The Ontario Securities Commission

OSC Bulletin

November 9, 2001

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

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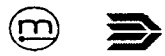

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

November 9, 2001

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

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- -

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Derek Brown	—	DB
Robert W. Davis, FCA	—	RWD
Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
H. Lorne Morphy, Q. C.	—	HLM
R. Stephen Paddon, Q.C.	—	RSP

SCHEDULED OSC HEARINGS

Date to be announced	**Mark Bonham and Bonham & Co. Inc.** s. 127 Staff: TBA Panel: TBA
October 24/2001 10:00 a.m.	**Sohan Singh Koonar** s. 127 and 127.1 Ms. Johanna Superina in attendance for staff. Panel: PMM
October 29/2001 9:00 a.m. October 30/2001 2:00 p.m. November 6-9 November 13-16 December 4, 6, 7, 13, 14, 18 & 20/2001 9:30 a.m.	**YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths Mcburney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)** s. 127 K. Daniels / M. Code / J. Naster / I. Smith in attendance for staff. Panel: HIW / DB / RWD
November 12/2001 9:30 a.m.	**Arlington Securities Inc. and Samuel Arthur Brian Milne** s. 127 Ms. Johanna Superina in attendance for staff. Panel: HIW / MTM / HLM

November 14/2001 2:00 p.m.

Sohan Singh Koonar, Sports & Injury Rehab Clinics Inc., Selectrehab Inc., Shakti Rehab Centre Inc., Niagara Falls Innury Rehab Centre Inc., 962268 Ontario Inc., Apna Health Corporation and Apna Care Inc.

s. 127

Ms. Johanna Superina in attendance for staff.

Panel: PMM

November 30/2001 10:00 a.m.

Rampart Securities Inc.

s. 127

Ms. Tracy Pratt in attendance for staff.

Panel: PMM

December 5/2001 10:00 a.m.

Teodosio Vincent Pangia, Agostino Capista And Dallas/north Group Inc.

s. 127

Ms. Yvonne Chisholm in attendance for staff

Panel: TBA

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

January 3/2002

Jack Banks et al.

s. 127

Mr. Ian Smith in attendance for staff.

Panel: PMM

ADJOURNED SINE DIE

Buckingham Securities Corporation, Lloyd Bruce, David Bromberg, Harold Seidel, Rampart Securities Inc., W.D. Latimer Co. Limited, Canaccord Capital Corporation, BMO Nesbitt Burns Inc., Bear, Stearns & Co. Inc., Dundee Securities Corporation, Caldwell Securities Limited and B2B Trust

Michael Bourgon

DJL Capital Corp. and Dennis John Little

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

First Federal Capital (Canada) Corporation and Monter Morris Friesner

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

Global Privacy Management Trust and Robert Cranston

Irvine James Dyck

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

Offshore Marketing Alliance and Warren English

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

S. B. McLaughlin

Southwest Securities

Terry G. Dodsley

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

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

1.2 News Releases

1.2.1 OSC Establishes Internet-based list of Defaulting Reporting Issuers

FOR IMMEDIATE RELEASE
November 6, 2001

OSC Establishes Internet-based List of Defaulting Reporting Issuers

Toronto - The Ontario Securities Commission has established an Internet-based List of Defaulting Reporting Issuers to facilitate greater transparency and improve access to continuous disclosure information.

As required by Ontario securities law, all reporting issuers are required to file continuous and timely disclosure of material information regarding their activities, including filing documents with securities regulators.

Under new OSC Policy 51-601, reporting issuers will be placed on the default list if they fail to comply with the following requirements of Ontario securities law:

- Failure to file annual financial statements;
- Failure to file interim financial statements;
- Failure to file an Annual Information Form;
- Failure to file MD&A;
- Failure to file proxy material, information circular or Form 28;
- Failure to pay fees;
- Filing continuous disclosure documents that contain a significant deficiency.

"By keeping capital markets participants better informed of defaults, this new and effective mechanism will enhance confidence in the Commission's practices and processes to promote continuous disclosure and foster fair and efficient capital markets," said John Hughes, Manager of the OSC's Continuous Disclosure Team.

"This practice will enable investors to make more informed decisions. Public availability of the Default List may also encourage reporting issuers to be more careful to avoid default," added Mr. Hughes.

The list of defaulting reporting issuers will be updated on a weekly basis. Although every effort will be made to ensure the list is complete and accurate, users are advised to obtain a Certificate of No-Default under section 72(8) of the *Securities Act (Ontario)* if
they require a definitive statement as to whether OSC's records indicate that a reporting issuer is in default.

OSC Policy 51-601, Reporting Issuers Defaults, can be consulted online at the following URL: www.osc.gov.on.ca/en/regulation/rulemaking/policies.

For Media Inquiries:

Frank Switzer
Director, Communications
(416) 593-8120

John Hughes
Manager, Continuous Disclosure
(416) 593-3695

Joanne Peters
Senior Legal Counsel, Continuous Disclosure
(416) 593-8134

For Investor Inquiries:

OSC Contact Centre
(416) 593-8314
1-877-785-1555 (Toll Free)

1.2.2 OSC to Establish Risk-based Approach to Compliance

FOR IMMEDIATE RELEASE
November 7, 2001

OSC TO ESTABLISH A RISK-BASED APPROACH TO COMPLIANCE

TORONTO – The Ontario Securities Commission today announced a plan to improve its approach to monitoring market participants, which are defined as advisers and fund managers. The OSC's Compliance team is developing a risk-based model, where a market participant's risk ranking will determine the frequency of its field reviews.

The primary purpose of the risk-based model is to ensure that compliance field reviews are focused on high risk market participants and their activities, resulting in more effective and efficient reviews.

"The ultimate goal of this approach is to achieve a more consistent and progressive form of regulation," said Marrianne Bridge, the OSC's Manager, Compliance, Capital Markets Branch.

A questionnaire is currently being distributed to a limited number of market participants, seeking detailed information about their business operations and risk management practices. A revised questionnaire, incorporating any necessary modifications, will be sent to the remaining market participants in Spring 2002. OSC staff will use the management-certified data to assign risk rankings to each market participant, in accordance with the risk assessment model it has developed.

"Without a detailed knowledge of the risks facing individual market participants, and how they manage and monitor those risks, our compliance activities have been limited to random field reviews," said Ms. Bridge.

Implementation of the new approach is expected to begin by mid-2002, and will affect approximately 400 firms which provide advisory/portfolio management and fund management services.

For Media Inquiries:

Jeff Codispodi
Communications Officer
416-593-8135

For Public Inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 CIBC World Markets, et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a connected issuer, but not a related issuer, in respect of registrants that are underwriters in proposed offering of units - Underwriters exempt from the independent underwriter requirement in the legislation provided that issuer is not in financial difficulty and disclosure 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
ONTARIO, QUÉBEC, NEWFOUNDLAND AND ALBERTA

AND

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

AND

IN THE MATTER OF
CIBC WORLD MARKETS INC.,
BMO NESBITT BURNS INC.,
SCOTIA CAPITAL INC., TD SECURITIES INC.
AND SHININGBANK ENERGY INCOME FUND

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Québec, Newfoundland and Alberta (the "Jurisdictions") has received an application from CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc. and TD Securities Inc. (the "Applicants") 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", or the equivalent, (the "Proportional Independent Underwriter Requirements") shall not apply to a proposed distribution of trust units (the "Trust Units") of Shiningbank Energy Income Fund (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 Applicants have represented to the Decision Makers that:

1. The Issuer is an unincorporated open-end investment trust created under the laws of the Province of Alberta pursuant to a trust indenture dated May 16, 1996, as amended and restated on May 8, 2001, between Montreal Trust Company of Canada and Shiningbank Energy Management Inc. The head and principal office of the Issuer is located at 1310, 111 – 5th Avenue S.W., Calgary, Alberta T2P 3Y6. The registered office of the Issuer is located at Suite 1200, 700 – 2nd Street S.W., Calgary, Alberta, T2P 4V5.

2. The Issuer is a reporting issuer under the Legislation and is not in default of any requirements of the Legislation. As at September 30, 2001, 26,117,937 Trust Units were outstanding. The Issuer's outstanding Trust Units are listed on The Toronto Stock Exchange under the symbol "SHN.UN".

3. The Issuer's assets consist primarily of a royalty equal to 99% of the net cash flow generated by the petroleum and natural gas interests held by Shiningbank Energy Ltd. (the "Corporation") after certain costs, expenditures and deductions (the "Royalty") and participating notes of the Corporation issued to the Issuer.

4. The Issuer has an obligation (the "Deferred Purchase Price Obligation") to pay to the Corporation, to the extent of the Issuer's available funds, up to 99% of the cost of, including any amount borrowed to acquire, any Canadian resource property (as such term is defined in the *Income Tax Act* (Canada)) acquired by the Corporation and up to 99% of the cost of, including any amount borrowed to fund, certain designated capital expenditures as partial consideration for the Royalty.

5. The Issuer has entered into an underwriting agreement (the "Underwriting Agreement") with the Applicants, Merrill Lynch Canada Inc. and National Bank Financial Inc. (collectively, the "Underwriters") pursuant to which the Issuer has agreed to issue and sell, and the Underwriters have agreed to purchase, as principals, up to 3,000,000 Trust Units.

6. The head office of each of the Applicants is located in Toronto, Ontario.

7. The Issuer has filed a preliminary short form prospectus (the "Preliminary Prospectus"), and will file a final prospectus (the "Prospectus"), with the securities regulatory authorities in each of the provinces of Canada in order to qualify the Trust Units for distribution in those provinces. The Alberta Securities Commission has been designated as the principal jurisdiction for the filing of the Preliminary Prospectus and the Prospectus.

8. The Corporation currently has a $180,000,000 revolving credit facility ("Facility") with a syndicate of four Canadian banks (the "Lenders") secured by a $300,000,000 fixed and floating charge debenture under which all of the Corporations assets are pledged and a general security agreement under which all personal property of the Corporation has been mortgaged and charged. At September 30, 2001 $157,303,000 was outstanding on the Facility. Each of the Applicants are subsidiaries of one of the Lenders. The Lenders commitment under the Facility is as follows:

The Toronto-Dominion Bank	-	$ 65,000,000
Bank of Montreal	-	$ 55,000,000
The Bank of Nova Scotia	-	$ 38,000,000
Canadian Imperial Bank of Commerce	-	$ 22,000,000
		$180,000,000

9. In 2001, the Corporation has acquired an oil and gas company and oil and gas properties and has drawn on the Facility to do so. Under the Deferred Purchase Price Obligation, the Issuer is required to pay to the Corporation up to 99% of the cost of properties acquired by the Corporation.

10. The proceeds of the Offering are to be used to satisfy the Issuer's Deferred Purchase Price Obligation and to transfer funds to the Corporation, which will repay amounts borrowed under the Facility. This will increase the available undrawn portion of the Facility, which may thereafter be drawn upon from time to time to finance the Corporation's ongoing capital expenditure requirements relating to property acquisitions and development programs.

11. The Underwriting Agreement provides, among other things, for the payment of a 5% commission to the Underwriters. Each of the Underwriters, including the Applicants, will receive their respective share of the Underwriters' fee subject to CIBC receiving a 5% work fee.

12. The proportion of the Offering to be purchased by the Underwriters pursuant to the Underwriting Agreement is as follows:

CIBC World Markets Inc.	-	37.5%
BMO Nesbitt Burns Inc.	-	20.0%
Merrill Lynch Canada Inc.	-	12.5%
ScotiaCapital Inc.	-	12.5%
TD Securities Inc.	-	12.5%
National Bank Financial Inc.	-	5.0%
		100.00%

13. The Underwriters will not benefit in any manner from the Offering other than the payment of the commissions described in paragraph 11, above. However, it is currently intended that the net proceeds of the Offering will initially be used to repay outstanding indebtedness.

14. The Corporation and the Issuer are "related issuers" (or the equivalent) within the meaning of the Legislation and draft Multi-Jurisdictional Instrument 33-105 Underwriting Conflicts (as published in February 1998, the "1998 Draft Instrument").

15. Neither the Corporation nor the Issuer is, in connection with the Offering, a "related issuer" (or the equivalent) of any of the Underwriters, as such term is defined in the Legislation and the 1998 Draft Instrument. However, by virtue of the relationships described above, the Issuer may, in connection with the Offering, be a "connected issuer" (or the equivalent) of the Applicants, as such term is defined in the Legislation and the 1998 Draft Legislation.

16. The Underwriters, in connection with the Offering, will not comply with the Proportional Independent Underwriter Requirements.

17. The Preliminary Prospectus contains, and the Prospectus will contain, a certificate signed by each of the Underwriters in accordance with Item 21.2 of Form 44-101F3 to National Instrument 44-101.

18. The decision to undertake the Offering, including the determination of the terms of the distribution, was made through negotiation between the Corporation (as manager of the Issuer) and CIBC, on its own behalf and on behalf of the other Underwriters, without involvement of the Lenders.

19. The Preliminary Prospectus describes, and the Prospectus will describe, the nature of the relationship among the Issuer, the Applicants, the Corporation and the Lenders. The Preliminary Prospectus contains, and the Prospectus will contain, such disclosure as would be required under Appendix "C" of the 1998 Draft Instrument.

20. Neither the Issuer nor the Corporation is a "specified party" as that term is defined in the 1998 Draft 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 Applicants 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, neither the Issuer nor the Corporation is a "specified party", as that term is defined in the 1998 Draft Instrument; and

(b) at the time of the Offering, the Issuer will not be a "related issuer" of any Underwriter, as that term is defined in the 1998 Draft Instrument.

November 1,2001.

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

2.1.2 Bitech Petroleum Corporation

Headnote

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

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF
BITECH PETROLEUM CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of Ontario, Alberta, Saskatchewan, Nova Scotia and Québec (the "Jurisdictions") has received an application from Bitech Petroleum Corporation (the "Filer") for a decision under the securities legislation of each of the Jurisdictions (the "Legislation") that the Filer be deemed to have ceased to be a reporting issuer or the equivalent thereof under the Legislation;

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

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

1. The Filer was continued under the *Canada Business Corporations Act* on November 20, 1996, is a reporting issuer in each of the Jurisdictions and is not in default of any of the requirements of the Legislation.

2. The Filer's registered office is at Suite 2800, 199 Bay Street, Toronto, Ontario, M5L 1A9.

3. The authorized share capital of the Filer consists of an unlimited number of common shares (the "Common Shares"), of which 75,722,161 Common Shares are issued and outstanding.

4. As a result of an offer dated July 26, 2001 to purchase all of the issued and outstanding Common Shares and associated rights of the Filer and the subsequent

compulsory acquisition procedures, all of the issued and outstanding Common Shares and associated rights of the Filer are owned by LUKOIL Overseas Canada Ltd.

5. The Common Shares were delisted from trading on The Toronto Stock Exchange on October 5, 2001 and no securities, including debt securities, of the Filer are listed or quoted on any exchange or market.

6. Other than the Common Shares, the Filer has no securities, including debt securities, outstanding.

7. The Filer 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 Decision Maker is of the opinion 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 Filer is deemed to have ceased to be a reporting issuer or the equivalent thereof under the Legislation effective as of the date of this decision.

October 30, 2001.

"Margo Paul"

2.1.3 Telesat Canada et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a connected issuer, but not a related issuer, in respect of registrants that are underwriters in proposed offering of notes - Underwriters exempt from the independent underwriter requirement in the legislation provided that issuer is not in financial difficulty and disclosure 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
ONTARIO, ALBERTA,
QUEBEC AND NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF TELESAT CANADA

AND

IN THE MATTER OF
CIBC WORLD MARKETS INC.,
NATIONAL BANK FINANCIAL INC.
AND BMO NESBITT BURNS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta, Quebec and Newfoundland (the "Jurisdictions") has received an application from CIBC World Markets Inc., National Bank Financial Inc. and BMO Nesbitt Burns Inc. (the "Filers"), for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement (the "Independent Underwriter Requirement") contained in the Legislation which restricts a registrant from acting as an underwriter in connection with a distribution of securities of an issuer by means of a prospectus, where the issuer is, in connection with the distribution, 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 at least one independent underwriter, shall not apply to the Filers in respect of a proposed distribution (the "Offering") of Series 2001 Notes due 2008 (the "Notes") of Telesat Canada (the "Company").

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

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

1. Each of the Filers is registered under the Legislation as a dealer in the categories of "broker" and "investment dealer" or equivalent categories and is not in default in respect of any of the requirements thereunder.

2. The head offices of two of the Filers are in Toronto, Ontario.

3. Established in 1969, the Company was continued under the *Canada Business Corporations Act* on March 27, 1992 pursuant to the *Telesat Canada Reorganization and Divestiture Act*. BCE Inc. indirectly owns 100% of the issued and outstanding common shares of the Company.

4. The Company's head office is located at 1601 Telesat Court, Gloucester, Ontario, K1B 5P4.

5. The Company is a world leader in satellite communications and system management and a leading consultant in the establishment, operation and upgrading of satellite services worldwide. The Company provides broadcast distribution and telecommunications services to customers located in North and South America.

6. For the year ended December 31, 2000, the Company had operating revenues of $272.4 million and net earnings of $47.4 million.

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

8. CIBC World Markets Inc. is proposing to act as co-lead underwriter with National Bank Financial Inc. in connection with the Offering. BMO Nesbitt Burns Inc. and RBC Dominion Securities Inc. will constitute the remaining members of the underwriting syndicate. The proportionate share of the Offering to be underwritten by each underwriter is currently expected to be as follows:

CIBC World Markets Inc.	30%
National Bank Financial Inc.	30%
BMO Nesbitt Burns Inc.	20%
RBC Dominion Securities Inc.	20%

9. It is expected that the Company will issue an aggregate of approximately $100,000,000 principal amount of Notes under the Offering.

10. The proposed Notes are expected to be rated investment grade by Dominion Bond Rating Service Limited (BBB) and by Standard & Poor's (BBB).

11. On June 5, 1998, the Company entered into a loan agreement, as amended, with a syndicate of Canadian financial institutions to provide for a five-year $250,000,000 revolving term credit facility (the "Credit Facility").

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

13. The Filers are subsidiaries of Canadian chartered banks (the "Banks") which are lenders to the Company under the Credit Facility.

14. It is intended that the Company will use the proceeds of the Offering for general corporate purposes, including capital expenditures, and pending such use, the proceeds will be used to reduce borrowings under the Credit Facility.

15. By virtue of the Credit Facility, the Company may, in connection with the Offering, be considered a "connected issuer" (or the equivalent) of the Filers. The Company is not a "connected issuer" (or the equivalent) of RBC Dominion Securities Inc.

16. The nature of the relationship among the Company, the Banks and the Filers and the details of the Credit Facility are described in the preliminary prospectus and will be described in the final prospectus. The preliminary prospectus contains, and the final prospectus will contain, the information required by Appendix C to Multi-Jurisdictional Instrument 33-105 Underwriting Conflicts (as published in February, 1998, the "Proposed Instrument").

17. The Company is not a related issuer (as defined in the Proposed Instrument) of the Filers or to any other members of the underwriting syndicate.

18. None of the Banks participated in the decision to make the Offering, and none of the Banks will participate in the determination of the terms of the distribution.

19. None of the Filers will benefit in any manner from the Offering other than by the payment of their fees in connection with the distribution of the Notes.

20. The Company is not under any immediate financial pressure to proceed with the Offering and has not been requested or required by the Banks to repay the amounts owing under the Credit Facility.

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

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

THE DECISION of the Decision Makers, under the Legislation, is that the Independent Underwriter Requirement shall not apply to the Filers in connection with the Offering provided that, at the time of the Offering:

A. the Company is not a "related issuer" (or the equivalent) of the Filers, as defined in the Proposed Instrument; and

B. the Company is not a "specified party", as defined in the Proposed Instrument.

November 2, 2001.

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

2.1.4 Paperboard Industries International Inc.

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,
NEW BRUNSWICK, NOVA SCOTIA AND
NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF
PAPERBOARD INDUSTRIES INTERNATIONAL INC.

MRRS DECISION DOCUMENT

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

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

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

1. The Filer is a corporation governed by the Canada Business Corporations Act and results from the amalgamation (the "Amalgamation") of 3715965 Canada Inc. with Paperboard Industries International Inc. ("Old Paperboard"), which was a reporting issuer in each of the Jurisdictions prior to the Amalgamation for at least 12 months.

2. Other than a failure to file the annual information form, the annual financial statements and the annual report, where applicable, of Old Paperboard for the year ended December 31, 2000, and the interim financial statements of the Filer for the periods ended March 31, 2001 and June 30, 2001, the Filer is not in default of any of the requirements of the Legislation.

3. The head office of the Filer is located in Montreal, Québec.

4. The authorized share capital of the Filer consists of an unlimited number of Common Shares, a maximum of

2,700,000 Class A Preferred Shares and a maximum of 4,300,000 Class B Preferred Shares. At the date of the application, the Filer has issued and outstanding 36,244,770 Common Shares, 2,700,000 Class A Preferred Shares and 4,300,000 Class B Preferred Shares.

5. The Class A Preferred Shares of the Filer are redeemable on or before November 30, 2003 and will be redeemed as provided in the articles of the Filer subject to applicable law.

6. The Class B Preferred Shares of the Filer are redeemable or convertible into Common Shares of the Filer.

7. Following the completion of the Amalgamation, Cascades Inc. ("Cascades") became the sole holder of Common Shares of the share capital of the Filer.

8. Following the completion of the Amalgamation, Cascades holds 113,683 Class A Preferred Shares of the share capital of the Filer, 1,277,343 Class A Preferred Shares of the share capital of the Filer are beneficially held by two registered holders residents in Ontario and one registered holder resident in Québec.

9. To the best knowledge of the Filer:

   (i) The remaining 1,308,974 Class A Preferred Shares issued and outstanding of the share capital of the Filer are beneficially held by two residents of the United States;

   (ii) the 4,300,000 Class B Preferred Shares issued and outstanding of the share capital of the Filer are beneficially held by 31 persons, of which 23 are residents in Ontario, five are residents in Alberta, two are residents in Québec and one is resident in the United States;

   (iii) considering the fact that one beneficial holder is holding both Class A and Class B Preferred Shares, there are a total of 35 beneficial holders (excluding Cascades) of the issued and outstanding shares of the share capital of the Filer.

10. The registered holders of Class A and Class B Preferred Shares of the Filer unanimously approved the Amalgamation. As part of that approval process, such holders consented to and approved the Filer's application to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

11. Pursuant to an agreement dated September 29, 2000, the Common Shares to be issued upon conversion of the Class B Preferred Shares of the Filer may, at the option of Cascades or of the holder thereof, be exchanged for common shares of Cascades on the basis of 0.24 common share of Cascades for each Common Share of the Filer.

12. The holders of Class B Preferred Shares have indicated to the Filer and Cascades, in connection with the Amalgamation, that they intend to require Cascades to exchange the Common Shares received upon the conversion of their Class B Preferred Shares for common shares of Cascades, which are publicly traded. In the event any holder of Class B Preferred Shares fails to require such an exchange, it is currently the intention of Cascades to exchange the Common Shares received upon the conversion of the Class B Preferred Shares for common shares of Cascades.

13. Cascades is a company governed by the *Companies Act* (Québec) and is and will remain a reporting issuer in each of the Jurisdictions.

14. The Common Shares of Cascades are listed on The Toronto Stock Exchange.

15. The Common Shares of the Filer were delisted from The Toronto Stock Exchange on January 8, 2001 and the Filer no longer has any of its securities listed or traded on any exchange.

16. Cascades has undertaken and will send to the holders of Class B Preferred Shares of the Filer (which shares are carrying exchange features), all the documentation sent from time to time to its shareholders.

17. The holders of Class A and Class B Preferred Shares of the Filer, have been contractually granted extensive information rights, which are more extensive than those provided for pursuant to applicable securities laws. These information rights include providing to such holders:

   (i) as soon as available, but in any event by July 31 of each year, a business plan (including a detailed budget) for the forthcoming 12 month period;

   (ii) as soon as available, but in any event within 30 days of the end of each month, unaudited monthly financial statements including a balance sheet as at the end of such month and statements of income or loss for such month;

   (iii) as soon as available, but in any event within 45 days of the end of the first, second and third fiscal quarters of each fiscal year, unaudited quarterly financial statements on a consolidated basis, including a balance sheet as at the end of such quarter and statements of income or loss for such quarter with comparatives for the corresponding quarter in the previous fiscal year, together with an internally-generated analysis of variances to the most recently-approved annual business plan of the Filer;

   (iv) as soon as available, but in any event within 120 days of the end of each fiscal year, audited financial statements on a consolidated basis;

   (v) as soon as available, internally-generated unaudited financial statements for each fiscal year on a consolidated basis;

(vi) such other information, accounts, data and projections reasonably and practicably obtainable by the Filer as a holder may reasonably request from time to time.

These contractual rights will be maintained, irrespective as to the revocation of the status of the Filer as a reporting issuer.

18. The Filer has issued and outstanding U.S. $125,000,000 of 8.375% Senior Notes due in 2007. These notes were distributed to 20 holders residents of the United States, pursuant to a prospectus dated March 20, 1998 and, to the best of the knowledge of the Filer, there are actually no registered or beneficial holders residents in Canada.

19. The Filer will provide the holders of Class A and Class B Preferred Shares with a copy of all documents sent to the holders of Senior Notes residing in the United States (including the Form 20-F filed voluntarily each year with the Securities and Exchange Commission pursuant to an agreement entered into between the Filer and the holders of the Senior Notes).

20. Other than the Common Shares, the Class A Preferred Shares, the Class B Preferred Shares and the Senior Notes, the Filer has no securities, including debt securities, outstanding.

21. The Filer does not intend to seek public financing by way of an offering of securities.

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

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

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

DATED AT Montréal, on October 31, 2001.

"Edvie Élysée"

2.1.5 Helix Hearing Care of America Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief from minority approval and valuation requirements in connection with a related party transaction - issuer will acquire holding company in exchange for that number of issuer's shares equal to the number of issuer's shares currently held by the holding company - exemption at paragraph 12 of section 5.6 of Rule 61-501 is technically unavailable due to the fact that the transaction is structured as an exempt bid as opposed to an amalgamation.

Applicable Ontario Rule

OSC Rule 61-501 - Insider Bids, Issuer Bids, Going Private Transaction and Related Party Transactions, ss. 5.5, 5.6(12), 5.7, 5.8(1)3 and 9.1.

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
HELIX HEARING CARE OF AMERICA CORP.
(the "Corporation")

MRRS DECISION DOCUMENT

1. **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") that provides exemptive relief, pursuant to the Legislation, from the valuation and minority approval requirements of the Legislation in connection with related party transactions.

2. **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;

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

   3.1 Certain beneficial shareholders of the Corporation wish to proceed with the elimination of a holding company which holds shares of the Corporation (the "Reorganization").

3.2 The Corporation was formed on August 26, 1996 by Articles of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta). The Corporation's articles have been amended from time to time to, among other things, change its name and its share capital. On July 9, 1999, the Articles were amended for the continuance of the Corporation under the Canada Business Corporations Act. The Articles of the Corporation were again modified on November 30, 2000 for the amalgamation of the Corporation and its subsidiary, Regional Hearing Consultants, Inc.

3.3 The registered and principal office of the Corporation is located at 7100 Jean-Talon East, Suite 610, Montreal, Quebec, Canada, H1M 3S3. The Corporation, through its subsidiaries, also has offices in Ontario, Canada and in the States of Ohio, New York, Missouri, Illinois, Wisconsin, Minnesota, Washington, Arizona, Massachusetts and Michigan, U.S.A.

3.4 The Corporation, through its primary operating subsidiaries, manages and provides supply services to a large network of hearing health care clinics in the Province of Quebec, Canada and owns and operates hearing health care clinics in the Province of Ontario, Canada and in 10 states in the United States. The Corporation offers a variety of services in the hearing health care field including the provision of facilities, management, administrative and technical support, supply services and marketing support, to hearing health care professionals. In general, clinics managed by the Corporation offer people afflicted with hearing impairment a complete range of products and services, including sophisticated hearing instruments and assistive listening devices designed to improve the quality of life for those with hearing loss. The Corporation currently manages a total of 134 clinics in North America.

3.5 The Corporation has been a reporting issuer in excess of twelve months in the Provinces of Québec, Ontario and Alberta. The common shares of the Corporation (the "Common Shares") are listed and posted for trading on the TSE and are traded under the symbol "HCA".

3.6 The TSE has conditionally approved the Reorganization, subject to the filing of certain documents following the closing of the transactions.

3.7 As at July 19, 2001 the Corporation had 41,064,482 Common Shares outstanding. Of such number of Common Shares, 10,350,000 are presently held by 3319725 Canada Inc. ("BufferCo"). BufferCo is a closed company.

3.8 BufferCo, the Corporation's principal shareholder, holds 10,350,000 issued and outstanding Common Shares (the "Old Helix Shares"), representing approximately 25.2% of the total outstanding Common Shares of the Corporation. In turn, all of BufferCo's outstanding shares (the "BufferCo Shares") are beneficially owned by Gestion Stefor Inc. ("Stefor"), 3242684 Canada Inc. ("3242684"), 3242692 Canada Inc. ("3242692") and 3242706 Canada Inc. ("3242706" and collectively, the "Beneficial Owners").

3.9 BufferCo's only assets are the Old Helix Shares. The following chart illustrates the Corpor-ation's corporate structure in pertinent part:

3.10 The Old Helix Shares are not subject to any hold period. However, 3,450,000 of the Old Helix Shares are currently subject to an escrow. Such shares will be released from escrow, provided that the same number of Newly Issued Shares (as defined hereunder) will be subject to a new escrow with identical provisions as the previous escrow.

3.11 BufferCo and each Beneficial Owner are residents of the Province of Québec.

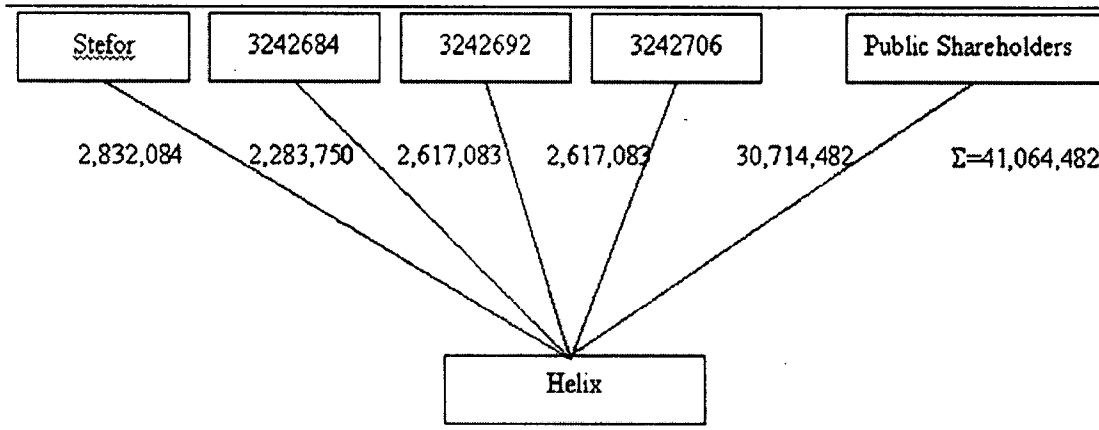
3.12 The principal purpose of the Reorganization is to eliminate a holding company, BufferCo, with respect to the holding of Common Shares of the Corporation in a manner that will permit the transfer without any cash consideration on a tax deferred basis pursuant to subsection 85(1) of the Income Tax Act (Canada) and the corresponding provisions of the Taxation Act (Québec). It is envisioned that the Reorganization will be implemented in two steps:

3.12.1 Step One: The Corporation will acquire from the Beneficial Owners all of the BufferCo shares; as consideration, the Corporation will issue to the Beneficial Owners 10,350,000 Common Shares (the "Newly Issued Shares"), which number is equal to the number of Common Shares currently held by BufferCo.

3.12.2 Step Two: Immediately following the completion of Step One, BufferCo and the Corporation will enter into an asset distribution agreement pursuant to which BufferCo will distribute all its assets to the Corporation. This will result, among other things, in the cancellation of the Old Helix Shares held by BufferCo. Bufferco will then file articles of dissolution and be dissolved.

3.13 The post-reorganization corporate structure of the Corporation which is relevant for the purposes of this application will be as follows:

3.14 Consequently, the Reorganization will not have any effect on the share structure or voting control of the Corporation in that the same number of Common Shares as are currently outstanding will be outstanding subsequent to the completion of the transaction and will continue to be held, in the same proportions, by the same Beneficial Owners. Moreover, the Corporation's shareholders will not see their investment diluted or their voting power diminished as a result of the proposed Reorganization.



3.15 As BufferCo will not be merged into the Corporation and as the Corporation will be issuing 10,350,000 common shares, which represents 25.2% of the total and outstanding shares of the Corporation, the statutory exemptions from the valuation and minority approval requirements contained in the Legislation are not available. However, the Corporation confirms that:

3.15.1 the reorganization does not and will not have any adverse tax or other consequence to the Corporation or to its shareholders (other that the Beneficial Owners);

3.15.2 no material actual or contingent liability of BufferCo will be assumed by the Corporation;

3.15.3 the Beneficial Owners will agree to indemnify the Corporation against any and all liabilities of BufferCo;

3.15.4 the nature and extent of the equity participation of the Corporation's shareholders in the Corporation will, after the Reorganization, be the same as, and the value of their equity participation will not be less than the value of their interest in the Corporation before the Reorganization; and

3.15.5 the Beneficial Owners will pay for all the costs and expenses of or relating to or from the Reorganization.

4. **AND WHEREAS** pursuant to 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 Makers with the jurisdiction to make the Decision has been met;

6. **IT IS HEREBY DECIDED** by the Decision Makers that the valuation and minority approval requirements of the Legislation shall not apply to the Corporation in connection with the Reorganization, to the extent that such Reorganization qualifies as a related party transaction within the meaning of the Legislation.

October 19, 2001.

"Guy Lemoine" "Viateur Gagnon"

2.1.6 Gluskin Sheff & Associates Inc.

Headnote

Section 5.1 of O.S.C. Rule 31-506 *SRO Membership - Mutual Fund Dealers* - mutual fund manager and adviser in the categories of investment counsel and portfolio manager exempted from the requirements of the Rule that it file an application for membership and prescribed fees with the Mutual Fund Dealers Association of Canada (the "MFDA") and become a member of the MFDA, subject to certain terms and conditions of registration.

Statute Cited

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

Rules Cited

O.S.C. Rule 31-506 SRO Membership - Mutual Fund Dealers, ss. 2.1, 3.1, 5.1

Published Document Cited

Letter sent to the Investment Funds Institute of Canada and the Investment Counsel Association of Canada, December 6, 2000, (2000) OSCB 8467

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

AND

ONTARIO SECURITIES COMMISSION
RULE 31-506 SRO MEMBERSHIP –
MUTUAL FUND DEALERS
(the "Rule")

AND

IN THE MATTER OF
GLUSKIN SHEFF & ASSOCIATES INC.

DECISION
(Section 5.1 of the Rule)

UPON the Director having received an application (the "Application) from Gluskin Sheff & Associates Inc. (the "Registrant") for a decision, pursuant to section 5.1 of the Rule, exempting the Registrant from the requirements in sections 2.1 and 3.1 of the Rule, which would otherwise require that the Registrant be a member of the Mutual Fund Dealers Association of Canada (the "MFDA") on and after July 2, 2002, and file with the MFDA, no later than May 23, 2001, an application and corresponding fees for membership;

UPON considering the Application and the recommendation of staff of the Ontario Securities Commission;

AND UPON the Registrant having represented to the Director that:

1. the Registrant is registered under the Act as a dealer in the category of mutual fund dealer and as an investment counsel in the category of portfolio manager and a limited market dealer;

2. the Registrant is the manager of the GS&A RRSP Fund (the "Fund");

3. the Registrant's trading activities as a mutual fund dealer currently represent and will continue to represent activities that are incidental to its principal business activities;

4. the Registrant has agreed to the imposition of the terms and conditions on the Registrant's registration as a mutual fund dealer set out in the attached Schedule "A", which outlines the activities the Registrant has agreed to adhere to in connection with its application for this Decision;

5. any person or company that is not currently a client of the Registrant on the effective date of this Decision, will, before they are accepted as a client of the Registrant for the purposes of purchasing units of the Fund, receive prominent written notice from the Registrant that:

   The Registrant is not currently a member, and does not intend to become a member of the Mutual Fund Dealers Association; consequently, clients of the Registrant will not have available to them investor protection benefits that would otherwise derive from membership of the Registrant in the MFDA, including coverage under any investor protection plan for clients of members of the MFDA;

6. upon the next general mailing to its unitholders of the Fund and in any event before May 23, 2002, the Registrant shall provide, to any client that was a unitholder of the Fund on the effective date of this Decision, the prominent written notice referred to in paragraph 5, above;

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

IT IS THE DECISION of the Director, pursuant to section 5.1 of the Rule, that, effective May 23, 2001, the Registrant is exempt from the requirements in sections 2.1 and 3.1 of the Rule; provided that the Registrant complies with the terms and conditions on its registration under the Act as a mutual fund dealer set out in the attached Schedule "A".

October 23, 2001

"Rebecca Cowdery"

2.1.7 HSBC Investment Funds (Canada) Inc. et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications: Relief granted from the substantial securityholder prohibition and the mutual fund manager reporting requirement to permit investments by a mutual fund in securities of another mutual fund under common management, subject to certain specified conditions. Previous order relating to funds revoked.

Applicable Ontario Provisions

Securities Act, R.S.O. 1990, c. S.5 as am., ss. 111(2)(b), 113(a), 117(1)(a) and 117(2).

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
THE HSBC INVESTMENT FUNDS (CANADA) INC., HSBC GLOBAL EQUITY FUND AND HSBC EMERGING MARKETS FUND

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from HSBC Investment Funds (Canada) Inc. (the "Filer"), in its capacity as the manager of the HSBC Global Equity Fund (the "Global Equity Fund") and the HSBC Emerging Markets Fund (the "Emerging Markets Fund"), for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

1. the provision contained in the Legislation prohibiting a mutual fund from knowingly holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder (the "Substantial Securityholder Prohibition"); and

2. the requirements contained in the Legislation for a mutual fund manager to file a report in the required form for each mutual fund in which the mutual fund manager provides services or advice respecting a purchase or sale of securities between the mutual fund and any related person (the "Management Reporting Requirement"),

shall not apply in relation to certain investments by the Global Equity Fund in the Emerging Markets Fund;

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

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

1. the Filer is amalgamated under the laws of Canada, has its head office in Vancouver, British Columbia, is not a reporting issuer or the equivalent under the Legislation, and is registered under the Legislation in the category of mutual fund dealer;

2. the Filer is the manager, trustee, principal distributor and promoter of the HSBC Mutual Funds and is a wholly-owned subsidiary of HSBC Asset Management (Canada) Limited ("HAMC"); HAMC is a wholly-owned subsidiary of the HSBC Bank Canada (the "Bank"), a Schedule II chartered bank under the *Bank Act* (Canada);

3. each of the Global Equity Fund and the Emerging Market Fund is an open-ended unit investment trust established under the laws of Ontario, is a reporting issuer or the equivalent under the Legislation and is not in default of any requirement under the Legislation;

4. units of the Global Equity Fund and the Emerging Markets Fund are qualified for distribution in each of the Jurisdictions (and the other provinces of Canada, except Prince Edward Island) by means of a simplified prospectus and annual information form;

5. the fundamental investment objective of the Global Equity Fund was to achieve long-term capital growth by investing primarily in other foreign equity mutual funds managed by the Filer (the "Prior Objective") including the Emerging Markets Fund (the "Underlying Funds");

6. in order to establish the fund-on-fund structure to achieve the Prior Objective, the Filer applied for and obtained an order under the Legislation from each of the Decisions Makers in 1997 and 1998 (the "Prior Orders") that allowed the Global Equity Fund to invest in the Underlying Funds; the Filer also obtained an exemption letter under National Instrument 81-102 ("NI 81-102") from the Decision Makers;

7. on August 14, 2001, the Filer announced its decision, subject to approval of unitholders, to change the fundamental investment objective of the Global Equity Fund from the Prior Objective to the objective of achieving long-term capital growth by investing primarily in a diversified portfolio of equity and equity-related securities of publicly traded companies located around the world (the "Current Objective");

8. on September 28, 2001, the unitholders of the Global Equity Fund approved the Current Objective;

9. with the exception of the investment in the Emerging Market Fund, the Filer intends to or has liquidated the holdings of the Global Equity Fund in the Underlying Funds and will invest or has invested directly in the types of securities held by the Underlying Funds;

10. the Filer determined that it is in the best interests of the Global Equity Fund to continue to invest up to 10% of its net assets in the Emerging Markets Fund after approval and implementation of the Current Objective; no further purchases of units of the Emerging Markets Fund will be made;

11. the investment by the Global Equity Fund in the Emerging Markets Fund represents the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Global Equity Fund;

12. except to the extent evidenced by this decision, the investments by the Global Equity Fund in the Emerging Markets Fund have been structured to comply with the investment restrictions of the Legislation and NI 81-102;

13. the Global Equity Fund is a "substantial security holder", as such term is defined in the Legislation, of the Emerging Markets Fund; as of September 10, 2001, the Global Equity Fund owned approximately 71% of the issued voting securities of the Emerging Markets Fund;

14. in the absence of this decision, under the Legislation, the Global Equity Fund, is prohibited from holding an investment in the Emerging Markets Fund for so long as the Global Equity Fund, alone or in combination with one or more related mutual funds, owns more than 20% of the issued units of the Emerging Markets Fund; as a result, the Global Equity Fund would be required to divest itself of any investments in the Emerging Market Fund;

15. in the absence of this decision, the Legislation requires the Filer to file a report on every purchase or sale of securities of the Emerging Market Fund by the Global Equity 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 Decision of the Decision Makers under the Legislation is that:

1. the Prior Orders are revoked; and

2. the Substantial Securityholder Prohibition and Management Reporting Requirement shall not apply to the Global Equity Fund in respect of holding or redeeming the securities of the Emerging Markets Fund, provided that:

(a) the securities of the Global Equity Fund and the Emerging Markets Fund 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 Global Equity Fund in the Emerging Markets Fund is compatible with the fundamental investment objectives of the Global Equity Fund;

(c) the Emerging Markets Fund is not a mutual fund whose investment objective includes investing directly or indirectly in other mutual funds;

(d) there are compatible dates for the calculation of the net asset value of the Global Equity Fund and the Emerging Markets Fund for the purpose of the issue and redemption of the securities of such mutual funds;

(e) no sales charges are payable by the Global Equity Fund in relation to its purchase of securities in the Emerging Markets Fund;

(f) no redemption fees or other charges are charged by the Emerging Markets Fund in respect of the redemption by the Global Equity Fund of securities of the Emerging Markets Fund owned by the Global Equity Fund;

(g) no fees or charges of any sort are paid by the Global Equity Fund and the Emerging Markets Fund 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 Global Equity Fund's holding or redemption of the securities of the Emerging Markets Fund;

(h) the arrangements between or in respect of the Global Equity Fund and the Emerging Markets Fund are such as to avoid the duplication of management fees;

(i) any notice provided to security holders of the Emerging Markets Fund as required by applicable laws or the constating documents of the Emerging Markets Fund has been delivered by the Global Equity Fund to its security holders;

(j) all of the disclosure and notice material prepared in connection with a meeting of security holders of the Emerging Markets Fund and received by the Global Equity Fund has been provided to its security holders, the security holders have been permitted to direct a representative of the Global Equity Fund to vote its holdings in the Emerging Markets Fund in accordance with their direction, and the representative of the Global Equity Fund has not voted its holdings in the Emerging Markets Fund except to the extent the security holders of the Global Equity Fund have directed;

(k) security holders of the Global Equity Fund have received appropriate summary disclosure in respect of the Global Equity Fund's holdings of securities of the Emerging Markets Fund in the financial statements of the Global Equity Fund; and

(l) to the extent that the Global Equity Fund and the Emerging Markets Fund do not use a combined simplified prospectus and annual information form containing disclosure about the Global Equity Fund and the Emerging Markets Fund, copies of the simplified prospectus and annual information form of the Emerging Markets Fund have been provided upon request to security holders of the Global Equity Fund and the right to receive these documents is disclosed in the simplified prospectus of the Global Equity Fund.

November 2, 2001.

"Brenda Leong"

2.2 Orders

2.2.1 HMH China Investments Limited - s. 144

Headnote

Section 144 - revocation of cease trade order upon remedying of default, updating of public disclosure record and mailing of disclosure information, together with outstanding financial statements, to shareholders.

Statutes Cited

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

Notices Cited

Ontario Securities Commission Notice 35 - Revocation of Cease Trade Orders (1995) 18 OSCB 5.

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

AND

IN THE MATTER OF
HMH CHINA INVESTMENTS LIMITED

ORDER
(Section 144)

WHEREAS the securities of HMH China Investments Limited ("HMH China") are subject to a cease trade order issued by the Commission on December 29, 1999 (the "Cease Trade Order") as an extension of a temporary cease trade order made on December 17, 1999;

AND WHEREAS HMH China has made application to the Commission pursuant to section 144 of the Act for an order revoking the Cease Trade Order;

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

AND UPON HMH China having represented that:

1. HMH China was amalgamated under the laws of Ontario by Certificate of Amalgamation dated September 18, 1995, and was continued under the laws of Bermuda by Certificate of Continuance dated December 21, 1995;

2. HMH China's predecessor to amalgamation became a reporting issuer March 14, 1984. The Issuer has maintained such reporting issuer status since its inception upon amalgamation on September 18, 1995;

3. The authorized share capital of HMH China is Cdn.$15,000,000.00 divided into shares of Cdn.$0.01 each. The minimum subscribed share capital of HMH China is Cdn.$15,000, and there are currently 115,291,269 common shares issued and outstanding;

4. The Cease Trade Order was issued by the Commission as a result of the failure of HMH China to file on time with the Commission interim financial statements for the period ended September 30, 1999;

5. HMH China's failure to file on time was due to an administrative error within the company, resulting from the staff of the Issuer focusing on possible ways to avoid the recent delisting of the Issuer from The Toronto Stock Exchange (effective November 19, 1999);

6. Financial statements for the nine month period ended September 30, 1999, were filed with the Commission on January 5, 2000, and mailed to shareholders on January 21, 2000;

7. HMH China is now in compliance with the Act's requirements relating to financial disclosure, and HMH China's public disclosure record is up to date;

8. Except for the Cease Trade Order, HMH China is not in default of any of the requirements under the Act or the Regulations made thereunder;

9. HMH China is not considering nor is it involved in discussions relating to a reverse takeover or similar transaction.

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

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 of the Act, that the Cease Trade Order be revoked.

November1, 2001.

"John Hughes"

2.2.2 Sidoti & Company, LLC - s. 211 of the Regulation

Headnote

Applicant for registration as international dealer exempted from requirement in subsection 208(2) of the Regulation that it will carry on the business of underwriter in a country other than Canada where applicant will not act as underwriter in Ontario – Applicant is registered with the S.E.C. as a broker-dealer and is a member of N.A.S.D.

Statutes Cited

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

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 100(3), 208(1), 208(2), 211.

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
SIDOTI & COMPANY, LLC

ORDER
(Section 211 of the Regulation)

UPON the application (the "Application") Sidoti & Company, LLC (the "Applicant") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 211 of the Regulation, exempting the Applicant from the requirement in subsection 208(2) of the Regulation that the Applicant carry on the business of an "underwriter" in a country other than Canada, in order for the Applicant to be registered under the Act as a dealer in the category of "international dealer";

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant has filed an application for registration as a dealer under the Act in the category of "international dealer" in accordance with section 208 of the Regulation. The Applicant is not presently registered in any capacity under the Act.

2. Subsection 208(2) of the Regulation provides that:

   No person or company may register as an international dealer unless the person or company carries on the business of a dealer and underwriter in a country other than Canada.

3. The Applicant is a limited liability company formed under the laws of the State of Delaware and having its principal place of business at 317 Madison Avenue, Suite 1400, New York, New York 10017, USA.

4. The Applicant is registered in the United States of America ("USA") with the Securities and Exchange Commission as a fully registered broker-dealer. The Applicant is also a member of the National Association of Securities Dealers and is registered as a broker-dealer in twenty-four state jurisdictions in the USA.

5. The Applicant's principal business consists of producing and selling research reports and research follow-up services. All research services are sold on a "hard dollar" basis or are offered on a "soft dollar" basis through broker-dealers. "Hard dollar" sales refer to a fee-based payment arrangement whereby the Applicant sells its research services directly to institutional purchasers for a prescribed fee. Research services offered through a third-party broker-dealer are paid for on a "soft dollar" basis out of commissions generated through trading activities.

6. The Applicant is also engaged in the business of providing advice to issuers and selling shareholders in connection with "firm commitment" and "best efforts" public offerings of securities (other than mutual funds) in the USA. "Firm commitment" pertains to an underwriting whereby the underwriters have contractually committed to purchase all of the securities offered by the issuer. Under a "best efforts" arrangement, the underwriters are not contractually committed to purchase or place all of the securities offered but are, instead, contractually obligated to simply use their "best efforts" to sell the securities offered.

7. The Applicant does not purchase or sell securities as an underwriter or selling group member.

8. The Applicant does not currently act as an underwriter in the USA. The Applicant does not currently act as an underwriter in any other jurisdiction outside of the USA.

9. The Applicant does not now act as an underwriter in Ontario and will not act as an underwriter in Ontario if it is registered under the Act as an "international dealer".

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

IT IS ORDERED, pursuant to section 211 of the Regulation, that, in connection with the registration of the Applicant as a dealer under the Act in the category of "international dealer", the Applicant is exempt from the provisions of subsection 208(2) of the Regulation requiring that the Applicant carry on the business of an underwriter in a country other than Canada, provided that, so long as the

Applicant is registered under the Act as an "international dealer":

(A) the Applicant carries on the business of a dealer in a country other than Canada; and

(B) notwithstanding subsection 100(3) of the Regulation, the Applicant shall not act as an underwriter in Ontario.

November 2, 2001.

"R. Stephen Paddon" "Howard I. Wetston"

2.3 Rulings

2.3.1 Regional Cablesystems Inc. and Persona Inc. - ss. 59(1)

Headnote

Subsection 59(1) of Schedule 1 – issuers exempt from payment of fees calculated pursuant to section 28(3) of Schedule subject to certain conditions, which fees would otherwise be payable as a result of internal restructuring – no change in beneficial ownership of securities and issuers did not receive any proceeds from the distributions of securities.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 72(1)(i)

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 28(3), 59(1) of Schedule 1

Rules Cited

Rule 45-501 Exempt Distributions 21 O.S.C.B. 6548, ss. 2.8 and 7.7

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

AND

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

AND

IN THE MATTER OF
REGIONAL CABLESYSTEMS INC. AND
PERSONA INC.

RULING
(Subsection 59 (1) of Schedule 1)

UPON the application (the "Application") of Regional Cablesystems Inc. ("Regional") and Persona Inc. ("Persona") to the Ontario Securities Commission (the "Commission") for an order pursuant to subsection 59(1) of the Schedule 1 (the "Schedule") to the Regulation that Persona be exempt from fees payable pursuant to subsection 23(3)(b) in connection with a plan of arrangement (the "Arrangement") pursuant to section 192 of the Canada Business Corporations Act (the "CBCA") involving Regional and Persona;

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

AND UPON Regional and Persona having represented to the Commission as follows:

1. Regional is a corporation amalgamated under the CBCA and was issued a Certificate and Articles of Arrangement dated September 1, 2001. The head office of Regional is in St. John's, Newfoundland.

2. Persona is a corporation existing under the CBCA. The head office of Persona is in St. John's, Newfoundland.

3. Regional is a reporting issuer under the Act and, to the best of its knowledge, is not in default of any of the requirements of the Act or the rules or regulations made thereunder.

4. Persona is a reporting issuer under the Act and, to the best of its knowledge, is not in default of any of the requirements of the Act or the rules or regulations made thereunder.

5. Regional and Persona entered into an arrangement agreement dated as of July 13, 2001 wherein they agreed to carry-out an internal reorganization of Regional by way of the Arrangement. As a result of the Arrangement effected September 1, 2001, Persona became the holder of all the issued and outstanding common shares of Regional (the "Regional Common Shares").

6. The Regional Shares were delisted from the Toronto Stock Exchange on September 10, 2001, and as such there are no longer any securities of Regional listed on any exchange in Canada.

7. The steps in the Arrangement included the following:

   (a) each of the Regional Common Shares were and were deemed to be exchanged with Persona for the sole consideration of one common share of Persona (a "Persona Common Share");

   (b) each right issued under the shareholder rights plan of Regional were exchanged with Persona for the sole consideration of one right issued under the shareholder rights plan of Persona;

   (c) Regional and each of several cable television companies operating in Canada that were wholly-owned by Regional amalgamated and continue as one corporation under the CBCA; and

   (d) options to purchase Regional Common Shares under the employee share option plan of Regional (the "Regional ESOP") were and were deemed to be exchanged with Persona for the same number of options to purchase Persona Common Shares (at the same prices) pursuant to the employee share option plan of Persona having the same terms and conditions and the existing Regional ESOP terminated.

8. Each of the exchanges or issuance of securities described above were made in Ontario in reliance upon s.72(1)(i) of the Securities Act (Ontario) and section 2.8 of the Commission's Rule 45-501.

9. None of Regional or Persona have received any proceeds from the trades or distribution of securities pursuant to the Arrangement.

10. The Arrangement was an internal corporate reorganization and did not result in a change in beneficial ownership of the securities of Regional because the beneficial owners of Regional Common Shares immediately prior to the Arrangement are the same beneficial owners of the Persona Common Shares immediately after the Arrangement.

11. In the absence of the relief provided by this ruling, and pursuant to the formula in subsection 23(3) of the Schedule, Persona would be required to pay a fee in excess of $5,000.

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

IT IS RULED, pursuant to subsection 59(1) of the Schedule, that Persona be exempt from the payment of fees pursuant to subsection 23(3)(b) of the Schedule in respect of the distribution of securities of Persona pursuant to the Arrangement as described above, provided that the minimum fee of $80.00 is paid.

November 6, 2001.

"Paul Moore" "Robert W. Korthals"

2.3.2 Everypath, Inc., Everypath Canada Holding Corp., et al. - ss. 74(1)

Headnote

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

Statutes Cited

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

Rules Cited

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

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

AND

IN THE MATTER OF EVERYPATH, INC., EVERYPATH CANADA HOLDING CORP., 3055840 NOVA SCOTIA COMPANY, SITRAKA INC., 1478620 ONTARIO LIMITED, 1478261 ONTARIO LIMITED AND EVERYPATH CANADA CORP.

RULING
(Subsection 74(1))

UPON the application of Everypath, Inc. (**"Parent"**), on its own behalf and on behalf of Everypath Canada Holding Corp. (**"Parent Acquisition Company"**), 3055840 Nova Scotia Company (**"Buyer"**), Sitraka Inc. (**"Sitraka"**), 1478260 Ontario Limited (**"Vendor Parent"**) and 1478261 Ontario Limited (**"Vendor"**) to the Ontario Securities Commission (the **"Commission"**) for a ruling, pursuant to subsection 74(1) of the Act, that certain trades in securities to be made pursuant to the terms and conditions of exchangeable shares issued in connection with the acquisition (the **"Transaction"**) of Everypath Canada Corp. (**"Target"**) by Buyer completed on May 31, 2001 pursuant to an agreement (the **"Acquisition Agreement"**) entered into as of May 31, 2001 between Parent, Parent Acquisition Company, Buyer, Sitraka, Vendor Parent and Vendor, shall not be subject to section 25 or 53 of the Act;

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

AND UPON Parent, Parent Acquisition Company, Buyer, Vendor Parent, Vendor and Sitraka having represented to the Commission as follows:

1. Sitraka is a corporation existing under the laws of the Province of Ontario. The principal places of business of Sitraka are situated at 260 King Street East, Toronto, Ontario, M5A 4L5 and 49 Ontario St., 7th Floor, Toronto, Ontario M5A 2V1.

2. Sitraka is a "private company" within the meaning of the Act and is not a reporting issuer in the Province of Ontario or in any other province or territory in Canada.

3. Target is an unlimited liability company existing under the laws of the Province of Nova Scotia. The principal place of business of Target is situated at 49 Ontario St., 7th Floor, Toronto, Ontario M5A 2V1. Prior to completion of the Transaction, Target acquired from Vendor substantially all of the assets necessary to conduct the operations of a particular business division of the Sitraka group of companies (the **"Sitraka Business Division"**).

4. Target is a "private company" within the meaning of the Act and is not a reporting issuer in the Province of Ontario or in any other province or territory in Canada.

5. Immediately prior to the closing of the Transaction, the only outstanding shares of Target consisted of two common shares (**"Target Shares"**). At the closing of the Transaction, no other securities were outstanding in the capital of Target.

6. Immediately prior to the closing of the Transaction, Vendor was the only shareholder of Target and was an indirect subsidiary of Sitraka.

7. Vendor is a corporation existing under the laws of the Province of Ontario. The principal place of business of Vendor is situated at 260 King Street East, Toronto, Ontario, M5A 4L5.

8. Vendor is a "private company" within the meaning of the Act and is not a reporting issuer in the Province of Ontario or in any other province or territory in Canada.

9. Vendor Parent is the only shareholder of Vendor and is a subsidiary of Sitraka.

10. Vendor Parent is a corporation existing under the laws of the Province of Ontario. The principal place of business of Vendor Parent is situated at 260 King Street East, Toronto, Ontario, M5A 4L5.

11. Vendor Parent is a "private company" within the meaning of the Act and is not a reporting issuer in the Province of Ontario or in any other province or territory in Canada.

12. Immediately prior to the closing of the Transaction, Sitraka was the only shareholder of Vendor Parent. From time to time, employees of Sitraka may also become shareholders of Vendor Parent.

13. Parent is a company existing under the laws of the State of California. The principal place of business of Parent is situated at 2211 North First Street, Suite 200, San Jose, California 95131. Parent is a provider of secure scalable wireless application software solutions, which is complementary to the activities carried on in the Sitraka Business Division.

14. Immediately prior to the closing of the Transaction, the authorized capital stock of Parent included 30,000,000 shares of common stock (**"Parent Common Shares"**) with a par value of U.S.$0.001 per share, of which 8,815,212 shares were issued and outstanding, 15,373,724 shares of preferred stock, of which (i) 2,198,178 shares were designated as series A preferred stock, all of which were issued and outstanding, (ii) 7,611,556 shares were designated as series B preferred stock, all of which were issued and outstanding, (iii) 4,186,603 shares were designated as series C preferred stock, 4,171,310 shares of which were issued and outstanding; (iv) 1,377,386 shares were designated as series D preferred stock (the **"Parent Series D Shares"**), none of which were issued and outstanding, and (v) one share was designated as series D-1 preferred stock (**"Parent Special Voting Preferred Share"**), which share was not issued and outstanding. The Parent Series D Shares into which the Exchangeable Shares are exchangeable, the Parent Common Shares into which the Parent Series D Shares are convertible and the Parent Special Voting Preferred Share are collectively referred to as the **"Parent Shares"**.

15. Parent is not subject to the reporting requirements of the *United States Securities and Exchange Act of 1934*, as amended. None of the shares of Parent are listed on any exchange or quoted on any automated quotation system. Parent is not, and currently has no intention of becoming, a reporting issuer in Ontario or any other province of Canada.

16. Buyer is an unlimited liability company incorporated under the laws of the Province of Nova Scotia and is an indirect subsidiary of Parent.

17. Buyer is a "private company" within the meaning of the Act and not a reporting issuer in the Province of Ontario or in any other province or territory in Canada.

18. Buyer was formed on May 30, 2001 for the purposes of participating in the Transaction.

19. Parent Acquisition Company is an unlimited liability company incorporated under the laws of the Province of Nova Scotia and is a subsidiary of Parent.

20. Parent Acquisition Company is a "private company" within the meaning of the Act and not a reporting issuer in the Province of Ontario or in any other province or territory in Canada.

21. Parent Acquisition Company was formed on May 30, 2001 for the purposes of participating in the Transaction.

22. Pursuant to the terms of the Transaction, Buyer acquired all of the issued and outstanding shares of Target from Vendor in consideration of 1,370,508 exchangeable shares in the capital of Buyer (the

"**Exchangeable Shares**") and additional cash consideration. Upon the execution of the Voting and Exchange Agreement (as defined below), Everypath issued one Parent Special Voting Preferred Share.

23. On May 31, 2001, the Transaction was completed.

24. The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares (the "**Exchangeable Share Provisions**"), together with the Parent Special Voting Preferred Share, provide holders thereof with a security of Buyer having economic attributes which are substantially equivalent, in all material respects, to those of a Parent Series D Share. Exchangeable Shares were received by Vendor on a Canadian tax-deferred, roll-over basis. Each Exchangeable Share is exchangeable for one Parent Series D Share at no additional consideration. Each Parent Series D Share is, by its terms, convertible, upon the occurrence of certain conditions as set forth in the Parent's Amended and Restated Certificate of Incorporation, into one Parent Common Share (subject to adjustment), at the option of the holder thereof at any time or automatically upon the occurrence of certain events. Dividends will be payable on the Exchangeable Shares contemporaneously and in the equivalent amount per share as dividends would be required to be declared on the Parent Series D Shares.

25. Subject to the overriding liquidation call right of Parent Acquisition Company referred to below, on the liquidation, dissolution or winding-up of Buyer, a holder of Exchangeable Shares will be entitled to receive from Buyer for each Exchangeable Share held an amount equal to the then current market price of a Parent Series D Share, to be satisfied by delivery of one Parent Series D Share (subject to adjustment), together with, on the designated payment date therefor and to the extent not already paid by Buyer on a dividend payment date, all declared and unpaid dividends on each such Exchangeable Share and all dividends which should have been declared on the Exchangeable Shares in an equivalent amount to those dividends which should have been declared on the Parent Series D Shares (such aggregate amount, the "**Liquidation Amount**"). Upon a proposed liquidation, dissolution or winding-up of Buyer, Parent Acquisition Company will have an overriding call right (the "**Liquidation Call Right**") to purchase all of the outstanding Exchangeable Shares from the holders thereof for a price per share equal to the Liquidation Amount.

26. The Exchangeable Shares are non-voting (except as contained in the Exchangeable Share Provisions or as otherwise required by law) and are retractable at the option of the holder at any time (the "**Retraction Right**"). Subject to the overriding call right of Parent Acquisition Company referred to below, upon retraction the holder will be entitled to receive from Buyer for each Exchangeable Share retracted an amount equal to the then current market price of one Parent Series D Share, to be satisfied by delivery of one Parent Series D Share (subject to adjustment), together with, on the designated payment date therefor and to the extent not already paid by Buyer on a dividend payment date, all declared and unpaid dividends on each such retracted Exchangeable Share and all dividends which should have been declared on the Exchangeable Shares in an equivalent amount to those dividends which should have been declared on the Parent Series D Shares (such aggregate amount, the "**Retraction Price**"). Upon being notified by Buyer of a proposed retraction of Exchangeable Shares, Parent Acquisition Company will have an overriding call right (the "**Retraction Call Right**") to purchase from the holders all of the Exchangeable Shares that are the subject of the retraction notice for a price per share equal to the Retraction Price.

27. Subject to applicable law and the overriding redemption call right of Parent Acquisition Company referred to below in this paragraph, Buyer shall redeem all the Exchangeable Shares then outstanding on the date which is ten years from the closing date of the Transaction (the "**Automatic Redemption Date**"). The board of directors of Buyer may accelerate the Automatic Redemption Date in certain circumstances, as described in the Exchangeable Share Provisions, including if there are fewer than 20% of the original number of Exchangeable Shares outstanding (other than Exchangeable Shares held by Parent, Parent Acquisition Company and their respective affiliates, and as such number of shares may be adjusted as deemed appropriate by the board of directors to give effect to any subdivision or consolidation of or stock dividend on the Exchangeable Shares, any issue or distribution of rights to acquire Exchangeable Shares or securities exchangeable for or convertible into Exchangeable Shares, any issue or distribution of other securities or rights or evidences of indebtedness or assets, or any other capital reorganization or other transaction affecting the Exchangeable Shares). Upon such redemption, a holder will be entitled to receive from Buyer for each Exchangeable Share redeemed, an amount equal to the then current market price of a Parent Series D Share on the last business day prior to the Automatic Redemption Date, to be satisfied by the delivery of one Parent Series D Share (subject to adjustment), together with, to the extent not already paid by Buyer on a dividend payment date, all declared and unpaid dividends on each such redeemed Exchangeable Share and all dividends which should have been declared on the Exchangeable Shares in an equivalent amount to those dividends which should have been declared on the Parent Series D Shares (such aggregate amount, the "**Redemption Price**"). Upon being notified by Buyer of a proposed redemption of Exchangeable Shares, Parent Acquisition Company will have an overriding call right (the "**Redemption Call Right**") to purchase from the holders all of the outstanding Exchangeable Shares for a price per share equal to the Redemption Price.

28. Upon the liquidation, dissolution or winding-up of Parent, the Exchangeable Shares will be automatically exchanged for Parent Series D Shares pursuant to a voting and exchange agreement (the "**Voting and Exchange Agreement**") between Parent, Parent

Acquisition Company, Buyer, Vendor and Vendor Parent in order that holders of Exchangeable Shares may participate in the dissolution of Parent on the same basis as holders of Parent Series D Shares. Upon the insolvency of Buyer, holders of Exchangeable Shares may put their shares to Parent in exchange for Parent Series D Shares, pursuant to the Exchange Right described in greater detail below.

29. A holder of Exchangeable Shares is entitled to transfer such Exchangeable Shares without the consent of Buyer provided that the transferee agrees to be bound by the terms and conditions of the Voting and Exchange Agreement.

30. Under the Voting and Exchange Agreement, Parent has granted to the holders of the Exchangeable Shares a put right (the **"Exchange Right"**), exercisable upon certain events including the insolvency of Buyer, to require Parent to purchase from a holder of Exchangeable Shares all or any part of its Exchangeable Shares. The purchase price for each Exchangeable Share purchased by Parent will be an amount equal to the then current market price of a Parent Series D Share, to be satisfied by the delivery to the holder, of one Parent Series D Share (subject to adjustment), together with an additional amount equivalent to the full amount of all declared and unpaid dividends on such Exchangeable Share and all dividends which should have been declared on the Exchangeable Shares in an equivalent amount to those dividends which should have been declared on the Parent Series D Shares.

31. Under the Voting and Exchange Agreement, upon the liquidation, dissolution or winding-up of Parent, Parent will be required to purchase each outstanding Exchangeable Share, and each holder will be required to sell all of its Exchangeable Shares (such purchase and sale obligations are hereafter referred to as the **"Automatic Exchange Right"**), for a purchase price per share equal to the then current market price of a Parent Series D Share, to be satisfied by the delivery to the holder of one Parent Series D Share (subject to adjustment), together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each such Exchangeable Share and all dividends which should have been declared on the Exchangeable Shares in an equivalent amount to those dividends which should have been declared on the Parent Series D Shares.

32. Under the Voting and Exchange Agreement, Parent issued to Vendor one Parent Special Voting Preferred Share which in effect permits Vendor, as the holder of the Exchangeable Shares, to vote at meetings of the shareholders of Parent as if it held the underlying Parent Series D Shares. In the event that Vendor transfers any proportion of its Exchangeable Shares to any person (including on the exercise of the Retraction Right), it is generally required to transfer a proportionate interest in the Parent Special Voting Preferred Share.

33. Contemporaneously with the closing of the Transaction, Parent, Parent Acquisition Company and Buyer entered into a support agreement (the **"Support Agreement"**) in connection with the dividend rights, and the redemption and retraction rights and dissolution entitlements that are attributes of the Exchangeable Shares and the related redemption, retraction and liquidation call rights described above.

34. The trades involved in the Transaction to date were made pursuant to exemptions from the prospectus and registration requirements of the Act.

35. The exchange of the Exchangeable Shares by current holders to Parent Common Shares or Parent D Shares will involve a number of trades (collectively, the "Trades"). There may be no prospectus and registration exemptions available under the Act for certain of the Trades.

36. Assuming the exchange of all Exchangeable Shares for Parent Series D Shares and the conversion of all Parent Series D Shares for Parent Common Shares, immediately after the completion of the Transaction, persons who are resident in Ontario did not in aggregate hold of record or own beneficially more than 10% of the issued and outstanding Parent Common Shares or represent more than 10% of the number of holders of Parent Common Shares (each on a non-diluted and fully-diluted basis).

37. All disclosure material furnished to holders of Parent Common Shares and Parent D Shares in the United States will concurrently be furnished to holders of the Exchangeable Shares, Parent Common Shares and Parent D Shares resident in Ontario.

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

IT IS RULED pursuant to subsection 74(1) of the Act that, to the extent there are no exemptions available from the registration and prospectus requirements of the Act in respect of any of the Trades, such Trades are not subject to sections 25 or 53 of the Act, provided that:

(i) the first trade in Parent Series D Shares other than the conversion thereof into Parent Common Shares shall be a distribution;

(ii) the first trade in any Parent Common Shares issued upon the conversion of Parent Series D Shares or Exchangeable Shares shall be a distribution unless:

(a) such trade is made or executed through the facilities of a stock exchange outside of Ontario or through The Nasdaq Stock Market ("NASDAQ") and such trade is made in accordance with the rules of the stock exchange upon which such trade is made or the rules of NASDAQ in accordance with all laws applicable to that stock exchange or NASDAQ; and

(b) at the time of such trade, holders of Exchangeable Shares, Parent Common Shares and Parent D Shares whose last address as shown on the books of Buyer or Parent, as the case may be, is in Ontario, together do not hold more than 10% of the outstanding Parent Common Shares on an exchanged basis and together represent in number not more than 10% of the total holders of Parent Common Shares on an exchanged basis.

October 23, 2001.

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

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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
Peak Brewing Group Inc.	12 Oct 01	24 Oct 01	26 Oct 01	-
WYE Resources Inc.	24 Oct 01	5 Nov 01	5 Nov 01	-
Tropika International Limited	24 Oct 01	5 Nov 01	5 Nov 01	-
Primenet Communications Inc.	26 Oc 01	7 Nov 01	7 Nov 01	-
Saco Smartvision Inc.	6 Nov 01	16 Nov 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	-
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	-	-

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
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	-	-
Diadem Resources Ltd.	23 Oct 01	5 Nov 01	5 Nov 01	-	-

4.3.1 Lapsed Cease Trading Orders

Company Name	Date of Lapse/Expire
Dimensional Media Inc.	7 Nov 01

Chapter 5

Rules and Policies

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Chapter 6

Request for Comments

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

Exempt Financings

The Ontario Securities Commission reminds issuers 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

Trans. Date	Security	Price ($)	Amount
12Oct01	Arrow North American MultiManager II Fund - Class I Trust Units	345,959	3,523
12Oct01	Arrow Global MultiManager II Fund - Class I Trust Units	650,000	6,631
05Oct01	BPI American Opportunities Fund - Units	32,701	269
30Oct01	Cardinal Power of Canada, L.P. - Senior Secured Term Note No. 9	20,940,046	20,940,046
22Oct01	CC&L Balanced Fund - Units	3,443	321
16Sep01	CC&L Private Client Diversified Fund - Units	12,500	1,397
04Oc01	Cochrane Power Corporation - Class B Shares	11,500,000	15,500,000
18Oct01	Deer Creek Energy Limited - Special Warrants	250,020	185,200
23Oct01	Diaz Resources Ltd. - Shares	1,900,000	4,000,000
15Oct01	DR Residential Mortgage Trust - Series B@ Subordinated Medium Term Secured Notes 5.46% due October 25, 2004	$3,000,000	$3,000,000
01Oct01	Fairmont Hotels & Resorts Inc. - Common Shares	17,242,232	638,335
15Oct01	First Horizon Holdings Ltd. - Class C and E Shares	503,500	36,028
15Oct01	First Horizon Holdings Ltd. - Class I Shares	687,920	63,950
01Oct01	Fording Inc. - Common Shares	10,644,928	423,854
11Oct01	Gammon Lake Resources Inc. - Special Warrants	767,000	1,475,000
26Jul01	HarbourVest International Private Equity Partners IV- Partnership Fund L.P. - Capital Commitment	613,759	613,759
10May01	HarbourVest International Private Equity Partners IV- Partnership Fund L.P. - Capital Commitment	1,540,202	1,540,202
18Oct01	Impact Energy Inc. - Special Warrants	5,000,000	4,166,667
25Sep01	Incanta, Inc. - Series C Preferred Stock and Warrants to Purchase Common Stock	US$4,608,310	27,107,710
09Aug00	Jaldi Semicoundutor Corp. - Convertible Promissory Notes	$1,008,032	$1,008,032
10Feb00	Jaldi Semicounductor Corp. - Convertible Promissory Notes	$1,500,000	$1,500,000
26Jan01	Jaldi Semicounductor Corp. - Class B, Series II Shares	11,273,250	11,273,250
17Oct01	Joseph littlejohn & Levy Fund IV, L.P. - Capital Commitment	2,892,868	2,892,868
15Oct01	Junex Inc. - Units	499,999	666,666
04Oct01	Kirkland Power Corp. - Class B Shares	12,000,000	12,000,000
28Sep01	Master Credit Card Trust - 6.15% Credit Card Receivalbes-Backed Notes	$524,100	$5,000
20Sep01	Master Credit Card Trust - 6.15% Credit Card Receivalbes-Backed Notes	$1,782,450	$17,000
24Oct01	Negociar Investments Limited Partnership - Limited Partnership Units	350,000	10

Trans. Date	Security	Price ($)	Amount
04Oct01	Northam Real Estate Investment Fund V, L.P. - Units	16,000,000	16,000
19Oct01	Ozz Corporation - Common Shares	350,000	875,000
02Oct01	Platinum Communications Corporation - Units	150,000	375,000
05Sep01	Platinum Communications Corporation - Units	50,000	125,000
18Sep01	Platinum Communications Corporation - Units	25,000	62,500
15Oct01	Providence Equity Offshore Partners IV L.P. - Capital Commitment	129,765,178	129,765,178
18Oct01	QBE Insurance Group - Ordinary Shares	64,456	14,550
01Jul01 to 30Sep01	RTCM American Equity Fund - Pooled Fund Units	5,177,655	322,099
01Jul01 to 30Sep01	RTCM Balanced Capped Fund - Pooled Fund Units	874,654	99,557
01Jul01 to 30Sep01	RTCM Balanced Fund - Pooled Fund Units	94,826,961	3,143,612
01Jul01 to 30Sep01	RTCM Bond Fund - Pooled Fund Units	20,208,893	2,339,102
01Jul01 to 30Sep01	RTCM Canada Plus Equity Fund - Pooled Fund Units	12,300,586	824,987
01Jul01 to 30Sep01	RTCM Canadian Equity Fund - Pooled Fund Units	53,461,513	571,210
01Jul01 to 30Sep01	RTCM Canadian Income Fund - Pooled Fund Units	219,319	21,952
01Jul01 to 30Sep01	RTCM Conventional Mortgage Fund - Pooled Fund Units	69,000	8,165
01Jul01 to 30Sep01	RTCM Diversified Fund - Pooled Fund Units	2,458,505	150,290
01Jul01 to 30Sep01	RTCM Global Equity Fund - Pooled Fund Units	2,555,310	195,704
01Jul01 to 30Sep01	RTCM Government of Canada Money Market Fund - Pooled Fund Units	2,080,000	208,000
01Jul01 to 30Sep01	RTCM International Equity Fund - Pooled Fund Units	11,404,267	238,301
01Jul01 to 30Sep01	RTCM Money Market Fund - Pooled Fund Units	100,633,767	10,063,377
01Jul01 to 30Sep01	RTCM Small Capitalization Fund - Pooled Fund Units	29,186,647	1,865,116
01Jul01 to 30Sep01	RTCM U.S. Equity Value Fund - Pooled Fund Units	1,041,685	19,915
01Jul01 to 30Sep01	RTCM U.S. Equity Growth Fund - Pooled Fund Units	7,198,108	111,793
26Sep01	Salomon Brothers Capital Fund Inc. - Class Y Shares	7,938,000	343,133
03Oc01	St Andrew Goldfields Ltd. - Units and Flow-Through Units	150,000, 450,000	8,000,000, 4,000,000
19Oct01	Sun Life Assurance Company of Canada - Senior Debenture	990,000,000	990,000,000
18Oct01	Symantec Corporation - Convertible Subordinated Notes due November 1, 2006	$789,350	$789,350
09Oct01	Triax MediaVentures No. 2 Limited Partnership - Limited Partnership Units	34,154,400	31,920
05Oct01	Trident Global Opportunities Fund - Units	410,000	3,816
11Oct01	York Receivables Trust II - 6.36% Credit Card Receivalbes-Backed Notes	$118,967,500	$1,150,000

Resale of Securities - (Form 45-501f2)

Date of Resale	Date of Orig. Purchase	Seller	Security	Price ($)	Amount
12Oct01	07Jan00	Investors Group Trust Co. Ltd. as Trustee for Investors Global Science & Technology Fund	Electrofuel Inc. - Common Shares	830,231	2,594,474

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

Seller	Security	Amount
Black, Conrad M.	Hollinger Inc. - Series II Preference Shares	1,611,039
A-Shear Holdings Inc.	Teknion Corporation - Multiple Voting Shares	34,800

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Chapter 9

Legislation

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
AltaRex Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated November 2nd , 2001
Mutual Reliance Review System Receipt dated November 2nd, 2001
Offering Price and Description:
7,200,000 Common Shares and 7,200,000 Shares Purchase Warrants Issuable Upon Exercise of 7,200,000 Special Units
Underwriter(s) or Distributor(s):
Yorkton Securities Inc.
Promoter(s):
-
Project #398925

Issuer Name:
Arctic Star Diamond Corp.
Type and Date:
Preliminary Prospectus dated October 29th, 2001
Receipt dated November 7th, 2001
Offering Price and Description:
3,000,000 Units @ $0.25 per Unit and 5,606,000 Common Shares and 4,106,000 Warrants issuable upon the exercise of 5,606,000 previously issued Special Warrants
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
-
Project #367060

Issuer Name:
Atlas Cold Storage Income Trust (formerly ACS Freezers Income Trust)
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated November 7th, 2001
Mutual Reliance Review System Receipt dated November 7th, 2001
Offering Price and Description:
$55,019,250 - 5,265,000 Trust Units @ $10.45 per Trust Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Promoter(s):
-
Project #399728

Issuer Name:
Brompton VIP Income Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated November 2nd, 2001
Mutual Reliance Review System Receipt dated November 5th, 2001
Offering Price and Description:
Maximum $ * - * Trust Units @ $25.00 per Trust Unit
(Minimum Purchase : 100 Trust Units
Underwriter(s) or Distributor(s):
Raymond James Ltd.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
Yorkton Securities Inc.
Brompton Securities Limited
Research Capital Corp.
Promoter(s):
Brompton VIP Management Limited
Project #399038

Issuer Name:
Bulldog Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated November 2nd, 2001
Mutual Reliance Review System Receipt dated November 6th, 2001
Offering Price and Description:
$5,000,000 to $8,000,000 - 5,000 to 8,000 Units and 350,000 Class A Shares Issuable upon the exercise of 350,000 Outstanding Exchange Warrants. Price $1,000 per Unit . Minimum Subscription : 5 Units ($5,000)
Underwriter(s) or Distributor(s):
Research Capital Corporation
Promoter(s):
Kenneth McKay
Michael Flanagan
Bruce McKay
Project #399253

Issuer Name:
Clarica Conservative Balanced Fund
Clarica High Yield Bond Fund
Clarica Balanced Fund
Clarica Canadian Large Cap Value Fund
Clarica Global Large Cap Value Fund
Clarica Global Science & Technology Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 2nd, 2001
Mutual Reliance Review System Receipt dated November 6th, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #398929

Issuer Name:
CMDF Early Stage Fund Inc.
Type and Date:
Preliminary Prospectus dated November 1st, 2001
Receipt dated November 1st, 2001
Offering Price and Description:
Class A Shares - Initial Offering Price @$10.00 per Class A Shares
Continuous Offering Price - Net Asset Value for Class A Shares
Minimum Initial Subscription $1,000
Minimum Subsequent Subscription $500
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #398505

Issuer Name:
CMDF Venture Fund Inc.
Type and Date:
Preliminary Prospectus dated November 1st, 2001
Receipt dated November 1st, 2001
Offering Price and Description:
Class A Shares - Initial Offering Price @$10.00 per Class A Shares
Continuous Offering Price - Net Asset Value for Class A Shares
Minimum Initial Subscription $1,000
Minimum Subsequent Subscription $500
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #398518

Issuer Name:
Davis + Henderson Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated November 6th, 2001
Mutual Reliance Review System Receipt dated November 8th, 2001
Offering Price and Description:
$ * - * Units @ $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Griffiths McBurney & Partners
Promoter(s):
MDC Corporation Inc.
Project #399628

Issuer Name:
E2 Venture Fund Inc.
Type and Date:
Preliminary Prospectus dated November 1st, 2001
Receipt dated November 2nd, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #398569

Issuer Name:
Energy Exploration Technologies
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated October 31st, 2001
Mutual Reliance Review System Receipt dated November 6th, 2001
Offering Price and Description:
$ * - * Flow-Through Shares @ $ * per Share
Underwriter(s) or Distributor(s):
Research Capital Corporation
Promoter(s):
-
Project #399392

Issuer Name:
High Point Energy Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated November 2nd, 2001
Mutual Reliance Review System Receipt dated November 6th, 2001
Offering Price and Description:
$4,000,000 to $6,000,000 - * Flow-Through Class "A" Common Shares and 3,400,000 Class A Shares issuable upon the exercise of 3,400,000 Flow-Through Special Warrants and 500,000 Class A Common Shares issuable upon the exercise of 500,000 Special Warrants
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
Glen A. Yeryk
Glenn R. Carley
Project #399266

Issuer Name:
Ivanhoe Mines Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated October 31st, 2001
Mutual Reliance Review System Receipt dated November 1st, 2001
Offering Price and Description:
US$6,500,000 - 4,970,889 Common Shares to be issued upon the exercise of 4,970,889 Special Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #398318

Issuer Name:
Lawrence Enterprise Fund Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated October 31st, 2001
Mutual Reliance Review System Receipt dated November 1st, 2001
Offering Price and Description:
Class A Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #398472

Issuer Name:
Manulife Financial Capital Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated November 1st, 2001
Mutual Reliance Review System Receipt dated November 2nd, 2001
Offering Price and Description:
$ * - Series A (MaCS - Series A)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
Promoter(s):
-
Project #398566

Issuer Name:
MRF 2001 II Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated November 1st, 2001
Mutual Reliance Review System Receipt dated November 2nd, 2001
Offering Price and Description:
$3,000,000 to $15,000,000 - 600,000 to 120,000 Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Middlefield Group
Project #398554

Issuer Name:
NCE Petrofund
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated November 7th, 2001
Mutual Reliance Review System Receipt dated November 7th, 2001
Offering Price and Description:
$40,800,000 - 3,200,000 Trust Units @$12.75 per Trust Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
TD Securities Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Yorkton Securities Inc.
Promoter(s):
-
Project #399767

Issuer Name:
North West Company Fund
Principal Regulator - Manitoba
Type and Date:
Preliminary Short Form Prospectus dated October 31st, 2001
Mutual Reliance Review System Receipt dated November 1st, 2001
Offering Price and Description:
$ * - 3,840,000 Units @ $ * per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Dundee Securities Corporation
Wellington West Capital Inc.
Bieber Securities Inc.
Promoter(s):
-
Project #398584

Issuer Name:
Platinex Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated October 31st, 2001
Mutual Reliance Review System Receipt dated November 5th, 2001
Offering Price and Description:
$1,000,000 to $2,000,000 - 1,000,000 to 2,000,000 Units, each unit consisting of one non-flow-through common share (a "Non-FT Shares"), one flow through common share (a "FT" Share) and two warrants (each a "Warrant"). A full Warrant entitles the holder to purchase one non-flow-through Common Share (Warrant Share") of the Issuer at a price of $0.75 during first 18 months after the Offering Day.
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Promoter(s):
James R. Trusler
Project #398932

Issuer Name:
PrimeWest Energy Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated November 1st, 2001
Mutual Reliance Review System Receipt dated November 1st, 2001
Offering Price and Description:
$70,290,000 - 9,900,000 Trust Units @ $7.10 per Trust Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
Yorkton Securities Inc.
Promoter(s):
PrimeWest Energy Inc.
Project #398531

Issuer Name:
Royal Capital Management Corp.
Type and Date:
Preliminary Prospectus dated October 31st, 2001
Receipt dated November 1st, 2001
Offering Price and Description:
A minimum of $350,000 and a maximum of $1,000,000
A Minimum of 70,000 and maximum of 200,000 Class A Common Shares
@ $5.00 per Class A Common Share
Minimum Subscription : $700 (140 Class A Common Shares
Underwriter(s) or Distributor(s):
Reco Futures (Canada) Ltd.
Promoter(s):
-
Project #398330

Issuer Name:
Scotia CanGlobal Income Fund
Scotia Latin American Growth Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated October 31st, 2001
Mutual Reliance Review System Receipt dated November 1st, 2001
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Promoter(s):
-
Project #398359

Issuer Name:
Sherwood Mining Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated October 31st, 2001
Mutual Reliance Review System Receipt dated November 2nd, 2001
Offering Price and Description:
8,666,000 Units 866,6000 Agents' Unit Options 3000,000 Over Allotment Options
$2,499,800 - (8,666,000 Units) 3,600,000 Common Shares and 1,800,000 Regular B Warrants
Issuable on the Exercise of Special Warrants
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Dundee Securities Corporation
Haywood Securities Inc.
Promoter(s):
Raymond P. Antony
Stephen P. Quin
James A. Crobie
Project #398608

Issuer Name:
The VenGrowth Advanced Life Sciences Fund Inc.
Type and Date:
Preliminary Prospectus dated October 31st, 2001
Receipt dated November 1st, 2001
Offering Price and Description:
Class A Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #398356

Issuer Name:
Tuscarora Energy Growth Fund Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated November 2nd, 2001
Mutual Reliance Review System Receipt dated November 6th, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #399189

Issuer Name:
Viking Energy Royalty Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated November 5th, 2001
Mutual Reliance Review System Receipt dated November 5th, 2001
Offering Price and Description:
$15,240,000 - 2,400,000 Trust Units @ $6.35 per Trust Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
TD Securities Inc.
Raymond James Ltd.

Promoter(s):
-
Project #399170

Issuer Name:
Western Oil Sands Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated November 6th, 2001
Mutual Reliance Review System Receipt dated November 7th, 2001
Offering Price and Description:
5,005,908 Common Shares (issuable upon conversion of previously issued Non-Voting Convertible
Equity Shares)
Underwriter(s) or Distributor(s):
-
Promoter(s):
Guy J. Turcotte
Timothy R. Winterer
John Frangos
Allen P. Barber
Project #399637

Issuer Name:
The Thomson Corporation
Type and Date:
Amended and Restated Short Form Shelf Prospectus dated November 6th, 2001 to Short Form Shelf Prospectus dated September 5th, 2001
Mutual Reliance Review System Receipt dated 8th day of November, 2001
Offering Price and Description:
$3,000,000,000 - Debt Securities (unsecured)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #381953

Issuer Name:
Discovery Capital 2001 Technology Limited Partnership
Principal Regulator - British Columbia
Type and Date:
Amendment #1 dated October 29th, 2001 to Prospectus dated August 30th, 2001
Mutual Reliance Review System Receipt dated 1st day of November, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Yorkton Securities Inc.
Salman Partners Inc.
Promoter(s):
Discovery Capital Corporation
Project #373066

Issuer Name:
BARKER MINERALS LTD.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated October 30th, 2001
Mutual Reliance Review System Receipt dated 5th day of November, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Bolder Investment Partners, Ltd.
Promoter(s):
Louis E. Doyle
Project #374906

Issuer Name:
Clean Power Income Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated November 2nd, 2001
Mutual Reliance Review System Receipt dated 5th day of November, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
Merrill Lynch Canada Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Promoter(s):
Clean Power Inc.
Project #391321

Issuer Name:
WaveRider Communications Inc.
Principal Regulator - Ontario
Type and Date:
Final MJDS Prospectus dated November 2nd , 2001
Mutual Reliance Review System Receipt dated 7th day of November, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #390735

Issuer Name:
ARC Energy Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 29th, 2001
Mutual Reliance Review System Receipt dated 30th day of October, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):

Promoter(s):

Project #395728

Issuer Name:
Biovail Corporation (formerly Biovail Corporation International)
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated November 2nd, 2001
Mutual Reliance Review System Receipt dated 5th day of November, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #396930

Issuer Name:
Canadian Apartment Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated November 2nd , 2001
Mutual Reliance Review System Receipt dated 2nd day of November, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
HSBC Securities (Canada) Inc.
Merill Lynch Canada Inc.
Raymond James Ltd.
Canaccord Capital Corporation
Promoter(s):
-
Project #396431

Issuer Name:
CPL Long Term Care Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated November 1st, 2001
Mutual Reliance Review System Receipt dated November 1st, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
TD Securities Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
Raymond James Ltd.
Trilon Securities Corporation
Promoter(s):
-
Project #395658

Issuer Name:
Enerplus Resources Fund
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated November 7th, 2001
Mutual Reliance Review System Receipt dated 7th day of November, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):

Promoter(s):

Project #397525

Issuer Name:
Retirement Residences Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated November 6th, 2001
Mutual Reliance Review System Receipt dated 7th day of November, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
Merrill Lynch Canada Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
National Bank Financial Inc.
Raymond James Ltd.
Promoter(s):
-
Project #398128

Issuer Name:
Shiningbank Energy Income Fund
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated November 2nd, 2001
Mutual Reliance Review System Receipt dated 2nd day of November, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
Scotia Capital Inc.
TD Securities Inc.
National Bank Financial Inc.
Promoter(s):
-
Project #396351

Issuer Name:
TELESAT CANADA
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated November 5th, 2001
Mutual Reliance Review System Receipt dated 6th day of November, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #395878

Issuer Name:
ING Global Equity RSP Fund
ING Global Equity Fund
ING Global Communications Fund
ING Global Technology Fund
ING Canadian Resources Fund
ING Canadian Financial Services Fund
ING Canadian Communications Fund
ING Emerging Markets Equity Fund
ING Japan Equity RSP Fund
ING Japan Equity Fund
ING Austral-Asia Equity RSP Fund
ING Austral-Asia Equity Fund
ING Europe Equity RSP Fund
ING Europe Equity Fund
ING US Equity RSP Fund
ING US Equity Fund
ING Canadian Small Cap Equity Fund
ING Canadian Equity Fund
ING Canadian Bond Fund
ING Canadian Money Market Fund
ING DIRECT American Fund
ING DIRECT Canadian Fund
ING DIRECT Global Brand Names Fund
(Investor Class, Exclusive Class and Institutional Class Units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated November 1st, 2001
Mutual Reliance Review System Receipt dated 5th day of November, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #388310

Issuer Name:
Mackenzie Horizon Capital Class
Mackenzie Ivy Canadian Capital Class
Mackenzie Ivy Enterprise Capital Class
Mackenzie Universal Canadian Growth Capital Class
Mackenzie Universal Future Capital Class
Mackenzie Universal Select Managers Canada Capital Class
Mackenzie Universal U.S. Blue Chip Capital Class
Mackenzie Universal U.S. Emerging Growth Capital Class
Keystone Premier Euro Elite 100 Capital Class
Keystone Premier Global Elite 100 Capital Class
Mackenzie Cundill Value Capital Class
Mackenzie Ivy Foreign Equity Capital Class
Mackenzie Universal European Opportunities Capital Class
Mackenzie Universal Global Ethics Capital Class
Mackenzie Universal International Stock Capital Class
Mackenzie Universal Select Managers Capital Class
Mackenzie Universal World Emerging Growth Capital Class
Mackenzie Universal Diversified Equity Capital Class
Mackenzie Universal Communications Capital Class
Mackenzie Universal Financial Services Capital Class
Mackenzie Universal Health Sciences Capital Class
Mackenzie Universal Internet Technologies Capital Class
Mackenzie Universal World Precious Metals Capital Class
Mackenzie Universal World Real Estate Capital Class
Mackenzie Universal World Resource Capital Class
Mackenzie Universal World Science & Technology Capital Class
Mackenzie Canadian Managed Yield Capital Class
Mackenzie U.S. Managed Yield Capital Class
(A, F, I and O Shares)
Mackenzie Universal Select Managers USA Capital Class
Mackenzie Universal Growth Trends Capital Class
Mackenzie Universal Select Managers Far East Capital Class
Mackenzie Universal Select Managers International Capital Class
Mackenzie Universal Select Managers Japan Capital Class
(Series A, F, I, O and R Shares)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated October 25th, 2001
Mutual Reliance Review System Receipt dated 1st day of November, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #382865

Issuer Name:
Merrill Lynch Triple A 50 RSP Fund
Merrill Lynch Triple A 50 Fund
Merrill Lynch Global Growth RSP Fund
Merrill Lynch Global Technology RSP Fund (formerly, Merrill Lynch Internet Strategies RSP Fund)
Merrill Lynch Global Technology Fund (formerly, Merrill Lynch Internet Strategies Fund)
Merrill Lynch Select International Growth RSP Fund
Merrill Lynch Select Global Value RSP Fund
Merrill Lynch Global Sectors RSP Fund
Merrill Lynch Global Sectors Fund
Merrill Lynch Canadian Balanced Value Fund
Merrill Lynch U.S. Basic Value Fund
Merrill Lynch Global Growth Fund
Merrill Lynch Canadian Income Trust Fund
Merrill Lynch Canadian Bond Fund
Merrill Lynch Canadian Core Value Fund
Merrill Lynch U.S. Money Market Fund
Merrill Lynch Canadian High Yield Bond Fund
Merrill Lynch Canadian Growth Fund
Merrill Lynch Select Canadian Balanced Fund
Merrill Lynch Canadian T-Bill Fund
Merrill Lynch Canadian Money Market Fund
Merrill Lynch Developing Capital Markets Fund
Merrill Lynch Euro Fund
Merrill Lynch Select International Growth Fund
Merrill Lynch Select Global Value Fund
Merrill Lynch International RSP Index Fund
Merrill Lynch U.S. Fundamental Growth Fund
Merrill Lynch U.S. RSP Index Fund
Merrill Lynch Canadian Small Cap Fund
(Class A and Class F Units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated November 1st, 2001
Mutual Reliance Review System Receipt dated 2nd day of November, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #390176

Issuer Name:
Opus 2 Ambassador Conservative RSP Portfolio
Opus 2 Ambassador Balanced RSP Portfolio
Opus 2 Ambassador Growth RSP Portfolio
Opus 2 Canada Plus Balanced Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated November 1st, 2001
Mutual Reliance Review System Receipt dated 2nd day of November, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #390281

Issuer Name:
Opus 2 Foreign Equity (RSP) Fund
Opus 2 Foreign Equity (E.A.F.E.) Fund
Opus 2 U.S. Value Equity Fund
Opus 2 U.S. Growth Equity Fund
Opus 2 Canadian Money Market Fund
Opus 2 Canadian Fixed Income Fund
Opus 2 Canadian Value Equity Fund
Opus 2 Canadian Growth Equity Fund
Type and Date:
Final Simplified Prospectus and Annual Information Form dated November 1st, 2001
Receipt dated 2nd day of November, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #390234

Issuer Name:
StrategicNova TopGuns Fund
StrategicNova U.S. Small Cap Fund
StrategicNova Canada Natural Resources Fund
StrategicNova World Convertible Debentures Fund
StrategicNova USTech Fund
StrategicNova Latin America Fund
StrategicNova Canada Dominion Resource Fund Ltd. (Series A preferred shares offered)
StrategicNova Canadian Money Market Fund (formerly StrategicNova Money Market Fund)
StrategicNova Canadian Large Cap Value Fund
StrategicNova Canadian Balanced Fund
StrategicNova SAMI Fund
StrategicNova Canadian Technology Fund
StrategicNova Asia-Pacific Fund
StrategicNova U.S. Large Cap Value Fund
StrategicNova Japan Fund
StrategicNova World Large Cap Fund
StrategicNova World Equity RSP Fund
StrategicNova U.S. Midcap Value RSP Fund
StrategicNova World Strategic Asset Allocation RSP Fund
StrategicNova Europe RSP Fund
StrategicNova Canadian Large Cap Growth Fund
StrategicNova World Precious Metals Fund
StrategicNova World Equity Fund
StrategicNova Canadian Asset Allocation Fund
StrategicNova Canadian Midcap Value Fund
StrategicNova Canadian Bond Fund (formerly StrategicNova Income Fund)
StrategicNova Canadian Government Bond Fund (formerly StrategicNova Government Bond Fund)
StrategicNova World Strategic Asset Allocation Fund
StrategicNova Europe Fund
StrategicNova Emerging Markets Fund
StrategicNova Canadian Dividend Fund Ltd.
StrategicNova Commonwealth World Balanced Fund Ltd.
StrategicNova U.S. Large Cap Growth Fund Ltd.
StrategicNova Canadian Aggressive Balanced Fund (formerly StrategicNova World Balanced Value RSP Fund)
StrategicNova U.S. Midcap Value Fund
StrategicNova Canadian High Yield Bond Fund
StrategicNova Canadian Midcap Growth Fund
StrategicNova Canadian Small Cap Fund
(Series A, F, I and O Units (unless otherwise indicated))
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated October 30th, 2001
Mutual Reliance Review System Receipt dated 6th day of November, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
None
Promoter(s):
-
Project #376939

Issuer Name:
National Bank Strategic Yield Class
Principal Jurisdiction - Quebec
Type and Date:
Preliminary Simplified Prospectus dated September 10th, 2001
Withdrawn on November 7th, 2001
Offering Price and Description:
Investor Series Shares
Advisor Series Shares
Institutional Series Shares
O Series Shares
Underwriter(s) or Distributor(s):
National Bank Securities Inc.
Promoter(s):
-
Project #387856

Chapter 12

Registrations

12.1.1 Securities

Type	Company	Category of Registration	Effective Date
New Registration	John To Financial Services Limited Attention: John Lai Chai To 72 Magpie Crescent Toronto ON M2L 2E5	Limited Market Dealer (Conditional)	Nov 01/01
New Registration	Chiefswood Investment Management Inc. Attention: Robert Charles Krembil 77 King Street West Toronto Dominion Centre, Royal Trust Tower Suite 4545, PO Box 298 Toronto ON M5K 1K2	Investment Counsel & Portfolio Manager	Nov 05/01
New Registration	Transamerica Investment Management, LLC c/o Transamerica Life, Canada Attention: Neil Blue 300 Consolium Place Toronto ON M1H 3G2	Non-Canadian Advisor Investment Counsel & Portfolio Manager	Nov 02/01
Change in Category (Categories)	First Affiliated Securities Inc. Attention: Dana Christine Clarke 1155 North Service Rd W Unit 5 Oakville ON L6M 3E3	From: Securities Dealer To: Mutual Fund Dealer Limited Market Dealer (Conditional)	Nov 06/01

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1 SRO Notices and Disciplinary Proceedings

13.1.1 Discipline - Penalties Imposed on Glen Percy Cooke - Violations of Regulations 1300.1(a) and 1300.1(c)

Investment Dealers Association of Canada

Contact:
Alice Abbott
Enforcement Counsel
(416) 943-6996

BULLETIN #2902
November 5, 2001

BY-LAWS AND REGULATIONS

**DISCIPLINE – PENALTIES IMPOSED ON GLEN PERCY COOKE
- VIOLATION OF REGULATIONS 1300.1(A) AND 1300.1(C)**

Person Disciplined

The Ontario District Council of the Investment Dealers Association of Canada has approved a settlement agreement imposing discipline penalties on Glen Percy Cooke, at the relevant times Registered Representative with Essex Capital Management, a former Member of the Association.

By-laws, Regulations, Policies Violated

On October 31, 2001 the District Council reviewed and accepted a settlement agreement negotiated with the Association's Enforcement Department Staff. In the settlement agreement, Mr. Cooke acknowledged that he:

1. on two occasions, failed to use due diligence to learn the essential facts of an order, contrary to IDA Regulation 1300.1(a); and

2. on two occasions, recommended a security which was not appropriate for the client's needs or in keeping with the client's investment objectives, contrary to IDA Regulation 1300.1(c).

Penalty Assessed

The discipline penalties assessed against Mr. Cooke are a fine of $12,500, payable within one year; rewriting and passing the examination based on the *Conduct and Practices Handbook for Securities Industry Professionals*, administered by the Canadian Securities Institute, within six months, and disgorgement of commissions in the amount of $875, payable within one year.

Summary of Facts

Mr. Cooke was employed as a Registered Representative with Essex Capital Management (Essex), formerly a Member of the Association. Essex was expelled from Association membership as a result of the creation and implementation of a scheme to defraud investors through the sale of "Corporate Investment Certificates". The CIC product, sold through Nelbar, a company related to Essex, was used to facilitate a scheme whereby interest and redemptions were funded by subsequent CIC investors.

Mr. Cooke promoted the CIC as an income product with a defined return, and advised his clients it carried no risk.

The facts known by Mr. Cooke in relation to the CIC product were that it provided debt financing to emerging and expanding companies; and that retail clients' funds were loaned to these companies at a high rate of interest to compensate for the risk. Mr. Cooke did not know how the investors' funds were secured. He did not know whether the retail investor gained equity in the overall investment. He did not know the method by which retail investors' funds were injected into the borrowing companies. He did not know and never sought information on what happened to the investors' money after it was given to Nelbar. Nevertheless, he advised his clients that provisions were in place which negated the investment risk in the CIC.

Mr. Cooke did not know the specific companies or ventures financed by Nelbar CIC purchasors and did not make sufficient inquiries. He did not know if Nelbar was an Association member. He did not know if Nelbar CIC purchasors would benefit from the security of dealing with an Association member. He did not know if Nelbar CIC purchasers would be eligible for Canadian Investor Protection Fund coverage.

Mr. Cooke recommended the CIC to two of his clients, TC and JH. They followed his recommendation and lost their entire investments of $15,000 and $50,000 respectively.

"Kenneth A. Nason"

13.1.2 Amendment to Policy 6, Part I.A(6) - Proficiency Requirements for Portfolio Managers

INVESTMENT DEALERS ASSOCIATION OF CANADA

AMENDMENT TO POLICY 6, PART I.A(6)
PROFICIENCY REQUIREMENTS FOR
PORTFOLIO MANAGERS
AND FUTURES CONTRACTS PORTFOLIO MANAGERS

I OVERVIEW

A CURRENT RULES

Policy 6, Part I sets out proficiency and experience requirements to obtain approval by the Association in various registration categories. Sections A.6.1 and A.6.2 respectively set out the requirements for approval as a portfolio manager and futures contracts portfolio manager.

B THE ISSUE

The current experience requirement is that an applicant have assets with minimum aggregate values under administration at the time of application and for at least one year prior to the time of application. The wording means that an otherwise fully qualified portfolio manager who is not employed at the time of application does not meet the requirement and must apply for an exemption from the provision.

C OBJECTIVE

The objective of the rule change is to remove an unnecessary obstacle to approval for persons who are fully qualified as portfolio managers or futures contracts portfolio managers.

D EFFECT OF PROPOSED RULES

The rule change will have impact only on the internal procedures of the Association and the timing for approval of applications, as applicants normally request and obtain an exemption.

II DETAILED ANALYSIS

A PRESENT RULES, RELEVANT HISTORY AND PROPOSED POLICY

In 1999 the Joint Industry Compliance Group, now the Compliance and Legal Section of the Association, and the Education and Training Subcommittee of the Retail Sales Committee, formed a special joint committee, the Portfolio Management/Managed Accounts Committee ("PMMACC"), to consider changes to the proficiency and supervision rules with respect to managed accounts. The PMMAC had representation from firms having offering a wide variety of managed account programs, along with staff support from the Association and the Canadian Securities Institute ("CSI"). The PMMAC was charged with a complete review of the proficiency requirements for portfolio managers and the supervision rules for managed accounts.

The PMMAC first addressed the supervision requirements and is beginning a review of proficiency requirements. However, before the more extensive review of the proficiency requirements, the PMMAC identified a problem that it felt should be addressed immediately: that otherwise fully qualified portfolio managers who have any period prior to making an application during which they are not actively managing accounts are not qualified under the terms of Policy 6, Part I. Circumstances under which this could occur would include a period, however brief, of unemployment; a period spent as a consultant to active account managers or a period doing other but related activities such as securities analysis or acting as a registered representative on a non-discretionary basis.

The PMMAC therefore proposed the deletion of the requirement to have assets under management at the time of application. The revised sections will continue to require at least a year of experience managing assets of a minimum aggregate value, but removes the requirement to be managing such assets at the time of application.

B ISSUES AND ALTERNATIVES CONSIDERED

The PMMAC considered whether to defer the change until its complete review of portfolio management proficiency requirements is completed, but decided that it is preferable to remove the provision now knowing that it will be removed after the proficiency review is completed, but not how soon the review will be completed.

C PUBLIC INTEREST OBJECTIVE

The proposal is designed to remove an unnecessary requirement and improve efficiency of the approval process for portfolio managers and futures contracts portfolio managers. In doing so, it does not diminish the proficiency or experience levels required to obtain approval, and does not therefore reduce investor protection or public confidence.

The proposal does not permit unfair discrimination among customers, issuers, brokers, dealers, members or others. It does not impose any burden on competition that is not necessary or appropriate in furtherance of the above purposes.

III COMMENTARY

A FILING IN OTHER JURISDICTIONS

These proposed amendments will be filed for approval in Alberta, British Columbia, Saskatchewan and Ontario and will be filed for information in Nova Scotia.

B EFFECTIVENESS

It is believed that adoption of the proposed amendments will be effective in improving the efficiency of the approval process for portfolio managers and futures contracts portfolio managers without diminishing the proficiency or experience levels required to obtain approval.

C PROCESS

The amendment was proposed by the PMMAC and has been approved by the Compliance and Legal Section and the Education and Training Subcommittee of the Retail Sales Committee.

IV SOURCES

References:

- IDA Policy 6, Part I

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is required to publish for comment this proposal so that the issue referred to above may be considered by OSC staff.

The Association has determined that the entry into force of this proposal would be in the public interest. Comments are sought on this proposal. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of Richard Corner, Director, Regulatory Policy, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

Lawrence Boyce,
Vice President, Sales Compliance,
Investment Dealers Association of Canada
(416) 943-6903
lboyce@ida.ca

BOARD RESOLUTION

INVESTMENT DEALERS ASSOCIATION OF CANADA

POLICY NO. 6
PART 1 - PROFICIENCY REQUIREMENTS

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

Policy No. 6 is amended as follows:

1. By deleting the words "At the time of application, and" that appear at the beginning of Policy No. 6, Part 1, Section A.6.1(c).

2. By deleting the words "At the time of application, and" that appear at the beginning of Policy No. 6, Part 1, Section A.6.2(c).

PASSED AND ENACTED BY THE Board of Directors this 17th day of October 2001, to be effective on a date to be determined by Association staff.

BLACK LINE COPY

POLICY NO. 6

PART 1 - PROFICIENCY REQUIREMENTS

6. Portfolio Managers

6.1 The proficiency requirements for a portfolio manager under Regulation 1300.9A are the following:

(a) Successful completion of

(i) the Portfolio Management Techniques Course and

A. the Professional Financial Planning Course prior to August 31, 2002, or
B. the Investment Management Techniques Course, or

(ii) the Chartered Financial Analyst designation administered by the Association for Investment Management and Research;

(b) Experience

(i) of at least three years as an associate portfolio manager,

(ii) of at least three years as a registered representative and two years of experience as an associate portfolio manager,

(iii) of at least three years as a research analyst for a Member firm of a self-regulatory organization and two years as an associate portfolio manager, or

(iv) of at least five years, managing a portfolio of $5,000,000 or more, on a discretionary basis, while employed by a government-regulated institution; and

(c) ~~At the time of application, and for~~ For a period of not less than one year prior to the application, has had assets having an aggregate value of not less than $5,000,000 under his or her direct administration on a discretionary basis.

6.2 The proficiency requirements for a futures contracts portfolio manager under Regulation 1300.9B are the following:

(a) Experience

(i) of at least three years as an associate portfolio manager, or

(ii) of at least two years as an associate portfolio manager and at least three years in a category of registration described in Regulation 1300.9B(b); and

(b) ~~At the time of application, and for~~ For a period of not less than one year prior to such application, has had assets comprised of commodity futures having an aggregate value of not less than $5,000,000 under his or her direct administration on a discretionary basis, provided that the aggregate value of such assets shall be computed based upon the value of the underlying commodities.

13.1.3 Proposed Regulation Amendment to Margin Requirements

INVESTMENT DEALERS ASSOCIATION OF CANADA

PROPOSED REGULATION AMENDMENT TO THE MARGIN REQUIREMENTS FOR LISTED SECURITIES

I OVERVIEW

In November 1999, the Vancouver Stock Exchange and the Alberta Stock Exchange merged to form the Canadian Venture Exchange ("CDNX"). As a result of this merger, changes were made to conform the listing requirements of the two previous exchanges. As part of these changes the Development Companies and Junior Capital Pool Companies categories [1] were replaced by CDNX's Capital Pool Company category and two tiers of listed companies were introduced, Tier 1 and Tier 2.

In September 2000, the CDNX invited the Canadian Dealing Network ("CDN") quoted companies and the companies that had been approved to be quoted on the CDN to list on the CDNX's newly created temporary tier, Tier 3.

Because of this merger, the resultant changes to the listing categories and the introduction of this temporary tier, the margin rules for listed securities in Regulation 100 need to be updated. As part of this rule update an assessment has been made as to which CDNX security listing categories should be eligible for margin.

A CURRENT RULE(S)

The current rule, Regulation 100.2(f)(i), serves two purposes.

Firstly, it considers securities such as equities, rights and warrants listed on any recognized stock exchange in Canada and the United States, on the Tokyo Stock Exchange First Section and on the stock list of the London Stock Exchange to be eligible for margin.

Secondly, it specifically excludes securities selling under a $1.50, securities of companies designated as Development Companies on the Vancouver Stock Exchange which have not been listed and posted for trading for a minimum of three months and securities of Junior Capital Pool Companies listed and posted for trading on the Alberta Stock Exchange from being eligible for margin.

B THE ISSUE(S)

The spirit of the current rule is that only those securities that are listed on recognized exchanges and that must meet minimum listing requirements should be eligible for margin.

The first issue is that while Tier 3 securities are listed on a recognized exchange, the CDNX, Tier 3 is a temporary tier that does not have minimum listing requirements. Also, securities included in Tier 3 were not subjected to any due diligence listing review prior to their transfer from CDN to CDNX. As a result, from a risk perspective, it is not considered appropriate for margin lending to be allowed on or loan value to be granted to these securities.

The second issue is that the CDNX is currently considering the introduction of a new listing subcategory, currently being referred to as "Inactive Tier 2". Securities in this subcategory would be those Tier 2 securities that fail to meet certain minimum listing requirements and are considered to be illiquid. Again, from a risk perspective, it is not considered appropriate for margin lending to be allowed on or loan value to be granted to these securities.

The final issue is to correct the references made to Development Companies on the Vancouver Stock Exchange and Junior Capital Pool Companies on the Alberta Stock Exchange that are now trading on the CDNX.

C OBJECTIVES

The objectives of the proposed regulation amendment are to:

- prohibit CDNX securities classified as either Inactive Tier 2 or Tier 3 from being eligible for margin; and
- update the margin requirements to reflect changes made to the listing categories and exchange names resulting from the 1999 merger.

D PROPOSED RULE AMENDMENT – EXECUTIVE SUMMARY

The proposed amendments to Regulation 100.2(f)(i) are in response to the creation of the CDNX, the listing of former CDN quoted securities on CDNX's Tier 3 and to CDNX's development of a new listing subcategory, currently being referred to as "Inactive Tier 2".

In these proposed amendments, references to Development Companies on the Vancouver Stock Exchange and Junior Capital Pool Companies the Alberta Stock Exchange that are now trading as Capital Pool Companies on the CDNX will be corrected.

In addition, the amendments will seek to prohibit securities of companies classified as "Inactive Tier 2" or Tier 3 on the CDNX from being eligible for margin.

E EFFECT OF PROPOSED RULE AMENDMENT

Market Structure

The effect of this proposed amendment on the Canadian market structure is believed not to be material.

Competitive Environment

It is felt that the effect of denying margin to CDNX Inactive Tier 2 and Tier 3 securities will be minimal. While no specific

[1] Categories formerly used by the Vancouver Stock Exchange and the Alberta Stock Exchange respectively.

information is available as of yet for Inactive Tier 2 securities, as at September 21, 2001 only 12 of the 281 Tier 3 securities would have qualified for margin under the current rule.

II DETAILED ANALYSIS

A CURRENT RULES AND RELEVANT HISTORY

Regulation 100.2(f)(i) stipulates that:

(i) "On securities (other than bonds and debentures) including rights and warrants listed on any recognized stock exchange in Canada or the United States, on the Tokyo Stock Exchange First Section or on the stock list of the London Stock Exchange:
Long Positions - Margin Required
Securities selling at $2.00 or more - 50% of market value
Securities selling at $1.75 to $1.99 - 60% of market value
Securities selling at $1.50 to $1.74 - 80% of market value
Securities selling under $1.50, securities of companies designated as Development Companies on the Vancouver Stock Exchange which have not been listed and posted for trading for a minimum of three months and securities of Junior Capital Pool Companies listed and posted for trading on the Alberta Stock Exchange may not be carried on margin."

The spirit of the current rule is that a listed security on a recognized exchange should be eligible for margin because of the following expectations:

1. the security has met the exchange's minimum listing requirements,

2. the exchange has conducted some due diligence work on the security, and

3. the security has had a sufficient trading history if it is a more risky security.

Minimum listing requirements are the minimum financial, distribution and other standards, which must be met by applicants who wish to list on a recognized exchange.

The only CDNX company categories with listing requirements of any substance are Tier 1 and Tier 2. These requirements are detailed in CDNX's Policy 2.5 and include minimum shareholder distribution, asset, working capital, market capitalization, and activity levels.

There are listing requirements for Tier 3 securities but they include only the filing of a listing agreement and the submitting of personal information forms for each of the directors, senior officers, control persons, insiders, and parties conducting investor relations activities. There are no assessments of minimum financial and distribution standards for this tier's securities.

The listing requirements for Capital Pool Companies are focused on the financing aspects of the capital pool company program. As with Tier 3 securities, there are no assessments of minimum financial and distribution standards for this security classification.

B COMPARISON WITH SIMILAR PROVISIONS

United States

The U.S. allows the extension of margin to securities that are listed for trading on a national securities exchange as well as for securities that are designated as Nasdaq stock market securities (the Nasdaq National Market and SmallCap Market securities), except for initial public offering securities.

Meanwhile, securities on the over-the-counter bulletin board operated by the Nasdaq stock market or on the over-the-counter quotation service operated by Pink Sheets LLC are not eligible for margin.

The margin eligibility of securities in the U.S. is consistent with the spirit of the current Canadian rule because the Nasdaq stock market securities have strict initial minimum listing requirements and continued inclusion requirements while the over-the-counter bulletin board and the over-the-counter Pink Sheets securities do not have minimum listing requirements.

United Kingdom

The U.K. allows for margin on equities traded on or under the rules of an exchange or an approved exchange (not including the AIM formerly called the Unlisted Securities Market or "USM").

The margin eligibility of securities in the U.K. is consistent with the spirit of the current Canadian rule because the U.K.'s main market for securities have strict minimum listing requirements and continued inclusion requirements while the AIM securities do not have minimum listing requirements.

The IDA's proposed amendment is consistent with both the U.S. and U.K. stance regarding the margin eligibility of securities.

C PROPOSED RULE AMENDMENT – DETAILED ANALYSIS

Pursuant to CDNX's Policy 6.1 on Tier 3 Issuers, Tier 3 is a temporary tier whose securities have yet to be evaluated in determining their eligibility to meet the minimum listing requirements of the CDNX's two permanent tiers, Tier 1 and Tier 2. Tier 3 securities do not have minimum listing requirements and they have qualified for this tier because they were either "Eligible Companies" on the Canadian Dealing Network or were approved to be quoted on it. From a risk standpoint, it is not appropriate to extend margin to a security if it is not required to meet minimum listing requirements and therefore, no margin should be extended to the CDNX's Tier 3 securities.

Pursuant to CDNX's Policy 2.6 on Inactive Issuers and Reactivation, an inactive issuer is an issuer who fails to meet certain Tier 2 minimum listing requirements and has been designated as inactive by the CDNX. An issuer may also voluntarily apply to be declared an inactive issuer. To specifically identify securities of inactive issuers, CDNX is

considering the introduction of a new listing subcategory, currently being referred to as "Inactive Tier 2". Again, from a risk perspective, it is not considered appropriate for margin lending to be allowed on or loan value to be granted to these securities.

Pursuant to CDNX's Policy 2.4 on Capital Pool Companies, the listing requirements for Capital Pool Companies are focused on the financing aspects of the capital pool company program. Again, from a risk perspective, it is not considered appropriate for margin lending to be allowed on or loan value to be granted to these securities.

D PURPOSE(S) OF PROPOSAL (PUBLIC INTEREST OBJECTIVE)

According to subparagraph 14(c) of the IDA's Order of Recognition as a self-regulatory organization, the IDA shall, where requested, provide in respect of a proposed rule change "a concise statement of its nature, purposes (having regard to paragraph 13 above) and effects, including possible effects on market structure and competition". Statements have been made elsewhere as to the nature and effects of the proposals with respect to Tier 3, Inactive Tier 2 securities, and Capital Pool Companies securities and their eligibility for margin. The purpose of this proposal is:

- To standardize industry practices where necessary or desirable for investor protection;

As a result, the proposed amendments are considered to be in the public interest.

III COMMENTARY

It is believed that the above proposed amendment will reflect the original intention of this Rule which was to allow margin to some securities and specifically exclude other securities from being eligible for margin that do not abide by the spirit of the Rule.

A FILING IN ANOTHER JURISDICTION

These proposed amendments will be filed for approval in Alberta, British Columbia, Saskatchewan and Ontario and will be filed for information in Nova Scotia.

B EFFECTIVENESS

This proposed amendment would update the rules on the margin eligibility of securities as well as make its intentions more transparent to regulators and Members.

C PROCESS

This proposed amendment has been reviewed and recommended for approval by the Financial Administrators Section.

IV SOURCES

IDA Regulation 100.2(f)(i)
CDNX Policy 2.4 - Capital Pool Companies
CDNX Policy 2.5 - Tier Maintenance Requirements and Inter-Tier Movement
CDNX Policy 2.6 - Inactive Issuers and Reactivation
CDNX Policy 6.1 - Tier 3 Issuers
SFA.r.3-80(9) - Simpler approach to PRR calculation
NYSE-IH (c)(2)(vi)(J) - All Other Securities
NYSE-IH (c)(2)(vii)(A), NYSE-IH/01 - Deductions for Exchange Listed and NASDAQ NMS Securities
NYSE Regulation T 6800.18(a) and 220.17

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is required to publish for comment the accompanying rule amendments so that the issue referred to above may be considered by OSC staff.

The Association has determined that the entry into force of the proposed amendments would be in the public interest. Comments are sought on the proposed rule amendments. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of Richard Corner, Director, Regulatory Policy, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

Richard Corner
Director, Regulatory Policy
Investment Dealers Association of Canada
(416) 943-6908

Answerd Ramcharan
Information Analyst, Regulatory Policy
Investment Dealers Association of Canada
(416) 943-5850

INVESTMENT DEALERS ASSOCIATION OF CANADA

MARGIN REQUIREMENTS ON STOCKS

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. Regulation 100.2(f)(i) is repealed and replaced as follows:

"(f) Stocks –

(i) On securities (other than bonds and debentures) including rights and warrants listed on any recognized stock exchange in Canada or the United States, on the Tokyo Stock Exchange First Section or on the stock list of the London Stock Exchange:

Long Positions - Margin Required
Securities selling at $2.00 or more - 50% of market value
Securities selling at $1.75 to $1.99 - 60% of market value
Securities selling at $1.50 to $1.74 - 80% of market value
Securities selling under $1.50, securities of companies designated as Capital Pool Companies on the Canadian Venture Exchange and securities of companies classified as Inactive Tier 2 or Tier 3 issuers on the Canadian Venture Exchange may not be carried on margin.
Short Positions - Credit Required
Securities selling at $2.00 or more - 150% of market value
Securities selling at $1.50 to $1.99 - $3.00 per share
Securities selling at $0.25 to $1.49 - 200% of market value
Securities selling at less than $0.25 - market value plus $0.25 per share
Notwithstanding the foregoing, the margin required in respect of positions (other than firm positions to which Regulation 100.12(e) applies) of warrants issued by a Canadian chartered bank which are listed on any recognized stock exchange or other listing organization referred to above and which entitle the holder to purchase securities issued by the Government of Canada or any province thereof shall be the greater of:

A. the margin otherwise required by this Regulation according to the market value of the warrant; or

B. 100% of the margin required in respect of the security to which the holder of the warrant is entitled upon exercise of the warrant; provided that in the case of a long position the amount of margin need not exceed the market value of the warrant.

For the purposes of this Regulation 100.2(f)(i), "Inactive Tier 2" securities are securities of companies classified as Tier 2 issuers that are considered to be inactive by the Canadian Venture Exchange. Such securities will be identifiable through use of unique trading symbols."

PASSED AND ENACTED BY THE Board of Directors this 17th day of October 2001, to be effective on a date to be determined by Association staff.

"(f) Stocks

(i) On securities (other than bonds and debentures) including rights and warrants listed on any recognized stock exchange in Canada or the United States, on the Tokyo Stock Exchange First Section or on the stock list of the London Stock Exchange:

Long Positions - Margin Required
Securities selling at $2.00 or more - 50% of market value
Securities selling at $1.75 to $1.99 - 60% of market value
Securities selling at $1.50 to $1.74 - 80% of market value
Securities selling under $1.50 ~~and~~, securities of companies designated as Capital Pool Companies, ~~Junior Capital Pools or Venture Capital Pools~~ on the Canadian Venture Exchange and securities of companies ~~which have not been listed and posted for trading for a minimum of three months~~ classified as Inactive Tier 2 or Tier 3 issuers on the Canadian Venture Exchange may not be carried on margin.

Short Positions - Credit Required

Securities selling at $2.00 or more - 150% of market value

Securities selling at $1.50 to $1.99 - $3.00 per share

Securities selling at $0.25 to $1.49 - 200% of market value

Securities selling at less than $0.25 - market value plus $0.25 per share

Notwithstanding the foregoing, the margin required in respect of positions (other than firm positions to which Regulation 100.12(e) applies) of warrants issued by a Canadian chartered bank which are listed on any recognized stock exchange or other listing organization referred to above and which entitle the holder to purchase

securities issued by the Government of Canada or any province thereof shall be the greater of:

A. the margin otherwise required by this Regulation according to the market value of the warrant; or

B. 100% of the margin required in respect of the security to which the holder of the warrant is entitled upon exercise of the warrant; provided that in the case of a long position the amount of margin need not exceed the market value of the warrant.

For the purposes of this Regulation 100.2(f)(i), "Inactive Tier 2" securities are securities of companies classified as Tier 2 issuers that are considered to be inactive by the Canadian Venture Exchange. Such securities will be identifiable through use of unique trading symbols."

13.1.4 Proposed Amendment to By-law 7

INVESTMENT DEALERS ASSOCIATION OF CANADA

PROPOSED AMENDMENT TO BY-LAW 7 REGARDING PARTNERS, DIRECTORS AND OFFICERS

I. OVERVIEW

A Current Rules

Currently, By-law 7 sets out the general criteria for the composition of the board of directors or the partners, as the case may be, of a Member. By-law 7.1A states that "no person shall be a partner, director or officer in respect of a Member unless such person has been granted approval by the applicable District Council. A Member must have at least two officers qualified in accordance with By-law 7.1 who are engaged full-time in the business of the Member."

B The Issue

Diversification of the types of Members and changes in business structures have made By-law 7.1A a burden to some Members and prospective Members. Smaller introducing Members may have insufficient business to support two full-time officers. Members offering fully electronic services, such as applicants under the new ATS rules and discount brokers having suitability exemptions under Regulation 1300 and Policy 9 provide a different kind of service from traditional investment dealing, entailing less need for full-time officers.

C Objective

The objective of the proposed amendment is to remove the requirement to have full-time officers at a Member. While Members will still be required to have two qualified officers, they are not required to be full-time. The Association believes that implementing the proposed amendment will address those issues and streamline the regulatory process.

D Effect of Proposed Amendment

The Association has determined that the entry into force of the proposed amendment to By-law 7.1A would have no effect on market structure or other rules.

II. DETAILED ANALYSIS

The proposed amendment outlined below is the result of the recommendations outlined by the Association.

With respect to small discount brokers and with the proposed regulations for Alternative Trading Systems in Canada, it was concluded that it is inefficient to require full-time officers at a Member in accordance with By-law 7.1A.

As a result, By-law 7.1A is being amended to remove the reference to full-time officers. The Association also recommended that it would review Member applications on a case by case basis.

B Issues and Alternatives Considered

A number of alternatives were considered, however, the recommended change was chosen as it is the simplest and most effective route of achieving the desired result.

C Public Interest Objective

The Association believes that the proposed amendments are in the public interest.

III. COMMENTARY

A Filing in Other Jurisdictions

The proposed amendments will be filed for approval in Alberta, British Columbia, Saskatchewan and Ontario and will be filed for information in Nova Scotia.

B Effectiveness

These proposed amendments are simple and effective.

IV. SOURCES

IDA By-law 7

V. OSC REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is required to publish for comment the accompanying Policy so that the issue referred to above may be considered by OSC staff.

The Association has determined that the entry into force of the proposed Policy would be in the public interest. Comments are sought on the proposed Policy. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of Keith Rose, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

Keith Rose,
Vice President, Regulatory Policy
Investment Dealers Association of Canada
(416) 943-6907
krose@ida.ca

INVESTMENT DEALERS ASSOCIATION OF CANADA

AMENDMENT TO BY-LAW 7, PARTNERS, DIRECTORS AND OFFICERS

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. By-law 7.1A is repealed and replaced as follows:

   "No person shall be a partner, director or officer in respect of a Member unless such person has been granted approval as a partner, director or officer, respectively, for such Member by the applicable District Council. A Member must have at least two officers qualified in accordance with By-law 7.1 who are engaged in the business of the Member."

PASSED AND ENACTED BY THE Board of Directors this 17th day of October 2001, to be effective on a date to be determined by Association staff.

13.1.5 IDA By-law 29.27 - Supervision and Compliance

INVESTMENT DEALERS ASSOCIATION OF CANADA

BY-LAW 29.27 – SUPERVISION AND COMPLIANCE

I OVERVIEW

A -- Current Rules

The current by-laws and regulations of the association contain a number of provisions specifying requirements to maintain policies and procedures to ensure compliance with specific regulations.

B -- The Issue

All of the current supervision, policy and procedure requirements are directed at ensuring compliance with specific regulations. The by-laws and regulations of the Association contain no broad, overall statement of the expectations and requirements regarding compliance with all regulatory requirements to which a Member is subject in the operation of its securities or commodity futures business.

Several such current provisions state that responsible supervisors may delegate functions but not responsibility. However, they do not make any overall statement of expectations placed on supervisors or what the inability to delegate responsibility means on an operational level.

C -- Objective

The objective of the rule change is to set out a general statement of the requirements placed on Members and supervisors to ensure compliance with all regulations covering the conduct of their securities or commodity futures business.

D -- Effect of Proposed Rules

The proposed rule change is complementary to existing regulations. It will not impose any additional costs of compliance except for one provision requiring on-site reviews of compliance activities at branch offices, which are already conducted by most members. It is applicable to all Members and will have no effect on competition.

II DETAILED ANALYSIS

A -- Present Rules, Relevant History and Proposed Policy

Current IDA By-laws and Regulations set forth explicit requirements on Members in a wide variety of areas. Specific regulations and proposed regulations require Members to maintain policies and procedures reasonably designed to ensure compliance with specific regulations. These include Policy 2 on the supervision of retail accounts, proposed changes to Regulation 1300 on the supervision of discretionary and managed accounts and proposed changes to By-law 29.7 on the supervision of advertising and sale literature.

One feature of many of these changes is a requirement to designate a specific partner, director or officer to be responsible for compliance over a particular type of business, and a statement that the designated person may delegate functions but not responsibility.

Other by-laws and regulations simply impose duties or restrictions on Members without any particular statement of how the Member is to ensure compliance with such duties or restrictions.

In 2001 a Member proposed to the Compliance and Legal Section of the Association mandatory annual reviews by head office personnel of Members of compliance activities carried on at branches. This recommendation was not adopted as being unnecessarily rigid, given that annual reviews of all branch offices may not be necessary. However, a more flexible version of the recommendation was instead incorporated into the proposed By-law 29.27.

The specific provisions of the proposed by-law are as follows:

- Proposed By-law 29.27(a) requires Members to establish and maintain systems to supervise the activities of all partners, directors, officers, registered representatives, employees and agents to ensure their compliance with all regulations applicable to the Member's securities and commodity futures business. This general provision is generally identical to similar provisions regarding specific types of business. However, it adds agents to the list of persons who must be supervised in order to be congruent with current proposals to permit principal/agent relationships between Members and their individual registered representatives. It also refers to all regulations covering a member's securities and commodity futures business, so as to include compliance with securities acts and regulations and other legislation going beyond the Associations by-laws and regulations.

- The subsections of proposed By-law 29.27(a) set minimum standards for the required compliance systems. These are

  1. the establishment and enforcement of written policies and procedures reasonably designed to achieve compliance with all applicable regulations. These written policies and procedures must be approved by the Association,

  2. procedures to ensure that all the relevant people understand their duties under the Member's policies and procedures, i.e. that there be appropriate communication to and training of Member personnel,

  3. procedures to amend policies and procedures as rules change, and communicate those changes to the relevant personnel,

4. allocation of adequate resources to implement and enforce the written policies and procedures,

5. designation of qualified persons with authority to carry out the policies and procedures, and maintenance of records of who those persons are. Several current and proposed regulations require designation of specific persons as having overall responsibility for compliance with specific regulations. By-law 38 now requires the designation of a member of the firm's senior management as the Ultimate Designated Person responsible for the firm's overall compliance with Association regulations. That designation was previously given to the person designated under Regulation 1300 as being responsible for the supervision of client account opening and activity. Instead of allowing a proliferation of specifically designated positions requiring association approval in each case, which could lead to delays pending approval, this provision eliminates direct association approval in favour of recordkeeping by the Member, thereby allowing changes to the persons occupying specific designated positions to be made quickly and with minimal paperwork. Under the current regulations, persons occupying such positions must be registered as alternates to the Ultimate Designated Persons,

6. periodic on-site reviews of branch offices at which compliance activities are undertaken. The frequency of such reviews is not prescribed to permit Members flexibility, although as noted above, their procedures, including those dictating the frequency of such on-site reviews, are subject to Association approval. The Association is currently taking a risk-based approach to determining the frequency with which members and their branch offices are reviewed by the Association, and believes that members should be permitted the same flexibility in conducting internal compliance reviews of branch offices,

7. the maintenance of adequate records of compliance activity including issues identified and how they were resolved. Such records are essential to permit the Association, in its reviews of Member's compliance systems and activity, to ensure that the Member's policies and procedures are appropriate and are achieving the goal of ensuring compliance.

- Section 29.27(b) sets out a general requirement on individual supervisors over others at a Member to supervise such persons fully and properly.

- Section 29.27(c) provides a general operational expectation regarding the delegation of functions by supervisors, including

  1. that delegation may only occur where permitted by the applicable laws or rules,

  2. that the persons to whom the functions are delegated must be qualified to undertake them. The basis of such qualification is left flexible and can include both education and experience,

  3. follow-up and review to ensure that the functions are being properly performed. This provision is designed to give guidance as to the operational meaning of the general statement in some current and proposed regulations that functions can be delegated but not responsibility. It would permit a supervisor to be absolved of responsibility for an isolated error by a person to whom functions had been delegated if the supervisor can show that adequate efforts had been made to ensure that that person has otherwise been fulfilling the functions.

B -- Issues and Alternatives Considered

The proposed By-law addresses the lack of any general statement and checklist of the operational requirements to ensure compliance with all laws and regulations to which a Member is subject. It recognizes and incorporates into the regulatory system the internal branch reviews currently undertaken by most members. It also contains an explicit statement of the expectations placed on individual supervisors.

No alternatives were considered.

C -- Comparison with Similar Provisions

The National Association of Securities Dealers Inc. ("NASD") in the United States and the Financial Services Authority ("FSA") in the United Kingdom have similar provisions regarding the general compliance requirements placed on Members.

NASD Rule 3100 states, in part:

> Each member shall establish and maintain a system to supervise the activities of each registered representative and associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with the Rules of this Association.

Rule 3100 then lists minimum requirements for such systems, including written policies and procedures (subsections (a)(1), (b) and (c) of Rule 3100), appointment of qualified supervisors (subsection (a)(2)), recording of the names of individuals occupying supervisory positions (subsection (b)(3)), amendment procedures as rules change (subsection (b)(4)) and cyclical reviews of branch offices with the cycle related to the nature of the business done at the branch office (subsection (c)).

The FSA *handbook Senior Management Arrangements, Systems and Controls* contains provisions requiring "clear and appropriate apportionment of significant responsibilities among ... directors and senior managers" (section 2.1.1), recording of such apportionment and keeping the records up-to-date (sections 2.2.1 and 2.2.2), the establishment, maintenance and review of systems and controls (sections 3.1.1 and 3.1.2) and delegation of functions to qualified persons and the

responsibility to monitor the discharge of the delegated functions (section 3.2.3).

D -- Public Interest Objective

The proposal is designed to:

- ensure compliance with Ontario securities laws;
- prevent fraudulent and manipulative acts and practices
- promote the protection of investors, just and equitable principles of trade and high standards of operations, business conduct and ethics;
- generally promote public confidence and public understanding of the goals and activities of the IDA
- standardize industry practices where necessary or desirable for investor protection;
- for such other purposes as may be approved by the Commission;

The proposal does not permit unfair discrimination among customers, issuers, brokers, dealers, members or others. It does not impose any burden on competition that is not necessary or appropriate in furtherance of the above purposes.

III COMMENTARY

A -- Filing in Other Jurisdictions

These proposed amendments will be filed for approval in Alberta, British Columbia, Saskatchewan and Ontario and will be filed for information in Nova Scotia.

B -- Effectiveness

The proposed Regulation will be effective in that it provides Members with a clear statement of the expectations placed upon them by the Association with regards to compliance with all applicable laws and regulations. It also gives the Association the ability to ensure that Member compliance systems are adequate by requiring Association approval of Members compliance policies and procedures.

C -- Process

The proposed Regulation was proposed by Association Staff. It has been reviewed and approved by the Compliance and Legal Section.

IV SOURCES

- IDA By-laws 29.7 and 38, Regulation 1300 and Policy 2
- NASD Rule 3100
- FSA, *Senior Management Arrangements, Systems and Controls*, Pre-release 0.1, June 21, 2001.

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is required to publish for comment the accompanying Policy so that the issue referred to above may be considered by OSC staff.

The Association has determined that the entry into force of the proposed Policy would be in the public interest. Comments are sought on the proposed Policy. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of Deborah Wise, Legal & Policy Counsel, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

Deborah Wise
Legal & Policy Counsel
Regulatory Policy
Investment Dealers Association of Canada
(416) 943-6994
dwise@ida.ca

INVESTMENT DEALERS ASSOCIATION OF CANADA

BY-LAW 29.27 SUPERVISION AND COMPLIANCE

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. By-law 29 is amended by adding the following:

"29.27

(a) Each Members shall establish and maintain a system to supervise the activities of each partner, director, officer, registered representative, employee and agent of the Member that is reasonably designed to achieve compliance with the by-laws, regulations and policies of the Association and all other laws, regulations and policies applicable to the Member's securities and commodity futures business. Such a supervisory system shall provide, at a minimum, the following:

(i) The establishment, maintenance and enforcement of written policies and procedures acceptable to the Association regarding the conduct of the types of business in which it engages and the supervision of each partner, director, officer, registered representative, employee and agent of the Member that are reasonably designed to achieve compliance with the applicable laws, rules, regulations and policies;

(ii) Procedures reasonably designed to ensure that each partner, director, officer, registered representative, employee and agent of the Member understands his or her responsibilities under the written policies and procedures in (i);

(iii) Procedures to ensure that the written policies and procedures of the Member are amended as appropriate within a reasonable time after changes in applicable laws, regulations, rules and policies and that such changes are communicated to all relevant personnel;

(iv) Sufficient personnel and other resources to fully and properly enforce the written policies and procedures in (i);

(v) The designation of supervisory personnel with the qualifications and authority to carry out the supervisory responsibilities assigned to them. Each Member shall maintain an internal record of the names of all persons who are designated as having supervisory responsibility and the dates for which such designation is or was in effect. Such record shall be preserved by the Member for seven years, and on-site for the first year;

(vi) Procedures for follow-up and review to ensure that supervisory personnel are properly executing their supervisory functions. Where the supervision is conducted and supervisory records are maintained at a branch office, the follow-up and review procedures shall include periodic on-site reviews of branch office supervision and record-keeping as necessary depending on the types of business and supervision conducted at the branch office.

(vii) The maintenance of adequate records of supervisory activity, including on-site reviews of branch offices as described in (vi), compliance issues identified and the resolution of those issues.

(b) Each partner, director, officer, registered representative or agent of a Member who has supervisory authority over any partner, director, officer, registered representative or agent of a Member shall fully and properly supervise such partner, director, officer, registered representative or agent in accordance with the written policies and procedures of the Member so as to ensure their compliance with the by-laws, regulations and policies of the Association and all other laws, regulations and policies applicable to the Member's securities and commodity futures business.

(c) A partner, director, officer, registered representative or agent of a Member may delegate specific supervisory functions or procedures, provided that:

(i) the delegation of such functions in not contrary to applicable laws, regulations, rules or policies;

(ii) the person to whom such functions are delegated is qualified by virtue of registration, training or experience to properly execute them;

(iii) the supervisor conducts sufficient follow-up and review to ensure that the person to whom the functions have been delegated is properly executing them."

PASSED AND ENACTED BY THE Board of Directors this 17th day of October 2001, to be effective on a date to be determined by Association staff.

13.1.6 IDA - Proposed Policy No. 8 Reporting Requirements

INVESTMENT DEALERS ASSOCIATION OF CANADA – PROPOSED POLICY NO. 8 REPORTING REQUIREMENTS

I OVERVIEW

A -- Current Rules

Policy 8 establishes minimum reporting requirements concerning information and events that registrants are required to report to the Member and/or the Member's designated self-regulatory organization.

Policy 8 has been developed to achieve the following objectives:

i) to provide for comprehensive reporting;
ii) to better enable the designated SROs to take a proactive response to industry trends;
iii) to standardize industry reporting practices;
iv) to better identify areas of possible compliance weakness for review by Sales Compliance and/or Financial Compliance and areas where Enforcement Action is necessary;
v) to identify patterns and trends that will allow for the identification of pervasive industry trends, problems at Member Firms, and misconduct of registrants;
vi) to better monitor industry problems;
vii) to enhance investor protection;
viii) to facilitate the oversight function of the designated SROs; and
ix) to promote higher standards of business conduct and ethics.

The following two inconsistencies have been discovered between the current Policy 8 and other securities rules in Canada:

1) The current Policy 8 requires reporting by Members within 10 business days for the matters set out in Policy 8 at C 1 (a) to (d), C. 2(a) to (c) C. 4 and D. (2) whereas BC securities rules provide for a five business day reporting time period for similar reporting requirements.

2) The wording, although not the substance, of the current definition of securities-related in Policy 8 differs from the wording to be used by the National Registration Database.

The current Policy 8 C.3(a) does not require reporting of customer complaints for all current and former partners, directors, officers, registered or approved persons. The current Policy 8 does require reporting for current and former individuals for items set out at C.3(b) and (c) which deal with reporting of securities-related civil claims, arbitration notices, judgements, awards, private settlements, arbitrations or other resolutions.

B -- The Issue

The two issues raised by the British Columbia Securities Commissions were as follows:

1) The provisions of the British Columbia Securities Act and the Registration Transfer Rules were inconsistent with Policy 8 in that they required registrants to report changes to the Commission immediately, which has been further described in s.68 of the Rules as being within five business days. In addition, the National Registration Database requirements as set out in MLI 33-109 provide for a five day reporting requirement.

2) The definition of securities-related should be amended so as to conform to the definition to be used by the National Registration Database.

3) Current and former partners, directors, officers, registered or approved persons should be included under C.3(a).

C -- Objective

The objective of the amendments to the reporting requirements is to provide for a consistent national reporting requirement as well as a consistent definition for the term securities-related.

D -- Effect of Proposed Policy

The proposed amendments to Policy 8 are necessary and will lead to a consistent national reporting requirement.

II DETAILED ANALYSIS

A -- Present Rules, Relevant History and Proposed Policy

1. Reporting Time Period

The current Policy 8 provides for a 10 business day reporting requirement for items set out at C 1(a) to (d). C. 2(a) to (c) C.4 and D.2. It is proposed that this time period be reduced to five business days to be in line with the BCSA, Registration Transfer Rules and MLI 33-109.

2. Definition of Securities-Related

The definition of securities-related has been amended so as to be in line with the definition of securities-related to be adopted by the National Registration Database.

3. Current or Former

The words current and former have been added to C. 3(a) for consistency with the balance of the provision.

B -- Issues and Alternatives Considered

No alternatives were considered.

C -- Comparison with Similar Provisions

The NASD Rules of Practice, the NYSE Rules, Securities Acts in Canada and regulatory initiatives were reviewed.

D -- Public Interest Objective

The Association believes that the proposed Policy is in the public interest in that it protects the investing public by providing for a more timely and nationally consistent reporting requirement. The proposed amendments will serve to promote higher standards of business conduct and ethics.

III COMMENTARY

A -- Filing in Other Jurisdictions

These proposed amendments will be filed for approval in Alberta, British Columbia, Saskatchewan and Ontario and will be filed for information in Nova Scotia.

Policy 8 has not yet been implemented.

B -- Effectiveness

The amendments to Policy 8 will ensure greater effectiveness of the Policy. The proposed reporting requirements will make the information required by Policy 8 available, at an earlier date, to SROs.

C -- Process

The previous Policy 8 was approved by the IDA Board of Directors June 2001.

IV SOURCES

NYSE Rule 351 Reporting Requirements.
NASD Rules of Fair Practice – Section 50
BCSA – S. 42 Act, Sc. 68 Rules, s.8 of the Registration Transfer Rules
MLI 33-109

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is required to publish for comment the accompanying Policy so that the issue referred to above may be considered by OSC staff.

The Association has determined that the entry into force of the proposed amendments to Policy 8 would be in the public interest. Comments are sought on the proposed amendments to Policy 8. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of the Association Secretary, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager, Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

Belle Kaura
Enforcement Policy Counsel
Enforcement Division
Investment Dealers Association of Canada
(416) 943-5878
bkaura@ida.ca

INVESTMENT DEALERS ASSOCIATION OF CANADA - AMENDMENTS TO POLICY 8 – REPORTING REQUIREMENTS

THE BOARD OF DIRECTORS of the Investment Dealers Association hereby makes the following amendments to the By-laws, Regulations, forms and Policies of the Association:

1. Policy 8 is amended by replacing all references in Policy 8 to "10 business days" with:

   "5 business days";

2. The definition of "securities-related" is amended by replacing "commodities or commodity futures contracts" with the following:

   "exchange contracts (including commodities futures contract and commodity futures options";

3. C.3(a) is amended by inserting immediately following the word "each":

   "current or former";

PASSED AND ENACTED BY THE Board of Directors this 17th day of October 2001, to be effective on a date to be determined by Association staff.

POLICY NO. 8 REPORTING REQUIREMENTS

Introduction

This Policy establishes minimum requirements concerning information and events that registrants and Members are required to report to the Member and/or the Member's designated self-regulatory organization.

Members and individual registrants should also refer to the Uniform Application for Registration/Approval (the "1-U-2000"), which also sets out information that Members and registrants must report to their designated SRO.

Definitions

For the purposes of this Policy:

"civil claim" includes civil claims pending in any proceedings before a court or other tribunal in any province, territory, state or country.

"compensation" means the payment of a sum of money, securities, reversal of a securities transaction, inclusion of a securities transaction (whether either transaction has a realized or unrealized loss) or any other equivalent type of entry which is intended to offset or counterbalance an act of misconduct and, for greater certainty, does not include a correction of a client account or position as a result of good faith trading errors and omissions;

"customer complaint" means any written grievance by a customer involving the Member, a partner, director, officer or registered or approved person of a Member.

"designated SRO" means the self-regulatory organization that has been assigned the prime audit jurisdiction for the Member under the Canadian Investor Protection Fund Agreement; and

"securities-related" means any matter related to securities, ~~commodities or commodity futures contracts~~ exchange contracts (including commodities futures contracts and commodity futures options and any matter related to the handling of client accounts or dealings with clients.

"service complaints" means any complaint by a client which is founded on customer-service issues and is not the subject of IDA rules or standards.

A. Reporting Requirements to Member

1. Each partner, director, officer or registered or approved person of a Member shall report to the Member within two business days whenever he or she:

   (a) becomes aware of any change to the following items of information currently contained in his or her Uniform Application for Registration/Approval:

   (i) Name
   (ii) Residential Address
   (iii) Telephone Number
   (iv) Citizenship

(v) Registration or licensing
(vi) Refusal, suspension, cancellation of registration or license, denial of registration exemption or disciplinary measure in any province, territory state or country
(vii) Refusal of registration, licensing, membership or approval or disciplinary action by a self-regulatory organization
(viii) Past offences or current charges involving securities or commodities or other criminal offences or contraventions
(ix) Successful claims or pending civil proceedings
(x) The making of a declaration, assignment or petition in bankruptcy, or a proposal relating to bankruptcy or insolvency
(xi) Judgement or garnishment
(xii) Refusal of surety or fidelity bond and current bonding
(xiii) Full-time and part-time employment and outside business activities;

(b) has reason to believe that he or she is or may have been:

(i) in contravention of any provision of any securities or commodity futures legislation in any jurisdiction inside or outside Canada; or
(ii) in contravention of any rules, regulations or by-laws of any financial services regulatory or self-regulatory organization;

(c) is the subject of a customer complaint in writing arising out of any securities-related business;

(d) is aware of a customer complaint, whether in writing or any other form, with respect to any partner, director, officer or registered representative of the Member arising out of any securities-related business involving allegations of theft, fraud, misappropriation of funds or securities, forgery or wilful misrepresentation;

(e) is named as a defendant or respondent in any proceeding brought, or action taken by, a regulatory or self-regulatory organization or Professional licensing or registration body; or

(f) is named as a defendant or respondent in any litigation or arbitration proceedings, including, but not limited to, proceedings for securities-related claims, fraud, theft or misrepresentation, or has disposed of such claim by judgement, award or settlement, subject to section 2 below.

2. Each Member shall designate a person or department with whom the reports and records required by section 1 shall be filed.

B. Entering into Settlement Agreements

1. No partner, director, officer or registered or approved person of a Member shall, without prior written consent of the Member, enter into any settlement with a customer, whether the settlement is in the form of monetary payment, delivery of securities, reduction of commissions or any other form, and whether the settlement is the result of a customer complaint or a finding by the individual or Member. Such prior written consent and the terms and conditions of such shall be kept on record by the Member.

2. Section 1 shall not apply to partners, directors, officers or registered or approved persons of a Member authorized by the Member to negotiate or enter into settlement agreements in the normal course of their duties.

C. Reporting Requirements to Designated SRO

1. Each Member shall report within ~~10~~ 5 business days to its designated SRO, in the prescribed form, whenever:

(a) there is any change to the information currently contained in the Uniform Application for Registration/Approval of any partner, director, officer or registered or approved person of the Member outlined in Part A, section 1 other than civil actions and judgements;

(b) the Member becomes aware that any former partner, director, officer or registered or approved person of the Member is charged with, convicted of, pleads guilty or pleads no contest to any criminal offence arising out of any securities-related business carried on while in the employ of the Member, whether in Canada or any other country;

(c) any partner, director, officer or registered or approved person of the Member is denied registration or approval by, or is named as a defendant or respondent in or party to any proceeding brought or action taken by any regulatory or self-regulatory organization or professional licensing or registration body;

(d) a partner, director, officer or registered or approved person of the Member is the subject of any internal disciplinary action taken by the Member relating to the conduct of client or firm business and involving suspension, termination, demotion, the imposition of trading restrictions or the withholding of commissions or imposition of fines in excess of $5,000 for a single matter or $15,000 cumulatively over a one-year period, or any other significant limitation of activities.

2. Each Member shall report within ~~10~~ 5 business days to its designated SRO, in the prescribed form, whenever:

(a) the Member is charged with, convicted of, pleads guilty to or pleads no contest to any criminal offence whether in Canada or in any other country;

(b) the Member is denied registration or approval by or is named as a defendant or respondent in any

proceeding brought or action taken by a regulatory or self-regulatory organization or professional licensing or registration body;

(c) the Member has any claim pending or has disposed of any claim in any civil litigation or arbitration, where the damages or losses claimed, or the compensation paid, exceed 50% of the Risk Adjusted Capital of the Member.

3. Each Member shall report to its designated SRO, statistical and summary information regarding:

(a) all customer complaints, except service complaints, against the Member and each current or former partner, director, officer or registered or approved person of the Member;

(b) all securities-related civil claims and arbitration notices against the Member, a current or former partner, director, officer or registered or approved person of the Member;

(c) all judgements, awards, private settlements, arbitrations or other resolutions of any securities-related claim or complaint against the Member, a current or former partner, director, officer or registered or approved person of the Member;

The statistical and summary information shall be provided by the Member in such detail and frequency as the designated SRO shall prescribe.

~~3.~~4. Each Member shall report within 105 business days to its designated SRO, in the prescribed form, whenever a previously reported matter outlined under subsections 1(b), (c), (d), and 2(a), (b), (c)), has been disposed of and is not otherwise required to be reported under this Policy.

D. Internal Investigations

1. In the event that it appears that a Member or any current or former partner, director, officer or registered or approved person of that Member has:

(a) violated any provision of any legislation of any jurisdiction inside or outside Canada; or

(b) violated the rules, regulations or by-laws of any regulatory or self-regulatory organization relating to theft, fraud, misappropriation of funds or securities, forgery, market manipulation, insider trading, wilful misrepresentation or unauthorised trading, such Member shall conduct an internal investigation.

2. If, in the opinion of the Member, the investigation reveals that the violation or conduct has occurred, the Member shall report its conclusions within ~~10~~ 5 business days of the completion of the internal investigation to its designated SRO in the prescribed form.

3. Records of investigations under section 1 shall be:

(a) in sufficient detail to show the cause, steps taken and result of each investigation; and

(b) maintained and available to the designated SRO upon request for a minimum of three years from the completion of the investigation.

E. Failure to Comply with Reporting Requirements

Where the designated SRO is the Association it shall have the power to impose a prescribed administrative fee for failure to comply with any of the reporting requirements set out in this policy. The Association may also impose any other penalties pursuant to By-law 20.11.

13.1.7 IDA - Policy 39 Principal and Agent

INVESTMENT DEALERS ASSOCIATION OF CANADA – PRINCIPAL AND AGENT

I OVERVIEW

A -- Current Rules

Under the current IDA rules and regulations there are no provisions for principal and agent relationships. Under the current regime, individuals selling securities to the public are required to be employees of IDA Member firms.

The Mutual Fund Dealers Association of Canada ("MFDA") was recognized as a SRO in February 2001. Under the MFDA Rules principal and agent relationships are permitted and as such this has created an uneven playing field among Members of SRO's in Canada.

In order to rectify the situation the IDA is proposing an amendment to the rules and regulations in order to permit principal and agent relationships. Member firms will have a choice as to how they wish to structure their business relationships with each individual dealer. The choices of relationships will be employer / employee, principal / agent or introducing broker / carrying broker.

B -- The Issue

In the fall of 1999 the Canadian Securities Administrators ("CSA") looked at the issue of employment structures in the Distributions Structures Paper ("Paper") and determined that alternative employment structures are permissible. Since the publication of the Paper, the MFDA has begun to permit principal / agent relationships. The MFDA Rules have now been accepted in most of the principal provincial jurisdictions in Canada and as such this has created an uneven playing field among Members of SRO's in Canada.

A number of issues arise when looking at creating a new type of business arrangement. The main concerns that need to be addressed are whether a principal and agent can be put in the same position with respect to supervision and compliance and with respect to liability as if they were in an employer and employee relationship.

From a legal point of view, a Member that acts as principal to a salesperson that acts as agent can be put in the same position with respect to compliance and supervision as if they were in an employer / employee relationship. However, in order to implement the principal and agent relationship rules need to be put in place and contracts need to be signed between the parties, which is the effect of the MFDA Rules.

One result of creating a principal / agent relationship is that the business conducted by the agent is business conducted on behalf of the principal and as such the principal is responsible for all such acts. The general principle of agency law is that the principal (Member) is liable to third parties (clients) for the misconduct of its agents (salesperson) as long as the salesperson is acting reasonably within the scope of his or her authority. As between the principal and agent and between the Association and both the principal and agent, this responsibility can be provided for and enforced through contracts between the parties as well as through rules of the Association as is the case under the MFDA Rules.

C -- Objective

The main objective of the new rule is to create a level playing field among Members of SRO's in Canada. It is the position of the Association that it is not the Association's role to interfere with the relationship between Members and their dealers unless there is an overriding public interest or regulatory reason to do so.

D -- Effect of Proposed Rules

The effect of the proposed rule is to enhance Members' ability to compete with dealer organizations that are not IDA Member firms.

While there may be some increased costs in setting up the new type of relationship it is not disproportional to the benefits that Members will receive in that they will have a choice of business relationships.

The Association believes that the choice of structures being given to Members out weighs any additional costs that may be associated with moving individuals over to the new type of relationship.

II DETAILED ANALYSIS

A -- Present Rules, Relevant History and Proposed Policy

Historically, Members of the IDA have only been permitted to distribute financial products and services through employees who are registered as salespersons under applicable legislation or through introducing brokers for who they act as carrying brokers or vice versa.

In the Fall of 1999 the CSA published the Distribution Structures Paper and endorsed the business structure of principal and agent between dealers and salespersons subject to certain conditions being met.

Following publication of the Paper the MFDA decided, with Regulatory approval to permit principal / agent relationships. In light of this decision, the Association has determined that alternative business structures need to be addressed in the Association's Rules in order to level the playing field for Member firms and to remove any disadvantages to Members by requiring them to engage in employer / employee relationship with their salespersons.

The proposed rules set out the requirements for individuals to be approved as agents. The proposed rules require the agents to be registered or licensed under applicable legislation in the province or territory in which they intend to act. The agent must also be in compliance with all applicable legislation, and all by-laws and regulations of the Association.

All agents shall be required under the proposed rules to enter into an agreement in writing, which shall set out the rights and duties of both parties including in precise terms the use of support staff, control over activities, fiduciary responsibilities, payment of commission and expenses, term and termination, business transfer policies, and limitations on registrations. Member firms shall be responsible for and will be required to supervise the conduct of all agents in respect of business including all compliance matters as if the relationship were one of employer / employee. Furthermore, Member firms will be liable to third parties for the acts and omissions of their agents relating to the Member's business.

The proposed rules also require that all books and records be maintained in accordance with the Association's rules and shall be the property of the Member and shall be available to the Member at all times. Members are also required to maintain adequate insurance coverage with respect to agents in accordance with the Association's rules and regulations as if the agent were an employee.

Agents shall not conduct securities related business with any other person other than the Member and all such business conducted by the agent shall be in the name of the Member subject to by-law 29.7A.

B -- Issues and Alternatives Considered

The Association had discussions to retain the current employment structure of only allowing employer / employee relationships. However, for the reasons outlined above the Association has determined that in order to even the playing field alternative structures need to be introduced.

C -- Comparison with Similar Provisions

In the August 1999 structures Paper the CSA endorsed the concept of principal / agent with the following conditions: principals are responsible for and must supervise all activities of agents, the liability of the principal to clients is the same as if the relationship was one of employer / employee, insurance policies must be in place that cover the agent and appropriate books and records must be maintained. The MFDA followed the guidelines set forth in the Paper and as such offer this alternative business structure.

Rule 1.1.1(c) of the MFDA Rules allow for the relationship between the Member and any person conducting securities related business on account of a Member to do so as an employee, an agent or a carrying dealer.

Rule 1.1.5 of the MFDA Rules sets out the requirements in order to conduct business as an agent. The Rule states that the Member shall be responsible for, and shall supervise, the conduct of the agent in respect of the business and that the Member shall be liable to third parties for the acts and omissions of the agent relating to the Member's business.

Rule 1.1.5(k) of the MFDA Rules state that the Member and the agent shall have entered into an agreement in writing which shall include all of the provisions of Rule 1.1.5 and which do not include any provisions which are inconsistent with those rules.

The MFDA Rules also require all books and records to be prepared and maintained by the agent and that adequate insurance policies are in place that relate to the conduct of the agent.

D -- Public Interest Objective

The Association believes that the proposed Rules are in the public interest in that it will allow for a level playing field among Members of SRO's in Canada. This will be accomplished by allowing Member firms flexibility with respect to their business structures so that they are not in a disadvantaged position to that of their competitors.

Allowing Member firms the option of introducing principal / agent relationships will not weaken the high standards of conduct or other responsibilities currently imposed on dealers. Agents will be in essentially the same position as employees with respect to compliance and supervision. Furthermore, Member firms will remain responsible for acts of their agents.

The proposal does not permit unfair discrimination among customers, issuers, brokers, dealers, members or others. It does not impose any burden on competition that is not necessary or appropriate in furtherance of the above purposes.

III COMMENTARY

A -- Filing in Other Jurisdictions

These proposed amendments will be filed for approval in Alberta, British Columbia, Saskatchewan and Ontario and will be filed for information in Nova Scotia.

B -- Effectiveness

The rationale for the proposed rules is to create a level playing field for all participants. The proposal is necessary to allow all Members the right to make a choice as to the most suitable arrangement for their business.

C -- Process

The proposed rules were reviewed with the Principal and Agent Committee, the Retail Sales Subcommittee and the Compliance and Legal Section Executive.

IV SOURCES

- MFDA Rules
- CSA Distributions Structures Committee: Position Paper, August 1999.

V OSC REQUIREMENT TO PUBLISHFOR COMMENT

The IDA is required to publish for comment the accompanying Policy so that the issue referred to above may be considered by OSC staff.

The Association has determined that the entry into force of the proposed Policy would be in the public interest. Comments are sought on the proposed Policy. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of Keith Rose, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

Deborah L. Wise
Legal and Policy Counsel
Regulatory Policy
Investment Dealers Association of Canada
(416) 943-6994
dwise@ida.ca

INVESTMENT DEALERS ASSOCIATION OF CANADA

PRINCIPAL AND AGENT

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. By adding new By-law 39 as follows:

39.1 "All by-laws and regulations of the Association that refer to the term employee shall be deemed to refer as well to the term agent.

39.2 For the purposes of this By-law "securities related business" means any matter related to securities, exchange contracts (including commodities futures contracts and commodities futures options) and any other matter related to the handling of client accounts or dealings with clients.

39.3 The relationship between the Member and any person conducting securities related business on account of the Member may do so as that of:

i) an employee, or

ii) an agent

39.4 A Member may structure its business relationship using a principal / agent relationship provided that:

a) any such agent is registered or licensed in the manner necessary, and is in good standing, under the applicable legislation in the province or territory where the agent proposes to act;

b) the Member shall be responsible for, and shall supervise the conduct of the agent in respect of the business including compliance with applicable legislation in the by-laws and rules;

c) the Member shall be liable to third parties (including clients) for the acts and omissions of the agent relating to the Member's business;

d) the agent is in compliance with the legislation, by-laws and rules applicable to the agent;

e) the financial institution bond and insurance policies required to be maintained by the Member pursuant to By-law 17 and Regulation 400 cover and relate to the conduct of the agent;

f) all books and records prepared and maintained by the agent in respect of such business of the Member shall be in accordance with By-law 17 and Regulation 200 and all applicable legislation and shall be the property of the Member and shall be available for review by and delivery to the Member at all times and upon termination of the Agreement referred to in paragraph (m);

g) the Member shall have access to the premises of the agent at all times;

h) in the event of a compliance issue arising, the Member shall be entitled to take control of all future dealings with the client;

i) all such business conducted by the agent is in the name of the Member subject to By-law 29.7A;

j) the agent shall not conduct securities related business with or in respect of any person other than the Member;

k) if the agent is engaged in or carrying on any business activity other than business conducted on behalf of the Member, including any business or activity which is subject to regulation by any regulatory authority other than a securities commission, compliance with the terms of the agreement referred to in paragraph (m) shall be monitored and enforced directly by the Member and not by or through any other person including another employer or principal of the agent;

l) the terms or basis on which the agent may be engaged in or carry on any business or activity other than the business conducted on behalf of the Member shall not prevent or impair the ability of the Member or the corporation from monitoring and enforcing compliance by the agent with the terms of the agent referred to in paragraph (m) or the by-laws and rules; and

m) the Member and the agent shall enter into an agreement in writing which shall be provided to the corporation prior to engaging in the agency relationship and shall contain terms which include the provision of paragraph (a) to (l), inclusive, and which do not include provisions which are inconsistent with paragraph (a) to (l), and shall provide the corporation with a certificate by an officer or director of such Member and upon request by the corporation shall provide an opinion of counsel confirming the agreement is in compliance with such provision;

n) the agreement referred to in paragraph (m) shall be in a form satisfactory to the Association; and

o) the Member shall provide the Association with evidence satisfactory to the Association that the Member has taken appropriate action to ensure that the treatment of its agents for tax and other purposes as independent contractors is correct. In the event that the independent contractor status is disallowed for any purpose, the dealer and its agents shall bear all responsibility."

PASSED AND ENACTED BY THE Board of Directors this 17th day of October 2001, to be effective on a date to be determined by Association Staff.

13.1.8 IDA - Leverage Disclosure

INVESTMENT DEALERS ASSOCIATION OF CANADA - LEVERAGE DISCLOSURE

I OVERVIEW

A -- Current Rules

The IDA does not currently have any rules with respect to Leverage Disclosure. The Canadian Securities Administrators have recently implemented a leverage disclosure requirement in National Instrument 33-102.

B -- The Issue

Retail clients are increasingly borrowing funds to purchase securities, often through sources other than traditional margin purchasing. Where the amount of the borrowing is not tied to the ongoing market value of the securities, the risk is greater than in margin purchasing in that a market decline can lead to the value of the securities purchased being less than the amount of the outstanding loan. Rules are needed to warn clients of the risks associated with using borrowing to finance the purchase of securities.

C -- Objective

The Association believes that proposed By-law 29.26 will ensure that clients are made aware of the risks inherent in borrowing money to finance the purchase of securities. Disclosure to clients of such risk is necessary as it involves greater risk than when securities are purchased using cash resources only.

D -- Effect of Proposed Rules

The proposed By-law will help to increase client knowledge regarding the risks that are inherent in investing when using borrowed money.

The costs borne by Member firms in having to provide such disclosure documents is minimal and as such is not a determinative factor.

II DETAILED ANALYSIS

A -- Present Rules, Relevant History and Proposed Policy

The proposed rules require that when a Member or a partner, director, officer or registered or approved person of a Member initially makes a recommendation to a client to purchase securities and knows that the client will be using in whole or in part borrowed money or becomes aware that the client intends to use borrowed money for the purchase, a Leverage Risk Disclosure Statement must be given to the client.

The proposed rule states that the above may be complied with by giving the client a Leverage Risk Disclosure Statement at the time the account is opened.

A Leverage Risk Disclosure Statement is not required with respect to a margin account if the margin agreement signed by the client contains the Leverage Risk Disclosure Statement. This requirement applies only to margin agreements signed after the implementation date.

The Leverage Risk Disclosure Statement must inform the client that using borrowed money to finance the purchase of securities involves greater risk than purchasing securities using cash. The client must also be told that if they borrow money to purchase securities their responsibility to repay the loan and pay the interest remains the same even if the value of the securities purchased declines.

B -- Issues and Alternatives Considered

No other issues or alternatives were considered.

C -- Public Interest Objective

The Association believes that the proposed By-law is in the public interest in that it will protect the investing public by providing more information to better enable the client to make an informed decision regarding how they invest. The proposal is designed to protect the clients and will promote public confidence in the industry.

The proposal does not permit unfair discrimination among customers, issuers, brokers, dealers, members or others. It does not impose any burden on competition that is not necessary or appropriate in furtherance of the above purposes.

III COMMENTARY

A -- Filing in Other Jurisdictions

These proposed amendments will be filed for approval in Alberta, British Columbia, Saskatchewan and Ontario and will be filed for information in Nova Scotia.

B -- Effectiveness

The proposed change is simple and will not be a burden to Member firms in implementing.

C -- Process

The proposed By-law has been approved by the Compliance and Legal Section Executive and the Compliance and Legal Section.

IV SOURCES

National Instrument 33-102

V OSC REQUIREMENT TO PUBLISH FOR COMMENT -

The IDA is required to publish for comment the accompanying Policy so that the issue referred to above may be considered by OSC staff.

The Association has determined that the entry into force of the proposed Policy would be in the public interest. Comments are sought on the proposed Policy. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of Deborah L. Wise, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

Deborah L. Wise
Legal and Policy Counsel
Regulatory Policy
Investment Dealers Association of Canada
(416) 943-6994
dwise@ida.ca

INVESTMENT DEALERS ASSOCIATION OF CANADA

BY-LAW 29.26 LEVERAGE DISCLOSURE

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. By-law 29 is amended by adding the following:

"29.26

(a) Whenever a Member or a partner, director, officer or registered or approved person of a Member initially makes a recommendation to a client to purchase securities using in whole or in part borrowed money or otherwise becomes aware of a client's intent to purchase securities using in whole or in part borrowed money, they shall deliver to such client a Leverage Risk Disclosure Statement.

(b) A Member may comply with subsection (1) by delivering a Leverage Risk Disclosure Statement to a client at the time of account opening.

(c) The Leverage Risk Disclosure Statement shall be in substantially the following words:

Using borrowed money to finance the purchase of securities involves greater risk then a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines.

(d) The Leverage Risk Disclosure Statement provided for in 29.26(a) is not required with respect to a margin account operated pursuant to a margin agreement signed by the client provided that, if the agreement was signed after the implementation date of this by-law 29.26, the margin agreement prominently displays the Leverage Risk Disclosure Statement"

PASSED AND ENACTED BY THE Board of Directors this 17th day of October 2001, to be effective on a date to be determined by Association staff.

13.1.9 IDA - Revisions to Regulation 1300 - Know Your Client Requirements and Corporate Accounts

INVESTMENT DEALERS ASSOCIATION OF CANADA

REVISIONS TO REGULATION 1300,
PART I: KNOW YOUR CLIENT REQUIREMENTS
AND CORPORATE ACCOUNTS

I OVERVIEW

Current rules and industry practice require those authorized to trade on behalf of corporations to be identified and documented. This proposal addresses the issue of the need to know the beneficial owners behind a corporate account. The highlights are:

- knowledge of beneficial ownership is not required for certain types of corporations;
- for private corporations, the identity of the beneficial owners must be sought; and
- additional compliance procedures must be undertaken where identity is required but not obtained.

An exemption for the accounts of financial institutions regulated in their home jurisdictions is provided. However, the Association is empowered to remove the exemption for financial institutions in jurisdictions found by the Government of Canada or international organizations of which Canada is a member to have deficient regulatory regimes. It should be noted that this proposal represents a significant change from the current practice and requirements in the industry today.

A CURRENT RULES

As stated previously, current rules and industry practice require that those authorized to trade on behalf of corporations be identified and documented. Current rules include:

- the "Know Your Client" rule as detailed in IDA Regulation 1300.1;
- the requirements under the *Proceeds of Crime (Money Laundering) Act 2000* and the regulations thereto; and
- in the case of accounts of United States citizens and accounts with holdings in United States issued securities, Sections 1441 and 1442 of the United States Internal Revenue Code.

B THE ISSUE

In the British Columbia Securities Commission (the "BCSC") hearing regarding Jean-Claude Hauchecorne on December 17, 1999, the BCSC concluded that the Know Your Client rule requires a broker to look behind any corporate veil to determine who has a financial interest in the account. As a result of that hearing, the BCSC requested clarification from the Association on its Know Your Client requirements, in particular, when Members should attempt to determine the

beneficial owners of corporate accounts and what compliance controls are necessary for these accounts.

Changes are also being made to the Regulations under the *Proceeds of Crime (Money Laundering) Act 2000* to assist in international efforts to combat the laundering of criminally-derived assets. Rule changes are required to assist the Association and its Members in contributing to those efforts.

C OBJECTIVE

The objectives of the proposed amendments to IDA Regulations 1300.1 and 1300.2 are to:

- clarify the circumstances under which, pursuant to the Know Your Client rule, the beneficial owners of certain corporate accounts must be identified;
- specify the beneficial owner documentation requirements for such accounts;
- detail the procedures to be followed when the beneficial owners of an account cannot be identified, and
- detail procedures to be followed with respect to accounts of financial institutions in jurisdictions which are at risk of being used for money laundering by virtue of inadequate anti-money laundering regimes in the clients' home jurisdiction, such as those in countries identified by the Financial Action Task Force ("FATF") as "non-cooperative jurisdictions."

D EFFECT OF PROPOSED RULES

It is not considered that the making of the proposed amendments will have a material effect on the costs of compliance. The proposals seek to clarify the responsibility of a Member to know its clients without imposing a significant additional compliance cost burden.

II DETAILED ANALYSIS

A PRESENT RULES, RELEVANT HISTORY AND PROPOSED POLICY

The Know Your Client rule was primarily developed to ensure that registrants had sufficient knowledge of clients' affairs to determine if investments were suitable to their particular circumstances as well as assess their creditworthiness.

The purpose of this proposal is not to address all aspects of the Know Your Client rule obligations. It is inherent in many areas of law, the Association's By-laws and Regulations, the procedures of Member firms and in the training given to industry participants that an individual and a firm must know the client. The focus of this proposal is to clarify the requirements to identify the beneficial ownership of certain corporate accounts.

The Association believes that, in practice, there are a number of circumstances where knowing the beneficial owner of an account is not essential to the protection of the capital markets in Canada. In addition, there are no other jurisdictions that we are aware of that require beneficial ownership disclosure for all corporate accounts. As a result, a blanket disclosure requirement for all corporate accounts would place Canada at a competitive disadvantage amongst the respected world markets.

The Association also believes that as important as knowing your client is, it is equally important to monitor the activity in an account. The actions of an investor can often point to wrongdoing more accurately and more convincingly than information obtained prior to the account being opened. In light of this, there are many rules and procedures in place to monitor accounts and to clearly assign responsibility for taking appropriate compliance action.

Members must also comply with the *Proceeds of Crime (Money Laundering) Act 2000* ("PCML") and regulations thereto. These regulations do not currently require the identification of the beneficial owners of corporate accounts. The Association currently has no regulations specifically directed at the prevention of money laundering, although the Associations know-your-client regulations are similar to the Regulations under PCML.

New regulations under PCML effective November 8, 2001 will require Members to identify and report transactions that give reasonable grounds to believe that they may be associated with money laundering. Identification of suspicious transactions can only be done effectively in conjunction with knowledge of the identity of the client. The Association believes that requiring identification of the owners of corporate accounts will assist in compliance with the purpose of the suspicious transaction reporting requirements.

B ISSUES AND ALTERNATIVES CONSIDERED

In order to discuss current practices in the industry with respect to when Member firms determine the beneficial owners of corporate accounts, the Association convened a Corporate Veil Committee (the "Committee"). The Committee concluded that Member firms differ in their practices of determining the beneficial owners of a corporate account. Consequently, the Committee agreed that some common and consistent requirements in this area should be articulated.

The Committee concluded that the purpose of determining the beneficial owners of a corporate account is to assist in the prevention of activities such as deceptive trading, manipulative trading, money laundering, insider trading, tax evasion and the avoidance of requirements in securities legislation.

The Committee also determined, in light of the many different types of corporate structures, that not all corporate accounts were subject to the same risk of occurrence of inappropriate account activity. As a result, they concluded, there are only certain situations where the Member firm should have direct responsibility to know the beneficial owners of the account.

Based on these conclusions and consultations with representatives from other interested Member firms, the Committee agreed upon a number of recommendations. These recommendations have been translated into proposed amendments to IDA Regulation 1300.1 and 1300.2.

Recommendations

Corporations where determination of beneficial owners is not necessary

Publicly listed and over-the-counter corporations

A publicly listed company has disclosure requirements and certain other standards that must be satisfied before listing and/or trading is permitted. Consequently, unscrupulous activity can be determined by means other than knowing the beneficial owners. In addition, it would be extremely difficult to track down the names of every single shareholder of a publicly listed corporation.

Regulated entities
[i.e. banks, trust and loan companies, credit unions, insurance companies, pension fund, entities that are members of a recognized exchange or association, et cetera]

An entity that is regulated, in Canada or elsewhere, must comply with certain requirements and standards and thus has the direct responsibility to do the necessary due diligence on its clients.

Similarly when a nominee or "omnibus account" exists[1], the Member firm's relationship is with the other Member firm and the Member firm, holding the omnibus account, should not be required to look behind that relationship to determine the identity of the persons whose transactions are combined and effected through the omnibus account.

Corporations where determination of beneficial ownership is necessary or additional compliance procedures need to be undertaken, as described in the next section

Beneficial Owner Information

Where beneficial ownership knowledge is required in the following types of corporations, the information required should include, for the actual person, or persons, with the financial interest in the account:

- Name and address
- Citizenship
- Occupation
- Employer
- Control/insider status through shareholdings

Private Corporations

1. If a Member firm is opening an account for a private corporation, the Member firm should attempt to determine the beneficial owners of that private corporation via the client's consent to disclosure.
2. If the account for a private corporation is held in a jurisdiction with secrecy laws, the Member firm should attempt to determine the beneficial owners of that private corporation via the client's consent to disclosure.
3. If an inquiry reveals numerous beneficial owners of a private corporate account, the determination of the identity of each is not required. Rather, the Member firm should attempt to determine the identity of the controlling shareholders, defined for these purposes as anyone holding more than a 20% interest.
4. If the beneficial owner does not consent to the disclosure of his or her identity, the Member must apply the additional compliance procedures described.

Compliance procedures where knowledge of beneficial owners sought but not obtained

1. Senior management of the Member must approve each account of a private corporation or unknown investment manager where the beneficial owner is not known.
2. Senior management is defined for these purposes as the Ultimate Designated Person, or a person designated by the UDP.
3. Such accounts must be specifically identified for compliance review, either by being placed in a separate range of accounts or other similar automatic identification.
4. The Compliance department must review activity in these accounts on a daily and monthly basis to detect unusual activity such as, but not limited to:
   - Type of securities traded
   - Size of transactions
   - Frequency of trading
   - Monetary and securities movements in the account
5. Unusual activity must be reported to the UDP or the designated person.

Managed Accounts

Similar recommendations were made by the Committee with respect to accounts opened by investment managers not known to the Member. However, after discussion at the Compliance and Legal Section, it was decided that these recommendations should not be proceeded with on the grounds that investment managers are regulated like dealers and other intermediaries and should not be distinguished from other regulated entities which are exempt from the new requirements.

Money Laundering Legislation

The Association has approached the money laundering proposed legislation in much the same manner as this proposal. A number of submissions have been made to the Federal Government on this issue, fully supporting the concept

[1] An omnibus account is an account carried by or for a Member in which the transactions of two or more persons are combined and effected in the name of the Member without the disclosure of the identity of the persons.

but trying to have it applied in a manner that will not have harmful consequences to the capital markets in Canada.

Our position is that money laundering is a global problem and the governments of the world have to rely on one another to police their own jurisdictions. It is not appropriate to impose Canadian knowledge of the beneficial owners of the millions of foreign transactions done through dealers and financial institutions in other countries in the Canadian marketplace, amounting to in excess of $20 billion annually.

A preferable approach would be to recognize those countries with a well-developed anti-money laundering regime and allow normal transactions with entities in those jurisdictions. Because most countries do have adequate regimes and international organizations such as the FATF, of which Canada is a Member, are now auditing the anti-money laundering arrangements of all countries and publicly identifying countries which do not have adequate regimes, the Association has decided to include a blanket exemption for financial institutions, which exemption can be withdrawn with respect to the few countries to whose financial institutions it should not be extended.

D SYSTEMS IMPACT OF RULE

As previously stated, it is not considered that the making of the proposed amendments will have a material effect on the costs of compliance.

E BEST INTERESTS OF THE CAPITAL MARKETS

The Board has determined that the public interest Rule is not detrimental to the best interests of the capital markets.

F PUBLIC INTEREST OBJECTIVE

According to subparagraph 14(c) of the IDA's Order of Recognition as a self regulatory organization, the IDA shall, where requested, provide in respect of a proposed rule change, "a concise statement of its nature, purposes (having regard to paragraph 13 above) and effects, including possible effects on market structure and competition". Statements have been made elsewhere as to the nature and effect of the proposals with respect to the identification and documentation of beneficial owners of certain corporate accounts. The two main aims of this proposal are to clarify when it necessary to identify and document the beneficial owner of a corporate account and to set out the necessary procedures to be followed when the beneficial owner cannot be identified. As a result, the general purpose of the proposal is to help "prevent fraudulent and manipulative acts and practices" and assist in the prevention of use of the capital markets for money laundering. Consequently, the proposed amendments are considered to be in the public interest.

III COMMENTARY

A FILING IN OTHER JURISDICTIONS

These proposed amendments will be filed for approval in Alberta, British Columbia, Saskatchewan and Ontario and will be filed for information in Nova Scotia.

B EFFECTIVENESS

It is believed that adoption of the proposed amendments will be effective in clarifying the responsibility of a Member to know its clients without imposing a significant additional compliance cost burden.

C PROCESS

The amendment proposals were drafted based on the recommendations of the Corporate Veil Committee. They have been reviewed and approved by the Compliance and Legal Section.

IV SOURCES

References:

- IDA Regulation 1300

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is required to publish for comment this proposal so that the issue referred to above may be considered by OSC staff.

The Association has determined that the entry into force of this proposal would be in the public interest. Comments are sought on this proposal. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of Richard Corner, Director, Regulatory Policy, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

Lawrence Boyce,
Vice President, Sales Compliance,
Investment Dealers Association of Canada
(416) 943-6903
lboyce@ida.ca

Richard Corner,
Director, Regulatory Policy,
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(416) 943-6908
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REVISIONS TO REGULATION 1300 RELATING TO KNOW YOUR CLIENT REQUIREMENTS AND CORPORATE ACCOUNTS - BOARD RESOLUTION

INVESTMENT DEALERS ASSOCIATION OF CANADA REGULATION 1300

SUPERVISION OF ACCOUNTS

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

Regulation 1300 is amended as follows:

1. By adding the following paragraphs after Regulation 1300.1.(a):

   "(b) When an account is being opened for a private corporation or similar entity, the Member shall attempt to ascertain the identity of any beneficial owner of more than 20% of the corporation or similar entity, including the name, address, citizenship, occupation and employer of each such beneficial owner, and whether any such beneficial owner is an insider or controlling shareholder of a publicly traded corporation or similar entity.

   (c) If a Member, on inquiry, is unable to determine the beneficial owner or owners of an account as required in subsection (b), the Member shall not open the account without the approval of the Ultimate Designated Person under By-law 38 or an Alternate Designated Person specifically designated by the Ultimate Designated Person to approve the opening of such accounts.

   (d) Subsection (b) does not apply to a private corporation or similar entity that a Member has ascertained, after reasonable enquiries, to be a bank, trust or loan company, credit union, caisse populaire, insurance company, mutual fund management company, pension fund, investment manager or similar financial institution established and regulated under the laws of its home jurisdiction.

   (e) On receipt of notice from any department or agency of the Government of Canada or the government of any province of Canada, or an international organization of which the Government of Canada is a Member, that the regulatory arrangements of any jurisdiction have been found to be materially deficient in comparison with internationally accepted standards, the Association may direct Members that the exemption in subsection (d) does not apply to some or all types of financial institutions located in that jurisdiction."

2. By renumbering existing Regulations 1300.1.(b) through 1300.1.(f) to new Regulations 1300.1.(f) through 1300.1.(j) respectively.

3. By adding the title "Account Opening and Supervision." to Regulation 1300.2.

4. By making the following wording changes to Regulation 1300.2.(a):

   (a) Deleting the words "Each such designated person shall be approved by the applicable District Council and,"

   (b) Capitalizing the word "Where" immediately following the deleted words referred to in (a); and

   (c) Replacing the first word in the sixth line, specifically the word "may", with the word "shall".

5. By correcting the cross-reference that appears in Regulation 1300.2.(b) from Regulation 1300.1.(e) to 1300.1.(j).

6. By adding new Regulation 1300.2.(c) as follows:

   "(c) Where a Member opens an account for a private corporation or similar entity without having ascertained the identities of the beneficial owners as provided for in Regulation 1300.1(b) and (c), the Member shall impose heightened supervision of the activity in such accounts. Such supervision shall include, as a minimum:

      (i) specific identification of the account as requiring heightened supervision, through being placed in a separate account range or use of a similar method of automatic identification;

      (ii) daily and monthly review of account activity to detect unusual activity. Such reviews shall consider, at a minimum, the types of securities traded, size of transactions, frequency of trading and monetary and securities movements in the account;

      (iii) reporting of any unusual activity to the Ultimate Designated Person or the Alternate Designated Person responsible for the opening of such accounts under Regulation 1300.1(c) who shall, on the basis of such a report, determine what action is to be taken including whether the account should remain open."

PASSED AND ENACTED BY THE Board of Directors this 17th day of October 2001, to be effective on a date to be determined by Association staff.

REVISIONS TO REGULATION 1300 RELATING TO KNOW YOUR CLIENT REQUIREMENTS AND CORPORATE ACCOUNTS - BLACK LINE COPY

REGULATION 1300

SUPERVISION OF ACCOUNTS

1300.1.

Identity and Creditworthiness

(a) Each Member shall use due diligence to learn and remain informed of the essential facts relative to every customer and to every order or account accepted.

(b) When an account is being opened for a private corporation or similar entity, the Member shall attempt to ascertain the identity of any beneficial owner of more than 20% of the corporation or similar entity, including the name, address, citizenship, occupation and employer of each such beneficial owner, and whether any such beneficial owner is an insider or controlling shareholder of a publicly traded corporation or similar entity.

(c) If a Member, on inquiry, is unable to determine the beneficial owner or owners of an account as required in subsection (b), the Member shall not open the account without the approval of the Ultimate Designated Person under By-law 38 or an Alternate Designated Person specifically designated by the Ultimate Designated Person to approve the opening of such accounts.

(d) Subsection (b) does not apply to a private corporation or similar entity that a Member has ascertained, after reasonable enquiries, to be a bank, trust or loan company, credit union, caisse populaire, insurance company, mutual fund management company, pension fund, investment manager or similar financial institution established and regulated under the laws of its home jurisdiction.

(e) On receipt of notice from any department or agency of the Government of Canada or the government of any province of Canada, or an international organization of which the Government of Canada is a Member, that the regulatory arrangements of any jurisdiction have been found to be materially deficient in comparison with internationally accepted standards, the Association may direct Members that the exemption in subsection (d) does not apply to some or all types of financial institutions located in that jurisdiction.

Business Conduct

~~(b)~~(f) Each Member shall use due diligence to ensure that the acceptance of any order for any account is within the bounds of good business practice.

Suitability Generally

~~(c)~~(g) Subject to Regulation 1300.1(~~e~~i), each Member shall use due diligence to ensure that the acceptance of any order from a customer is suitable for such customer based on factors including the customer's financial situation, investment knowledge, investment objectives and risk tolerance.

Suitability Determination Required When Recommendation Provided

~~(d)~~(h) Each Member, when recommending to a customer the purchase, sale, exchange or holding of any security, shall use due diligence to ensure that the recommendation is suitable for such customer based on factors including the customer's financial situation, investment knowledge, investment objectives and risk tolerance.

Suitability Determination Not Required

~~(e)~~(i) Each Member that has applied for and received approval from the Association pursuant to Regulation 1300.1(~~f~~j), is not required to comply with Regulation 1300.1(~~c~~g), when accepting orders from a customer where no recommendation is provided, to make a determination that the order is suitable for such customer.

Association Approval

~~(f)~~(j) The Association, in its discretion, shall only grant such approval where the Association is satisfied that the Member will comply with the policies and procedures outlined in Policy No. 9. The application for approval shall be accompanied by a copy of the policies and procedures of the Member. Following such approval, any material changes in the policies and procedures of the Member shall promptly be submitted to the Association.

1300.2. Account Opening and Supervision.

(a) Each Member shall designate a director, partner or officer or, in the case of a branch office, a branch manager reporting directly to the designated director, partner or officer who shall be responsible for the opening of new accounts and the supervision of account activity. ~~Each such designated person shall be approved by the applicable District Council and,~~ Wwhere necessary to ensure continuous supervision, the Member ~~may~~ shall appoint one or more alternates to such designated person who shall be so approved. The director, partner or officer as the case may be, shall be responsible for establishing and maintaining procedures for account supervision and such persons or, in the case of a branch office, the branch manager shall ensure that the handling of client business is within the bounds of ethical conduct, consistent with just and equitable principles of trade and not detrimental to the interests of the securities industry. As part of this supervision each new account shall be opened pursuant to a new account form which includes, at a minimum, the information required by Form No. 2, and the designated person (other than a branch manager in the case of discretionary ~~or managed~~ accounts) shall prior to or promptly after the completion of any transaction specifically approve the opening of such account. In the absence or incapacity of the designated director, partner or officer or when the trading activity of the Member requires additional qualified persons in connection with the supervision of

the Member's business, an alternate, if any, shall assume the authority and responsibility of such designated persons.

(b) Notwithstanding Regulation 1300.2(a), a Member or separate business unit of the Member is exempt from the requirement that a new account form include, at a minimum, the information required by Form No. 2 where the Member or separate business unit of the Member does not provide recommendations to any of its customers and has received approval pursuant to Regulation 1300.1(ej). In such circumstances, the Member or separate business unit of the Member shall not be required to include in the new account form the information currently set out in Form No. 2 of the Association that relates to suitability.

(c) Where a Member opens an account for a private corporation or similar entity without having ascertained the identities of the beneficial owners as provided for in Regulation 1300.1(b) and (c), the Member shall impose heightened supervision of the activity in such accounts. Such supervision shall include, as a minimum:

(i) specific identification of the account as requiring heightened supervision, through being placed in a separate account range or use of a similar method of automatic identification;

(ii) daily and monthly review of account activity to detect unusual activity. Such reviews shall consider, at a minimum, the types of securities traded, size of transactions, frequency of trading and monetary and securities movements in the account;

(iii) reporting of any unusual activity to the Ultimate Designated Person or the Alternate Designated Person responsible for the opening of such accounts under Regulation 1300.1(c) who shall, on the basis of such a report, determine what action is to be taken including whether the account should remain open.

13.1.10 IDA - Revisions to Regulation 1300, Part II: Managed Accounts

INVESTMENT DEALERS ASSOCIATION OF CANADA

REVISIONS TO REGULATION 1300, PART II: MANAGED ACCOUNTS

I OVERVIEW

A CURRENT RULES

Regulations 1300.6 through 1300.15 govern the opening and supervision of managed accounts, including the proficiency requirements for portfolio managers and restrictions on the activities and remuneration of portfolio managers.

B THE ISSUE

Changes in the nature of account management programs at Members have made the current regulations outdated.

Managed accounts at members are frequently managed by external managers registered under securities legislation, while the current regulations cover only management by portfolio managers employed by the Member.

The current proficiency requirements limit the ability of Members to initiate managed account programs. Those wishing to become portfolio managers must go through a period as an Associate Portfolio Manager under the direct supervision of a full Portfolio Manager. Members which do not have full Portfolio Managers frequently have difficulty recruiting one, particularly outside of major centres.

Members also offer centrally managed model portfolio programs in which all accounts enrolled in a program make the same investments, with only minor room for variations. The essential suitability decision is made at the time the particular program or set of programs is chosen, and not in the subsequent trading. The current regulations were designed only to regulate the separate management of individual accounts by individual portfolio managers who base investment decisions on knowledge of the individual client.

The current regulations also impose a supervisory structure involving a Portfolio Management Committee to review "investment policy" and supervision of each account by a designated supervisor. It has been found to be unclear in practice how these functions differ.

C OBJECTIVE

The objective of the proposed rule changes is to include regulatory provisions covering all types of managed accounts, but which are flexible enough to permit Members offering managed accounts to develop supervision regimes relevant to the types of account management services offered.

The proposed rule changes are also designed to give Members who do not have in-house portfolio managers the

opportunity to offer managed accounts by hiring properly registered external managers.

The proposed rule changes also separate the rules covering managed accounts from those covering other types of discretionary accounts, and simplify those rules.

D EFFECT OF PROPOSED RULES

The proposed rules will not alter the requirements for Members to ensure the suitability of investments for managed accounts and handle conflicts of interest associated with discretionary account management.

The proposed rules will increase competition by removing barriers to entry into the offering of managed accounts for firms which do not have and cannot acquire in-house portfolio managers.

The proposed rules will reduce the costs of compliance by removing requirements to individually supervise accounts that are centrally managed and for which investment decisions are the same for all accounts and by eliminating unnecessary paperwork.

II DETAILED ANALYSIS

A PRESENT RULES, RELEVANT HISTORY AND PROPOSED POLICY

In 1999 the Joint Industry Compliance Group, now the Compliance and Legal Section of the Association, and the Education and Training Subcommittee of the Retail Sales Committee, formed a special joint committee, the Portfolio Management/Managed Accounts Committee ("PMMACC"), to consider changes to the proficiency and supervision rules with respect to managed accounts. The PMMAC had representation from firms offering a wide variety of managed account programs, along with staff support from the Association and the Canadian Securities Institute ("CSI"). The PMMAC was charged with a complete review of the proficiency requirements for portfolio managers and the supervision rules for managed accounts because of the following issues:

- The proficiency requirements appeared to prevent registration as portfolio managers of persons well qualified by virtue of education and experience to manage customer accounts. They also proved an insurmountable barrier to entry for firms wishing to offer managed accounts.

- The proficiency and supervision requirements did not address management of accounts by external portfolio managers, registered as such under appropriate securities legislation, in products such as wrap accounts.

- The supervision requirements required separate supervision of each managed account, when many firms had implemented managed account programs in which a large number of accounts are managed centrally and make the same investments and investment changes, with the particular program or programs being chosen because of their congruence with the client's investment objectives and risk tolerance.

PMMAC conducted surveys of Members to ascertain the types of managed accounts being offered and obtain Member suggestions as to how the current regulatory requirements are being met and which requirements are considered to be excessive or ineffective. Staff of the CSI followed up on the surveys with detailed interviews of selected Members having managed account programs, addressing issues raised in the survey responses. The results of the surveys and interviews were provided to the PMMAC in summary form by CSI staff. It was decided to split the effort between proficiency requirements for portfolio managers and supervision requirements. The current amendments represent the results of the committee's consideration of the account opening and supervision rules. The PMMAC will next consider the proficiency requirements and present any recommended changes. However, a few changes were made to the proficiency rules to eliminate unnecessary paperwork and clarify the current regulations.

In general, the PMMAC decided that it would not be appropriate to attempt to craft a detailed set of regulations covering all types of managed accounts. The PMMAC believed any such rules could not readily encompass all of the possible variations in managed products available, and would be likely to become dated very quickly as new managed products are created.

The PMMAC also determined that the regulations regarding managed accounts should be totally separated from the regulations regarding other discretionary accounts, often called simple discretionary accounts. The regulations regarding simple discretionary accounts have recently been changed and the changes are awaiting securities commission approval.

The entire Regulation 1300 has been renumbered to accommodate a large number of recent changes, including changes to the suitability requirements, the addition of requirements regarding corporate accounts and the consolidation of client priority rules in By-law 29.3A, some of which were previously duplicated in Regulation 1300.

The following analysis includes two parts: specific changes to the current Regulation 1300 with respect to managed accounts, and minor changes to proposed revisions to the sections with respect to discretionary accounts. The latter were passed by the Board on June 19, 2001 but have not yet been implemented pending securities commission approval.

The changes to the passed but not implemented proposed revisions regarding discretionary accounts are:

- Section 1300.5(b) as revised in the changes passed in June, 2001 on discretionary accounts has been deleted and rewritten as section 1300.6 for consistency of language, but its meaning has not been changed.

- Section 1300.6A, a new section added in the changes passed in June 2001, has been added to 1300.7 as 1300.7(c) because it is a procedural minimum and belongs in the same section with other procedural

requirements. The words "other than a managed account" have been removed as the discretionary account sections no longer apply to managed accounts.

The changes relating to managed accounts are:

- The definition of "commingled funds investment portfolio" has been deleted from section 1300.3 as it was found that it is not referred to in any section of the old or new regulations and is not a feature of existing managed accounts programs.

- The definition of "discretionary account" in section 1300.3 has been changed from including managed accounts to excluding managed accounts, as the new regulations covering discretionary accounts deal only with accounts which are not managed under the revised definitions.

- The definition of "managed account" in section 1300.3 referred to representations made by a Member regarding a type of account. The definition was simplified to describe the actual opening and operation of managed accounts, including that they are solicited and are operated on an ongoing discretionary basis.

- The definition of "responsible person" in section 1300.3 has been changed to remove the Member as a responsible person. The responsible person provisions are directed at controlling conflicts of interest in the management of managed accounts, some of which are relevant to the Member and some of which are not. The change permits inclusion of the Member directly where a particular provision is applicable to the Member. The definition excludes sub-advisors, i.e. external managers, because they are not within the Association's jurisdiction and because the same potential for conflict of interest does not arise where the portfolio manager is not an employee of the Member.

- Section 1300.9, formerly section 1300.7A, and 1300.10 govern the opening and operation of managed accounts. Subsection 1300.9(a)(ii) has been added to explicitly permit the management of managed accounts by external sub-advisors, provided that they are properly registered in their home jurisdiction in a category permitting them to provide discretionary portfolio management services. Sections (b) and (c) repeat the provisions requiring client authorization and Member approval of the opening of a managed account which previously appeared in Regulation 1300.4 as covering both discretionary and managed accounts. They differ only in that branch managers are permitted under the revised regulation to approve the opening of managed accounts on behalf of the Member. The Committee felt that this would be appropriate for many types of managed accounts such as centrally managed accounts in which the essential choice is which type of portfolio the client should invest in, as this choice is fundamentally no different from a choice as to which securities to invest in a traditional client-directed account, and there is no contact between the client and the investment manager(s) actually making the investment decisions for all such portfolios.

- Sections 1300.10(a) and (b) are new. Section 1300.10(a) requires that the investment objectives specific to the managed account or accounts of the client be delineated in the managed account authorization, so as to separate them from the client's overall objectives for all types of accounts, both managed and self-directed, which may appear on the new client application form. PMMAC believed that this is important information because the investment decisions for the managed account should relate solely to the managed funds, requiring an explicit separate statement of those objectives. Section 1300.10(b) requires documentation of any constraints placed by the client, if those are permitted by the Member. Sections 1300.10(c) and (d) repeat the termination provisions regarding managed account agreements, which previously appeared in Regulation 1300.4 covering both simple discretionary and managed accounts.

- Current Section 1300.8 has been deleted. It required designation of a specific supervisor for each managed account and disclosure to the client of that supervisor's name. PMMAC found that this provision added The nothing to client protections, was inappropriate where large numbers of accounts are managed centrally and make identical investments and added an undue burden in that customers have to be notified each time the designated supervisor changes.

- Sections 1300.9A through 1300.9D have been changed to sections 1300.11, 1300.14, 1300.12 and 1300.15 respectively. These sections set forth the requirement for portfolio managers and associate portfolio managers, in both securities and futures contracts, to be approved and the basis for such approval. The requirements have not been changed except for the requirement in each case for the applicant to have obtained from the Member a letter of recommendation signed by the chief executive officer and the partner, director or officer responsible for managed accounts at the Member. The PMMAC believes that this requirement was bureaucratic, and that the act of sponsoring an applicant for approval as a portfolio manager or associate portfolio manager was sufficient indication of the Member's belief that the applicant is qualified. The sections were also rewritten to make it clear that registration by a Provincial securities regulatory authority in a capacity equivalent to portfolio manager or associate portfolio manager is an alternative to the specific proficiency requirements set forth in Policy 6, Part I.

- Section 1300.16 has been added. It is similar to the previous section 1300.7B, changed to section 1300.13. Both sections recognize that, by virtue of their higher proficiency requirements, approval as a portfolio manager or associate portfolio manager provides an expansion of the permission to trade and advise on trading which comes with approval as a Registered Representative, and that therefore portfolio managers and associate portfolio managers are qualified to provide identical trading and advisory services. Previously, this provision was only applied with

reference to securities, which the PMMAC believes to have been an oversight.

- Section 1300.17 sets forth the basic supervisory requirements for managed accounts, replacing current sections 1300.8 and 1300.10 to 1300.12. However, instead of prescribing specific supervisory structures, it requires a Member having managed accounts to establish and maintain a supervisory system, including relevant policies and procedures, "reasonably designed to achieve compliance with" all relevant regulations. It also requires that the system be approved by the Association and establishes minimum requirements to be met, including:

  1. procedures to enforce the conflict of interest provisions of sections 1300.20 and 1300.21,

  2. procedures to ensure fairness in the allocation of investment opportunities among managed accounts, required under the current Regulation 1300.12,

  3. the designation of a partner, director or officer responsible for the supervision of managed accounts, who may delegate supervisory functions but not responsibility,

  4. a quarterly review of each managed account to ensure that the investment objectives of the client are being diligently pursued. This provision is essentially the same as current Regulation 1300.12. However, the provision has been changed to permit the review to be conducted on an aggregate basis where investment decisions are made centrally and applied across a number of accounts. This provision is appropriate for model portfolio accounts which all have essentially the same investments and investment changes. In such a case, the review would ensure that any such investments and investment changes do not take the model outside of the parameters which would have led the participating accounts to select the particular model,

  5. the establishment of a managed accounts committee to conduct a review, at least annually, of the supervisory system and recommend any appropriate changes. This section replaces current section 1300.10(a), which required the formation of a portfolio management committee to conduct a quarterly review of the investment policies of the Member. The surveys conducted by the PMMAC found considerable variation in the interpretation and utility of the provision, that the meaning of "investment policies" was unclear, and that such a review was often unworkable where separate portfolio managers provided individual services to clients, sometimes taking different approaches from each other. The PMMAC believes that a more appropriate use for such a committee is a regular review of the efficacy of the Member's supervisory procedures for managed accounts, but that such a review is not required any more frequently than annually.

- Current Regulation 1300.14 requires that the quarterly review of each managed account be conducted separately from the review of all other managed accounts. It has been deleted for reasons noted above.

- Sections 1300.18 and 1300.19 replace current sections 1300.13 and 1300.13A. They are essentially unchanged other than minor wording changes.

- Section 1300.20 replaces current section 1300.15. Whereas the current section requires the obtaining of an undertaking from responsible persons not to trade or arrange for an associate to trade on the basis of knowledge of trades to be made for managed accounts, the revised section prohibits such activity directly. The PMMAC felt that the obtaining of an undertaking added unnecessary paperwork, when portfolio managers can simply be required to know and abide by an explicit prohibition or face the direct consequences of a violation.

- Section 1300.21 replaces current section 1300.16 to deal with possible conflicts of interest in the discretionary management of accounts. It adds investments in futures contracts based on securities subject to the current provision to take account of the introduction of single-security futures contracts. It also adds a requirement to obtain written consent from the client to invest in new or secondary issues of securities underwritten by the Member. Although the survey found that few members purchase new issues for managed accounts, it would be unfair to restrict managed account clients from participating in appropriate new issues but that clients should have the option of prohibiting such investments.

- Section 1300.22 is new. It exempts managed accounts of partners, directors, officers and employees or agents of the Member from the client priority rule in By-law 29.3A where such a person maintains a managed account which is centrally managed with client accounts and participates equally with client accounts when investment decisions are implemented. The implementation of decisions for such accounts usually takes the form of block purchases or accumulations with are allocated to managed accounts on an average price basis. The PMMAC believes that the application of By-law 29.3A to such investments is unnecessary, as the participation of non-client managed accounts is generally minor, the investment decisions are not being made by the employee account holder, who cannot therefore take advantage of client orders, and the separation of non-client accounts makes the implementation of investment decisions unnecessarily complicated.

B ISSUES AND ALTERNATIVES CONSIDERED

The issues addressed are discussed in section IB. above.

The PMMAC reviewed each provision of the current regulations against the practices, suggestions and opinions

provided by the research described in section IIA above, and against the recently passed provisions regarding simple discretionary accounts. In each case, the PMMAC adopted the provisions it believes are most appropriate based on the experience of its members with the operation of the current regulations and current practices within the industry.

C COMPARISON WITH SIMILAR PROVISIONS

There are no similar provisions in the regulations of the National Association of Securities Dealers Inc., which treat all discretionary accounts the same way.

The proposed regulations maintain provisions in the Regulations under the Securities Act, Ontario with respect to investment counsel, including fairness in the allocation of investment opportunities (section 115(1)), charges for services (section 115(2)), prohibition against transactions in which the investment counsel or any partner, officer or associate has any beneficial interest (section 115.6)).

The proposed Regulation varies from section 115.3, which requires that each account of an investment counsel be supervised. The Association believes that this variation is appropriate where clients select managed account programs according to the features of the program, but investment decisions are made centrally and cover all accounts in the program. In such cases, separate reviews are unnecessary as all accounts make the same investments and investment changes.

D PUBLIC INTEREST OBJECTIVE

The proposal is designed to:

- ensure compliance with Ontario securities laws;
- prevent fraudulent and manipulative acts and practices
- promote the protection of investors, just and equitable principles of trade and high standards of operations, business conduct and ethics;
- generally promote public confidence and public understanding of the goals and activities of the IDA
- facilitate fair and open competition in the provision of managed account services;
- standardize industry practices where necessary or desirable for investor protection; and
- for such other purposes as may be approved by the Commission;

The proposal does not permit unfair discrimination among customers, issuers, brokers, dealers, members or others. It does not impose any burden on competition that is not necessary or appropriate in furtherance of the above purposes.

III COMMENTARY

A FILING IN OTHER JURISDICTIONS

These proposed amendments will be filed for approval in Alberta, British Columbia, Saskatchewan and Ontario and will be filed for information in Nova Scotia.

B EFFECTIVENESS

The proposed changes will simplify the current regulations without changing the basic requirement to assure that the handling of managed accounts is appropriate, is in compliance with the suitability requirements and minimizes the potential for conflicts of interest.

C PROCESS

The issues were initially raised by the Compliance and Legal Section of the Association, then the Joint Industry Compliance Group, and the Education and Training Subcommittee of the Retail Sales Committee, based on problems identified by Association staff with the administration of the current requirements.

The resulting changes have been reviewed and approved by both the Compliance and Legal Section and the Education and Training Subcommittee of the Retail Sales Committee.

IV SOURCES

References:

- IDA Regulation 1300

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is required to publish for comment the accompanying Policy so that the issue referred to above may be considered by OSC staff.

The Association has determined that the entry into force of this proposal would be in the public interest. Comments are sought on this proposal. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of Richard Corner, Director, Regulatory Policy, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

Lawrence Boyce,
Vice President, Sales Compliance,
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REVISIONS TO REGULATION 1300 RELATING TO MANAGED ACCOUNTS - BOARD RESOLUTION

INVESTMENT DEALERS ASSOCIATION OF CANADA

REGULATION 1300

SUPERVISION OF ACCOUNTS

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

Regulation 1300 is amended as follows:

1. By adding the title "Discretionary and Managed Accounts" immediately preceding Regulation 1300.3..

2. By deleting the definition of "commingled funds investment portfolio" set out in Regulation 1300.3..

3. By making the following wording changes to the definition of "discretionary account" set out in Regulation 1300.3.:

   (a) Adding the words "other than a managed account" after the words "means an account of a customer" in the first line of the definition; and

   (b) Deleting the words "and includes a managed account," in the third line of the definition.

4. By making the following wording changes to the definition of "futures contracts portfolio manager" set out in Regulation 1300.3.:

   (a) Replacing the words "manage only" with the words "make investment decisions for"; and

   (b) Adding the word "only" following the words "futures contracts managed accounts" at the end of the definition.

5. By repealing the definition of "managed account" from Regulation 1300.3. and replacing it with the following paragraph:

   ""**managed account**" means any account solicited by a Member or any partner, director, officer or registered representative of a Member, in which the investment decisions are made on a continuing basis by the Member or by a third party hired by the Member;"

6. By replacing the word "manage" with the words "make investment decisions for" in the definition of "portfolio manager" set out in Regulation 1300.3.:

7. By repealing the definition of "responsible person" set out in Regulation 1300.3. and replacing it with the following paragraph:

   ""**responsible person**" means every individual who is a partner, director, officer, employee or agent of any Member if such individual participates in the formulation of, or has access prior to implementation of, investment decisions made on behalf of or advice given to a managed account but shall not include a sub-adviser under Regulation 1300.9(1)(ii);"

8. By deleting pending proposed Regulation 1300.5.(b) and renumbering pending proposed1 Regulations 1300.5.(c) and 1300.5.(d) to new Regulations 1300.5.(b) and 1300.5.(c) respectively.

9. By adding new Regulation 1300.6. as follows:

   "**1300.6.** Each Member shall notify all discretionary account customers in writing, on an annual basis, of the investment objectives of the customer and that the written discretionary authorization is still in effect. Evidence of such notification shall be retained by the Member firm's head office and registered representative responsible for the discretionary account and be available for inspection by the Association;"

10. By renumbering pending proposed[1] Regulation 1300.6. to 1300.7..

11. By renumbering pending proposed[1] Regulation 1300.6A to 1300.7.(c) and by revising the wording of new Regulation 1300.7.(c) to the following:

    "(c) in addition to any other account supervision requirements under the By-laws and Regulations, a review by the person designated under Regulation 1300.4(a) with respect to each discretionary account, to be conducted at least quarterly, to determine:

    (i) the suitability of investments in accordance with the investment objectives of the customer; and

    (ii) whether any person permitted to effect trades for such account in accordance with Regulation 1300.4 should continue to do so."

12. By renumbering pending proposed[1] Regulation 1300.6B. to 1300.8. and by revising the wording of new Regulation 1300.8. to the following:

    "**1300.8.** The tasks assigned to persons designated under Regulation 1300.4(a) may be delegated to those who have the qualifications to perform them. However, pursuant to Policy No. 2, responsibility for the tasks may not be delegated."

13. By renumbering existing Regulation 1300.7A. to new Regulation 1300.9. and by revising the wording of new Regulation 1300.9. to the following:

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[1] There are pending amendments relating to discretionary accounts that were passed by the IDA Board of Directors in June 2001. These amendments seek to revise these pending amendments.

"**1300.9.** No Member or any person acting on its behalf, shall exercise any discretionary authority with respect to a managed account, unless:

(a) the individual who is responsible for the management of such account is:

(i) a partner, director, officer, employee or agent of the Member who has been approved by the Association as a portfolio manager or associate portfolio manager; or

(ii) a sub-adviser with which the Member has entered into a written sub-adviser agreement, provided that the sub-adviser is an individual or firm registered in the jurisdiction in which it resides, in a category of registration that permits the person or company to provide discretionary portfolio management services or as a broker or investment dealer active as a portfolio manager;

(b) prior authorization has been given by the customer to the Member in accordance with Regulation 1300.10 and recorded in a manner acceptable to the Association; and

(c) the account has been specifically approved and accepted as a managed account by a partner, director, officer or, in the case of a branch office, a branch manager, in a manner acceptable to the Association."

14. By adding new Regulation 1300.10. as follows:

"**1300.10.** The prior written authorization provided for by clause (b) of Regulation 1300.9 shall:

(a) describe the investment objectives and risk tolerance of the customer with respect to the managed account or accounts;

(b) where permitted by the Member, describe any constraints imposed by customer on investments to be made in the managed account or accounts;

(c) only be terminated by the customer by notice in writing, which notice shall be effective on receipt by the Member except with respect to transactions entered into prior to such receipt; and

(d) only be terminated by the Member by notice in writing, which notice shall be effective not less than 30 days from the date of mailing the notice to the customer by pre-paid ordinary mail at the customer's last address appearing in the records of the Member."

15. By deleting existing Regulations 1300.7B. and 1300.8..

16. By renumbering existing Regulation 1300.9A. to new Regulation 1300.11. and by making the following wording changes to new Regulation 1300.11.:

(a) Deleting the words "designation and" from the first line of the preamble to new Regulation 1300.11.;

(b) Adding the word "or" at the end of new Regulation 1300.11.(a);

(c) Revising the wording of new Regulations 1300.11.(b) and 1300.11.(c) to the following:

"(b) has within the past five years held registration under Canadian securities legislation as a portfolio manager, investment counsel or any equivalent registration category;

(c) is a partner, director, officer, employee or agent of a Member; and";

(d) Deleting new Regulation 1300.11.(d); and

(e) Renumbering newly renumbered Regulation 1300.11.(e) to Regulation 1300.11.(d).

17. By deleting existing Regulation 1300.9B..

18. By renumbering existing Regulation 1300.9C to Regulation 1300.12. and by making the following wording changes to new Regulation 1300.12.:

(a) Deleting new Regulation 1300.12.(b);

(b) Renumbering newly renumbered Regulation 1300.12.(c) to new Regulation 1300.12.(b);

(c) Deleting new Regulation 1300.12.(d); and

(d) Renumbering newly renumbered Regulation 1300.12(e) to new Regulation 1300.12(c).

19. By adding new Regulations 1300.13. and 1300.14. as follows:

"**1300.13.** Approval as a portfolio manager or associate portfolio manager shall constitute approval to trade and advise in securities provided that a portfolio manager or associate portfolio manager shall not trade or advise in options, commodities or commodities futures contracts unless such person is approved to trade or advise in options, commodities or commodities futures contracts, as the case may be.

1300.14. Application for approval as a futures contracts portfolio manager shall be made to the Association and may be granted where the applicant:

(a) has satisfied the applicable proficiency requirements outlined in Part I of Policy No. 6; or

(b) has within the past five years held registration under Canadian securities or commodity futures

legislation as a portfolio manager, investment counsel or any equivalent registration category with respect to futures contracts;

(c) is a partner, director, officer, employee or agent of a Member; and

(d) makes an application for approval in such form as the Board of Directors may from time to time prescribe."

20. By renumbering existing Regulation 1300.9D to new Regulation 1300.15. and by making the following wording changes to new Regulation 1300.15.:

(a) Deleting new Regulation 1300.15.(b);

(b) Renumbering newly renumbered Regulation 1300.15(c) to new Regulation 1300.15(b) and adding the words "or agent" after the words "or employee";

(c) Deleting new Regulation 1300.15.(d); and

(d) Renumbering newly renumbered Regulation 1300.15(e) to new Regulation 1300.15(c).

21. By adding new Regulation 1300.16. as follows:

"**1300.16.** Approval as a futures contracts portfolio manager or associate futures contracts portfolio manager shall constitute approval to trade and advise in futures contracts and futures contracts options."

22. By repealing existing Regulation 1300.10..

23. By adding new Regulation 1300.17 as follows:

"**1300.17.** Each Member that has managed accounts or futures contracts managed accounts shall establish and maintain a system acceptable to the Association to supervise the activities of those responsible for the management of such accounts under Regulation 1300.9. Such system should be reasonably designed to achieve compliance with the By-laws, Regulations, Forms and Policies of the Association. A Member firm's supervisory system shall provide, at a minimum, for the following:

(a) the establishment and maintenance of written procedures, including:

(i) procedures designed to disclose when a responsible person has contravened Regulations 1300.20 or 1300.21;

(ii) procedures to ensure fairness in the allocation of investment opportunities among its managed accounts;

(b) the designation of one or more partners, directors, officers or futures contracts principals, as the case may be, specifically responsible for the supervision of managed accounts. The tasks of this Regulation may be delegated by the persons designated to other persons who have the qualifications to perform them; however, pursuant to Policy 2, responsibility for the tasks may not be delegated;

(c) in addition to any other account supervision requirements under the By-laws and Regulations, a review by the person designated under subsection (b) with respect to each managed account, to be conducted at least quarterly, to ensure that the investment objectives of the client are being diligently pursued and that the managed account or futures contracts managed account is being conducted in accordance with the Regulations. The review may be conducted at an aggregate level for managed accounts for which key investment decisions are made centrally and applied across a number of managed accounts, subject to minor variations to allow for client-directed constraints and the timing of client cash flows into the managed account.

(d) the establishment of a managed account committee, which shall include at a minimum one person responsible for the supervision of such accounts, that shall review the supervisory system procedures established by the Member and recommend to senior management the appropriate action that will achieve the Member's compliance with applicable securities legislation and with the By-laws, Regulations, Forms and Policies of the Association. Such review shall be completed at least annually."

24. By repealing existing Regulations 1300.11. and 1300.12..

25. By renumbering existing Regulation 1300.13. to new Regulation 1300.18. and by replacing the word "the" with the word "a" in two instances in the first line of new Regulation 1300.18.

26. By renumbering existing Regulation 1300.13A. to new Regulation 1300.19. and by revising the wording of the new Regulation 1300.19. to the following:

"**1300.19.** Remuneration paid to a portfolio manager, associate portfolio manager, futures contracts portfolio manager or associate futures contracts portfolio manager for managing an account must not be computed in terms of the value or volume of transactions in the account."

27. By repealing existing Regulation 1300.14..

28. By renumbering existing Regulation 1300.15. to new Regulation 1300.20. and by revising the wording of the new Regulation 1300.20. to the following:

"**1300.20.** No Member or responsible person shall trade for his or her or the Member's own account, or knowingly permit or arrange for any associate to trade, in reliance upon information as to trades made or to be made for any discretionary or managed account."

29. By renumbering existing Regulation 1300.16. to new Regulation 1300.21. and by making the following wording changes to new Regulation 1300.21.:

(a) Adding new Regulation 1300.21.(a) as follows:

"(a) invest in the securities of, or a futures contract or option that is based on the securities of, the Member or an issuer that is related or connected to the Member;"

(b) Renumbering newly renumbered Regulation 1300.21(a) to new Regulation 1300.21(b) and adding the word "in" in place of the word "of" on the second line of the paragraph and deleting the words "or associate of a responsible person" that appear immediately after the words "which a responsible person" on the second line of the paragraph;

(c) Adding new Regulation 1300.21.(c) as follows:

"(c) invest in new issues underwritten by the Member;"

(d) Renumbering newly renumbered Regulation 1300.21(b) to new Regulation 1300.21(d) and deleting the words ", or a futures contract or option that is based on the securities of an issuer," from the first line of the paragraph;

(e) Renumbering newly renumbered Regulation 1300.21(c) to new Regulation 1300.15(e); and

(f) Replacing the words "related company or a partner, director, officer, employee or associate of either of them" that appear in the last paragraph of new Regulation 1300.21. with the words "responsible person".

30. By repealing existing Regulations 1300.17. through 1300.20..

31. By adding new Regulation 1300.22. as follows:

"**1300.22.** Where investment decisions are made centrally and applied across a number of managed accounts, By-law 29.3A shall not apply with regard to managed accounts of partners, directors, officers, registered persons, employees or agents of the Member that participate on the same basis as client accounts in the implementation of such decisions."

32. By renumbering existing Regulation 1300.21. to new Regulation 1300.23..

PASSED AND ENACTED BY THE Board of Directors this 17th day of October 2001, to be effective on a date to be determined by Association staff.

REVISIONS TO REGULATION 1300 RELATING TO MANAGED ACCOUNTS - BLACK LINE COPY

REGULATION 1300

SUPERVISION OF ACCOUNTS

Discretionary and Managed Accounts

1300.3. In this Regulation 1300 unless the context otherwise requires, the expression:

"associate portfolio manager" means any partner, director, officer or employee of a Member designated and approved pursuant to this Regulation to manage managed accounts under the supervision of an approved portfolio manager or futures contracts portfolio manager;

~~**"commingled funds investment portfolio"** means an investment portfolio of a bank, trust company, loan company, insurance company, mutual fund or pension plan, including a profit sharing or deferred profit sharing or other retirement savings or similar plan but excluding a self-administered retirement savings plan;~~

"discretionary account" means an account of a customer other than a managed account in respect of which a Member or any person acting on behalf of the Member exercises any discretionary authority in trading by or for such account ~~and includes a managed account~~, provided that an account shall not be considered to be a discretionary account for the sole reason that discretion is exercised as to the price at which or time when an order given by a customer for the purchase or sale of a definite amount of a specified security, option, futures contract or futures contract option shall be executed;

"futures contracts managed account" means a managed account which includes only investments in commodity futures contracts or commodity futures contract options;

"futures contracts portfolio manager" means any partner, director, officer or employee of a Member designated and approved pursuant to this Regulation to ~~manage~~ make investment decisions for ~~only~~ futures contracts managed accounts ~~only~~;

"investment" includes a commodity futures contract and a commodity futures contract option;

"managed account" means any account solicited by a Member or any partner, director, officer or registered representative of a Member, in which the investment decisions are made on a continuing basis by the Member or by a third party hired by the Member; ~~discretionary account managed by a Member which has been acquired by the Member holding out by:~~

~~(a) advertising or distributing publications or any other written material describing its performance record with respect to the relevant kind of account that is managed by the Member on a discretionary basis, or the manner in which accounts are managed and the intended results of such management;~~

~~(b) making any representations to the same effect as in clause (a); or~~

~~(c) maintaining or forming a separate department, office or related company for the primary purpose of handling such discretionary accounts;~~

"portfolio manager" means any partner, director, officer or employee of a Member designated and approved pursuant to this Regulation to ~~manage~~ make investment decisions for managed accounts;

"responsible person" means ~~the Member and~~ every individual who is a partner, director, officer, ~~or~~ employee or agent of any Member if such individual participates in the formulation of, or has access prior to implementation of, investment decisions made on behalf of or advice given to ~~the managed account~~a managed account but shall not include a sub-adviser under Regulation 1300.9(1)(ii);

1300.4. *No partner, director, officer or registered representative shall effect trades for a customer in a discretionary account unless:*

(a) the Member has designated a partner, director, officer, futures contract principal or futures contract options principal, as the case may be, specifically responsible for the supervision of discretionary accounts;

(b) the prior written authorization has been given by the customer to the Member and accepted by the Member in compliance with Regulation 1300.5;

(c) in respect of new issues underwritten by the Member, the registered representative responsible for the discretionary account has obtained separate written authorization

(i) from the customer, prior to exercising discretion on the customer's behalf, indicating that the customer wishes the registered representative responsible for the discretionary account to participate in new issues on the customer's behalf, and

(ii) from the person designated in Regulation 1300.4(a) prior to exercising discretion on the customer's behalf with respect to new issues;

(d) the account has been specifically approved and accepted in writing as a discretionary account by the person designated under subsection (a);

(e) the partner, director, officer or registered representative has not solicited the discretionary authority; and

(f) all trades in a discretionary account, where the person responsible for the account is not also a director who is a member of the executive committee of the Member, shall receive prior approval, written or by some other form which shall be evidenced in a satisfactory manner, by a futures contract principal or futures contract options principal or a partner, director, officer or branch manager other than the partner, director or officer responsible for the discretionary account,

and provided that any such person permitted to effect discretionary trades shall have actively dealt in, advised in respect of or performed analysis with respect to the securities or commodity futures contracts or options which are to be traded on a discretionary basis for a period of two years.

1300.5. *The prior written authorization provided for by clause (b) of Regulation 1300.4 shall:*

(a) define the extent of the discretionary authority which has been given to the Member;

~~(b) except for a managed account, the renewal of a discretionary account requires each Member firm's head office to notify all discretionary account customers (other than managed accounts) in writing, on an annual basis, of the investment objectives of the customer and that the written discretionary authorization is still in effect. Evidence of such notification shall be retained by the Member firm's head office and registered representative responsible for the discretionary account and be available for inspection by the Association;~~

~~(c)~~(b) only be terminated by the customer by notice in writing, which notice shall be effective on receipt by the Member except with respect to transactions entered into prior to such receipt; and

~~(d)~~(c) only be terminated by the Member by notice in writing, which notice shall be effective not less than 30 days from the date of mailing the notice to the customer by pre-paid ordinary mail at the customer's last address appearing in the records of the Member.

1300.6. *Each Member shall notify all discretionary account customers in writing, on an annual basis, of the investment objectives of the customer and that the written discretionary authorization is still in effect. Evidence of such notification shall be retained by the Member firm's head office and registered representative responsible for the discretionary account and be available for inspection by the Association;*

1300.7. *Each Member shall establish and maintain a system to supervise the activities of those designated in Regulation 1300.4 to effect trades. Such system should be reasonably designed to achieve compliance with the By-laws, Regulations, Forms and Policies of the Association. A Member firm's supervisory system shall provide, at a minimum, for the following:*

(a) the establishment and maintenance of written procedures; and

(b) the establishment of a discretionary account committee, which shall include the person responsible for the supervision of such accounts, that shall review the supervisory system procedures established by the

Member and recommend to senior management the appropriate action that will achieve the Member's compliance with applicable securities legislation and with the By-laws, Regulations, Forms and Policies of the Association. Such review should be completed at least annually.

~~*1300.6A.*~~ *~~In~~ (c) in addition to any other account supervision requirements under the By-laws and Regulations, a review by the persons designated under Regulation 1300.4(a) with respect to each discretionary account ~~(other than a managed account) shall review~~, to be conducted at least quarterly, to determine:*

~~(a)~~(i) the suitability of investments in accordance with the investment objectives of the customer; and

~~(b)~~(ii) whether any person permitted to effect trades for such account in accordance with Regulation 1300.4 should continue to do so.

1300.6B8. The tasks ~~of this Regulation~~ assigned to persons designated under Regulation 1300.4(a) may be delegated to those who have the qualifications to perform them. However, pursuant to Policy No. 2, responsibility for the tasks may not be delegated.

1300.~~7A~~9. No Member or any person acting on its behalf, shall exercise any discretionary authority with respect to: ~~(i)~~ a managed account, unless:

(a) the individual who is responsible for the management of such account is:

(i) a partner, director, officer, employee or agent of the Member who has been ~~designated and~~ approved by the Association as a portfolio manager or associate portfolio manager; or

(ii) a sub-adviser with which the Member has entered into a written sub-adviser agreement, provided that the sub-adviser is an individual or firm registered in the jurisdiction in which it resides, in a category of registration that permits the person or company to provide discretionary portfolio management services or as a broker or investment dealer active as a portfolio manager;

(b) prior authorization has been given by the customer to the Member in accordance with Regulation 1300.10 and recorded in a manner acceptable to the Association; and

(c) the account has been specifically approved and accepted as a managed account by a partner, director, officer or, in the case of a branch office, a branch manager, in a manner acceptable to the Association.

~~(ii) a futures contracts managed account, unless the individual who is responsible for the management of such account has been designated and approved as a futures contracts portfolio manager, portfolio manager or associate portfolio manager;~~

1300.10. The prior written authorization provided for by clause (b) of Regulation 1300.9 shall:

(a) describe the investment objectives and risk tolerance of the customer with respect to the managed account or accounts;

(b) where permitted by the Member, describe any constraints imposed by customer on investments to be made in the managed account or accounts;

(c) only be terminated by the customer by notice in writing, which notice shall be effective on receipt by the Member except with respect to transactions entered into prior to such receipt; and

(d) only be terminated by the Member by notice in writing, which notice shall be effective not less than 30 days from the date of mailing the notice to the customer by pre-paid ordinary mail at the customer's last address appearing in the records of the Member.

~~1300.7B. Approval as a portfolio manager or associate portfolio manager shall constitute approval to trade and advise in securities provided that a portfolio manager or associate portfolio manager shall not trade or advise in options, commodities or commodities futures contracts unless such person is approved to trade or advise in options, commodities or commodities futures contracts, as the case may be.~~

~~1300.8. The Member shall designate in writing one or more partners, directors or officers who shall assume supervisory responsibility for each managed account and the client shall be advised in writing of which such individual or individuals supervise the particular managed account. The failure to advise the client in writing of the name of the individual supervising his or her managed account shall not vitiate the authority of the Member to manage the client's account.~~

1300.~~9A~~11. Application for ~~designation and~~ approval as a portfolio manager shall be made to the Association and may be granted where the applicant:

(a) has satisfied the applicable proficiency requirements outlined in Part I of Policy No. 6; or

(b) has ~~satisfied clause A.6.1(b) of Part I of Policy No. 6 or has been granted~~ within the past five years held registration ~~by a provincial securities administrator~~ under Canadian securities legislation as a portfolio manager, investment counsel or any equivalent registration category;

(c) is a partner, director, officer, ~~or~~ employee or agent of a Member; and

~~(d) has obtained from the Member employing the applicant a letter of recommendation signed by the chief executive officer and the partner, director or officer responsible for the portfolio management activities of the Member firm; and~~

~~(e)~~(d) makes an application for approval in such form as the Board of Directors may from time to time prescribe.

~~1300.9B.~~ ~~Application for designation and approval as a futures contracts portfolio manager shall be made to the Association and may be granted where the applicant:~~

~~(a) has satisfied the applicable proficiency requirements outlined in Part I of Policy No. 6;~~

~~(b) is licensed, registered or otherwise designated or approved to trade or advise in futures contracts;~~

~~(c) is a partner, director, officer or employee of a Member;~~

~~(d) has obtained from the Member employing the applicant a letter of recommendation signed by the chief executive officer and the partner, director or officer responsible for the portfolio management activities of the Member firm; and~~

~~(e) makes an application for approval in such form as the Board of Directors may from time to time prescribe.~~

1300.9~~G~~12. Application for ~~designation and~~ approval as an associate portfolio manager shall be made to the Association and may be granted where the applicant:

(a) has satisfied the applicable proficiency requirements outlined in Part I of Policy No. 6;

~~(b) is registered and approved as a registered representative other than a registered representative (mutual funds) or (non-retail);~~

~~(c)~~(b) is a partner, director, officer or employee of a Member;

~~(d) has obtained from the Member employing the person a letter of undertaking that the associate portfolio manager will be under the direct supervision of a qualified portfolio manager while exercising discretionary authority with respect to any managed account. Such letter must be signed by the partner, director or officer responsible for the portfolio management activities of the Member; and~~

~~(e)~~(c) makes an application for approval in such form as the Board of Directors may from time to time prescribe.

1300.13. Approval as a portfolio manager or associate portfolio manager shall constitute approval to trade and advise in securities provided that a portfolio manager or associate portfolio manager shall not trade or advise in options, commodities or commodities futures contracts unless such person is approved to trade or advise in options, commodities or commodities futures contracts, as the case may be.

1300.14. Application for designation and approval as a futures contracts portfolio manager shall be made to the Association and may be granted where the applicant:

(a) has satisfied the applicable proficiency requirements outlined in Part I of Policy No. 6; or

(b) has within the past five years held registration under Canadian securities or commodity futures legislation as a portfolio manager, investment counsel or any equivalent registration category with respect to futures contracts;

(c) is a partner, director, officer, or employee or agent of a Member; and

(d) makes an application for approval in such form as the Board of Directors may from time to time prescribe.

1300.9~~D~~15. Application for ~~designation and~~ approval as an associate portfolio manager with discretionary authority with respect to futures contracts managed accounts shall be made to the Association and may be granted where the applicant:

(a) has satisfied the applicable proficiency requirements outlined in Part I of Policy No. 6;

~~(b) is licensed, registered or otherwise designated or approved to trade or advise in futures contracts;~~

~~(c)~~(b) is a partner, director, ~~officer or employee of a Member;~~officer, or employee or agent of a Member; and

~~(d) has obtained from the Member employing the person a letter of undertaking that the associate portfolio manager will, while exercising discretionary authority with respect to any futures contracts managed accounts, be under the direct supervision of a qualified futures contracts portfolio manager or a portfolio manager who is approved to trade and advise in futures contracts. Such letter must be signed by the partner, director or officer responsible for the portfolio management activities of the Member; and~~

~~(e)~~(c) makes an application for approval in such form as the Board of Directors may from time to time prescribe.

1300.16. Approval as a futures contracts portfolio manager or associate futures contracts portfolio manager shall constitute approval to trade and advise in futures contracts and futures contracts options.

1300.~~10~~17. Each Member that has managed accounts or futures contracts managed accounts shall: establish and maintain a system acceptable to the Association to supervise the activities of those responsible for the management of such accounts under Regulation 1300.9. Such system should be reasonably designed to achieve compliance with the By-laws,

Regulations, Forms and Policies of the Association. A Member firm's supervisory system shall provide, at a minimum, for the following::

(a) the establishment and maintenance of written procedures, including:

(i) procedures designed to disclose when a responsible person has contravened Regulations 1300.20 or 1300.21;

(ii) procedures to ensure fairness in the allocation of investment opportunities among its managed accounts;

(b) the designation of one or more partners, directors, officers or futures contracts principals, as the case may be, specifically responsible for the supervision of managed accounts. The tasks of this Regulation may be delegated by the persons designated to other persons who have the qualifications to perform them; however, pursuant to Policy 2, responsibility for the tasks may not be delegated;

(c) in addition to any other account supervision requirements under the By-laws and Regulations, a review by the person designated under subsection (b) with respect to each managed account, to be conducted at least quarterly, to ensure that the investment objectives of the client are being diligently pursued and that the managed account or futures contracts managed account is being conducted in accordance with the Regulations. The review may be conducted at an aggregate level for managed accounts for which key investment decisions are made centrally and applied across a number of managed accounts, subject to minor variations to allow for client-directed constraints and the timing of client cash flows into the managed account.

(d) the establishment of a managed account committee, which shall include at a minimum one person responsible for the supervision of such accounts, that shall review the supervisory system procedures established by the Member and recommend to senior management the appropriate action that will achieve the Member's compliance with applicable securities legislation and with the By-laws, Regulations, Forms and Policies of the Association. Such review shall be completed at least annually.

~~(a) with respect to managed accounts, form a portfolio management committee to be composed of two or more individuals who shall be partners, directors or officers approved to deal with customers in respect of the types and classes of investments in which the managed accounts are invested, at least one of whom shall be a portfolio manager and at least one of whom shall not be a portfolio manager for the Member;~~

~~(b) with respect to futures contracts managed accounts, form a portfolio management committee to be composed of two or more individuals who shall be partners, directors or officers approved to deal with customers in respect of futures contracts pursuant to Regulation 1800.3, at least one of whom shall be a portfolio manager or futures contracts portfolio manager and at least one of whom shall not be a portfolio manager or futures contracts portfolio manager for the Member;~~

~~The portfolio management committee shall review not less than once each quarter of any twelve-month period the investment policies of the Member in respect of its managed accounts and record the results of each such review in writing.~~

~~1300.11. Each managed account and each futures contracts managed account shall be reviewed at least four times in each twelve-month period, preferably quarterly, by the designated person of the Member to ensure that the investment objectives of the client are diligently pursued and that the managed account or futures contracts managed account is being conducted in accordance with the Regulations.~~

~~1300.12. The Member shall maintain standards directed to ensuring fairness in the allocation of investment opportunities among its managed accounts and a copy of the policies established shall be furnished to each client and filed with the Vice-President, Financial Compliance.~~

1300.~~13~~18. ~~The~~A Member may charge each client directly for services rendered to thea managed account but, except with the written agreement of the client, such charge shall not be based on the volume or value of transactions initiated for the account or be contingent upon profits or performance.

1300.~~13A~~19. Remuneration paid to ~~an associate~~ portfolio manager, associate portfolio manager, ~~or~~ futures contracts portfolio manager or associate futures contracts portfolio manager ~~who is operating a managed~~ for managing an account must not be computed in terms of the value or volume of transactions in the account.

~~1300.14. The Member shall ensure that each managed account is supervised separate and distinct from other managed accounts, provided that, subject to the by-laws of any recognized stock exchange with respect to commission rate structure, an order placed on behalf of one managed account may be pooled with that of another managed account.~~

1300.~~15~~20. ~~The~~No Member shall ~~obtain an undertaking from each responsible person not to~~ trade for his or her or ~~its~~the Member's own account, ~~as the case may be,~~ or knowingly ~~to~~ permit or arrange for any associate to trade, in reliance upon information as to trades made or to be made for any discretionary or managed account ~~and the Member shall establish and maintain~~

~~procedures, satisfactory to the Vice-President, Financial Compliance, designated to disclose when a responsible person or an associate of such a responsible person has contravened that undertaking.~~

1300.~~16~~21. ~~The~~No Member shall ~~not~~, without the written consent of the client, knowingly cause any managed account to:

(a) invest in the securities of, or a futures contract or option that is based on the securities of, the Member or an issuer that is related or connected to the Member;

~~(a)~~(b) invest in the securities of any issuer, or a futures contract or option that is based on the securities of, an issuer, ~~in~~of which a responsible person ~~or an associate of a responsible person~~ is an officer or director, and no such investment shall be made even with the written consent of the client unless such office or directorship shall have been disclosed to the client;

(c) invest in new issues underwritten by the Member;

~~(b)~~(d) purchase or sell the securities of any issuer, ~~or a futures contract or option that is based on the securities of an issuer,~~ from or to the account of a responsible person, or from or to the account of an associate of a responsible person; or

~~(c)~~(e) make a loan to a responsible person or to an associate of a responsible person.

A Member or ~~related company or a partner, director, officer, employee or associate of either of~~responsible person ~~them~~ shall be deemed not to have breached any provision of this Regulation 1300.16 in connection with any trade or activity if conducted in compliance with any securities legislation or rule, policy, directive or order of any securities commission which specifically applies to the trade or activity.

~~1300.17. Orders for the accounts of customers of a Member shall have priority over all other orders in respect of securities executed by or on behalf of such Member except as provided for in Regulation 1300.20. For the purpose of this Regulation 1300.17 "orders for the accounts of customers" shall mean and include an order for the account of a customer of any Member but shall not include an order for an account in which the Member or any employee, partner, director, officer or shareholder of the Member has an interest, direct or indirect, other than an interest in a commission charged, nor an order arising from an arbitrage account.~~

~~1300.18. No Member or any employee, partner, director, officer or shareholder of a Member shall derive any direct or indirect financial benefit from trading in a house account, except through his or her or its participation, if any, in the ownership of the Member and except as provided for in Regulation 1300.20. For the purpose of this Regulation 1300.18, "house account" means an account in which a Member or any employee, partner, director, officer or shareholder of a Member has any direct or indirect proprietary interest, and "direct or indirect financial benefit" shall include a bonus or other remuneration based on trading profit of any account or accounts.~~

~~1300.19. No Member or any employee, partner, director, officer or shareholder of a Member shall effect trades on his or her or its own behalf or on behalf of any other of the foregoing persons through an omnibus account maintained for customers (other than any of the foregoing persons). For the purpose of this Regulation 1300.19, "omnibus account" means an account carried by or for a Member in which the transactions of two or more persons are combined and effected in the name of the Member without disclosure of the identity of the persons.~~

~~1300.20. No breach of Regulations 1300.17, 1300.18 or 1300.19 in respect of any trade in a security, futures contract or futures contract option or activity in any account of a customer of a Member shall be deemed to have occurred if such trade or activity is in compliance with the by-laws, rules or regulations of any recognized stock exchange or clearing corporation applicable thereto.~~

1300.22. Where investment decisions are made centrally and applied across a number of managed accounts, By-law 29.3A shall not apply with regard to managed accounts of partners, directors, officers, registered persons, employees or agents of the Member that participate on the same basis as client accounts in the implementation of such decisions.

1300.~~22~~23. Except as specifically permitted in the By-laws, Regulations or Rulings, no Member shall charge a customer a fee that is contingent upon the profit or performance of the customer's account.

Note: Text in italics are pending proposed amendments relating to discretionary accounts that were passed by the IDA Board of Directors in June 2001. These proposed amendments are still awaiting securities commission approval.

Chapter 25

Other Information

25.1 Approvals

25.1.1 RBC Global Investment Management

November 2, 2001

Osler, Hoskin & Harcourt LLP

Attention: Linda G. Currie

Dear Sirs/Mesdames:

Re: Application by RBC Global Investment Management Inc. ("RBC GIM") for approval to act as trustee of the Royal Managed Canadian Bond Pool, Royal Managed Global Bond Pool, Royal Managed Large Capitalization Canadian Equity Pool, Royal Managed Mid/Small Capitalization Canadian Equity Pool, Royal Managed Large Capitalization U.S. Equity Pool, Royal Managed International Equity Pool, Royal Managed RRSP Large Capitalization U.S. Equity Pool, Royal Managed RRSP International Equity Pool, RTIC Corporate Bond Pool,THE Mortgage Fund, THE Bond Fund, THE Canadian Equity Fund, THE American Equity Fund, THE EAFE Fund, RBIM Dividend Fund, RBIM Global Bond Fund, RBIM Far East (ex Japan) Fund, RBIM European Fund, RBIM Japanese Fund, The RBC Private Canadian Equity Trust II, The RBC Private Canadian Growth Trust, The RBC Private Tactical Allocation Trust, The RBC Private Global Equity Trust, The RBC Private U.S. Growth Trust, The RBC Private U.S. Small Cap Trust, The RBC Private U.S. Value Trust, The RBC Private Fixed Income Trust, The RBC Private U.S. Fixed Income Trust and The RBC Private Yield Trust (together, the "Existing Pooled Funds"), and also certain other mutual funds to be established by RBC GIM from time to time and offered pursuant to prospectus exemption (the "Future Pooled Funds" and together with the Existing Pooled Funds, the "Pooled Funds")

Application No. 939/01

Further to the application dated August 30, 2001, and subsequent correspondence dated October 22, 2001 (collectively, the "Application") filed on behalf of RBC GIM, and based on the facts set out in the Application, pursuant to the authority conferred on the Ontario Securities Commission (the "Commission") in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that RBC GIM act as trustee of the Pooled Funds which it manages.

"R. Stephen Paddon" "Howard I. Wetston"

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