provide each Trust with the means to return the original issue price of the Units on termination, each Trust will enter into a forward purchase and sale

agreement (individually, a "Forward Agreement" and collectively, the "Forward Agreements") with Royal Bank of Canada ("RBC"). Pursuant to the Forward Agreement with the Cdn\$ Trust, RBC will agree to pay to the Cdn\$ Trust an amount equal to Cdn. \$25.00 in respect of each Cdn\$ Trust Unit outstanding on the Termination Date in exchange for the Cdn\$ Trust agreeing to deliver to RBC equity securities which the Trust will acquire with a portion of the gross proceeds of its Offering. Pursuant to the Forward Agreement with the US\$ Trust, RBC will agree to pay to the US\$ Trust an amount equal to U.S. \$20.00 in respect of each US\$ Trust Unit outstanding on the Termination Date in exchange for the US\$ Trust agreeing to deliver to RBC equity securities which the Trust will acquire with a portion of the gross proceeds of its Offering. The balance of the net proceeds of each Offering will be invested by each Trust in a diversified internationally focused portfolio consisting principally of equity securities (including common shares and ADRs) (the "Managed Portfolio") that are listed on a major North American stock exchange or market with an emphasis on the top 100 in each category by market capitalization of ADRs, U.S. equities and Canadian equities. In addition, the issuers of such securities must have a market capitalization in excess of U.S. \$5.0 billion if listed in the United States and a market capitalization in excess of Cdn. \$1.0 billion if listed in Canada.

10. Each Trust will, from time to time, write covered call options in respect of all or part of the securities in its Managed Portfolio. The investment criteria of the Trusts prohibit the sale of equity securities subject to an outstanding call option, and therefore the call options will be covered at all times.
11. Each Trust may, from time to time, hold a portion of its assets in "cash equivalents" (as that term is defined in the Prospectus). Each Trust may utilize such cash equivalents to provide cover in respect of the writing of cash covered put options. Such cash covered put options will only be written in respect of securities in which the Trust is permitted to invest.
12. The purchasers of OTC Options written by a Trust will generally be major Canadian financial institutions and all purchasers of OTC Options will be persons or entities described in Schedule I to this ruling.
13. The writing of OTC Options by a Trust will not be used as a means for the Trust to raise new capital.

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

**IT IS RULED**, pursuant to subsection 74(1) of the Act, that the writing of OTC Options by the Trusts, as contemplated by paragraphs 10 and 11 of this ruling, shall not be subject to sections 25 and 53 of the Act provided that:

- (a) the portfolio adviser advising the Trusts with respect to such activities is registered as an adviser under the Act and meets the

proficiency requirements in Ontario for advising with respect to options;

- (b) each purchaser of an OTC Option written by the Trusts is a person or entity described in Schedule I to this ruling; and
- (c) a receipt for the Prospectus has been issued by the Director under the Act;

**AND PURSUANT** to section 59 of Schedule I to the Regulation the Trusts are hereby exempted from the fees which would otherwise be payable pursuant to Section 28 of Schedule I to the Regulation in connection with any OTC Options written by the Trusts in reliance on the above ruling.

September 11, 2001.

"Howard I. Wetston"

"K. D. Adams"

**SCHEDULE I**

**QUALIFIED PARTIES**

**Interpretation**

- (1) The terms "subsidiary" and "holding body corporate" used in paragraphs (w), (x) and (y) of subsection (3) of this Appendix have the same meaning as they have in the *Business Corporations Act* (Ontario)
- (2) All requirements contained in this Appendix that are based on the amounts shown on the balance sheet of an entity apply to the consolidated balance sheet of the entity.

**Qualified Parties Acting as Principal**

- (3) The following are qualified parties for all OTC derivatives transactions, if acting as principal:

**Banks**

- (a) A bank listed in Schedule I, II or III to the *Bank Act* (Canada).
- (b) The Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada).
- (c) A bank subject to the regulatory regime of a country that is a member of the Basel Accord, or that had adopted the banking and supervisory rules set out in the Basel Accord, if the bank has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of \$25 million or its equivalent in another currency.

**Credit Unions and Caisses Populaires**

- (d) A credit union central, federation of caisses populaires, credit union or regional caisse populaire, located, in each case, in Canada.

**Loan and Trust Companies**

- (e) A loan corporation or trust corporation registered under the *Loan and Trust Corporations Act* (Ontario) or under the *Trust and Loan Companies Act* (Canada), or under comparable legislation in any other province or territory of Canada.
- (f) A loan company or trust company subject to the regulatory regime of a country that is a member of the Basel Accord, or that has adopted the banking and supervisory rules set out in the Basel Accord, if the loan company or trust company has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of \$25 million or its equivalent in another currency.

**Insurance Companies**

- (g) An insurance company licensed to do business in Canada or a province or territory of Canada.
- (h) An insurance company subject to the regulatory regime of a country that is a member of the Basel Accord, or that has adopted the banking and supervisory rules set out in the Basel Accord, if the insurance company has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of \$25 million or its equivalent in another currency.

**Sophisticated Entities**

- (i) A person or company that, together with its affiliates,
  - (i) has entered into one or more transactions involving OTC derivatives with counterparties that are not its affiliates, if
    - (A) the transactions had a total gross dollar value of or equivalent to at least \$1 billion in notional principal amount; and
    - (B) any of the contracts relating to one of these transactions was outstanding on any day during the previous 15-month period, or
  - (ii) had total gross marked-to-market positions of or equivalent to at least \$100 million aggregated across counterparties, with counterparties that are not its affiliates in one or more transactions involving OTC derivatives on any day during the previous 15-month period.

**Individuals**

- (j) An individual who, either alone or jointly with the individual's spouse, has a net worth of at least \$5 million, or its equivalent in another currency, excluding the value of his or her principal residence.

**Governments/Agencies**

- (k) Her Majesty in right of Canada or any province or territory of Canada and each crown corporation, instrumentality and agency of a Canadian federal, provincial or territorial government.
- (l) A national government of a country that is a member of the Basel Accord, or that has adopted the banking and supervisory rules of the Basel Accord, and each instrumentality and agency of that government or corporation wholly-owned by that government.

**Municipalities**

- (m) Any Canadian municipality with a population in excess of 50,000 and any Canadian provincial or territorial capital city.

**Corporations and other Entities**

- (n) A company, partnership, unincorporated association or organization or trust, other than an entity referred to in paragraph (a), (b), (c), (d), (e), (f), (g) or (h), with total revenue or assets in excess of \$25 million or its equivalent in another currency, as shown on its last financial statement, to be audited only if otherwise required.

**Pension Plan or Fund**

- (o) A pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a provincial pension commission, if the pension fund has total net assets, as shown on its last audited balance sheet, in excess of \$25 million, provided that, in determining net assets, the liability of a fund for future pension payments shall not be included.

**Mutual Funds and Investment Funds**

- (p) A mutual fund or non-redeemable investment fund if each investor in the fund is a qualified party.
- (q) A mutual fund that distributes its securities in Ontario, if the portfolio manager of the fund is registered as an adviser, other than a securities adviser, under the Act or securities legislation elsewhere in Canada.
- (r) A non-redeemable investment fund that distributes its securities in Ontario, if the portfolio manager of the fund is registered as an adviser, other than a securities adviser, under the Act or securities legislation elsewhere in Canada.

**Brokers/Investment Dealers**

- s) A person or company registered under the Act or securities legislation elsewhere in Canada as a broker or an investment dealer or both.
- (t) A person or company registered under the Act as an international dealer if the person or company has total assets, as shown on its last audited balance sheet, in excess of \$25 million or its equivalent in another currency.

**Futures Commission Merchants**

- (u) A person or company registered under the *Commodity Futures Act* (Ontario) as a dealer in the category of futures commission merchant, or in an equivalent capacity elsewhere in Canada.

**Charities**

- (v) A registered charity under the *Income Tax Act* (Canada) with assets not used directly in charitable activities or administration, as shown on its last audited balance sheet, of at least \$5 million or its equivalent in another currency.

**Affiliates**

- (w) A wholly-owned subsidiary of any of the organizations described in paragraph (a), (b), (c), (d), (e), (f), (g), (h), (j), (n), (o), (s), (t) or (u).
- (x) A holding body corporate of which any of the organizations described in paragraph (w) is a wholly-owned subsidiary.
- (y) A wholly-owned subsidiary of a holding body corporate described in paragraph (x).
- (z) A firm, partnership, joint venture or other form of unincorporated association in which one or more of the organizations described in paragraph (w), (x) or (y) have a direct or indirect controlling interest.

**Guaranteed Party**

- (aa) A party whose obligations in respect of the OTC derivatives transaction for which the determination is made is fully guaranteed by another qualified party.

**Qualified Party Not Acting as Principal**

- (4) The following are qualified parties, in respect of all OTC derivative transactions:

**Managed Accounts**

- 1. Accounts of a person, company, pension fund or pooled fund trust that are fully managed by a portfolio manager or financial intermediary referred to in paragraphs (a), (d), (e), (g), (s), (t), (u) or (w) of subsection (3) or a broker or investment dealer acting as a trustee or agent for the person, company, pension fund or pooled fund trust under section 148 of the Regulation.

**Subsequent Failure to Qualify**

- (5) A party is a qualified party for the purpose of any OTC derivatives transaction if it, he or she is a qualified party at the time it, he or she enters into the transaction.

## Chapter 3

# Reasons: Decisions, Orders and Rulings

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## Chapter 4

# Cease Trading Orders

### 4.1.1 Temporary, Extending & Rescinding Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
Galaxy Online Inc. Sharon, Lois & Bram's Elephant Show (Series III) Sharon, Lois & Bram's Elephant Show (Series IV)	27 Sep 01	9 Oct 01	11 Oct 01	-
United Pacific Capital Resources Corp.	1 Oct 01	12 Oct 01	12 Oct 01	-
Wavve Telecommunications, Inc.	3 Oct 01	15 Oct 01	16 Oct 01	-
Peak Brewing Group Inc.	12 Oct 01	24 Oct 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 Jul 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	23 Aug 01	-

**Cease Trading Orders**

<b>Company Name</b>	<b>Date of Order or Temporary Order</b>	<b>Date of Hearing</b>	<b>Date of Extending Order</b>	<b>Date of Lapse/Expire</b>	<b>Date of Issuer Temporary Order</b>
United Trans-Western, Inc.	05 Jul 01	18 Jul 01	19 Jul 01	-	23 Jun 01
Digital Duplication Inc.	10 Jul 01	23 Jul 01	23 Jul 01	23 Aug 01	-
Online Direct Inc.	22 Aug 01	04 Sep 01	04 Sep 01	-	-
Aquarius Coatings Inc.	23 Aug 01	05 Sep 01	06 Sep 01	9 Oct 01	-
Primenet Communications Inc.	29 Aug 01	11 Sep 01	11 Sep 01	-	-
Unirom Technologies Inc.	30 Aug 01	12 Sep 01	12 Sep 01	-	-
Zaurak Capital Corporation	30 Aug 01	12 Sep 01	12 Sep 01	28 Sep 01	-
Galaxy Online Inc.	14 Sep 01	27 Sep 01	-	27 Sep 01	27 Sep 01
Consumers Packaging Inc.	19 Sep 01	25 Sep 01	25 Sep 01	-	-

**4.3.1 Lapsed Cease Trading Orders**

<b>Company Name</b>	<b>Date of Lapse/Expire</b>
The Gemstone X.Change Corp.	17 Oct 01

## Chapter 5

# Rules and Policies

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

#### NATIONAL INSTRUMENT 55-102

#### SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI)

#### PART 1- DEFINITIONS AND INTERPRETATION

##### 1.1 Definitions - In this Instrument

"access key" means an alpha-numeric code issued by SEDI or the SEDI operator in respect of an insider that files an insider profile in SEDI format or in respect of a SEDI issuer that files an issuer profile supplement in SEDI format;

"class" includes a series of a class;

"filing agent" means a person or company that is authorized by a SEDI filer to make a SEDI filing on behalf of the SEDI filer;

"insider profile" means the information that is required under Form 55-102F1;

"insider report" means a report required to be filed under the insider reporting requirement;

"issuer event" means a stock dividend, stock split, consolidation, amalgamation, reorganization, merger or other similar event that affects all holdings of a class of securities of an issuer in the same manner, on a per share basis;

"issuer event report" means the information that is required under Form 55-102F4;

"issuer profile supplement" means the information that is required under Form 55-102F3;

"paper format" means information printed on paper;

"SEDI" means the online computer system providing for the transmission, receipt, review and dissemination of insider reports and related information filed electronically, which is known as the System for Electronic Disclosure by Insiders;

"SEDI filer" means a person or company that is required to make a SEDI filing in accordance with this Instrument;

"SEDI filing" means information that is filed under securities legislation or securities directions in SEDI format, or the act of filing information under securities legislation or securities directions in SEDI format, as the context indicates;

"SEDI format" means information entered electronically in SEDI using the SEDI software application located at the SEDI web site;

"SEDI issuer" means a reporting issuer, other than a mutual fund, that is required to comply with National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*, including a foreign issuer referred to under paragraph 2 of subsection 2.1(1) of that instrument;

"SEDI operator" means CDS INC. or a successor appointed by the securities regulatory authority to operate SEDI;

"SEDI software application" means the software on the SEDI web site that provides SEDI users with the functionality to make SEDI filings;

"SEDI user" means an individual who has registered in accordance with subsection 2.5(2);

"SEDI web site" means the web site maintained by the SEDI operator for the filing of information in SEDI format;

"transfer report" means

- (a) in Alberta, Saskatchewan, Ontario, Nova Scotia or Newfoundland, a report required to be filed by an insider of a reporting issuer under securities legislation if the insider transfers securities of the reporting issuer into the name of an agent, nominee or custodian; or
- (b) in Quebec, a report required to be filed by an insider of a reporting issuer under securities legislation if the insider registers or causes to be registered any security of the reporting issuer in the name of a third person;

"user registration form" means the information that is required under Form 55-102F5.

#### PART 2 - SEDI FILING REQUIREMENTS

##### 2.1 Filing of Insider Profile

- (1) An insider of a SEDI issuer shall file an insider profile or an amended insider profile in SEDI format before the insider files an insider report in SEDI format in respect of that SEDI issuer.
- (2) An insider profile shall contain the information required under Form 55-102F1.
- (3) An insider that has filed an insider profile under subsection (1) shall file an amended insider profile in

SEDI format containing the information required under Form 55-102F1

- (a) if there is a change in the insider's name or the insider's relationship to any SEDI issuer disclosed in the insider's most recently filed insider profile, or if the insider ceases to be an insider of any such SEDI issuer, within 10 days after the occurrence of the event, or
- (b) if there has been any other change in the information disclosed in the insider's most recently filed insider profile, at the time that the insider next files an amended insider profile or an insider report in SEDI format.

(4) An insider that is required to file an insider profile in SEDI format shall not file more than one insider profile.

## 2.2 Filing of Insider Reports in SEDI Format

- (1) An insider of a SEDI issuer that is required by securities legislation to file an insider report in that capacity shall file the insider report in SEDI format through a SEDI user.
- (2) For greater certainty, a SEDI user under subsection (1) includes the insider if that insider becomes registered as a SEDI user on or before the time that the insider report is due to be filed.
- (3) An insider report that is filed in SEDI format shall contain the information required under Form 55-102F2.

## 2.3 Filing of Issuer Profile Supplement

- (1) A SEDI issuer shall file an issuer profile supplement in SEDI format within three business days after the date that it becomes a SEDI issuer.
- (2) An issuer profile supplement that is required to be filed under subsection (1) shall contain the information required under Form 55-102F3.
- (3) A SEDI issuer shall file an amended issuer profile supplement in SEDI format immediately if
  - (a) the SEDI issuer issues any security or class of securities that is not disclosed in its issuer profile supplement;
  - (b) there is any change in the designation of any security or class of securities of the SEDI issuer disclosed or required to be disclosed in its issuer profile supplement;
  - (c) any security or class of securities of the SEDI issuer disclosed or required to be disclosed in its issuer profile supplement has ceased to be outstanding and is not subject to issuance at a future date; or

(d) there is any other change in the information disclosed or required to be disclosed in its issuer profile supplement.

## 2.4 Filing of Issuer Event Report

- (1) A SEDI issuer shall file an issuer event report in SEDI format no later than one business day following the occurrence of an issuer event.
- (2) An issuer event report that is required to be filed under subsection (1) shall contain the information required under Form 55-102F4.

## 2.5 SEDI Users

- (1) An individual who is a SEDI filer, a filing agent, or an authorized representative of a SEDI filer or filing agent, may use SEDI for the purpose of making SEDI filings.
- (2) Before using SEDI to make SEDI filings, an individual referred to in subsection (1) shall register as a SEDI user by
  - (a) completing and submitting a user registration form in SEDI format; and
  - (b) delivering a copy of the completed user registration form in paper format to the SEDI operator for verification by the SEDI operator.
- (3) A user registration form under subsection (2) shall contain the information required under Form 55-102F5 and the paper format copy of the user registration form under paragraph (2)(b) shall contain the manual or facsimile signature of the individual being registered.
- (4) The paper format copy of the user registration form referred to in paragraph (2)(b) shall be delivered to the SEDI operator by prepaid mail, personal delivery or facsimile at the address or facsimile number indicated on the printed copy of Form 55-102F5, as applicable.

## PART 3 - FILING OF REPORTS IN PAPER FORMAT

### 3.1 Filing of Insider Reports in Paper Format

- (1) An insider report that is not required to be filed in SEDI format under this Instrument shall be filed in paper format.
- (2) An insider report that is required to be filed in paper format shall be prepared in accordance with Form 55-102F6, subject to any provision of securities legislation that permits the use of an alternative form of report in the particular circumstances.
- (3) An insider report that is prepared in accordance with Form 55-102F6 shall be manually signed and shall be filed either

- (a) by prepaid mail or personal delivery to the address of the securities regulatory authority set forth on Form 55-102F6; or
- (b) by facsimile to the facsimile number of the securities regulatory authority set forth on Form 55-102F6.

**3.2 Filing of Transfer Reports in Paper Format**

- (1) In Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia or Newfoundland, a transfer report shall be filed in paper format and shall be prepared in accordance with Form 55-102F6.
- (2) A transfer report that is prepared in accordance with Form 55-102F6 shall be manually signed and shall be filed either
  - (a) by prepaid mail or personal delivery to the address of the securities regulatory authority set forth on Form 55-102F6; or
  - (b) by facsimile to the facsimile number of the securities regulatory authority set forth on Form 55-102F6.

**PART 4 - SEDI FILING EXEMPTION**

**4.1 Temporary Hardship Exemption**

- (1) If unanticipated technical difficulties or failure by a SEDI issuer to file its issuer profile supplement prevent the timely submission of an insider report in SEDI format, a SEDI filer shall file the insider report in paper format as soon as practicable and in any event no later than two business days after the day on which the insider report was required to be filed.
- (2) An insider report filed in paper format under subsection (1) shall be prepared in accordance with Form 55-102F6 and shall include the following legend in capital letters at the top of the front page:

IN ACCORDANCE WITH SECTION 4.1 OF NATIONAL INSTRUMENT 55-102 SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI), THIS INSIDER REPORT IS BEING FILED IN PAPER FORMAT UNDER A TEMPORARY HARDSHIP EXEMPTION.
- (3) The requirements of securities legislation relating to paper format filings of insider reports apply to a filing under subsection (1) except that signatures to the paper format document may be in typed form rather than manual format.
- (4) If an insider report is filed in paper format in the manner and within the time prescribed in this section, the date by which the information is required to be filed under securities legislation is extended to the date on which the filing is made in paper format.

- (5) If a SEDI filer makes a paper format filing under this section, the SEDI filer shall file the insider report in SEDI format as soon as practicable after the unanticipated technical difficulties have been resolved or the insider has become aware that the SEDI issuer has filed its issuer profile supplement, whichever is applicable.

**PART 5 - PREPARATION AND TRANSMISSION OF SEDI FILINGS**

- 5.1 Manner of Effecting SEDI Filings** - A SEDI filing shall be prepared and transmitted using the SEDI software application located at the SEDI web site.
- 5.2 Access Key** - After an issuer profile supplement or an insider profile has been filed by or for a SEDI filer, all information filed in SEDI format by or for the SEDI filer shall be authenticated using the SEDI filer's access key.
- 5.3 Format of Information and Number of Copies** - A requirement in securities legislation relating to the format in which a report or other information to be filed must be printed or specifying the number of copies of a report or other information that must be filed does not apply to a SEDI filing made in accordance with this Instrument.

**PART 6 - EXEMPTION**

**6.1 Exemption**

- (1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Despite subsection (1), in Ontario only the regulator may grant such an exemption.

**PART 7 - TRANSITION TO ELECTRONIC FILING**

- 7.1 SEDI Issuers** - An issuer that is a SEDI issuer on October 29, 2001 shall file an issuer profile supplement in SEDI format within five business days after that date.
- 7.2 Transactions Before Effective Date** - If, at any time on or after November 13, 2001, an insider of a SEDI issuer is filing an insider report, including an amended insider report, in respect of a relationship to, or a transaction in securities of, the SEDI issuer which arose or occurred prior to that date, the insider shall file the insider report in SEDI format.

**PART 8 - EFFECTIVE DATE**

**FORM 55-102F1**

**8.1 Effective Date**

- (1) Except for sections 2.1, 2.2, 2.4, 3.1 and 3.2, this Instrument comes into force on October 29, 2001.
- (2) Sections 2.1, 2.2, 2.4, 3.1 and 3.2 come into force on November 13, 2001.

**Insider Profile**

An insider profile filed in SEDI format shall contain the information prescribed below. The information shall be entered using the online version of this form accessible by SEDI users at the SEDI web site ([www.sedi.ca](http://www.sedi.ca)). All references to web pages, fields and lists relate to the online version of the form.

If the insider is an individual, start entering information on the web page titled "Create insider profile (Form 55-102F1) - Enter individual information". If the individual insider has submitted a SEDI user registration form, select "Copy your user registration information" to avoid re-entering the insider's personal information. If the insider is not an individual, select "Enter company information" and start entering information on the web page titled "Create insider profile (Form 55-102F1) - Enter company information".

**1. Insider's full legal name**

Provide the full legal name of the insider. Use upper and lower case letters as applicable. Do not use initials, nicknames or abbreviations. If the insider is an individual, complete the "Insider family name" and the "Insider given names" fields. If the insider is not an individual, provide the full legal name of the insider in the "Insider company name" field.

**2. Name of insider representative (if applicable)**

If the insider is not an individual, provide the full legal name of an individual representative of the insider using the "Family name" and "Given names" fields. Use upper and lower case letters as applicable. Do not use initials, nicknames or abbreviations.

**3. Insider's address**

If the insider is an individual, provide the insider's principal residential address. Otherwise, provide the business address where the insider's representative (provided in item 2 above) is employed. In either case, select or provide the country and provide the address (street name and number, etc.), the municipality (city, town, etc.), province, territory or state and postal or zip code, as applicable. A post office box or similar mailing address is not acceptable.

**4. Insider's telephone number**

Provide a daytime telephone number for the insider (if the insider is an individual) or for the insider's representative (if the insider is not an individual).

**5. Insider's fax number (if applicable)**

If available, provide a fax number for the insider (if the insider is an individual) or for the insider's representative (if the insider is not an individual).

**6. Insider's e-mail address (if applicable)**

If available, provide an e-mail address for the insider (if the insider is an individual) or for the insider's representative (if the insider is not an individual).

**7. Correspondence in English or French**

If the insider is an individual resident in Quebec, the insider may choose to receive any correspondence from the Quebec securities regulatory authority in English. If no choice is made, any correspondence from the Quebec securities regulatory authority shall be in French. If the insider is a person or company other than an individual and is resident in Quebec, any correspondence from the Quebec securities regulatory authority shall be in French.

If the insider is resident in Manitoba, New Brunswick or Ontario, the insider may choose to receive any correspondence from the local securities regulatory authority in French. If no choice is made, any correspondence from the local securities regulatory authority shall be in English.

**8. Confidential question and answer**

Provide a "confidential question" and an answer to the confidential question for use in verifying the identity of the insider or the insider's representative if a request is being made to the SEDI operator for a new insider access key. Keep a record of the confidential question and answer in a secure location.

**9. Add name(s) of reporting issuer(s)**

Add the name of each reporting issuer in respect of which the insider is required to file an insider report in SEDI format. Search for and select each reporting issuer to be added from a database of all SEDI issuers provided for this purpose. Use the reporting issuer's SEDAR number or its legal name (in English or French) to conduct your search. Make sure you select the correct reporting issuer before you proceed further. If you are unable to find the reporting issuer that you are searching for, contact the reporting issuer or the SEDI operator for assistance. Note that the reporting issuer will not appear in your search results unless the reporting issuer has created an issuer profile in SEDAR and filed an issuer profile supplement in SEDI.

If the insider has ceased to be an insider of a reporting issuer added previously to the insider profile, see item 12 below.

**10. Insider's relationship to reporting issuer**

For each reporting issuer added under item 9 above, disclose all of the insider's relationships to that reporting issuer by selecting from the list of relationship types provided.

**11. Date the insider became an insider or date of previous paper filing**

For each reporting issuer added under item 9 above, if the insider has not filed an insider report in respect of the reporting issuer since becoming an insider, provide the date on which the insider became an insider of the reporting issuer. Alternatively, if the insider has previously filed an insider report in paper format in respect of the reporting issuer, provide the

date of the insider's last paper filing in respect of the reporting issuer.

**12. Date the insider ceased to be an insider**

If the insider has ceased to be an insider of a reporting issuer added previously to the insider profile, amend the insider profile by providing the date on which the insider ceased to be an insider of the reporting issuer in the fields provided for this purpose on the web page titled "Amend insider profile - Amend issuer information."

**Optional Information**

An insider profile filed in SEDI format may, at the option of the insider, contain the following additional information:

**13. Additional contact information**

For each reporting issuer added to the insider profile, the insider may provide another address at which the insider prefers to be contacted (such as a business address) or may provide contact information for another individual who is to be contacted by the securities regulatory authority instead of the insider. To provide additional contact information, check the applicable box under "Optional information" on the web page titled "Create insider profile - Enter information about the insider's relationship to the issuer".

**14. Add name(s) of registered holder(s) of securities**

If the insider is required to file an insider report in respect of securities owned indirectly or over which control or direction is exercised, the insider must provide the name of the registered holder of the securities at the time the insider report is filed. To assist the insider in complying with this requirement, for each reporting issuer added to the insider's profile the insider may add the name(s) of the registered holder(s) of securities of the reporting issuer that the insider is required to provide in an insider report.

To add the name(s) of the registered holder(s) for the reporting issuer, check the applicable box under "Optional information" on the web page titled "Create insider profile - Enter information about the insider's relationship to the issuer". Any name added to the insider's profile in this manner may be selected when an insider report is prepared in SEDI format and registered holder information is required. The full legal name of the registered holder must be provided in each case.

Securities beneficially owned directly but held through a nominee such as a broker or book-based depository are considered direct holdings.

**Amending Insider Profile To Add a Reporting Issuer**

If an insider that has previously filed an insider profile is required to file an insider report in SEDI format in respect of a reporting issuer that is not already disclosed in the insider profile, amend the insider profile to add the name of the reporting issuer, to disclose all of the insider's relationships to the reporting issuer and to provide the date the insider became an insider or the date of the previous paper filing, as applicable. Provide the information required in items 9, 10 and 11 above.

**Certification**

Prior to submitting an insider profile, the insider or the insider's agent must certify that the information is true and complete in every respect by selecting "Certify" on the web page titled "Create insider profile - Certify and file insider profile" and following the instructions provided for this purpose. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the insider is still responsible for ensuring that the information filed by the agent is true and complete. It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

**Notice – Collection and Use of Personal Information**

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for purposes of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland. Some of the required information will be made public pursuant to the securities legislation in each of the jurisdictions indicated above. Other required information will remain confidential and will not be disclosed to any person or company except to any of the securities regulatory authorities or their authorized representatives. If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction(s) in which the required information is filed, at the address(es) or telephone number(s) set out below. In Quebec, questions may also be addressed to the Commission d'accès à l'information du Québec (1-888-528-7741, web site: [www.cai.gouv.qc.ca](http://www.cai.gouv.qc.ca)).

Alberta Securities Commission  
4<sup>th</sup> Floor, 300-5<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 3C4  
Attention: Information Officer  
Telephone: (403) 297-6454

The Manitoba Securities Commission  
1130-405 Broadway  
Winnipeg, MB R3C 3L6  
Attention: Director, Legal  
Telephone: (204) 945-4508

Nova Scotia Securities Commission  
2<sup>nd</sup> Floor, Joseph Howe Building  
1690 Hollis Street  
P.O. Box 458  
Halifax, NS B3J 3J9  
Attention: FOI Officer  
Telephone: (902) 424-7768

Commission des valeurs mobilières du Québec  
Stock Exchange Tower  
P.O. Box 246, 22nd Floor  
800 Victoria Square  
Montréal, PQ H4Z 1G3  
Attention: Responsable de l'accès à  
l'information  
Telephone: (514) 940-2150 or  
(800) 361-5072 (in Quebec)

British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, BC V7Y 1L2  
Attention: Supervisor, Insider Reporting  
Telephone: (604) 899-6500 or  
(800) 373-6393 (in BC)

Securities Commission of Newfoundland  
P.O. Box 8700  
2<sup>nd</sup> Floor, West Block  
Confederation Building  
St. John's, NFLD A1B 4J6  
Attention: Director of Securities  
Telephone: (709) 729-4189

Ontario Securities Commission  
Suite 1903, Box 55  
20 Queen Street West  
Toronto, ON M5H 3S8  
Attention: FOI Coordinator  
Telephone: (416) 593-8314

Saskatchewan Securities Commission  
800-1920 Broad Street  
Regina, SK S4P 3V7  
Attention: Director  
Telephone: (306) 787-5645



FORM 55-102F2

Insider Report

An insider report filed in SEDI format shall contain the information prescribed below. The information shall be entered using the online version of this form accessible by SEDI users at the SEDI web site ([www.sedi.ca](http://www.sedi.ca)). All references to web pages, fields and lists relate to the online version of the form.

If a position or transaction being reported by the insider involves an option, warrant, right or other derivative, the information prescribed by items 18 to 25 below must be included in the insider report, if applicable. For each reporting issuer in respect of which one or more positions or transactions are being reported by an insider, start by navigating to the web page titled "File insider report (Form 55-102 F2) – Select issuer" and then provide the information required in the circumstances.

**1. Name of reporting issuer**

Provide the name of the reporting issuer for the securities that are the subject of the insider report by selecting the reporting issuer's name from the list of one or more reporting issuer names added previously to the insider's profile. If the name of the applicable reporting issuer does not appear in the list, the insider's profile must be amended to add the name of the applicable reporting issuer before the insider report can be completed. A separate insider report must be completed for each reporting issuer in respect of which the insider has a reporting obligation.

**2. Amended insider report**

If the insider is amending information contained in an insider report filed previously in SEDI format, the amended insider report shall contain all of the information required to be disclosed in the previous insider report in its amended form.

If the insider is amending information contained in an insider report filed previously in paper format, select "Amend paper filing" on the "Amend insider transaction" web page and complete a new insider report in SEDI format containing all of the information required to be disclosed in the previous paper filing in its amended form. In the "General remarks" field on the "File insider report - Enter transaction information" web page, provide the date on which the previous paper filing was made.

**3. Review issuer information**

Review the information contained in the insider's profile with respect to the selected reporting issuer to ensure that it is correct. If required, select "Amend" to file an amended insider profile.

**4. Review new issuer event reports**

If the reporting issuer has filed an issuer event report that has not previously been viewed or that has been previously flagged for further viewing, the issuer event report will be displayed for review by or on behalf of the insider. If the insider's holdings

of securities of the reporting issuer have been affected by an issuer event, the change in holdings must be reported.

**5. Security designation**

For each position or transaction being reported, provide the security designation for the applicable security or class of securities. For this purpose, select the applicable security designation from the list shown for the reporting issuer's outstanding securities.

If the applicable security designation does not appear in the list, check the "archived security designation" list containing designations of securities of the reporting issuer that are no longer outstanding and that may no longer be issued. Alternatively, check the "Insider defined security" list that will contain one or more security designations for the reporting issuer if any have been defined previously by or for the insider. In either case, if the applicable securities designation appears in the list, select it.

If the applicable security designation does not appear in any of the lists described above, the insider must define the applicable security designation. For this purpose, select the appropriate "Security category" by choosing "Debt", "Equity", "Issuer Derivative" or "Third Party Derivative" from the list provided. For purposes of the insider reporting requirement, "issuer derivative" means a derivative issued by the reporting issuer to which the insider reporting requirement relates and "third party derivative" means a derivative issued by a person or company other than the reporting issuer to which the insider reporting requirement relates. The security category selected will determine the nature of the information that is required to be reported in relation to positions or transactions involving the applicable security designation.

Next, create the "insider defined" security designation by selecting the most appropriate "Security name" from the list provided and, if applicable, use the "Additional description" field to enter any additional words used to describe the specific security or class of securities. For example, to provide the security designation of "Class A Preferred Shares, Series 1", select "Preferred Shares" from the "Security name" list and then type "Class A, Series 1" in the "Additional description" field.

*Important Note:* If the security or class of securities being designated is a security that has been issued by the reporting issuer, it is important to try to avoid creating an "insider defined" security designation. If a security designation has not been created by the reporting issuer in respect of a security or class of securities issued by the reporting issuer, contact the reporting issuer to request that the security designation be added to the list of security designations for the reporting issuer's outstanding securities in its issuer profile supplement. However, you must create an "insider defined" security designation if this becomes necessary to ensure that the insider report is filed on a timely basis.

*Derivatives:* If the security or class of securities being designated is an issuer derivative or a third party derivative, provide the security designation for the derivative and the security designation for the underlying security. See item 18 below. In addition, if the security or class of securities being

designated is a third party derivative, the insider will have to provide the applicable security designation in all cases.

**6. Ownership type**

Indicate whether the securities in respect of which a position or transaction is being reported are (1) beneficially owned directly, (2) beneficially owned indirectly or (3) controlled or directed. Securities beneficially owned directly but held through a nominee such as a broker or book-based depository are considered direct holdings.

**7. Identity of registered holder of securities where ownership is indirect or where control or direction is exercised**

If beneficial ownership of the securities is indirect or if control or direction is exercised over the securities, provide the name of the registered holder of the securities. If the name of the registered holder has been previously added to the insider's profile in respect of the reporting issuer, select the name of the registered holder from the list shown. Otherwise, enter the full legal name of the registered holder in the field provided.

**8. Opening balance of securities held (initial SEDI report only)**

If the insider is filing an initial report in respect of securities held on becoming an insider or is reporting a change in a security or class of securities previously reported only in paper format, for each security or class of securities held directly or by a particular registered holder, disclose the initial number or amount of securities so held in the field provided for this purpose on the web page titled "File insider report - Opening balance on initial SEDI report (Non-Derivatives)", or the corresponding web page for derivatives, as applicable. For debt securities, provide the aggregate nominal value of the securities held.

If an opening balance of securities held is required to be disclosed, the information with respect to the "date of transaction" and "nature of transaction" required under items 9 and 10 below will be generated by the SEDI software application. The "date of the transaction" will be the date the insider became an insider or the date of the previous paper filing, whichever has been reported in the insider profile.

If the insider has previously filed a report in SEDI disclosing the balance of the security or class of securities held directly or by a particular registered holder, the opening balance of the security or class of securities so held is generated by the SEDI software application based on all previous reports filed in respect of the particular holding.

If an initial SEDI report involves the holding of a derivative, see item 19 below.

**9. Date of transaction**

Provide the date of each transaction being reported using the fields provided for this purpose. Provide the "trade date" not the "settlement date".

**10. Nature of transaction**

Indicate the nature of each transaction being reported by selecting the most appropriate transaction type from the list provided for this purpose.

**11. Number or value of securities acquired**

Disclose the number or value of securities acquired for each transaction involving an acquisition of securities. For debt securities, provide the aggregate nominal value. If the transaction involved the acquisition of an option, warrant, right or other derivative, see items 21 and 22 below.

**12. Number or value of securities disposed of**

Disclose the number or value of securities disposed of for each transaction involving a disposition of securities. For debt securities, provide the aggregate nominal value. If the transaction involved the disposition of an option, warrant, right or other derivative, see items 21 and 22 below.

**13. Unit price or exercise price**

Disclose the price per security paid or received by the insider for each transaction being reported, if applicable. Do not reduce the price being reported to reflect the amount of any commission paid. If the insider acquired or disposed of a security upon the exercise of an option, warrant, right or other derivative, report the exercise price per security. If the insider acquired or disposed of an option, warrant, right or other derivative, see item 23 below.

If the transaction involved consideration other than cash, provide the approximate fair value of the consideration in Canadian dollars and describe the consideration in the "General remarks" field. If no consideration was paid or received by the insider, check "Not applicable".

**14. Currency**

If the price paid or received in any transaction was in a currency other than Canadian dollars, provide the amount in that other currency and select the other currency from the list provided for this purpose.

**15. Closing balance of securities held**

After each new transaction being reported in respect of a security or class of securities held directly or through a particular registered holder has been entered, a new balance of the security or class of securities held directly or by the particular registered holder will be generated automatically by SEDI prior to filing. If the insider believes that the closing balance reported by SEDI is not correct, the closing balance calculated by the insider must be reported in the field provided for this purpose. The insider shall make all reasonable efforts to reconcile the balance calculated by SEDI with the balance believed by the insider to be correct. An incorrect balance may have resulted from an error in a previous insider report or from a failure to report a previous transaction.

**16. General remarks**

Provide additional information if necessary to provide an accurate description of each position and/or transaction in securities being reported. Information provided in this field will be accessible by the public.

**17. Private remarks to securities regulatory authority**

Using the field provided, the insider may disclose additional information with respect to the position or transaction being reported to staff of the securities regulatory authority. Information provided in this field will not be accessible by the public.

**Holdings or Transactions Involving Derivatives**

If a holding or transaction being reported by the insider involves an issuer derivative or a third party derivative, the additional information prescribed below shall be disclosed, if applicable. For this purpose, "issuer derivative" means a derivative issued by the reporting issuer to which the insider reporting requirement relates, and "third party derivative" means a derivative issued by a person or company other than the reporting issuer to which the insider reporting requirement relates.

**18. Security designation of derivative and underlying security**

Provide the security designation for the derivative in the manner described under item 5 above. Next, select the appropriate security category for the underlying security from the list provided and then provide the security designation for the underlying security in a similar manner to that described under item 5 above. If the security or class of securities being designated is a third party derivative, the insider will have to define the applicable security designation in all cases. If the derivative security has been defined by the insider, the underlying security must also be defined by the insider.

**19. Opening balance of derivative securities or contracts held (initial SEDI report only)**

If the insider is filing an initial report disclosing an option, warrant, right or other derivative held on becoming an insider or is reporting a change in such a derivative not previously reported in SEDI format, for each such derivative position so held directly or by a particular registered holder, disclose the initial number of derivative securities or contracts held in the field provided for this purpose.

**20. Opening balance of equivalent number of underlying securities (initial SEDI report only)**

If the insider is filing an initial report of an option, warrant, right or other derivative held on becoming an insider or is reporting a change in any such derivative not previously reported in SEDI format, for each such derivative position held directly or by a particular registered holder, disclose the actual or notional number or amount of underlying securities that may be acquired or disposed of upon exercise or settlement of such derivative. If the underlying securities are debt securities, provide the aggregate nominal value of the actual or notional

amount of underlying debt securities that may be acquired or disposed of upon exercise or settlement of such derivative.

**21. Number of derivative securities or contracts acquired or disposed of**

Disclose the number of derivative securities or contracts acquired for each transaction involving an acquisition of a derivative or the number of derivative securities or contracts disposed of for each transaction involving a disposition of a derivative.

**22. Equivalent number of underlying securities acquired or disposed of**

For each transaction involving an acquisition or disposition of a derivative, disclose the actual or notional number or amount of underlying securities that may be acquired or disposed of upon exercise or settlement of the derivative. If the underlying securities are debt securities, provide the aggregate nominal value of the equivalent amount of underlying debt securities that may be acquired or disposed of upon exercise or settlement of the derivative.

**23. Unit price of derivative**

Disclose the premium or other amount paid or received by the insider in connection with the acquisition or disposition of the derivative (per contract if applicable). If the premium or other amount paid or received was in a currency other than Canadian dollars, provide the amount in that other currency and select the other currency from the list provided for this purpose.

**24. Conversion or exercise price of derivative**

Provide the conversion or exercise price of the derivative by entering the amount in the field provided for this purpose (per underlying security if applicable). If the conversion or exercise price is in a currency other than Canadian dollars, select the relevant currency from the list provided for this purpose. If the conversion or exercise price of the derivative will adjust on one or more specified dates, provide the details of the adjustment terms in the "General remarks" field.

**25. Date of expiry or maturity of derivative**

If the derivative expires or matures on a given date, specify the date of expiry or maturity using the fields provided for this purpose.

**Certification**

Prior to filing an insider report, the insider or the insider's agent must certify that the information is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the insider is still responsible for ensuring that the information filed by the agent is true and complete. It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

**Notice – Collection and Use of Personal Information**

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for purposes of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland. Some of the required information will be made public pursuant to the securities legislation in each of the jurisdictions indicated above. Other required information will remain confidential and will not be disclosed to any person or company except to any of the securities regulatory authorities or their authorized representatives. If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction(s) in which the required information is filed, at the address(es) or telephone number(s) set out below. In Quebec, questions may also be addressed to the Commission d'accès à l'information du Québec (1-888-528-7741, web site: [www.cai.gouv.qc.ca](http://www.cai.gouv.qc.ca)).

Alberta Securities Commission  
4<sup>th</sup> Floor, 300-5<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 3C4  
Attention: Information Officer  
Telephone: (403) 297-6454

The Manitoba Securities Commission  
1130-405 Broadway  
Winnipeg, MB R3C 3L6  
Attention: Director, Legal  
Telephone: (204) 945-4508

Nova Scotia Securities Commission  
2<sup>nd</sup> Floor, Joseph Howe Building  
1690 Hollis Street  
P.O. Box 458  
Halifax, NS B3J 3J9  
Attention: FOI Officer  
Telephone: (902) 424-7768

Commission des valeurs mobilières du Québec  
Stock Exchange Tower  
P.O. Box 246, 22<sup>nd</sup> Floor  
800 Victoria Square  
Montréal, PQ H4Z 1G3  
Attention: Responsable de l'accès à  
l'information  
Telephone: (514) 940-2150 or  
(800) 361-5072 (in Quebec)

British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, BC V7Y 1L2  
Attention: Supervisor, Insider Reporting  
Telephone: (604) 899-6500 or  
(800) 373-6393 (in BC)

Securities Commission of Newfoundland  
P.O. Box 8700  
2<sup>nd</sup> Floor, West Block  
Confederation Building  
St. John's, NFLD A1B 4J6  
Attention: Director of Securities  
Telephone: (709) 729-4189

Ontario Securities Commission  
Suite 1903, Box 55  
20 Queen Street West  
Toronto, ON M5H 3S8  
Attention: FOI Coordinator  
Telephone: (416) 593-8314

Saskatchewan Securities Commission  
800-1920 Broad Street  
Regina, SK S4P 3V7  
Attention: Director  
Telephone: (306) 787-5645

FORM 55-102F3

**Issuer Profile Supplement**

An issuer profile supplement filed in SEDI format shall contain the information prescribed below. The information shall be entered using the online version of this form accessible by SEDI users at the SEDI web site ([www.sedi.ca](http://www.sedi.ca)). All references to web pages, fields and lists relate to the online version of the form.

**1. Name of reporting issuer**

Provide the name of the reporting issuer for which the issuer profile supplement is being created by searching for the reporting issuer using the reporting issuer's SEDAR number or the reporting issuer's legal name (in English or French). If the reporting issuer's name does not appear in the search results, an issuer profile must be created for the reporting issuer in SEDAR before proceeding further with any SEDI filings. See National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*.

**2. Name of insider affairs contact**

Provide the full legal name of an individual who will act as "insider affairs contact" for the reporting issuer. Use the "Family name" and "Given names" fields for this purpose. Use upper and lower case letters as applicable. Do not use initials, nicknames or abbreviations. SEDI will automatically deliver an e-mail message to the e-mail address provided for the insider affairs contact each time an insider profile or an amended insider profile is filed by or on behalf of a person or company disclosing an insider relationship with the reporting issuer. This is intended to assist the reporting issuer in identifying any incorrect or inappropriate SEDI filings made in respect of the reporting issuer. Insider affairs contact information is not accessible by the public.

**3. Address of insider affairs contact**

Provide a business address for the insider affairs contact. Indicate the country and provide the address (street name and number, etc.), the municipality (city, town, etc.), province, territory or state and postal or zip code, as applicable. A post office box or similar mailing address is not acceptable.

**4. Telephone number and e-mail address of insider affairs contact**

Provide a business telephone number and a business e-mail address for the insider affairs contact.

**5. Fax number of insider affairs contact (if applicable)**

If available, provide a business fax number for the insider affairs contact.

**6. Confidential question and answer**

Provide a "confidential question" and an answer to the confidential question for use in identifying the issuer's representative if a request is being made to the SEDI operator

for a new issuer access key. Keep a record of the confidential question and answer in a secure location.

**7. Security designations**

Provide the security designation for each outstanding security and each class of outstanding securities of the reporting issuer being profiled. For each security or class of securities, select the appropriate "Security category" by choosing "Debt", "Equity" or "Issuer Derivative" from the list provided. Then provide a designation of the security or class of securities using the fields provided for this purpose, as follows. First, select the "Security name" from the list of generic security names provided. Second, if applicable, enter any additional words used to describe the specific security or class of securities. For example, to provide the designation of "Class A Preferred Shares, Series 1", select "Preferred Shares" from the "Security name" field and then type "Class A, Series 1" in the "Additional description" field.

If the security whose designation is being added is an issuer derivative, provide the designation of the underlying security or class of underlying securities in addition to the designation of the issuer derivative itself. First, select the applicable securities category for the underlying security and then provide the designation for the underlying security using the "Security name" and "Additional description" fields in the same manner as described above.

**8. Amending a security designation**

If there is any change in the security designation disclosed previously for a security or class of securities of the reporting issuer that is outstanding or that may be issued in the future, use the "Amend security designation" function to amend the applicable security designation in the issuer profile supplement. Select the applicable security designation to be amended and a web page with pre-populated fields containing the existing security designation information will be displayed for purposes of making the necessary amendment(s).

Note that a security designation should only be amended for corrections or for changes that do not result in the security or class of securities ceasing to exist. If a security or class of securities ceases to exist and is replaced by another security or class of securities, the "old" security must be archived in the manner described under item 9 below and a security designation must be added for the "new" security in the manner described under item 7 above.

If the security or class of securities affected by the change is an underlying security for an issuer derivative, use the "Amend security designation" function to amend the security designation of the underlying security as well.

**9. Archiving a security designation**

If any security or class of securities designated previously by the reporting issuer has ceased to be outstanding and the security or class of securities may no longer be issued, use the "Archive security designation" function to remove the relevant security designation from the reporting issuer's list of "outstanding securities" and place it in the reporting issuer's list of "archived securities". Archived security designations may not be reactivated if the applicable security or class of securities is re-issued or becomes subject to the issuance. In

such circumstances, a new security designation must be added to the issuer profile supplement in the manner described under item 7 above.

**Notice – Collection and Use of Personal Information**

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for purposes of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland. Some of the required information will be made public pursuant to the securities legislation in each of the jurisdictions indicated above. Other required information will remain confidential and will not be disclosed to any person or company except to any of the securities regulatory authorities or their authorized representatives. If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction(s) in which the required information is filed, at the address(es) or telephone number(s) set out below. In Quebec, questions may also be addressed to the Commission d'accès à l'information du Québec (1-888-528-7741, web site: [www.cai.gouv.qc.ca](http://www.cai.gouv.qc.ca)).

P.O. Box 8700  
2<sup>nd</sup> Floor, West Block  
Confederation Building  
St. John's, NFLD A1B 4J6  
Attention: Director of Securities  
Telephone: (709) 729-4189

Ontario Securities Commission  
Suite 1903, Box 55  
20 Queen Street West  
Toronto, ON M5H 3S8  
Attention: FOI Coordinator  
Telephone: (416) 593-8314

Saskatchewan Securities Commission  
800-1920 Broad Street  
Regina, SK S4P 3V7  
Attention: Director  
Telephone: (306) 787-5645

Alberta Securities Commission  
4<sup>th</sup> Floor, 300-5<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 3C4  
Attention: Information Officer  
Telephone: (403) 297-6454

The Manitoba Securities Commission  
1130-405 Broadway  
Winnipeg, MB R3C 3L6  
Attention: Director, Legal  
Telephone: (204) 945-4508

Nova Scotia Securities Commission  
2<sup>nd</sup> Floor, Joseph Howe Building  
1690 Hollis Street  
P.O. Box 458  
Halifax, NS B3J 3J9  
Attention: FOI Officer  
Telephone: (902) 424-7768

Commission des valeurs mobilières du Québec  
Stock Exchange Tower  
P.O. Box 246, 22<sup>nd</sup> Floor  
800 Victoria Square  
Montréal, PQ H4Z 1G3  
Attention: Responsable de l'accès à  
l'information  
Telephone: (514) 940-2150 or  
(800) 361-5072 (in Quebec)

British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, BC V7Y 1L2  
Attention: Supervisor, Insider Reporting  
Telephone: (604) 899-6500 or  
(800) 373-6393 (in BC)

Securities Commission of Newfoundland

**FORM 55-102F4**

**Issuer Event Report**

An issuer event report in SEDI format shall contain the information prescribed below. The information shall be entered using the online version of this form accessible by SEDI users at the SEDI web site ([www.sedi.ca](http://www.sedi.ca)). All references to web pages, fields and lists relate to the online version of the form.

**1. Issuer event type**

Starting at the web page titled "File issuer event report – Form 55-102F4", select the "Issuer event type" that appropriately describes the issuer event from the list of transactions and other events provided for this purpose. If an appropriate issuer event type is not provided in the list, select "Other Issuer Event" and enter an appropriate generic term for the type of issuer event being reported in the "Other issuer event type" field provided for this purpose.

**2. Effective date of issuer event**

Disclose the effective date of the issuer event using the fields provided for this purpose.

**3. Issuer event title**

Provide a descriptive title for the issuer event that will distinguish the issuer event from other issuer events of the same type. For example, in the case of a merger, refer to another merging issuer, or in the case of a stock split, indicate the approximate date.

**4. Issuer event details**

Describe the issuer event in plain language. Provide the security designation of each security or class of securities of the issuer affected by the issuer event and explain the adjustment or other change in holdings that affected insiders of the issuer would be required to report as a result of the issuer event. If applicable, provide the ratio by which each security or class of securities affected has been or will be adjusted by the issuer event.

If the required adjustment(s) will result in a fractional number of securities when applied to the number of securities held by affected insiders, indicate whether the number of securities held by the insider shall be rounded up or down.

If the issuer event involved the creation of a new security or class of securities or the formation of a new reporting issuer, disclose this information. If applicable, amend the issuer profile supplement for the reporting issuer.

**Optional Information**

An issuer event report filed in SEDI format may, at the option of the reporting issuer, contain the following additional information:

**5. Private remarks to securities regulatory authority**

Using the field provided, the issuer may disclose additional information concerning the issuer event to staff of the securities regulatory authority. Information provided in this field will not be accessible by the public.

**FORM 55-102F5**

**SEDI User Registration Form**

An individual who intends to use SEDI to file information with the securities regulatory authority is required to complete and submit a user registration form in SEDI format containing the information prescribed below. The information must be entered using the online version of this form accessible at the SEDI web site ([www.sedi.ca](http://www.sedi.ca)). To access the online user registration form, select "Register as a SEDI user" on the navigation bar at the top of the web page titled "Welcome to SEDI".

**1. Full legal name of SEDI user**

Provide your family name and your given names. Use upper and lower case letters as applicable. Do not use initials, nicknames or abbreviations.

**2. Name of employer and position of SEDI user**

If you are acting on behalf of an employer, provide the full legal name of your employer and your position with that employer.

**3. Address of SEDI user**

If you are an insider, provide your principal residential address. Otherwise, provide the business address where you are employed. A post office box or other mailing address is not sufficient.

**4. SEDI user's telephone number**

Provide your daytime telephone number.

**5. SEDI user's fax number**

If available, provide your fax number.

**6. SEDI user's e-mail address**

If available, provide your e-mail address.

**7. Check the appropriate box for SEDI user classification**

Indicate whether you expect to access SEDI as an insider, an agent and/or an issuer's representative by checking the appropriate box or boxes. The type of user classification will determine the amount of functionality you will have in the SEDI application software.

**8. Confidential question and answer**

Provide a "confidential question" and an answer to the confidential question for use in verifying your identity if a request in your name is being made to the SEDI operator for a new password.

respects and you must agree to update the information submitted as soon as practicable following any material change in the information.

***Delivery of Signed Copy to SEDI Operator***

Before you may make a valid SEDI filing, you must deliver a manually signed paper copy of the completed user registration form to the SEDI operator for verification purposes. To satisfy this requirement, it is preferred that you print a copy of the online user registration form once you have certified and submitted it. You must deliver a manually signed and dated copy of the completed user registration form via prepaid mail, personal delivery or facsimile to the SEDI operator at the following address or fax number, as applicable:

CDS INC.  
Attention: SEDI Administrator  
85 Richmond Street West  
Toronto, Ontario M5H 2C9

Facsimile: 1-866-729-8011

or, if you are resident in the province of Quebec, to the SEDI operator at the address above, or to:

CDS INC.  
Attention: SEDI Administrator  
600 boul. de Maisonneuve Ouest  
Montreal, Quebec  
H3A 3J2

or at such other address(es) or fax number(s) as may be provided on the SEDI web site ([www.sedi.ca](http://www.sedi.ca)).

***Questions***

Questions may be directed to CDS INC. at 1-800-219-5381 or such other number as may be provided on the SEDI web site.

***Notice – Collection and Use of Personal Information***

The personal information that you provide on this form is used to facilitate your access to and use of the SEDI system and is not used for any other purpose. The signed copy of the completed form that you deliver to CDS INC. (the SEDI operator) is retained by CDS INC. as evidence of your registration as a SEDI user. The information you provide on this form will not be disclosed to any third party except any of the securities regulatory authorities or their authorized representatives for purposes of the administration or enforcement of securities legislation in the applicable jurisdictions. For information about the use of the information collected on this form or if you would like to obtain access to the information you have submitted, contact the CDS SEDI Administrator at the address or telephone number provided above. In Quebec, questions may also be addressed to the Commission d'accès à l'information du Québec (1-888-528-7741, web site: [www.cai.gouv.qc.ca](http://www.cai.gouv.qc.ca)).

***Certification***

Prior to submitting the completed online user registration form, you must certify that the information is true in all material



**SEDI User Registration Form**

Note: Before an individual registering as a SEDI user may make a valid SEDI filing, the registering individual must deliver a manually signed paper copy of the completed user registration form to the SEDI operator for verification purposes. It is preferred that the registering individual print a copy of the online version using the "Print" function provided for this purpose in SEDI. The signed paper copy must be delivered by prepaid mail, personal delivery or facsimile to: CDS INC., Attention: SEDI Administrator, 85 Richmond Street West, Toronto, Ontario M5H 2C9, Facsimile: 1-866-729-8011 or, if you are resident in the province of Quebec, to the SEDI operator at the address above, or to CDS INC., Attention: SEDI Administrator, 600 boul. de Maisonneuve Ouest, Montreal, Quebec, H3A 3J2.

**Section 1 SEDI User Information**

Family name:		Given names (in full):	
Employer name and position (if applicable):			
Address (street name and number, etc.):		Municipality (city, town, etc.):	
Province, territory or state:	Country:	Postal code or zip code:	
Telephone number: ( )	Fax number (if available): ( )		
E-mail address (if available):			

**Section 2 SEDI User Classification**

Check the appropriate box or boxes:		
<input type="checkbox"/> Insider	<input type="checkbox"/> Agent	<input type="checkbox"/> Issuer representative

**Section 3 Certification of SEDI User**

I certify that the foregoing information is true in all material respects. I agree to update the information submitted on this form in SEDI as soon as practicable following any material change in the information. I agree that an executed copy of Form 55-102F5, if delivered to CDS INC. by facsimile, shall have the same effect as an originally executed copy delivered to CDS INC.

Signature of SEDI user	Date:
------------------------	-------



INSTRUCTIONS

List of Codes

Insider Reports in English and French are available from Manitoba, Ontario and Québec. If you are a corporate insider in the province of Québec, you will receive correspondence in French. Individuals in the province of Québec will receive, upon request, correspondence in English.

Where an insider of a reporting issuer does not own or have control or direction over securities of the reporting issuer, or where an insider's ownership or direction or control over securities of the reporting issuer remains unchanged from the last report filed, a report is not required. Insider reports are not required to be filed in New Brunswick, the Northwest Territories, Nunavut, Prince Edward Island or the Yukon.

If you have any questions about the form you should be using to file your report, see National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI).

**BOX 1 Name of the reporting issuer**

Provide the full legal name of the reporting issuer. Use a separate report for each reporting issuer.

**BOX 2 Insider data**

Indicate all of your relationship(s) to the reporting issuer using the following codes:

- Reporting issuer that has acquired securities issued by itself 1
- Subsidiary of the reporting issuer 2
- Security holder who beneficially owns or who exercises control or direction over more than 10% of the securities of the reporting issuer (Québec Securities Act - 10% of a class of shares) to which are attached voting rights or an unlimited right to a share of the profits and to its assets in case of winding up 3
- Director of a reporting issuer 4
- Senior officer of a reporting issuer 5
- Director or senior officer of a security holder referred to in 3 6
- Director or senior officer of an insider or subsidiary of the reporting issuer, other than in 4, 5 and 6 8
- Deemed insider - 6 months before becoming an insider 8

If you have filed a report before, indicate whether your relationship to the reporting issuer has changed.

Specify the date of the last report you filed, and if it is an initial report, the date on which you became an insider.

**BOX 3 Name, address and telephone number of the insider**  
Provide your name, address and business telephone number.

**BOX 4 Jurisdiction**

Indicate each jurisdiction where the issuer is a reporting issuer or the equivalent.

**BOX 5 Insider holdings and changes**

Show direct and indirect holdings separately, both in the initial report and where a transaction is reported. Indicate only one transaction per line.

For an initial report complete only:

- (A) designation of class of securities held
- (D) present balance of class of securities held
- (E) nature of ownership (see List of Codes)
- (F) identification of the registered holder where ownership is not direct

If you acquired or disposed of securities while an insider, complete sections (A) to (F):

- (A) Indicate a designation of the securities traded that is sufficient to identify the class, including yield, series, maturity.
- (B) Indicate the number of securities, or for debt securities, the aggregate nominal value, of the class held, directly and indirectly, before the transaction that is being reported.
- (C) Indicate for each transaction:
  - the date of the transaction (not the settlement date)
  - the nature of the transaction (see List of Codes)
  - the number of securities acquired or disposed of, or for debt securities, the aggregate nominal value
  - the unit price paid or received on the day of the transaction, excluding the commission
  - if the report is in United States dollars, check the space under \$ US\*

**BOX 5 (C) Nature of transaction**

*General*

- Acquisition or disposition in the public market 10
- Acquisition or disposition carried out privately 11
- Acquisition or disposition under a prospectus 15
- Acquisition or disposition under a prospectus exemption 18
- Acquisition or disposition pursuant to a take-over bid, merger or acquisition 22
- Acquisition or disposition under a purchase/ownership plan 30
- Stock dividend 35
- Conversion or exchange 36
- Stock split or consolidation 37
- Redemption/retraction/cancellation/repurchase 38
- Short sale 40
- Compensation for property 45
- Compensation for services 46
- Acquisition or disposition by gift 47
- Acquisition by inheritance or disposition by bequest 48

*Issuer Derivatives*

- Grant of options 50
- Exercise of options 51
- Expiration of options 52
- Grant of warrants 53
- Exercise of warrants 54
- Expiration of warrants 55
- Grant of rights 56
- Exercise of rights 57
- Expiration of rights 58

*Third Party Derivatives*

- Acquisition or disposition (writing) of third party derivative 70
- Exercise of third party derivative 71
- Other settlement of third party derivative 72
- Expiration of third party derivative 73

*Miscellaneous*

- Change in the nature of ownership 90
- Other 97

(D) Indicate the number of securities, or for debt securities, the aggregate nominal value, of the class held, directly and indirectly, after the transaction that is being reported.

(E) Indicate the nature of ownership, control or direction of the class of securities held using the following codes:

- Direct ownership 1
- Indirect ownership (identify the registered holder) 2
- Control or direction (identify the registered holder) 3

(F) For securities that are indirectly held, or over which control or direction is exercised, identify the registered holder.

**BOX 6 Remarks**

Add any explanation necessary to make the report clearly understandable.

If space provided for any item is insufficient, additional sheets may be used. Additional sheets must refer to the appropriate Box and must be properly identified and signed.

Office staff are not permitted to alter a report.

**BOX 7 Signature and filing**

Sign and date the report.

File one copy of the report in each jurisdiction in which the issuer is reporting within the time limits prescribed by the applicable laws of that jurisdiction.

Manually sign the report.

Legibly print or type the name of each individual signing the report.

If the report is filed on behalf of a company, partnership, trust or other entity, legibly print or type the name of that entity after the signature.

If the report is signed on behalf of an individual by an agent, there shall be filed with each jurisdiction in which the report is filed a duly completed power of attorney.

If the report is filed by facsimile in accordance with National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI), the report should be sent to the applicable securities regulatory authority at the fax number set out below.

Alberta Securities Commission  
4th Floor, 300 - 5th Avenue S.W.  
Calgary, AB T2P 3C4  
Attention: Information Officer\*  
Telephone: (403) 297-6454  
Fax: (403) 297-6156

British Columbia Securities Commission  
PO Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver BC V7Y 1L2  
Attention: Supervisor, Insider Reporting\*  
Telephone: (604) 899-8500 or  
(800) 373-8393 (in BC)  
Fax: (604) 899-8550

The Manitoba Securities Commission  
1130 - 405 Broadway  
Winnipeg, MB R3C 3L6  
Attention: Continuous Disclosure\*  
Telephone: (204) 945-2548  
Fax: (204) 945-4508

Securities Commission of Newfoundland  
P.O. Box 8700, 2nd Floor West Block  
Confederation Building  
St. John's, NF A1B 4J6  
Attention: Director of Securities\*  
Telephone: (709) 729-4189  
Fax: (709) 729-6187

Nova Scotia Securities Commission  
2nd Floor, Joseph Howe Building  
1690 Hollis Street, P.O. Box 458  
Halifax, NS B3J 3J9  
Attention: FOI Officer\*  
Telephone: (902) 424-7768  
Fax: (902) 424-4625

Ontario Securities Commission  
Suite 1903, Box 55, 20 Queen Street West  
Toronto, ON M5H 3S8  
Attention: FOI Coordinator\*  
Telephone: (416) 593-8314  
Fax: (416) 593-3666

Commission des valeurs mobilières du Québec\*\*  
Stock Exchange Tower  
P.O. Box 248, 22nd Floor  
800 Victoria Square  
Montreal, PQ H4Z 1G3  
Attention: Responsable de l'accès à l'information\*  
Telephone: (514) 940-2150 or  
(800) 381-5072 (in Québec)  
Fax: (514) 873-3120

Saskatchewan Securities Commission  
800 - 1820 Broad Street  
Regina, SK S4P 3V7  
Attention: Director\*  
Telephone: (306) 787-5645  
Fax: (306) 787-5699

\* For questions about the collection and use of personal information.

\*\* In Québec questions about the collection and use of personal information may also be addressed to the Commission des accès à l'information du Québec (1-888-528-7741).

**COMPANION POLICY 55-102CP  
TO NATIONAL INSTRUMENT 55-102  
SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS  
(SEDI)**

**PART 1 - PUBLIC AVAILABILITY OF SEDI  
INFORMATION**

1.1 The securities legislation of several provinces requires, in effect, that information filed with the securities regulatory authority or, where applicable, the regulator under such securities legislation, be made available for public inspection during normal business hours except for information that the securities regulatory authority or, where applicable, the regulator,

- (a) believes to be personal or other information of such a nature that the desirability of avoiding disclosure thereof in the interest of any affected individual outweighs the desirability of adhering to the principle that information filed with the securities regulatory authority or the regulator, as applicable, be available to the public for inspection, or
- (b) in Alberta, considers that it would not be prejudicial to the public interest to hold the information in confidence, or
- (c) in Quebec, considers that access to the information could be prejudicial for the affected persons.

Based on the above mentioned provisions of the securities legislation, the securities regulatory authority or the regulator, as applicable, has determined that the information listed in Schedule A to this Companion Policy discloses personal or other information or such a nature that the desirability of avoiding disclosure of this personal or other information in the interests of the affected persons outweighs the desirability of making the information available to the public for inspection. In addition, in Alberta, the securities regulatory authority and the regulator consider that it would not be prejudicial to the public interest to hold the information listed in Schedule A to this Companion Policy in confidence and in Quebec, the security regulatory authority considers that access to the information by the public in general could be prejudicial for the affected persons. Accordingly, the information listed in Schedule A to this Companion Policy will not be made publicly available.

1.2 The securities regulatory authority or the regulator, as applicable, has further determined that, in the case of information filed in SEDI format other than information listed in Schedule A to this Companion Policy, the requirement that this information be made available for public inspection will be satisfied by making the information available on the SEDI web site.

**PART 2 - PRODUCTION OF SEDI FILINGS**

2.1 The securities legislation of several provinces contains a requirement to produce or make available an original or certified copy of information filed under the securities legislation. The securities regulatory authority or the regulator, as applicable, considers that it may satisfy such a requirement in the case of information filed in SEDI format by providing a printed copy or other output of the information in readable form that contains or is accompanied by a certification by the regulator that the printed copy or output is a copy of the information filed in SEDI format.

**PART 3 - JURISDICTION OF FILING**

3.1 The SEDI software application located at the SEDI web site does not provide a SEDI user with the functionality to select the jurisdiction(s) in which a SEDI filing is being submitted for filing. However, the securities regulatory authority takes the view that the submission of information in SEDI format in accordance with the National Instrument constitutes the filing of that information under securities legislation if the information is required to be filed under the securities legislation.

**PART 4 - DATE OF FILING AND CONDITIONAL FILING**

4.1 Subject to section 4.2, the securities regulatory authority takes the view that information filed in SEDI format is, for purposes of securities legislation, filed on the day that the transmission of the information to the SEDI server is completed. Following receipt by SEDI of information filed in SEDI format, SEDI will provide the SEDI user with the ability to print a copy of the filed information showing the date and time of receipt by SEDI.

4.2 Subsection 2.5(1) of the National Instrument provides that an individual who is a SEDI filer, a filing agent, or an authorized representative of a SEDI filer or filing agent, may use SEDI for the purpose of making SEDI filings. Subsection 2.5(2) of the National Instrument provides that, before using SEDI to make a SEDI filing, such an individual must register as a SEDI user by completing and submitting an online user registration form and delivering a manually signed paper copy of the completed user registration form to the SEDI operator, for verification. Since registration requires delivery of a signed paper copy of the completed user registration form to the SEDI operator for verification, the securities regulatory authority takes the view that a SEDI filing made by an individual who has not completed registration as a SEDI user in accordance with subsection 2.5(2) of the National Instrument is not a valid filing for purposes of securities legislation until such time as the individual making the SEDI filing has completed the registration process.

Despite the requirement to complete the user registration process before using SEDI to make filings, SEDI has been designed to permit an individual who has submitted the online user registration form to proceed to prepare and submit an insider profile as well as insider reports prior to the delivery and verification of the signed paper copy of the registration form. However, SEDI will assign a conditional status to any insider profiles or insider reports filed by an individual who has not completed the registration process. Consistent with the provisions of the National Instrument discussed above, SEDI filings that are conditional are not considered valid filings and are not made publicly accessible. If and when the individual making a conditional SEDI filing completes the registration process, any conditional SEDI filings will automatically cease to be conditional filings and will be made publicly accessible.

It is anticipated that signed paper copies of the registration form that are delivered to the SEDI operator for verification will be processed promptly upon receipt by the SEDI operator. If there is a problem with the verification process, the SEDI operator will attempt to resolve the problem by trying to contact the registering individual or using other appropriate means, which may involve referring the problem to the securities regulatory authority. It is preferred that registering individuals sign a computer printout of the online registration form for purposes of satisfying the requirement to deliver a signed paper copy of the form to the SEDI operator for verification.

## PART 5 - OFFICIAL COPY OF SEDI FILINGS

- 5.1 For purposes of securities legislation, securities directions or any other related purpose, the securities regulatory authority takes the view that the official record of any information filed in SEDI format by a SEDI filer is the electronic information stored in SEDI.

## PART 6 - COLLECTION, USE AND DISCLOSURE OF PERSONAL INFORMATION

- 6.1 The *Personal Information Protection and Electronic Documents Act (Canada)* (the "Federal Privacy Act") requires an organization that is collecting, using or disclosing personal information to obtain the individual's consent in most circumstances. While certain information filed in SEDI is personal information within the meaning of the Federal Privacy Act, the Act provides an exemption from the consent requirement in respect of personal information that is, by law, collected and placed in a public registry if the collection, use and disclosure relates directly to the purposes for which the personal information appears in the public registry. This exemption is based on the recognition that often there are legitimate primary purposes for which the personal information is collected, used or disclosed and, therefore, as long as the information is collected, used or disclosed for the primary purposes, no consent is required.

In Quebec, the *Act Respecting Access to Documents Held by Public Bodies and the Protection of Personal Information*, R.S.Q. c. A-2.1 (the "Public Sector Act") and the *Act Respecting the Protection of Personal Information in the Private Sector*, R.S.Q. c. P-39.1 (the "Private Sector Act") are both applicable to information filed in SEDI. Under the Public Sector Act, personal information which, by law, is public is not considered to be nominative (or personal) and, therefore, is not confidential. The Private Sector Act, which applies to persons engaged in carrying on an enterprise (excluding a public body within the meaning of the Public Sector Act and any person that holds information on behalf of the public body), requires an individual's consent to the use or disclosure of personal information concerning the individual in most circumstances. Further, this consent must be manifest, free and enlightened, and must be given for specific purposes. However, Bill 122, which will amend the Private Sector Act and which was introduced in the Quebec legislature on May 11, 2000, will harmonize the Private Sector Act with the Public Sector Act. Bill 122 provides that personal information which, by law, is public is not confidential. Consequently, if the Quebec legislature adopts Bill 122, the use and communication of publicly available information filed in SEDI will not be subject to the consent requirement in the Private Sector Act.

- 6.2 For purposes of determining the scope of the exemption from the consent requirement in the Federal Privacy Act discussed in section 6.1, the securities regulatory authority takes the view that the primary purposes for the collection, use and disclosure of personal information relating to insiders of reporting issuers and their security holdings in these issuers include the following:
- (a) protecting the investing public against unfair, improper or fraudulent use of material undisclosed information relating to publicly traded issuers;
  - (b) enhancing the ability of investors to make well-informed investment decisions;
  - (c) promoting efficiency in the capital markets;
  - (d) promoting fair, honest and responsible market practices by market participants; and
  - (e) promoting confidence in the transparent operation of the capital markets in Canada.

**SCHEDULE A TO COMPANION POLICY 55-102CP  
SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS  
(SEDI)**

**Form 55-102F1 Insider Profile**

The following information filed in Form 55-102F1 Insider Profile will not be made available for public inspection:

1. Name of insider representative (if applicable) (item 2)
2. Insider's address including postal code but excluding municipality (city, town, etc.), province, territory, state and/or country (item 3)
3. Insider's telephone number (item 4)
4. Insider's fax number (if applicable) (item 5)
5. Insider's e-mail address (if applicable) (item 6)
6. Correspondence in English or French (item 7)
7. Confidential question and answer (item 8)
8. Additional contact information (item 13)

**Form 55-102F2 Insider Report**

The following information filed in Form 55-102F2 Insider Report will not be made available for public inspection:

1. Private remarks to securities regulatory authority (item 17)

**Form 55-102F3 Issuer Profile Supplement**

The following information filed in Form 55-102F3 Issuer Profile Supplement will not be made available for public inspection:

1. Name of insider affairs contact (item 2)
2. Address of insider affairs contact (item 3)
3. Telephone number and e-mail address of insider affairs contact (item 4)
4. Fax number of insider affairs contact (if applicable) (item 5)
5. Confidential question and answer (item 6)

**Form 55-102F4 Issuer Event Report**

The following information filed in Form 55-102F4 Issuer Event Report will not be made available for public inspection:

1. Private remarks to securities regulatory authority (item 6)

**Form 55-102F5 SEDI User Registration Form**

None of the information submitted in Form 55-102F5 SEDI User Registration Form will be made available for public inspection.

**Chapter 6**

**Request for Comments**

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**THERE IS NO MATERIAL FOR THIS CHAPTER  
IN THIS ISSUE**

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## Chapter 7

# Insider Reporting

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This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see [www.carswell.com](http://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](http://www.sedi.ca)).

## Chapter 8

# Notice of Exempt Financings

### Exempt Financings

The Ontario Securities Commission reminds issuers and other parties relying on exemptions that they are responsible for the completeness, accuracy, and timely filing of Forms 45-501F1 and 45-501F2, and any other relevant form, pursuant to section 72 of the *Securities Act* and OSC Rule 45-501 ("Exempt Distributions").

### Reports of Trades Submitted on Form 45-501f1

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
10Mar01	CC&L Balanced Fund - Units	214,797	15,816
26Sep01	CC&L Balanced Fund - Units	500	48
28Sep01	CC&L Balanced Fund - Units	25,725	2,457
24Sep01	CC&L Global Futures Fund - Units	150,003	19,341
21Sep01	CC&L Global Growth Fund - Units	193,187	28,414
26Sep01	CC&L Money Market Fund - Units	325,191	32,519
24Apr01	CC&L Private Client Bond Fund - Units	496,853	49,953
24Sep01	CC&L Private Client Bond Fund - Units	13,500	1,285
21Sep01	CC&L Private Client Canadian Equity Fund - Units	250,392	29,340
24Sep01	CC&L Private Client Bond Fund - Units	466,852	44,465
21Sep01	CC&L Private Client Bond Fund - Units	213,963	20,365
24Sep01	CC&L US Equity Fund - Units	316,849	35,583
24Aug01	CI Trident Fund - Units	150,000	873
01Oct01	Edgeflow, Inc. - Series A Preferred Stock	4,330,425	5,500,000
28Sep01	Excalibur Harvest Canadian Fund - Units	1,949,600	188,598
01Jan01 to 31Aug01	Goldman Sachs Mutual Funds -	1,592,941	1,592,941
21Sep01	Grosvenor Services 2001 Limited Partnership - Limited Partnership Units	23,121,450	140
01Oct01	Ibis Petroleum Inc. - Class A Common Shares	75,000	100,000
19Sep01	InBusiness Solutions Inc. - Convertible Debenture	1,000,000	1
28Sep01	iPerformance Fund Inc. - Common Shares	657,500	657,500
26Sep01	Leeward Bull & Bear Fund L.P. - Limited Partnership Units	200,000	199
30Apr01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Russell Canadian Equity Fund - Units	1,602	14
06Apr01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund - Units	976	9
05Apr01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund - Units	47,865	476
26Apr01	Lifepoints Opportunity Fund - Units	2,274	20
19Apr01	Lifepoints Opportunity Fund - Units	581	5
04Apr01	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	16,972	167
20Mar01	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	1,886	18
11Apr01	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	278,493	2,657

**Notice of Exempt Financings**

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
12Apr01	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	502,745	4,899
30Apr01	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	721,747	7,006
09Apr01	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	3,389,255	33,363
27Apr01	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	257,480	2,448
06Apr01	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	947,818	9,319
05Apr01	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	1,619,889	15,710
20Apr01	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	219,839	2,087
22Mar01	Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	1,023	9
19Apr01	Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	173,196	1,669
07Mar01	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	198,545	1,841
18Apr01	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	37,150	347
18Apr01	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	37,150	347
25Apr01	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	352,240	3,407
12Mar01	Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	919	8
10Apr01	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	457,854	4,517
24Apr01	Lifepoints Progress Fund - Units	1,002	9
19Apr01	Lifepoints Progress Fund, Lifepoints Achievement Fund - Units	173,196	1,669
28Sep01	MAPLE KEY Market Neutral LP - Limited Partnership Units	4,476,607	4,476,607
30Sep01	Marquest Canadian Equity Growth Fund - Units	1,125	134
30Sep01	Marquest Dividend Income Fund - Units	244,802	23,835
30Sep01	Marquest Balanced Fund - Units	313,495	34,726
09Sep01	Maxxum Financial Services - Class A Units	150,000	1,375
07Jun01	Musicrypt Inc. - Units	311,340	207,560
24Sep01	# Parian XV Real Estate Limited Partnership - Units	200,000	200
26Apr01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund - Units	69,654	554
23Mar01	Russell Canadian Fixed Income Fund, Lifepoints Balanced Income Fund - Units	137,353	1,161
28Mar01	Russell Canadian Equity Fund, Russell US Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	169,934	1,331
27Mar01	Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund - Units	48,655	419
26Mar01	Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	194,246	1,858
25Apr01	Russell Canadian Fixed Income Fund, Russell US Equity Fund - Units	45,299	388
24Apr01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund - Units	180,591	1,369
21Mar01	Russell Canadian Equity Fund, Russell Overseas Equity Fund - Units	14,895	100
04Apr01	Russell Canadian Equity Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	47,520	459

Notice of Exempt Financings

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
30Apr01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	424,627	3,885
09Apr01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	435,595	3,745
30Mar01	Russell Canadian Equity Fund, Russell US Equity Fund, Lifepoints Balanced Income Fund - Units	87,078	578
27Apr01	Russell Canadian Fixed Income Fund, Russell US Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund - Units	245,018	2,117
21Mar01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund - Units	37,842	259
21Mar01	Russell Canadian Equity Fund, Russell US Equity Fund - Units	5,525	35
02Apr01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	561,426	4,990
02Mar01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund - Units	38,750	268
02Mar01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund - Units	33,450	220
02Mar01	Russell Overseas Equity Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	112,889	1,033
19Mar01	Russell Overseas Equity Fund, Russell US Equity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	19,393	183
23Apr01	Russell Overseas Equity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	1,428,724	13,684
29Mar01	Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund - Units	73,649	665
17Apr01	Russell Overseas Equity Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	550,693	5,402
17Apr01	Russell Overseas Equity Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	550,693	5,402
01Mar01	Russell Overseas Equity Fund, Russell US Equity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	9,238	81
16Apr01	Russell Overseas Equity Fund, Russell US Equity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund - Units	156,693	1,541
16Apr01	Russell Overseas Equity Fund, Russell US Equity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund - Units	156,693	1,541
13Mar01	Russell Overseas Equity Fund, Russell US Equity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	13,237	123
28Feb01	Russell US Equity Fund, Lifepoints Progress Fund, Lifepoints Opportuntiy Fund - Units	7,830	63
29Mar01	Russell US Equity Fund - Units	4,100	33
24Sep01	Taish Lake Gold Corp. - Flow-Through Units	450,001	346,155

**Notice of Exempt Financings**

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

<u>Name of Company</u>	<u>Date the Company Ceased to be a Private Company</u>
B2B Trust	27Jun01

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

<u>Seller</u>	<u>Security</u>	<u>Amount</u>
Paros Enterprises Limited	Aktion Corporation - Common Shares	2,000,000
Melnick, Larry	Champion Natural Health.com Inc. - Subordinate Voting Shares	29,900
Taronga Holdings Limited	Extendicare Inc. - Multiple Voting Shares	40,000
Kingfield Investments Limited	Extendicare Inc. - Multiple Voting Shares	50,000
Kingfield Holdings Limited	Extendicare Inc. - Multiple Voting Shares	64,000
1461940 Ontario Inc. (Formerly 864062 Ontario Limited)	Husky Injection Molding Systems Ltd. - Common Shares - Amended	200,000
The Schad Foundation	Husky Injection Molding Systems Ltd. - Common Shares - Amended	350,000
SLMsoft.com Inc.	Infocorp Computer Solutions Ltd. - Common Shares	6,811,052
Magrill, Gordon	Library Information Software Corp. - Class A Shares	2,500,000

## Chapter 9

# Legislation

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### 9.1.1 Amendment to Regulation 1015

#### National Instrument 55-102 (SEDI)

#### ONTARIO REGULATION MADE UNDER THE SECURITIES ACT

#### AMENDING REG. 1015 OF R.R.O. 1990 (GENERAL)

Note: Since the end of 2000, Regulation 1015 has been amended by Ontario Regulations 67/01, 91/01, 126/01 and 273/01. Previous amendments are listed in the Table of Regulations published in The Ontario Gazette dated January 20, 2001.

1. Section 161 of Regulation 1015 of the Revised Regulations of Ontario, 1990 is amended by striking out "or Ontario Securities Commission Rule 55-502 *Facsimile Filing or Delivery of Insider Reports*" and substituting "Ontario Securities Commission Rule 55-502 *Facsimile Filing or Delivery of Section 109 Reports* or National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*".

2.(1) Section 173 of the Regulation is amended by striking out "Form 36" and substituting "Form 55-102 F6 (made under National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*)"

(2) Section 173 of the Regulation is amended by adding the following subsection:

(2) This section does not apply to insiders who are required by National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)* to file the report in electronic format.

3.(1) Section 174 of the Regulation is amended by striking out "Form 36" and substituting "Form 55-102 F6 (made under National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*)" .

(2) Section 174 of the Regulation is amended by adding the following subsection:

(2) This section does not apply to insiders who are required by National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)* to file the report in electronic format.

4. This Regulation comes into force on November 13, 2001.

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## Chapter 11

# IPOs, New Issues and Secondary Financings

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**Issuer Name:**

Ascot Energy Resources Ltd.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Prospectus dated October 10th, 2001  
Mutual Reliance Review System Receipt dated October 10th, 2001

**Offering Price and Description:**

\$6,006,000 - 9,240,000 Common Shares Issuable upon the Exercise of Special Warrants

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

FirstEnergy Capital Corp.

**Promoter(s):**

-  
Project #393537

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**Issuer Name:**

Canadian Pacific Railway Company  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Shelf Prospectus dated October 16th, 2001  
Mutual Reliance Review System Receipt dated October 16th, 2001

**Offering Price and Description:**

US\$1,000,000,000 Debt Securities

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

-  
**Promoter(s):**

-  
Project #394550

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**Issuer Name:**

CU Inc.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Shelf Prospectus dated October 15th, 2001  
Mutual Reliance Review System Receipt dated October 16th, 2001

**Offering Price and Description:**

\$750,000,000 Debentures (Unsecured)

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

BMO Nesbitt Burns Inc.  
RBC Dominion Securities Inc.  
TD Securities Inc.

**Promoter(s):**

-  
Project #394354

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**Issuer Name:**

Diversified Canadian Financial II Corp.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Prospectus dated October 10th, 2001  
Mutual Reliance Review System Receipt dated October 12th, 2001

**Offering Price and Description:**

\$ \* - \* Senior Preferred Shares @ \$25.00 per Senior Preferred Share

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

Scotia Capital Inc.  
CIBC World Markets Inc.  
RBC Dominion Securities Inc.  
TD Securities Inc.  
BMO Nesbitt Burns Inc.  
Merrill Lynch Canada Inc.  
HSBC Securities (Canada) Inc.  
National Bank Financial Inc.  
Trilon Securities Corporation  
Thomson Kernaghan & Co. Ltd.

**Promoter(s):**

Trilon Securities Corporation  
Project #393762

---

**Issuer Name:**

Fidelity Global Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated October 16th, 2001  
Mutual Reliance Review System Receipt dated October 17th, 2001

**Offering Price and Description:**

Series A and Series F Units

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

Fidelity Investments Canada Limited

**Promoter(s):**

-  
Project #394460



**Issuer Name:**

GGOF Guardian Dividend Growth Fund  
GGOF Guardian Global Equity Fund  
GGOF Guardian International Equity Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated October 12th, 2001  
Mutual Reliance Review System Receipt dated October 15th, 2001

**Offering Price and Description:**

Mutual Fund Securities Net Asset Value

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

Guardian Group of Funds Ltd.

**Promoter(s):**

-  
Project #394011

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**Issuer Name:**

Glamis Gold Ltd.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated October 10th, 2001  
Mutual Reliance Review System Receipt dated October 10th, 2001

**Offering Price and Description:**

\$40,000,000 - 8,000,000 Common Shares @ \$5.00 per Common Share

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

Research Capital Corporation  
BMO Nesbitt Burns Inc.  
National Bank Financial Inc.

**Promoter(s):**

-  
Project #393314

---

**Issuer Name:**

Nu-Sky Energy Inc.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Prospectus dated October 5<sup>th</sup>, 2001  
Mutual Reliance Review System Receipt dated October 5<sup>th</sup>, 2001

**Offering Price and Description:**

-

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

Yorkton Securities Inc.

**Promoter(s):**

-  
Project #393057

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**Issuer Name:**

RBC Investments Focus List Trust, 2001 Portfolio  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated October 16th, 2001  
Mutual Reliance Review System Receipt dated October 17th, 2001

**Offering Price and Description:**

Series A and F Units

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

First Defined Portfolio Management Inc.

**Promoter(s):**

-  
Project #394617

---

**Issuer Name:**

The Toronto-Dominion Bank  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated October 12th, 2001  
Mutual Reliance Review System Receipt dated October 12th, 2001

**Offering Price and Description:**

\$399,999,850 - 10,958,900 Common Shares @ \$36.50 per Common Share

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

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

**Promoter(s):**

-  
Project #393943

---

**Issuer Name:**

HIRSCH CANADIAN GROWTH FUND  
HIRSCH BALANCED FUND  
HIRSCH NATURAL RESOURCE FUND  
HIRSCH FIXED INCOME FUND  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated October 9, 2001 to Simplified Prospectus and Annual Information Form dated May 24th, 2001

Mutual Reliance Review System Receipt dated 17<sup>th</sup> day of October, 2001

**Offering Price and Description:**

Mutual Fund Securities Net Asset Value

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

**Promoter(s):**

-  
Project #347704

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**Issuer Name:**

Antrim Energy Inc.  
Principal Regulator - Alberta

**Type and Date:**

Final Long Form Prospectus dated October 15th, 2001  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of October, 2001

**Offering Price and Description:**

-

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

Haywood Securities Inc.  
FirstEnergy Capital Corp.  
J.F. MacKie & Company  
Jennings Capital Inc.

**Promoter(s):**

Stephen E. Greer

Project #389961

---

**Issuer Name:**

iUnits S&P/TSE 60 Index Participation Fund  
iUnits S&P/TSE 60 Capped Index Fund  
iUnits S&P/TSE Canadian MidCap Index Fund  
iUnits S&P/TSE Canadian Energy Index Fund  
iUnits S&P/TSE Canadian Information Technology Index Fund  
iUnits S&P/TSE Canadian Gold Index Fund  
iUnits S&P/TSE Canadian Financials Index Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated October 12th, 2001  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of October, 2001

**Offering Price and Description:**

-

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

Barclays Global Investors Canada Limited

**Promoter(s):**

-

Project #386456

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**Issuer Name:**

KINROSS GOLD CORPORATION

**Type and Date:**

Final Short Form Prospectus dated July 4<sup>th</sup>, 2001  
Receipt dated 5<sup>th</sup> day of July, 2001

**Offering Price and Description:**

-

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

-

**Promoter(s):**

Project #367892

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**Issuer Name:**

Linmor Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated October 11th, 2001  
Mutual Reliance Review System Receipt dated 15<sup>th</sup> day of October, 2001

**Offering Price and Description:**

-

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

Griffiths McBurney & Partners  
Yorkton Securities Inc.

**Promoter(s):**

-

Project #389003

---

**Issuer Name:**

SUN LIFE CAPITAL TRUST  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated October 11th, 2001  
Mutual Reliance Review System Receipt dated 12<sup>th</sup> day of October, 2001

**Offering Price and Description:**

-

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

Scotia Capital Inc.  
Merrill Lynch Canada Inc.

**Promoter(s):**

Sun Life Assurance Company of Canada

Project #386120

---

**Issuer Name:**

Algonquin Power Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated October 11th, 2001  
Mutual Reliance Review System Receipt dated 11<sup>th</sup> day of October, 2001

**Offering Price and Description:**

-

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

BMO Nesbitt Burns Inc.  
Merrill Lynch Canada Inc.  
National Bank Financial Inc.  
CIBC World Markets Inc.  
RBC Dominion Securities Inc.  
TD Securities Inc.  
Raymond James Ltd.  
Scotia Capital Inc.

**Promoter(s):**

-

Project #391891

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**Issuer Name:**

CNH Capital Canada Receivables Trust  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Shelf Prospectus dated October 11th, 2001  
Mutual Reliance Review System Receipt dated 12<sup>th</sup> day of  
October, 2001

**Offering Price and Description:**

-

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

-

**Promoter(s):**

Case Credit Ltd.  
Project #389580

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**Issuer Name:**

Isotechnika Inc.  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated October 15th, 2001  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of  
October, 2001

**Offering Price and Description:**

-

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

TD Securities Inc.  
Canaccord Capital Corporation  
Research Capital Corporation

**Promoter(s):**

Robert Foster  
Randall Yatscoff  
Joseph Koziak  
Project #391643

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**Issuer Name:**

Loblaw Companies Limited  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated October 16th, 2001  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of  
October, 2001

**Offering Price and Description:**

-

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

CIBC World Markets Inc.  
RBC Dominion Securities Inc.  
TD Securities Inc.  
National Bank Financial Inc.  
Scotia Capital Inc.  
Merrill Lynch Canada Inc.  
Harris Partners Limited

**Promoter(s):**

-

Project #393191

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**Issuer Name:**

National Bank of Canada  
Principal Regulator - Quebec

**Type and Date:**

Final Short Form Shelf Prospectus dated October 11th, 2001  
Mutual Reliance Review System Receipt dated 12<sup>th</sup> day of  
October, 2001

**Offering Price and Description:**

-

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

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

**Promoter(s):**

-

Project #391934

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**Issuer Name:**

TransCanada Power, L.P.  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated October 16th, 2001  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of  
October, 2001

**Offering Price and Description:**

-

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

BMO Nesbitt Burns Inc.  
Merrill Lynch Canada Inc.  
RBC Dominion Securities Inc.  
TD Securities Inc.  
Scotia Capital Inc.  
National Bank Financial Inc.  
FirstEnergy Capital Corp.  
Raymond James Ltd.

**Promoter(s):**

-

Project #392962

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**Issuer Name:**

AIM RSP Core Global Equity Fund (Series A and Series F)  
AIM RSP Core American Equity Fund (Series A and Series F)  
AIM Core Global Equity Class (Series A, Series F and Series I)  
AIM Core American Equity Class (Series A, Series F and Series I)  
AIM Core Canadian Equity Class (Series A and Series F)  
AIM Core Canadian Balanced Class (Series A and Series F)  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated October 12th, 2001  
Mutual Reliance Review System Receipt dated 15<sup>th</sup> day of October, 2001

**Offering Price and Description:**

-

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

AIM Funds Management Inc.

**Promoter(s):**

-

Project #390133, 381933

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**Issuer Name:**

National Bank Secure Diversified Fund  
National Bank Moderate Diversified Fund  
National Bank Aggressive Diversified Fund  
National Bank Intrepid Diversified Fund  
National Bank Conservative Diversified Fund  
Principal Regulator - Quebec

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated September 28th, 2001  
Mutual Reliance Review System Receipt dated 11<sup>th</sup> day of October, 2001

**Offering Price and Description:**

-

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

**Promoter(s):**

-

Project #377785

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**Issuer Name:**

ICM Balanced Fund  
ICM Bond Fund  
ICM Canadian Value Growth Fund  
ICM Equity Fund  
ICM International Equity Fund  
ICM Short Term Investment Fund  
ICM U.S. Small Cap Equity Fund  
ICM U.S. Value Growth Fund  
Analytic Core U.S. Equity Fund (formerly Integra Analytic U.S. Large Cap Equity Fund)  
Acadian Core International Equity Fund (formerly Integra EuroPacific Fund)  
NWQ U.S. Large Cap Value Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated October 4th, 2001  
Mutual Reliance Review System Receipt dated 17<sup>th</sup> day of October, 2001

**Offering Price and Description:**

-

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

**Promoter(s):**

-

Project #384219

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**Issuer Name:**

RBC Advisor U.S. Equity Class  
RBC Advisor Short-Term Income Class  
RBC Advisor Global Titans Class  
RBC Advisor Global Technology Class  
RBC Advisor Global Small Cap Equity Class  
RBC Advisor Global Resources Class  
RBC Advisor Global Infrastructure Class  
RBC Advisor Global Health Sciences Class  
RBC Advisor Global Financial Services Class  
RBC Advisor Global Consumer Trends Class  
RBC Advisor Global Communications and Media Class  
RBC Advisor Global Balanced Class  
RBC Advisor Emerging Markets Equity Class (Series A and Series F Shares)  
RBC Advisor Global High Yield Fund  
RBC Advisor Blue Chip Canadian Equity Fund  
RBC Advisor Canadian Bond Fund (formerly DS Premier Canadian Bond Portfolio) (Series A and Series F Units)  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated October 15, 2001  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of October, 2001

**Offering Price and Description:**

-

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

**Promoter(s):**

-

Project #381599

**Issuer Name:**

AIM Core Canadian Equity Non-RSP Class  
Principal Jurisdiction - Ontario

**Type and Date:**

Preliminary Simplified Prospectus and Annual Information  
Form dated August 20th, 2001  
Withdrawn on September 21st, 2001

**Offering Price and Description:**

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

**Promoter(s):**

-  
Project #381933

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**Issuer Name:**

Electronic Substrate Systems Inc.  
Principal Jurisdiction - Alberta

**Type and Date:**

Preliminary Prospectus dated May 30th, 2001  
Closed on October 11th, 2001

**Offering Price and Description:**

\$4,500,000 to \$3,500,000 - \* Units

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

Octagon Capital Corporation

**Promoter(s):**

Eldon Guay  
Wray Hodgson  
Garnet Bailey

Project #364418

## Chapter 12

# Registrations

### 12.1.1 Securities

Type	Company	Category of Registration	Effective Date
New Registration	Fuji Securities Inc. Attention: Kenneth G. Ottenbreit c/o 152928 Canada Inc. Commerce Court West 53 <sup>rd</sup> Floor, PO Box 85 Toronto ON M5L 1B9	International Dealer	Oct 15/01
Change of Name	AGF Private Investment Management Limited Attention: Beatrice Ling Ip c/o AGF Management Limited Suite 3100, Toronto Dominion Bank Tower Toronto Dominion Centre Toronto ON M5K 1E9	From: AGF Magna Vista Private Investment Management Limited  To: AGF Private Investment Management Limited	Aug 03/01
Change of Name	Voyageur Asset Management Inc. Attention: Mark Convery Meighen Demers Suite 1100, Box 11 200 King Street West Toronto ON M5H 3S8	From: Voyageur Asset Management LLC  To: Voyageur Asset Management Inc.	Dec 08/00

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## Chapter 13

# SRO Notices and Disciplinary Proceedings

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### 13.1.1 IDA News Release - William Gerard Armstrong

#### NOTICE TO PUBLIC RE: DISCIPLINARY HEARING

##### RE: WILLIAM GERARD ARMSTRONG

Toronto, Ontario – The Investment Dealers Association of Canada has scheduled a hearing before the Ontario District Council of the Association concerning William Gerard Armstrong.

The hearing is scheduled to begin Wednesday October 31, 2001, at 9:30am, at the offices of the Association, located at 121 King Street West, Suite 1600, in Toronto, Ontario.

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

The hearing is in regard to allegations made by Staff of the Enforcement Department of the Association that, while a Registered Representative at Canaccord Capital Corporation Inc., Mr. Armstrong failed to use due diligence to ensure that the recommendations made for a client account were appropriate for the client and in keeping with the client's investment objectives, contrary to Association Regulation 1300.1(c).

October 12, 2001.

"Kenneth J. Kelertas"

### 13.1.2 IDA News Release - Roger Ancil Rambhajan

#### NOTICE TO PUBLIC RE: DISCIPLINARY HEARING

##### RE: ROGER ANCIL RAMBHAJAN

Toronto, Ontario – The Investment Dealers Association of Canada has scheduled a hearing before the Ontario District Council of the Association concerning Roger Ancil Rambhajan.

The hearing is scheduled to commence on Wednesday, October 31, 2001, at 9:30am, at the offices of the Association, located at 121 King Street West, Suite 1600, in Toronto, Ontario.

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

The hearing is in regards to allegations made by Staff of the Enforcement Department of the Association that, while a Registered Representative at Rampart Securities Inc. (formerly Merit Investment Corporation), Mr. Rambhajan prepared and filed documentation to have the accounts of certain clients guarantee the accounts of certain third-party acquaintances of his, without the knowledge or consent of the guarantor clients. The Enforcement Department alleges that Mr. Rambhajan forged the signatures of the guarantor clients on a number of occasions.

Further, the Enforcement Department alleges that Mr. Rambhajan engaged in unauthorized trading in the accounts of certain clients, and then diverted mail intended for those clients in order to conceal this activity. Finally, the Enforcement Department alleges that, on one occasion, Mr. Rambhajan forged trade confirmation slips and presented them to a client in order to create the impression that trades requested by the client had been executed when this was not the case.

October 11, 2001.

"Jeffrey Kehoe"



**13.1.3 Participating Organization Disciplined -  
CIBC World Markets Inc.**

**PARTICIPATING ORGANIZATION DISCIPLINED**

**Firm Disciplined**

On September 11, 2001, a Hearing Committee Panel of The Toronto Stock Exchange Inc. (the "Exchange") approved an Offer of Settlement made between the Exchange and CIBC World Markets Inc. ("CIBC WM"), a Participating Organization of the Exchange.

**Rule Violated**

Under the terms of the Offer of Settlement, CIBC WM admits that it committed the following violation:

Between March 8 and August 9, 2000, CIBC WM failed to ensure that several of its employees were approved as Approved Traders in compliance with Rule 4-405(1) prior to those employees entering orders on the Exchange. CIBC WM therefore failed to ensure that its employees complied with Exchange Requirements, contrary to Rule 2-401.

**Penalty Assessed**

Pursuant to the terms of the Offer of Settlement, CIBC WM is required to:

- a. pay a fine of \$10,000; and
- b. pay \$2,500 towards the cost of the Exchange's investigation.

**Summary of Facts**

An institutional trader in the Montreal office of CIBC WM was allowed to enter orders by CIBC WM on the Exchange from March 8 through August 9, 2000 without having received Exchange approval. From March 13 through April 19, 2000, CIBC WM permitted three traders in its Toronto office to enter orders on the Exchange before they were approved by the Exchange as Approved Traders.

*Participating Organizations that require additional information should direct their questions to Marie Oswald, Director, Investigations and Enforcement, Regulation Services at 416-947-4376.*

October 12, 2001.

"Leonard Petrillo"

**13.1.4 Participating Organization Disciplined -  
Dundee Securities Corporation**

**PARTICIPATING ORGANIZATION DISCIPLINED**

**Firm Disciplined**

On September 21, 2001, a Hearing Committee Panel of The Toronto Stock Exchange Inc. (the "Exchange") approved an Offer of Settlement made between the Exchange and Dundee Securities Corporation ("Dundee"), a Participating Organization of the Exchange.

**Rules Violated**

Under the terms of the Offer of Settlement, Dundee admits that it committed the following violations:

- a. Between the periods of December 21, 1998 to January 12, 1999 and February 16, 2000 to March 15, 2000, Dundee failed to ensure that two of its employees were approved as Approved Traders prior to those employees entering orders on the Exchange. Dundee therefore failed to ensure that its employees complied with Exchange Requirements.
- b. On December 31, 1998, Dundee failed to keep proper records of an order, contrary to Section 16.03 of the General By-law.

**Penalty Assessed**

Pursuant to the terms of the Offer of Settlement, Dundee is required to:

- a. pay a fine of \$10,000; and
- b. pay \$3,000 towards the cost of the Exchange's investigation.

**Summary of Facts**

Dundee permitted a trader in its Toronto office to enter orders on the Exchange from December 21, 1998 to January 12, 1999, without having received Exchange approval as an Approved Trader. Dundee permitted another trader in its Montreal office to enter orders on the Exchange from February 16 through March 15, 2000 without having received Exchange approval as an Approved Trader. Dundee failed to ensure that a trade ticket was properly filled out and time stamped at the time of entry, which hindered a trading investigation.

*Participating Organizations that require additional information should direct their questions to Marie Oswald, Director, Investigations and Enforcement, Regulation Services at 416-947-4376.*

October 12, 2001.

"Leonard Petrillo"

**13.1.5 TSE Inc. - In the Matter of William Snowie**

**NOTICE TO PUBLIC**

**Subject: Toronto Stock Exchange Regulation Services sets contested hearing date in the Matter of William Snowie**

Toronto Stock Exchange Regulation Services ("TSE RS") will convene a Hearing before a Panel of the Hearing Committee (the "Hearing Panel") of the Toronto Stock Exchange. The purpose of this Hearing is to determine whether William Snowie, an Approved Person at all times employed as a Registered Representative with W.D. Latimer Co. Limited, a Participating Organization of the Exchange, contravened or failed to comply with the General By-law of The Toronto Stock Exchange. The alleged contravention of the General By-law is as follows:

Between September 1 and November 30, 1999, William A. Snowie, while an Approved Person employed as a Registered Trader with W.D. Latimer Co. Limited, a Participating Organization of the Exchange, entered bids to execute a trade on behalf of a principal or a non-client account when the effect of such action was to establish an artificial quotation in the listed security, contrary to Section 11.26(1) of the General By-law and Ruling XIV of the Rulings and Directions of the Board.

The Hearing will be held on November 6, 2001, beginning at 10:00 a.m. or as soon thereafter as the Hearing can be held, at the offices of The Toronto Stock Exchange, 130 King Street West, 3rd Floor, Toronto, Ontario. The Hearing is open to the public.

The decision of the Hearing Panel and the terms of any discipline imposed will be published by TSE RS in a Notice to Participating Organizations.

**Reference:**

Jane P. Ratchford  
Chief Counsel  
Investigations and Enforcement Division  
Toronto Stock Exchange Regulation Services

Telephone: 416-947-431

**13.1.6 TSE Inc. - In the Matter of Laudalino Da Costa**

**NOTICE TO PUBLIC**

**Subject: Toronto Stock Exchange Regulation Services adjourns contested hearing in the Matter of Laudalino Da Costa**

**TAKE NOTICE** that the Hearing of this matter, which commenced on October 10, 2001, has been adjourned on consent to November 26-30, 2001, beginning at 10:00 a.m. or as soon thereafter as the Hearing can be held, at ADR Chambers, 48 Yonge Street, Toronto, Ontario. The Hearing is open to the public.

Notice of this Hearing was first published on September 21, 2001 at (2001) 24 OSCB 5754.

**Reference:**

Jane P. Ratchford  
Chief Counsel  
Investigations and Enforcement Division  
Toronto Stock Exchange Regulation Services

Telephone: 416-947-431

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**Chapter 25**  
**Other Information**

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