

The Ontario Securities Commission

OSC Bulletin

December 14, 2001

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

The Ontario Securities Commission

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Toronto, Ontario
M5H 3S8

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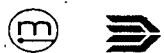


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Chapter 1

Notices / News Releases

1.1 Notices

SCHEDULED OSC HEARINGS

1.1.1 Current Proceedings Before The Ontario Securities Commission

December 14, 2001

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

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

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

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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

Date to be announced **Mark Bonham and Bonham & Co. Inc.**
s. 127

M. Kennedy in attendance for staff

Panel: TBA

December 17/2001

James Frederick Pincock

ss. 127

J. Superina in attendance for staff.

Panel: PMM

January 3/2002
10:00 a.m.

Jack Banks et al.

s. 127

Ian Smith in attendance for staff.

Panel: PMM

January 8,10,11, 17,18,22,24,25, 31/2002
10:00 a.m.

YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths McBurney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)

s.127

January 15,29, February 12
2:00 p.m.

March 5,7, 8, 19,21,22,28, 29/2002
10:00 a.m.

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

March 12, 26
2:00 p.m.

April 2,4,5,11,12
10:00 a.m.

April 9, 2002
2:00 p.m.

Panel: HIW / DB / RWD

ADJOURNED SINE DIE

January 30, 2002
9:30 a.m. **Michael Goselin, Irvine Dyck, Donald McCrory, Roger Chiasson**

s.127

T. Pratt in attendance for staff

Panel: TBA

February 4, 6,
13, 14, 15, 28,
2002 **Arlington Securities Inc. and Samuel Arthur Brian Milne**

J. Superina in attendance for Staff

9:30 a.m.

s. 127

Panel: PMM

February 15,
2002 **Livent Inc., Garth H. Drabinsky, Myron I. Gottlieb, Gordon Eckstein and Robert Topol**

9:30 a.m.

J. Superina in attendance for Staff

s. 127

Panel: TBA

February 27,
2002 **Rampart Securities Inc.**

10:00 a.m.

T. Pratt in attendance for Staff

s. 127

Panel: PMM

April 15 - 19,
2002 **Sohan Singh Koonar**

9:00 a.m.

s. 127

J. Superina in attendance for Staff

Panel: PMM

May 6, 2002
10:00 a.m. **Teodosio Vincent Pangia, Agostino Capista and Dallas/North Group Inc.**

S. 127

Y. Chisholm in attendance for Staff

Panel: PMM

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 COURT PROCEEDINGS

May 27 - Michael Cowpland and M.C.J.C.
July 5, 2002 Holdings Inc.

s. 122

M. Kennedy and M. Britton in attendance
for staff.

161 Elgin Street,
Ottawa

**1.1.2 Request for Comments - Proposed
Multilateral Instrument 31-102 and
Proposed OSC Rule 31-509**

NOTICE OF REQUEST FOR COMMENTS

**PROPOSED MULTILATERAL INSTRUMENT 31-102 AND
COMPANION POLICY 31-102CP -
NATIONAL REGISTRATION DATABASE
PROPOSED ONTARIO SECURITIES COMMISSION
RULE 31-509 (*COMMODITY FUTURES ACT*)
AND COMPANION POLICY 31-509CP -
NATIONAL REGISTRATION DATABASE**

The Commission is publishing in today's Bulletin proposed Multilateral Instrument 31-102 and proposed Companion Policy 31-102CP: National Registration Database and proposed OSC Rule 31-509 (*Commodity Futures Act*) and Companion Policy 31-509: National Registration Database.

The Notices, Instrument, Rule and Companion Policies are published in Chapter 6 of the Bulletin and at <http://www.osc.gov.on.ca/en/Regulation/Rulemaking/Rules/rules.html> and <http://www.osc.gov.on.ca/en/HotTopics/nrd.html#expanded>.

**1.1.3 Request for Comments - Proposed
Multilateral Instrument 33-109 and
Proposed OSC Rule 33-506**

NOTICE OF REQUEST FOR COMMENTS

**PROPOSED MULTILATERAL INSTRUMENT 33-109 AND
COMPANION POLICY 33-109CP -
REGISTRATION INFORMATION REQUIREMENTS
PROPOSED ONTARIO SECURITIES COMMISSION
RULE 33-506 (*COMMODITY FUTURES ACT*)
AND COMPANION POLICY 33-506CP -
REGISTRATION INFORMATION REQUIREMENTS**

The Commission is publishing in today's Bulletin proposed Multilateral Instrument 33-109 and proposed Companion Policy 33-109CP: Registration Information Requirements and proposed OSC Rule 33-506 (*Commodity Futures Act*) and Companion Policy 33-506: Registration Information Requirements.

The Notices, Instrument, Rule and Companion Policies are published in Chapter 6 the Bulletin and at <http://www.osc.gov.on.ca/en/Regulation/Rulemaking/Rules/rules.html>.

**1.1.4 Minister of Finance Approval of
Amendment to OSC Rule 51-501 AIF and
MD&A**

**NOTICE OF MINISTER OF FINANCE APPROVAL OF
AN AMENDMENT TO OSC RULE 51-501 AIF and MD&A**

On December 4, 2001, the Minister of Finance approved the rule that amends OSC Rule 51-501 *AIF and MD&A* (the "Rule Amendment"). The Rule Amendment to OSC Rule 51-501 will come into force on December 31, 2001.

The Rule Amendment is published in Chapter 5 of this Bulletin and will be published in the *Ontario Gazette* on December 15, 2001. Materials related to the Rule Amendment were previously published in the Bulletin on October 12, 2001.

**1.1.5 Proposed Changes to Proposed NI 81-104
and 81-104CP - Commodity Pools**

**NOTICE OF PROPOSED CHANGES TO
PROPOSED NATIONAL INSTRUMENT 81-104
AND COMPANION POLICY 81-104CP**

COMMODITY POOLS

The Commission is publishing for comment in today's Bulletin a Notice of Proposed Changes regarding proposed National Instrument 81-104 Commodity Pools and Companion Policy 81-104CP Commodity Pools. The proposed National Instrument and Companion Policy, which follow the Notice, are a reformulation of Ontario Securities Commission Policy Statement No. 11.4 - Commodity Pool Programs, which they will replace. With the proposed National Instrument and Companion Policy, the Canadian Securities Administrators seek to regulate publicly offered commodity pools structured as mutual funds. The Notice also includes a table of comments (on the June 2, 2000 published version of the proposed rule) received by the Canadian Securities Administrators and responses to those comments.

Please go to Chapter 6 of this Bulletin to read the Notice and the instruments.

**1.1.6 Proposed Rule 62-501 and Amendment to
OSC Policy 62-601**

**NOTICE OF PROPOSED RULE 62-501 UNDER THE
SECURITIES ACT
AND AMENDMENT TO ONTARIO SECURITIES
COMMISSION POLICY 62-601**

The Commission is publishing in today's Bulletin a notice of Proposed Rule 62-501 and an amendment to Policy 62-601 (formerly Policy 9.3).

The notice, the proposed Rule and the amendment to the Policy are published in Chapter 6 of this Bulletin.

**1.1.7 Notice of Amendments to the Securities
Act and Commodity Futures Act**

**NOTICE OF AMENDMENTS
TO THE SECURITIES ACT AND COMMODITY FUTURES
ACT**

On December 5, 2001, the *Responsible Choices for Growth and Fiscal Responsibility Act (Budget Measures), 2001* (previously Bill 127) received Royal Assent. This Act includes amendments to the *Securities Act* and the *Commodity Futures Act*. The text of the amendments can be viewed on the Commission's web site at www.osc.gov.on.ca/en/Regulation/ontario_securityes.html.

The amendments related to both the *Securities Act* and the *Commodity Futures Act* are being published together with a brief explanation of the changes in Chapter 9 of the Bulletin.

If you have any questions please contact:

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19th Floor, Box 55
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(416) 593-8245

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Legal Counsel
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Toronto, ON M5H 3S8
(416) 593-8052

1.2 News Releases

1.2.1 OSC to Provide Investors More Information on Dealers and Advisers

FOR IMMEDIATE RELEASE
December 6, 2001

OSC TO PROVIDE INVESTORS WITH MORE COMPLETE INFORMATION ABOUT DEALERS AND ADVISERS

Toronto - A change announced today by the Ontario Securities Commission will provide investors with access to more complete information about their dealers and advisers. The OSC will begin posting to its web-site any terms and conditions attached to the registration of individuals and firms licensed to advise or trade in securities in Ontario.

"We are making this change to allow the investing public to make a more informed decision when selecting their dealers and advisers," said Paul Moore, Vice Chair of the OSC. "This will be a valuable resource for investors to protect themselves."

Terms and conditions are imposed on a case-specific basis where the OSC determines that an applicant is suitable to be licensed, but only if certain restrictions are added to the registration. For example, an individual adviser might be subject to more stringent supervisory control by his or her employer, while a firm might be required to file specific financial reports with regulators on a more frequent basis than other firms.

While a listing of all registered firms is already available on the OSC web-site, currently information on registered individuals can only be obtained by phoning the Commission.

Beginning next March, the following information will be available on the OSC web-site:

- the names of every individual and firm currently registered in Ontario to advise clients or deal in securities;
- the categories in which they are registered (e.g. mutual fund dealers, investment counsel, etc.); and
- terms and conditions attached to their registration.

The registrant information will be available at www.osc.gov.on.ca beginning March 29, 2002. A copy of the letter distributed by the OSC to inform registrants of the change has been posted to the web-site.

For Media Inquiries:

Frank Switzer
Director, Communications
416-593-8120

For Investor Inquiries:

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

1.2.2 OSC Announces Technical Amendments to Securities Legislation

FOR IMMEDIATE RELEASE
December 11, 2001

OSC ANNOUNCES A SERIES OF TECHNICAL AMENDMENTS TO SECURITIES LEGISLATION

Toronto - The Ontario Securities Commission today announced a number of technical amendments to provincial securities legislation. The changes to the *Securities Act* and the *Commodity Futures Act* were included in the Ontario Government's *Responsible Choices for Growth and Fiscal Responsibility Act*, which received Royal Assent on December 5.

"These amendments are part of our on-going process of reviewing legislation to ensure that it continues to meet the needs of investors and the securities industry," said OSC General Counsel, Susan Wolburgh Jenah.

The changes have been introduced for the following purposes:

- to harmonize Ontario legislation with the requirements of other provinces, by changing the lapse date for a prospectus from 12 months from the date of the final receipt of the prospectus to 12 months from the date of the prospectus;

- to avoid duplicative regulation by removing the requirement for the Director to review escrow or pooling arrangements which are acceptable to a recognized stock exchange;

- to eliminate legislative impediments to the distribution of proxy materials and information circulars by permitting delivery via electronic means rather than by prepaid mail;

- to clarify when the statutory right of action against an issuer or selling security holder for a misrepresentation in an offering memorandum applies; and

- to make a number of other minor clarifications or corrections to ambiguous wording.

The complete text of the amendments can be viewed at the OSC's web-site, at

www.osc.gov.on.ca/en/Regulation/ontario_securities.html.

For More Information:

Susan Wolburgh Jenah
General Counsel
416-593-8245

For Investor Inquiries:

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

**1.2.3 OSC Proceedings in the Matter of Teodosio
Vincent Pangia, et al.**

FOR IMMEDIATE RELEASE
December 12, 2001

**OSC PROCEEDINGS IN THE MATTER OF
TEODOSIO VINCENT PANGIA,
AGOSTINO CAPISTA AND DALLAS/NORTH GROUP INC.**

TORONTO □ On December 5, 2001, the Ontario Securities Commission ordered that a prehearing be held on Tuesday, April 30, 2002, and that counsel attend before the Commission on Monday, May 6, 2002 to set a date for the hearing of this matter.

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

For Media Inquiries:

Frank Switzer
Director, Communications
416-593-8120

Michael Watson
Director, Enforcement Branch
416-593-8156

For Investor Inquiries :

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1-877-785-1555 (Toll Free)

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 iPerformance Fund Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Trades in units of pooled funds to investor and his or her registered retirement plans not subject to the registration and prospectus requirement provided the aggregate acquisition cost is not less than the prescribed amount - trades of additional units of pooled funds to existing unitholders holding, together with his or her registered plans, units having an aggregate acquisition cost or net asset value of not less than the prescribed amount not subject to registration and prospectus requirement - trades by pooled funds of units to existing unitholders pursuant to the reinvestment of distributions by pooled funds not subject to registration and prospectus requirement - trades in units of pooled funds not subject to requirement to file reports of trade within 10 days of trades provided prescribed reports filed and fees paid within 30 days of financial year end of pooled funds.

Applicable Ontario Statutes

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

Applicable Ontario Rules

Rule 45-501 Exempt Distributions (1998) 21 OSCB 6548

Rule 81-501 Mutual Fund Reinvestment Plans (1998) 21 OSCB 2713

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

AND

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

AND

IN THE MATTER OF
iPERFORMANCE FUND CORP.¹

MRRS DECISION DOCUMENT

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

- (a) certain trades in units ("Units") of open-end unit trusts established, or to be established from time to time, by the Applicant or an affiliate of the Applicant (the "Funds") shall not be subject to the registration and prospectus requirements of the Legislation of the Jurisdictions other than British Columbia;
- (b) trades in additional Units ("Additional Units") of the Funds to an investor upon:
 - (i) the subsequent subscription of an investor shall not be subject to the registration and prospectus requirements of the Legislation; and
 - (ii) the reinvestment of distributions by a Fund shall not be subject to the registration and prospectus requirements of the Legislation of, New Brunswick, Newfoundland, Prince Edward Island and Yukon Territory; and
- (c) trades in Units are not subject to the requirements of the Legislation of the Jurisdictions relating to the filing of forms and the payment of fees within 10 days of each trade;

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

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

¹ Republished. Incorrect version originally published April 27th, 2001 at (2001) 24 OSCB 2623.

1. The Applicant has applied for registration under the *Securities Act* (Ontario) as an adviser in the categories of investment counsel and portfolio manager. Until such time as the registration has been approved by the applicable regulatory authority, the Applicant will act under the registration of its controlling shareholder, Hirsch Asset Management Corp., which is a mutual fund dealer, investment counsel and portfolio manager in Ontario.
2. The Applicant intends to establish one or more Funds pursuant to declarations of trust for which the Applicant will act as the trustee and manager.
3. Each Fund is or will be a "mutual fund" as defined in the Legislation.
4. None of the Funds currently intends to become a reporting issuer, as such term is defined in the Legislation, and the Units of the Funds will not be listed on any stock exchange.
5. Each Fund will be divided into Units which will evidence each investor's undivided interest in the assets of the Fund.
6. It is intended that Units of the Funds will be qualified for investment by a trust governed by a self-administered registered retirement savings plan or registered retirement income fund ("Registered Plans").
7. The initial distribution of Units of a Fund (the "Initial Investment") to an investor and the Registered Plans of the investor will have an aggregate acquisition cost to the investor and the investor's Registered Plans (an investor alone, an investor's Registered Plan alone, or any combination of the foregoing, a "Unitholder") of at least the amount prescribed by the Legislation (the "Prescribed Amount") in connection with exemptions from the prospectus and registration requirements (the "Private Placement Exemptions") which require the investor to purchase securities of an issuer having a minimum acquisition cost.
8. Where the Prescribed Amount of an Initial Investment in a fund is met through the aggregation of the acquisition costs of Units of a Fund by some or all of an investor and an investor's Registered Plans, the Private Placement Exemptions would not be available and exemptive relief required.
9. Following an Initial Investment, it is proposed that a Unitholder be able to subscribe and pay for Additional Units of a Fund in increments of less than the Prescribed Amount, provided that at the time of such subsequent acquisition the Unitholder holds Units of the Fund with an aggregate acquisition cost or aggregate net asset value of at least the Prescribed Amount.
10. Each Fund proposes to distribute Additional Units by way of automatic reinvestment of distributions to Unitholders of the Fund.

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

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

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

- (A) an Initial Investment in Units of a Fund shall not be subject to the registration and prospectus requirements of the Legislation of the Jurisdictions other than British Columbia provided that:
 - (i) the aggregate acquisition cost to a Unitholder of the Initial Investment is not less than the Prescribed Amount; and
 - (ii) this paragraph (A) will cease to be in effect in a Jurisdiction 90 days after the coming into force, subsequent to the date of this Decision, of any legislation, regulation or rule in the Jurisdiction relating, in whole or in part, to the distribution of mutual fund securities under exemptions from the registration and prospectus requirements;
- (B) a trade in Additional Units pursuant to a subsequent subscription and payment by a Unitholder shall not be subject to the registration and prospectus requirements of the Legislation provided that:
 - (i) at the time of trade of Additional Units, the Applicant or an affiliate is registered under the *Securities Act* (Ontario) as an adviser in the categories of investment counsel and portfolio manager;
 - (ii) at the time of the trade of Additional Units of a Fund, the Unitholder then owns Units of the Fund having an aggregate acquisition cost or an aggregate net asset value of not less than the Prescribed Amount;
 - (iii) this paragraph (B) will cease to be in effect in a Jurisdiction 90 days after the coming into force, subsequent to the date of this Decision, of any legislation, regulation or rule in the Jurisdiction relating, in whole or in part, to the distribution of mutual fund securities under exemptions from the registration and prospectus requirements;
- (C) trades in Additional Units of a Fund pursuant to the reinvestment of distributions of the Fund shall not be subject to the registration and prospectus requirements of the Legislation in New Brunswick, Newfoundland, Prince Edward Island and Yukon Territory provided that:
 - (i) no sales commissions or other charge in respect of such issuance of Additional Units is payable; and

- (ii) each Unitholder who receives Additional Units has received, not more than 12 months before such issuance, a statement describing (a) the details of any deferred or contingent sales charges or redemption fee that is payable at the time of the redemption of a Unit, (b) any rights that the Unitholder has to make an election to receive cash instead of Units in the payment of the net income or net realized capital gains distributed by the Fund, (c) instructions on how the right referred to in subclause (b), if any, can be exercised and (d) the fact the no prospectus is available for the Fund as Units are offered pursuant to prospectus exemptions only;
- (D) the first trade of Units acquired under an exemption from the registration and prospectus requirements provided in this Decision is deemed to be a distribution or primary distribution to the public in a Jurisdiction unless otherwise exempt under the Legislation of the Jurisdiction or unless at the time of the first trade:
 - (i) the Fund is a reporting issuer or the equivalent under the applicable Legislation;
 - (ii) if the seller of the Units is in a special relationship (as defined in the applicable Legislation) with the Fund, the seller has reasonable grounds to believe that the Fund is not in default of any requirement of the applicable Legislation;
 - (iii) no unusual effort is made to prepare the market or to create a demand for the Units and no extraordinary commission or consideration is paid in respect of such trades; and
 - (iv) the Units have been held for a period of at least eighteen months from the date they were acquired by the seller of the Units.
- (E) the requirements contained in the Legislation of the Jurisdictions to file a report of trades in Units and pay the associated fee shall not apply to a trade in Units of a Fund provided that within 30 days of the end of each financial year of each Fund, such Fund:
 - (i) files with the applicable Decision Maker a report in respect of all trades in Units of the Fund during such financial year, in a form prescribed by applicable Legislation; and
 - (ii) remits to the applicable Decision Maker the fee prescribed by the applicable Legislation.

April 16, 2001

"J.A. Geller"

"Stephen N. Adams"

2.1.2 United Grain Growers Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a connected issuer, but not a related issuer, in respect of registrants that are underwriters in proposed distribution of limited voting common shares by the issuer - Underwriters exempt from the independent underwriter requirement in the legislation subject to certain conditions.

Applicable Ontario Regulations

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

Applicable Ontario Rules

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

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

AND

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

AND

**IN THE MATTER OF
SCOTIA CAPITAL INC.,
NATIONAL BANK FINANCIAL INC.
AND CIBC WORLD MARKETS INC.**

AND

**IN THE MATTER OF
UNITED GRAIN GROWERS LIMITED**

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Ontario and Québec (the "Jurisdictions") has received an application from Scotia Capital Inc. ("SCI"), National Bank Financial Inc. ("NBF") and CIBC World Markets Inc. ("CIBC WM", and together with SCI and NBF, 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 by an issuer made by means of a prospectus, where the issuer is a connected issuer (or the equivalent) of the registrant unless a portion of the distribution at least equal to that underwritten by non-independent underwriters is underwritten by an independent underwriter shall not apply to the Filers in respect of a proposed distribution (the "Offering") of limited voting common

shares (the "Offered Securities") of United Grain Growers Limited (the "Issuer" or the "Company") pursuant to a short-form PREP prospectus (the "Prospectus");

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

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

1. The Filers are registered under the securities legislation of each of Alberta and Ontario as an "investment dealer" and "broker" and under the securities legislation of Québec as a "full broker with unrestricted practice" and are not in default of any of their terms of registration.
2. In December, 1992, the Company was continued under the *United Grain Growers Act*, a Special Act of the Parliament of Canada. The Company's corporate structure was reorganized in 1993 prior to its initial public offering.
3. On November 1, 2001, the Company completed a merger (the "Merger") of the businesses of the Company and Agricore Cooperative Ltd. ("Agricore").
4. Agricore was the result of the amalgamation of Manitoba Pool Elevators and Alberta Wheat Pool under *The Co-operatives Act, 1996* (Saskatchewan) on November 1, 1998. Pursuant to the Merger, Agricore was continued from a co-operative existing under *The Co-operatives Act, 1996* (Saskatchewan) to a corporation existing under the *Canada Business Corporations Act*. As a result of the Merger, Agricore's successor corporation, Agricore Ltd., is now a wholly-owned subsidiary of the Company.
5. The business of the Company (which now carries on business as Agricore United) consists of linking farmers to end-users of agricultural commodities through the provision of a wide range of goods and commercial services. The following are the Company's principal business activities: (a) grain handling and merchandising; (b) crop production services; (c) livestock services; and (d) complementary businesses.
6. The Company is a reporting issuer, or equivalent, in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec and Nova Scotia and is not on the list of defaulting reporting issuers maintained by the securities regulatory authority of any of such jurisdictions.
7. The limited voting common shares of the Company are listed and posted for trading on The Toronto Stock Exchange under the symbol "UGG".
8. The Company is party to a credit agreement executed on October 31, 2001 with The Bank of Nova Scotia ("BNS"), National Bank of Canada ("National Bank") and Canadian Imperial Bank of Commerce ("CIBC") (collectively, the "Related Lenders") providing for two new credit facilities: (a) a \$250 million revolving term credit facility provided by all three Related Lenders (the "Revolving Term Credit Facility") with an initial maturity of July 31, 2002 for the purpose of financing accounts receivable and inventory, refinancing existing revolving credit facilities of the Company and Agricore and for general corporate purposes; and (b) a \$217.7 million non-revolving term credit facility with BNS (the "Term Credit Facility" and, together with the Revolving Term Credit Facility, the "New Credit Facilities") to refinance existing bank term debt of the Company and Agricore.
9. The Company and BNS have also agreed on a temporary bridge facility in the amount of \$150 million (the "Bridge Facility"). This facility will be a revolving credit facility and will expire on May 31, 2002.
10. As at November 21, 2001, the Company owed the Related Lenders approximately \$250 million under the Revolving Term Credit Facility, and owed BNS approximately \$217.7 million and \$110 million under the Term Credit Facility and the Bridge Facility, respectively. The Company always has been and remains in compliance with the material terms of the Revolving Term Credit Facility, the Term Credit Facility and the Bridge Facility and is not in financial difficulty.
11. The covenants under the New Credit Facilities include a covenant requiring the Company to use its best efforts to raise a minimum of \$100 million by way of issuance of equity or equity equivalent by July 31, 2002, 50% of the net proceeds of which is to be applied as a permanent reduction to the Term Credit Facility. However, the offering price, terms and conditions of the distribution of the Offered Securities were negotiated by Company, the Filers and the other underwriters of the Offering, without the involvement of the Related Lenders.
12. The Company has filed a preliminary short form base PREP prospectus (the "Preliminary Prospectus") and intends to file a Prospectus in respect of the Offering. It is expected that the net proceeds to the Company from the Public Offering will be used to reduce the indebtedness of the Company under the Term Credit Facility and under the Bridge Facility, with the balance, if any, being used to reduce the Company's indebtedness under the Revolving Term Credit Facility.
13. SCI, NBF, CIBC WM, HSBC Securities (Canada) Inc., RBC Dominion Securities Inc., Pollitt & Co. Inc. and Wellington West Capital Inc. will act as underwriters in connection with the Offering. No other underwriter in the underwriting syndicate will underwrite a greater percentage of the Offering than SCI, NBF or CIBC WM.
14. SCI is a wholly-owned subsidiary of BNS. NBF is an indirect wholly-owned subsidiary of National Bank. CIBC WM is a wholly-owned subsidiary of CIBC.
15. None of the underwriters will benefit in any manner from the Offering other than by the payment of underwriting commissions.
16. The Preliminary Prospectus and the Prospectus will contain a certificate signed by each Underwriter in

accordance with National Instrument 44-103 – Post-Receipt Pricing.

17. The Company is a "connected issuer" but not a "related issuer" (as such terms are defined in proposed National Instrument 33-105 – Underwriting Conflicts, as published in February 1998) ("the Proposed Instrument") in respect of each of the Filers on the basis that: (a) the Filers are direct or indirect wholly-owned subsidiaries of the Related Lenders; and (b) the net proceeds to the Company from the Public Offering are expected to be used to repay indebtedness to the Related Lenders under the Term Credit Facility and the Bridge Facility, with the balance, if any, being used to reduce the Company's indebtedness under the Revolving Term Credit Facility.
18. The nature and details of the relationships between the Company, the Filers and the Related Lenders is described in the Preliminary Prospectus and will be described in the Prospectus in the manner prescribed by Appendix "C" of the Proposed Instrument.
19. The selling securityholder under the proposed secondary offering is not a "connected issuer" or a "related issuer" (as such terms are defined in the Proposed Instrument) in respect of each underwriter.
20. The Issuer is not a "specified party" as defined in the Proposed Instrument.

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

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

THE DECISION of the Decision Makers, under the Legislation, is that the Independent Underwriter Requirement shall not apply to the Filers in connection with the Offering provided that the Issuer is not a related issuer, as defined in the Proposed Instrument, to the Filers at the time of the Offering and is not a specified party, as defined in the Proposed Instrument, at the time of the Offering.

December 4, 2001.

"Paul M. Moore"

"H. Lorne Morphy"

2.1.3 Scotia Capital Inc. et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a connected issuer, but not a related issuer, in respect of registrants that are underwriters in proposed distribution of trust units by the issuer - Underwriters exempt from the independent underwriter requirement in the legislation provided that issuer not in financial difficulty.

Applicable Ontario Regulations

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

Applicable Ontario Rules

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

Proposed Multilateral Instrument 33-105 Underwriting Conflicts (published for comment June 22, 2001).

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

AND

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

AND

**IN THE MATTER OF
SCOTIA CAPITAL INC., CIBC WORLD MARKETS INC.,
NATIONAL BANK FINANCIAL INC.
AND ADVANTAGE ENERGY INCOME FUND**

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Québec, Alberta, and Newfoundland and Labrador (the "Jurisdictions") have received an application from Scotia Capital Inc. on its own behalf and on behalf of CIBC World Markets Inc. and National Bank Financial Inc. (the "Bank-Affiliated Underwriters") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation that the portion of an offering of securities to be underwritten by an independent underwriter be at least equal to the largest portion of the offering to be underwritten by any non-independent underwriter, where the offering is otherwise being underwritten by underwriters in respect of which the issuer is a "connected issuer" (the "Proportional Independent Underwriter Requirements"), or the equivalent, shall not apply to a proposed distribution of Trust Units (the "Trust Units") of Advantage 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 Bank-Affiliated Underwriters have represented to the Decision Makers that:

1. The Issuer is, for Canadian tax purposes, an open-ended mutual fund trust created on April 17, 2001 under the laws of the Province of Alberta pursuant to a trust indenture between Search Energy Corp., 687371 Alberta Ltd. and Computershare Trust Company of Canada (formerly Montreal Trust Company of Canada), as trustee.
2. The Issuer is a reporting issuer under the securities laws of the Province of Ontario and is a P.O.P. issuer, in each of the provinces of Canada.
3. The Trust Units are listed and posted for trading on The Toronto Stock Exchange.
4. The Issuer will enter into an underwriting agreement prior to filing a preliminary prospectus (the "Underwriting Agreement") among the Issuer and Scotia Capital Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc. (the "Independent Underwriter") and National Bank Financial Inc. (collectively, the "Underwriters") pursuant to which the Issuer will agree to issue and sell and the Underwriters will agree to purchase the Trust Units of the Issuer.
5. The Underwriting Agreement will provide, among other things, for the payment of a commission to the Underwriters equal to 5% of the gross proceeds of the Offering. The commission will be paid on a pro rata basis to the Underwriters based upon the amount of Trust Units that the Underwriters have each agreed to undertake to sell on behalf of the Issuer.
6. The proportion of the Offering to be sold on behalf of the Issuer by the Underwriters pursuant to the Underwriting Agreement is as follows:

Scotia Capital Inc.	40.0%
CIBC World Markets Inc.	25.0%
BMO Nesbitt Burns Inc.	17.5%
National Bank Financial Inc.	17.5%
7. The Issuer intends to file a preliminary short form prospectus dated November 30, 2001 and will undertake in the Underwriting Agreement to file a short form prospectus with the securities regulatory authorities in each of the provinces of Canada and to obtain a receipt therefor in order to qualify the Trust Units for distribution in those provinces. Alberta will be designated as the principal jurisdiction for filing of the prospectuses.
8. The Underwriters will not benefit in any manner from the Offering other than the payment of the commissions described in paragraph 5 above. However, it is currently intended that the net proceeds of the Offering will be used, in part, to repay bank indebtedness.

9. The Issuer's wholly owned operating subsidiary, Search Energy Corp. ("Search"), has a \$95 million extendable revolving loan facility, a \$27 million non-revolving bridge loan and, if Trust determines to purchase certain properties as discussed in the prospectus, the Trust may also access a bridge facility to a maximum of \$7 million (collectively such facilities and loans are referred to as the "Credit Facility"). As at October 31, 2001 Search owed the banks (the "Banks") approximately \$54 million under the Credit Facility. Each of Scotia Capital Inc., CIBC World Markets Inc. and National Bank Financial Inc. are indirect wholly-owned subsidiaries of one of the Banks.
10. The nature of the relationship among the Issuer and each of the Bank-Affiliated Underwriters and the Banks will be described in the prospectuses.
11. The prospectuses will contain a certificate signed by each Underwriter in accordance with Item 21.2 of Form 44-101F3 to National Instrument 44-101.
12. The decision to undertake the Offering, including the determination of the terms of the distribution, was made through negotiation between Advantage Investment Management Ltd. and Search on behalf of the Issuer and Scotia Capital Inc. on its own behalf and on behalf of the other Underwriters, without involvement of the Banks.
13. The Independent Underwriter will participate in the due diligence activities performed by the Underwriters for the Offering, and will sign the prospectus certificate required by securities legislation in each of the provinces of Canada.
14. As a result of the foregoing, the underwriting syndicate for the Offering will not meet the requirements for certain minimum proportions of the distribution to be underwritten by independent registrants, as set forth in Section 224(1)(b) of the Regulation.
15. The Issuer is not, in connection with the Offering, a "related issuer" of any of the Underwriters for the purposes of Part XIII of the Regulation or for purposes of the Proposed Multi-Jurisdictional Instrument 33-105 as published February 6, 1998 (the "1998 Proposed Instrument") or for purposes of the Proposed Multilateral Instrument 33-105 as published June 22, 2001 (the "2001 Proposed Instrument"). However, by virtue of the relationships described above, the Issuer may, in connection with the Offering, be a "connected issuer" of the Bank-Affiliated Underwriters for the purposes of Part XIII of the Regulation and for purposes of the 1998 Proposed Instrument and the 2001 Proposed Instrument.
16. The prospectus relating to the Offering will contain such disclosure concerning the nature of the relationship among the Issuer, the Bank-Affiliated Underwriters and the Banks as would be required under Appendix "C" of the 1998 Proposed Instrument and the 2001 Proposed Instrument.

17. The Issuer is not in financial difficulty. The Issuer's cash flow from operations for the three months ended September 30, 2001 was \$8.5 million.
18. The Issuer is not a "specified party" as that term is defined in the 1998 Proposed Instrument.

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

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

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

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

December 10, 2001.

"Paul M. Moore"

"R. Stephen Paddon"

2.1.4 Brascan Corporation, Trilon Financial Corp. and Trilon Securities Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Securities legislation prohibits a person or company who has access to information concerning the investment of a mutual fund from purchasing or selling securities of an issuer for the person or company's account, where the portfolio securities of the mutual fund include securities of that issuer, and the information is used for the direct benefit or advantage of the person or company - insiders of a mutual fund issuer granted exemption from this prohibition with respect to certain principal trades with the mutual fund issuer in securities that would comprise the portfolio of the mutual fund issuer, subject to conditions.

Applicable Ontario Statute

Securities Act, R.S.O. 1990, c.S.5, as amended, s. 119 & 121(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
BRASCAN CORPORATION
TRILON FINANCIAL CORPORATION
AND
TRILON SECURITIES CORPORATION**

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") received an application from Brascan Corporation ("Brascan"), Trilon Financial Corporation ("Trilon Financial") and Trilon Securities Corporation ("Trilon Securities") (collectively, the "Applicants") for a decision under the securities legislation (the "Legislation") of the Jurisdictions that, in connection with

- (i) the initial sale to Diversified Canadian Financial II Corp. (the "Company") of previously issued securities of Brascan and of Trilon Financial, BPO Properties Ltd., Nexfor Inc., Brascade Resources, Noranda Equities Inc. and GLP NT Corporation (collectively, the "Brascan Affiliates"), as described in paragraph 13 below, and

- (ii) future principal purchases/sales of previously issued securities of Brascan or the Brascan Affiliates (collectively, the "Brascan Group") from/to the Company as described in paragraph 22 below,

Brascan, Trilon Financial and Trilon Securities are exempt from the provision prohibiting a person or company who has access to information concerning the investment program of a mutual fund from purchasing or selling securities of an issuer from his, her or its account, where the portfolio securities of the mutual fund include securities of that issuer and where the information is used by the person or company for his, her or its direct benefit or advantage (the "Insider Trading Prohibition");

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 Applicants have represented to the Decision Makers as follows:

1. The Company was incorporated under the laws of the Province of Ontario on October 2, 2001. The investment objective of the Company is to invest in a portfolio of securities consisting of previously issued cumulative and redeemable preferred shares (the "Portfolio Shares") of the Brascan Group, as described in paragraphs 13 and 14 below. The Brascan Group provides a diversified range of products and services to their customers and clients in the natural resources, property, energy and financial services sectors. The Portfolio Shares and any cash held by the Company from time to time will be the only material assets of the Company.
2. The Company is considered to be a mutual fund as defined in the Legislation. However, since the Company will not operate as a conventional mutual fund, it has made application for exemptions from certain requirements of National Instrument 81-102.
3. The purpose of the Company is to provide a vehicle through which different investment objectives with respect to participation in the Portfolio Shares may be satisfied. This is to be accomplished through the issuance of capital shares (the "Capital Shares") and senior preferred shares (the "Senior Preferred Shares").
4. The Senior Preferred Shares will be offered to the public pursuant to a prospectus (the "Offering"). For this purpose, the Company has filed a preliminary prospectus dated October 10, 2001 (the "Preliminary Prospectus") with the securities regulatory authorities of each Province of Canada.
5. Concurrently with the Offering of Senior Preferred Shares, the Company will issue, on an exempt basis, one Capital Share for each Senior Preferred Share sold. The Capital Shares will have a value at the time of issue equal to the value of the Portfolio Shares, less the proceeds of the Senior Preferred Share Offering, divided by the number of Capital Shares to be issued.

6. The Company currently has a board of directors consisting of six directors. Three of the Company's directors are also directors or officers of Trilon Financial or its affiliates, while the remaining three directors are independent of the Brascan Group (the "Independent Directors").
7. The Company will hold the Portfolio Shares in order to generate fixed cumulative preferential dividends for the holders of the Senior Preferred Shares and to enable the holders of the Capital Shares to participate in any remaining dividends and any capital appreciation in the Portfolio Shares.
8. An application has been made to have the Senior Preferred Shares listed and traded on the Toronto Stock Exchange ("TSE"), for which a conditional listing approval has been granted by the TSE on November 12, 2001.
9. Pursuant to an administration agreement (the "Administration Agreement") between the Company and Trilon Securities, the latter has been retained to administer the ongoing operations of the Company. Trilon Securities will be paid an annual fee equal to 10% of the ordinary expenses incurred in connection with the operation and administration of the Company.
10. Trilon Securities is registered under the Legislation as a dealer in the categories of "broker" and "investment dealer" and is a member of the Investment Dealers Association of Canada and the TSE. Trilon Securities is the promoter of the Company. It is a wholly-owned subsidiary of Trilon Financial, which is 71% owned by Brascan.
11. Pursuant to an agreement to be made between the Company, Trilon Securities as promoter of the Company and a group of dealers led by Scotia Capital Inc., the Company will appoint the dealers as agents (the "Agents") to offer the Senior Preferred Shares of the Company to the public on a best-efforts basis. Trilon Securities will not participate as Agent in the Offering.
12. The net proceeds from the Offering of the Senior Preferred Shares (after deducting the Agents' fees, expenses of the issue and the Company's expenses relating to the acquisition of the Portfolio Shares) will be used by the Company, together with the proceeds from the exempt distribution of Capital Shares, to fund the purchase of Portfolio Shares to be held by the Company.
13. Pursuant to agreements between the Company and each of Trilon Financial and Brascan, the Company has agreed to purchase, and Trilon Financial and Brascan have agreed to sell to the Company, on the closing of the Offering, the Portfolio Shares listed below on commercial terms and at a price equal to the fair value, as at the date of the Company's (final) prospectus (the "Prospectus"), of those shares as determined by Trilon Securities:

Issuer	Shares	Seller	Indicative Price
Brascan CDNX: BNN.PR.F	Class A, Series 3	Trilon Financial	Par Value of \$100,000/share
BPO Properties Ltd. Unlisted	Series K	Trilon Financial	25% discount to Par Value of \$500,000/
Nexfor Inc. TSE: NF.PR.A	Class A, Series 1	Trilon Financial	Par Value of 25/share
Brascade Resources Inc. TSE: BCA.PR.B	Series B	Trilon Financial	Par Value of \$40/share
Noranda Equities Inc. Unlisted	Class B	Trilon Financial Senior Preferred	Par Value of \$25/share
GLP NT Corporation TSE: GP.A	Class A	Trilon Financial	Par Value of \$7.50/share
Trilon Financial TSE: TFC.PR.B	Class II, Series 2	Brascan	Par Value of \$100 /share

14. The only other Portfolio Shares to be acquired by the Company are the Class II, Series 4 preferred shares of Trilon Financial. This class of Portfolio Shares will be purchased by Trilon Securities, as agent on behalf of the Company, from holders that may or may not be related to Brascan or the Brascan Affiliates. The price to be paid for the purchase of this class of Portfolio Shares is the fair value determined for it by Trilon Securities, currently expected to be \$18.50/share. No fee or commission will be received by Trilon Securities from the selling holders or the Company in connection with such agency purchase.
15. The Independent Directors of the Company have reviewed the fair value determination of Trilon Securities and have determined that the price to be paid by the Company for each Portfolio Share is fair to the Company.
16. The Portfolio Shares that the Company has agreed to purchase from Brascan and Trilon Financial were previously acquired by them at par value and have been held by them for more than three years.
17. The Company's Prospectus will disclose
- (a) the price to be paid for the Portfolio Shares and the fact that Brascan and Trilon Financial acquired them at par value and have held them for more than three years,.
 - (b) the fact that the Independent Directors have determined that the price to be paid for each class of Portfolio Shares is fair to the Company,
 - (c) the general factors, and those factors that are specifically relevant to each Portfolio Share, that were considered by Trilon Securities and the Independent Directors in determining that the price to be paid for each Portfolio Share is fair to the Company,
- (d) information concerning the trading history of those Portfolio Shares that are listed on the TSE or the Canadian Venture Exchange,
- (e) information concerning the credit rating and dividend history of the Portfolio Shares,
- (f) details of Trilon Securities' relationship with and economic interest in the Company, and
- (g) details of Trilon Securities' relationship with Brascan and the Brascan Affiliates.
18. The Company will pay cash for the acquisition of Portfolio Shares referred to in paragraphs 13 and 14 above out of the proceeds of the Senior Preferred Share Offering and the exempt distribution of Capital Shares.
19. The Company will not engage in any trading of the Portfolio Shares held by it except:
- (a) to fund retractions or redemptions of Senior Preferred Shares or Capital Shares or a portion of the Senior Preferred Share dividends,
 - (b) upon receipt of stock dividends,
 - (c) in the event of a take-over bid or issuer bid for any of the Portfolio Shares,
 - (d) to fund liabilities, or
 - (e) as otherwise disclosed in the Preliminary Prospectus and to be described in the Prospectus
20. In the event that any Portfolio Share is redeemed or otherwise removed from the Company's portfolio as described in the Preliminary Prospectus and to be described in the Prospectus, it is the Company's policy to replace it with similar securities ("Replacement Portfolio Shares"), with a view to preserving to the

extent possible the quality, liquidity and dividend coverage of the portfolio and the rating of the Senior Preferred Shares. In order to do so, the Company may purchase previously issued Replacement Portfolio Shares of Brascan or the Brascan Affiliates.

21. In connection with the services to be provided by Trilon Securities to the Company pursuant to the Administration Agreement, Trilon Securities
- (a) may sell Portfolio Shares as agent on behalf of the Company to fund retractions of Senior Preferred Shares or Capital Shares prior to the Redemption Date, or
 - (b) may purchase Replacement Portfolio Shares as agent on behalf of the Company to replace Portfolio Shares that are redeemed or otherwise removed from the portfolio as described in the Preliminary Prospectus and to be described in the Prospectus.

In connection with such sales or purchases of Portfolio Shares or Replacement Portfolio Shares on behalf of the Company, Trilon Securities may receive fees or commissions at normal commercial rates.

22. Trilon Securities or Trilon Financial may, as principal, purchase Portfolio Shares from the Company (the "Principal Purchase") or sell Replacement Portfolio Shares to the Company (the "Principal Sale"), in respect of which neither will receive any fee or commission. In carrying out any Principal Purchase of Portfolio Shares or Principal Sale of Replacement Portfolio Shares from/to the Company, Trilon Securities and Trilon Financial will deal fairly, honestly and in good faith with the Company. All such Principal Purchases and Principal Sales will be approved as to price and terms by the Independent Directors.

23. In connection with any future Principal Purchase or Principal Sale from/to the Company of Portfolio Shares or Replacement Portfolio Shares that are listed on a stock exchange, Trilon Securities and/or Trilon Financial will comply with the applicable rules, procedures and policies of the stock exchange. In addition, the Administration Agreement provides that Trilon Securities must take reasonable steps, such as soliciting bids from other market participants or such other steps as Trilon

Securities, in its discretion, considers appropriate after taking into account prevailing market conditions and other relevant factors, to enable the Company to obtain the best price reasonably available for the Portfolio Shares or to pay the most favourable price reasonably available for the Replacement Portfolio Shares, as the case may be.

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

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Insider Trading Prohibition does not apply to

- 1. Brascan and Trilon Financial, in connection with their initial sale of certain Portfolio Shares to the Company as described in paragraph 13, provided that the Company's Prospectus contains the disclosure referred to in paragraph 17 above; and
- B. Trilon Securities and Trilon Financial, in connection with future Principal Purchases of Portfolio Shares or Principal Sales of Replacement Portfolio Shares from/to the Company, as described in paragraph 22 above, provided that
 - i. with respect to Portfolio Shares or Replacement Portfolio Shares listed on a stock exchange and for which price quotations are available,
 - a. the price payable to the Company is not less than the bid price as reported on the stock exchange, in the case of Principal Purchases of Portfolio Shares from the Company, or
 - b. the price payable by the Company is not more than the ask price as reported on the stock exchange, in the case of Principal Sales of Replacement Portfolio Shares to the Company;
 - ii. with respect to Portfolio Shares or Replacement Portfolio Shares not listed on a stock exchange or, even if listed, for which there are no available price quotations,
 - a. if the value of the transaction constitutes 25% or more of the net asset value of the Company, an independent valuation is obtained and disclosed in a material change report, or
 - b. if the value of the transaction is less than 25% of the net asset value of the Company, the price is determined by the Independent Directors to be fair to the Company; and
 - iii. particulars of each Principal Purchase of Portfolio Shares or Principal Sale of Replacement Portfolio Shares from/to the Company are disclosed in a note to the financial statements of the Company.

December 5, 2001.

"Paul Moore"

"Theresa McLeod"

2.1.5 L.E.H. Ventures Ltd. - Decision (ss. 9.1(1) and ss. 59(2))

Headnote

National Instrument 43-101 - relief granted from requirement contained in subsection 4.1(1) of National Instrument 43-101 to file technical report upon first becoming reporting issuer in Ontario - relief granted to CDNX issuer upon being deemed a reporting issuer as a consequence of significant connection to Ontario - issuer would not otherwise have to file a technical report - issuer's continuous disclosure record up to date including description of mineral projects.

Schedule I to Ontario Regulation 1015, R.R.O. 1990, as amended - relief granted from requirement to pay fee in connection with National Instrument 43-101 application above.

Rules Cited

National Instrument 43-101- Standards of Disclosure for Mineral Projects ss. 4.1(1), 9.1(1).

Regulations Cited

Ontario Regulation 1015, R.R.O. 1990, as amended, ss. 53(1), 59(2).

**IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, C. S. 5 AS AMENDED (the "Act"),
ONTARIO REGULATION 1015, R.R.O. 1990,
AS AMENDED (the "Regulation"),**

AND

**NATIONAL INSTRUMENT 43-101 STANDARDS OF
DISCLOSURE FOR MINERAL PROJECTS ("NI 43-101")**

AND

**IN THE MATTER OF
L.E.H. VENTURES LTD.**

DECISION

(Subsection 9.1(1) of NI 43-101 and
Subsection 59(2) of Schedule I to the Regulation)

WHEREAS L.E.H. VENTURES LTD. (the "Applicant") applied to the Director of the Ontario Securities Commission (the "Director") pursuant to subsection 9.1(1) of NI 43-101 for a decision that the Applicant be exempt from the requirement contained in subsection 4.1(1) of NI 43-101 to file a technical report upon first becoming a reporting issuer in Ontario and pursuant to subsection 59(2) of Schedule I to the Regulation for a decision that the Applicant be exempt from the requirement contained in subsection 53(1) of Schedule I to the Regulation to pay a fee in connection with this application;

AND WHEREAS the Applicant has represented to the Director that:

1. Securities of the Applicant are listed for trading on the Canadian Venture Exchange (the "CDNX").
2. The CDNX Corporate Finance Manual provides that, effective June 30, 2001, all issuers that are not otherwise reporting issuers in Ontario are required to immediately assess whether they have a "significant connection to Ontario", as defined in Policy 1.1 of the CDNX Corporate Finance Manual ("Significant Connection to Ontario").
3. The CDNX Corporate Finance Manual further provides that, where an issuer, that is not otherwise a reporting issuer in Ontario, becomes aware that it has a Significant Connection to Ontario, the issuer is required to promptly make a bona fide application to the Ontario Securities Commission (the "Commission") to be deemed a reporting issuer in Ontario.
4. The Applicant applied to the Commission pursuant to subsection 83.1(1) of the Act for an order that it be deemed to be a reporting issuer in Ontario by way of an application dated April 20, 2001.
5. Subsection 4.1(1) of NI 43-101 provides that, upon first becoming a reporting issuer in a Canadian jurisdiction, an issuer shall file with the regulator in that Canadian jurisdiction a current technical report for each property material to the issuer.
6. The Applicant does not have a current technical report or a recent National Policy Statement No. 2-A report and would not otherwise be required to file a technical report pursuant to NI 43-101 at this time except for having to become a reporting issuer in Ontario pursuant to the provisions of the CDNX Corporate Finance Manual.
7. The Applicant's continuous disclosure record is up to date and includes a description of the Applicant's mineral projects.

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

IT IS DECIDED pursuant to subsection 9.1(1) of NI 43-101 that the Applicant is exempt from subsection 4.1(1) of NI 43-101 upon being deemed to be a reporting issuer in Ontario;

IT IS FURTHER DECIDED pursuant to subsection 59(2) of Schedule I to the Regulation that the Applicant is exempt from the requirement contained in subsection 53(1) of Schedule I to the Regulation to pay a fee in connection with the making of this application.

December 6, 2001.

"John Hughes"

2.1.6 Bank of Montreal and BMO Nesbitt Burns Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a related issuer of a registrant which will act as lead underwriter in a distribution of securities of the Issuer - Registrant exempt from requirement in the Legislation that an independent underwriter underwrite a portion of the distribution at least equal to that underwritten by non-independent underwriters, subject to certain conditions.

Applicable Ontario Regulations

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

Applicable Ontario Rules

Proposed National Instrument 33-105 Underwriting Conflicts (2001), 24 OSCB 6451.

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

AND

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

AND

**IN THE MATTER OF
BANK OF MONTREAL**

AND

**BMO NESBITT BURNS INC.
MRRS DECISION DOCUMENT**

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Quebec and Newfoundland (the "Jurisdictions") has received an application from BMO Nesbitt Burns Inc. (the "Lead Underwriter" or the "Filer") for a decision, pursuant to the securities legislation (the "Legislation") of the Jurisdictions, that the requirement (the "Independent Underwriter Requirement") contained in the Legislation, which prohibits a registrant from acting as underwriter in connection with a distribution of securities of an issuer, made by means of prospectus, where the issuer is a "related issuer" (or the equivalent) of the registrant, or, in connection with the distribution, a "connected issuer" (or the equivalent) of the registrant, without certain required participation in the distribution by an underwriter, in respect of which the issuer is neither a related issuer (or the equivalent) of the registrant, nor, in connection with the distribution, a connected issuer (or the equivalent) of the registrant, shall not apply to the Filer in respect of the proposed offering (the "Offering") of Non-Cumulative Class B Preferred Shares, Series 10 (the

"Preferred Shares"), of Bank of Montreal (the "Issuer") to be made pursuant to a short form prospectus;

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

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

1. The Issuer is a Schedule I chartered bank governed by the *Bank Act* (Canada).
2. The Issuer is a reporting issuer under the Legislation of each Jurisdiction and is not in default of any requirement of the Legislation.
3. The Issuer proposes to issue and sell to the public the Preferred Shares. To that end, a short form preliminary prospectus qualifying the Offering (the "Preliminary Prospectus") will be filed on November 30, 2001 and a final short form prospectus (the "Prospectus") will be filed in all Canadian provinces and territories on or about December 7, 2001.
4. The Filer will underwrite a portion of the Offering that is larger than any other member of the underwriting syndicate.
5. The Filer is an indirect wholly-owned subsidiary of the Issuer, and is not a reporting issuer under the Act.
6. The Issuer is a "related issuer" (or the equivalent) to the Filer.
7. The nature and details of the relationship between the Issuer and the Filer is described in the Preliminary Prospectus and will be described in the Prospectus. The Preliminary Prospectus and Prospectus will contain the information specified in Appendix "C" of proposed National Instrument 33-105 *Underwriting Conflicts*.
8. The Filer will receive no benefits relating to the Offering other than the payment of its fees in connection therewith.
9. In connection with the Offering, and except for the Filer, the Issuer is neither a "related issuer" (or the equivalent) nor a "connected issuer" (or the equivalent) under the Legislation of any of the other underwriters (the "Independent Underwriters").
10. The Independent Underwriters as a group will underwrite the majority of the Offering, with one of the Independent Underwriters, CIBC World Markets Inc. (the "20% Underwriter"), underwriting at least 20% of the dollar value of the Offering. The 20% Underwriter will participate in the drafting of the Prospectus, the due diligence relating to the Offering and in the pricing of the Preferred Shares. The Preliminary Prospectus and Prospectus will identify the Independent Underwriters and disclose the participation of the 20% Underwriter in the drafting of the Prospectus, the pricing of the

Preferred Shares and in the due diligence relating to the Offering.

11. The certificate in the Preliminary Prospectus has been, and the certificate in the Prospectus will be, signed by the Lead Underwriter and each of the Independent Underwriters.

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 under the Legislation 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 Lead Underwriter in connection with the Offering, provided that:

- (a) the 20% Underwriter participates in the Offering as stated in paragraph 10 above; and
- (b) the Prospectus contains the disclosure stated in paragraphs 7 and 10 above.

December 5, 2001.

"Paul Moore"

"Lorne Morphy"

2.1.7 CIBC World Markets and Canadian Imperial Bank of Commerce - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a related issuer in respect of registrant that is underwriting proposed distribution of debt and equity securities by the issuer - Underwriter exempt from the independent underwriter requirement in the legislation, subject to conditions.

Applicable Ontario Regulations

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

Applicable Ontario Rules

Proposed National Instrument 33-105 *Underwriting Conflicts* (2001) 24 OSCB 6451.

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

AND

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

AND

**IN THE MATTER OF
CIBC WORLD MARKETS INC.**

AND

CANADIAN IMPERIAL BANK OF COMMERCE

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta, Québec and Newfoundland and Labrador (the "Jurisdictions") has received an application from CIBC World Markets Inc. (the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement (the "Independent Underwriter Requirement") contained in the Legislation which restricts a registrant from acting as an underwriter in connection with a distribution of securities by an issuer made by means of a prospectus, where the issuer is a connected issuer (or the equivalent) or a related issuer (or the equivalent) of the registrant unless a portion of the distribution at least equal to that portion underwritten by non-independent underwriters is underwritten by independent underwriters shall not apply to the Filer in respect of proposed distributions from time to time (individually an "Offering" and collectively the "Offerings") of Common Shares, Class A Preferred Shares, Class B Preferred Shares or unsecured debt securities (collectively, the "Securities") of Canadian Imperial Bank of

Commerce (the "Issuer"), pursuant to a short form base shelf prospectus (the "Prospectus") and prospectus supplements ("Prospectus Supplements") thereto;

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

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

1. The Issuer is a reporting issuer under the Legislation of each Jurisdiction and is not in default of any requirements of the Legislation.
2. The business of the Issuer is a diversified financial institution governed by the *Bank Act* (Canada).
3. The common shares of the Issuer are listed on The Toronto Stock Exchange.
4. The head office of the Filer is in Ontario.
5. The Issuer has filed a preliminary short form base shelf prospectus (the "Preliminary Prospectus") dated November 23, 2001 with the securities regulatory authority or regulator in each of the provinces and territories of Canada in accordance with the procedures set out in National Instrument 44-101 and National Instrument 44-102 and received an MRRS receipt for the Preliminary Prospectus pursuant to National Policy 43-201.
6. The Issuer will enter into an underwriting agreement with the Filer in respect of each Offering and at least one other registrant (an "Independent Underwriter") whereby the Issuer will agree to issue and sell, and the underwriters will agree to purchase, the Securities under such Offering. The Independent Underwriter will underwrite not less than the lesser of (a) 20 per cent of the dollar value of the Offering, and (b) the dollar value of the Offering underwritten by the Filer.
7. The Independent Underwriter in respect of an Offering will, at the time of such Offering, be an "independent underwriter" as defined in proposed National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105").
8. The Issuer will not be a "related issuer" or "connected issuer" (as those terms are defined in NI 33-105) of the Independent Underwriter.
9. By virtue of the Filer being a wholly-owned subsidiary of the Issuer, the Issuer is a "related issuer" (or the equivalent) of the Filer, or may, in connection with any Offering, be a "connected issuer" (or the equivalent) of the Filer.
10. The Filer will receive no benefit under the Offerings other than the payment of their fees in connection with the Offerings.
11. The nature and details of the relationship between the Issuer and the Filer will be described in each

Prospectus Supplement. Each Prospectus Supplement will contain the information specified in Appendix "C" of NI 33-105.

12. Each Prospectus Supplement will identify the Independent Underwriter and disclose the role of the Independent Underwriter in the structuring and pricing of the Offering made thereunder and in the due diligence activities performed by the Independent Underwriter.
13. Each Prospectus Supplement will contain the requisite certificate signed by each underwriter.

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

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers 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 Filer in connection with the Offerings provided that:

- (1) an underwriter that is an Independent Underwriter underwrites not less than the lesser of:
 - a) 20 per cent of the dollar value of the Offering, and
 - b) the dollar value of the Offering underwritten by the Filer;
- (2) an Independent Underwriter participates in each Offering as stated in paragraph 12 above; and
- (3) each Prospectus Supplement contains the disclosure stated in paragraphs 11 and 12 above.

December 7, 2001.

"Robert W. Davis"

"Paul M. Moore"

2.1.8 Pengrowth Energy Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a connected issuer, but not a related issuer, in respect of registrants that are underwriters in proposed distribution of trust units by the issuer - Underwriters exempt from the independent underwriter requirement in the legislation provided that issuer not in financial difficulty.

Applicable Ontario Regulations

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

Applicable Ontario Rules

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

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

AND

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

AND

IN THE MATTER OF
RBC DOMINION SECURITIES INC.,
BMO NESBITT BURNS INC.,
TD SECURITIES INC., CIBC WORLD MARKETS INC.,
NATIONAL BANK FINANCIAL INC.,
SCOTIA CAPITAL INC.,
AND HSBC SECURITIES (CANADA) INC.

AND

IN THE MATTER OF
PENGROWTH ENERGY TRUST

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Ontario, Quebec and Newfoundland and Labrador (the "Jurisdictions") has received an application from RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., TD Securities Inc., CIBC World Markets Inc., National Bank Financial Inc., Scotia Capital Inc. and HSBC Securities (Canada) Inc. (collectively the "Applicants") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement (the "Independent Underwriter Requirement") contained in the Legislation which restricts a registrant from acting as an underwriter in connection with a distribution of securities of an issuer made by means of prospectus, where the issuer is a

connected issuer of the registrant unless a portion of the distribution at least equal to that portion underwritten by non-independent underwriters is underwritten by an independent underwriter, shall not apply to the Applicants in respect of a proposed distribution (the "Offering") of trust units (the "Trust Units") of Pengrowth Energy Trust (the "Issuer") to be made by means of a short form prospectus (the "Prospectus");

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

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

1. The Issuer is a trust created and governed under the laws of the Province of Alberta. The head and principal office of the Issuer is in Alberta.
2. The Issuer purchases royalty units ("Royalty Units") issued by Pengrowth Corporation ("Pengrowth"), certain petroleum and natural gas facilities and other permitted investments and issues Trust Units to the public. Pengrowth acquires, owns and manages working interests and royalty interests in petroleum and natural gas properties. The holders of Trust Units are the beneficiaries of the Issuer. A Royalty Unit is a fractional undivided interest in the royalty income relating to the working interests and royalty interests held by Pengrowth from time to time in petroleum and natural gas properties.
3. The Issuer is a reporting issuer under the securities legislation of each of the provinces of Canada which has the concept of a reporting issuer and to the Underwriter's knowledge, is not in default of any requirement of the securities legislation of such provinces. The Issuer's outstanding Trust Units are listed on The Toronto Stock Exchange (the "TSE").
4. The Issuer has a market capitalization in excess of \$1,000,000,000.
5. As of November 29, 2001, there were 75,512,569 issued and outstanding Trust Units, which were posted for trading on the TSE.
6. The Applicants are members of a syndicate of underwriters (the "Underwriters") that is proposing to underwrite the Offering. The syndicate is comprised of Merrill Lynch Canada Inc., Canaccord Capital Corporation, Raymond James Ltd., Dundee Securities Corporation and FirstEnergy Capital Corp. (collectively, the "Independent Underwriters") and the Applicants. Each of the Underwriters is registered as a dealer in the categories of "broker" and "investment dealer" under the Legislation.
7. Pengrowth currently has credit facilities (collectively, the "Credit Facilities") with a syndicate of Canadian chartered banks (the "Banks") of which the Applicants are subsidiaries. As at the date hereof, \$412 million is

outstanding under the Credit Facilities. We are advised that Pengrowth is in compliance with the terms of the Credit Facilities. Further, one of the Applicants has agreed to provide a bridge facility in the amount of \$50 million.

8. The proceeds of the Offering, before deducting the Underwriters' fees and expenses of the Offering, are undetermined at this time. The proceeds will be used by the Issuer to subscribe for additional Royalty Units or will be loaned to Pengrowth. The funds will then be used by Pengrowth to repay existing indebtedness incurred to acquire petroleum and natural gas interests, as well as fund ongoing capital and operating activities.
9. In connection with the Offering and by virtue of the Credit Facilities, the Issuer may be considered a "connected issuer" (as defined in the Legislation) of the Applicants.
10. The Issuer is not a "related issuer" (as defined in the Legislation) of any of the Underwriters.
11. It is anticipated that the proportionate share of the Offering to be underwritten by each Underwriter is such that the Independent Underwriting Requirement will not be met.
12. The Issuer is not a "specified party" as defined in Proposed Multi-Jurisdictional Instrument 33-105, as published in February 1998 (the "1998 Draft Instrument").
13. The nature and details of the relationship between the Issuer, the Applicants and the Banks will be described in the preliminary short form prospectus (the "Preliminary Prospectus") and the Prospectus in compliance with Appendix C to the 1998 Draft Instrument.
14. The Applicants will receive no benefit relating to the Offering other than the payment of their fees in connection therewith.
15. The decision to issue the Trust Units, including the determination of the terms of the distribution, was made through negotiations between the Issuer and the Underwriters without involvement of the Banks.
16. The Issuer is in good financial condition, is not in financial difficulty, 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 indebtedness owing under the Credit Facilities.
17. The Preliminary Prospectus and the Prospectus will contain a certificate signed by each Underwriter in accordance with the requirements of the Legislation. Each Underwriter has participated in due diligence activities relating to the Offering.

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

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

THE DECISION of the Decision Makers, under the Legislation, is that the Independent Underwriter Requirement shall not apply to the Applicants in connection with the Offering, provided that the Issuer is not a related issuer, as defined in the 1998 Draft Instrument, to the Applicants at the time of the Offering and is not a specified party, as defined in the 1998 Draft Instrument, at the time of the Offering.

December 10, 2001.

"Paul M. Moore"

"R. Stephen Paddon"

2.1.9 Pioneer Companies, Inc. et al. - MRRS Decision

Headnote

MRRS - Exemption from the prospectus and registration requirements with respect to the distribution of securities by a U.S. issuer and its affiliates to certain creditors in connection with a plan of arrangement under the Companies Creditors Arrangement Act and Chapter 11 of the U.S. Bankruptcy Code, subject to certain conditions.

Statutes Cited

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

**IN THE MATTER OF
THE CANADIAN SECURITIES LEGISLATION
OF THE PROVINCES OF BRITISH COLUMBIA,
MANITOBA, QUEBEC, SASKATCHEWAN, ONTARIO,
NOVA SCOTIA AND NEW BRUNSWICK**

AND

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

AND

**IN THE MATTER OF PIONEER COMPANIES, INC.,
PCI CHEMICALS CANADA INC. AND
PIONEER CORPORATION OF AMERICA**

MRRS DECISION DOCUMENT

WHEREAS an application was received by the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Manitoba, Saskatchewan, Ontario, Quebec, Nova Scotia and New Brunswick (the "Jurisdictions") from PCI Chemicals Canada Inc. ("PCICC"), Pioneer Corporation of America ("PCA") and Pioneer Companies, Inc. (the "Applicant") for a decision pursuant to the securities legislation of the Jurisdiction (the "Securities Legislation") that the requirements contained in the Securities Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and a prospectus in respect of such security (the "Prospectus Requirement") shall not apply to (i) the proposed issuance, various exchanges and first trades of common shares, debt and debt securities, and to (ii) to the distributions made by the Disbursing Agent (as herein defined) to holders of claims, the whole pursuant to the Plans (as herein defined);

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

AND WHEREAS the Applicant, PCICC and PCA have represented to the Decision Makers that:

1. The Applicant, PCICC and PCA
 - (a) The Applicant is a corporation incorporated under the laws of the State of Delaware having its principal place of business at 700 Louisiana Street, Suite 4300, Houston, Texas 77002, U.S.A. and it is not a reporting issuer in the Jurisdictions.
 - (b) The outstanding shares of the Applicant's common stock were listed and posted for trading on the Nasdaq National Market.
 - (c) As of September 20, 2001, the issued capital of the Applicant consisted of 11,538,000 common shares.
 - (d) The Applicant is not, and has no intention of becoming a reporting issuer or the equivalent under the Securities Legislation of any of the Jurisdictions.
 - (e) The Applicant is a reporting company with the United States Securities and Exchange Commission (the "SEC"). The Applicant is subject to the reporting requirements of the Securities Act of 1933, as amended and is current in its reporting obligations thereunder.
 - (f) PCICC is a legal person duly constituted under the laws of New Brunswick, Canada having its chief executive office in the City of Montréal, in the Province of Québec. PCICC is the indirect wholly-owned subsidiary of the Applicant. PCICC operates three (3) production facilities in Canada, as well as a research facility.
 - (g) PCA, a wholly-owned subsidiary of the Applicant, is a corporation incorporated under the laws of the State of Delaware.
2. Background and Basis for the Application
 - (a) On July 31, 2001, the Applicant and certain of its U.S. subsidiaries and PCICC filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Bankruptcy Code. Also, on August 1, 2001, PCICC obtained an initial order of the Quebec Superior Court of Justice pursuant to the Companies' Creditors Arrangement Act ("CCAA").
 - (b) A plan of arrangement and compromise under the CCAA (the "CCAA Plan") and a plan of reorganization of the Applicant and certain of its U.S. subsidiaries (the "U.S. Plan" and, collectively with the CCAA Plan, the "Plans") were made and the relevant petitions were filed in order to implement an agreement with certain secured creditors for restructuring and reducing the obligations owed to them. The Plans provide for the exchange of approximately US\$552 million of outstanding indebtedness (plus accrued interest) for US\$200 million of new debt

and 97% of the New Common Stock as more fully described herein.

- (c) The Plans provide for a comprehensive recapitalization of the Applicant and its subsidiaries through the settlement of claims of their creditors in consideration of the issuance of shares of the common stock of the Applicant or of any of its successor by merger, consolidation or otherwise ("Reorganized PCI") (the "New Common Stock") and of the following securities: New Tranche A Term Notes (such notes are in an aggregate amount of \$US50 million and are to be issued by the applicable debtor incorporated in the U.S.), New Tranche B Notes (such notes are in aggregate amount of \$US150 million and are to be issued in an amount less than \$US150 million by PCICC), guarantees and 10,000,000 shares of the New Common Stock and such other securities that may be issued pursuant to the Plans, as amended (collectively with the New Common Stock referred to as the "Reorganization Securities").

- (d) Under the CCAA Plan, there are two (2) classes of creditors for voting purposes on the CCAA Plan, namely secured creditors (being the creditors whose claims are secured on PCICC's assets, other than its working capital asset) and a general class of unsecured creditors. Subject to amendments and to the approval by the required majority in each class, the distributions will be as follows:

Class 1:

Each secured creditor shall receive on account of his claim, his pro rata share of 57% of (i) the New Tranche A Term Notes; (ii) the New Tranche B Notes; and (iii) 9,700,000 shares of the New Common Stock, the whole as per the U.S. Plan;

Class 2:

Each unsecured creditor may elect to receive, in full satisfaction, settlement, release and discharge of and in exchange for his claim, either (i) the lesser of \$750 or the amount of his claim; or (ii) on account of his claim his pro rata share of 300,000 shares of the New Common Stock, the whole as per the U.S. Plan.

- (e) Holders of claims under the U.S. Plan are classified into eleven (11) classes as described in the U.S. Plan. Up until now, according to the available information, residents of Canada who are creditors of the Applicant are currently all holders of unsecured claims and fall under Class 8 of the U.S. Plan and, subject to the ability of holders of claims of \$750 to be paid in full, they should only receive distribution as below described.

Class 8 claim holders are holders of general unsecured claims who will receive their pro rata share of the New Common Stock which should be listed on the Nasdaq National Market with a par value per share of \$0.01.

- (f) The Applicant has agreed to use reasonable commercial efforts to cause the shares of the New Common Stock to be listed on Nasdaq National Market or on a national securities exchange.

- (g) Up until now, none of the secured creditors who will receive distribution under the U.S. Plan are currently residents of Canada. However, nothing shall prevent the transfer of securities, held by creditors who are not residents of Canada to Canadian residents prior to the implementation of the Plans. Consequently, if there were such secured creditors residing in Canada, they would receive distribution as described in the U.S. Plan.

- (h) There are over 960 unsecured creditors under the Plans of which over 120 are residing outside of Canada, over 285 are residents in Ontario, over 370 are residents of the Province of Quebec, over 94 are residents of the Province of New Brunswick, over 42 are residents of the Province of Nova Scotia, 9 are residents of the Province of Alberta, 4 are residents of the Province of British Columbia, 2 are residents of the Province Saskatchewan, and 1 is resident of the Province of Manitoba.

- (i) Holders of unsecured claims under the Plans (collectively, the "Unsecured Creditors") will receive 300,000 shares of the New Common Stock which shall be three percent (3%) of such shares issued and outstanding following implementation of the Plans.

- (j) Section 1145(a)(1) of the U.S. Bankruptcy Code, exempts the offer and sale of securities from registration under U.S. Federal and State securities laws if (1) the securities have been issued "under a plan" of reorganization by the debtor or its successor or by an affiliate participating in a joint plan of reorganization with the debtor, (2) the recipients of the securities hold a pre-petition or administrative expense claim against the debtor or an interest in the debtor, and (3) the securities are issued entirely in exchange for the recipient's claim against or interest in the debtor, or "principally" in such exchange and "partly" for cash or property. Section 1145(c) of the U.S. Bankruptcy Code deems any offer of sale of securities of the kind and in the manner specified in Section 1145(a)(1) to have been a public offering, and such securities will be freely transferable under the U.S. federal securities laws, subject to certain exceptions.

- (k) The Pioneer companies, Wells Fargo Bank Minnesota, National Association, Bank of New York Asset Solutions LLC, United States Trust Company of New York or its successor or any other trust or bank designated by the Pioneer Companies will act as disbursing agent ("Disbursing Agent") under the Plans with respect to all distributions to holders of claims. Such Disbursing Agent will make all distributions required to be distributed pursuant to the Plans. In return, each such Disbursing Agent will receive reasonable compensation for distribution services rendered under the Plans.
- (l) Creditors resident in the Jurisdictions have been provided with a copy of the CCAA Plan, and a Cross-Border Insolvency Protocol containing information specific to the Canadian proceedings and the U.S. proceedings and the disclosure material relating to the CCAA Plan that is provided to all other creditors and upon becoming a shareholder of Reorganized PCI, creditors resident in the Jurisdictions will be concurrently provided with the disclosure material relating to Reorganized PCI that is provided to holders of the New Common Stock resident in the United States.
- (m) At the time of any issuance of the New Common Stock under the Plans, holders of the New Common Stock whose last address as shown on the books of the Applicant is in Canada will not hold more than 10% of the total number of outstanding shares of the New Common Stock and will not represent in number more than 10% of the total number of holders of shares of the New Common Stock.
- (n) Prior to the actual implementation of the Plans, there may be preliminary steps which shall be taken in order to ensure that all creditors affected by the Plans receive the appropriate distributions under the Plans. Such preliminary steps may involve exchanges of Reorganization Securities between creditors of the various debtors (i.e., Pioneer companies) as described in the Plans.
- (o) Implementation of the Plans is subject to the approval of the creditors and of the United States and Canadian courts.
- (p) Implementation of the Plans is necessary for the financial survival of the Pioneer companies.

AND WHEREAS pursuant to the MRRS, 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 Securities 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 Securities Legislation is that the Registration and Prospectus Requirements contained in the Securities Legislation shall not apply to the issuance and various exchanges of the Reorganization Securities pursuant to the Plans and to the distribution made by the Disbursing Agent under the Plans provided that the first trade in the New Common Stock shall be deemed a distribution or primary distribution to the public under the Securities Legislation of such Jurisdiction unless:

- (a) Such trade occurs outside of Canada through the Nasdaq National Market; or
- (b) Such trade occurs on a stock exchange outside of Canada on which the New Common Stock are listed and posted for trading;

and further provided that the first trade in Reorganization Securities (other than the New Common Stock) shall be deemed to be a distribution or primary distribution to the public under the Legislation of such Jurisdiction (the "Applicable Legislation") unless:

- (c) At the time of the first trade, the issuer of the Reorganization Securities is and has been a reporting issuer or the equivalent under the Applicable Legislation for the 12 months immediately preceding the trade;
- (d) If the seller of the securities is an insider or officer of the issuer, the seller has no reasonable grounds to believe that the issuer of the Reorganization Securities is in default of any requirement of the Applicable Legislation;
- (e) Disclosure has been made to the Jurisdiction of the trade pursuant to which the seller initially acquired the security being sold;
- (f) No usual effort is made to prepare the market or create a demand for the Reorganization Securities being sold and no extraordinary commission or consideration is paid in respect of such trade; and
- (g) Except in Quebec, no trade from the holdings of a person or company or a combination of persons or companies holding a sufficient number of any securities of the issuer of the Reorganization Securities will be made as to affect materially the control of the issuer of the Reorganization Securities. For these purposes, the holding by any person or combination of persons of more than 20% of the voting securities of an issuer is deemed to affect materially the control of such issuer.

November 15, 2001.

"Guy Lemoine"

"Mark Rosenstein"

2.1.10 Canadian Real Estate Investment Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a connected, but not a related issuer in respect of registrants that are underwriters in a proposed distribution of trust units by the issuer - Underwriters exempt from the independent underwriter requirement in the legislation provided that certain disclosure of the relationship is made in the prospectus.

Ontario Regulations

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

Applicable Ontario Rules

Proposed National Instrument 33-105: Underwriting Conflicts (2001) 24 OSCB 6451.

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

AND

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

AND

**IN THE MATTER OF
RBC DOMINION SECURITIES INC.,
SCOTIA CAPITAL INC.,
TD SECURITIES INC.**

AND

**IN THE MATTER OF
CANADIAN REAL ESTATE INVESTMENT TRUST**

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Ontario, Quebec and Newfoundland (the "Jurisdictions") has received an application from RBC Dominion Securities Inc. ("RBC DS"), Scotia Capital Inc. ("Scotia Capital") and TD Securities Inc. ("TD Securities")(collectively the "Filers") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement (the "Independent Underwriter Requirement") contained in the Legislation which restricts a registrant from acting as an underwriter in connection with a distribution of securities of an issuer made by means of prospectus, where the issuer is a connected issuer (or the equivalent) of the registrant unless a portion of the distribution at least equal to that portion underwritten by non-independent underwriters is underwritten by an

independent underwriter, shall not apply to the Filers in respect of a proposed distribution (the "Offering") of units (the "Units") of Canadian Real Estate Investment Trust (the "Issuer"), pursuant to a short form prospectus (the "Prospectus");

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

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

1. The Issuer is a reporting issuer or its equivalent in each of the Jurisdictions and, to the Filers' knowledge, is not in default of any requirement of the Legislation.
2. The business of the Issuer is to invest in a diversified portfolio of income-producing real property investments used for retail, industrial, residential or office purposes in accordance with its investment policies and guidelines.
3. The Units of the Issuer are listed and posted for trading on The Toronto Stock Exchange and trade under the symbol "REF.UN".
4. The head office of RBC DS, the lead underwriter for the Offering, is in Toronto, Ontario.
5. The Issuer has filed a preliminary short form prospectus (the "Preliminary Prospectus") in the Jurisdictions.
6. The Filers along with CIBC World Markets Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc. and Raymond James Ltd. are proposing to act as underwriters in connection with the Offering.
7. The Issuer has a revolving credit facility of \$72.0 million (the "Bank Facility") currently established with three Canadian chartered banks (the "Banks") and an insurance company. Each of RBC DS, Scotia Capital and TD Securities are direct or indirect wholly-owned subsidiaries of one of the Banks. The net proceeds of the Offering may be used, in part, to repay the Bank Facility.
8. The nature of the relationship among the Issuer, the Filers and the Banks has been described in the Preliminary Prospectus and will be described in the Prospectus.
9. The Banks did not and will not participate in the decision to make the Offering or in the determination of its terms.
10. The Filers will not benefit in any manner from the Offering other than the payment of their underwriting fees in connection with the Offering.
11. By virtue of the fact that the Filers are each indirect wholly-owned subsidiaries of their respective Banks, the Issuer may, in connection with the Offering, be considered a connected issuer (or the equivalent) of each of the Filers.

12. The Issuer is not a related issuer (or the equivalent) of the Filers or of any of the other members of the underwriting syndicate.
13. The nature and details of the relationship between the Issuer and the Filers will be described in the Prospectus. The Prospectus will contain the information specified in Appendix "C" of Proposed National Instrument 33-105 Underwriting Conflicts (the "Proposed Instrument").
14. The Issuer is not in financial difficulty.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Filers shall be exempted from the Independent Underwriter Requirement contained in the Legislation in respect of the Offering, provided that:

- (a) at the time of the Offering, the Issuer is not a "related issuer" of a Filer as that term is defined in the Proposed Instrument; and
- (b) the Prospectus relating to the Offering contains disclosure of the relationship between the Issuer, the Filers; and the Banks as would be required under Appendix "C" of the Proposed Instrument.

December 4, 2001.

"Paul M. Moore"

"Lorne Morphy"

2.1.11 BMO Nesbitt Burns and 407 International Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a connected, but not a related issuer in respect of registrants that are underwriters in a proposed distribution of bonds by the issuer - Underwriters exempt from the independent underwriter requirement in the legislation provided that certain disclosure of the relationship is made in the prospectus.

Ontario Regulations

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

Applicable Ontario Rules

Proposed National Instrument 33-105: Underwriting Conflicts (2001) 24 OSCB 6451.

IN THE MATTER OF THE SECURITIES LEGISLATION OF ALBERTA, ONTARIO AND NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF BMO NESBITT BURNS INC.

AND

407 INTERNATIONAL INC.

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Ontario and Newfoundland (the "Jurisdictions") has received an application from BMO Nesbitt Burns Inc. (the "Filer") and 407 International Inc. ("407 International"), 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 prohibits a registrant from acting as underwriter in connection with a distribution of securities of an issuer, made by means of a prospectus, where the issuer is a "related issuer" (or the equivalent) of the registrant, or, in connection with the distribution, a "connected issuer" (or the equivalent) of the registrant without certain required participation in the distribution by one or more other registrants, in respect of which the issuer is neither a related issuer (or the equivalent) of the registrant, nor, in connection with the distribution, a connected issuer (or the equivalent) of the registrant, shall not apply to the Filer in respect of a proposed distribution (the

"Distribution") of Subordinated Bonds, Series 01-C2 (the "Series 01-C2 Bonds") of 407 International to be made by means of a prospectus (the "Prospectus") expected to be filed with the securities regulatory authority or regulator (the "Securities Regulators") in each of the provinces of Canada;

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

AND WHEREAS the Filer and 407 International have represented to the Decision Makers that:

1. 407 International was incorporated on March 17, 1999 under the provisions of the *Business Corporations Act* (Ontario), has its head office in the City of Toronto in the Province of Ontario and is a reporting issuer in each of the Jurisdictions.
2. 407 International was formed for the purpose of submitting a bid to the Government of the Province of Ontario (the "Province") in connection with the privatization of Highway 407 ETR by the Province. 407 International was selected as the successful bidder and on May 5, 1999 acquired from the Province, at a purchase price of approximately \$3.1 billion (the "Acquisition Cost"), all of the shares of 407 ETR Concession Company Limited (the "Concessionaire") (the company established by the Province to hold the concession rights in respect of Highway 407 ETR).
3. In preparing its bid for the Concessionaire, 407 International, under the guidance and with the advice of its financial advisors, determined that the optimal means of financing for 407 International would consist largely of a variety of capital market debt instruments. However, because of the competitive nature of the bidding process for Highway 407 ETR and the requirement of the Province that the successful bidder have in place prior to April 12, 1999 committed financing sufficient to satisfy the Acquisition Cost, 407 International initially financed the Acquisition Cost with bridge financing.
4. 407 International has established a "Capital Markets Platform" to provide a common security package and a common set of principal covenants for all lenders, whether capital market investors or members of the banking syndicate that provided bridge financing in respect of the Acquisition Cost.
5. To refinance the bridge financing of the Acquisition Cost, 407 International has completed (i) on July 27, 1999, an initial public offering of "A" rated senior bonds in an aggregate principal amount of \$1.1 billion, (ii) on August 20, 1999, a private placement of "A" rated senior bonds in an aggregate principal amount of \$650 million, (iii) on October 15, 1999, a public offering of "A" rated senior bonds in an aggregate principal amount of \$400 million, (iv) on February 2, 2000, a private placement of "A" rated senior bonds in an aggregate principal amount of \$325 million, which bonds were replaced on March 9, 2000 with "A" rated senior bonds qualified by prospectus, (v) on March 15, 2000, a public

offering of "A" rated exchangeable senior bonds in an aggregate principal amount of \$430 million, (vi) on May 31, 2000, a public offering of "BBB" rated subordinated bonds in an aggregate principal amount of \$300 million, (vii) on July 24, 2000, a public offering of "A-" rated junior bonds in the aggregate principal amount of \$165 million and (viii) on June 20, 2001, a public offering of "BBB" rated subordinated bonds in the aggregate principal amount of \$220,000,000.

6. In connection with the May 31, 2000 offering of subordinated bonds, on May 31, 2000 a portion of the bridge financing in respect of the Acquisition Cost was refinanced by 407 International with a subordinated term credit facility (the "Subordinated Term Credit Facility") provided by a syndicate of Canadian and foreign banks (the "Subordinated Facility Banks"). A portion of the indebtedness under the Subordinated Term Credit Facility will be represented by subordinated bonds issued to the Subordinated Facility Banks.
7. The Subordinated Facility Banks provided the Subordinated Term Credit Facility with the understanding that 407 International would refinance the Subordinated Term Credit Facility through publicly offered securities.
8. In connection with the Distribution, a Canadian chartered bank will provide 407 International with a short-term credit facility (the "Short-Term Credit Facility") which will be utilized by 407 International to repurchase those bonds issued under the Subordinated Term Credit Facility which are to be resold in the Distribution. The proceeds of the Distribution will be used to repay the indebtedness under the Short-Term Credit Facility.
9. The Filer will be the lead underwriter for the Distribution, and the underwriting syndicate also will also include RBC Dominion Securities Inc., Merrill Lynch Canada Inc., Scotia Capital Inc. and National Bank Financial Inc. The percentage of the offering to be underwritten by the Filer will be 55%. Members of the underwriting syndicate other than the Filer will underwrite not less than 20 percent of the dollar value of the offering. Such underwriters will be independent underwriters as defined in Proposed National Instrument 33-105 Underwriting Conflicts.
10. With respect to the Filer, 407 International is not a "related issuer", but is a "connected issuer" in connection with the Distribution, as such terms are defined in the Proposed National Instrument 33-105 Underwriting Conflicts because the Filer is a subsidiary of a Canadian chartered bank that is a member of the banking syndicate that has provided the Subordinated Term Credit Facility to 407 International and that will provide the Short-Term Credit Facility to 407 International.
11. The Filer is registered under the securities legislation of each of Alberta, Ontario and Newfoundland as an "investment dealer" and "broker" and under the securities legislation of British Columbia as an "investment dealer" and "underwriter".

12. The subordinated bonds issued by 407 International in the previous offering completed on June 20, 2001 received a "BBB" rating by Standard & Poors Rating Service and an equivalent rating from Dominion Bond Rating Service Limited and it is anticipated that the subordinated bonds to be issued in connection with the Distribution will receive similar ratings since 407 International has not issued additional debt since June 20, 2001 and is in good financial condition.
13. The Prospectus will contain the information specified in Section 2.1(1) and in Appendix "C" of the Proposed National Instrument 33-105, on the basis that 407 International is a "connected issuer" of the Filer, as such term is defined in the Proposed National Instrument 33-105.

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

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

The Decision of the Decision Makers pursuant to the Legislation is that, in connection with the Distribution, the Independent Underwriter Requirement shall not apply to the Filer provided that the Prospectus contains the information described in paragraph 13.

November 23, 2001.

"Howard Wetston"

"Lorne Morphy"

2.1.12 Cryptologic Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications. - Dutch Auction Issuer Bid - With respect to securities tendered at or below the clearing price, offer providing for full take-up and payment for shares tendered by odd lot holders - Offeror exempt from the requirement in the legislation to take up and pay for securities proportionately according to the number of securities deposited by each securityholder and the associated disclosure requirement - Offeror also exempt from the requirement to disclose the exact number of shares it intends to purchase - Offeror also exempt from the valuation requirement on the basis that there is a liquid market for the securities.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 95(7) and 104(2)(c).

Applicable Ontario Regulations

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 189(b) and item 9 of Form 33.

Applicable Ontario Rules

Rule 61-501 - Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions

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

AND

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

AND

**THE MATTER OF
CRYPTOLOGIC INC.**

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia (collectively, the "Jurisdictions") has received an application (the "Application") from CryptoLogic Inc. ("CryptoLogic") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that, in connection with the proposed purchase by CryptoLogic of a portion of its outstanding common shares ("Shares") pursuant to an issuer bid (the "Offer"), CryptoLogic be exempt from the requirements in the Legislation to:

1. take up and pay for securities proportionately according to the number of securities deposited by each securityholder (the "Proportionate Take-up and Payment Requirement"),
2. provide disclosure in the issuer bid circular (the "Circular") of such proportionate take-up and payment (the "Associated Disclosure Requirement"),
3. state the class and number of securities sought under the Offer (the "Number of Securities Requirement"), and
4. obtain a valuation of the Shares and provide disclosure in the Circular of such valuation, or a summary thereof (the "Valuation Requirement");

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

AND WHEREAS CryptoLogic has represented to the Decision Makers that:

1. CryptoLogic is a reporting issuer in each of the Jurisdictions (other than British Columbia) and is not on the list of defaulting reporting issuers maintained pursuant to such Legislation, where applicable. The head office of CryptoLogic is located in Toronto, Ontario.
2. The authorized capital of CryptoLogic includes an unlimited number of Shares, of which 13,183,579 Shares were issued and outstanding as at November 9, 2001.
3. The Shares are listed and posted for trading on the Toronto Stock Exchange and the NASDAQ Stock Market. On November 9, 2001, the day prior to the announcement of the Offer, the closing price of the Shares on the Toronto Stock Exchange was \$26.00 and on such date the Shares had an aggregate market value of approximately \$342 million, based on such closing price.
4. No person or company holds more than 10% of the Shares other than Andrew Rivkin who holds 1,775,000 Shares, as at November 12, 2001. CryptoLogic has been advised by Andrew Rivkin that he does not intend to tender any Shares to the Offer.
5. On November 12, 2001, CryptoLogic proposed to purchase approximately 1,000,000 Shares, representing approximately 7.6% of the outstanding Shares, through the Offer by way of the Circular.
6. The Offer has been made pursuant to a modified Dutch auction procedure as follows:
 - a. the Circular specifies that the aggregate number of Shares (the "Specified Number of Shares") that CryptoLogic intends to purchase under the Offer is 1,000,000, excluding any Shares that CryptoLogic intends to purchase in accordance

with the procedures described in subparagraph 6(j) below;

- b. the Circular specifies that the range of prices (the "Range") within which CryptoLogic is prepared to purchase Shares under the Offer is between \$25.00 and \$28.00;
- c. holders of Shares (the "Shareholders") wishing to tender to the Offer will be able to specify the lowest price within the Range at which they are willing to sell their Shares (an "Auction Tender");
- d. Shareholders wishing to tender to the Offer but who do not wish to make an Auction Tender may elect to be deemed to have tendered at the Clearing Price determined in accordance with subparagraph (e) below (a "Purchase Price Tender");
- e. the purchase price (the "Clearing Price") of the Shares tendered to the Offer and not withdrawn will be the lowest price that will enable CryptoLogic to purchase the Specified Number of Shares and will be determined based upon the number of Shares tendered and not withdrawn pursuant to an Auction Tender at each price within the Range and the number of Shares tendered and not withdrawn pursuant to a Purchase Price Tender, with each Purchase Price Tender being considered a tender at the lowest price in the Range for the purpose of calculating the Clearing Price;
- f. the aggregate amount that CryptoLogic will expend pursuant to the Offer will not be ascertained until the Clearing Price is determined;
- g. all Shares tendered and not withdrawn at or below the Clearing Price pursuant to an Auction Tender and all Shares tendered and not withdrawn pursuant to a Purchase Price Tender will be taken up and paid for at the Clearing Price, subject to proration if the aggregate number of Shares tendered and not withdrawn at or below the Clearing Price pursuant to Auction Tenders and the number of Shares tendered and not withdrawn pursuant to Purchase Price Tenders exceeds the Specified Number of Shares;
- h. all Shares tendered and not withdrawn at prices above the Clearing Price will be returned to Shareholders who so tender;
- i. in the event more than 1,000,000 Shares are tendered at or below the Clearing Price (an "Over-Subscription"), the Shares to be purchased will be pro rated from the Shares so tendered;
- j. in the event of an Over-Subscription, in order to avoid the creation of "odd lots" as a result of proration, the number of Shares to be purchased

from each shareholder who tenders at or below the Clearing Price will be increased as follows: in addition to the Specified Number, CryptoLogic will purchase an additional number of Shares at the Clearing Price from each tendering shareholder equal to the minimum number of Shares necessary such that the number of Shares not purchased from and returned to such Shareholder as a result of proration (the "Return Number") will be a whole multiple of 100, except that, if the Return Number for any such shareholder is less than 100, CryptoLogic will purchase from each such shareholder that number of Shares equal to the Return Number. Multiple tenders by the same shareholder will be aggregated for this purpose;

- k. in the event the bid is under-subscribed by the initial expiration date but all the terms and conditions thereof have been complied with except those waived by CryptoLogic, CryptoLogic may wish to extend the bid for at least 10 days, in which case CryptoLogic must first take up and pay for all Shares deposited thereunder and not withdrawn. In the event the bid is under-subscribed at the expiration date, there would be no proration among the tenders taken up and paid for at such time. However, by the time any extension is over, the bid may be oversubscribed, in which case CryptoLogic intends to pro-rate only among tenders received during the extension and after the original expiration date;
 - l. all Shares tendered and not withdrawn by Shareholders who specify a tender price for such tendered Shares that falls outside the Range will be considered to have been improperly tendered, will be excluded from the determination of the Clearing Price, will not be purchased by CryptoLogic and will be returned to Shareholders who have so tendered; and
 - m. all Shares tendered and not withdrawn by Shareholders who fail to specify any tender price for such tendered Shares and fail to indicate that they have tendered their Shares pursuant to a Purchase Price Tender will be considered to have been tendered pursuant to a Purchase Price Tender and will be dealt with as described in subparagraph (e) above.
7. Prior to the expiry of the Offer, all information regarding the number of Shares tendered and the prices at which such Shares are tendered will be kept confidential, and the depository will be directed by CryptoLogic to maintain such confidentiality until the Clearing Price is determined.
8. Since the Offer is for less than all the Shares, if the number of Shares tendered to the Offer at or below the Clearing Price and not withdrawn exceeds the Specified Number of Shares, the Legislation would require CryptoLogic to take up and pay for deposited Shares proportionately, according to the number of Shares

deposited by each Shareholder. In addition, the Legislation would require disclosure in the Circular that CryptoLogic would, if Shares tendered to the Offer and not withdrawn exceeded the Specified Number of Shares, take up such Shares proportionately according to the number of Shares tendered and not withdrawn by each Shareholder.

9. During the 12 months ended November 9, 2001:
- a. the number of outstanding Shares was at all times at least 5,000,000, excluding Shares that either were beneficially owned, directly or indirectly, or over which control or direction was exercised, by related parties with respect to CryptoLogic or were not freely tradeable;
 - b. the aggregate trading volume of the Shares on the TSE was at least 1,000,000 Shares;
 - c. there were at least 1,000 trades in Shares on the TSE; and
 - d. the aggregate trading value based on the price of the trades referred to in paragraph (c) was at least \$15,000,000.
10. The market value of the Shares on the TSE was at least \$75,000,000 for the month of October, 2001.
11. Taking into account the information contained in paragraphs 9 and 10 above, and because it is reasonable to conclude that, following completion of the Offer, there will be a market for the beneficial owners of Shares who do not tender to the Offer that is not materially less liquid than the market that exists at the time the Offer is made, CryptoLogic is able to rely upon the exemption from the Valuation Requirement in Ontario contained in section 3.4(3) of Ontario Securities Commission Rule 61-501 (the "Presumption of Liquid Market Exemption").
12. The Circular:
- a. discloses the mechanics for the take-up of and payment for, or the return of, Shares as described in paragraph 6 above;
 - b. explains that, by tendering Shares at the lowest price in the Range or pursuant to a Purchase Price Tender, a Shareholder can reasonably expect that the Shares so tendered will be purchased at the Clearing Price, subject to proration as described in paragraph 6 above;
 - c. discloses the facts supporting CryptoLogic's reliance on the Presumption of Liquid Market Exemption.

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 in the Jurisdictions pursuant to the Legislation is that, in connection with the Offer, CryptoLogic is exempt from the Proportionate Take-up and Payment Requirement, the Associated Disclosure Requirement, the Number of Securities Requirement and the Valuation Requirement, provided that Shares tendered to the Offer and not withdrawn are taken up and paid for, or returned to the Shareholders, in the manner and circumstances described in paragraph 6 above.

December 10, 2001.

"Paul M. Moore"

"Robert W. Korthals"

2.1.13 Grey Wolf Exploration Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - corporation deemed to have ceased to be a reporting issuer as all of its issued and outstanding securities are held, either directly or indirectly, by another issuer.

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

**IN THE MATTER OF
GREY WOLF EXPLORATION INC.**

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in Alberta and Ontario (the "Jurisdictions") has received an application from Grey Wolf Exploration Inc. ("Grey Wolf") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Grey Wolf be deemed to have ceased to be a reporting issuer under the Legislation;
2. **AND WHEREAS** under the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Alberta Securities Commission is the principal regulator for this application;
3. **AND WHEREAS** Grey Wolf has represented to the Decision Makers that:
 - 3.1 on December 31, 1993, Cascade Oil & Gas Ltd. and Index Petroleums Ltd. amalgamated (the "Amalgamation") under the provisions of the *Business Corporations Act* (Alberta) (the "ABCA") to form Cascade Oil & Gas Ltd. ("Cascade");
 - 3.2 on June 11, 1998 Cascade changed its name to Grey Wolf;
 - 3.3 Grey Wolf's head office is located in Calgary, Alberta;
 - 3.4 Grey Wolf is a reporting issuer in the Jurisdictions and became a reporting issuer in

Alberta on December 31, 1993 as a result of the Amalgamation;

- 3.5 Grey Wolf is not in default of any of the requirements of the Legislation;
 - 3.6 the authorized capital of Grey Wolf consists of an unlimited number of common shares (the "Common Shares") of which, as of July 13, 2001, there were 12,804,628 Common Shares outstanding;
 - 3.7 Abraxas Acquisition Corporation ("AcquisitionCo"), a wholly-owned subsidiary of Abraxas Petroleum Corporation ("Abraxas"), was incorporated on May 31, 2001 under the ABCA;
 - 3.8 AcquisitionCo was incorporated for the sole purpose of acquiring the outstanding Common Shares not held by Abraxas or Canadian Abraxas Petroleum Limited;
 - 3.9 on August 1, 2001 AcquisitionCo mailed a take-over bid circular to all holders of the Common Shares (the "Offer");
 - 3.10 following the Offer, the AcquisitionCo commenced compulsory acquisition proceedings under the provisions of the ABCA and on October 25, 2001, AcquisitionCo became the sole holder of the Common Shares;
 - 3.11 the Common Shares were de-listed from The Toronto Stock Exchange on October 3, 2001 and no securities of Grey Wolf are listed or quoted on any exchange or market;
 - 3.12 other than the outstanding Common Shares, there are no securities of Grey Wolf, including debt securities, outstanding;
 - 3.13 Grey Wolf does not intend to seek public financing by way of an offering of its securities;
4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
 5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
 6. **THE DECISION** of the Decision Makers under the Legislation is that Grey Wolf is deemed to have ceased to be a reporting issuer under the Legislation.

November 19, 2001.

"Patricia M. Johnston"

2.2 Orders

2.2.1 Sceptre Investment Counsel Limited - s.144

Headnote

Section 144 - partial revocation of cease trade order granted to permit trades solely for the purpose of establishing a tax loss for income tax purposes in accordance with OSC Policy 57-602.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am. ss. 6(3) 127 and 144.

Policies Cited

OSC Policy 57-602.

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

AND

**IN THE MATTER OF
SCEPTRE INVESTMENT COUNSEL LIMITED**

**ORDER
(Section 144)**

WHEREAS the securities of Golden Maritime Resources Ltd. ("GMR") are subject to a cease trade order of the Ontario Securities Commission (the "Commission") dated July 26, 2000 (the "Cease Trade Order") and an extended order dated August 8, 2000 (the "Extended Order"); pursuant to section 127 of the Act;

AND WHEREAS Sceptre Investment Counsel Limited ("Sceptre") has made application to the Commission, pursuant to section 144 of the Act and Ontario Securities Commission Policy 57-602, for an order granting partial relief from the Cease Trade Order and the Extended Order to permit Sceptre to dispose of 670,000 common shares of GMR (the "GMR Shares") for the sole purpose of establishing a tax loss;

AND WHEREAS the GMR Shares form part of a mutual fund (the "Fund") managed by Sceptre, and Sceptre, as investment advisor, desires to dispose of the GMR Shares to Merrill Lynch Canada Inc. ("Merrill Lynch"), for total consideration of \$1.00, solely for the purpose of establishing a tax loss in respect of the Fund, which tax loss will flow through to each unitholder of the Fund (the "Disposition");

AND WHEREAS Ontario Securities Commission Policy 57-602 provides that the Commission is prepared to vary an outstanding cease trade order to permit the disposition of securities subject to the cease trade order for the purpose of establishing a tax loss where the Commission is satisfied that the disposition is being made, so far as the securityholder is concerned, solely for the purpose of that securityholder establishing a tax loss and provided that the securityholder

provides the purchase with a copy of the cease trade order and the variation order.

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

AND UPON Sceptre having represented to the Commission that:

1. Sceptre acquired the GMR Shares prior to the issuance of the Cease Trade Order;
2. Sceptre proposes to dispose of the GMR Shares solely for the purpose of establishing a tax loss in respect of such Disposition; and
3. Sceptre will provide Merrill Lynch with a copy of the Cease Trade Order, the Extended Order and the variation order requested;

AND UPON the Commission being of the opinion that the completion of the Disposition would not be prejudicial to the public interest;

IT IS ORDERED pursuant to section 144 of the Act that Sceptre be granted partial relief from the Cease Trade Order and the Extended Order to permit the Disposition, and that the Cease Trade Order and the Extended Order shall otherwise remain in effect, unamended except as provided herein.

December 5, 2001.

John E. Hughes"

2.2.2 Payment Services Interactive Gateway Corp. - ss. 83.1(1)

Headnote

Reporting issuer in British Columbia and Alberta that is listed on CDNX deemed to be a reporting issuer in Ontario. Significant connection to Ontario - mind and management in Ontario and 93.6% of outstanding common shares held by residents at Ontario.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as amended, ss.83.1(1)

Policies Cited

Policy 12-602 Deeming an issuer from certain other Canadian Jurisdictions to be a Reporting Issuer in Ontario (2001) 24 OSCB 1531

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

AND

**IN THE MATTER OF
PAYMENT SERVICES INTERACTIVE GATEWAY CORP.**

**ORDER
(Subsection 83.1(1))**

UPON the application of Payment Services Interactive Gateway Corp. ("Psigate" or the "Corporation") for an order pursuant to subsection 83.1(1) of the Act deeming Psigate to be a reporting issuer for the purposes of Ontario securities law;

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

AND UPON Psigate representing to the Commission as follows:

1. Psigate was incorporated on July 17, 1997 under the *Business Corporations Act* (Alberta) as "747533 Alberta Inc." Articles of Amendment dated July 7, 1998 changed the name of the Corporation to "Corona Investments Inc." By Articles of Amendment dated September 7, 2000, the Corporation's name was changed to "Payment Services Interactive Gateway Corp".
2. Psigate's head office is located at 2675 - 6 Millcreek Drive, Mississauga, Ontario, L5N 5V2. The address for the registered and records office of Psigate is 3rd Floor, 14505 Bannister Road S.E. Calgary, Alberta T2X 3J3.
3. Psigate became a reporting issuer under the *Securities Act* (Alberta) (the "Alberta Act") on December 24, 1998. The Corporation was deemed to be a reporting issuer under the *Securities Act* (British Columbia) (the "British

Columbia Act") on November 29, 1999, upon the amalgamation of the Vancouver Stock Exchange and the Alberta Stock Exchange forming the Canadian Venture Exchange ("CDNX").

4. Prior to completion of its Qualifying Transaction, as defined by the CDNX Policy 2.4 *Capital Pool Companies*, ("Qualifying Transaction") on October 31, 2000, the Corporation's shares traded, as a junior capital pool company, on CDNX under the symbol "CNV".
5. Psigate has maintained its continuous disclosure obligations under the Alberta Act since July 6, 1998 and under the British Columbia Act since November 29, 1999. These disclosure requirements are substantially similar to those under the Act. The continuous disclosure materials filed by Psigate since July 6, 1998 are available on the System for Electronic Document Analysis and Retrieval ("SEDAR").
6. Psigate's authorized share capital consists of an unlimited number of common shares, an unlimited number of preferred shares and an unlimited number of second preferred shares. As of August 22, 2001, the issued and outstanding share capital consisted only of 34,390,000 common shares.
7. Psigate's Common Shares are currently listed on CDNX under the trading symbol "PMC". Psigate is not in default of any of the requirements of the CDNX.
8. Psigate is not on the lists of defaulting reporting issuers maintained pursuant to the British Columbia Act or the Alberta Act.
9. Psigate is not a reporting issuer in Ontario, and is not a reporting issuer, or equivalent, in any other jurisdiction, except British Columbia and Alberta.
10. Psigate has a significant connection to Ontario in that: (i) the mind and management of Psigate is in Ontario principally because Anthony Palumbo, the President, Chief Executive Officer and a Director of Psigate and Robert Fenos, Executive Vice President and a Director of Psigate, are resident in Ontario and (ii) approximately 93.6% of the outstanding common shares of Psigate are held by Ontario residents.
11. Psigate has not been subject to any penalties or sanctions imposed against Psigate by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, and has not entered into any settlement agreement with any Canadian securities regulatory authority.
12. To the knowledge of management of Psigate, Psigate has not been the subject of any enforcement actions by the Alberta or British Columbia securities commission or by CDNX.
13. Neither Psigate nor any of its officers, directors or any controlling shareholder has (i) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian

securities regulatory authority, (ii) entered into a settlement agreement with a Canadian securities regulatory authority or (iii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

14. Neither Psigate nor any of its officers, directors, nor to the knowledge of Psigate, its officers and directors, any of its controlling shareholders, is or has been subject to: (i) any known ongoing or concluded investigations by: (a) a Canadian securities regulatory authority, or (b) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.
15. None of the officers or directors of Psigate, nor to the knowledge of Psigate, its officers and directors, any of its controlling shareholders, is or has been at the time of such event an officer or director of any other issuer which is or has been subject to: (i) any cease trade or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

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

IT IS HEREBY ORDERED pursuant to section 83.1(1) of the Act that Psigate be deemed a reporting issuer for the purposes of Ontario securities law.

November 26, 2001.

"Margo Paul"

2.2.3 L.E.H. Ventures Ltd. - ss. 83.1(1)

Headnote

Subsection 83.1(1) - CDNX issuer deemed to be reporting issuer in Ontario.

Statutes Cited

Ontario Securities Act, R.S.O 1990, c. S.5, as amended, section 83.1(1).

Policies Cited

OSC Policy 12-602 - Deeming an Issuer in Certain other Canadian Jurisdictions to be a Reporting Issuer in Ontario.

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

AND

**IN THE MATTER OF
L.E.H. VENTURES LTD.**

**ORDER
(Subsection 83.1(1))**

UPON the application of L.E.H. Ventures Ltd. ("L.E.H.") for an order pursuant to subsection 83.1(1) of the Act deeming L.E.H. to be a reporting issuer for the purposes of Ontario securities law;

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

AND UPON L.E.H. representing to the Director as follows:

1. L.E.H. is a corporation incorporated under the *Company Act* (British Columbia) on July 17, 1981 under the name "O.P. Resources Ltd.". It changed its name to "L.E.H. Ventures Ltd." by Certificate of Change of Name issued by the Registrar of Companies on February 15, 1994.
2. L.E.H.'s head office is located at Suite 206 - 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6.
3. The authorized share capital of L.E.H. consists of 100,000,000 common shares without par value, of which 10,566,520 common shares are issued and outstanding as of April 9, 2001.
4. As of March 27, 2001, L.E.H. had registered shareholders whose last address on L.E.H.'s register of shareholders was in Ontario who collectively held 590,875 common shares of L.E.H. or approximately 5.6%, excluding shares held by CDS & Co.
5. L.E.H. has been a reporting issuer under the *Securities Act* (British Columbia) (the "BC Act") since April 6, 1983

and became a reporting issuer under the *Securities Act* (Alberta) (the "Alberta Act") on November 26, 1999 as a result of the merger of the Vancouver Stock Exchange and the Alberta Stock Exchange to form the Canadian Venture Exchange ("CDNX"). L.E.H. is not in default of any requirements of the BC Act or the Alberta Act.

6. L.E.H. is not a reporting issuer or public company under the securities legislation of any other jurisdiction in Canada.
7. The continuous disclosure requirements of the BC Act and the Alberta Act are substantially the same as the requirements under the Act.
8. The continuous disclosure materials filed by L.E.H. under the BC Act since November 1997 and under the Alberta Act since November 1999 are available on the System for Electronic Document Analysis and Retrieval.
9. The common shares of L.E.H. are listed on Tier 2 of CDNX.
10. Neither L.E.H. nor any of its officers, directors, nor any of its shareholders holding sufficient securities of L.E.H. to affect materially the control of L.E.H., is or has been subject to: (i) any known ongoing or concluded investigations by: (a) a Canadian securities regulatory authority, or (b) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee within the preceding 10 years.
11. None of the officers or directors of L.E.H., nor any of its shareholders holding sufficient securities of L.E.H. to affect materially the control of L.E.H., is or has been at the time of such event, an officer or director of any other issuer which is or has been subject to: (i) any cease trade or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.
12. Neither L.E.H. nor any of its officers, directors, nor any of its shareholders holding sufficient securities of L.E.H. to affect materially the control of L.E.H. has: (i) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority; (ii) entered into a settlement agreement with a Canadian securities regulatory authority; or (iii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

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

IT IS HEREBY ORDERED pursuant to subsection 83.1(1) of the Act that L.E.H. be deemed a reporting issuer for the purpose of the Act.

December 6, 2001.

"John Hughes"

**2.2.4 East West Resource Corporation - ss.
83.1(1)**

Headnote

Subsection 83.1(1) - issuer deemed to be a reporting issuer in Ontario - issuer has been a reporting issuer in British Columbia since March 5, 1981 and in Alberta since November 26, 1999 - issuer listed and posted for trading on the Canadian Venture Exchange - continuous disclosure requirements of British Columbia and Alberta substantially similar to those of Ontario.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am. S. 83.1(1).

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

AND

**IN THE MATTER OF
EAST WEST RESOURCE CORPORATION**

**ORDER
(Subsection 83.1(1))**

UPON the application of East West Resource Corporation ("East West") for an order pursuant to subsection 83.1(1) of the Act deeming East West to be a reporting issuer for the purposes of Ontario securities law;

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

AND UPON East West having represented to the Commission as follows:

1. East West is a corporation existing under and governed by the *Company Act* (British Columbia).
2. East West has been a reporting issuer under the *Securities Act* (British Columbia) (the "BC Act") since March 5, 1981, and became a reporting issuer under the *Securities Act* (Alberta) (the "Alberta Act") on November 26, 1999 as a result of the merger of the Vancouver Stock Exchange and the Alberta Stock Exchange to form the Canadian Venture Exchange (the "CDNX").
3. East West is not in default of any of the requirements of the BC Act or the Alberta Act.
4. East West is not a reporting issuer in Ontario or in any other jurisdiction, other than B.C. and Alberta.
5. The capital stock of East West consists of 100,000,000 common shares without par value.
6. As at June 18, 2001, 36,671,040 common shares, options to purchase 3,642,000 common shares, warrants to purchase 4,852,619 common shares, and

1,333,334 special warrants of East West were outstanding.

7. The common shares of East West are listed on the Canadian Venture Exchange (the "CDNX") and East West is in compliance with all requirements of the CDNX.
8. The continuous disclosure requirements of the BC Act are substantially the same as the requirements under the Act.
9. The continuous disclosure materials filed by East West under the BC Act are available on the System for Electronic Document Analysis and Retrieval.
10. East West has not been subject to any penalties or sanctions imposed against Dragon by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, and has not entered into any settlement agreement in connection therewith.
11. Neither any officer or director of East West, nor, to the knowledge of East West, its officers and directors, any shareholder of East West holding sufficient securities of East West to affect materially the control of East West, has:
 - (i) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or entered into a settlement agreement with a Canadian securities regulatory authority; nor
 - (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.
12. None of East West, any officer or director of East West, nor, to the knowledge of East West, its officers and directors, any shareholder of East West holding sufficient securities of East West to affect materially the control of East West, has been subject to:
 - (i) any known ongoing or concluded investigations by: (a) a Canadian securities regulatory authority; or (b) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; nor
 - (ii) any bankruptcy or insolvency proceedings, or other proceedings arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding ten (10) years.
13. No other reporting issuer, or equivalent, of which any director or officer of East West or, to the knowledge of East West, its officers and directors, a shareholder holding sufficient securities of East West to affect

materially the control of East West, was a director or officer of at the time of such event have been the subject of:

- (i) any cease trade or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding ten (10) years; and
 - (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or been the subject of the appointment of a receiver, receiver-manager or trustee, within the preceding ten (10) years; and
14. East West seeks to become a reporting issuer in Ontario because it has a significant connection to Ontario since greater than 20% of East West's common shares are beneficially held by residents of Ontario.

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

IT IS HEREBY ORDERED pursuant to subsection 83.1(1) of the Act that East West is deemed to be a reporting issuer for the purposes of Ontario securities law.

December 5, 2001.

"John Hughes"

2.2.5 Teodosio Vincent Pangia et al.

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

AND

**IN THE MATTER OF
TEODOSIO VINCENT PANGIA,
AGOSTINO CAPISTA AND DALLAS/NORTH GROUP INC.**

ORDER

WHEREAS on October 22, 2001 a Notice of Hearing and Statement of Allegations were issued against Teodosio Vincent Pangia, Agostino Capista and Dallas/North Group Inc. (the "Respondents");

AND WHEREAS counsel for Staff of the Ontario Securities Commission (the "Commission") and counsel for the Respondents have agreed that a prehearing be held on Tuesday, April 30, 2002 and that counsel attend before the Commission on Monday, May 6, 2002 to set a date for the hearing of this matter;

IT IS HEREBY ORDERED that a prehearing be conducted on Tuesday, April 30, 2002, and that counsel attend before the Commission on Monday, May 6, 2002 to set a date for the hearing of this matter.

December 7, 2001.

"Howard Wetston"

2.3 Rulings

2.3.1 Canadian Pacific Limited, et al. - ss. 59(1)

Headnote

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

Statute Cited

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

Regulation Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 23, 28 and 59(1) of Schedule 1.

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

AND

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

AND

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

RULING

(Subsection 59(1) of Schedule 1 to the Regulation)

UPON the application (the "Application") of Canadian Pacific Limited ("CPL") to the Ontario Securities Commission (the "Commission") for an order pursuant to subsection 59(1) of Schedule 1 to the Regulation (the "Schedule") that CPL and each of the Newcos (as hereinafter defined) be exempt from fees payable pursuant to section 28 of the Schedule in connection with the plan of arrangement pursuant to section 192 of the *Canada Business Corporations Act* (the "Arrangement") involving, among others, CPL, its shareholders and optionholders and the Newcos;

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

AND UPON CPL having represented to the Commission that:

1. CPL is a corporation incorporated under the *Canada Business Corporations Act* (the "CBCA");
2. prior to the Arrangement, the authorized capital of CPL included an unlimited number of common shares ("CPL Common Shares") and an unlimited number of Series A preferred shares (the "CPL Preferred Shares");
3. as of July 31, 2001, there were 316,368,470 CPL Common Shares, 2,473,045 options to purchase CPL Common Shares ("CPL Options") and 8,800,000 CPL Preferred Shares outstanding;
4. prior to the Arrangement, the CPL Common Shares were listed and posted for trading on The Toronto Stock Exchange (the "TSE") and the New York Stock Exchange, and the CPL Preferred Shares were listed and posted for trading on the TSE;
5. CPL was a reporting issuer or the equivalent in each Jurisdiction where such a concept exists and had been for a period in excess of twelve months prior the Arrangement;
6. prior to the Arrangement, CPL had business interests in five main areas consisting of shipping, railways, hotels, mining of coal and mineral interests, and oil and gas, which were held and operated through CP Ships Holdings Inc. ("CP Ships"), Canadian Pacific Railway Company ("CP Rail"); Canadian Pacific Hotels & Resorts Inc. ("CP Hotels"), Fording Corporation (formerly Fording Inc.) ("Fording") and PanCanadian Petroleum Limited ("PanCanadian"), respectively;
7. CPL had proposed the Arrangement, under the provisions of the CBCA, in order to transfer the businesses represented by CPL's interests in CP Ships, CP Rail, CP Hotels, Fording and PanCanadian to the holders of CPL Common Shares;
8. under the Arrangement:
 - a. the holders of CPL Common Shares received common shares of PanCanadian Energy Corporation, Canadian Pacific Railway Limited, CP Ships Limited and Fording Inc. (formerly Fording Arrangement Inc.) (collectively the "Newcos") and a new common share in CPL, which was renamed Fairmont Hotels & Resorts Inc.;
 - b. the holders of CPL Options exchanged them for a specified number of options to purchase common shares of each of the Newcos;
 - c. holders of CPL Preferred Shares exchanged each CPL Preferred Share for \$26 together with all accrued and unpaid dividends to but not including October 1, 2001;
 - d. holders of common shares of PanCanadian, other than CPL and its affiliates, received common shares of PanCanadian Energy Corporation ("PanCanadian Energy"); and

- e. holders of options to purchase common shares of PanCanadian exchanged them for a specified number of options to purchase common shares of PanCanadian Energy;
9. the Arrangement, and the steps leading up to the Arrangement, involved various trades of various classes of securities of CPL, PanCanadian, CP Ships, CP Rail, CP Hotels, Fording, the Newcos and various holding companies (collectively, the "Trades");
10. each of the Trades that occurred in Ontario was made in reliance upon the exemptions granted by the Commission pursuant to a decision document dated September 21, 2001;
11. on September 26, 2001, holders of CPL Common Shares approved the Arrangement;
12. on September 28, 2001 CPL received a Final Order from the Court of Queen's Bench of Alberta approving the Arrangement;
13. the Arrangement became effective on October 1, 2001;
14. none of CPL or the Newcos received any proceeds from the distribution of securities pursuant to the Arrangement;
15. the Arrangement did not result in a change in the beneficial ownership of the securities of or held by CPL or Pan Canadian immediately prior to the Arrangement;

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 CPL and the Newcos shall be exempt from the payment of fees pursuant to section 28 of the Schedule in respect of the distribution of securities of CPL and the Newcos pursuant to the Arrangement.

November 30, 2001.

"Paul Moore"

"Lorne Morphy"

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Chapter 3

Reasons: Decisions, Orders and Rulings

THERE IS NO MATERIAL FOR THIS CHAPTER
IN THIS ISSUE

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Extending & Rescinding Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
Advantexcel.com Communications Corp.	23 Nov 01	5 Dec 01	6 Dec 01	-
Gram Minerals Corp.	26 Nov 01	10 Dec 01	10 Dec 01	-
Pacific Consolidated Resources Corp.	28 Nov 01	10 Dec 01	10 Dec 01	-
Hammond Power Solutions Inc.	6 Dec 01	18 Dec 01	-	6 Dec 01
Glimmer Resources Inc. Image Sculpting International Inc.	6 Dec 01	18 Dec 01	-	-
Big Hammer Group Inc. Marine Mining Corp. MTW Solutions Online Inc.	7 Dec 01	19 Dec 01	-	-
Atapa Minerals Limited	11 Dec 01	21 Dec 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	-

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
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	-	18 Oct 01
Aquarius Coatings Inc.	23 Aug 01	05 Sep 01	06 Sep 01	9 Oct 01	-
Primenet Communications Inc.	29 Aug 01	11 Sep 01	11 Sep 01	-	26 Oct 01
Unirom Technologies Inc.	30 Aug 01	12 Sep 01	12 Sep 01	-	19 Oct 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	31 Oct 01	-
Diadem Resources Ltd.	23 Oct 01	5 Nov 01	5 Nov 01	-	-
Armistice Resources Limited	21 Nov 01	04 Dec 01	4 Dec 01	-	-
CTM Cafes Inc.	23 Nov 01	06 Dec 01	6 Dec 01	-	-
Titan Employment Services Ltd.	27 Nov 01	10 Dec 01	-	10 Dec 01	-
RX Neutraceuticals Corp.	29 Nov 01	12 Dec 01	-	-	-
Explorers Alliance Corporation	7 Dec 01	20 Dec 01	-	-	-

Chapter 5

Rules and Policies

5.1 Rules

5.1.1 Amendment to OSC Rule 51-501

AMENDMENT TO ONTARIO SECURITIES COMMISSION RULE 51-501 AIF AND MD&A

PART 1 AMENDMENT

1.1 Amendment - Rule 51-501 AIF and MD&A is amended by deleting subsection 2.1(4) and substituting for that subsection

"(4) Despite subsection (1), an issuer that files an AIF under subsection (3) shall file the AIF by the earlier of

- (i) within 140 days after the end of its financial year, and
- (ii) as nearly as practicable contemporaneously with the filing of the Form 10-K or Form 20-F with the SEC."

PART 2 EFFECTIVE DATE

2.1 Effective Date - This Amendment comes into force on December 31, 2001.

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Chapter 6

Request for Comments

6.1 Request for Comments

6.1.1 Notice of Proposed Changes - Proposed National Instrument 81-104 and 81-104CP Commodity Pools

NOTICE OF PROPOSED CHANGES

PROPOSED NATIONAL INSTRUMENT 81-104 AND PROPOSED COMPANION POLICY 81-104CP

COMMODITY POOLS

Notice of Proposed Changes

The Commission (we), together with the other members of the Canadian Securities Administrators (the CSA), have made changes to proposed National Instrument 81-104 Commodity Pools and proposed Companion Policy 81-104CP (the proposed National Instrument and the proposed Companion Policy or the proposed instruments) and are effective today publishing for comment a revised version of these proposed instruments.

We made changes primarily in response to comments received on the last versions of the proposed instruments published for comment in June 2000. We describe the most significant changes in this Notice and invite you to comment on them. You should provide your comments within the comment period and in the manner described below.

We intend to review any comments received and finalize the proposed National Instrument and Companion Policy as expeditiously as possible after the end of this comment period.

Background

The proposed National Instrument and Companion Policy are initiatives of the CSA and in Ontario reformulate OSC Policy Statement No. 11.4 - Commodity Pool Programs ("Policy 11.4"). These proposed instruments will regulate "commodity pools" (as that term is defined in the proposed National Instrument) which are specialized forms of mutual funds.

Pending the proposed National Instrument and Companion Policy coming into force, Policy 11.4 operates as a guideline for commodity pools in Ontario. If and when the proposed National Instrument and Companion Policy come into force, we will rescind Policy 11.4.

The CSA first published the proposed instruments for comment in June 1997¹ and received one comment letter during that comment period. The CSA published a revised

version of the proposed instruments in June 2000² after consultation with commodity pool managers and distributors of commodity pools. We asked for comments on the changes made to the June 1997 version and also asked for comments on three specific matters. In response to our last request for comments, we received eight submissions. The CSA have considered these additional submissions and the changes described in this Notice reflect the CSA's decisions made to respond to those comments. We list the names of the commentators and summarize the comments made in the Appendix to this Notice. Certain commentators gave answers to the questions asked by the CSA and we summarize these answers in the Appendix.

We expect that the proposed National Instrument will be adopted as a rule in each of British Columbia, Alberta, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland, as a Commission regulation in Saskatchewan and as a policy in all other provinces and territories. The proposed Companion Policy is expected to be implemented as a policy in all provinces and territories.

The British Columbia Securities Commission proposes not to adopt some sections of the proposed National Instrument. These sections deal with the proposed rules for establishing new commodity pools, the proficiency requirements that apply to dealers in British Columbia selling securities of commodity pools in that province, and certain of the commodity pool prospectus and continuous disclosure requirements. Effective today, the British Columbia Securities Commission is also amending BCP 31-601, *Registration Requirements*, to liberalize the proficiency requirements for dealers wishing to sell securities of commodity pools in British Columbia.

Substance and Purpose of National Instrument

We seek to regulate publicly offered "commodity pools" through the proposed National Instrument and Companion Policy. The proposed National Instrument defines "commodity pools" as specialized publicly offered mutual funds that invest in, or use, commodities and/or derivatives beyond the scope permitted in National Instrument 81-102 Mutual Funds (NI 81-102). Since commodity pools are publicly offered mutual funds, they are subject to the mutual fund rules established by NI 81-102 and other applicable securities legislation unless those rules are specifically excluded or varied by the proposed National Instrument.

The proposed National Instrument sets out the specialized rules for commodity pools that are different from the general mutual fund rules and legislation (where applicable) in the following areas, among others:

¹ In Ontario, at (1997) 20 OSCB (Supp2) 109.

² In Ontario, at (2000) 23 OSCB 3855.

Seed capital requirements for new commodity pools
Additional proficiency requirements for salespersons selling commodity pools and their supervisors
Payment of incentive fees by commodity pools
Redemption of units of commodity pools
Net asset value calculations and disclosure
Financial statements
Prospectus disclosure.

We consider that the specialized rules for commodity pools are generally necessary because of the different investment objectives and risk profile of commodity pools when compared with mutual funds regulated by NI 81-102. You can read the Notices we published in June 1997 and June 2000³ for additional descriptions of the rules contained in the proposed National Instrument, as well as the policies of the CSA set out in the proposed Companion Policy. The Notice published in June 1997 describes the approach we took in reformulating Policy 11.4 and which portions of Policy 11.4 we did not carry forward into the proposed National Instrument or Companion Policy.

Summary of Changes to the Proposed National Instrument from the June 2000 Version

In this section we describe changes made in the proposed National Instrument from the version published in June 2000. Changes of a minor nature, or those made only for purposes of clarification or for drafting reasons are generally not discussed. All section references are to the proposed National Instrument.

Section 1.1 - Definitions

We have added three definitions – “Canadian Securities Course”, “Chartered Financial Analyst Program” and “mutual fund restricted individual”. These terms are used in Part 4 of the proposed National Instrument. As we outline below, we have changed Part 4 of the proposed National Instrument in response to comments.

Section 2.1 - Investment Restrictions and Practices

Section 2.1 has been amended in two ways; the first change is technical and the second represents a substantive amendment.

Subsection 2.1(1) is new. It provides the technically necessary relief from the concentration restriction in section 2.1 of NI 81-102 for counterparties acting in specified derivatives transactions with commodity pools. We added this subsection to ensure that commodity pools would not be restricted from entering into derivative transactions with any one counterparty due to the concentration restriction. Section 2.2(2) of the Companion Policy provides additional background to this change.

We have revised subsection 2.1(2) to exempt commodity pools from only certain provisions of section 2.7 of NI 81-102; paragraph 2.7(1)(a) and subsections 2.7(3), (4), and (5).

The June 2000 version of the proposed National Instrument gave commodity pools a complete exemption from section 2.7 of NI 81-102. We made this change to ensure that commodity pools will be subject to the rules in NI 81-102 prescribing acceptable counterparties for mutual funds. That is, as for other mutual funds, commodity pools will be able to only deal with counterparties who have an “approved credit rating” (this term is defined in NI 81-102). We propose this change since we believe that commodity pool investors should not be subject to any increased risk of counterparty failure than conventional mutual funds. We believe that all mutual funds should be subject to the same standards.

Part 3 - New Commodity Pools

We have amended section 3.2(2) to clarify our intention that only the required \$50,000 of seed capital to be invested by the specified entities related to a commodity pool cannot be redeemed prior to dissolution or termination of the commodity pool. Any amounts invested over and above this minimum amount can be redeemed at the discretion of the applicable entity. This change is not substantive.

The British Columbia Securities Commission has decided not to impose these requirements for commodity pools only sold in British Columbia.

Part 4 - Proficiency and Supervisory Requirements

Part 4 has been amended -- and the proposed requirements relaxed -- in response to comments.

Additional proficiency requirements will apply only to those salespersons whose registration restricts them to selling mutual funds; the new definition “mutual fund restricted individual” is intended to describe these individuals. These salespersons generally have only taken an educational course that gives them proficiency in selling conventional mutual funds. These courses do not cover the range of derivative instruments and strategies that can be used by commodity pools. Therefore, we believe that before these restricted salespersons can sell commodity pools, they should have additional proficiency, to bring them at least to the level of those salespersons authorized to sell a full range of securities. For example, generally salespersons employed by investment dealers must have taken the Canadian Securities Course and once registered as a salesperson of a dealer can sell any type of security, including mutual funds and commodity pools.

We have amended the proposed National Instrument so that salespersons (including mutual fund restricted individuals) associated with any category of dealer who have taken the Canadian Securities Course or who have taken the Derivatives Fundamentals Course (as defined in the proposed National Instrument) can sell commodity pools. Salespersons who have successfully completed the Chartered Financial Analyst Program (as defined in the proposed National Instrument) can also sell commodity pools.

However, we continue to believe that individuals employed by dealers (of any category) to supervise trades in commodity pools in Ontario need to have additional knowledge of derivative instruments and alternative strategies in order to carry out that supervisory responsibility. Supervisors can obtain this additional knowledge either through taking the

³ See above notes 1 and 2.

Derivatives Fundamentals Course or completing the Chartered Financial Analyst Program.

We believe that commodity pools are sufficiently different from conventional mutual funds in their ability to use derivatives to create leverage and short positions that additional proficiency is required for those salespersons and supervisors of trades in commodity pools noted in the proposed National Instrument.

Commodity pool managers have asked us since June 2000 to clarify the existing requirements for dealers selling commodity pools across Canada. In Ontario, under the guidelines established by Policy 11.4 only salespersons who are employed by dealers who are licensed as dealers under the *Securities Act* (Ontario) and as futures commission merchants under the *Commodity Futures Act* (Ontario) can sell commodity pools. Effectively, this means that only certain investment dealers can sell commodity pools, since to date, no mutual fund dealer is so licenced. Other provinces have imposed similar requirements; for example, Alberta and Manitoba do not permit mutual fund dealers to sell commodity pools and British Columbia and Quebec have special requirements for distributors of commodity pools. Once the proposed National Instrument comes into force, these existing requirements will be repealed and replaced by the requirements of Part 4. The British Columbia Securities Commission has decided to liberalize requirements in British Columbia and effective today has amended BCP 31-601 *Registration Requirements* to reflect its decision which applies to sales of securities of commodity pools only in British Columbia.

During the comment period, the Commission des valeurs mobilières du Québec (CVMQ), in cooperation with the Bureau des services financiers, will be evaluating potential problems related to implementing additional proficiency requirements for representatives and supervisors in Québec. The CVMQ is concerned with all issues related to the proficiency requirements for industry participants who distribute units of commodity pools in Québec and asks for specific comments on this issue.

Part 5 of the 2000 Draft Instrument - Termination of Agreements

Part 5 of the June 2000 version of the proposed National Instrument has been deleted in response to questions from commentators around its purpose. Although we proposed this Part in the first publication of the proposed National Instrument, after reflection, we see no compelling reason to treat commodity pools differently than conventional mutual funds in this context. We believe that managers of commodity pools, like managers of conventional mutual funds, will adequately address termination provisions in their service agreements without regulatory intervention.

Part 5 - Incentive Fees

Part 5 has been revised in response to comments.

Commodity pools will be permitted to pay an incentive fee that is based on a "net new profits" methodology; as commodity pools can create both long and short positions, they have a neutral bias. The 90-day treasury bill benchmark proposed in the June 2000 version of the proposed National Instrument is

not satisfactory as it does not represent a proxy for the risk or return profile of a commodity pool. In general, commodity pools seek to create positive returns for their securityholders (without reference to a benchmark or index). For this reason, we agree that an incentive fee which is based on cumulative positive performance is more appropriate for these investment vehicles and is more consistent with industry practice in other jurisdictions.

Section 7.3 - Toll-free Telephone Number, Collect Telephone Calls and Website and Paragraph 9.2(n)

Section 7.3 is new and complements section 13.4 of NI 81-102 (which is applicable to commodity pools).

Since, in general, the net asset value per unit of a commodity pool can change more rapidly and dramatically than a conventional mutual fund (generally because of leverage), we believe that it is important for investors to have access to the most current net asset value per unit of the commodity pool. Section 7.3 requires commodity pools to make this information available through the media noted.

Paragraph 9.2(n) has been added to require commodity pools to disclose in their prospectuses details on how investors can obtain information about the most current net asset value per unit.

Section 8.5 - Leverage Disclosure and Paragraph 9.2(b)

Section 8.5 is new. It requires a commodity pool to give investors information about the commodity pool's use of leverage on a quarterly basis in the commodity pool's financial statements. Paragraph 9.2(b) requires the commodity pool to include its leverage limits in its prospectus.

We have not defined the word "leverage" since we understand that industry participants do not have a universally accepted definition and may use the word to describe slightly different things. In recognition of this lack of uniformity, section 8.5 and paragraph 9.2(b) will require the commodity pool to describe what it means by "leverage" as well as the implications to investors of its strategy.

We have added these disclosure requirements mainly because the proposed National Instrument does not require that a commodity pool have any limits on leverage. Given the potential significance of the use of leverage on the risk profile of a commodity pool, we believe it is important that investors understand what limits, if any, the commodity pool has set for itself and how the commodity pool has complied with those limits. We note that the new prospectus disclosure requirements are intended to clarify the disclosure obligations for new commodity pools, since existing commodity pools generally include such disclosure in their prospectuses. The financial statement disclosure requirements are new.

The British Columbia Securities Commission has decided to not impose the proposed National Instrument's requirements regarding quarterly financial statements for commodity pools sold only in British Columbia.

Section 9.2 - Prospectus Disclosure

Section 9.2 outlines the additional prospectus disclosure requirements for commodity pools. We have made four changes to this section from the June 2000 version.

First, we added two sub-paragraphs to paragraph 9.2(b) to clarify a commodity pool's obligations to disclose leverage limits. We describe this change above.

Second, we amended paragraph 9.2(g)(ii) to remove the requirement to compare the performance of the commodity pool to a 90 day treasury bill benchmark. We do not believe that the 90 day treasury bill benchmark approximates the risk or the return profile for commodity pools. For this reason, a comparison to this benchmark in the required format could be misleading to investors.

Third, we added paragraph 9.2(m) to require a commodity pool to disclose the names and experience of the individuals managing its assets. Mutual funds must provide this disclosure in their annual information forms, and we think that commodity pools should be subject to the same requirements.

Fourth, we added paragraph 9.2(n). We describe this change above.

Section 11.3 - Delayed Coming into Force

Section 11.3 has been deleted since it is no longer necessary as a result of the changes to the proficiency requirements in Part 4, including the decision of the British Columbia Securities Commission.

Summary of Changes to the proposed Companion Policy from the June 2000 Version

In this section we describe changes made in the proposed Companion Policy from the version published in June 2000. Changes of a minor nature, or those made only for purposes of clarification or drafting reasons are generally not discussed. All section references are to the proposed Companion Policy.

Part 1 Purpose and Background

We have added three sections to Part 1 of the Companion Policy. All sections are intended to provide users of the proposed National Instrument with more context and background.

Section 1.2 describes the type of investment vehicle that the proposed National Instrument is intended to regulate.

Section 1.3 gives the background to the development of the proposed National Instrument and describes how we currently regulate commodity pools.

Section 1.4 describes our underlying regulatory principles behind our proposal to regulate commodity pools through the proposed National Instrument.

Section 2.2 - Derivatives Use

Subsection 2.2(2) of the Companion Policy is new. It explains the CSA's view on the operation of subsection 2.1(1) of the

proposed National Instrument which is described above. Section 2.2(2) of the Companion Policy explains that the concentration restriction in section 2.1 of NI 81-102 does not apply to counterparties to derivatives contracts entered into by commodity pools, however the restrictions continue to apply to the market exposure of the underlying interest of the specified derivative by operation of the "look through" provision in subsection 2.1(3) of NI 81-102.

Subsection 2.2(3) of the Companion Policy has been amended to clarify which investment restrictions in NI 81-102 continue to apply to commodity pools, and which do not apply. Commodity pools continue to be prohibited from selling securities short and from purchasing securities on margin (i.e., by way of loan). However, commodity pools are able to use derivatives to create leverage and short positions.

Part 3 - Prospectus Disclosure

Part 3 has been added to the proposed Companion Policy as background to Part 9 of the proposed National Instrument. It provides guidance on:

1. commodity pools' use of a long form prospectus
2. standardized risk measurement disclosure, if included by commodity pools, and
3. use of performance benchmarks for commodity pools.

Part 4 - Limited Liability

Part 4 generally covers the same content as did Part 3 of the June 2000 version of the proposed Companion Policy. We clarified our views on the status of limited liability for investors in commodity pools under the common and civil law of trusts. We also re-ordered the sections.

Authority for the proposed National Instrument (Ontario)

In those jurisdictions in which the proposed National Instrument is to be adopted or made as a rule or regulation, the applicable securities legislation provides the securities regulatory authority with rule-making or regulation-making authority in respect of the subject matter of the proposed National Instrument.

In Ontario, the following provisions of the *Securities Act* (Ontario) will provide the Commission with authority to make the proposed National Instrument. Paragraph 143(1)23 of the Act authorizes the Commission to make rules exempting reporting issuers from any requirement of Part XVIII (Continuous Disclosure) among other things, under circumstances that the Commission considers justify the exemption. Paragraph 143(1)34 of the Act authorizes the Commission to make rules regulating commodity pools, including certain matters specified in the paragraph. Paragraph 143(1)35 of the Act authorizes the Commission to make rules regulating or varying the Act in respect of derivatives, including prescribing requirements that apply to mutual funds and commodity pools.

Anticipated Costs and Benefits

We described the anticipated costs and benefits to commodity pools of the proposed National Instrument in the June 1997 Notice. We believe that none of the proposed changes outlined in this Notice will serve to increase costs to commodity pools, and may reduce costs of compliance for commodity pools and industry participants. The proposed change to the proficiency requirements for sales representatives and supervisors is expected to reduce the impact of the proposed National Instrument on the distribution of commodity pools through participating dealers when compared with the requirements proposed in the previous versions of the proposed National Instrument.

Revocation of Ontario Securities Commission Policy 11.4 - Commodity Pool Programs

Effective the date that the proposed National Instrument comes into force, the Commission will rescind Policy 11.4.

Regulations to be Revoked or Amended

The Commission will amend section 87 of the Regulation to the Act in conjunction with the making of the proposed National Instrument as a rule by adding the following subsection 87(7):

"(7) Subsections (1) to (6) do not apply to a commodity pool subject to National Instrument 81-104 Commodity Pools."

Comments

You are invited to comment on the changes to the proposed National Instrument and Companion Policy we outline in this Notice. Please submit your comments in writing before March 18, 2002.

Please send us your comments addressed as follows:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
The Manitoba Securities Commission
Ontario Securities Commission
Office of the Administrator, New Brunswick
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland
Securities Registry, Government of the Northwest Territories
Registrar of Securities, Government of the Yukon Territory
Registrar of Securities, Government of Nunavut

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario M5H 3S8
e-mail: jstevenson@osc.gov.on.ca

Please also send your comments to the Commission des valeurs mobilières du Québec as follows:

Denise Brosseau, Secretary
Commission des valeurs mobilières du Québec
800 Victoria Square
Stock Exchange Tower
P.O.Box 246, 22nd Floor
Montréal, Québec H4Z 1G3
e-mail: consultation-en-cours@cvmq.com

If you are not sending your comments by e-mail, please send us two copies of your letter, together with a diskette containing your comments (in either Word or WordPerfect format).

We cannot keep submissions confidential because securities legislation in certain provinces requires that a summary of the written comments received during the comment period be published.

Questions:

Please refer your questions to any of:

Simon Kent
Legal Counsel
British Columbia Securities Commission
Telephone: (604) 899 - 6870
e-mail: skent@bcsc.bc.ca

Patricia Gariepy
Legal Counsel
Alberta Securities Commission
Telephone: (403) 297 - 297-5222
e-mail: patricia.gariepy@seccom.ab.ca

Dean Murrison
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Saskatchewan Securities Commission
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Ann Leduc
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Commission des valeurs mobilières du Québec
Telephone: (514) 873-2150 ext. 4572
Fax: (514) 864-6381
e-mail: ann.leduc@cvmq.com

Proposed National Instrument and Companion Policy

The texts of the proposed National Instrument and the Companion Policy follow.

December 14, 2001

Appendix A

Summary of Comments
on
the June 2000 versions
of the proposed National Instrument
and the Companion Policy

We asked for comment on versions of the proposed National Instrument and Companion Policy published on June 2, 2000. The comment period ended on August 4, 2000. We received eight letters from the following parties:

AGF Funds Inc.
Association for Investment Management and Research (AIMR)
The Canadian Securities Institute
Di Tomasso Group Inc.
Dorsey & Whitney LLP on behalf of Friedberg Mercantile Group
Fogler, Rubinoff on behalf of Friedberg Mercantile Group
Matisse Investment Management Ltd.
Mondiale Asset Management Ltd.

We have considered all comments provided by the above commentators and have made the changes described in this Notice in response to some of those comments. We summarize the specific comments provided, together with our responses to those comments in this Appendix. We thank all commentators for their thoughtful review of the proposed National Instrument and Companion Policy and for providing their written comments.

You can get copies of all comment letters from Micromedia Limited, 20 Victoria Street, Toronto, Ontario (416) 312-5211 or 1- (800) 387-2689; from the British Columbia Securities Commission, P.O. Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, British Columbia (604) 899-6500; from the Alberta Securities Commission, 10025 Jasper Avenue, Edmonton, Alberta (780) 427-5201; and from the Commission des valeurs mobilières du Québec, Stock Exchange Tower, 800 Victoria Square, 22nd floor, Montréal, Québec (514) 940-2150.

Specific Questions Asked

In addition to asking for comments on the changes to the June 1997 version of the National Instrument, we asked for comment on three specific questions. Commentators provided the following answers to those questions:

Question 1.

Incentive Fees - Should the National Instrument completely exempt commodity pools from the operation of section 7.1 of NI 81-102 and require only disclosure of the incentive fee and the basis on which it is calculated? And if so, will investors be able to make informed decisions about the performance of the commodity pool without any measure of that performance to a benchmark or index?

Answer and Our Response:

One commentator suggested that a "net new profits" incentive fee model, being the industry practice in the United States, is the most appropriate model for these products. The commentator also noted, however, that the proposed mandatory benchmark of the 90 day treasury bill rate was satisfactory. Another commentator suggested a more flexible approach may be more appropriate. Customized benchmarks or traditional benchmarks (such as the 90-day treasury bill rate) should be permitted, which ever is best suited for the product.

We have amended Part 5 of the National Instrument in response to these comments and after further consideration. Part 5 now incorporates a cumulative "net new profits" methodology. Under this approach, if a commodity pool has negative historical returns, the pool would pay an incentive fee to the manager only when its subsequent positive returns made up for the past losses. A benchmark would not be required.

Question 2.

Risk Measures - Are commodity pools sufficiently different from conventional mutual funds in their risk profile to warrant the CSA requiring disclosure of a standardized measure of risk? If so, would the disclosure be comprehensible to the average commodity pool investor? Does a common measure of risk exist in the commodity pool industry in Canada? In the United States?

Answer and Our Response:

One commentator responded that it was not aware of a standardized measure of risk that would provide meaningful disclosure to investors in a prospectus. This commentator suggested that commodity pools are not sufficiently different from conventional mutual funds to warrant a standardized measure of risk which it noted is not required for conventional mutual funds. Additional risk measure disclosure would cause greater confusion and uncertainty. Another commentator suggested that an appropriate risk measure would be a "peak-to-valley" assessment and that such a measure should be limited to the two years preceding the date of the prospectus. This commentator did not provide any specific suggestions on how this "peak-to valley" risk measure would be calculated.

We have decided not to require any risk measurement disclosure for commodity pools -- other than the risk disclosure that is already proposed by the National Instrument. We believe that further study is needed on the appropriateness of risk measures for mutual funds generally. However, since we believe that commodity pools have a different risk profile than conventional mutual funds, we have included our views in section 3.1 of the proposed Companion Policy that we will not object to a commodity pool including disclosure of a standardized risk measure in its prospectus.

Question 3.

Risk of Loss of Limited Liability - The proposed National Instrument requires that a commodity pool address the possibility of loss of limited liability in specialized

circumstances in its prospectus. Is this risk sufficiently important and material that front page disclosure should be given?

Answer and Our Response:

Two commentators responded that the potential loss of limited liability is not a prominent risk to investors. By requiring disclosure on the front page of the prospectus, the National Instrument would create unwarranted confusion and misunderstanding of the significant risks of investing in a commodity pool. This type of disclosure may over-emphasize this risk to investors while having the practical effect of de-emphasizing other significant risks. In addition, this requirement would cause commodity pools to be perceived in all cases, unfairly, as a riskier product. We agree with the commentators that the National Instrument need not mandate front page risk disclosure of this nature. Our views on the nature of the risks of loss of limited liability are given in Part 5 of the proposed Companion Policy. We have made changes of a clarifying nature to this Part.

Specific Comments

1. Initial Investment by the Promoter

One commentator suggested that the \$500,000 initial investment threshold be inclusive of the \$50,000 seed capital investment to be made by the promoter, manager, sponsor or portfolio advisor of the pool. Also, the commentator suggested the removal of the prohibition on returning the seed capital, unless the pool is dissolved or terminated.

Our Response:

Similar comments were received in the previous comment period. No change has been made to the National Instrument for the reasons described in our previous Notices, other than to correct an unintended anomaly in section 3.2(2) of the proposed National Instrument. We describe our changes to subsection 3.2(2) above. We believe that the minimum seed capital of \$50,000 should remain in the commodity pool for the duration of the commodity pool's existence, and that the \$500,000 initial investment required by this Part should be in addition to the seed capital invested in the commodity pool by the parties noted.

The British Columbia Securities Commission has decided to permit commodity pools sold only in British Columbia to use the seed capital rules available for conventional mutual funds as set out in NI 81-102.

2. Concentration Restriction in NI 81-102

One commentator suggested that the 10 percent concentration restriction in section 2.1 of NI 81-102 should not apply to commodity pools. The concentration restriction in section 2.1 of NI 81-102 could preclude a commodity pool from entering into over-the-counter ("OTC") traded commodity derivatives when the positions taken with one issuer/counterparty of OTC derivatives represented exposure greater than 10 percent of the net assets of the commodity pool. This situation is more relevant to commodity pools, than conventional mutual funds, as they are permitted to take significant positions in specified derivatives through the use of leverage. Imposing this type of

restriction on a commodity pool would not meet the reasonable expectations of investors. No similar restrictions apply to commodity pools in the United States.

This commentator also questioned why the investment restrictions in section 2.6(a), (b), (c) and (d) continue to apply to commodity pools when they appear to be inconsistent with the nature of commodity pools.

Our Response:

Subsection 2.1(1) has been added to the National Instrument. Subsection 2.1(1) exempts commodity pools from the 10 percent concentration restriction in s. 2.1(1) of NI 81-102 for counterparties of derivatives transactions, as issuers of the derivative instruments. Section 2.2(2) of the Companion Policy states our views that the concentration restriction continues to apply with respect to the market exposure of the *underlying interest* of the derivative instruments.

No change has been made to the investment restrictions in sections 2.6(a) [the restriction on borrowing], 2.6(b) [the prohibition on purchasing on securities on margin], 2.6(c) [the prohibition on selling securities short] and 2.6(d) [the prohibition on purchasing securities for which contributions may be due] of NI 81-102 which continue to apply to commodity pools under the proposed National Instrument. Commodity pools are specialized mutual funds and therefore, the rules, regulations and policies of the CSA for mutual funds should apply to commodity pools, unless commodity pools need different rules because of their investment objectives and strategies or their structure. We believe that commodity pools do not need to be exempt from the investment restrictions listed above in order to carry out their investment objectives and strategies. We have, however, provided further clarity to the relevant rules in section 2.2 of the proposed Companion Policy, since the commentator may have misunderstood the relationship between section 2.6 of NI 81-102 and section 2.1 (2) of the proposed National Instrument.

3. Proficiency Standards for Salespersons and Supervisors

Several commentators, who currently manage commodity pools, disagreed that salespersons need additional proficiency (or knowledge) before they can sell commodity pools. They suggested that the additional proficiency requirements in the June 2000 version of the proposed National Instrument do not reflect the product and how the product is managed. Commentators argued that the requirements would unfairly disadvantage commodity pools vis a vis other investment products. Also, commentators argued that commodity pools have proven less risky and less volatile, historically, than other professionally managed asset classes. An equity or bond fund, or a commodity pool, all have the same liability potential, that is the loss of an investors' entire investment.

Several commentators suggested that the majority of investment dealer salespersons would not take the time to get the extra level of education to sell commodity pools, which is a minority asset-class product.

One commentator suggested that no additional requirements should be required for the products which only use exchange traded derivatives. This commentator said that the proposed

course requirements provided no additional level of protection to investors and that commodity pools do not differ significantly from conventional mutual funds except for their potential use of leverage and their ability to create short positions with derivatives. Due to their similarities to conventional mutual funds, additional proficiency requirements should be evaluated on a case-by-case basis when the use of leverage is limited by a commodity pool.

If the CSA keep the requirements, salespersons who currently sell commodity pools ought to be grandfathered under the proposed National Instrument. The six month transition period (suggested by section 11.3 of the proposed National Instrument) to finish the Derivatives Fundamental Course is not long enough. Concerns were raised that without some changes to the National Instrument, sales representatives may unwind their client's positions without regard for the client's best interests.

Another commentator felt that regulatory emphasis should be placed on product structure, disclosure, industry professional education, as well as investor education. Commodity pools should be regulated in the same way as conventional index mutual funds that use futures contracts to achieve their objectives. This commentator noted that the current proficiency proposals give certain bank products (i.e. guaranteed bank notes that are linked to managed futures programs) a marketing edge. This commentator also noted that the regulation of investment products should ensure that the investor and his or her salesperson have the information required to know everything they need to know to make a suitable investment decision. Proficiency standards should be addressed from the perspective of the whole industry and commodity pools should not be singled out.

Our Response:

We have amended the proposed National Instrument to address some of the concerns raised by the commentators -- and in ways that are described in this Notice above. Part 4 of the National Instrument requires sales representatives restricted to selling mutual funds for dealers and supervisors of commodity pool trades for all dealers to acquire additional proficiency prior to selling commodity pools. We believe that commodity pools have significant differences from conventional mutual funds, including those conventional mutual funds that use derivative instruments, given their ability to create leverage and short positions. Although some conventional mutual funds do use specified derivatives to achieve their investment objectives, the rules for the use of derivatives by conventional mutual funds contained in NI 81-102 prevent these funds from using derivatives to create leverage or short positions.

We believe that salespersons who are not limited, through their registration, to selling only conventional mutual funds have sufficient knowledge to make suitability evaluations of whether a commodity pool is an appropriate investment for an investor. Such salespersons, on a daily basis, decide on the suitability for investors on a wide range of investment products. Salespersons registered to sell only mutual funds cannot sell a similarly broad product base. Generally such salespersons have taken an educational course that teaches them how conventional mutual funds use derivative strategies and the applicable restrictions that apply to conventional mutual funds.

They do not teach salespersons about the risks of leverage, short selling or commodity investing. For these reasons the proposed National Instrument requires additional proficiency for such persons.

The British Columbia Securities Commission has decided to liberalize their current proficiency requirements for dealers trading in commodity pools in British Columbia. Part 4 will not apply to dealers selling securities of a commodity pool in British Columbia.

4. Proficiency Requirements

One commentator suggested that the eligible proficiency requirements in the National Instrument should be expanded to include individuals who have passed the Level I exam of the CFA Program, or in the alternative, individuals who have earned the CFA program designation.

Our Response:

We have amended the proficiency requirements to include successful completion of the CFA Program (Level 3) as an acceptable proficiency standard. Since derivatives is not generally covered until Level 3 of the CFA program, we believe that successful completion of this level is important.

5. Requirements for Distributors and Dealers

One commentator noted that the requirement to have an individual responsible for supervising trades "located in the local jurisdiction" as required by section 4.1(2)(a) of the June 2000 version of the proposed National Instrument was inconsistent with its terms of registration. The commentator suggested that the phrase "located in the local jurisdiction" be deleted from the National Instrument.

Our Response:

We have amended section 4.1(2)(a) to delete the reference to the phrase "located in the local jurisdiction". We believe that any requirement to have local supervisory personnel should not be dealt with by the proposed National Instrument but in the registration process in each local jurisdiction.

6. Termination of Agreements

One commentator suggested deleting the requirement in the June 2000 version of the proposed National Instrument that all service agreements entered into by commodity pools be terminable without penalty with no more than 60 days' notice. This commentator saw no reason to differentiate between commodity pools and conventional mutual funds in this regard.

Our Response:

We have removed this requirement from the National Instrument, since we agree with the comments that there is no reason to retain this requirement.

7. Disclosure

One commentator suggested the disclosure requirements in section 9.2(j) are so broad as to not provide meaningful guidance to issuers. Standard language should be mandated.

Our Response:

We have not changed the disclosure requirements in section 9.2(j) and are satisfied the disclosure requirements are appropriate.

6.1.2 National Instrument 81-104 Commodity Pools

**NATIONAL INSTRUMENT 81-104
COMMODITY POOLS**

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**NATIONAL INSTRUMENT 81-104
COMMODITY POOLS**

**PART 1 DEFINITIONS, APPLICATION AND
INTERPRETATION**

1.1 Definitions

(1) In this Instrument

"Canadian Securities Course" means a course prepared and conducted by the Canadian Securities Institute and so named by that Institute as of the date on which this Instrument comes into force, every predecessor to that course, and every successor to that course that does not narrow the scope of the significant subject matter of the course;

"Chartered Financial Analyst Program" means the three level program prepared and conducted by the Association for Investment Management and Research, and so named by that Association as of the date on which this Instrument comes into force, every predecessor to that program, and every successor to that program that does not narrow the scope of the significant subject matter of the program;

"commodity pool" means a mutual fund, other than a precious metals fund, that has adopted fundamental investment objectives that permit it to use or invest in

- (a) specified derivatives in a manner that is not permitted by National Instrument 81-102 Mutual Funds, or
- (b) physical commodities in a manner that is not permitted by National Instrument 81-102;

"Derivatives Fundamentals Course" means a course prepared and conducted by the Canadian Securities Institute and so named by that Institute as of the date that this Instrument comes into force, every predecessor to that course, and every successor to that course that does not narrow the scope of the significant subject matter of the course;

"mutual fund restricted individual" means an individual registered as a salesperson, partner, director or officer of a dealer, if the activities of that individual are restricted to trading in securities of mutual funds; and "precious metals fund" means a mutual fund that has adopted fundamental investment objectives, and received all required regulatory approvals, that permit it to invest in precious metals or in entities that invest in precious metals and that otherwise complies with National Instrument 81-102.

- (2) Terms defined in National Instrument 81-102 and used in this Instrument have the respective

meanings ascribed to them in National Instrument 81-102.

1.2 Application - This Instrument applies only to

- (a) a commodity pool that
 - (i) offers, or has offered, securities under a prospectus for so long as the commodity pool remains a reporting issuer, or
 - (ii) is filing a preliminary prospectus or its first prospectus; and
- (b) a person or company in respect of activities pertaining to a commodity pool referred to in paragraph (a) or pertaining to the filing of a prospectus to which subsection 3.2(1) applies.

1.3 Interpretation

- (1) Each section, part, class or series of a class of securities of a commodity pool that is referable to a separate portfolio of assets is considered to be a separate commodity pool for purposes of this Instrument.
- (2) In relation to the application to commodity pools of the illiquid asset tests contained in National Instrument 81-102, the term "public quotation" in section 1.1 of National Instrument 81-102 includes any quotation of a price for foreign currency forwards and foreign currency options in the interbank market.

PART 2 INVESTMENT RESTRICTIONS AND PRACTICES

2.1 Investment Restrictions and Practices

- (1) Section 2.1 of National Instrument 81-102 does not apply to restrict the exposure of a commodity pool to a counterparty of the commodity pool in specified derivatives transactions.
- (2) The following provisions of National Instrument 81-102 do not apply to a commodity pool:
 - 1. paragraphs 2.3(d), (e), (f), (g) and (h).
 - 2. paragraph 2.7(1)(a).
 - 3. subsections 2.7(3), (4) and (5).
 - 4. sections 2.8 and 2.11.

PART 3 NEW COMMODITY POOLS

3.1 Non-Application - Sections 3.1 and 3.2 of National Instrument 81-102 do not apply to a commodity pool.

3.2 New Commodity Pools

(1) No person or company shall file a prospectus for a newly established commodity pool unless

- (a) an investment of at least \$50,000 in securities of the commodity pool has been made, and those securities are beneficially owned, before the time of filing by
 - (i) the manager, a portfolio adviser, a promoter or a sponsor of the commodity pool,
 - (ii) the directors, officers or shareholders of any of the manager, a portfolio adviser, a promoter or a sponsor of the commodity pool, or
 - (iii) any combination of the persons or companies referred to in subparagraphs (i) and (ii); and

(b) the prospectus of the commodity pool states that the commodity pool will not issue securities other than those referred to in paragraph (a) unless subscriptions aggregating not less than \$500,000 have been received by the commodity pool from investors other than the persons and companies referred to in subparagraphs (i) and (ii) of paragraph (a) and accepted by the commodity pool.

(2) A commodity pool may redeem, repurchase or return any amount invested in, securities issued upon the investment in the commodity pool referred to in paragraph (1)(a) only if

- (a) securities issued under paragraph (1)(a) that had an aggregate issue price of \$50,000 remain outstanding and at least \$50,000 invested under paragraph (1)(a) remain invested in the commodity pool; or
- (b) the redemption, repurchase or return is effected as part of the dissolution or termination of the commodity pool.

3.3 Prohibition Against Distribution - If a prospectus of a commodity pool contains the disclosure described in paragraph 3.2(1)(a), the commodity pool shall not distribute any securities unless the subscriptions described in that disclosure, together with payment for the securities subscribed for, have been received.

3.4 British Columbia Commodity Pools - Sections 3.1, 3.2 and 3.3 do not apply to a commodity pool if the prospectus relating to it is filed only in British Columbia.

PART 4 PROFICIENCY AND SUPERVISORY REQUIREMENTS

4.1 Proficiency and Supervisory Requirements

- (1) No mutual fund restricted individual shall trade in a security of a commodity pool unless that individual
 - (a) has received at least a passing grade for the Canadian Securities Course
 - (b) has received at least a passing grade for the Derivatives Fundamentals Course
 - (c) has successfully completed the Chartered Financial Analyst Program or
 - (d) meets the proficiency standards applicable to trading in securities of commodity pools required by a self-regulatory organization to which the individual, or his or her organization, is a member if the securities regulatory authority or regulator has completed any required review, approval or non-disapproval of the regulatory instrument of the self-regulatory organization that establishes those proficiency standards.
- (2) No principal distributor or participating dealer shall trade in a security of a commodity pool in the local jurisdiction unless the individual designated by the principal distributor or participating dealer to be responsible for the supervision of trades of securities of commodity pools in the local jurisdiction has received at least a passing grade for the Derivatives Fundamentals Course or has successfully completed the Chartered Financial Analyst Program.
- (3) Despite subsection (2), but subject to compliance with securities legislation, a principal distributor may agree to act as principal distributor of a commodity pool and may trade in securities of a commodity pool if all trades are effected through a participating dealer that satisfies the requirements of subsection (2).

4.2 Trades of Commodity Pools in British Columbia - Part 4 does not apply in British Columbia.

PART 5 INCENTIVE FEES

- 5.1 **Non-Application** - Part 7 of National Instrument 81-102 does not apply to a commodity pool.
- 5.2 **Incentive Fees** - A commodity pool shall not pay, or enter into arrangements that would require it to pay, and no securities of a commodity pool shall be sold on the basis that an investor would be required to pay, a fee that is determined by the performance of the commodity pool, unless

- (a) the payment of the fee is based on the cumulative total return of the commodity pool for the period that began immediately after the last period for which the performance fee was paid; and
- (b) the method of calculation of the fee is described in the prospectus of the commodity pool.

5.3 **Multiple Portfolio Advisors** - Section 5.2 applies to fees payable to a portfolio adviser of a commodity pool that has more than one portfolio adviser, if the fees are calculated on the basis of the performance of the portfolio assets under management by that portfolio adviser, as if those portfolio assets were a separate commodity pool.

PART 6 REDEMPTION OF SECURITIES OF A COMMODITY POOL

- 6.1 **Frequency of Redemptions** - If disclosed in its prospectus, a commodity pool may include, as part of the requirements established under subsection 10.1(2) of National Instrument 81-102, a provision that securityholders of the commodity pool shall not have the right to redeem their securities for a period up to six months after the date on which the receipt is issued for the initial prospectus of the commodity pool.
- 6.2 **Required Notice of Redemption** - Despite section 10.3 of National Instrument 81-102, a commodity pool may implement a policy providing that a person or company making a redemption order for securities shall receive the net asset value for those securities determined, as provided in the policy, on the first or second business day after the date of receipt by the commodity pool of the redemption order.
- 6.3 **Payment of Redemption Proceeds** - The references in subsection 10.4(1) of National Instrument 81-102 to "three business days" shall be read as references to "15 days" in relation to commodity pools.

PART 7 CALCULATION OF NET ASSET VALUE

- 7.1 **Non-Application** - Subsections 13.1(1) and (2) of National Instrument 81-102 do not apply to a commodity pool.
- 7.2 **Calculation of Net Asset Value** - The net asset value of a commodity pool shall be calculated at least once each business day.
- 7.3 **Toll-Free Telephone Number, Collect Telephone Calls and Website** - A commodity pool shall
 - (a) have a toll-free telephone number, accept collect telephone calls, or operate a website, in order to allow persons or companies that wish to be provided with the most recent net asset value

per unit of the commodity pool to obtain that information; and

- (b) provide its most recent net asset value per unit to persons or companies using a medium referred to in paragraph (a).

PART 8 CONTINUOUS DISCLOSURE - FINANCIAL STATEMENTS

8.1 Variation of Securities Legislation - The provisions of securities legislation that pertain to the filing, content and sending to securityholders of financial statements for mutual funds are varied for commodity pools to the extent described in this Part.

8.2 Interim Financial Statements

(1) Instead of filing and delivering interim financial statements on a semi-annual basis, a commodity pool shall, within 60 days of the date to which they are made up, file and deliver to each securityholder whose last address as shown on the books of the commodity pool is in the local jurisdiction, interim financial statements

- (a) if the commodity pool has not completed its first financial year, for the periods commencing with the beginning of that financial year and ending nine, six and three months before the date on which that year ends; and
- (b) if the commodity pool has completed its first financial year, for the periods beginning at the end of its last completed financial year and ending three, six and nine months after the end of the last completed financial year, together with, if applicable, comparative statements to the end of each of the corresponding periods in the last completed financial year.

(2) Despite paragraph (1)(a), a commodity pool is not required to prepare, file or deliver interim financial statements for a period that is less than three months in length.

8.3 Income Statements - In addition to any other matters required by securities legislation, the income statement forming part of the interim financial statements of a commodity pool shall include

- (a) the total amount of realized net gain or net loss on positions liquidated during the period;
- (b) the change in unrealized net gain or net loss on open positions during the period;
- (c) the total amount of net gain or net loss from all other transactions in which the commodity pool engaged during the period, including interest;

- (d) the total amount of all incentive fees paid during the period; and
- (e) the total amount of all brokerage commissions paid during the period.

8.4 Statements of Portfolio Transactions

(1) A statement of portfolio transactions of a commodity pool shall provide disclosure, in the form of the table in subsection (2), of the aggregate total volume and total value or nominal value of all purchase and sale transactions of the commodity pool for

- (a) each security, by class or series, purchased or sold by the commodity pool during the period;
- (b) each physical commodity, purchased or sold by the commodity pool during the period; and
- (c) each derivative, by type of contract and underlying interest, for which a derivatives transaction was entered into by the commodity pool during the period.

(2) The table contemplated by subsection (1) shall be in the following form:

	Total Volume	Total Value or Nominal Value
Purchases		
Sales		

8.5 Leverage Disclosure

(1) A commodity pool shall include in its interim financial statements and its audited financial statements disclosure of the minimum and maximum level of leverage experienced by the commodity pool in the period covered by the financial statements, together with a brief explanation of how the commodity pool uses the term "leverage" and the significance of the maximum and minimum levels of leverage to the commodity pool.

(2) The information required by subsection (1) may be included in the body of the financial statements or in notes to the financial statements.

8.6 British Columbia Commodity Pools - Sections 8.1, 8.2, 8.3 and 8.5 do not apply to a commodity pool if the prospectus relating to it is filed only in British Columbia.

PART 9 PROSPECTUS DISCLOSURE

9.1 Front Page Disclosure - In addition to any other requirements of securities legislation, the front page of a preliminary prospectus and prospectus of a commodity pool shall

(a) state, in substantially the following words:

" You should carefully consider whether your financial condition permits you to participate in the [commodity pool]. The securities of the [commodity pool] are [highly] speculative and involve a high degree of risk. You may lose a substantial portion or even all of the money you place in the [commodity pool].

The risk of loss in trading [nature of instruments to be traded by the commodity pool] can be substantial. In considering whether to participate in the [commodity pool], you should be aware that trading [nature of instruments] can quickly lead to large losses as well as gains. Such trading losses can sharply reduce the net asset value of the [commodity pool] and consequently the value of your interest in the [commodity pool]. Also, market conditions may make it difficult or impossible for the [commodity pool] to liquidate a position.

The [commodity pool] is subject to certain conflicts of interest.

The [commodity pool] will be subject to the charges payable by it as described in this prospectus that must be offset by revenues and trading gains before an investor is entitled to a return on his or her investment. It may be necessary for the [commodity pool] to make substantial trading profits to avoid depletion or exhaustion of its assets before an investor is entitled to a return on his or her investment."

(b) state, for the initial prospectus of a commodity pool, in substantially the following words:

" The [commodity pool] is newly organized. The success of the [commodity pool] will depend upon a number of conditions that are beyond the control of the [commodity pool]. There is a substantial risk that the goals of the [commodity pool] will not be met."

(c) state, if the promoter, manager, or a portfolio adviser of the commodity pool has not had a similar involvement with any other commodity pool, in substantially the following words:

" The [promoter], [manager] [and/or] [portfolio adviser] of the [commodity pool] has not previously operated any other publicly offered commodity pools [or traded other accounts]."

(d) state, if the commodity pool will execute trades outside of Canada, in substantially the following words:

" Participation in transactions in [nature of instrument to be traded by the commodity pool] involves the execution and clearing of trades on or subject to the rules of a foreign market.

None of the Canadian securities regulatory authorities or Canadian exchanges regulate activities of any foreign markets, including the execution, delivery and clearing of transactions, or has the power to compel enforcement of the rule of a foreign market or any applicable foreign laws. Generally, any foreign transaction will be governed by applicable foreign law. This is true even if the foreign market is formally linked to a Canadian market so that a position taken on the market may be liquidated by a transaction on another market. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs.

For these reasons, entities such as the commodity pool that trade [nature of instrument to be traded by the commodity pool] may not be afforded certain of the protective measures provided by Canadian legislation and the rules of Canadian exchanges. In particular, funds received from customers for transactions may not be provided the same protection as funds received in respect of transactions on Canadian exchanges."

(e) state, immediately after the statements required by paragraphs (a), (b), (c), and (d), in substantially the following words:

" These brief statements do not disclose all the risks and other significant aspects of investing in the [commodity pool]. You should therefore carefully study this prospectus, including a description of the principal risk factors at page [page number], before you decide to invest in the [commodity pool]."

(f) if applicable, state that the tax consequences to the commodity pool or its securityholders are not certain; and

(g) state that the commodity pool is a mutual fund but that certain provisions of securities legislation designed to protect investors who purchase securities of mutual funds do not apply.

9.2 Prospectus Disclosure - In addition to any other requirements of securities legislation, the preliminary prospectus and prospectus of a commodity pool shall

(a) disclose the fundamental investment objectives and strategy of the commodity pool, and how specified derivatives are or will be used in

- connection with those objectives and that strategy;
- (b) disclose any limitation on the use of specified derivatives by the commodity pool contained in the constating documents, or forming part of the fundamental investment objectives or investment strategy, of the commodity pool, including
- (i) whether the commodity pool has adopted any restrictions on the amount of leverage that the commodity pool may experience any time, or if there are no such restrictions, a statement to that effect, and
- (ii) a brief explanation of how the commodity pool uses the term "leverage" and the significance to the commodity pool of the restrictions either adopted or not adopted;
- (c) disclose the risks associated with the use or intended use by the commodity pool of specified derivatives and the policies and practices of the commodity pool to manage those risks;
- (d) disclose any existing or potential conflicts of interest between the commodity pool and any promoter, manager, adviser, dealer, broker, any of their respective associates or affiliates, or any of the officers, directors or partners of any of the foregoing, and the steps that will be taken to alleviate any existing or potential conflicts of interest;
- (e) disclose whether an affiliate of the manager or of a portfolio adviser of the commodity pool receives or will receive brokerage commissions arising from trades of the commodity pool;
- (f) disclose if the commodity pool will be wound up without the approval of securityholders if the net asset value per security falls below a certain predetermined level, and, if so, the net asset value per security at which this will occur;
- (g) provide the disclosure concerning the past performance of the commodity pool that is required to be provided by a mutual fund under Item 11 of Part B of Form 81-101F1 Contents of Simplified Prospectus, except that
- (i) the past performance of the commodity pool in the bar chart prepared in accordance with Item 11.2 of Part B of Form 81-101F1, shall show quarterly, non-annualized, returns of the commodity pool over the period provided for in Item 11.2, rather than annual returns; and
- (ii) the commodity pool may at its option, in the disclosure required by Items 11.3 and 11.4 of Part B of Form 81-101F1, compare its performance to an index if it describes any differences between the commodity pool and the index that affects the comparability
- of the performance data of the commodity pool and the index;
- (h) include a statement that how the commodity pool performed in the past does not necessarily indicate how it will perform in the future;
- (i) describe the financial reporting that is required of the commodity pool;
- (j) in addition to the front page disclosure required by paragraph 9.1(g), disclose that certain provisions of securities legislation designed to protect investors who purchase securities of mutual funds do not apply to the commodity pool, and disclose the implications of this;
- (k) describe the redemption procedures and requirements of the commodity pool, making specific reference to the adoption of any policies established under this Instrument or National Instrument 81-102;
- (l) disclose, in the "Risk Factor" section, any information that may bear on the securityholder's assessment of risk associated with an investment in the commodity pool, including
- (i) any risks associated with those commodity pools structured as trusts that purchasers of the securities offered may become liable to make an additional contribution beyond the price of the securities, and
- (ii) any risks associated with the loss of limited liability of a limited partner of a commodity pool that is structured as a limited partnership;
- (m) provide the disclosure concerning the portfolio management of the commodity pool that is required to be provided by a mutual fund under Item 10.3 of Form 81-101F2 Contents of Annual Information Form;
- (n) disclose the details of how persons or companies may obtain the most recent net asset value per unit of the commodity pool, as required by section 7.3; and
- (o) disclose the details of compliance of the commodity pool with the requirements of sections 3.2 and 3.3.

9.3 Financial Statements

- (1) A preliminary prospectus and prospectus of a commodity pool shall contain the financial statements of the commodity pool for the time periods that are required by the securities legislation applicable to issuers other than mutual funds.

- (2) The financial statements required by subsection (1) shall be prepared in accordance with the requirements of Part 8.

9.4 **British Columbia Commodity Pools** - Section 9.3 does not apply to a commodity pool if the prospectus relating to it is filed only in British Columbia.

PART 10 EXEMPTION

10.1 Exemption

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

PART 11 EFFECTIVE DATE AND TRANSITIONAL

- 11.1 **Effective Date** - This Instrument comes into force on , 2002.
- 11.2 **Prospectus Disclosure** - The prospectus of a commodity pool for which a receipt is obtained before the date that this Instrument comes into force is not required to comply with the disclosure requirements of this Instrument.

**COMPANION POLICY 81-104CP TO NATIONAL
INSTRUMENT 81-104
COMMODITY POOLS**

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**COMPANION POLICY 81-104CP TO NATIONAL
INSTRUMENT 81-104
COMMODITY POOLS**

PART 1 PURPOSE AND BACKGROUND

1.1 Purpose - This Policy clarifies how National Instrument 81-104 (the "Instrument") integrates with National Instrument 81-102 Mutual Funds, and brings certain matters relating to the Instrument to the attention of persons or companies involved with the establishment or administration of commodity pools.

1.2 What the Instrument Covers

(1) The Instrument regulates publicly offered mutual funds that use certain alternative investment strategies involving specified derivatives and commodities. The Instrument defines the term "commodity pool" as a mutual fund that is permitted to use or invest in specified derivatives and physical commodities beyond what is permitted by National Instrument 81-102. Industry players refer to these mutual funds as "commodity pools" and the Canadian Securities Administrators (the "CSA") have retained this term to describe these mutual funds.

(2) The CSA note that the Instrument specifically allows commodity pools liberalized use of derivatives, leverage strategies and commodities so that they can pursue traditional commodity pool investment strategies. By implementing the Instrument, the CSA are not providing relief for all alternative investment strategies that may be adopted by investment funds. In particular, the CSA point out that a number of strategies, including non derivative-related short selling, cannot be followed by commodity pools and other mutual funds due to prohibitions contained in National Instrument 81-102. A person or company that wishes to sell to the public investment funds that use alternative investment strategies not contemplated by the Instrument should consider using available exemptions from prospectus requirements or structuring the fund as a closed end investment fund. The CSA will consider on a case by case basis applications for exemptions from applicable restrictions contained in National Instrument 81-102 if a mutual fund structure is proposed. Any application for exemption should describe how the proposed alternative investment strategy meets the policy goals behind the rules in National Instrument 81-102 and why a mutual fund structure is in the public interest.

1.3 Background to the Instrument - The CSA developed the Instrument in order to create an updated uniform national regulatory regime for commodity pools. Commodity pools have been sold in most jurisdictions in Canada under prospectuses filed with the CSA for over twenty years. The Ontario

Securities Commission published a policy statement, OSC Policy Statement 11.4 Commodity Pool Programs, to set parameters for the operation and administration of these investment vehicles. The other members of the CSA regulated commodity pools through exemptive orders giving relief, on conditions, from requirements of applicable securities legislation in their jurisdiction, including National Instrument 81-102 and its predecessor instrument. The exemptive relief orders were largely consistent with the guidelines contained in the Ontario policy statement. The Ontario Securities Commission and the other members of the CSA recognize that the Ontario policy statement has become outmoded and no longer reflects the regulatory approach now favoured by the CSA.

1.4 Regulatory Principles for Commodity Pools

(1) The CSA considered the following regulatory principles in developing and implementing the Instrument:

(a) Commodity pools should be regulated in the same manner as conventional mutual funds, except in respect of their respective use of specified derivatives. Therefore, commodity pools are defined in the Instrument as a type of mutual fund, so that the rules of National Instrument 81-102, and other applicable securities legislation apply except as provided otherwise in the Instrument.

(b) Commodity pools should be granted greater freedom in their use of specified derivatives and leverage strategies than conventional mutual funds, in exchange for requirements which, among other things, are aimed at increasing the information available to investors about the investment strategies, risks and on-going performance of commodity pools. Therefore, the Instrument generally exempts commodity pools from the specified derivative rules of National Instrument 81-102.

PART 2 GENERAL STRUCTURE OF THE INSTRUMENT

2.1 Relationship to Securities Legislation Applicable to Mutual Funds

(1) Since by definition, commodity pools are mutual funds, they are subject to mutual fund rules unless those rules are specifically excluded. The Instrument contains only those provisions that are specific to commodity pools. Provisions applicable to all mutual funds, including commodity pools, are contained in National Instrument 81-102.

(2) Persons involved with the establishment or administration of a commodity pool should review the following rules:

1. National Instrument 81-102. That National Instrument contains general rules concerning the operation of mutual funds, all of which are applicable to commodity pools unless specifically excluded by the Instrument.
2. Applicable mutual fund related securities legislation. For example, commodity pools are subject to the financial statement reporting requirements for mutual funds, except as varied or supplemented in the Instrument.
3. Prospectus requirements of the securities legislation of a jurisdiction applicable to long form issuers generally, and mutual funds in particular. National Instrument 81-101 Mutual Fund Prospectus Disclosure does not allow commodity pools to use the prospectus disclosure system created by that National Instrument.
4. Securities legislation of a jurisdiction that applies to dealers in securities of a mutual fund. Since commodity pools are mutual funds, dealers registered in a jurisdiction to sell mutual funds can trade in these securities. The Instrument imposes additional proficiency requirements for salespersons who are registered to sell only mutual funds and for the supervisors of trades in commodity pools, in all jurisdictions other than British Columbia. Dealers registered to sell securities (including mutual funds) in British Columbia should look to local British Columbia securities regulations for guidance.

2.2 Derivatives Use

- (1) The regime implemented by the Instrument is designed to allow commodity pools considerable freedom in entering into derivatives transactions. Commodity pools are not subject to the majority of sections 2.7 and 2.8 of National Instrument 81-102, which contain most of the rules governing specified derivatives used by mutual funds. Commodity pools, however, remain subject to the main investment restrictions and rules governing investment practices contained in National Instrument 81-102 that do not relate directly to derivatives or commodity transactions.
- (2) Commodity pools remain generally subject to section 2.1 of National Instrument 81-102 except as provided in subsection 2.1(1) of the Instrument. Section 2.1 of National Instrument 81-102 contains the prohibition against a mutual fund investing more than 10 percent of its net assets in the securities of an issuer. The effect of subsection 2.1(1) of the Instrument is that a commodity pool need not be restricted by this prohibition in relation to its specified derivatives

transactions with any one counterparty. That is, a commodity pool may "invest" more than 10 percent of its net assets with any one counterparty in one or more specified derivatives transactions. This exception to the 10 percent rule is designed to allow commodity pools greater flexibility in their specified derivatives transactions. However, a commodity pool remains subject to the 10 percent rule in relation to any securities of any issuers, including counterparties, other than the "securities" acquired from counterparties in specified derivatives transactions. A commodity pool may enter into an unlimited number of specified derivatives transactions with any counterparty without regard to the 10 percent rule, but remains subject to the 10 percent rule in relation to any, for example, common shares of that counterparty acquired by it. In addition, the "look through" rule contained in subsection 2.1(3) of National Instrument 81-102 will still apply to those specified derivatives transactions, requiring a commodity pool to take into account the underlying interests of specified derivatives transactions in order to ensure compliance with section 2.1 of National Instrument 81-102.

- (3) Commodity pools, as with other mutual funds, remain subject to paragraphs 2.6(b) and (c) of National Instrument 81-102, which prohibit mutual funds from purchasing securities on margin or selling securities short, unless these strategies are permitted by sections 2.7 or 2.8 of that National Instrument. Commodity pools contemplating purchasing securities on margin or selling securities short in connection with their specified derivatives strategies should review sections 2.7 and 2.8 of National Instrument 81-102 to determine permissible practices. Any other strategy which involves purchasing securities on margin or selling securities short is not permitted for commodity pools, in the same manner as that other strategy is not permitted for conventional mutual funds. The Instrument exempts commodity pools from most of the provisions of sections 2.7 or 2.8 of National Instrument 81-102, but is not intended to remove the permission to purchase securities on margin or sell securities short in specified derivatives transactions provided for in paragraphs 2.6(b) and (c) of National Instrument 81-102.

PART 3 PROSPECTUS DISCLOSURE

3.1 Prospectus Disclosure

- (1) Sections 9.1 and 9.2 of the Instrument contain a number of disclosure requirements applicable to commodity pool prospectuses. The CSA note that commodity pool prospectuses are long form prospectuses. Commodity pool prospectuses may contain any information that the commodity pool manager believes would be of assistance in

ensuring that the prospectus contains full, true and plain disclosure about the commodity pool.

- (2) In particular, the CSA consider that, in order to ensure that full, true and plain disclosure is provided, having regard to the specialized investment strategies of commodity pools, a person or company preparing a prospectus of a commodity pool should consider whether it would be useful to include in the prospectus standardized measures of risk, prepared and presented in a consistent manner from year to year and based on generally accepted statistical standards.
- (3) Paragraph 9.2(g) of the Instrument requires a commodity pool to describe its performance in the required format. A commodity pool may, but is not required to, compare its performance to an appropriate index or benchmark. If the commodity pool decides to so compare its performance, the CSA note that, generally speaking, the index or benchmark used should satisfy the requirements of Item 11.3 of Part B of Form 81-101F1 and be prepared independently or be widely recognized and used. However, the CSA recognize the difficulty in identifying indices that are relevant comparisons to some commodity pools, and expect that commodity pools use their best efforts to use as appropriate an index as possible. The index could be either a broadly-based market index or a narrowly-based index, whichever is considered by the manager of the commodity pool to be most appropriate. Any differences between the index or benchmark used and the commodity pool should be identified.

PART 4 LIMITED LIABILITY

4.1 Limited Liability

- (1) Mutual funds generally are structured in a manner that ensures that investors are not exposed to the risk of loss of an amount more than their original investment. The CSA consider this a very important and essential attribute of mutual funds. This is especially important in the context of commodity pools. One of the most important rationales for the existence of commodity pools is that they enable investors to invest indirectly in certain types of derivative products, particularly futures and forwards, without putting more than the amount of their investment at risk. A direct investment in some derivative products could expose an investor to losses beyond the original investment.
- (2) The CSA expect that commodity pools will be structured in a manner that provides as much assurance as possible to their securityholders that securityholders will not be at risk for more than the amount of their original investment.

The CSA recommend that commodity pool promoters and managers consider other ways, apart from the structuring of a pool, to limit the liability of securityholders. For example, commodity pools could enter into contracts only if the other party to the agreement agreed to limit recourse under the agreement to the assets of the pool.

- (3) Mutual funds structured as corporations do not raise pressing liability problems because of the limited liability regime of corporate statutes.
- (4) Mutual funds structured as limited partnerships may raise some concerns about the loss of limited liability if limited partners are viewed as participating in the management or control of the partnership. The statute and case law concerning when limited partners can lose their limited partner status, including the Quebec Civil Code, varies from province to province. Therefore, paragraph 9.2(l) of the Instrument requires each commodity pool to disclose risks associated with the loss of limited liability of a limited partner that has invested in a commodity pool structured as a limited partnership; proper compliance with this requirement will involve disclosure of risks associated with the jurisdictions in which the prospectus is filed.
- (5) Mutual funds structured as trusts are subject to their constitution and the common and civil law of trusts. Commodity pool operators should consider this law, together with the factual circumstances surrounding the establishment of the commodity pool, including the ability of the investors in the commodity pool to influence the administration and management of the commodity pool, to ensure that investors' liability is limited to the amount they have invested in the fund. Paragraph 9.2(l) of the Instrument requires disclosure of risks, if any are applicable, associated with the structuring of a commodity pool as a trust in relation to the possibility that purchasers of commodity pool securities may become liable to make an additional contribution beyond the price of the securities.

6.1.3 Notice of Proposed Multilateral Instrument 31-102 - National Registration Database (NRD)

NOTICE OF PROPOSED MULTILATERAL INSTRUMENT 31-102, FORMS 31-102F1, 31-102F2, 31-102F3 AND COMPANION POLICY 31-102CP

NATIONAL REGISTRATION DATABASE (NRD)

Substance and Purpose of Proposed Multilateral Instrument

The National Registration Database, known as NRD, is an initiative of the Canadian Securities Administrators (the "CSA"). NRD is an electronic database that will contain registration information for dealers, underwriters, advisers and individuals. NRD is also a system that will allow registrants to electronically submit certain registration applications and notices to securities regulatory authorities and self-regulatory organizations over the Internet.

NRD filers will be able to use NRD to:

1. submit applications for registration by individuals;
2. submit changes to individuals' registration information;
3. submit information regarding firms' business locations;
4. submit information regarding non-registered individuals¹;
5. pay fees related to registration and NRD;
6. search for and retrieve registration information that is recorded on NRD.

An NRD firm filer will be able to view information that is recorded on the database in respect of itself. The current version of NRD does not provide the public with access to any information recorded on NRD. The CSA anticipates that a future version of NRD will make some registration information available to the public.

For a more detailed description of NRD, staff strongly encourage commentators to review the NRD Filer Manual, which is available at <http://www.osc.gov.on.ca/en/HotTopics/nrd.html#expanded>.

The proposed rules governing the electronic submission of registration information through NRD are set forth in a proposed Multilateral Instrument (the "Instrument"), three related Forms and a Companion Policy (collectively, the "proposed instruments"). The proposed instruments accompany this Notice.

¹ The term "non-registered individual" is defined in proposed Multilateral Instrument 33-109 Registration Information Requirements, which is published for comment in this bulletin.

The Instrument is being proposed for implementation as a rule, regulation or other appropriate instrument in each of the CSA jurisdictions except Quebec.

Summary of the Proposed Multilateral Instrument

The proposed Instrument sets out the principal requirements and procedures relating to the electronic submission of registration information.

NRD Submission Requirements

The Instrument requires that the following registration information be submitted to the regulator electronically using NRD:

1. Form 33-109F1 *Notice of Termination*;
2. Form 33-109F2 *Change of Individual Categories*;
3. Form 33-109F3 *Business Locations other than Head Office*; and
4. Form 33-109F4 *Registration Information for an Individual* and any changes to that information.

The use of these forms is prescribed under Multilateral Instrument 33-109 *Registration Information Requirements* ("MI 33-109"), which is also being published for comment in this bulletin.

All NRD submissions must be submitted by an NRD filer through an authorized firm representative ("AFR"). An AFR is defined under the Instrument as an individual who is authorized by a firm to access information and make submissions to regulators through NRD regarding the firm and individuals associated with the firm. (The NRD Filer Manual includes a chapter that provides a description of the role of AFRs.)

In order to use NRD, a firm is required to enrol, have one chief AFR, and maintain a bank account from which fees may be paid by electronic pre-authorized debit through NRD.

NRD Enrolment

In order to enrol to use NRD a firm is required to send a completed Form 31-102F1 *Enrolment Form - Firm Filer* and a completed Form 31-102F3 *Account Holder Authorization* to the NRD administrator.

Form 31-102F1 requires an enrolling firm to identify the chief AFR appointed by the firm and the account that the firm will use to pay fees through NRD. This form must be delivered to the NRD administrator in paper format accompanied by a copy of the firm's incorporating documents and an NRD enrolment fee (described below).

In Form 31-102F3 the account-holder of the account from which a firm will pay fees through NRD will authorize the payment of fees by electronic pre-authorized debit. Staff expects that in most cases the account-holder will be the firm.

A firm may also be required to submit a completed Form 31-102F2 *Enrolment of Chief Authorized Firm Representative* to the NRD administrator. A Form 31-102F2 is not required if the

chief AFR appointed by the firm is acting as a chief AFR for another firm.

Enrolment Fees

Firms will be required to pay a one-time fee when enrolling to use NRD. This fee must accompany the enrolment documentation submitted by the firm.

Firms that are already registered when this Instrument comes into effect will be required to pay an enrolment fee based on the number of registered individuals with the firm, as described in the following schedule:

Number of Registered Individuals	Firm Enrolment Fee
3,000 or more	\$7,000.00
1,000 to 2,999	\$6,500.00
500 to 999	\$5,500.00
150 to 499	\$4,500.00
75 to 149	\$3,000.00
50 to 74	\$2,000.00
25 to 49	\$1,500.00
10 to 24	\$250.00
1 to 9	\$100.00
0 (e.g., international dealers)	\$750.00

Firms that are not registered when this Instrument comes into effect and enrol to use NRD will be charged an NRD enrolment fee that is the same irrespective of the firm's size. Currently, an enrolment fee of \$500 is being considered.

Payment of Fees

The Instrument requires that firms pay the following fees by electronic pre-authorized debit from the account identified in Forms 31-102F1 and 31-102F3:

1. any fee prescribed under securities legislation with respect to an NRD submission;
2. annual registration fees; and
3. annual NRD filer fees.

NRD submission fee

A firm will be required to pay, in addition to the fees currently prescribed under securities legislation, \$75 for each individual who is applying for registration in a single jurisdiction. For each additional jurisdiction to which the individual applies, the firm will be charged \$50. Upon submitting a Form 33-109F4 for a non-registered individual, a firm will be charged \$50 irrespective of the number of jurisdictions in which the firm is registered.

A firm will not be charged the NRD submission fee described in the preceding paragraph in respect of an individual applicant or a non-registered individual for whom a Form 33-109F4 is submitted prior to a December 15 if an annual NRD filer fee (described below) or an NRD submission fee has been paid by any firm in respect of that individual on or after December 15 of the prior year.

Annual NRD filer fee

On December 15 of each year, a firm will be charged an annual NRD filer fee. Under this fee a firm is required to pay \$75 for each registered individual sponsored by the firm and registered in a single jurisdiction. For each additional jurisdiction in which the individual is registered, the firm will be charged \$50. A firm will be charged \$50 for each of the firm's non-registered individuals irrespective of the number of jurisdictions in which the firm is registered.

The annual NRD filer fees and NRD submission fees are intended to cover the cost of developing and operating NRD.

Temporary Hardship Exemption

The proposed Instrument contains a temporary hardship exemption that will permit a submission to be made in paper format if technical difficulties arise that prevent the submission being made in NRD format. NRD filers that make paper format submissions under this exemption will be required to make the same submission in NRD format once the technical difficulties have been resolved.

Transition to NRD

Section 8.1 of the Instrument defines several key dates for the transition to NRD. The data transfer date is the day on which the regulator will commence the transfer to NRD of certain registration information that the regulator currently maintains in electronic format. The significance of this date for a firm filer is that some registration information that is received in paper format by the regulator after the data transfer date must be submitted electronically by the firm filer through NRD shortly after the firm is able to make NRD submissions. The NRD access date is the day on which a firm filer first has access to NRD to make NRD submissions. The NRD launch date is the first day NRD is available for any NRD filer to make an NRD submission. The effective date is the date on which the Instrument comes into force. Also under this part, a transition firm is defined to mean a firm that is registered on the effective date or is not a registered firm on the effective date but has applied for registration before the NRD launch date.

Staff is currently considering two plans for the implementation of NRD. Under one plan, the Instrument would come into force on September 1, 2002, the data transfer date would be October 7, 2002, and the NRD launch date would be October 28, 2002. Under the second plan, the Instrument would come into force on November 15, 2002, the data transfer date would be December 16, 2002, and the NRD launch date would be January 5, 2003. Staff requests comment regarding when the implementation of NRD should occur.

Under Part 8, a transition firm must enrol to use NRD (described above under "NRD Enrolment") by the later of 5 business days after the effective date and the date that the firm has applied for registration.

Once a transition firm is enrolled and has access to NRD, it must ensure that the information recorded on NRD about each of its business locations is complete and accurate. The transition firm is required to do this within 15 business days of gaining access to NRD.

Under section 8.5, a registered firm is required to submit a completed Form 33-109F4 for each of the firm's registered individuals and non-registered individuals whose registration information was transferred to NRD by the regulator on the data transfer date. A transition firm is required to submit Forms 33-109F4 for these individuals according to the schedule set out in section 8.5.

Section 8.6 requires a transition firm to submit a Form 33-109F4 in NRD format within 15 business days of the NRD access date for each individual who was not a registered individual on the data transfer date, but who had applied in paper format for registration before the NRD access date. Section 8.6 also requires a transition firm to submit a Form 33-109F4 in NRD format within 15 business days of the NRD access date for each individual who was a non-registered individual before the NRD access date and about whom the Commission had not been notified by the data transfer date.

Section 8.7 of the Instrument requires that a registered individual who submits a change to information previously submitted in the current Form 4 under section 8.5 of MI 33-109 must submit Form 33-109F4 by the later of 15 business days after the NRD access date or the date that the individual submitted notification of the changes. Section 8.8 of the Instrument creates a similar requirement in respect of non-registered individuals.

Section 8.9 provides that if an application to change an individual's registration category has not been approved before the data transfer date, the individual shall submit a completed Form 33-109F4 in NRD format within 15 business days after the NRD access date and a completed Form 33-109F2 within 1 business day of having submitted the Form 33-109F4.

Section 8.10 provides, for greater certainty, that a Form 33-109F4 that is submitted under the transition part of the Instrument must be current on the date that it is submitted. This section is meant to ensure that NRD is populated with current data.

Under section 8.11, a transition firm is not required to submit a Form 33-109F4 in respect of an individual if the firm has already submitted a notice of termination in NRD format in respect of that individual.

Other Exemptive Relief

The proposed Instrument provides that in all jurisdictions except Ontario the regulator or the securities regulatory authority may grant an exemption to the Instrument. In Ontario, only the regulator may grant such an exemption.

Effective Date

The Instrument is currently scheduled to come into force on September 1, 2002.

Related Instruments

The proposed Instrument is related to proposed MI 33-109 and Rule 31-509 (*Commodity Futures Act*) National Registration Database (NRD), both of which are published for comment in this bulletin.

Regulations to be Amended or Revoked

The fee schedule will be amended to provide for NRD enrolment fees, annual NRD filer fees, and NRD submission fees.

Authority for Proposed National Instrument - Ontario

Paragraph 143(1) 1 of the *Securities Act* (the "Act") authorizes the Commission to make rules prescribing requirements in respect of applications for registration and the renewal, amendment, expiration or surrender of registration and in respect of suspension, cancellation or reinstatement of registration.

Paragraph 143(1) 39 of the Act authorizes the Commission to make rules requiring or respecting the media, format, preparation, form, content, execution, certification, dissemination and other use, filing and review of all documents required under or governed by the Act, the regulations or the rules made thereunder and all documents determined by such regulations or rules to be ancillary to the documents, including applications for registration.

Paragraph 143(1) 44 of the Act authorizes the Commission to make rules varying the application of the Act to require the use of an electronic or computer-based system for the filing, delivery or deposit of documents or information to be filed under the Act, the regulations or rules made thereunder.

Paragraph 143(1) 45 of the Act authorizes the Commission to make rules establishing requirements for and procedures in respect of the use of an electronic or computer-based system for the filing, delivery or deposit of documents or information.

Paragraph 143(1) 46 of the Act authorizes the Commission to make rules prescribing the circumstances in which persons or companies shall be deemed to have signed or certified documents on an electronic or computer-based system for any purpose of the Act.

Paragraph 143(1) 49 of the Act authorizes the Commission to make rules varying the Act to permit or require methods of filing or delivery, to or by the Commission, registrants, and others, of documents, information, notices or other communications required under or governed by Ontario securities law.

Alternatives Considered

In proposing the Instrument, the CSA has not considered alternatives to the adoption of requirements for the submission of registration information in electronic format.

Unpublished Materials

In proposing the Instrument, the CSA has not relied on any significant unpublished study, report or other material.

Anticipated Costs and Benefits

The Chief Economist's Office of the Commission conducted an extensive survey of registered firms to determine the economic benefits of NRD to the industry. The results of the survey indicate that the expected benefit to registered firms over the

first five years, discounted at a rate of 8% per year, has a present value of \$85 million. The present value of the projected cost of developing and operating NRD over the same five-year period is \$47 million. The annual NRD filer fees and NRD submission fees (described above) are intended to cover this cost. The survey results are available at <http://www.osc.gov.on.ca/en/HotTopics/nrd.html#expanded>.

The CSA believe that implementing NRD will provide significant benefits to registrants as well as to the securities regulatory authorities participating in the Instrument by:

- permitting firms to send a single submission to multiple regulators
- permitting firms to view the registration information that they have submitted to regulators, which will allow firms to easily confirm that submissions they have made have been received and processed
- permitting firms to print certain reports, including an individual's Form 33-109F4
- automating processes that were previously manual (such as editing and validation checks), thereby permitting the CSA to focus regulatory resources on substantive review
- significantly reducing the volume of physical correspondence between registrants and regulators
- pre-populating forms with information already within NRD

In order to effectively use NRD to make NRD submissions, the hardware and software of a firm filer should meet or exceed the following specifications:

1. Personal computer with a 133 MHz Pentium processor and 32MB of RAM;
2. Internet connection and Hayes compatible modem with a minimum speed of 56,000 bps; and
3. Adobe Acrobat reader 4.x.

NRD will support the following internet browser software:

1. Microsoft Internet Explorer versions 5.0 and 5.5; and
2. Netscape version 4.7.

Comments

Interested parties are invited to make written submissions with respect to the proposed Instrument. Submissions received by March 18, 2002 will be considered. As stated above, staff are particularly interested in receiving comment regarding when NRD should be implemented (see *Transition to NRD*).

Submissions should be sent to all securities regulatory authorities listed below in care of the Ontario Securities Commission in duplicate, as indicated below:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
The Manitoba Securities Commission
Ontario Securities Commission
Office of the Administrator, New Brunswick
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland
Registrar of Securities, Northwest Territories
Registrar of Securities, Nunavut
Registrar of Securities, Yukon Territory

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario
M5H 3S8
jstevenson@osc.gov.on.ca

A diskette containing the submissions (in DOS or Windows format, preferably WordPerfect) should also be submitted. As securities legislation in certain provinces requires a summary of written comments received during the comment period be published, confidentiality of submissions cannot be maintained.

Questions may be referred to:

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Proposed Instrument

The text of the proposed Instrument, Forms and Companion Policy follow, together with footnotes that are not part of the proposed Instrument but have been included to provide background and explanation.

December 14, 2001.

6.1.4 Multilateral Instrument 31-102 - National Registration Database (NRD)

MULTILATERAL INSTRUMENT 31-102

NATIONAL REGISTRATION DATABASE (NRD)

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FORM 31-102F1 ENROLMENT FORM - FIRM FILER

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FORM 31-102F3 ACCOUNT HOLDER AUTHORIZATION

**MULTILATERAL INSTRUMENT 31-102
NATIONAL REGISTRATION DATABASE (NRD)**

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions - In this Instrument

"authorized firm representative" or "AFR" means, for a firm filer, an individual with his or her own NRD user ID and who is authorized by the firm filer to submit information in NRD format for that firm filer and individual filers with respect to whom the firm filer is the sponsoring firm;

"chief AFR" means, for a firm filer, an individual who is an AFR and has accepted an appointment by the firm filer under paragraph 4.1(a);

"firm filer" means a person or company that is required under securities legislation to make an NRD submission in accordance with this Instrument and that is registered as, or has applied for registration as, a dealer, adviser, or underwriter;

"individual filer" means an individual that is required under securities legislation to make an NRD submission in accordance with this Instrument;

"individual filer NRD number" means, for an individual filer, the unique number first generated by NRD to identify an individual filer;

"MI 33-109" means Multilateral Instrument 33-109 Registration Information Requirements;

"NRD" means the online electronic database of registration information regarding NRD filers and includes the computer system providing for the transmission, receipt, review and dissemination of that registration information by electronic means;

"NRD administrator" means a person or company that operates NRD;

"NRD filer" means an individual filer or a firm filer;

"NRD format" means the electronic format for submitting information through the NRD web site;

"NRD submission" means information that is submitted under securities legislation or securities directions in NRD format, or the act of submitting information under securities legislation or securities directions in NRD format, as the context requires;

"NRD web site" means the web site operated by the NRD administrator for the submission of information in NRD format;

"sponsoring firm" means,

(a) for a registered individual filer, the firm filer on whose behalf the individual trades or advises,

- (b) for an individual filer seeking registration, the firm filer on whose behalf the individual proposes to trade or advise, or
- (c) for a non-registered individual of a firm filer, the firm filer.

1.2 **Interpretation** - Terms defined in MI 33-109 and used in this Instrument have the respective meanings ascribed to those terms in MI 33-109.

PART 2 INFORMATION TO BE SUBMITTED IN NRD FORMAT

2.1 **Registration Information** - A person or company that is required to submit any of the following to the securities regulatory authority or regulator, shall make the submission in NRD format:

1. Form 33-109F1;
2. Form 33-109F2;
3. Form 33-109F3;
4. Form 33-109F4 or a change to any information previously submitted in respect of Form 33-109F4.

PART 3 MAKING NRD SUBMISSIONS

3.1 NRD Submissions

- (1) An NRD filer that is required under securities legislation to submit information in NRD format shall make that NRD submission through the NRD website and in accordance with this Instrument.
- (2) A requirement in securities legislation relating to the format in which a document or other information to be submitted must be printed, or specifying the number of copies of a document that must be submitted, does not apply to an NRD submission required to be made in accordance with this Instrument.
- (3) An individual filer shall make all NRD submissions using the same individual filer NRD number.
- (4) An NRD filer shall make an NRD submission through an AFR.
- (5) For greater certainty, an individual filer under subsection (4) may be the AFR for the purpose of that filing if the individual filer is enrolled in that capacity.

3.2 **Ongoing Firm Filer Requirements** - A firm filer shall

- (a) be enrolled to use NRD;

- (b) have one chief AFR; and
- (c) maintain one account with a member of the Canadian Payments Association from which fees may be paid with respect to NRD submissions by electronic pre-authorized debit.

PART 4 ENROLMENT TO USE NRD

4.1 **Firm Filer Enrolment** - To enrol to use NRD, a firm filer shall

- (a) appoint an individual to act as its chief AFR;
- (b) deliver to the NRD administrator, concurrently and in paper format,
 - (i) a Form 31-102F1 completed after an appointment under paragraph (a) has been accepted by the individual;
 - (ii) any Form 31-102F2 completed under section 4.2; and
 - (iii) a completed Form 31-102F3 in respect of the account maintained under paragraph 3.2(c).

4.2 Chief AFR Enrolment

- (1) An individual who accepts an appointment under paragraph 4.1(a) shall complete a Form 31-102F2.
- (2) Subsection (1) does not apply if the individual is a chief AFR for another firm filer.

4.3 **Reporting Changes to Firm Filer Enrolment Information** - Other than a change to the legal name of a firm filer, a firm filer shall notify the NRD administrator of a change to the information on the most recently submitted Form 31-102F1 by delivering to the NRD administrator a completed Form 31-102F1 in paper format as soon as practicable.

4.4 Reporting Changes to NRD Account Holder Authorization

- (1) Before a firm filer may change the account maintained under paragraph 3.2(c), the firm filer shall notify the NRD administrator of the change by delivering to the NRD administrator a completed Form 31-102F3 in paper format at least 10 business days before the change.
- (2) A firm filer shall notify the NRD administrator of any change to the contact information previously submitted in Form 31-102F3 by delivering to the NRD administrator a completed Form 31-102F3 in paper format within 5 business days of the change.

4.5 Reporting Changes to Chief AFR Information - A chief AFR shall submit any change to his or her name or contact information previously submitted in Form 31-102F2, or under this subsection, in NRD format within 5 business days of the change.

4.6 Reporting Changes to Other AFR Information - A firm filer shall submit any change in the name of an AFR, other than a chief AFR, in NRD format within 5 business days of the change.

PART 5 PAYMENT OF FEES THROUGH NRD

5.1 Payment of Submission Fees

- (1) If a fee is prescribed with respect to an NRD submission, a firm filer shall pay the prescribed fee by electronic pre-authorized debit through NRD.
- (2) A payment under subsection (1) shall be made from the account maintained under paragraph 3.2(c).

5.2 Payment of Annual Registration Fees

- (1) If a firm filer is required to pay a prescribed annual registration fee, the firm filer shall pay the prescribed fee by electronic pre-authorized debit through NRD.
- (2) A payment under subsection (1) shall be made from the account maintained under paragraph 3.2(c).

5.3 Payment of Annual NRD Filer Fees

- (1) If a firm filer is required to pay a prescribed annual NRD filer fee, the firm filer shall pay the prescribed fee by electronic pre-authorized debit through NRD.
- (2) A payment under subsection (1) shall be made from the account maintained under paragraph 3.2(c).

PART 6 TEMPORARY HARDSHIP EXEMPTION

6.1 Temporary Hardship Exemption

- (1) If unanticipated technical difficulties prevent an NRD filer from making a submission in NRD format within the time required under securities legislation, the NRD filer is exempt from the requirement to make the submission within the specified time period, if the NRD filer makes the submission in paper format or NRD format no later than 5 business days after the day on which the information was required to be submitted.
- (2) If unanticipated technical difficulties prevent an individual filer from applying for registration in

NRD format, the individual filer may submit the application in paper format.

- (3) If an NRD filer makes a paper format submission under this section, the NRD filer shall include the following legend in capital letters at the top of the first page of the submission:

IN ACCORDANCE WITH SECTION 6.1 OF MULTILATERAL INSTRUMENT 31-102 NATIONAL REGISTRATION DATABASE (NRD), THIS (SPECIFY DOCUMENT) IS BEING SUBMITTED IN PAPER FORMAT UNDER A TEMPORARY HARDSHIP EXEMPTION.

- (4) If an NRD filer makes a paper format submission under this section, the NRD filer shall submit the information required in NRD format as soon as practicable and in any event within 3 business days after the unanticipated technical difficulties have been resolved.

PART 7 EXEMPTION

7.1 Exemption

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

PART 8 TRANSITION

8.1 Definitions - In this Part

"data transfer date" means the day on which the securities regulatory authority will commence the transfer of its record of non-registered individuals, registered individuals, and registered firms to NRD;

"effective date" means the day on which this Instrument comes into force;

"NRD access date" means, for an NRD firm filer, the date the NRD firm filer first has access to NRD to make NRD submissions;

"NRD launch date" means the first day on which NRD is available for NRD filers to make NRD submissions; and

"transition firm" means every dealer, adviser and underwriter that

- (a) is a registered firm on the effective date, or
- (b) is not a registered firm on the effective date and has applied for registration before the NRD launch date.

- 8.2 NRD Enrolment For Transition Firms** - A transition firm shall enroll to use NRD by the later of
- (a) 5 business days after the effective date, and
 - (b) the date that the firm has applied for registration.
- 8.3 NRD Submissions before NRD Access Date** - Despite any requirement in this Instrument to submit information in NRD format, a transition firm may submit information in paper format before the NRD access date.
- 8.4 Accuracy of Business Location Information** - If the information recorded on NRD for a business location of a transition firm is missing or inaccurate on the NRD access date, the transition firm shall submit a completed Form 33-109F3 in NRD format in respect of that business location within 15 business days of the NRD access date.
- 8.5 Individuals Included in the Data Transfer** - In respect of individuals who were registered individuals on the data transfer date, or non-registered individuals with respect to whom the securities regulatory authority has been notified by the data transfer date, the transition firm that is the sponsoring firm of those individuals shall submit completed Forms 33-109F4 in NRD format for
- (a) 10 percent of those individuals no later than the end of the second calendar month following the month in which the NRD launch date occurred,
 - (b) 20 percent of those individuals no later than the end of the third calendar month following the month in which the NRD launch date occurred,
 - (c) 30 percent of those individuals no later than the end of the fourth calendar month following the month in which the NRD launch date occurred,
 - (d) 40 percent of those individuals no later than the end of the fifth calendar month following the month in which the NRD launch date occurred,
 - (e) 50 percent of those individuals no later than the end of the sixth calendar month following the month in which the NRD launch date occurred,
 - (f) 60 percent of those individuals no later than the end of the seventh calendar month following the month in which the NRD launch date occurred,
 - (g) 70 percent of those individuals no later than the end of the eighth calendar month following the month in which the NRD launch date occurred,
 - (h) 80 percent of those individuals no later than the end of the ninth calendar month following the month in which the NRD launch date occurred,
 - (i) 90 percent of those individuals no later than the end of the tenth calendar month following the
- month in which the NRD launch date occurred, and
- (j) all of those individuals no later than the end of the eleventh calendar month following the month in which the NRD launch date occurred.
- 8.6 Individuals not Included in the Data Transfer** - A transition firm shall submit a completed Form 33-109F4 in NRD format within 15 business days of the NRD access date for each individual for whom the transition firm is the sponsoring firm and who
- (a) was not a registered individual on the data transfer date and who applied in paper format to become a registered individual before the NRD access date; or
 - (b) was a non-registered individual before the NRD access date and about whom the securities regulatory authority had not been notified by the data transfer date.
- 8.7 Changes to Form 4 Information - Registered Individuals** - A registered individual who has submitted a completed Form 33-109F5 under section 8.5 of MI 33-109, shall submit a completed Form 33-109F4 in NRD format by the later of 15 business days after
- (a) the NRD access date of the individual's sponsoring firm, and
 - (b) the date that the individual submitted the Form 33-109F5.
- 8.8 Changes to Form 4 Information - Non-registered Individuals** - A transition firm that has submitted a completed Form 33-109F5 for a non-registered individual under section 8.7 of MI 33-109, shall submit a completed Form 33-109F4 for the individual in NRD format by the later of 15 business days after
- (a) the NRD access date, and
 - (b) the date that the firm submitted the Form 33-109F5.
- 8.9 Pending Application to Change Individual's Registration Category** - If a registered individual submitted an application in paper format to change his or her category of registration and the application is not determined before the data transfer date, the individual shall submit
- (a) a completed Form 33-109F4 in NRD format within 15 business days after the NRD access date of his or her sponsoring firm, and
 - (b) a completed Form 33-109F2 in NRD format within 1 business day of submitting the Form 33-109F4 under paragraph (a).

- 8.10 Currency of Form 33-109F4** - For greater certainty, a completed Form 33-109F4 that is submitted under this Part must be current on the date that it is submitted despite any prior submissions in paper format.
- 8.11 Termination or Cessation of Relationship** - Despite a requirement under this Part to submit a completed Form 33-109F4, a transition firm is not required to submit a Form 33-109F4 in respect of an individual if the firm has submitted a completed Form 33-109F1 in NRD format in respect of the individual.

PART 9 EFFECTIVE DATE

9.1 Effective Date

- (1) Except for Part 2, this Instrument comes into force on September 1, 2002.
- (2) Part 2 comes into force on the NRD launch date.

FORM 31-102F1

ENROLMENT FORM – FIRM FILER

TO: **NRD Administrator**
85 Richmond Street West, Toronto, Ontario M5H 2C9

Please select one box:

- Initial Filing** All sections must be completed. **Appendix A must be attached and signed. Return this form with Form 31-102F3, and if required, Form 31-102F2,** together with a true copy of the certificate of incorporation, certificate of amendment or other business registration document issued by the applicable governmental office that confirms the current legal name of the firm filer, as stated in section 1 below, and any required fees and deliver by prepaid mail or personal delivery to the NRD administrator at the address above, or to such other address as may be provided at the NRD web site.
- Change to Previous Filing**
Describe change(s):
- Appointment of new chief AFR
- complete sections 1, 2 & 4
 - New account holder and/or other change to account information for pre-authorized debit
- complete sections 1, 3 & 4

Do not notify the NRD administrator of changes to information in section 1. Do not resubmit Appendix A. Changes will be effective after the NRD administrator has completed its processing of all required information and forms. **Return this form** with any other forms (if required, Form 31-102F2 and/or Form 31-102F3) and documents and deliver by prepaid mail, personal delivery or fax to the NRD administrator at the address above, or by fax to 1-800- _____, or to such other address or fax number as may be provided at the NRD web site.

General Instructions:

- A. This form is available online for downloading at the NRD web site at www.nrd.ca.
- B. Complete the information requested in this form in type or legible print. Manual signatures are required by authorized signatories of the firm filer.

Section 1 Firm Filer Information

Full legal name of firm filer:	
Firm NRD number (if available):	Head office main phone number: ()

Section 2 Confirmation of Appointment of Chief AFR

The firm filer hereby confirms that it has appointed the person below as its sole chief AFR and by so doing hereby confirms that it has revoked all prior appointments to this position. The information completed in this section 2 must match the information completed in section 1 of Form 31-102F2 of the chief AFR.

Last name of chief AFR:		First name:
Second name (if applicable):	Third name (if applicable):	Active user ID of chief AFR*:

* If an active user ID is not included, then a completed Form 31-102F2 must accompany this form.

Section 3 Account Holder Information for Electronic Pre-Authorized Debit

The firm filer hereby confirms the following account holder and account information from which the payment of prescribed fees by electronic pre-authorized debit shall be made through NRD as authorized by the chief AFR or other AFRs appointed to act on behalf of the firm filer. A completed Form 31-102F3 must accompany this form and the information completed in this section 3 must match the information completed in section 3 of Form 31-102F3 of the account holder.

Name of account holder:	
Name of account holder's financial institution**:	
Branch transit number:	Account number:

** The financial institution selected must be a member of the Canadian Payments Association.

Section 4 Certification of Firm Filer

The undersigned firm filer hereby certifies that the foregoing information delivered to the NRD administrator for verification and processing is true in all material respects and acknowledges that all access to and use of NRD shall be subject to the **Terms and Conditions of Use attached as Appendix A to the Initial Filing of this form by the firm filer, and any amendments thereto. It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.**

The undersigned acknowledges that all confirmations, notices and other correspondence between the NRD administrator and the undersigned shall be sent to the chief AFR named in section 2 of this form, to the e-mail or fax number of the chief AFR, as selected by the chief AFR on Form 31-102F2, as such e-mail or fax number may be amended by the chief AFR in NRD format.

At least 10 business days before a change to the account named in section 3 of this form, the undersigned shall complete a Change to Previous Filing to this form and deliver it to the NRD administrator, with any other required documents or forms. Within 5 business days of a change to the contact information for the account submitted on Form 31-102F3, the undersigned shall notify the NRD administrator in the manner set out herein. As soon as practicable following a change in the chief AFR, or other information submitted in respect of the account named in section 3 of this form, the undersigned shall complete a Change to Previous Filing to this form and deliver it to the NRD administrator, together with any other required forms or documents. The undersigned agrees that an executed copy of this form, if delivered to the NRD administrator by fax, shall have the same effect as an originally executed copy delivered to the NRD administrator. The undersigned has caused this form to be signed by its duly authorized signatories on its behalf.

Name of firm filer:			
Signature of authorized signatory	Print name of signatory:	Direct phone number: () Extension if applicable:	Date: (dd/mm/yyyy)
	Signature of authorized signatory	Print name of signatory:	Direct phone number: () Extension if applicable:
Signature of authorized signatory	Print name of signatory:	Direct phone number: () Extension if applicable:	Date: (dd/mm/yyyy)

Request for Comments

If the NRD administrator has any questions about the information provided on this form, it can contact:

Last name:		First name:	
Business address (street name and number):		Municipality (city, town, etc.):	Province/territory/state:
			Postal code:
Direct phone number: () Extension if applicable:		Fax number: ()	E-mail address:

Appendix A
to Form 31-102F1

Terms and Conditions of Use
(last amended September 1, 2002)

ACKNOWLEDGED on behalf of the
Firm filer: _____
by: _____ signature of authorized signatory
by: _____ signature of authorized signatory

NRD™ is the National Registration Database, an initiative of the participating Canadian securities regulatory authorities (collectively, the "CSRA") and the Investment Dealers Association of Canada to facilitate the filing of information pursuant to Multilateral Instrument 31-102 – National Registration Database (NRD) and Multilateral Instrument 33-109 – Registration Information Requirements (collectively, the "Instrument") and the electronic payment of fees using the NRD web site located at www.nrd.ca.

All use of NRD and the NRD web site by or on behalf of the firm filer is subject to the terms and conditions of use above and below between the NRD administrator and the firm filer (the "Agreement"), and all applicable laws.

- 1. Firm Filer Responsibilities.** Following completion of enrolment in NRD, authorized representatives of the firm filer may access and use the NRD web site only by the provision of a valid user ID, password and, if applicable, a personal identification number. Authorized representatives of the firm filer consist of the chief AFR appointed by the firm filer, any administrator AFRs appointed by the chief AFR and any other AFRs appointed by the chief AFR or by an administrator AFR (collectively, the "AFRs") and individual filers. Only AFRs may use NRD on behalf of the firm filer to make NRD submissions and electronic payments of fees as required under securities legislation.

For the purposes of the firm filer's NRD submissions, the firm filer shall ensure that: (a) only its AFRs and individual filers will be permitted access to and use of the NRD web site; and (b) it has implemented and maintains reasonable security precautions to control the access and use of NRD including the protection of user IDs, passwords and if applicable, personal identification numbers. The authority of the chief AFR to act on behalf of the firm filer shall continue in effect until written notice to the contrary is received by the NRD administrator. The firm filer acknowledges and agrees that it is solely responsible for any access and use of the NRD web site by AFRs and individual filers.

In the event that any conduct of the firm filer or any of its AFRs or individual filers is harmful to the operation of NRD and/or the NRD web site, the NRD administrator reserves the right to revoke a user ID or otherwise prevent or restrict any one or more AFRs and/or individual filers and/or any unauthorized individuals from access to use all or any part of the NRD web site immediately and without notice. Access may be prevented or restricted as long as such conduct continues.

- 2. Authorized Use of the NRD web site.** In addition to complying with this Agreement, the firm filer shall use the NRD web site and any links to other web sites from the NRD web site ("Linked Sites") for lawful purposes only. The firm filer agrees not to introduce into or through the NRD web site any information or materials that may be harmful to others.

The firm filer shall not use NRD, the NRD web site or Linked Sites in any manner which could damage, disable, overburden, or impair NRD or the NRD web site or interfere with any other person's use of NRD or the NRD web site. The firm filer shall not use any robot, spider or other automatic device, software program or manual process in a manner that interferes with any web pages on NRD, the NRD web site or Linked Sites.

- 3. Electronic Payments.** The firm filer agrees to pay all fees and charges due to the NRD administrator, as such fees and charges are approved by the CSRA, through electronic pre-authorized debit using the account holder and account information named in the most current Form 31-102F1 (the "Account Holder") delivered to the NRD administrator. The firm filer acknowledges that electronic payments for the firm filer may be authorized by any of the AFRs. It is the firm filer's responsibility to establish reasonable controls and procedures to ensure that the Account Holder establishes and maintains any account and agreements with the Account Holder's financial institution for the account named in the most current Form 31-102F1 delivered to the NRD administrator and to facilitate AFRs authorizing payments from the Account Holder's account. The firm filer agrees to pay interest to the NRD administrator on all unpaid fees and charges at the rate of 1% per month (12% per annum) from and after the due date, and shall pay any reasonable charges the NRD administrator establishes from time to time for failed payments or payments that were not honoured.

4. **Intellectual Property.** "NRD" and "www.nrd.ca" and related words and logos are trade-marks and/or trade names of the NRD administrator (collectively the "Trade-marks"). Nothing in this Agreement, on the NRD web site or on NRD shall be construed as granting, either expressly, by implication or otherwise, a license or other right to the firm filer to use the Trade-marks, or copyright or any other intellectual property right of the NRD administrator or CSRA. The names of other companies, products or services referred to on the NRD web site may be trade-marks or trade names of their respective owners. Any unauthorized use of the Trade-marks or third party trade-marks or trade names, or copyright or any other intellectual property right of NRD administrator or CSRA is strictly prohibited.

All right, title and interest in the NRD web site, NRD, all software used on the NRD web site and all materials provided on the NRD web site including, without limitation, associated information, databases, site design, text and graphics, are owned by the CSRA, the NRD administrator or their respective suppliers and are protected by Canadian and international copyright laws (the "Proprietary Content"). All rights are reserved. Any unauthorized use, reproduction, modification or distribution of the Proprietary Content is strictly prohibited and will cause the CSRA and/or the NRD administrator serious damages for which money damages may not constitute a sufficient remedy and in such instances CSRA and/or the NRD administrator may seek and obtain injunctive relief, in addition to any other remedies.

5. **Privacy.** The personal or other information of individuals contained in NRD is governed by privacy laws, including without limitation, the Personal Information Protection and Electronic Documents Act of Canada and corresponding provincial privacy legislation. The firm filer is fully responsible for compliance with all privacy laws. The NRD web site is subject to the terms of the NRD administrator's **Privacy Statement**, which can be viewed at the NRD web site.

6. **Limitation of Liability and Disclaimers.** Access to and use of the NRD web site is provided on an "as is" "as available" basis. The firm filer's use of the NRD web site is entirely at its own risk. To the fullest extent permitted by law, except as stated in this Agreement, the NRD administrator and any of its affiliates, employees, agents, officers, contractors, directors or third party providers (collectively "Related Parties") disclaim all warranties, representations or conditions of any kind, whether express or implied, including the implied warranties or conditions of merchantability and fitness for a particular purpose. The NRD administrator and the Related Parties make no representations, warranties or conditions about the accuracy, reliability, completeness, currency, quality, timeliness or usefulness of the NRD web site or any goods, information or service provided through the NRD web site. The NRD administrator and the Related Parties are not responsible for, nor do they independently verify any of the content nor do they assume any obligation to update content or advise on further developments relating to NRD. The firm filer should not assume that NRD will be error-free, timely, accurate, complete or that NRD will operate without interruption.

In no circumstances shall the NRD administrator and the Related Parties or other third parties mentioned on the NRD web site be liable for any indirect, special, incidental, consequential or punitive damages or damages for lost profits arising out of or in connection with this Agreement or the use of or inability to make use of the NRD web site, the Content or any service provided through the NRD web site, whether based on warranty, contract, tort, negligence or any other legal theory, irrespective of notice. To the extent that some jurisdictions do not allow exclusions or limitations on some categories of damages, these exclusions or limitations may not apply to the firm filer. Notwithstanding the express exclusions and limitations set out in this Agreement, any and all liability of the NRD administrator and the Related Parties for actual and direct damages, unless caused by the gross negligence or willful misconduct of the NRD administrator, is limited to the repayment from the NRD administrator to the firm filer, without duplication, in respect of the specific filing or use of this NRD web site (the "Claim") to a maximum amount of the fee paid to the NRD administrator in respect of which the filing or use of this NRD web site was made, less amounts, if any, repaid by the NRD administrator for other claims in respect of the same filings or uses of this NRD web site, provided that the firm filer is not in breach of this Agreement.

7. **Indemnity.** The firm filer agrees to indemnify and hold harmless the NRD administrator and the Related Parties from any claims, actions, demands, liabilities and settlements, including, without limitation, reasonable legal fees and costs, resulting from the firm filer's material breach of this Agreement, gross negligence or willful misconduct or in relation to its use of the NRD web site by AFRs, individual filers and/or unauthorized individuals.

8. **Links to Other Sites.** The NRD web site may contain Linked Sites. Unless specifically noted, the Linked Sites, and/or the content, goods or services sold or made available on the Linked Sites, are not under the control of the NRD administrator and accordingly the NRD administrator does not assume any responsibility for the same. The Linked Sites are provided only as a convenience, and the inclusion of any link does not imply that NRD administrator guarantees, recommends, approves, warrants or endorses the site, or any content, goods or services sold or made available on or through the site, or any association with its operations. Use of any Linked Sites is entirely at the firm filer's own risk. Nothing in this Agreement grants the firm filer any rights or authorization with respect to any Linked Sites.

9. **Governing Law.** If the head office of the firm filer is situated in a jurisdiction in which the Instrument has been enacted, this Agreement shall be governed by, and the firm filer submits to, the applicable laws in force in the province of the head office of the firm filer and the laws of Canada applicable therein. Otherwise, this Agreement shall be governed by, and the firm filer submits to, the laws in force in the province where the head office of the NRD administrator is located and the laws of Canada applicable therein.

10. **Modification of Agreement.** Subject to the approval of the CSRA, the NRD administrator may modify this Agreement at any time(s) by either posting notice of such modified agreement on the NRD web site or by delivering a notice and copy of such modified agreement to the firm filer, and the firm filer agrees that it is deemed to have accepted such modification as is in effect at the time if, after such time, the AFRs and/or individual filers continue to access and use the NRD web site. In the event of the foregoing, the firm filer agrees that it shall be bound by the provisions of the modified Agreement notwithstanding the lack of a manual signature of the firm filer upon any amended agreement. This Agreement was last updated on the date shown above. Anything in the NRD web site inconsistent with this Agreement is superseded by this Agreement.
11. **Modification to the NRD web site.** The NRD administrator and CSRA reserve the right to modify, add, change, discontinue or suspend the NRD web site or any services made available on or through the NRD web site in whole or in part, at any time(s) without prior notice.
12. **Miscellaneous.** The provisions of Sections 5, 6 and 7 shall survive termination of this Agreement. No waiver or failure to enforce any of the terms of this Agreement shall be deemed or construed as a waiver or continuing waiver of such term or any other term of this Agreement. If in any jurisdiction, any of the terms or portions of terms in this Agreement are held to be invalid or unenforceable by a court of competent jurisdiction, such term or portion of a term shall be severed, restricted or eliminated to the minimum extent necessary and will be deemed superseded by a valid enforceable term or portion of a term that most closely matches the intent of the original provision and the remaining provisions in this Agreement shall otherwise remain in full force and effect. It is the express wish of the parties that this Agreement and all related documents have been drawn up in English. C'est la volonté expresse des parties que la présente convention ainsi que les documents qui s'y rattachent soient rédigés en anglais. Any cause of action arising out of or related to this Agreement must commence within two years after the cause of action arose; otherwise such cause of action is hereby waived and permanently barred. Headings are for convenience only and shall not affect the interpretation of any of this Agreement.
13. **Contact Us.** All notices to NRD administrator pursuant to this Agreement must be sent by fax at 1-800- _____ ; or by prepaid mail or personal delivery to 85 Richmond Street West, Toronto, Ontario M5H 2C9; in each case addressed to the NRD administrator. All notices from the NRD administrator to the firm filer shall be sent to its chief AFR as at the date of notice by the NRD administrator, by e-mail or fax number as selected by the chief AFR on Form 31-102F2, as such e-mail or fax number may have been amended in NRD.

In the event of any questions or comments about the NRD web site or the services offered by NRD administrator, the NRD administrator may be reached by calling 1-800-219-5381 or by sending a fax, as noted above. All notices, submissions, ideas or other information cannot be returned and once submitted, become the property of the NRD administrator.

© 2002 NRD Administrator. All Rights Reserved.

PRIVACY STATEMENT

When you visit the NRD web site at www.nrd.ca, when you move from page to page, read pages, make submissions or communications, access data, change data or download content onto your computer, the NRD web site may record and collect the following information:

- the domain name you are connecting from
- the user ID of the visitor that logged on and number of successful and unsuccessful attempts
- what information was submitted
- what information was changed

Cookies on the NRD web site are small data files that are sent to your browser and stored in memory on your computer. On the NRD web site, non-persistent cookies may be used only to facilitate functionality during a single site visit. Cookies do not contain personal information and are not permanently stored for future use. For added security, cookies are not used to remember user IDs and passwords when accessing secured pages accessible.

The NRD administrator uses this information to identify possible improvements to the NRD web site to make it easier for different types of visitors to access or submit information they require. As part of web site operations, it may be necessary for the NRD administrator to share aggregate statistical information with its affiliates, agents, contractors, suppliers and/or the Canadian securities regulators on a need to know basis only. By using the NRD web site, you are deemed to have provided your permission to the collection and use of aggregate statistical information for the purposes set out herein.

Some information to be submitted in NRD by a visitor with a user ID and password will contain personal information. However, unless otherwise indicated, none of the information collected is associated with a visitor as an individual.

The NRD administrator may modify this Privacy Statement at any time(s) without prior notice by posting a modified Privacy Statement on the NRD web site.

FORM 31-102F2

ENROLMENT OF CHIEF AUTHORIZED FIRM REPRESENTATIVE

TO: NRD Administrator
85 Richmond Street West, Toronto, Ontario M5H 2C9

AND TO: Each Firm Filer that appoints the undersigned as its Chief AFR using the User ID assigned in respect of this enrolment

STRICTLY CONFIDENTIAL

Please select one box:

- First Enrolment as a chief AFR
- Have one or more active user IDs with the status of chief AFR and request a new user ID to be assigned in respect of this enrolment as a chief AFR.

Do not provide any of your user IDs to the firm filer enrolling you.

Note: If this form was already completed in respect of a previous enrolment by you as a chief AFR and you wish to use the user ID assigned in respect of that enrolment, do not complete this form again and provide that user ID to the firm filer enrolling you to include in section 2 of Form 31-102F1.

General Instructions:

- A. This form is available online for downloading at the NRD web site at www.nrd.ca.
- B. Complete the information requested in this form in type or legible print. All sections must be completed. A manual signature is required by the chief AFR.
- C. This form must be accompanied by Form 31-102F1 of the firm filer when returned to the NRD administrator. The names completed in section 1 of this form must match the names completed in section 2 of Form 31-102F1.
- D. The Personal Identification Number in section 3 of this form is to be kept strictly confidential. For security reasons, the chief AFR may choose to return this completed form, together with Form 31-102F1, to the NRD administrator on behalf of the firm filer.
- E. Return this form by prepaid mail or personal delivery to the NRD administrator at the address above or, if this form is accompanied by a Change to Previous Filing on Form 31-102F1, it may be returned to the NRD administrator by fax to 1-800-_____, or, in both cases, to such other address or fax number as may be provided on the NRD web site.

Section 1 Chief AFR Information

Last name:		
First name:	Second name (if applicable):	Third name (if applicable):
Direct phone number: ()	Fax number: ()	E-mail address:
Extension if applicable:		

The chief AFR requests that the NRD administrator deliver to the chief AFR a confirmation of the set up of the firm filer below and/or a confirmation of the appointment of the chief AFR, and confirmations for any other firm filers that appoint the chief AFR as their chief AFR using the same user ID in respect of this enrolment. The delivery of the confirmation to the chief AFR shall be by fax or e-mail, as selected below, using the fax number or e-mail address provided by the chief AFR in section 1, as may be amended in NRD.

Select one only: fax e-mail

If no selection is made or if both selections are made, delivery of the confirmation to the chief AFR shall be by fax.

Section 2 Firm Filer Information

Legal name of the firm filer that has appointed the chief AFR:	Firm NRD number (if available):
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Section 3 Personal Identification Number

Select four to six numbers as the unique confidential personal identification number ("PIN") of the chief AFR. The PIN will be required in order to access the NRD web site for the first time following enrolment and to reset the chief AFR's password. It is the sole responsibility of the chief AFR to implement appropriate security precautions to ensure that the PIN selected below is kept strictly confidential and not shared with any other person.

--

Section 4 Acknowledgement and Certification of Chief AFR

The undersigned chief AFR hereby confirms that the undersigned has accepted the appointment by the firm filer stated in section 2 as the firm filer's chief AFR and the appointment by any other firm filer(s) as such other firm filer(s) chief AFR if the undersigned has elected to use the same user ID assigned in respect of this enrolment for such other firm filer(s). The undersigned acknowledges that the electronic payment of fees on behalf of the firm filer(s) that has appointed the chief AFR using the user ID assigned in respect of this enrolment, from the account that such firm filer has established for its use in the National Registration Database, may be authorized by the undersigned as chief AFR, or by any other AFRs appointed for such firm filer.

Notice – Collection and Use of Personal Information:

The personal information that you provide on this form or otherwise through NRD is used to facilitate your access to and use of NRD and is not used for any other purpose. The signed copy of the completed form that you deliver to the NRD administrator is retained by the NRD administrator as evidence of your enrolment as a chief AFR. The information you provide on this form or otherwise through NRD will not be disclosed to any third party except any of the Canadian securities regulatory authorities or their authorized representatives for purposes of the administration or enforcement of securities legislation in the applicable jurisdictions. For information about the use of the information collected on this form or if you would like to obtain access to the information you have submitted, contact the NRD administrator at the address or number provided above.

The undersigned hereby certifies that the foregoing information is true in all material respects and acknowledges that all access to and use of NRD shall be subject to the foregoing. The undersigned agrees to update the information submitted in section 1 of this form in NRD format within 5 business days of the change. The undersigned agrees that an executed copy of this form, if delivered to the NRD administrator by fax, shall have the same effect as an originally executed copy delivered to the NRD administrator.

Print name of chief AFR:			
Last name:	First name:	Second name:	Third name:
Signature of chief AFR:			Date (dd/mm/yyyy)

FORM 31-102F3

ACCOUNT HOLDER AUTHORIZATION

TO: **NRD Administrator**
85 Richmond Street West, Toronto, Ontario M5H 2C9

Please select one box:

- Initial Filing** All sections must be completed. This form must be returned by the firm filer with Form 31-102F1 and, if required, Form 31-102F2.
- Change to Previous Filing** Changes will be effective after the NRD administrator has completed its processing of all required information.
- Describe change(s):
- Change to Account Holder's contact information
- complete sections 1, 2 & 5
The NRD administrator must receive this form within 5 business days of the change.
The account holder may return this form directly to the NRD administrator.
- Change to Account Holder's account information
- complete sections 1, 3 & 5
Desired business date of change: _____, 200 ____
The firm filer must return this form with Form 31-102F1. The NRD administrator must receive this form at least 10 business days before the desired business date of change.

General Instructions:

- A. This form is available online for downloading at the NRD web site at www.nrd.ca.
- B. Complete the information requested in this form in type or legible print. The information completed in section 3 below must match the information completed in section 3 of Form 31-102F1.
- C. Return this completed form, together with a blank cheque for the account named in section 3 below, marked on the front with "VOID" and deliver by prepaid mail, personal delivery or fax to the NRD administrator at the address above, or by fax to 1-800 _____, or to such other address or fax number as may be provided on the NRD web site.

Section 1 Firm Filer Information

Full legal name of firm filer:	Firm NRD number (if available)
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Section 2 Contact Information for Account to be used for NRD

Name of account holder:			
Business address (street name and number):		Municipality (city, town, etc.):	
Province/territory/state:	Postal code:	Main Phone Number: ()	Fax number: ()

Request for Comments

Last name of account holder's contact person:	First name of account holder's contact person:
Direct phone number: () Extension if applicable:	E-mail address:

Section 3 Account Holder Information for Electronic Pre-authorized Debit in NRD

Name of account holder's financial institution*:	
Branch transit number:	Account number:

*The financial institution must be a member of the Canadian Payments Association. The financial institution should verify the information completed above.

Section 4 Payees

The account holder hereby authorizes payments from the account holder's account named in section 3 on behalf of the firm filer named in section 2 to be made by pre-authorized debit in NRD to one or more of the participating Canadian securities regulatory authorities, the Investment Dealers Association of Canada or the NRD administrator, being the payees listed below:

- British Columbia Securities Commission
- Alberta Securities Commission
- Saskatchewan Securities Commission
- The Manitoba Securities Commission
- Ontario Securities Commission
- Nova Scotia Securities Commission
- Securities Commission of Newfoundland
- New Brunswick Office of the Administrator of Securities
- Prince Edward Island Department of Community Affairs and Attorney General
- Government of Yukon, Registrar of Securities
- Nunavut Department of Justice, Legal Registries Division
- Government of the Northwest Territories, Securities Registry, Department of Justice
- Investment Dealers Association of Canada
- NRD administrator

Section 5 Authorization and Certification of Account Holder

The undersigned account holder hereby authorizes the payment of fees, on behalf of the firm filer named in section 1 of this form, by electronic pre-authorized debits in the National Registration Database to one or more of the payees listed in section 4, as such list of payees may be amended from time to time in NRD. The undersigned further acknowledges that payments of fees are authorized by the chief AFR of the firm filer or other AFRs appointed to act on behalf of the firm filer. The undersigned agrees to comply with any rules which may affect the pre-authorized debits and to execute any further documents that are reasonably required by the NRD administrator, its financial institution or the rules affecting the payment services provided in NRD.

The undersigned certifies that the foregoing information is true in all material respects. Within 5 business days of a change to the contact information submitted on this form, the undersigned shall complete a Change to Previous Filing to this form and deliver it to the NRD administrator. At least 10 business days before a change to the account named in section 3 of this form, the undersigned shall complete a Change to Previous Filing to this form and deliver it to the NRD administrator. The undersigned agrees that an executed copy of this form, if delivered to the NRD administrator by fax, shall have the same effect as an originally executed copy delivered to the NRD administrator. The undersigned has caused this form to be signed by its duly authorized signatories on its behalf.

Request for Comments

Name of account holder:		
Signature of authorized signatory	Print name:	Date: (dd/mm/yyyy)
Signature of authorized signatory	Print name:	Date: (dd/mm/yyyy)

**COMPANION POLICY 31-102CP
TO MULTILATERAL INSTRUMENT 31-102
NATIONAL REGISTRATION DATABASE (NRD)**

PART 1 PRODUCTION OF NRD FILINGS

- 1.1 The securities legislation of several jurisdictions contains a requirement to produce or make available an original or certified copy of information filed under the securities legislation. The securities regulatory authority or the regulator, as applicable, considers that it may satisfy such a requirement in the case of information filed in NRD format by providing a printed copy or other output of the information in readable form that contains or is accompanied by a certification by the regulator that the printed copy or output is a copy of the information filed in NRD format.

PART 2 DATE OF FILING

- 2.1 The securities regulatory authority takes the view that information filed in NRD format is, for purposes of securities legislation, filed on the day that the transmission of the information to NRD is completed.

PART 3 OFFICIAL COPY OF NRD FILINGS

- 3.1 For purposes of securities legislation, securities directions or any other related purpose, the securities regulatory authority takes the view that the official record of any information filed in NRD format by an NRD filer is the electronic information stored in NRD.

**6.1.5 Notice of Proposed OSC Rule 31-509
(Commodity Futures Act) - National
Registration Database (NRD)**

**NOTICE OF PROPOSED
ONTARIO SECURITIES COMMISSION RULE 31-509
(COMMODITY FUTURES ACT),
FORMS 31-509F1, 31-509F2, 31-509F3
AND COMPANION POLICY 31-509CP**

NATIONAL REGISTRATION DATABASE (NRD)

Substance and Purpose of Proposed Rule

The National Registration Database, known as NRD, is an initiative of the Canadian Securities Administrators (the "CSA"). NRD is an electronic database that will contain registration information for dealers, advisers and individuals. NRD is also a system that will allow registrants to electronically submit certain registration applications and notices to securities regulatory authorities and self-regulatory organizations over the Internet.

NRD filers will be able to use NRD to:

1. submit applications for registration by individuals;
2. submit changes to individuals' registration information;
3. submit information regarding firms' business locations;
4. submit information regarding non-registered individuals¹;
5. pay fees related to registration and NRD;
6. search for and retrieve registration information that is recorded on NRD.

An NRD firm filer will be able to view information that is recorded on the database in respect of itself. The current version of NRD does not provide the public with access to any information recorded on NRD. The CSA anticipates that a future version of NRD will make some registration information available to the public.

For a more detailed description of NRD, staff strongly encourage commentators to review the NRD Filer Manual, which is available at <http://www.osc.gov.on.ca/en/HotTopics/nrd.html#expanded>.

The proposed rules governing the electronic submission of registration information through NRD are set forth in the proposed Rule, three related Forms and a Companion Policy (collectively, the "proposed rules"). The proposed rules accompany this Notice.

¹ The term "non-registered individual" is defined in proposed Ontario Securities Commission Rule 33-506 (*Commodity Futures Act*) Registration Information Requirements, which is published for comment in this bulletin.

Summary of Proposed Rule

The Rule sets out the principal requirements and procedures relating to the electronic submission of registration information.

NRD Submission Requirements

The Rule requires that the following registration information be submitted to the Director electronically using NRD:

1. Form 33-506F1 *Notice of Termination*;
2. Form 33-506F2 *Change of Individual Categories*;
3. Form 33-506F3 *Business Locations other than Head Office*; and
4. Form 33-506F4 *Registration Information for an Individual* and any changes to that information.

The use of these forms is prescribed under Rule 33-506, which is also being published for comment in this bulletin.

All NRD submissions must be submitted by an NRD filer through an authorized firm representative ("AFR"). An AFR is defined under the Rule as an individual who is authorized by a firm to access information and make submissions to the Director through NRD regarding the firm and individuals associated with the firm. (The NRD Filer Manual includes a chapter that provides a description of the role of AFRs.)

In order to use NRD, a firm is required to enrol, have one chief AFR, and maintain a bank account from which fees may be paid by electronic pre-authorized debit through NRD.

NRD Enrolment

In order to enrol to use NRD a firm is required to send a completed Form 31-509F1 *Enrolment Form - Firm Filer* and a completed Form 31-509F3 *Account Holder Authorization* to the NRD administrator.

Form 31-509F1 requires an enrolling firm to identify the chief AFR appointed by the firm and the account that the firm will use to pay fees through NRD. This form must be delivered to the NRD administrator in paper format accompanied by a copy of the firm's incorporating documents and an NRD enrolment fee (described below).

In Form 31-509F3 the account-holder of the account from which a firm will pay fees through NRD will authorize the payment of fees by electronic pre-authorized debit. Staff expects that in most cases the account-holder will be the firm.

A firm may also be required to submit a completed Form 31-509F2 *Enrolment of Chief Authorized Firm Representative* to the NRD administrator. A Form 31-509F2 is not required if the chief AFR appointed by the firm is acting as a chief AFR for another firm.

Enrolment Fees

Firms will be required to pay a one-time fee when enrolling to use NRD. This fee must accompany the enrolment documentation submitted by the firm.

Firms that are already registered when this Rule comes into effect will be required to pay an enrolment fee based on the number of registered individuals with the firm, as described in the following schedule:

Number of registered individuals	Firm Enrolment Fee
3,000 or more	\$7,000.00
1,000 to 2,999	\$6,500.00
500 to 999	\$5,500.00
150 to 499	\$4,500.00
75 to 149	\$3,000.00
50 to 74	\$2,000.00
25 to 49	\$1,500.00
10 to 24	\$250.00
1 to 9	\$100.00
0	\$750.00

Firms that are not registered when this Rule comes into effect and enrol to use NRD will be charged an NRD enrolment fee that is the same irrespective of the firm's size. Currently, an enrolment fee of \$500 is being considered.

Payment of Fees

The Rule requires that firms pay the following fees by electronic pre-authorized debit from the account identified in Forms 31-509F1 and 31-509F3:

1. any fee prescribed with respect to an NRD submission;
2. annual registration fees; and
3. annual NRD filer fees.

NRD submission fee

A firm will be required to pay, in addition to the fees currently prescribed under securities legislation, \$75 for each individual who is applying for registration in a single jurisdiction. For each additional jurisdiction to which the individual applies, the firm will be charged \$50. Upon submitting a Form 33-506F4 for a non-registered individual, a firm will be charged \$50 irrespective of the number of jurisdictions in which the firm is registered.

A firm will not be charged the NRD submission fee described in the preceding paragraph in respect of an individual applicant or a non-registered individual for whom a Form 33-506F4 is submitted prior to a December 15 if an annual NRD filer fee (described below) or an NRD submission fee has been paid by any firm in respect of that individual on or after December 15 of the prior year.

Annual NRD filer fee

On December 15 of each year, a firm will be charged an annual NRD filer fee. Under this fee a firm is required to pay \$75 for each registered individual sponsored by the firm and registered in a single jurisdiction. For each additional jurisdiction in which the individual is registered, the firm will be charged \$50. A firm will be charged \$50 for each of the firm's non-registered individuals irrespective of the number of jurisdictions in which the firm is registered.

The annual NRD filer fees and NRD submission fees are intended to cover the cost of developing and operating NRD.

Temporary Hardship Exemption

The Rule contains a temporary hardship exemption that will permit a submission to be made in paper format if technical difficulties arise that prevent the submission being made in NRD format. NRD filers that make paper format submissions under this exemption will be required to make the same submission in NRD format once the technical difficulties have been resolved.

Transition to NRD

Section 8.1 of the Rule defines several key dates for the transition to NRD. The data transfer date is the day on which the Director will commence the transfer to NRD of certain registration information that the Director currently maintains in electronic format. The significance of this date for a firm filer is that some registration information that is received in paper format by the Director after the data transfer date must be submitted electronically by the firm filer through NRD shortly after the firm is able to make NRD submissions. The NRD access date is the day on which a firm filer first has access to NRD to make NRD submissions. The NRD launch date is the first day NRD is available for any NRD filer to make an NRD submission. The effective date is the date on which the Rule comes into force. Also under this part, a transition firm is defined to mean a firm that is registered on the effective date or is not a registered firm on the effective date but has applied for registration before the NRD launch date.

Staff is currently considering two plans for the implementation of NRD. Under one plan, the Rule would come into force on September 1, 2002, the data transfer date would be October 7, 2002, and the NRD launch date would be October 28, 2002. Under the second plan, the Rule would come into force on November 15, 2002, the data transfer date would be December 16, 2002, and the NRD launch date would be January 5, 2003. Staff requests comment regarding when the implementation of NRD should occur.

Under Part 8, a transition firm must enrol to use NRD (described above under "NRD Enrolment") by the later of 5 business days after the effective date and the date that the firm has applied for registration.

Once a transition firm is enrolled and has access to NRD, it must ensure that the information recorded on NRD about each of its business locations is complete and accurate. The transition firm is required to do this within 15 business days of gaining access to NRD.

Under section 8.5, a registered firm is required to submit a completed Form 33-506F4 for each of the firm's registered individuals and non-registered individuals whose registration information was transferred to NRD by the regulator on the data transfer date. A transition firm is required to submit Forms 33-506F4 for these individuals according to the schedule set out in section 8.5.

Section 8.6 requires a transition firm to submit a Form 33-506F4 in NRD format within 15 business days of the NRD access date for each individual who was not a registered

individual on the data transfer date, but who had applied in paper format for registration before the NRD access date. Section 8.6 also requires a transition firm to submit a Form 33-506F4 in NRD format within 15 business days of the NRD access date for each individual who was a non-registered individual before the NRD access date and about whom the Commission had not been notified by the data transfer date.

Section 8.7 of the Rule requires that a registered individual who submits a change to information previously submitted in the current Form 7 under section 8.5 of Rule 33-506 must submit Form 33-506F4 by the later of 15 business days after the NRD access date or the date that the individual submitted notification of the changes. Section 8.8 of the Instrument creates a similar requirement in respect of non-registered individuals.

Section 8.9 provides that if an application to change an individual's registration category has not been approved before the data transfer date, the individual shall submit a completed Form 33-506F4 in NRD format within 15 business days after the NRD access date and a completed Form 33-506F2 within 1 business day of having submitted the Form 33-506F4.

Section 8.10 provides, for greater certainty, that a Form 33-506F4 that is submitted under the transition part of the Rule must be current on the date that it is submitted. This section is meant to ensure that NRD is populated with current data.

Under section 8.11, a transition firm is not required to submit a Form 33-506F4 in respect of an individual if the firm has already submitted a notice of termination in NRD format in respect of that individual.

Other Exemptive Relief

The Rule provides that the Director may grant an exemption to the Rule.

Effective Date

The Rule is currently scheduled to come into force on September 1, 2002.

Related Instruments

The Rule is related to proposed Multilateral Instrument 33-109 Registration Information Requirements and proposed Rule 33-506 (*Commodity Futures Act*) Registration Information Requirements and proposed Multilateral Instrument 31-102 National Registration Database (NRD), which are published for comment in this bulletin.

Regulations to be Amended or Revoked

The fee schedule will be amended to provide for NRD enrolment fees, annual NRD filer fees, and NRD submission fees.

Authority for the Proposed Rule

Paragraph 65 (1) 1 of the *Commodity Futures Act* (the "Act") authorizes the Commission to make rules prescribing requirements in respect of applications for registration and the renewal, amendment, expiration or surrender of registration and in respect of suspension, cancellation or reinstatement of registration.

Paragraph 65 (1) 23 of the Act authorizes the Commission to make rules requiring or respecting the media, format, preparation, form, content, execution, certification, dissemination and other use, filing and review of all documents required under or governed by the Act, the regulations or the rules made thereunder and all documents determined by such regulations or rules to be ancillary to the documents, including applications for registration.

Paragraph 65 (1) 29 of the Act authorizes the Commission to make rules varying the application of the Act to require the use of an electronic or computer-based system for the filing, delivery or deposit of documents or information to be filed under the Act, the regulations or rules made thereunder.

Paragraph 65 (1) 30 of the Act authorizes the Commission to make rules establishing requirements for and procedures in respect of the use of an electronic or computer-based system for the filing, delivery or deposit of documents or information.

Paragraph 65 (1) 31 of the Act authorizes the Commission to make rules prescribing the circumstances in which persons or companies shall be deemed to have signed or certified documents on an electronic or computer-based system for any purpose of the Act.

Paragraph 65 (1) 32 of the Act authorizes the Commission to make rules varying the Act to permit or require methods of filing or delivery, to or by the Commission, registrants, and others, of documents, information, notices or other communications required under or governed by Ontario commodity futures law.

Alternatives Considered

In proposing the Rule, the Commission has not considered alternatives to the adoption of requirements for the submission of registration information in electronic format.

Unpublished Materials

In proposing the Rule, the Commission has not relied on any significant unpublished study, report or other material.

Anticipated Costs and Benefits

The Chief Economist's Office of the Commission conducted an extensive survey of registered firms to determine the economic benefits of NRD to the industry. The results of the survey indicate that the expected benefit to registered firms over the first five years, discounted at a rate of 8% per year, has a present value of \$85 million. The present value of the projected cost of developing and operating NRD over the same five-year period is \$47 million. The annual NRD filer fees and NRD submission fees (described above) are intended to cover this cost. The survey results are available at

<http://www.osc.gov.on.ca/en/HotTopics/nrd.html#expanded>.

The Commission believes that implementing NRD will provide significant benefits to registrants as well as to securities regulatory authorities by:

- permitting firms to send a single submission to multiple regulators
- permitting firms to view the registration information that they have submitted to regulators, which will allow firms to easily confirm that submissions they have made have been received and processed
- permitting firms to print certain reports, including an individual's Form 33-506F4
- automating processes that were previously manual (such as editing and validation checks), thereby permitting the Commission to focus regulatory resources on substantive review
- significantly reducing the volume of physical correspondence between registrants and regulators
- pre-populating forms with information already within NRD

In order to effectively use NRD to make NRD submissions, the hardware and software of a firm filer should meet or exceed the following specifications:

1. Personal computer with a 133 MHz Pentium processor and 32MB of RAM;
2. Internet connection and Hayes compatible modem with a minimum speed of 56,000 bps; and
3. Adobe Acrobat reader 4.x.

NRD will support the following internet browser software:

1. Microsoft Internet Explorer versions 5.0 and 5.5; and
2. Netscape version 4.7.

Comments

Interested parties are invited to make written submissions with respect to the proposed rules. Submissions received by March 18, 2002 will be considered. As stated above, staff are particularly interested in receiving comment regarding when NRD should be implemented (see *Transition to NRD*).

Submission should be sent in duplicate to:

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario
M5H 3S8
jstevenson@osc.gov.on.ca

A diskette containing the submissions (in DOS or Windows format, preferably WordPerfect) should also be submitted. As the Act requires a summary of written comments received during the comment period be published, confidentiality of submissions cannot be maintained.

Questions may be referred to:

Dirk de Lint
Legal Counsel
Ontario Securities Commission
(416) 593-8090
ddelint@osc.gov.on.ca

Natalie Marshall
NRD Project Group
Ontario Securities Commission
(416) 593-8303
nmarshall@osc.gov.on.ca

Proposed Rule

The text of the proposed Rule, Forms and Companion Policy follow, together with footnotes that are not part of the proposed rules but have been included to provide background and explanation.

December 14, 2001.

6.1.6 OSC Rule 31-509 (Commodity Futures Act) - National Registration Database (NRD)

ONTARIO SECURITIES COMMISSION RULE 31-509 (COMMODITY FUTURES ACT)

NATIONAL REGISTRATION DATABASE (NRD)

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**ONTARIO SECURITIES COMMISSION RULE 31-509
(COMMODITY FUTURES ACT)**

NATIONAL REGISTRATION DATABASE (NRD)

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions - In this Rule

"authorized firm representative" or "AFR" means, for a firm filer, an individual with his or her own NRD user ID and who is authorized by the firm filer to submit information in NRD format for that firm filer and individual filers with respect to whom the firm filer is the sponsoring firm;

"chief AFR" means, for a firm filer, an individual who is an AFR and has accepted an appointment by the firm filer under paragraph 4.1(a);

"firm filer" means a person or company that is required under Ontario commodity futures law to make an NRD submission in accordance with this Rule and that is registered as, or has applied for registration as, a dealer or adviser;

"individual filer" means an individual that is required under Ontario commodity futures law to make an NRD submission in accordance with this Rule;

"individual filer NRD number" means, for an individual filer, the unique number first generated by NRD to identify an individual filer;

"Rule 33-506" means Rule 33-506 (*Commodity Futures Act*) Registration Information Requirements;

"NRD" means the online electronic database of registration information regarding NRD filers and includes the computer system providing for the transmission, receipt, review and dissemination of that registration information by electronic means;

"NRD administrator" means a person or company that operates NRD;

"NRD filer" means an individual filer or a firm filer;

"NRD format" means the electronic format for submitting information through the NRD web site;

"NRD submission" means information that is submitted under Ontario commodity futures law in NRD format, or the act of submitting information under Ontario commodity futures law in NRD format, as the context requires;

"NRD web site" means the web site operated by the NRD administrator for the submission of information in NRD format;

"sponsoring firm" means,

(a) for a registered individual filer, the firm filer on whose behalf the individual trades or advises,

- PART 8 TRANSITION
 - 8.1 Definitions
 - 8.2 NRD Enrolment for Transition Firms
 - 8.3 NRD Submissions before NRD Access Date
 - 8.4 Accuracy of Business Location Information
 - 8.5 Individuals Included in the Data Transfer
 - 8.6 Individuals not Included in the Data Transfer
 - 8.7 Changes to Form 7 Information - Registered Individuals
 - 8.8 Changes to Form 7 Information - Non-registered Individuals
 - 8.9 Pending Application to Change Individual's Registration Category
 - 8.10 Currency of Form 33-506F4
 - 8.11 Termination or Cessation of Relationship

- PART 9 EFFECTIVE DATE
 - 9.1 Effective Date

FORM 31-509F1 ENROLMENT FORM - FIRM FILER

FORM 31-509F2 ENROLMENT OF CHIEF AUTHORIZED FIRM REPRESENTATIVE

FORM 31-509F3 ACCOUNT HOLDER AUTHORIZATION

- (b) for an individual filer seeking registration, the firm filer on whose behalf the individual proposes to trade or advise, or
- (c) for a non-registered individual of a firm filer, the firm filer.

1.2 **Interpretation** - Terms defined in Rule 33-506 and used in this Rule have the respective meanings ascribed to those terms in Rule 33-506.

PART 2 INFORMATION TO BE SUBMITTED IN NRD FORMAT

2.1 **Registration Information** - A person or company that is required to submit any of the following to the Commission or the Director, shall make the submission in NRD format:

1. Form 33-506F1;
2. Form 33-506F2;
3. Form 33-506F3;
4. Form 33-506F4 or a change to any information previously submitted in respect of Form 33-506F4.

PART 3 MAKING NRD SUBMISSIONS

3.1 NRD Submissions

- (1) An NRD filer that is required under Ontario commodity futures law to submit information in NRD format shall make that NRD submission through the NRD website and in accordance with this Rule.
- (2) A requirement in Ontario commodity futures law relating to the format in which a document or other information to be submitted must be printed, or specifying the number of copies of a document that must be submitted, does not apply to an NRD submission required to be made in accordance with this Rule.
- (3) An individual filer shall make all NRD submissions using the same individual filer NRD number.
- (4) An NRD filer shall make an NRD submission through an AFR.
- (5) For greater certainty, an individual filer under subsection (4) may be the AFR for the purpose of that filing if the individual filer is enrolled in that capacity.

3.2 **Ongoing Firm Filer Requirements** - A firm filer shall

- (a) be enrolled to use NRD;

- (b) have one chief AFR; and
- (c) maintain one account with a member of the Canadian Payments Association from which fees may be paid with respect to NRD submissions by electronic pre-authorized debit.

PART 4 ENROLMENT TO USE NRD

4.1 **Firm Filer Enrolment** - To enrol to use NRD, a firm filer shall

- (a) appoint an individual to act as its chief AFR;
- (b) deliver to the NRD administrator, concurrently and in paper format,
 - (i) a Form 31-509F1 completed after an appointment under paragraph (a) has been accepted by the individual;
 - (ii) any Form 31-509F2 completed under section 4.2; and
 - (iii) a completed Form 31-509F3 in respect of the account maintained under paragraph 3.2(c).

4.2 Chief AFR Enrolment

- (1) An individual who accepts an appointment under paragraph 4.1(a) shall complete a Form 31-509F2.
- (2) Subsection (1) does not apply if the individual is a chief AFR for another firm filer.

4.3 **Reporting Changes to Firm Filer Enrolment Information** - Other than a change to the legal name of a firm filer, a firm filer shall notify the NRD administrator of a change to the information on the most recently submitted Form 31-509F1 by delivering to the NRD administrator a completed Form 31-509F1 in paper format as soon as practicable.

4.4 Reporting Changes to NRD Bank Holder Authorization

- (1) Before a firm filer may change the account maintained under paragraph 3.2(c), the firm filer shall notify the NRD administrator of the change by delivering to the NRD administrator a completed Form 31-509F3 in paper format at least 10 business days before the change.
- (2) A firm filer shall notify the NRD administrator of any change to the contact information previously submitted in Form 31-509F3 by delivering to the NRD administrator a completed Form 31-509F3 in paper format within 5 business days of the change.

4.5 Reporting Changes to Chief AFR Information - A chief AFR shall submit any change to his or her name or contact information previously submitted in Form 31-509F2, or under this subsection, in NRD format within 5 business days of the change.

4.6 Reporting Changes to Other AFR Information – A firm filer shall submit any change in the name of an AFR, other than a chief AFR, in NRD format within 5 business days of the change.

PART 5 PAYMENT OF FEES THROUGH NRD

5.1 Payment of Submission Fees

(1) If a fee is prescribed with respect to an NRD submission, a firm filer shall pay the prescribed fee by electronic pre-authorized debit through NRD.

(2) A payment under subsection (1) shall be made from the account maintained under paragraph 3.2(c).

5.2 Payment of Annual Registration Fees

(1) If a firm filer is required to pay a prescribed annual registration fee, the firm filer shall pay the prescribed fee by electronic pre-authorized debit through NRD.

(2) A payment under subsection (1) shall be made from the account maintained under paragraph 3.2(c).

5.3 Payment of Annual NRD Filer Fees

(1) If a firm filer is required to pay a prescribed annual NRD filer fee, the firm filer shall pay the prescribed fee by electronic pre-authorized debit through NRD.

(2) A payment under subsection (1) shall be made from the account maintained under paragraph 3.2(c).

PART 6 TEMPORARY HARDSHIP EXEMPTION

6.1 Temporary Hardship Exemption

(1) If unanticipated technical difficulties prevent an NRD filer from making a submission in NRD format within the time required under Ontario commodity futures law, the NRD filer is exempt from the requirement to make the submission within the specified time period, if the NRD filer makes the submission in paper format or NRD format no later than 5 business days after the day on which the information was required to be submitted.

(2) If unanticipated technical difficulties prevent an individual filer from applying for registration in NRD format, the individual filer may submit the application in paper format.

(3) If an NRD filer makes a paper format submission under this section, the NRD filer shall include the following legend in capital letters at the top of the first page of the submission:

IN ACCORDANCE WITH SECTION 6.1 OF ONTARIO SECURITIES COMMISSION RULE 31-509 (*COMMODITY FUTURES ACT*) NATIONAL REGISTRATION DATABASE (NRD), THIS (SPECIFY DOCUMENT) IS BEING SUBMITTED IN PAPER FORMAT UNDER A TEMPORARY HARDSHIP EXEMPTION.

(4) If an NRD filer makes a paper format submission under this section, the NRD filer shall submit the information required in NRD format as soon as practicable and in any event within 3 business days after the unanticipated technical difficulties have been resolved.

PART 7 EXEMPTION

7.1 Exemption - The Director may grant an exemption from this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

PART 8 TRANSITION

8.1 Definitions - In this Part

"data transfer date" means the day on which the Commission will commence the transfer of its record of non-registered individuals, registered individuals, and registered firms to NRD;

"effective date" means the day on which this Rule comes into force;

"NRD access date" means, for an NRD firm filer, the date the NRD firm filer first has access to NRD to make NRD submissions;

"NRD launch date" means the first day on which NRD is available for NRD filers to make NRD submissions; and

"transition firm" means every dealer and adviser that

(a) is a registered firm on the effective date, or

(b) is not a registered firm on the effective date and has applied for registration before the NRD launch date.

8.2 NRD Enrolment For Transition Firms - A transition firm shall enroll to use NRD by the later of

- (a) 5 business days after the effective date, and
- (b) the date that the firm has applied for registration.

8.3 NRD Submissions before NRD Access Date - Despite any requirement in this Rule to submit information in NRD format, a transition firm may submit information in paper format before the NRD access date.

8.4 Accuracy of Business Location Information - If the information recorded on NRD for a business location of a transition firm is missing or inaccurate on the NRD access date, the transition firm shall submit a completed Form 33-506F3 in NRD format in respect of that business location within 15 business days of the NRD access date.

8.5 Individuals Included in the Data Transfer - In respect of individuals who were registered individuals on the data transfer date, or non-registered individuals with respect to whom the Commission has been notified by the data transfer date, the transition firm that is the sponsoring firm of those individuals shall submit completed Forms 33-506F4 in NRD format for

- (a) 10 percent of those individuals no later than the end of the second calendar month following the month in which the NRD launch date occurred,
- (b) 20 percent of those individuals no later than the end of the third calendar month following the month in which the NRD launch date occurred,
- (c) 30 percent of those individuals no later than the end of the fourth calendar month following the month in which the NRD launch date occurred,
- (d) 40 percent of those individuals no later than the end of the fifth calendar month following the month in which the NRD launch date occurred,
- (e) 50 percent of those individuals no later than the end of the sixth calendar month following the month in which the NRD launch date occurred,
- (f) 60 percent of those individuals no later than the end of the seventh calendar month following the month in which the NRD launch date occurred,
- (g) 70 percent of those individuals no later than the end of the eighth calendar month following the month in which the NRD launch date occurred,
- (h) 80 percent of those individuals no later than the end of the ninth calendar month following the month in which the NRD launch date occurred,
- (i) 90 percent of those individuals no later than the end of the tenth calendar month following the month in which the NRD launch date occurred, and

- (j) all of those individuals no later than the end of the eleventh calendar month following the month in which the NRD launch date occurred.

8.6 Individuals not Included in the Data Transfer - A transition firm shall submit a completed Form 33-506F4 in NRD format within 15 business days of the NRD access date for each individual for whom the transition firm is the sponsoring firm and who

- (a) was not a registered individual on the data transfer date and who applied in paper format to become a registered individual before the NRD access date; or
- (b) was a non-registered individual before the NRD access date and about whom Commission had not been notified by the data transfer date.

8.7 Changes to Form 7 Information - Registered Individuals - A registered individual who has submitted a completed Form 33-506F5 under section 8.5 of Rule 33-506, shall submit a completed Form 33-506F4 in NRD format by the later of 15 business days after

- (a) the NRD access date of the individual's sponsoring firm, and
- (b) the date that the individual submitted the Form 33-506F5.

8.8 Changes to Form 7 Information - Non-registered Individuals - A transition firm that has submitted a completed Form 33-506F5 for a non-registered individual under section 8.7 of Rule 33-506, shall submit a completed Form 33-506F4 for the individual in NRD format by the later of 15 business days after

- (a) the NRD access date, and
- (b) the date that the firm submitted the Form 33-506F5.

8.9 Pending Application to Change Individual's Registration Category - If a registered individual submitted an application in paper format to change his or her category of registration and the application is not determined before the data transfer date, the individual shall submit

- (a) a completed Form 33-506F4 in NRD format within 15 business days after the NRD access date of his or her sponsoring firm, and
- (b) a completed Form 33-506F2 in NRD format within 1 business day of submitting the Form 33-506F4 under paragraph (a).

8.10 Currency of Form 33-506F4 - For greater certainty, a completed Form 33-506F4 that is submitted under this Part must be current on the date that it is submitted despite any prior submissions in paper format.

- 8.11 Termination or Cessation of Relationship -**
Despite a requirement under this Part to submit a completed Form 33-506F4, a transition firm is not required to submit a Form 33-506F4 in respect of an individual if the firm has submitted a completed Form 33-506F1 in NRD format in respect of the individual.

PART 9 EFFECTIVE DATE

9.1 Effective Date

- (1) Except for Part 2, this Rule comes into force on September 1, 2002.
- (2) Part 2 comes into force on the NRD launch date.

FORM 31-509F1

ENROLMENT FORM – FIRM FILER

TO: **NRD Administrator**
85 Richmond Street West, Toronto, Ontario M5H 2C9

Please select one box:

- Initial Filing** All sections must be completed. **Appendix A must be attached and signed. Return this form with Form 31-509F3, and if required, Form 31-509F2,** together with a true copy of the certificate of incorporation, certificate of amendment or other business registration document issued by the applicable governmental office that confirms the current legal name of the firm filer, as stated in section 1 below, and any required fees and deliver by prepaid mail or personal delivery to the NRD administrator at the address above, or to such other address as may be provided at the NRD web site.
- Change to Previous Filing**
Describe change(s):
- Appointment of new chief AFR
- complete sections 1, 2 & 4
 - New account holder and/or other change to account information for pre-authorized debit
- complete sections 1, 3 & 4

Do not notify the NRD administrator of changes to information in section 1. Do not resubmit Appendix A. Changes will be effective after the NRD administrator has completed its processing of all required information and forms. **Return this form** with any other forms (if required, Form 31-509F2 and/or Form 31-509F3) and documents and deliver by prepaid mail, personal delivery or fax to the NRD administrator at the address above, or by fax to 1-800- _____, or to such other address or fax number as may be provided at the NRD web site.

General Instructions:

- A. This form is available online for downloading at the NRD web site at www.nrd.ca.
- B. Complete the information requested in this form in type or legible print. Manual signatures are required by authorized signatories of the firm filer.

Section 1 Firm Filer Information

Full legal name of firm filer:	
Firm NRD number (if available):	Head office main phone number: ()

Section 2 Confirmation of Appointment of Chief AFR

The firm filer hereby confirms that it has appointed the person below as its sole chief AFR and by so doing hereby confirms that it has revoked all prior appointments to this position. The information completed in this section 2 must match the information completed in section 1 of Form 31-509F2 of the chief AFR.

Last name of chief AFR:		First name:
Second name (if applicable):	Third name (if applicable):	Active user ID of chief AFR*:

Request for Comments

* If an active user ID is not included, then a completed Form 31-509F2 must accompany this form.

Section 3 Account Holder Information for Electronic Pre-Authorized Debit

The firm filer hereby confirms the following account holder and account information from which the payment of prescribed fees by electronic pre-authorized debit shall be made through NRD as authorized by the chief AFR or other AFRs appointed to act on behalf of the firm filer. A completed Form 31-509F3 must accompany this form and the information completed in this section 3 must match the information completed in section 3 of Form 31-509F3 of the account holder.

Name of account holder:	
Name of account holder's financial institution**:	
Branch transit number:	Account number:

**The financial institution selected must be a member of the Canadian Payments Association.
Section 4 Certification of Firm Filer

The undersigned firm filer hereby certifies that the foregoing information delivered to the NRD administrator for verification and processing is true in all material respects and acknowledges that all access to and use of NRD shall be subject to the **Terms and Conditions of Use attached as Appendix A to the Initial Filing of this form by the firm filer, and any amendments thereto. It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.**

The undersigned acknowledges that all confirmations, notices and other correspondence between the NRD administrator and the undersigned shall be sent to the chief AFR named in section 2 of this form, to the e-mail or fax number of the chief AFR, as selected by the chief AFR on Form 31-509F2, as such e-mail or fax number may be amended by the chief AFR in NRD format.

At least 10 business days before a change to the account named in section 3 of this form, the undersigned shall complete a Change to Previous Filing to this form and deliver it to the NRD administrator, with any other required documents or forms. Within 5 business days of a change to the contact information for the account submitted on Form 31-509F3, the undersigned shall notify the NRD administrator in the manner set out herein. As soon as practicable following a change in the chief AFR, or other information submitted in respect of the account named in section 3 of this form, the undersigned shall complete a Change to Previous Filing to this form and deliver it to the NRD administrator, together with any other required forms or documents. The undersigned agrees that an executed copy of this form, if delivered to the NRD administrator by fax, shall have the same effect as an originally executed copy delivered to the NRD administrator. The undersigned has caused this form to be signed by its duly authorized signatories on its behalf.

Name of firm filer:			
Signature of authorized signatory	Print name of signatory:	Direct phone number: () Extension if applicable:	Date: (dd/mm/yyyy)
	Signature of authorized signatory	Print name of signatory:	Direct phone number: () Extension if applicable:

Request for Comments

If the NRD administrator has any questions about the information provided on this form, it can contact:

Last name:	First name:		
Business address (street name and number):	Municipality (city, town, etc.):	Province/territory/state:	Postal code:
Direct phone number: () Extension if applicable:	Fax number: ()	E-mail address:	

Appendix A
to Form 31-509F1

Terms and Conditions of Use
(last amended September 1, 2002)

ACKNOWLEDGED on behalf of the
Firm filer: _____
by: _____ signature of authorized signatory
by: _____ signature of authorized signatory

NRD™ is the National Registration Database, an initiative of the participating Canadian securities regulatory authorities (collectively, the "CSRA") and the Investment Dealers Association of Canada to facilitate the filing of information pursuant to Multilateral Instrument 31-102 – National Registration Database (NRD) and Multilateral Instrument 33-109 – Registration Information Requirements (collectively, the "Instrument") and the electronic payment of fees using the NRD web site located at www.nrd.ca.

All use of NRD and the NRD web site by or on behalf of the firm filer is subject to the terms and conditions of use above and below between the NRD administrator and the firm filer (the "Agreement"), and all applicable laws.

- 1. Firm Filer Responsibilities.** Following completion of enrolment in NRD, authorized representatives of the firm filer may access and use the NRD web site only by the provision of a valid user ID, password and, if applicable, a personal identification number. Authorized representatives of the firm filer consist of the chief AFR appointed by the firm filer, any administrator AFRs appointed by the chief AFR and any other AFRs appointed by the chief AFR or by an administrator AFR (collectively, the "AFRs") and individual filers. Only AFRs may use NRD on behalf of the firm filer to make NRD submissions and electronic payments of fees as required under securities legislation.

For the purposes of the firm filer's NRD submissions, the firm filer shall ensure that: (a) only its AFRs and individual filers will be permitted access to and use of the NRD web site; and (b) it has implemented and maintains reasonable security precautions to control the access and use of NRD including the protection of user IDs, passwords and if applicable, personal identification numbers. The authority of the chief AFR to act on behalf of the firm filer shall continue in effect until written notice to the contrary is received by the NRD administrator. The firm filer acknowledges and agrees that it is solely responsible for any access and use of the NRD web site by AFRs and individual filers.

In the event that any conduct of the firm filer or any of its AFRs or individual filers is harmful to the operation of NRD and/or the NRD web site, the NRD administrator reserves the right to revoke a user ID or otherwise prevent or restrict any one or more AFRs and/or individual filers and/or any unauthorized individuals from access to use all or any part of the NRD web site immediately and without notice. Access may be prevented or restricted as long as such conduct continues.

- 2. Authorized Use of the NRD web site.** In addition to complying with this Agreement, the firm filer shall use the NRD web site and any links to other web sites from the NRD web site ("Linked Sites") for lawful purposes only. The firm filer agrees not to introduce into or through the NRD web site any information or materials that may be harmful to others.

The firm filer shall not use NRD, the NRD web site or Linked Sites in any manner which could damage, disable, overburden, or impair NRD or the NRD web site or interfere with any other person's use of NRD or the NRD web site. The firm filer shall not use any robot, spider or other automatic device, software program or manual process in a manner that interferes with any web pages on NRD, the NRD web site or Linked Sites.

- 3. Electronic Payments.** The firm filer agrees to pay all fees and charges due to the NRD administrator, as such fees and charges are approved by the CSRA, through electronic pre-authorized debit using the account holder and account information named in the most current Form 31-509F1 (the "Account Holder") delivered to the NRD administrator. The firm filer acknowledges that electronic payments for the firm filer may be authorized by any of the AFRs. It is the firm filer's responsibility to establish reasonable controls and procedures to ensure that the Account Holder establishes and maintains any account and agreements with the Account Holder's financial institution for the account named in the most current Form 31-509F1 delivered to the NRD administrator and to facilitate AFRs authorizing payments from the Account Holder's account. The firm filer agrees to pay interest to the NRD administrator on all unpaid fees and charges at the rate of 1% per month (12% per annum) from and after the due date, and shall pay any reasonable charges the NRD administrator establishes from time to time for failed payments or payments that were not honoured.

4. **Intellectual Property.** "NRD" and "www.nrd.ca" and related words and logos are trade-marks and/or trade names of the NRD administrator (collectively the "Trade-marks"). Nothing in this Agreement, on the NRD web site or on NRD shall be construed as granting, either expressly, by implication or otherwise, a license or other right to the firm filer to use the Trade-marks, or copyright or any other intellectual property right of the NRD administrator or CSRA. The names of other companies, products or services referred to on the NRD web site may be trade-marks or trade names of their respective owners. Any unauthorized use of the Trade-marks or third party trade-marks or trade names, or copyright or any other intellectual property right of NRD administrator or CSRA is strictly prohibited.

All right, title and interest in the NRD web site, NRD, all software used on the NRD web site and all materials provided on the NRD web site including, without limitation, associated information, databases, site design, text and graphics, are owned by the CSRA, the NRD administrator or their respective suppliers and are protected by Canadian and international copyright laws (the "Proprietary Content"). All rights are reserved. Any unauthorized use, reproduction, modification or distribution of the Proprietary Content is strictly prohibited and will cause the CSRA and/or the NRD administrator serious damages for which money damages may not constitute a sufficient remedy and in such instances CSRA and/or the NRD administrator may seek and obtain injunctive relief, in addition to any other remedies.

5. **Privacy.** The personal or other information of individuals contained in NRD is governed by privacy laws, including without limitation, the Personal Information Protection and Electronic Documents Act of Canada and corresponding provincial privacy legislation. The firm filer is fully responsible for compliance with all privacy laws. The NRD web site is subject to the terms of the NRD administrator's **Privacy Statement**, which can be viewed at the NRD web site.
6. **Limitation of Liability and Disclaimers.** Access to and use of the NRD web site is provided on an "as is" "as available" basis. The firm filer's use of the NRD web site is entirely at its own risk. To the fullest extent permitted by law, except as stated in this Agreement, the NRD administrator and any of its affiliates, employees, agents, officers, contractors, directors or third party providers (collectively "Related Parties") disclaim all warranties, representations or conditions of any kind, whether express or implied, including the implied warranties or conditions of merchantability and fitness for a particular purpose. The NRD administrator and the Related Parties make no representations, warranties or conditions about the accuracy, reliability, completeness, currency, quality, timeliness or usefulness of the NRD web site or any goods, information or service provided through the NRD web site. The NRD administrator and the Related Parties are not responsible for, nor do they independently verify any of the content nor do they assume any obligation to update content or advise on further developments relating to NRD. The firm filer should not assume that NRD will be error-free, timely, accurate, complete or that NRD will operate without interruption.

In no circumstances shall the NRD administrator and the Related Parties or other third parties mentioned on the NRD web site be liable for any indirect, special, incidental, consequential or punitive damages or damages for lost profits arising out of or in connection with this Agreement or the use of or inability to make use of the NRD web site, the Content or any service provided through the NRD web site, whether based on warranty, contract, tort, negligence or any other legal theory, irrespective of notice. To the extent that some jurisdictions do not allow exclusions or limitations on some categories of damages, these exclusions or limitations may not apply to the firm filer. Notwithstanding the express exclusions and limitations set out in this Agreement, any and all liability of the NRD administrator and the Related Parties for actual and direct damages, unless caused by the gross negligence or willful misconduct of the NRD administrator, is limited to the repayment from the NRD administrator to the firm filer, without duplication, in respect of the specific filing or use of this NRD web site (the "Claim") to a maximum amount of the fee paid to the NRD administrator in respect of which the filing or use of this NRD web site was made, less amounts, if any, repaid by the NRD administrator for other claims in respect of the same filings or uses of this NRD web site, provided that the firm filer is not in breach of this Agreement.

7. **Indemnity.** The firm filer agrees to indemnify and hold harmless the NRD administrator and the Related Parties from any claims, actions, demands, liabilities and settlements, including, without limitation, reasonable legal fees and costs, resulting from the firm filer's material breach of this Agreement, gross negligence or willful misconduct or in relation to its use of the NRD web site by AFRs, individual filers and/or unauthorized individuals.
8. **Links to Other Sites.** The NRD web site may contain Linked Sites. Unless specifically noted, the Linked Sites, and/or the content, goods or services sold or made available on the Linked Sites, are not under the control of the NRD administrator and accordingly the NRD administrator does not assume any responsibility for the same. The Linked Sites are provided only as a convenience, and the inclusion of any link does not imply that NRD administrator guarantees, recommends, approves, warrants or endorses the site, or any content, goods or services sold or made available on or through the site, or any association with its operations. Use of any Linked Sites is entirely at the firm filer's own risk. Nothing in this Agreement grants the firm filer any rights or authorization with respect to any Linked Sites.
9. **Governing Law.** If the head office of the firm filer is situated in a jurisdiction in which the Instrument has been enacted, this Agreement shall be governed by, and the firm filer submits to, the applicable laws in force in the province of the head office of the firm filer and the laws of Canada applicable therein. Otherwise, this Agreement shall be governed by, and the firm filer submits to, the laws in force in the province where the head office of the NRD administrator is located and the laws of Canada applicable therein.

10. **Modification of Agreement.** Subject to the approval of the CSRA, the NRD administrator may modify this Agreement at any time(s) by either posting notice of such modified agreement on the NRD web site or by delivering a notice and copy of such modified agreement to the firm filer, and the firm filer agrees that it is deemed to have accepted such modification as is in effect at the time if, after such time, the AFRs and/or individual filers continue to access and use the NRD web site. In the event of the foregoing, the firm filer agrees that it shall be bound by the provisions of the modified Agreement notwithstanding the lack of a manual signature of the firm filer upon any amended agreement. This Agreement was last updated on the date shown above. Anything in the NRD web site inconsistent with this Agreement is superseded by this Agreement.
11. **Modification to the NRD web site.** The NRD administrator and CSRA reserve the right to modify, add, change, discontinue or suspend the NRD web site or any services made available on or through the NRD web site in whole or in part, at any time(s) without prior notice.
12. **Miscellaneous.** The provisions of Sections 5, 6 and 7 shall survive termination of this Agreement. No waiver or failure to enforce any of the terms of this Agreement shall be deemed or construed as a waiver or continuing waiver of such term or any other term of this Agreement. If in any jurisdiction, any of the terms or portions of terms in this Agreement are held to be invalid or unenforceable by a court of competent jurisdiction, such term or portion of a term shall be severed, restricted or eliminated to the minimum extent necessary and will be deemed superseded by a valid enforceable term or portion of a term that most closely matches the intent of the original provision and the remaining provisions in this Agreement shall otherwise remain in full force and effect. It is the express wish of the parties that this Agreement and all related documents have been drawn up in English. C'est la volonté expresse des parties que la présente convention ainsi que les documents qui s'y rattachent soient rédigés en anglais. Any cause of action arising out of or related to this Agreement must commence within two years after the cause of action arose; otherwise such cause of action is hereby waived and permanently barred. Headings are for convenience only and shall not affect the interpretation of any of this Agreement.
13. **Contact Us.** All notices to NRD administrator pursuant to this Agreement must be sent by fax at 1-800-_____; or by prepaid mail or personal delivery to 85 Richmond Street West, Toronto, Ontario M5H 2C9; in each case addressed to the NRD administrator. All notices from the NRD administrator to the firm filer shall be sent to its chief AFR as at the date of notice by the NRD administrator, by e-mail or fax number as selected by the chief AFR on Form 31-509F2, as such e-mail or fax number may have been amended in NRD.

In the event of any questions or comments about the NRD web site or the services offered by NRD administrator, the NRD administrator may be reached by calling 1-800-219-5381 or by sending a fax, as noted above. All notices, submissions, ideas or other information cannot be returned and once submitted, become the property of the NRD administrator.

© 2002 NRD Administrator. All Rights Reserved.

PRIVACY STATEMENT

When you visit the NRD web site at www.nrd.ca, when you move from page to page, read pages, make submissions or communications, access data, change data or download content onto your computer, the NRD web site may record and collect the following information:

- the domain name you are connecting from
- the user ID of the visitor that logged on and number of successful and unsuccessful attempts
- what information was submitted
- what information was changed

Cookies on the NRD web site are small data files that are sent to your browser and stored in memory on your computer. On the NRD web site, non-persistent cookies may be used only to facilitate functionality during a single site visit. Cookies do not contain personal information and are not permanently stored for future use. For added security, cookies are not used to remember user IDs and passwords when accessing secured pages accessible.

The NRD administrator uses this information to identify possible improvements to the NRD web site to make it easier for different types of visitors to access or submit information they require. As part of web site operations, it may be necessary for the NRD administrator to share aggregate statistical information with its affiliates, agents, contractors, suppliers and/or the Canadian securities regulators on a need to know basis only. By using the NRD web site, you are deemed to have provided your permission to the collection and use of aggregate statistical information for the purposes set out herein.

Some information to be submitted in NRD by a visitor with a user ID and password will contain personal information. However, unless otherwise indicated, none of the information collected is associated with a visitor as an individual.

The NRD administrator may modify this Privacy Statement at any time(s) without prior notice by posting a modified Privacy Statement on the NRD web site.

FORM 31-509F2

ENROLMENT OF CHIEF AUTHORIZED FIRM REPRESENTATIVE

TO: NRD Administrator,
85 Richmond Street West, Toronto, Ontario M5H 2C9

AND TO: Each Firm Filer that appoints the undersigned as its Chief AFR using the User ID assigned in respect of this enrolment

STRICTLY CONFIDENTIAL

Please select one box:

- First Enrolment as a chief AFR
- Have one or more active user IDs with the status of chief AFR and request a new user ID to be assigned in respect of this enrolment as a chief AFR.

Do not provide any of your user IDs to the firm filer enrolling you.

Note: If this form was already completed in respect of a previous enrolment by you as a chief AFR and you wish to use the user ID assigned in respect of that enrolment, do not complete this form again and provide that user ID to the firm filer enrolling you to include in section 2 of Form 31-509F1.

General Instructions:

- A. This form is available online for downloading at the NRD web site at www.nrd.ca.
- B. Complete the information requested in this form in type or legible print. All sections must be completed. A manual signature is required by the chief AFR.
- C. This form must be accompanied by Form 31-509F1 of the firm filer when returned to the NRD administrator. The names completed in section 1 of this form must match the names completed in section 2 of Form 31-509F1.
- D. The Personal Identification Number in section 3 of this form is to be kept strictly confidential. For security reasons, the chief AFR may choose to return this completed form, together with Form 31-509F1, to the NRD administrator on behalf of the firm filer.
- E. Return this form by prepaid mail or personal delivery to the NRD administrator at the address above or, if this form is accompanied by a Change to Previous Filing on Form 31-509F1, it may be returned to the NRD administrator by fax to 1-800-_____, or, in both cases, to such other address or fax number as may be provided on the NRD web site.

Section 1 Chief AFR Information

Last name:		
First name:	Second name (if applicable):	Third name (if applicable):
Direct phone number: () Extension if applicable:	Fax number: ()	E-mail address:

The chief AFR requests that the NRD administrator deliver to the chief AFR a confirmation of the set up of the firm filer below and/or a confirmation of the appointment of the chief AFR, and confirmations for any other firm filers that appoint the chief AFR as their chief AFR using the same user ID in respect of this enrolment. The delivery of the confirmation to the chief AFR shall be by fax or e-mail, as selected below, using the fax number or e-mail address provided by the chief AFR in section 1, as may be amended in NRD.

Select one only: fax e-mail

If no selection is made or if both selections are made, delivery of the confirmation to the chief AFR shall be by fax.

Section 2 Firm Filer Information

Legal name of the firm filer that has appointed the chief AFR:	Firm NRD number (if available):
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Section 3 Personal Identification Number

Select four to six numbers as the unique confidential personal identification number ("PIN") of the chief AFR. The PIN will be required in order to access the NRD web site for the first time following enrolment and to reset the chief AFR's password. It is the sole responsibility of the chief AFR to implement appropriate security precautions to ensure that the PIN selected below is kept strictly confidential and not shared with any other person.

--

Section 4 Acknowledgement and Certification of Chief AFR

The undersigned chief AFR hereby confirms that the undersigned has accepted the appointment by the firm filer stated in section 2 as the firm filer's chief AFR and the appointment by any other firm filer(s) as such other firm filer(s) chief AFR if the undersigned has elected to use the same user ID assigned in respect of this enrolment for such other firm filer(s). The undersigned acknowledges that the electronic payment of fees on behalf of the firm filer(s) that has appointed the chief AFR using the user ID assigned in respect of this enrolment, from the account that such firm filer has established for its use in the National Registration Database, may be authorized by the undersigned as chief AFR, or by any other AFRs appointed for such firm filer.

Notice – Collection and Use of Personal Information

The personal information that you provide on this form or otherwise through NRD is used to facilitate your access to and use of NRD and is not used for any other purpose. The signed copy of the completed form that you deliver to the NRD administrator is retained by the NRD administrator as evidence of your enrolment as a chief AFR. The information you provide on this form or otherwise through NRD will not be disclosed to any third party except any of the Canadian securities regulatory authorities or their authorized representatives for purposes of the administration or enforcement of securities legislation in the applicable jurisdictions. For information about the use of the information collected on this form or if you would like to obtain access to the information you have submitted, contact the NRD administrator at the address or number provided above.

The undersigned hereby certifies that the foregoing information is true in all material respects and acknowledges that all access to and use of NRD shall be subject to the foregoing. The undersigned agrees to update the information submitted in section 1 of this form in NRD format within 5 business days of the change. The undersigned agrees that an executed copy of this form, if delivered to the NRD administrator by fax, shall have the same effect as an originally executed copy delivered to the NRD administrator.

Print name of chief AFR:	
Last name:	First name: Second name: Third name:
Signature of chief AFR:	Date (dd/mm/yyyy)

FORM 31-509F3

ACCOUNT HOLDER AUTHORIZATION

TO: **NRD Administrator**
85 Richmond Street West, Toronto, Ontario M5H 2C9

Please select one box:

Initial Filing All sections must be completed. This form must be returned by the firm filer with Form 31-509F1 and, if required, Form 31-509F2.

Change to Previous Filing
Changes will be effective after the NRD administrator has completed its processing of all required information.

Describe change(s): Change to Account Holder's contact information
- complete sections 1, 2 & 5
The NRD administrator must receive this form within 5 business days of the change. The account holder may return this form directly to the NRD administrator.

Change to Account Holder's account information
- complete sections 1, 3 & 5
Desired business date of change: _____, 200 ____.
The firm filer must return this form with Form 31-509F1. The NRD administrator must receive this form at least 10 business days before the desired business date of change.

General Instructions:

- A. This form is available online for downloading at the NRD web site at www.nrd.ca.
B. Complete the information requested in this form in type or legible print. The information completed in section 3 below must match the information completed in section 3 of Form 31-509F1.
C. Return this completed form, together with a blank cheque for the account named in section 3 below, marked on the front with "VOID" and deliver by prepaid mail, personal delivery or fax to the NRD administrator at the address above, or by fax to 1-800 _____, or to such other address or fax number as may be provided on the NRD web site.

Section 1 Firm Filer Information

Full legal name of firm filer:	Firm NRD number (if available)
--------------------------------	--------------------------------

Section 2 Contact Information for Account to be used for NRD

Name of account holder:			
Business address (street name and number):		Municipality (city, town, etc.):	
Province/territory/state:	Postal code:	Main Phone Number:	Fax number:
		()	()

Request for Comments

Last name of account holder's contact person:	First name of account holder's contact person:
Direct phone number: () Extension if applicable:	E-mail address:

Section 3 Account Holder Information for Electronic Pre-authorized Debit in NRD

Name of account holder's financial institution*:	
Branch transit number:	Account number:

*The financial institution must be a member of the Canadian Payments Association. The financial institution should verify the information completed above.

Section 4 Payees

The account holder hereby authorizes payments from the account holder's account named in section 3 on behalf of the firm filer named in section 2 to be made by pre-authorized debit in NRD to one or more of the participating Canadian securities regulatory authorities, the Investment Dealers Association of Canada or the NRD administrator, being the payees listed below:

- British Columbia Securities Commission
- Alberta Securities Commission
- Saskatchewan Securities Commission
- The Manitoba Securities Commission
- Ontario Securities Commission
- Nova Scotia Securities Commission
- Securities Commission of Newfoundland
- New Brunswick Office of the Administrator of Securities
- Prince Edward Island Department of Community Affairs and Attorney General
- Government of Yukon, Registrar of Securities
- Nunavut Department of Justice, Legal Registries Division
- Government of the Northwest Territories, Securities Registry, Department of Justice
- Investment Dealers Association of Canada
- NRD administrator

Section 5 Authorization and Certification of Account Holder

The undersigned account holder hereby authorizes the payment of fees, on behalf of the firm filer named in section 1 of this form, by electronic pre-authorized debits in the National Registration Database to one or more of the payees listed in section 4, as such list of payees may be amended from time to time in NRD. The undersigned further acknowledges that payments of fees are authorized by the chief AFR of the firm filer or other AFRs appointed to act on behalf of the firm filer. The undersigned agrees to comply with any rules which may affect the pre-authorized debits and to execute any further documents that are reasonably required by the NRD administrator, its financial institution or the rules affecting the payment services provided in NRD.

The undersigned certifies that the foregoing information is true in all material respects. Within 5 business days of a change to the contact information submitted on this form, the undersigned shall complete a Change to Previous Filing to this form and deliver it to the NRD administrator. At least 10 business days before a change to the account named in section 3 of this form, the undersigned shall complete a Change to Previous Filing to this form and deliver it to the NRD administrator. The undersigned agrees that an executed copy of this form, if delivered to the NRD administrator by fax, shall have the same effect as an originally executed copy delivered to the NRD administrator. The undersigned has caused this form to be signed by its duly authorized signatories on its behalf.

Request for Comments

Name of account holder:		
Signature of authorized signatory	Print name:	Date: (dd/mm/yyyy)
Signature of authorized signatory	Print name:	Date: (dd/mm/yyyy)

COMPANION POLICY 31-509CP
TO ONTARIO SECURITIES COMMISSION RULE 31-509
(COMMODITY FUTURES ACT)

NATIONAL REGISTRATION DATABASE (NRD)

PART 1 PRODUCTION OF NRD FILINGS

- 1.1 The *Commodity Futures Act* contains a requirement to produce or make available an original or certified copy of information filed under the securities legislation. The Commission considers that it may satisfy such a requirement in the case of information filed in NRD format by providing a printed copy or other output of the information in readable form that contains or is accompanied by a certification by the Director that the printed copy or output is a copy of the information filed in NRD format.

PART 2 DATE OF FILING

- 2.1 The Commission takes the view that information filed in NRD format is, for purposes of Ontario commodity futures law, filed on the day that the transmission of the information to NRD is completed.

PART 3 OFFICIAL COPY OF NRD FILINGS

- 3.1 For purposes of Ontario commodity futures law, the Commission takes the view that the official record of any information filed in NRD format by an NRD filer is the electronic information stored in NRD.

6.1.7 Notice of Proposed Multilateral Instrument
33-109 - Registration Information
Requirements

NOTICE OF PROPOSED
MULTILATERAL INSTRUMENT 33-109,
FORMS 33-109F1, 33-109F2, 33-109F3,
33-109F4, 33-109F5
AND COMPANION POLICY 33-109CP

REGISTRATION INFORMATION REQUIREMENTS

Substance and Purpose of Proposed Instrument

The substance and purpose of the proposed Instrument are to consolidate and harmonize requirements regarding the initial submission of registration information and the updating of that information.

The proposed Instrument is expected to be implemented as a rule, regulation or other appropriate instrument in all of the jurisdictions represented by the Canadian Securities Administrators (the "CSA"), except Quebec.

Because this Instrument is not proposed for adoption in all of the jurisdictions of the CSA, it is called a Multilateral Instrument rather than a National Instrument. However, since this Instrument is being adopted in a number of jurisdictions, it is numbered as a national instrument.

Summary of Proposed Instrument

Section 2.1 provides that a firm applying for registration shall submit a completed Form 3 *Application for Registration as Dealer, Adviser or Underwriter* in paper format. Although staff published for comment a proposed replacement to the current Form 3 on August 4, 2000 and July 6, 2001, staff anticipates that the current form will remain in use until a later release of the National Registration Database ("NRD") permits firms to submit all of their registration information in NRD format.

Under section 2.1, an applicant firm is also required to submit a completed Form 33-109F3 *Business Locations other than Head Office* for each of its business locations. Form 33-109F3 is new and is to be submitted in NRD format in accordance with Multilateral Instrument 31-102 National Registration Database ("MI 31-102"). It provides for the collection of some of the branch and sub-branch information that is currently collected in Form 3. Form 33-109F3 has been created to specify what information regarding business locations is to be submitted to NRD.

Section 2.1 also requires applicant firms to submit a completed Form 33-109F4 *Registration Information for an Individual* for each non-registered individual of the firm in accordance with MI 31-102.

Section 2.2 provides that an individual who is applying for registration shall submit either a completed Form 31-109F4 or, pursuant to subsection (2), a completed Form 33-109F2 *Change of Individual Categories* in accordance with MI 31-102. Form 33-109F2 is to be used for a registration application only if the applicant is applying to become registered with a firm in which the applicant is currently a non-registered individual.

Submitting an application in Form 33-109F2 in this circumstance is necessary to ensure that the applicant, who will have already submitted data as a non-registered individual using Form 33-109F4, does not create a second set of data in respect of himself or herself in NRD.

Section 3.1 provides that each registered firm shall notify the regulator of a change to any information previously submitted in Form 3 within five business days of the change. A notice submitted under section 3.1 shall be made by submitting a completed Form 33-109F5 *Change of Registration Information* in paper format. Under subsection 3.1(3), a registered firm is not required to submit a Form 33-109F5 in respect of certain changes to Form 3 information if notice is otherwise provided under the Instrument.

Under section 3.3, a registered firm is required to submit a completed Form 33-109F4 in accordance with MI 31-102 for a non-registered individual within five business days of the individual becoming a non-registered individual of the registered firm.

Section 4.1 provides that each registered individual must notify the regulator of a change to any information previously submitted in Form 33-109F4. Other than information under Item 3 - *Personal Information* or Item 8 - *Proficiency*, registered individuals shall notify the regulator of changes to their Form 33-109F4 information within five business days of the change. Registered individuals shall notify the regulator of changes to information required under Item 3 and Item 8 within one year of the change.

Section 4.2 provides that a registered individual who applies to change his or her registration category shall make the application by submitting a completed Form 33-109F2 in accordance with MI 31-102.

Under section 4.3, a registered firm is required to notify the regulator of the termination of a registered individual by submitting a Form 33-109F1 in accordance with MI 31-102 within five business days of the termination.

Section 5.1 provides that a registered firm must notify the regulator of a change to any information previously submitted in Form 33-109F4 for a non-registered individual. Other than information under Item 3, a registered firm shall notify the regulator of changes to a non-registered individual's Form 33-109F4 information within five business days of the change. Registered firms shall notify the regulator of changes to information required under Item 3 within one year of the change.

Subsection 5.1(3) provides that a registered firm shall notify the regulator of a change to information in Item 6 *Categories of Registered and Non-registered Individuals* of Form 33-109F4 for a non-registered individual by submitting a completed Form 33-109F2 in accordance with MI 31-102 within 5 business days of the change.

Under section 5.2, a registered firm is required to notify the regulator if an individual ceases to be a non-registered individual of the firm by submitting a Form 33-109F1 in accordance with MI 31-102 within five business days of the termination.

Section 6.1 of the proposed Instrument requires that a sponsoring firm exercises due diligence to ensure that information submitted by the firm for a non-registered individual, or by a registered individual or an individual applying for registration, is true and complete. Section 6.1 also requires that documents used by a firm to satisfy its due diligence obligations shall be retained for a period of 7 years and shall be kept at the location of the registered firm at which the individual is working. Subsection 6.1(5) provides that a firm that retains a document under this section in respect of a submission through NRD shall record the NRD submission number on the document.

Part 8 provides that during a period several weeks before the availability of NRD, a registered firm is exempt from several notification requirements under the Instrument if the registered firm submits the required notices within 15 business days of receiving access to NRD.

Section 8.5 provides that a registered individual who has not submitted a Form 33-109F4 shall notify the regulator of a change to any information previously submitted in Form 4. Section 8.5 also provides that if a registered individual provides notice of a change to Form 4 information the individual is required to submit a Form 33-109F4 in accordance with MI 31-102.

Similarly, section 8.7 provides that a registered firm that has not submitted a Form 33-109F4 for a non-registered individual shall notify the regulator of a change to any information previously submitted in Form 4 for the individual. Section 8.7 also provides that if a registered firm provides notice of a change to Form 4 information for a non-registered individual the firm is required to submit a Form 33-109F4 for the individual in accordance with MI 31-102.

Form 33-109F4 will replace the current Form 4. Sections 2.1 and 2.2 are intended to replace section 129 of the Regulations. Parts 3, 4, and 5 are intended to replace section 33¹ of the *Securities Act* (the "Act") and subsections 132(2) and 133(3) of the Regulations.

Related Instruments

The proposed Instrument is related to proposed Rule 33-506 (*Commodity Futures Act*) Registration Information Requirements, which is also being published for comment in this bulletin.

The proposed Instrument is related to proposed MI 31-102. Staff intends that the proposed Instrument and MI 31-102 will come into force concurrently.

Regulations to be Amended and Revoked

Form 4, section 129, subsection 132(2), subsection 132(3), subsection 133(2), subsection 135(1) and section 136 of the Regulation will be revoked. Subsection 135(3) will also be

¹ Section 33 of the Securities Act, concerning notices of change in registration, was repealed under the *More Tax Cuts for Jobs, Growth and Prosperity Act, 1999*. The provision repealing section 33 will come into force on a day to be named by proclamation of the Lieutenant Governor.

revoked to ensure that the registration information of registrants that are reporting issuers is kept current. Section 33 of the Act, concerning notices of change in registration, was repealed under the *More Tax Cuts for Jobs, Growth and Prosperity Act, 1999*. It is intended that the provision repealing section 33 will come into force on the same day as the proposed Instrument.

Authority for Proposed Instrument

Paragraph 143(1)1 of the Act authorizes the Commission to make rules prescribing requirements in respect of applications for registration and the renewal of registration, amendment, expiration or surrender of registration and in respect of suspension, cancellation or reinstatement of registration.

Paragraph 143(1)7 of the Act authorizes the Commission to make rules prescribing requirements in respect of the disclosure or furnishing of information to the Commission by registrants.

Paragraph 143(1)10 of the Act authorizes the Commission to make rules prescribing requirements in respect of the books, records and other documents required by subsection 19(1) to be kept by market participants, including the form in which and the period for which the books, records and other documents are to be kept.

Alternatives Considered

In the process of developing this Instrument, the Commission did not consider any other alternatives.

Unpublished Materials

In proposing the Instrument, the Commission has not relied on any significant unpublished study, report, decision or other written materials.

Anticipated Costs and Benefits

The proposed Instrument will harmonize the notification requirements described in the proposed Instrument in those jurisdictions in which the Instrument is adopted. NRD is expected to make the benefits of this harmonization particularly evident to firms and individuals registered in more than one jurisdiction because NRD will permit those registrants to meet their notification requirements by making a single submission through the system to multiple regulators.

Currently, under section 33 of the Act, registrants are required to notify the Director of some changes to registration information within five business days of the event. Pursuant to subsections 132(2) and 133(2), however, most changes to registration information are not required to be reported by registrants until their renewal. As a result, information that is very relevant to a determination of the registrant's continued suitability for registration may not be received by the Director for up to a year after the event is known to the registrant. Staff is of the view that any cost to registrants of identifying and submitting changes to their registration information throughout the year, rather than annually, is minimal and is offset by the increased investor protection resulting from the Commission being able to respond expeditiously to changes in registration information.

With the submission of Form 33-109F4 through NRD, staff intends no longer to ask that photographs, evidence of proficiency, and appointments of agent for service ("supporting documents") be submitted for non-registered individuals or applicants for registration. In some circumstances (for example, if an applicant has disclosed a prior bankruptcy), staff will continue to ask that further information be submitted outside NRD. Staff expects that firms will benefit significantly from this reduction in paper filings.

Since staff will no longer receive supporting documents outside NRD in support of Forms 33-109F4 submitted through NRD, Part 6 of the Instrument imposes a positive obligation on a sponsoring firm to exercise due diligence to ensure that information submitted in respect of individuals sponsored by the firm is true and complete. The Companion Policy provides guidance as to the Commission's view of this due diligence obligation. Part 6 also provides for a record-keeping requirement in respect of documents retained in support of a submission. Staff is of the view that this due diligence and record-keeping requirement will not impose significant additional costs on sponsoring firms since currently most firms likely perform a due diligence review of sponsored individuals.

Comments

An earlier version of Form 33-109F4 (then called Form 31-102F4) was published for comment on July 6, 2001. Responses to the comments received are in Appendix A to this notice.

Interested parties are invited to make written submissions with respect to the proposed Instrument. Submissions received by March 18, 2002 will be considered.

Submissions should be sent to all Canadian securities regulatory authorities listed below in care of the Ontario Securities Commission in duplicate, as indicated below:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
The Manitoba Securities Commission
Ontario Securities Commission
Office of the Administrator, New Brunswick
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland
Registrar of Securities, Northwest Territories
Registrar of Securities, Nunavut
Registrar of Securities, Yukon Territory

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario
M5H 3S8
jstevenson@osc.gov.on.ca

A diskette containing the submissions (in DOS or Windows format, preferably WordPerfect) should also be submitted. As the Act requires that a summary of written comments received during the comment period be published, confidentiality of submissions cannot be maintained.

Questions may be referred to:

Dirk de Lint
Legal Counsel
Ontario Securities Commission
(416) 593-8090
ddelint@osc.gov.on.ca

Melinda Ando
Legal Counsel
Alberta Securities Commission
(403) 297-7274
melinda.ando@seccom.ab.ca

Kathleen Blevin
Legal Counsel
Alberta Securities Commission
(403) 297-3308
kathleen.blevins@seccom.ab.ca

Anthony Wong
Senior Legal Counsel, Legal and Market Initiatives
British Columbia Securities Commission
(604) 899-6777
awong@bcsc.bc.ca

Proposed Instrument

The text of the proposed Instrument follows, together with footnotes that are not part of the Instrument but have been included to provide background and explanation.

December 14, 2001

6.1.8 Multilateral Instrument 33-109 - Registration Information Requirements

MULTILATERAL INSTRUMENT 33-109 REGISTRATION INFORMATION REQUIREMENTS

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FORM 33-109F3	BUSINESS LOCATIONS OTHER THAN HEAD OFFICE
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MULTILATERAL INSTRUMENT 33-109

REGISTRATION INFORMATION REQUIREMENTS

PART 1 DEFINITIONS

1.1 Definitions - In this Instrument

"business location" means, for a registered firm or a person or company that is applying for registration, a location, including a residence, where the registered firm carries on, or proposes to carry on, business as a dealer or adviser;

"non-registered individual" means, for a registered firm or for a person or company that is applying for registration, an individual who is not registered to trade or advise on behalf of the firm and who

(a) is a director, partner, or officer of the firm, or

(b) in Alberta, British Columbia, and Ontario,

(i) is a director, partner, or officer of the firm, or

(ii) beneficially owns, directly or indirectly, or exercises control or direction over, 10 percent or more of the voting securities of the firm;

"MI 31-102" means Multilateral Instrument 31-102 National Registration Database;

"NRD submission number" means the unique number generated by NRD to identify each NRD submission;

"registered firm" means a person or company that is registered as a dealer, adviser, or underwriter;

"registered individual" means, for a registered firm, an individual who is registered to trade or advise on behalf of the registered firm;

"sponsoring firm" means,

(a) for a registered individual, the registered firm on whose behalf the individual trades or advises,

(b) for an individual applying for registration, the registered firm, or the person or company applying to become a registered firm, on whose behalf the individual proposes to trade or advise,

(c) for a non-registered individual of a registered firm, the registered firm, or

(d) for a non-registered individual of a person or company that is applying for registration, the person or company that is applying for registration.

1.2 Interpretation - Terms defined in MI 31-102 and used in this Instrument have the respective meanings ascribed to those terms in MI 31-102.

PART 2 APPLICATION FOR REGISTRATION

2.1 Dealer, Adviser and Underwriter Registration - An applicant for registration as a dealer, adviser, or underwriter shall submit to the regulator

- (a) a completed Form 3 in paper format;
- (b) a completed Form 33-109F3 in accordance with MI 31-102 for each business location of the applicant, other than the applicant's head office; and
- (c) a completed Form 33-109F4 in accordance with MI 31-102 for each non-registered individual of the applicant who has not applied to become a registered individual with the applicant under subsection 2.2(1).

2.2 Individual Registration

- (1) Except as provided in subsection (2), an individual who applies for registration under securities legislation shall make the application by submitting to the regulator a completed Form 33-109F4 in accordance with MI 31-102.
- (2) Despite subsection (1), a non-registered individual of a registered firm who applies to become a registered individual with the firm shall make the application by submitting to the regulator a completed Form 33-109F2 in accordance with MI 31-102.

PART 3 CHANGES TO REGISTERED FIRM INFORMATION

3.1 Changes to Form 3 Information

- (1) A registered firm shall notify the regulator of a change to any information previously submitted in Form 3, or under this subsection, within 5 business days of the change.
- (2) Except as provided in subsection (3), for the purposes of subsection (1), a notice of change shall be made by submitting a completed Form 33-109F5 in paper format.
- (3) Despite subsection (2), a notice of change under this section is not required to be in Form 33-109F5 if the change relates to
 - (a) the addition of an officer, partner, or director to the registered firm, and if a completed Form 33-109F4 in respect of the officer, partner, or director is submitted under section 2.2, or 3.3, in accordance with MI 31-102;
 - (b) the resignation or termination of an officer, partner or director of the registered firm, and if a completed Form 33-109F1 is submitted under section 4.3, or 5.2, in accordance with MI 31-102; or

- (c) a business location other than head office, and if a completed Form 33-109F3 is submitted under section 3.2 in accordance with MI 31-102.

3.2 Changes to Business Locations

- (1) A registered firm shall notify the regulator of the opening of a business location, other than a new head office, by submitting a completed Form 33-109F3 in accordance with MI 31-102 within 5 business days of the opening.
- (2) A registered firm shall notify the regulator of a change to any information previously submitted in Form 33-109F3 by submitting a completed Form 33-109F3 in accordance with MI 31-102 within 5 business days of the change.

3.3 Addition of Non-registered Individuals - A registered firm shall submit to the regulator a completed Form 33-109F4 in accordance with MI 31-102 for a non-registered individual within 5 business days of the individual becoming a non-registered individual of the registered firm.

PART 4 CHANGES TO REGISTERED INDIVIDUAL INFORMATION

4.1 Changes to Form 33-109F4 Information

- (1) Except as provided in subsection (2), a registered individual shall notify the regulator of a change to any information previously submitted in Form 33-109F4, or under this subsection, in accordance with MI 31-102 within 5 business days of the change.
- (2) Despite subsection (1), a registered individual shall notify the regulator of a change to information previously submitted in Item 3 or Item 8 of Form 33-109F4, or under this subsection, in accordance with MI 31-102 within 1 year of the change.

4.2 Application to Change Individual Registration Categories - A registered individual of a registered firm who applies to change his or her registration category with the firm shall make the application by submitting to the regulator a completed Form 33-109F2 in accordance with MI 31-102.

4.3 Termination of Relationship - A registered firm shall, within 5 business days of a termination of an employment, partner, or agency relationship with a registered individual, notify the regulator of the termination of the relationship by submitting a completed Form 33-109F1 in accordance with MI 31-102.

PART 5 CHANGES TO NON-REGISTERED INDIVIDUAL INFORMATION

5.1 Changes to Form 33-109F4 Information

- (1) Except as provided in subsections (2) and (3), a registered firm shall notify the regulator of a change to any information previously submitted in Form 33-109F4, or under this subsection, for a non-registered individual in accordance with MI 31-102 within 5 business days of the change.
- (2) Despite subsection (1), a registered firm shall notify the regulator of a change to information previously submitted in Item 3 of Form 33-109F4, or under this subsection, for a non-registered individual in accordance with MI 31-102 within 1 year of the change.
- (3) Despite subsection (1), a registered firm shall notify the regulator of a change to any information regarding a category of non-registered individual listed in Item 6 of Form 33-109F4 for a non-registered individual by submitting a completed Form 33-109F2 in accordance with MI 31-102 within 5 business days of the change.

5.2 Cessation of Relationship - A registered firm shall, within 5 business days of an individual ceasing to be an non-registered individual of the registered firm, notify the regulator of the termination of the relationship by submitting a completed Form 33-109F1 in accordance with MI 31-102.

PART 6 DUE DILIGENCE AND RECORD-KEEPING

6.1 Sponsoring Firm Obligations

- (1) A sponsoring firm shall exercise due diligence to ensure that information submitted by
 - (a) the firm for a non-registered individual; or
 - (b) a registered individual, or an individual applying for registration, for whom the firm is the sponsoring firm,is true and complete.
- (2) A sponsoring firm shall retain all documents used by the firm to satisfy its obligation under subsection (1),
 - (a) in the case of a non-registered individual, for a period of 7 years after the individual ceases to be a non-registered individual; or
 - (b) in the case of a registered individual, or an individual applying for registration, for a period of 7 years after the individual ceases to be a registered individual with the firm.

- (3) Without limiting the generality of subsection (2), if a registered individual, or an individual applying for registration, appoints an agent for service, the sponsoring firm shall keep the original Appointment of Agent for Service executed by the individual for the period of time set out in paragraph (2)(b).
- (4) Records required to be kept under this section with respect to a registered individual or a non-registered individual shall be kept at the location of the sponsoring firm at which the individual is working.
- (5) A sponsoring firm that retains a document under subsection (2) or (3) in respect of an NRD submission shall record the NRD submission number on the document.

PART 7 EXEMPTION

7.1 Exemption

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

PART 8 TRANSITION TO NRD

8.1 Definitions - In this Part

"data transfer date" means the day on which the securities regulatory authority will commence the transfer of its record of non-registered individuals, registered individuals, and registered firms to NRD;

"NRD access date" means, for an NRD firm filer, the date the NRD firm filer first has access to NRD to make NRD submissions; and

"NRD freeze period" means the period that begins on the day that is 5 business days before the data transfer date and ends on the day that is 5 business days after the NRD access date.

8.2 Changes to Form 3 Information - A notice of change under section 3.1 is not required during the NRD freeze period if the change relates to

- (a) the addition of an officer, partner, or director to the registered firm, and if a completed Form 33-109F4 in respect of the officer, partner, or director is submitted in accordance with MI 31-102 within 15 business days of the NRD access date;
- (b) the resignation or termination of an officer, partner or director of the registered firm, and if a

completed Form 33-109F1 is submitted in accordance with MI 31-102 within 15 business days of the NRD access date; or

- (c) a business location other than head office, and if a completed Form 33-109F3 is submitted in accordance with MI 31-102 within 15 business days of the NRD access date.

8.3 Changes to Business Location - A registered firm is exempt from the requirement to make a submission under section 3.2 during the NRD freeze period, if the firm makes the submission in accordance with MI 31-102 within 15 business days of the NRD access date.

8.4 Addition of Non-registered Individuals - A registered firm is exempt from the requirement to make a submission under section 3.3 during the NRD freeze period, if the firm makes the submission in accordance with MI 31-102 within 15 business days of the NRD access date.

8.5 Changes to Form 4 Information - Registered Individuals

- (1) This section applies to a registered individual who has not submitted a completed Form 33-109F4 in accordance with MI 31-102.
- (2) A registered individual shall notify the regulator of a change to any information previously submitted in Form 4, or under this subsection, by submitting a completed Form 33-109F5 in paper format within 5 business days of the change.
- (3) A registered individual who has submitted a completed Form 33-109F5 under subsection (2), shall submit a completed Form 33-109F4 in accordance with section 8.7 of MI 31-102.

8.6 Termination of Relationship - Registered Individuals - A registered firm is exempt from the requirement to make a submission under section 4.3 during the NRD freeze period, if the firm makes the submission in accordance with MI 31-102 within 15 business days of the NRD access date.

8.7 Changes to Form 4 Information - Non-registered Individuals

- (1) This section applies to a registered firm that has not submitted a completed Form 33-109F4 for a non-registered individual in accordance with MI 31-102.
- (2) A registered firm shall notify the regulator of a change to any information previously submitted in Form 4 for a non-registered individual, or under this subsection, by submitting a completed Form 33-109F5 in paper format within 5 business days of the change.

- (3) A registered firm that has submitted a completed Form 33-109F5 for a non-registered individual under subsection (2), shall submit a completed Form 33-109F4 for the non-registered individual in accordance with section 8.8 of MI 31-102.

8.8 Cessation of Relationship - Non-registered Individuals - A registered firm is exempt from the requirement to make a submission under section 5.2 during the NRD freeze period, if the firm makes the submission in accordance with MI 31-102 within 15 business days of the NRD access date.

PART 9 EFFECTIVE DATE

9.1 Effective Date - This Instrument comes into force on September 1, 2002.

FORM 33-109F1

NOTICE OF TERMINATION

NRD SUBMISSION

A Form 33-109F1 submission in NRD format shall contain the information prescribed below. The information shall be entered using the online version of this submission accessible by a firm filer at the NRD web site (www.nrd.ca).

TEMPORARY HARDSHIP EXEMPTION

This form is required to be delivered to the regulator if a firm filer is relying on the temporary hardship exemption in MI 31-102. In addition, all applicable questions must be answered and must be legible. All attachments pertaining to any question must be made exhibits to the form and each one must be so marked. All signatures must be original.

1. Individual

Name of individual: _____

NRD number of individual: _____

2. Business location

Name of firm: _____

Address of relevant business location: _____

NRD number of relevant business location: _____

3. Individual categories

Indicate the registration or non-registered category of the individual as of the last date of employment:

4. Termination

Effective date of termination: _____

Indicate whether the individual:

- was dismissed for cause _____
- was dismissed in good standing _____
- resigned in good standing _____
- is deceased. _____

Include any details regarding all:

- unresolved client complaints:

- internal discipline matters:

- restrictions for violation of regulatory requirements that occurred at any time during individual's employment with the firm:

Indicate whether the individual has discharged all financial obligations to clients:

Notice of Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, Northwest Territories, Yukon Territory and Nunavut.

If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number set out below.

(In the final draft of the form a list of contact information will be included here.)

WARNING:

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION

The following certification is to be used when submitting this form in paper format:

- I, the undersigned, certify that I have read and that I understand the questions in the notice and the Warning set out above. I also certify that all statements of fact made in the answers to the questions are true.

OR

The following certification is to be used when submitting this form in NRD format:

- I certify that all statements of fact in this submission were provided to me by the firm for whom this submission is being made and that this submission is being made at the request of the firm.

Dated this _____ day of _____, 200__.

Name of firm: _____

Authorized signature: _____

Print name: _____

Title: _____

FORM 33-109F2

CHANGE OF INDIVIDUAL CATEGORIES

NRD SUBMISSION

A Form 33-109F2 submission in NRD format shall contain the information prescribed below. The information shall be entered using the online version of this submission accessible by an NRD filer at the NRD web site (www.nrd.ca).

TEMPORARY HARDSHIP EXEMPTION

This form is required to be delivered to the regulator if an NRD filer is relying on the temporary hardship exemption in MI 31-102. Indicate, where applicable, the change to information previously submitted to the regulator. In addition, all applicable questions must be answered and must be legible. All attachments pertaining to any question must be made exhibits to the form and each one must be so marked. All signatures must be original.

1. Individual

Name of individual: _____

NRD number of individual: _____

2. Individual categories

Indicate the individual categories that the individual is adding or removing:

OR:

Indicate the individual categories that the individual is applying to surrender and complete section 3 below:

3. Details of surrender

Include any details regarding all:

- unresolved client complaints:

- internal discipline matters:

- restrictions for violation of regulatory requirements that occurred at any time during individual's employment with the firm:

Indicate whether the individual has discharged all of his or her financial obligations to their clients:

Notice of Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for purposes of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, Northwest Territories, Yukon Territory and Nunavut.

By submitting this information you consent to the collection by the securities regulatory authority of the personal information provided above, police records, records from other government or non-governmental regulatory authorities or self-regulatory organizations, credit records and employment records about you as may be necessary for the securities regulatory authority to complete its review of the information submitted above including your continued fitness for registration, if applicable, in accordance with the legal authority of the securities regulatory authority for the duration of the period which you remain registered or approved by the securities regulatory authority. The sources the securities regulatory authority may contact include government and private bodies or agencies, individuals, corporations and other organizations.

The principal purpose for which this collection of personal information is to be used is to assess your continued fitness for registration, if applicable, in accordance with the applicable securities legislation.

If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number set out below.

(In the final draft of the form a list of contact information will be included here.)

WARNING:

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION:

The following certification is to be used when submitting this form in paper format:

- I, the undersigned, certify that I have read and that I understand the questions in this notice and the Warning set out above. I also certify that all statements of fact made in the answers to the questions are true.

OR

The following certification is to be used when submitting this form in NRD format:

- I certify that all statements of fact in this submission were provided to me by the NRD filer for whom this submission is being made and that this submission is being made at the request of the NRD filer.

Dated this _____ day of _____, 200 _____

Name of individual: _____

Signature of individual: _____

OR

Name of firm (if applicable): _____

Authorized signature: _____

Print name: _____

Title: _____

FORM 33-109F3

BUSINESS LOCATIONS OTHER THAN HEAD OFFICE

NRD SUBMISSION

A Form 33-109F3 submission in NRD format shall contain the information prescribed below. The information shall be entered using the online version of this submission accessible by a firm filer at the NRD web site (www.nrd.ca).

TEMPORARY HARDSHIP EXEMPTION

This form is required to be delivered to the regulator if a firm filer is relying on the temporary hardship exemption in MI 31-102. Indicate, where applicable, any changes to information previously submitted to the regulator. In addition, all applicable questions must be answered and must be legible. All attachments pertaining to any question must be made exhibits to the form and each one must be so marked. All signatures must be original.

1. Type of business location

_____ branch

_____ sub-branch

_____ chief place of business

2. Supervisor or branch manager

NRD number of the designated supervisor or branch manager: _____

Name of designated supervisor or branch manager: _____

3. Business location information

Business address: _____

Telephone number: () _____

Facsimile number: () _____

Mailing address (if different from business address): _____

Notice of Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for purposes of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, Northwest Territories, Yukon Territory and Nunavut.

The principal purpose for which this collection of personal information is to be used is to assess your suitability for registration, if applicable, and to assess your continued fitness for registration in accordance with the applicable securities legislation. If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number set out below.

(In the final draft of the form a list of contact information will be included here.)

WARNING:

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION

The following certification is to be used when submitting this form in paper format:

- I, the undersigned, certify that I have read and that I understand the questions in the notice and the Warning set out above. I also certify that all statements of fact made in the answers to the questions are true.

OR

The following certification is to be used when submitting this form in NRD format:

- I certify that all statements of fact in this submission were provided to me by the firm for who this submission is being made and that this submission is being made at the request of the firm.

Dated this _____ day of _____, 200__

Name of firm: _____

Authorized signature: _____

Print name: _____

Title: _____

FORM 33-109F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

SUBMISSION TO NRD

A Form 33-109F4 submitted in NRD format shall contain the information prescribed below. The information shall be entered using the online version of this form accessible by NRD filers at the NRD web site (www.nrd.ca).

INSTRUCTIONS FOR FILING IN PAPER FORMAT

1. This form is to be used by every individual seeking registration or approval from a securities regulatory authority or a self-regulatory organization.
2. This form is also to be used by any sole proprietor submitting an application for registration as a dealer, broker, adviser or underwriter to a securities regulatory authority.
3. All applicable questions must be answered. Failure to do so may cause delays in the processing of the application form.
4. This form and all attachments added thereto must be legible.
5. All attachments pertaining to any question must be made exhibits to the form and each one must be so marked. All signatures must be originals.
6. To complete the application, individuals should seek advice from an authorized officer of the sponsoring firm or from a legal adviser.
7. The number of originally-signed copies of the form to be filed with the self-regulatory organization and/or securities regulatory authority or similar authority varies from province to province. If unsure of the procedure, please consult the Registration Department of the self-regulatory organization through which you are applying or the applicable securities regulatory authority, or similar authority.

Item 1 - Name

1. Legal name

Last name	First name	Second name (if applicable)	Third name (if applicable)

2. Other names

Are you currently, or have you previously been, known by a name other than the name mentioned above? Yes No

If "Yes", complete Schedule "A".

Item 2 - Residential address

Current and previous addresses

Provide all residential addresses, including any foreign residential addresses, for the past 10 years.

Residential address: _____
(number, street, city, province, territory or state, country, postal code)

Telephone number: () _____ Resided at this address since: _____
(YYYY/MM)

If you have resided at this address for less than 10 years, complete Schedule "B".

FORM 33-109F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

Item 3 - Personal information

Personal description

Date of birth: _____
(YYYY/MM/DD)Place of birth: _____
(city, province, territory or state, country)Gender: Female Male

Colour of eyes: _____

Colour of hair: _____

Height: imperial units: _____ OR metric units: _____

Weight: imperial units: _____ OR metric units: _____

Item 4 - Citizenship

Citizenship information

What is your citizenship?

 Canadian Other, specify: _____

If you are a citizen of a country other than Canada, complete the following for that other citizenship. You are only required to provide the following information for one citizenship.

Passport number: _____ Country of citizenship: _____

Date of issue: _____
(YYYY/MM/DD)Place of issuance: _____
(city, province, territory or state, country)

Item 5 - Registration jurisdictions

Jurisdictions

Indicate, by checking the appropriate box, each province or territory to which you are applying:

- | | | |
|---|--|---|
| <input type="checkbox"/> Alberta | <input type="checkbox"/> Northwest Territories | <input type="checkbox"/> Prince Edward Island |
| <input type="checkbox"/> British Columbia | <input type="checkbox"/> Nova Scotia | <input type="checkbox"/> Québec |
| <input type="checkbox"/> Manitoba | <input type="checkbox"/> Nunavut | <input type="checkbox"/> Saskatchewan |
| <input type="checkbox"/> New Brunswick | <input type="checkbox"/> Ontario | <input type="checkbox"/> Yukon Territory |
| <input type="checkbox"/> Newfoundland | | |

Item 6 - Individual categories

Categories

Indicate, by checking the appropriate box in Schedule "C", each category for which you are applying.

FORM 33-109F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL**Item 7 - Address and agent for service****1. Address for service**

You must have one address for service in each province or territory in which you are now, or are applying to become, a registered individual or non-registered individual. A post office box is not an acceptable address for service.

Address for service: _____
(number, street, city, province or territory, postal code)

Telephone number: () _____ Fax number: () _____

E-mail address: _____

2. Agent for service

If you name an agent for service, the address for service provided above must be the address of the agent.

Name of agent for service: _____
(if applicable)

Contact person: _____
Last name First name

Item 8 - Proficiency**1. Course or examination information**

Complete Schedule "D" to indicate each course and examination that you have successfully completed or for which you have received an exemption.

Check here if you are not required under securities legislation to provide proficiency information. For example, if you are a non-registered individual, you are not required to complete this Item.

2. Student numbers

Provide your student numbers below:

Canadian Securities Institute (CSI): _____

Investment Funds Institute of Canada (IFIC): _____

Institute of Canadian Bankers (ICB): _____

Association for Investment Management and Research (AIMR): _____

Canadian Association of Insurance and Financial Advisors (CAIFA): _____

3. Exemption refusal

Has any securities regulatory authority or self-regulatory organization refused to grant you an exemption from a course, examination or experience requirement? Yes No

If "Yes", complete Schedule "E".

FORM 33-109F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL**Item 9 - Location of employment****Location of employment**

Provide the following information for the location of the sponsoring firm at which you are currently working or will be working. If you are working, or will be working, out of more than one location, provide the following information for the location out of which you will be doing most of your business.

NRD number: _____

Business address: _____
(number, street, city, province, territory or state, country, postal code)

Telephone number: () _____ Fax number: () _____

- Check here if the mailing address of the location is the same as the business address provided above. Otherwise, complete the following:

Mailing address: _____
(number, street, city, province, territory or state, country, postal code)

Item 10 - Current employment**Employment information**

On Schedule "F", provide full disclosure of your current business and employment activities, including those with your sponsoring firm.

- Check here if you are not required under securities legislation to provide this information.

Item 11 - Previous employment**Employment information**

On Schedule "G", provide full disclosure of your previous business and employment activities for the 10-year period before the date of this application. Include any periods of self-employment or unemployment during this period. Do not include summer employment while you were a full-time student.

In addition, provide full disclosure of all of your securities or exchange contracts (including commodity futures contracts and commodity futures options) business and employment activities during and prior to the ten-year period.

- Check here if you are not required under securities legislation to provide this information.
- Check here if all disclosure required by this section has been made in response to Item 10.

FORM 33-109F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL**Item 12 - Resignations and terminations****Resignation and termination information**

Have you ever resigned or been terminated following allegations, made by a client, sponsoring firm, self-regulatory organization, securities regulatory authority or any other regulatory authority that you:

- a) violated investment related statutes, regulations, rules or industry standards of conduct? Yes No
- b) failed to supervise in connection with investment related statutes, regulations, rules or industry standards of conduct? Yes No
- c) committed fraud or the wrongful taking of property? Yes No

If you have answered "Yes" to any of the above questions provide, for each resignation or termination, (1) the name of the firm from which you resigned or were terminated, (2) whether you resigned or were terminated, (3) the date you resigned or were terminated, and (4) the circumstances relating to your resignation or termination (including whether the allegations were made by a client, sponsoring firm, self-regulatory organization or regulatory authority).

Item 13 - Regulatory disclosure**1. Securities regulatory authorities**

- a) Other than a current registration with a securities regulatory authority that is participating in Multilateral Instrument 31-102, are you now, or have you ever been, registered or licensed to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 1(a).

- b) Are you now, or have you ever been, a partner, director, officer, or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of any firm which has been registered or licensed, or is now registered or licensed, (except as an issuer if you are or were a shareholder) to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 1(b).

- c) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been refused registration or a license to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 1(c).

- d) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been denied the benefit of any exemption from registration provided by securities legislation or legislation governing exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 1(d).

FORM 33-109F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

- e) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been subject to a cease trade order, a cease distribution order, a suspension or termination order, any disciplinary proceedings or any order resulting from disciplinary proceedings pursuant to securities legislation or legislation governing exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 1(e).

2. Self-regulatory organizations

- a) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been a member or participating organization of any stock exchange, the Investment Dealers Association of Canada, the Mutual Fund Dealers Association of Canada, or other self-regulatory organization, in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 2(a).

- b) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been refused membership or entry as a participating organization in any stock exchange, the Investment Dealers Association of Canada, the Mutual Fund Dealers Association of Canada, or other self-regulatory organization, in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 2(b).

- c) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been subject to a suspension, expulsion or termination order, or been subject to any disciplinary proceedings or any order resulting from disciplinary proceedings conducted by any stock exchange, the Investment Dealers Association of Canada, the Mutual Fund Dealers Association of Canada, or other self-regulatory organization, in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 2(c).

3. Non-securities regulation

- a) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been registered or licensed under any legislation which requires registration or licensing to deal with the public in any capacity other than to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 3(a).

- b) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been refused registration or a license under any legislation which requires registration or licensing to deal with the public in any capacity other than to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 3(b).

FORM 33-109F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

- c) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been subject to a suspension or termination order, or disciplinary proceedings or any order resulting from disciplinary proceedings conducted under any legislation which requires registration or licensing to deal with the public in any capacity other than to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 3(c).

Item 14 - Criminal disclosure

Criminal, provincial and territorial offences

With respect to questions (b) and (d) below, if you or your firm have pleaded guilty or been found guilty of an offence, such offence must be reported even if you have been granted an absolute or conditional discharge with respect to the offence. You are not required to disclose any offence for which a pardon has been granted under the *Criminal Records Act* (Canada) unless the pardon has been revoked.

- a) Is there currently an outstanding charge against you alleging an offence that was committed in Canada, or had it been committed in Canada, constitutes or would constitute an offence under the laws of Canada? Yes No

If "Yes", complete Schedule "I", section (a).

- b) Have you, since attaining the age of 18, ever been convicted of, pleaded guilty to or no contest to an offence that was committed in Canada, or had it been committed in Canada constituted or would constitute an offence under the laws of Canada? Yes No

If "Yes", complete Schedule "I", section (b).

- c) Have charges been laid, alleging an offence that was committed in Canada, or had it been committed in Canada, constitutes or would constitute an offence under the laws of Canada, against any firm in which you are or were at the time of such event a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities? Yes No

If "Yes", complete Schedule "I", section (c).

- d) Has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been convicted of, pleaded guilty to or no contest to an offence that was committed in Canada, or had it been committed in Canada, constitutes or would constitute an offence under the laws of Canada? Yes No

If "Yes", complete Schedule "I", section (d).

Item 15 - Civil disclosure

Current and past civil proceedings

- a) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been a defendant or respondent in any civil proceeding in any jurisdiction in which fraud, theft, deceit, misrepresentation, or similar conduct is, or was, alleged? Yes No

If "Yes", complete Schedule "J", section (a).

FORM 33-109F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

- b) Other than what you disclosed in Item 15(a), were you, at the time the events that led to the civil proceeding occurred, a partner, director or officer or a holder of securities carrying more than 10 percent of the votes of all outstanding voting securities of a firm that is or was a defendant or respondent in any civil proceeding in any jurisdiction in which fraud, theft, deceit, misrepresentation, or similar conduct is or was alleged? Yes No

If "Yes", complete Schedule "J", section (b).

Item 16 - Financial disclosure**1. Bankruptcy**

Under the law of any province, territory, state, or country have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm:

- a) had a petition in bankruptcy issued against you or the firm or made a voluntary assignment in bankruptcy? Yes No
- b) made a proposal under any legislation relating to bankruptcy or insolvency? Yes No
- c) been subject to proceedings under any legislation relating to the winding up, dissolution or companies' creditors arrangement? Yes No
- d) been subject to or instituted any proceedings, arrangement or compromise with creditors (including having a receiver, receiver-manager, administrator or trustee appointed by or at the request of creditors, either privately, or through court process, or by order of a regulator, to hold your assets)? Yes No

If "Yes" to any of the above questions, complete Schedule "K", section 1.

2. Solvency

Have you ever been unable to meet your financial obligations as they came due, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been unable to meet its financial obligations as they came due? Yes No

If "Yes", complete Schedule "K", section 2.

3. Surety bond or fidelity bond

Have you ever applied for a surety or fidelity bond and been refused? Yes No

If "Yes", complete Schedule "K", section 3.

4. Garnishments, unsatisfied judgments or directions to pay

Are there currently, or have there been, outstanding against you any of the following:

- a) garnishments,
b) unsatisfied judgments, or
c) directions to pay issued by a federal, provincial, territorial or state authority? Yes No

If "Yes", complete Schedule "K", section 4.

FORM 33-109F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL**Item 17 - Related securities firms****Related securities firms and holdings**

a) Other than with your sponsoring firm, are you a partner, director, or officer of a firm having as its principal business that of trading in or advising on securities or exchange contracts (including commodity futures contracts and commodity futures options)? Yes No

If "Yes", complete Schedule "L".

b) Are you a holder of 10 percent or more of the voting securities of any firm (including your sponsoring firm) having as its principal business that of trading in or advising on securities or exchange contracts. (including commodity futures contracts and commodity futures options)? Yes No

If "Yes", complete Schedule "L".

AGENT FOR SERVICE AND SUBMISSION TO JURISDICTION**Agent for service**

If you have named an agent for service in this application, you designate and appoint that agent for service (the "Agent for Service") at the address of the Agent for Service upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (each, a "Proceeding") arising out of or relating to or concerning your activities as a registrant or an officer, partner or director of a registrant under the securities legislation of the jurisdiction for which the Agent for Service is designated and appointed (the "Local Jurisdiction").

This appointment of an agent for service of process is governed and construed in accordance with the laws of the Local Jurisdiction.

By filing this application, you confirm that the Agent for Service has accepted the appointment as agent for service of process for you pursuant to the above terms and conditions and has agreed to advise the securities regulatory authority of the Local Jurisdiction immediately if the Agent for Service is unable to deliver to you a copy of a document served on the Agent for Service.

By filing this application, you confirm that until the earlier of (i) the termination of your position with your sponsoring firm and (ii) six years after the sponsoring firm ceases to be a registrant under the securities legislation of the Local Jurisdiction, you shall:

- a) file a notice appointing a new agent for service of process at least 30 days prior to termination for any reason of the appointment of the Agent for Service and immediately after the death or incapacity of the Agent for Service or the Agent for Service ceasing to carrying on business; and
- b) file a notice amending the name or address of the Agent for Service at least 30 days before any change in the name or address of the Agent for Service as set forth in this application.

Submission to jurisdiction

By submitting this application you confirm that you irrevocably and unconditionally submit to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of each jurisdiction to which you have submitted this application and any administrative proceeding in that jurisdiction, in any Proceeding arising out of or relating to or concerning your activities as a registrant or an officer, partner or director of a registrant under the securities legislation of the jurisdiction, and irrevocably waive any right to raise as a defence in any Proceeding any alleged lack of jurisdiction to bring that Proceeding.

FORM 33-109F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL**Self-Regulatory Organizations**

The undersigned hereby undertake to notify the self-regulatory organization in writing of any material change herein as prescribed by any by-law or rule of the respective self-regulatory organizations.

We agree that we are conversant with the by-laws, rulings, rules and regulations of the applicable self-regulatory organizations. We agree to be bound by and to observe and comply with them as they are from time to time amended or supplemented, and we agree to keep ourselves fully informed about them as so amended and supplemented.

We submit to the jurisdiction of the self-regulatory organizations and, wherever applicable, the Governors, Directors and committees thereof, and we agree that any approval granted pursuant to this application may be revoked, terminated or suspended at any time in accordance with the then applicable by-laws, rulings, rules and regulations. In the event of any such revocation or termination, the undersigned applicant agrees forthwith to terminate his or her association with the undersigned sponsoring firm and hereafter not to accept employment with or perform services of any kind for any member or member house of the self-regulatory organizations or any approved affiliated company or other affiliate of any such member or member house, in each case if and to the extent provided in the then applicable by-laws, rulings, rules and regulations of the self-regulatory organizations. Our obligations above are joint and several.

We agree to the transfer of this application form, without amendment, to another self-regulatory organization in the event that at some time in the future the undersigned applicant applies to such other self-regulatory organization.

The undersigned applicant has discussed the questions in this application with an officer or branch manager of this firm. The undersigned authorized officer is satisfied that the applicant fully understands the questions, and further certifies on behalf of the sponsoring firm that the applicant will be engaged as registered or approved.

The undersigned applicant acknowledges and consents that any of the self-regulatory organizations may obtain any information whatsoever from any source, as permitted by law in any jurisdiction in Canada or elsewhere.

Notice of collection and use of personal information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for purposes of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, Northwest Territories, Yukon Territory and Nunavut.

By submitting this application you consent to the collection by the securities regulatory authority to which this application is being submitted of the personal information contained in the application, police records, records from other government or non-governmental regulatory authorities or self-regulatory organizations, credit records and employment records about you as may be necessary for the securities regulatory authority to complete its review of your application or continued fitness for registration in accordance with the legal authority of the securities regulatory authority for the duration of the period which you remain registered or approved by the securities regulatory authority. The sources the securities regulatory authority may contact include government and private bodies or agencies, individuals, corporations and other organizations.

The principal purpose for which this collection of personal information is to be used is to assess your suitability for registration and to assess your continued fitness for registration in accordance with the applicable securities legislation.

If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number set out below. In Québec, questions may also be addressed to the Commission d'accès à l'information du Québec (1-888-528-7741, web site: www.cai.gouv.qc.ca).

(In the final draft of the form a list of contact information will be included here.)

FORM 33-109F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

WARNING: It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION:

The following certification is to be used when submitting the form in paper format:

I, the undersigned applicant, certify that I have read and that I understand the questions in this application form and the Warning set out above. I also certify that all statements of fact made in the answers to the questions are true.

Signature of applicant

Date

CERTIFICATION OF OFFICER OR PARTNER: I, the undersigned authorized officer or partner, certify on behalf of the sponsoring firm that the applicant will be engaged by the sponsoring firm as registered or approved. I certify that I have discussed the questions set out in this application with the applicant or where the applicant has applied through one of our branch offices the branch manager or another officer has so done and I am satisfied that the applicant fully understands the questions.

Signature of authorized officer or partner

Date

The following certification is to be used when submitting the form in NRD format:

- By checking this box, I certify that all statements of fact made in this submission were provided to me by the NRD filer for whom this submission is being submitted and that this submission is being made at the request of the NRD filer, and if applicable, his or her sponsoring firm.

SCHEDULE "A"
Name

Item 1**Other names**

Last name	First name	Second name (if applicable)	Third name (if applicable)
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Provide the reasons for the use of this name (for example, marriage, divorce, court order, commonly used name).

When did you use this name? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

Last name	First name	Second name (if applicable)	Third name (if applicable)
-----------	------------	--------------------------------	-------------------------------

Provide the reasons for the use of this name (for example, marriage, divorce, court order, commonly used name).

When did you use this name? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

Last name	First name	Second name (if applicable)	Third name (if applicable)
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Provide the reasons for the use of this name (for example, marriage, divorce, court order, commonly used name).

When did you use this name? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

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SCHEDULE "B"
Residential address

Item 2

Previous addresses

A postal code (or ZIP code) and a telephone number are not required for any previous address.

Residential address: _____
(number, street, city, province, territory or state, country)

When did you live at this address? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

Residential address: _____
(number, street, city, province, territory or state, country)

When did you live at this address? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

Residential address: _____
(number, street, city, province, territory or state, country)

When did you live at this address? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

Residential address: _____
(number, street, city, province, territory or state, country)

When did you live at this address? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

Residential address: _____
(number, street, city, province, territory or state, country)

When did you live at this address? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

SCHEDULE "C"
Individual categories

Item 6

Categories

Indicate, by checking the appropriate box, each category for which you are applying.

(In the final draft of the form a list of the registration categories of each jurisdiction will be included here.)

SCHEDULE "D"
Proficiency

Item 8

Course or examination information

Indicate each course and examination that you have successfully completed or for which you have received an exemption.

(In the final draft of the form a list of courses and examinations will be included here. Further, spaces will be provided to set out dates of completion or exemption and the names of the exempting institutions)

SCHEDULE "E"
Proficiency

Item 8

Exemption refusal

Complete the following for each exemption that was refused.

Which securities regulatory authority or self-regulatory organization refused to grant the exemption?

State the name of the course, examination or experience requirement:

State the reason given for not being granted the exemption:

Which securities regulatory authority or self-regulatory organization refused to grant the exemption?

State the name of the course, examination or experience requirement:

State the reason given for not being granted the exemption:

SCHEDULE "F"
Current employment

Item 10

Employment information

Provide full disclosure of each of your current business and employment activities, including those with your sponsoring firm.

- Unemployed
- Full-time student
- Employed or self-employed

From: _____
(YYYY/MM/DD)

You are only required to fill in the following if you have indicated above that you are employed or self-employed.

Name of business or employer:

Address of business or employer:

(number, street, city, province, territory or state, country)

Name and title of immediate supervisor: _____

Describe the type of business or employment and your duties. If you are seeking a type of registration for which specified experience is required, provide details of that experience below (for example, level of responsibility, value of accounts under direct supervision, and research experience):

Indicate the number of hours per week you will be devoting to this business or employment: _____

Indicate the NRD number of the branch where you will be conducting the majority of your business or employment:

If the business or employment described above is with the sponsoring firm and if you are not devoting the major portion of your time to the business of the sponsoring firm, explain why:

SCHEDULE "F"
Current employment

If the business or employment described above is not with the sponsoring firm, disclose any potential for confusion by clients and any potential for conflicts of interest arising from your proposed activities as a registrant and the business or employment described above (include whether the business is listed on an exchange):

SCHEDULE "G"
Previous employment

Item 11**Employment information**

Provide full disclosure of your previous business and employment activities for the 10-year period before the date of this application. Include any periods of self-employment or unemployment during this period. Do not include summer employment while you were a full-time student.

In addition, provide full disclosure of all of your securities or exchange contracts (including commodity futures contracts and commodity futures options) business and employment activities during and prior to the ten-year period.

- Unemployed
 Full-time student
 Employed or self-employed

From: _____ To: _____
 (YYYY/MM/DD) (YYYY/MM/DD)

You are only required to fill in the following if you have indicated above that you are, or were, employed or self-employed.

Name of business or employer:

Address of business or employer:

(number, street, city, province, territory or state, country)

Name and title of immediate supervisor: _____

Describe the type of business or employment and your duties. If you are seeking a type of registration for which specified experience is required, provide details of that experience below (for example, level of responsibility, value of accounts under direct supervision, and research experience):

SCHEDULE "H"
Regulatory disclosureItem 13**1. Securities regulatory authorities**

- a) For each registration or licence, indicate below (1) the securities regulatory authority with which you are, or were, registered or licensed, (2) the type or category of registration or licence, and (3) the period of registration or licensing.
- b) For each registration or licence, indicate below (1) the name of the firm, (2) the securities regulatory authority with which the firm is, or was, registered or licensed, (3) the type or category of registration or licence, and (4) the period of registration or licensing.
- c) For each registration or licence refused, indicate below (1) the party that was refused the registration or licence, (2) the securities regulatory authority that refused the registration or licence, (3) the type or category of registration or licence refused, (4) the date of the refusal, and (5) the reasons for the refusal.
- d) For each exemption from registration denied, indicate below (1) the party that was denied the exemption, (2) the securities regulatory authority that denied the exemption, (3) the date the exemption was denied, and (4) any other relevant details.
- e) For each order or disciplinary proceeding, indicate below (1) the party against whom the order was made or the proceeding taken, (2) the securities regulatory authority that issued the order or that is, or was, conducting the proceeding, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), and (6) any other relevant details.

2. Self-regulatory organizations

- a) For each membership or participation, indicate below (1) the party that is, or was, a member or participating organization, (2) the self-regulatory organization with which the party is, or was, a member or participating organization, (3) the type or category of membership or participation, and (4) the period of the membership or participation.

SCHEDULE "H"
Regulatory disclosure

b) For each membership or participation refused, indicate below (1) the party that was refused membership or participation, (2) the self-regulatory organization that refused the membership or participation, (3) the type or category of membership or participation refused, (4) the date of the refusal, and (5) the reasons for the refusal.

c) For each order or disciplinary proceeding, indicate below (1) the party against whom the order was made or the proceeding taken, (2) the self-regulatory organization that issued the order or that is, or was, conducting the proceeding, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), and (6) any other relevant details.

3. Non-securities regulation

a) For each registration or licence, indicate below (1) the party is, or was, registered or licensed, (2) with which regulatory authority, or under what legislation, the party is, or was, registered or licensed, (3) the type or category of registration or licence, and (4) the period of registration or licensing.

b) For each registration or licence refused, indicate below (1) the party that was refused registration or licensing, (2) with which regulatory authority, or under what legislation, the registration or licence was refused, (3) the type or category of registration or licence refused, (4) the date of the refusal, and (5) the reasons for the refusal.

c) For each order or disciplinary proceeding, indicate below (1) the party against whom the order was made or the proceeding taken, (2) the regulatory authority that made the order or that is, or was, conducting the proceeding, or under what legislation the order was made or the proceeding is being, or was, conducted, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), and (6) any other relevant details.

SCHEDULE "1"
Criminal disclosure

Item 14

Criminal, provincial and territorial offences

- a) For each charge, indicate below (1) the charge, (2) the date of the charge, (3) any trial or appeal dates, and (4) the court location.

- b) For each conviction, indicate below the full details of the conviction including (1) the offence, (2) the date of the conviction, and (3) the disposition (state any penalty or fine and the date any fine was paid).

- c) For each charge, indicate below (1) the name of the firm, (2) the charge, (3) the date of the charge, (4) any trial or appeal dates, and (5) the court location.

- d) For each conviction, indicate below the full details of the conviction including (1) the name of the firm, (2) the offence, (3) the date of the conviction, and (4) the disposition (state any penalty or fine and the date any fine was paid).

SCHEDULE "J"
Civil disclosure

Item 15

Current and past civil proceedings

a) For each civil proceeding, indicate below (1) the party that is, or was, a defendant or respondent, (2) each plaintiff in the proceeding, (2) whether the proceeding is pending, on appeal or final, (3) the jurisdiction in which the action is being, or was, pursued, and (4) the details of any disposition or settlement. (Disclosure must include those actions settled without admission of liability.)

b) For each civil proceeding, indicate below (1) the firm that was a defendant or respondent in the proceeding, (2) your relationship to the firm, (3) each plaintiff in the proceeding, (4) whether the proceeding is pending, on appeal or final, (5) the jurisdiction in which the action is being, or was, pursued, and (6) the details of any disposition or settlement. (Disclosure must include those actions settled without admission of liability.)

SCHEDULE "K"
Financial DisclosureItem 16**1. Bankruptcy**

For each event, indicate below (1) the party about whom this disclosure is being made, (2) any amounts currently owing, (3) the creditors, (4) the status of the matter, (5) the details of any disposition or settlement, and (6) any other relevant details.

2. Solvency

For each event, indicate below (1) the party that is, or was, unable to meet its financial obligations, (2) the amount that was owing at the time the party could not meet its financial obligations, (3) the party to whom the amount is, or was, owing, (4) any relevant dates (for example, when payments are due or when final payment was made), and (5) any other relevant details including any amounts currently owing.

3. Surety Bond or Fidelity Bond

For each bond refused, indicate below (1) the name of the bonding company, (2) the address of the bonding company, (3) the date of the refusal, and (4) the reasons for the refusal.

4. Garnishments, Unsatisfied Judgments or Directions to Pay

For each garnishment, unsatisfied judgement or direction to pay, indicate below (1) the amount that was owing at the time the garnishment, judgement or direction to pay was rendered, (2) the party to whom the amount is, or was, owing, (3) any relevant dates (for example, when payments are due or when final payment was made), and (4) any other relevant details including any amounts currently owing.

SCHEDULE "L"
Related securities firms

Item 17

Section 1 - Related Securities Firms and Holdings

Indicate below (a) the name of the firm and (b) your relationship to the firm.

a) Firm name: _____

b) Relationship to the firm and period of relationship:

Partner From: ____/____/____ To: ____/____/____ (if applicable)
(YYYY/MM) (YYYY/MM)

Director From: ____/____/____ To: ____/____/____ (if applicable)
(YYYY/MM) (YYYY/MM)

Officer From: ____/____/____ To: ____/____/____ (if applicable)
(YYYY/MM) (YYYY/MM)

Holder of voting securities over 10 percent From: ____/____/____ To: ____/____/____ (if applicable)
(YYYY/MM) (YYYY/MM)

If you are a holder of 10 percent or more of the voting securities of the firm, complete (c), (d), (e), (f), and (g).

c) State the number, value, class and percentage of securities or the amount of partnership interest you own or propose to acquire upon approval. If acquiring shares upon approval, state source (for example, treasury shares, or if upon transfer, state name of transferor).

d) State the value of subordinated debentures or bonds of the firm to be held by you or any other subordinated loan to be made by you to the firm (if applicable):

e) State the source of the funds you propose to invest in the firm and provide full details:

f) Are the funds to be invested (or proposed to be invested) guaranteed directly or indirectly by any person or firm? Yes No

If "Yes", provide full details:

FORM 33-109F5

CHANGE OF REGISTRATION INFORMATION

GENERAL INSTRUCTIONS

1. This notice must be submitted in accordance with MI 33-109.
2. All questions must be answered. Failure to do so may cause delays in the processing of the notice.
3. All attachments pertaining to any questions must be made exhibits to the form and each one must be so marked.
4. This form and all attachments added thereto must be legible.

1. Type of form

Complete the following to identify the part of the Form 3 or Form 33-109F4 for which this notice is being provided. If this notice is being provided to update an individual's Form 33-109F4, provide the name of the individual.

- Form 3, Item _____, or
- Form 33-109F4 _____, Item _____.

Name of individual: _____

2. Current information

Provide the current information for that part of the form identified above:

List supporting documents (if any):

Notice of Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for purposes of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, Northwest Territories, Yukon Territory and Nunavut.

By submitting this information you consent to the collection by the securities regulatory authority of the personal information provided above, police records, records from other government or non-governmental regulatory authorities or self-regulatory organizations, credit records and employment records about you as may be necessary for the securities regulatory authority to complete its review of your continued fitness for registration, if applicable, in accordance with the legal authority of the securities regulatory authority for the duration of the period which you remain registered or approved by the securities regulatory authority. The sources the securities regulatory authority may contact include government and private bodies or agencies, individuals, corporations and other organizations.

The principal purpose for which this collection of personal information is to be used is to assess your continued fitness for registration, if applicable, in accordance with the applicable securities legislation.

If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number set out below.

(In the final draft of the form a list of contact information will be included here.)

WARNING: It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION

I, the undersigned, certify that I have read and that I understand the questions in this notice and the Warning set out above. I also certify that all statements of fact made in the answers to the questions are true.

Dated this ____ day of _____, 200__.

Name of individual (if applicable): _____

Signature of individual: _____

OR

Name of firm (if applicable): _____

Authorized signature: _____

Print name: _____

Title: _____

**COMPANION POLICY 33-109CP
TO MULTILATERAL INSTRUMENT 33-109**

REGISTRATION INFORMATION REQUIREMENTS

PART 1 NOTICE OF CHANGES

1.1 Bulk Transfer of Locations and Individuals

(1) If a registered firm is acquiring a large number of business locations from one or more other registered firms (for example, as a result of an amalgamation or asset purchase) with a significant number of registered and non-registered individuals working out of each location, the securities regulatory authority or regulator will consider exempting the firms and individuals involved in the transaction from the following requirements, as necessary:

1. the requirement to submit a notice regarding the termination of each employment, partner, or agency relationship under section 4.3 of Multilateral Instrument 33-109 ("MI 33-109");
2. the requirement to submit a notice regarding each individual who ceases to be a non-registered individual under section 5.2 of MI 33-109;
3. the requirement to submit a registration application for each individual applying to become a registered individual under section 2.2 of MI 33-109;
4. the requirement to submit a Form 33-109F4 for each non-registered individual under section 3.3 of MI 33-109;
5. the requirement under section 3.1 of MI 33-109 to notify the regulator of a change to the business location information in Form 33-109F3.

(2) In order to exempt the firms and individuals involved in the transaction from the requirements set out above, the application should include the following information:

- (a) the name and NRD number of the registered firm that will acquire control of the business locations;
- (b) for each registered firm that is transferring control of the business locations,
 - (i) the name and NRD number of the registered firm;
 - (ii) the address and NRD number of each business location that is being transferred from the registered firm named in (b)(i) to the registered firm named in (a); and

(c) the date that the business locations will be transferred to the registered firm named in (a).

(3) To facilitate the processing of the exemption application, the applicant may put the information referred to in subsection (2) in the form set out in Appendix A to this Companion Policy.

(4) This exemption application should be made by the registered firm that will acquire control of the business locations at the closing of the transaction and should be submitted sufficiently in advance of the date on which the business locations are to be transferred (the "transfer date"). At this time, the securities regulatory authority is of the view that submitting the application at least 30 days prior to the transfer date should be sufficient.

(5) In addition to any application fee, it is likely that the payment of a fee will be a condition of this type of exemption order and that the fee will be related to the number of registered firms, business locations, registered individuals, and non-registered individuals involved in the transaction.

(6) As soon as practicable after the transfer date, the regulator will instruct the NRD administrator to indicate the transfer of the business locations, the registered individuals, and the non-registered individuals on NRD.

PART 2 DUE DILIGENCE

2.1 The securities regulatory authority is of the view that for a sponsoring firm to exercise due diligence to determine whether the information submitted on behalf of an individual is true and complete the firm should make such enquiries about the individual to determine:

- (a) the identity of the individual;
- (b) the prior record of employment of the individual;
- (c) the credit and banking history of the individual; and
- (d) the proficiency of the individual.

2.2 The securities regulatory authority is of the view that in order to meet the due diligence requirement in MI 33-109, a sponsoring firm should

- (a) establish written policies and procedures relating to the investigation of an individual prior to submitting a Form 33-109F4 on behalf of the individual, and
- (b) ensure that the review of an individual pursuant to these policies and procedures is documented.

Appendix A
to Companion Policy 33-109-CP

Request for NRD Bulk Transfer of Business Locations

This is an application for exemption under Multilateral Instrument 33-109.

A) Registered firm that will acquire the business locations
Name:
Firm NRD number:

B) Registered firm transferring the business locations
Name:
Firm NRD number:

Business locations that will be transferred
Address of business location:
NRD number of business location:

Address of business location:
NRD number of business location:
(Repeat for each business location as necessary.)

C) Date that business locations will be transferred:

6.1.9 Notice of Proposed OSC Rule 33-506
(Commodity Futures Act) - Registration
Information Requirements

NOTICE OF PROPOSED
ONTARIO SECURITIES COMMISSION RULE 33-506
(COMMODITY FUTURES ACT),
FORMS 33-506F1, 33-506F2, 33-506F3,
33-506F4, 33-506F5
AND COMPANION POLICY 33-506CP

REGISTRATION INFORMATION REQUIREMENTS

Substance and Purpose of Proposed Rule

The substance and purpose of the proposed Rule are to consolidate and harmonize requirements regarding the initial submission of registration information and the updating of that information.

Summary of Proposed Rule

Section 2.1 provides that a firm applying for registration shall submit a completed Form 5 *Application for Registration as a Futures Commission Merchant, Introducing Broker, or Adviser* in paper format. Although staff published for comment a proposed replacement to the current Form 5 on August 4, 2000 and July 6, 2001, staff anticipates that the current form will remain in use until a later release of the National Registration Database ("NRD") permits firms to submit all of their registration information in NRD format.

Under section 2.1, an applicant firm is also required to submit a completed Form 33-506F3 *Business Locations other than Head Office* for each of its business locations. Form 33-506F3 is new and is to be submitted in NRD format in accordance with Rule 31-509. It provides for the collection of some of the branch and sub-branch information that is currently collected in Form 5. Form 33-506F3 has been created to specify what information regarding business locations is to be submitted to NRD.

Section 2.1 also requires applicant firms to submit a completed Form 33-506F4 *Registration Information for an Individual* for each non-registered individual of the firm in accordance with Rule 31-509.

Section 2.2 provides that an individual who is applying for registration shall submit either a completed Form 33-506F4 or, pursuant to subsection (2), a completed Form 33-506F2 *Change of Individual Categories* in accordance with Rule 31-509. Form 33-506F2 is to be used for a registration application only if the applicant is applying to become registered with a firm in which the applicant is currently a non-registered individual. Submitting an application in Form 33-506F2 in this circumstance is necessary to ensure that the applicant, who will have already submitted data as a non-registered individual using Form 33-506F4, does not create a second set of data in respect of himself or herself in NRD.

Section 3.1 provides that each registered firm shall notify the regulator of a change to any information previously submitted in Form 5 within five business days of the change. A notice submitted under section 3.1 shall be made by submitting a

completed Form 33-506F5 *Change of Registration Information* in paper format. Under subsection 3.1(3), a registered firm is not required to submit a Form 33-506F5 in respect of certain changes to Form 5 information if notice is otherwise provided under the Instrument.

Under section 3.3, a registered firm is required to submit a completed Form 33-506F4 in accordance with Rule 31-509 for a non-registered individual within five business days of the individual becoming a non-registered individual of the registered firm.

Section 4.1 provides that each registered individual must notify the regulator of a change to any information previously submitted in Form 33-506F4. Other than information under Item 3 - *Personal Information* or Item 8 - *Proficiency*, registered individuals shall notify the regulator of changes to their Form 33-506F4 information within five business days of the change. Registered individuals shall notify the regulator of changes to information required under Item 3 and Item 8 within one year of the change.

Section 4.2 provides that a registered individual who applies to change his or her registration category shall make the application by submitting a completed Form 33-506F2 in accordance with Rule 31-509.

Under section 4.3, a registered firm is required to notify the regulator of the termination of a registered individual by submitting a Form 33-506F1 in accordance with Rule 31-509 within five business days of the termination.

Section 5.1 provides that a registered firm must notify the regulator of a change to any information previously submitted in Form 33-506F4 for a non-registered individual. Other than information under Item 3, a registered firm shall notify the regulator of changes to a non-registered individual's Form 33-506F4 information within five business days of the change. Registered firms shall notify the regulator of changes to information required under Item 3 within one year of the change.

Subsection 5.1(3) provides that a registered firm shall notify the regulator of a change to information in Item 6 *Categories of Registered and Non-registered Individuals* of Form 33-506F4 for a non-registered individual by submitting a completed Form 33-506F2 in accordance with Rule 31-509 within 5 business days of the change.

Under section 5.2, a registered firm is required to notify the regulator if an individual ceases to be a non-registered individual of the firm by submitting a Form 33-506F1 in accordance with Rule 31-509 within five business days of the termination.

Section 6.1 of the proposed Rule requires that a sponsoring firm exercises due diligence to ensure that information submitted by the firm for a non-registered individual, or by a registered individual or an individual applying for registration, is true and complete. Section 6.1 also requires that documents used by a firm to satisfy its due diligence obligations shall be retained for a period of 7 years and shall be kept at the location of the registered firm at which the

individual is working. Subsection 6.1(5) provides that a firm that retains a document under this section in respect of a submission through NRD shall record the NRD submission number on the document.

Part 8 provides that during a period several weeks before the availability of NRD, a registered firm is exempt from several notification requirements under the Rule if the registered firm submits the required notices within 15 business days of receiving access to NRD.

Section 8.5 provides that a registered individual who has not submitted a Form 33-506F4 shall notify the regulator of a change to any information previously submitted in Form 7. Section 8.5 also provides that if a registered individual provides notice of a change to Form 7 information the individual is required to submit a Form 33-506F4 in accordance with Rule 31-509.

Similarly, section 8.7 provides that a registered firm that has not submitted a Form 33-506F4 for a non-registered individual shall notify the regulator of a change to any information previously submitted in Form 7 for the individual. Section 8.7 also provides that if a registered firm provides notice of a change to Form 7 information for a non-registered individual the firm is required to submit a Form 33-506F4 for the individual in accordance with Rule 31-509.

Form 33-506F4 will replace the current Form 7. Sections 2.1 and 2.2 are intended to replace section 39 of the Regulations. Parts 3, 4, and 5 are intended to replace section 30 of the *Commodity Futures Act* (the "Act").

Related Rules

The proposed Rule is related to proposed Multilateral Instrument 33-109 Registration Information Requirements, which is also being published for comment in this bulletin.

The proposed Rule is related to proposed Multilateral Instrument 31-102 National Registration Database and proposed Rule 31-509. Staff intends that the proposed Rule, Rule 31-509, Multilateral Instrument 33-109, and Multilateral Instrument 31-102 will come into force concurrently.

Regulations to be Amended and Revoked

Form 7, section 39, subsection 43(1); subsection 43(3), subsection 43(5) will be revoked. Section 30 of the Act, concerning notices of change in registration, was repealed under the *More Tax Cuts for Jobs, Growth and Prosperity Act, 1999*. It is intended that the provision repealing section 30 will come into force on the same day as the proposed Rule.

Authority for Proposed Rule

Paragraph 65(1) 1 of the Act authorizes the Commission to make rules prescribing requirements in respect of applications for registration and the renewal of registration, amendment, expiration or surrender of registration and in respect of suspension, cancellation or reinstatement of registration.

Paragraph 65(1)7 of the Act authorizes the Commission to make rules prescribing requirements in respect of the

disclosure or furnishing of information to the Commission by market participants.

Paragraph 65(1) 11 of the Act authorizes the Commission to make rules prescribing requirements in respect of the books, records and other documents required by Ontario commodity futures law to be kept by market participants, including the form in which and the period for which the books, records and other documents are to be kept.

Alternatives Considered

In the process of developing this Rule, the Commission did not consider any other alternatives.

Unpublished Materials

In proposing the Rule, the Commission has not relied on any significant unpublished study, report, decision or other written materials.

Anticipated Costs and Benefits

The proposed Rule will harmonize the notification requirements described in the proposed Rule in those jurisdictions in which the Rule and Multilateral Instrument 33-109 is adopted. NRD is expected to make the benefits of this harmonization particularly evident to firms and individuals registered in more than one jurisdiction because NRD will permit those registrants to meet their notification requirements by making a single submission through the system to multiple regulators.

Currently, under section 30 of the Act, registrants are required to notify the Director of some changes to registration information within five business days of the event. Under Forms 9 and 10 filed pursuant to section 41, however, most changes to registration information are not required to be reported by registrants until their renewal. As a result, information that is very relevant to a determination of the registrant's continued suitability for registration may not be received by the Director for up to a year after the event is known to the registrant. Staff is of the view that any cost to registrants of identifying and submitting changes to their registration information throughout the year rather than annually is minimal and is offset by the increased investor protection resulting from the Commission being able to respond expeditiously to changes in registration information.

With the submission of Form 33-506F4 through NRD, staff intends no longer to ask that photographs, evidence of proficiency, and appointments of agent for service ("supporting documents") be submitted for non-registered individuals or applicants for registration. In some circumstances (for example, if an applicant has disclosed a prior bankruptcy), staff will continue to ask that further information be submitted outside NRD. Staff expects that firms will benefit significantly from this reduction in paper filings.

Since staff will no longer receive supporting documents outside NRD in support of Forms 33-506F4 submitted through NRD, Part 6 of the Instrument imposes a positive obligation on a sponsoring firm to exercise due diligence to ensure that information submitted in respect of individuals sponsored by the firm is true and complete. The Companion Policy provides

guidance as to the Commission's view of this due diligence obligation. Part 6 also provides for a record-keeping requirement in respect of documents retained in support of a submission. Staff is of the view that this due diligence and record-keeping requirement will not impose significant additional costs on sponsoring firms since currently most firms likely perform a due diligence review of sponsored individuals.

Comments

Interested parties are invited to make written submissions with respect to the proposed Rule. Submissions received by March 18, 2002 will be considered.

Submissions should be sent in duplicate to:

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario
M5H 3S8
jstevenson@osc.gov.on.ca

A diskette containing the submissions (in DOS or Windows format, preferably WordPerfect) should also be submitted. As the Act requires that a summary of written comments received during the comment period be published, confidentiality of submissions cannot be maintained.

Questions may be referred to:

Dirk de Lint
Legal Counsel
Ontario Securities Commission
(416) 593-8090
ddelint@osc.gov.on.ca

Proposed Rule

The text of the proposed Rule follows, together with footnotes that are not part of the Rule but have been included to provide background and explanation.

December 14, 2001.

**6.1.10 OSC Rule 33-506 (Commodity Futures Act)
- Registration Information Requirements**

**ONTARIO SECURITIES COMMISSION RULE 33-506
(COMMODITY FUTURES ACT)**

REGISTRATION INFORMATION REQUIREMENTS

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**ONTARIO SECURITIES COMMISSION RULE 33-506
(COMMODITY FUTURES ACT)**

REGISTRATION INFORMATION REQUIREMENTS

PART 1 DEFINITIONS

1.1 Definitions - In this Rule

"business location" means, for a registered firm or a person or company that is applying for registration, a location, including a residence, where the registered firm carries on, or proposes to carry on, business as a dealer or adviser;

"non-registered individual" means, for a registered firm or for a person or company that is applying for registration, an individual who is not registered to trade or advise on behalf of the firm and who

- (a) is a director, partner, or officer of the firm, or
- (b) beneficially owns, directly or indirectly, or exercises control or direction over, 10 percent or more of the voting securities of the firm;

"Rule 31-509" means Ontario Securities Commission Rule 31-509 (*Commodity Futures Act*) National Registration Database;

"NRD submission number" means the unique number generated by NRD to identify each NRD submission;

"registered firm" means a person or company that is registered as a dealer or adviser;

"registered individual" means, for a registered firm, an individual who is registered to trade or advise on behalf of the registered firm;

"sponsoring firm" means,

- (a) for a registered individual, the registered firm on whose behalf the individual trades or advises,
- (b) for an individual applying for registration, the registered firm, or the person or company applying to become a registered firm, on whose behalf the individual proposes to trade or advise,
- (c) for a non-registered individual of a registered firm, the registered firm, or
- (d) for a non-registered individual of a person or company that is applying for registration, the person or company that is applying for registration.

1.2 Interpretation - Terms defined in Rule 31-509 and used in this Rule have the respective meanings ascribed to those terms in Rule 31-509.

PART 2 APPLICATION FOR REGISTRATION

2.1 Dealer and Adviser Registration - An applicant for registration as a dealer or adviser shall submit to the Director

- (a) a completed Form 5 in paper format;
- (b) a completed Form 33-506F3 in accordance with Rule 31-509 for each business location of the applicant, other than the applicant's head office; and
- (c) a completed Form 33-506F4 in accordance with Rule 31-509 for each non-registered individual of the applicant who has not applied to become a registered individual with the applicant under subsection 2.2(1).

2.2 Individual Registration

- (1) Except as provided in subsection (2), an individual who applies to become a registered individual shall make the application by submitting to the Director a completed Form 33-506F4 in accordance with Rule 31-509.
- (2) Despite subsection (1), a non-registered individual of a registered firm who applies to become a registered individual with the firm shall make the application by submitting to the Director a completed Form 33-506F2 in accordance with Rule 31-509.

PART 3 CHANGES TO REGISTERED FIRM INFORMATION

3.1 Changes to Form 5 Information

- (1) A registered firm shall notify the Director of a change to any information previously submitted in Form 5, or under this subsection, within 5 business days of the change.
- (2) Except as provided in subsection (3), for the purposes of subsection (1), a notice of change shall be made by submitting a completed Form 33-506F5 in paper format.
- (3) Despite subsection (2), a notice of change under this section is not required to be in Form 33-506F5 if the change relates to
 - (a) the addition of an officer, partner, or director to the registered firm, and if a completed Form 33-506F4 in respect of the officer, partner, or director is submitted under section 2.2, or 3.3, in accordance with Rule 31-509;
 - (b) the resignation or termination of an officer, partner, or director of the registered firm, and if a completed Form 33-506F1 is submitted under section 4.3, or 5.2, in accordance with Rule 31-509; or

- (c) a business location other than head office, and if a completed Form 33-506F3 is submitted under section 3.2 in accordance with Rule 31-509.

3.2 Changes to Business Locations

- (1) A registered firm shall notify the Director of the opening of a business location, other than a new head office, by submitting a completed Form 33-506F3 in accordance with Rule 31-509 within 5 business days of the opening.
- (2) A registered firm shall notify the Director of a change to any information previously submitted in Form 33-506F3 by submitting a completed Form 33-506F3 in accordance with Rule 31-509 within 5 business days of the change.

3.3 Addition of Non-registered Individuals - A registered firm shall submit to the Director a completed Form 33-506F4 in accordance with Rule 31-509 for a non-registered individual within 5 business days of the individual becoming a non-registered individual of the registered firm.

PART 4 CHANGES TO REGISTERED INDIVIDUAL INFORMATION

4.1 Changes to Form 33-506F4 Information

- (1) Except as provided in subsection (2), a registered individual shall notify the Director of a change to any information previously submitted in Form 33-506F4, or under this subsection, in accordance with Rule 31-509 within 5 business days of the change.
- (2) Despite subsection (1), a registered individual shall notify the Director of a change to information previously submitted in Item 3 or Item 8 of Form 33-506F4, or under this subsection, in accordance with Rule 31-509 within 1 year of the change.

4.2 Application to Change Individual Registration Categories - A registered individual of a registered firm who applies to change his or her registration category with the firm shall make the application by submitting to the Director a completed Form 33-506F2 in accordance with Rule 31-509.

4.3 Termination of Relationship - A registered firm shall, within 5 business days of a termination of an employment, partner, or agency relationship with a registered individual, notify the Director of the termination of the relationship by submitting a completed Form 33-506F1 in accordance with Rule 31-509.

PART 5 CHANGES TO NON-REGISTERED INDIVIDUAL INFORMATION

5.1 Changes to Form 33-506F4 Information

- (1) Except as provided in subsections (2) and (3), a registered firm shall notify the Director of a change to any information previously submitted in Form 33-506F4, or under this subsection, for a non-registered individual in accordance with Rule 31-509 within 5 business days of the change.
- (2) Despite subsection (1), a registered firm shall notify the Director of a change to information previously submitted in Item 3 of Form 33-506F4, or under this subsection, for a non-registered individual in accordance with Rule 31-509 within 1 year of the change.
- (3) Despite subsection (1), a registered firm shall notify the Director of a change to any information regarding a category of non-registered individual listed in Item 6 of Form 33-506F4 for a non-registered individual by submitting a completed Form 33-506F2 in accordance with Rule 31-509 within 5 business days of the change.

5.2 Cessation of Relationship - A registered firm shall, within 5 business days of an individual ceasing to be a non-registered individual of the registered firm, notify the Director of the termination of the relationship by submitting a completed Form 33-506F1 in accordance with Rule 31-509.

PART 6 DUE DILIGENCE AND RECORD-KEEPING

6.1 Sponsoring Firm Obligations

- (1) A sponsoring firm shall exercise due diligence to ensure that information submitted by
 - (a) the firm for a non-registered individual; or
 - (b) a registered individual, or an individual applying for registration, for whom the firm is the sponsoring firm,is true and complete.
- (2) A sponsoring firm shall retain all documents used by the firm to satisfy its obligation under subsection (1),
 - (a) in the case of a non-registered individual, for a period of 7 years after the individual ceases to be a non-registered individual; or
 - (b) in the case of a registered individual, or an individual applying for registration, for a period of 7 years after the individual ceases to be a registered individual with the firm.

- (3) Without limiting the generality of subsection (2), if a registered individual, or an individual applying for registration, appoints an agent for service, the sponsoring firm shall keep the original Appointment of Agent for Service executed by the individual for the period of time set out in paragraph (2)(b).
- (4) Records required to be kept under this section with respect to a registered individual or a non-registered individual shall be kept at the location of the sponsoring firm at which the individual is working.
- (5) A sponsoring firm that retains a document under subsection (2) or (3) in respect of an NRD submission shall record the NRD submission number on the document.

PART 7 EXEMPTION

- 7.1 **Exemption** - The Director may grant an exemption from this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

PART 8 TRANSITION TO NRD

8.1 Definitions - In this Part

"data transfer date" means the day on which the Commission will commence the transfer of its record of non-registered individuals, registered individuals, and registered firms to NRD;

"NRD access date" means, for an NRD firm filer, the date the NRD firm filer first has access to NRD to make NRD submissions; and

"NRD freeze period" means the period that begins on the day that is 5 business days before the data transfer date and ends on the day that is 5 business days after the NRD access date.

- 8.2 **Changes to Form 5 Information** - A notice of change under section 3.1 is not required during the NRD freeze period if the change relates to
 - (a) the addition of an officer, partner, or director to the registered firm, and if a completed Form 33-506F4 in respect of the officer, partner, or director is submitted in accordance with Rule 31-509 within 15 business days of the NRD access date;
 - (b) the resignation or termination of an officer, partner or director of the registered firm, and if a completed Form 33-506F1 is submitted in accordance with Rule 31-509 within 15 business days of the NRD access date; or
 - (c) a business location other than head office, and if a completed Form 33-506F3 is submitted in

accordance with Rule 31-509 within 15 business days of the NRD access date.

- 8.3 **Changes to Business Location** - A registered firm is exempt from the requirement to make a submission under section 3.2 during the NRD freeze period, if the firm makes the submission in accordance with Rule 31-509 within 15 business days of the NRD access date.

- 8.4 **Addition of Non-registered Individuals** - A registered firm is exempt from the requirement to make a submission under section 3.3 during the NRD freeze period, if the firm makes the submission in accordance with Rule 31-509 within 15 business days of the NRD access date.

8.5 Changes to Form 7 Information - Registered Individuals

- (1) This section applies to a registered individual who has not submitted a completed Form 33-506F4 in accordance with Rule 31-509.
- (2) A registered individual shall notify the Director of a change to any information previously submitted in Form 7, or under this subsection, by submitting a completed Form 33-506F5 in paper format within 5 business days of the change.
- (3) A registered individual who has submitted a completed Form 33-506F5 under subsection (2), shall submit a completed Form 33-506F4 in accordance with section 8.7 of Rule 31-509.

- 8.6 **Termination of Relationship - Registered Individuals** - A registered firm is exempt from the requirement to make a submission under section 4.3 during the NRD freeze period, if the firm makes the submission in accordance with Rule 31-509 within 15 business days of the NRD access date.

8.7 Changes to Form 7 Information - Non-registered Individuals

- (1) This section applies to a registered firm that has not submitted a completed Form 33-506F4 for a non-registered individual in accordance with Rule 31-509.
- (2) A registered firm shall notify the Director of a change to any information previously submitted in Form 7 for a non-registered individual, or under this subsection, by submitting a completed Form 33-506F5 in paper format within 5 business days of the change.
- (3) A registered firm that has submitted a completed Form 33-506F5 for a non-registered individual under subsection (2), shall submit a completed Form 33-506F4 for the non-registered individual in accordance with section 8.8 of Rule 31-509.

8.8 Cessation of Relationship - Non-registered Individuals - A registered firm is exempt from the requirement to make a submission under section 5.2 during the NRD freeze period, if the firm makes the submission in accordance with Rule 31-509 within 15 business days of the NRD access date.

PART 9 EFFECTIVE DATE

9.1 Effective Date - This Rule comes into force on September 1, 2002:

FORM 33-506F1

NOTICE OF TERMINATION

NRD SUBMISSION

A Form 33-506F1 submission in NRD format shall contain the information prescribed below. The information shall be entered using the online version of this submission accessible by a firm filer at the NRD web site (www.nrd.ca).

TEMPORARY HARDSHIP EXEMPTION

This form is required to be delivered to the regulator if a firm filer is relying on the temporary hardship exemption in MI 31-102. In addition, all applicable questions must be answered and must be legible. All attachments pertaining to any question must be made exhibits to the form and each one must be so marked. All signatures must be original.

1. Individual

Name of individual: _____

NRD number of individual: _____

2. Business location

Name of firm: _____

Address of relevant business location: _____

NRD number of relevant business location: _____

3. Individual categories

Indicate the registration or non-registered category of the individual as of the last date of employment:

4. Termination

Effective date of termination: _____

Indicate whether the individual:

- was dismissed for cause _____
- was dismissed in good standing _____
- resigned in good standing _____
- is deceased. _____

Include any details regarding all:

- unresolved client complaints:

- internal discipline matters:

- restrictions for violation of regulatory requirements that occurred at any time during individual's employment with the firm:

Indicate whether the individual has discharged all financial obligations to clients:

Notice of Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, Northwest Territories, Yukon Territory and Nunavut.

If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number set out below.

(In the final draft of the form a list of contact information will be included here.)

WARNING:

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION

The following certification is to be used when submitting this form in paper format:

- I, the undersigned, certify that I have read and that I understand the questions in the notice and the Warning set out above. I also certify that all statements of fact made in the answers to the questions are true.

OR

The following certification is to be used when submitting this form in NRD format:

- I certify that all statements of fact in this submission were provided to me by the firm for whom this submission is being made and that this submission is being made at the request of the firm.

Dated this _____ day of _____, 200__.

Name of firm: _____

Authorized signature: _____

Print name: _____

Title: _____

FORM 33-506F2

CHANGE OF INDIVIDUAL CATEGORIES

NRD SUBMISSION

A Form 33-506F2 submission in NRD format shall contain the information prescribed below. The information shall be entered using the online version of this submission accessible by an NRD filer at the NRD web site (www.nrd.ca).

TEMPORARY HARDSHIP EXEMPTION

This form is required to be delivered to the regulator if an NRD filer is relying on the temporary hardship exemption in MI 31-102. Indicate, where applicable, the change to information previously submitted to the regulator. In addition, all applicable questions must be answered and must be legible. All attachments pertaining to any question must be made exhibits to the form and each one must be so marked. All signatures must be original.

1. Individual

Name of individual: _____

NRD number of individual: _____

2. Individual categories

Indicate the individual categories that the individual is adding or removing:

OR:

Indicate the individual categories that the individual is applying to surrender and complete section 3 below:

3. Details of surrender

Include any details regarding all:

- unresolved client complaints:

- internal discipline matters:

- restrictions for violation of regulatory requirements that occurred at any time during individual's employment with the firm:

Indicate whether the individual has discharged all of his or her financial obligations to their clients:

Notice of Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for purposes of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, Northwest Territories, Yukon Territory and Nunavut.

By submitting this information you consent to the collection by the securities regulatory authority of the personal information provided above, police records, records from other government or non-governmental regulatory authorities or self-regulatory organizations, credit records and employment records about you as may be necessary for the securities regulatory authority to complete its review of the information submitted above including your continued fitness for registration, if applicable, in accordance with the legal authority of the securities regulatory authority for the duration of the period which you remain registered or approved by the securities regulatory authority. The sources the securities regulatory authority may contact include government and private bodies or agencies, individuals, corporations and other organizations.

The principal purpose for which this collection of personal information is to be used is to assess your continued fitness for registration, if applicable, in accordance with the applicable securities legislation.

If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number set out below.

(In the final draft of the form a list of contact information will be included here.)

WARNING:

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION:

The following certification is to be used when submitting this form in paper format:

I, the undersigned, certify that I have read and that I understand the questions in this notice and the Warning set out above. I also certify that all statements of fact made in the answers to the questions are true.

OR

The following certification is to be used when submitting this form in NRD format:

I certify that all statements of fact in this submission were provided to me by the NRD filer for whom this submission is being made and that this submission is being made at the request of the NRD filer.

Dated this _____ day of _____, 200__.

Name of individual: _____

Signature of individual: _____

OR

Name of firm (if applicable): _____

Authorized signature: _____

Print name: _____

Title: _____

FORM 33-506F3

BUSINESS LOCATIONS OTHER THAN HEAD OFFICE

NRD SUBMISSION

A Form 33-506F3 submission in NRD format shall contain the information prescribed below. The information shall be entered using the online version of this submission accessible by a firm filer at the NRD web site (www.nrd.ca).

TEMPORARY HARDSHIP EXEMPTION

This form is required to be delivered to the regulator if a firm filer is relying on the temporary hardship exemption in MI 31-102. Indicate, where applicable, any changes to information previously submitted to the regulator. In addition, all applicable questions must be answered and must be legible. All attachments pertaining to any question must be made exhibits to the form and each one must be so marked. All signatures must be original.

1. Type of business location

- branch
- sub-branch
- chief place of business

2. Supervisor or branch manager

NRD number of the designated supervisor or branch manager: _____

Name of designated supervisor or branch manager: _____

3. Business location information

Business address: _____

Telephone number: () _____

Facsimile number: () _____

Mailing address (if different from business address): _____

Notice of Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for purposes of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, Northwest Territories, Yukon Territory and Nunavut.

The principal purpose for which this collection of personal information is to be used is to assess your suitability for registration, if applicable, and to assess your continued fitness for registration in accordance with the applicable securities legislation. If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number set out below.

(In the final draft of the form a list of contact information will be included here.)

WARNING:

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION

The following certification is to be used when submitting this form in paper format:

- I, the undersigned, certify that I have read and that I understand the questions in the notice and the Warning set out above. I also certify that all statements of fact made in the answers to the questions are true.

OR

The following certification is to be used when submitting this form in NRD format:

- I certify that all statements of fact in this submission were provided to me by the firm for who this submission is being made and that this submission is being made at the request of the firm.

Dated this _____ day of _____, 200__.

Name of firm: _____

Authorized signature: _____

Print name: _____

Title: _____

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL**SUBMISSION TO NRD**

A Form 33-506F4 submitted in NRD format shall contain the information prescribed below. The information shall be entered using the online version of this form accessible by NRD filers at the NRD web site (www.nrd.ca).

INSTRUCTIONS FOR FILING IN PAPER FORMAT

1. This form is to be used by every individual seeking registration or approval from a securities regulatory authority or a self-regulatory organization.
2. This form is also to be used by any sole proprietor submitting an application for registration as a dealer, broker, adviser or underwriter to a securities regulatory authority.
3. All applicable questions must be answered. Failure to do so may cause delays in the processing of the application form.
4. This form and all attachments added thereto must be legible.
5. All attachments pertaining to any question must be made exhibits to the form and each one must be so marked. All signatures must be originals.
6. To complete the application, individuals should seek advice from an authorized officer of the sponsoring firm or from a legal adviser.
7. The number of originally-signed copies of the form to be filed with the self-regulatory organization and/or securities regulatory authority or similar authority varies from province to province. If unsure of the procedure, please consult the Registration Department of the self-regulatory organization through which you are applying or the applicable securities regulatory authority, or similar authority.

Item 1 - Name**1. Legal name**

Last name	First name	Second name (if applicable)	Third name (if applicable)

2. Other names

Are you currently, or have you previously been, known by a name other than the name mentioned above? Yes No

If "Yes", complete Schedule "A".

Item 2 - Residential address**Current and previous addresses**

Provide all residential addresses, including any foreign residential addresses, for the past 10 years.

Residential address: _____
(number, street, city, province, territory or state, country, postal code)

Telephone number: () _____ Resided at this address since: _____
(YYYY/MM)

If you have resided at this address for less than 10 years, complete Schedule "B".

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

Item 3 - Personal information

Personal description

Date of birth: _____
(YYYY/MM/DD)Place of birth: _____
(city, province, territory or state, country)Gender: Female Male

Colour of eyes: _____

Colour of hair: _____

Height: imperial units: _____ OR metric units: _____

Weight: imperial units: _____ OR metric units: _____

Item 4 - Citizenship

Citizenship information

What is your citizenship?

 Canadian Other, specify: _____

If you are a citizen of a country other than Canada, complete the following for that other citizenship. You are only required to provide the following information for one citizenship.

Passport number: _____ Country of citizenship: _____

Date of issue: _____
(YYYY/MM/DD)Place of issuance: _____
(city, province, territory or state, country)

Item 5 - Registration jurisdictions

Jurisdictions

Indicate, by checking the appropriate box, each province or territory to which you are applying:

- | | | |
|---|--|---|
| <input type="checkbox"/> Alberta | <input type="checkbox"/> Northwest Territories | <input type="checkbox"/> Prince Edward Island |
| <input type="checkbox"/> British Columbia | <input type="checkbox"/> Nova Scotia | <input type="checkbox"/> Québec |
| <input type="checkbox"/> Manitoba | <input type="checkbox"/> Nunavut | <input type="checkbox"/> Saskatchewan |
| <input type="checkbox"/> New Brunswick | <input type="checkbox"/> Ontario | <input type="checkbox"/> Yukon Territory |
| <input type="checkbox"/> Newfoundland | | |

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL**Item 6 - Individual categories****Categories**

Indicate, by checking the appropriate box in Schedule "C", each category for which you are applying.

Item 7 - Address and agent for service**1. Address for service**

You must have one address for service in each province or territory in which you are now, or are applying to become, a registered individual or non-registered individual. A post office box is not an acceptable address for service.

Address for service: _____
(number, street, city, province or territory, postal code)

Telephone number: () _____ Fax number: () _____

E-mail address: _____

2. Agent for service

If you name an agent for service, the address for service provided above must be the address of the agent.

Name of agent for service: _____
(if applicable)

Contact person: _____
Last name First name

Item 8 - Proficiency**1. Course or examination information**

Complete Schedule "D" to indicate each course and examination that you have successfully completed or for which you have received an exemption.

Check here if you are not required under securities legislation to provide proficiency information. For example, if you are a non-registered individual, you are not required to complete this Item.

2. Student numbers

Provide your student numbers below:

Canadian Securities Institute (CSI): _____

Investment Funds Institute of Canada (IFIC): _____

Institute of Canadian Bankers (ICB): _____

Association for Investment Management and Research (AIMR): _____

Canadian Association of Insurance and Financial Advisors (CAIFA): _____

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL**3. Exemption refusal**

Has any securities regulatory authority or self-regulatory organization refused to grant you an exemption from a course, examination or experience requirement? Yes No

If "Yes", complete Schedule "E".

Item 9 - Location of employment**Location of employment**

Provide the following information for the location of the sponsoring firm at which you are currently working or will be working. If you are working, or will be working, out of more than one location, provide the following information for the location out of which you will be doing most of your business.

NRD number: _____

Business address: _____
(number, street, city, province, territory or state, country, postal code)

Telephone number: () _____ Fax number: () _____

Check here if the mailing address of the location is the same as the business address provided above. Otherwise, complete the following:

Mailing address: _____
(number, street, city, province, territory or state, country, postal code)

Item 10 - Current employment**Employment information**

On Schedule "F", provide full disclosure of your current business and employment activities, including those with your sponsoring firm.

Check here if you are not required under securities legislation to provide this information.

Item 11 - Previous employment**Employment information**

On Schedule "G", provide full disclosure of your previous business and employment activities for the 10-year period before the date of this application. Include any periods of self-employment or unemployment during this period. Do not include summer employment while you were a full-time student.

In addition, provide full disclosure of all of your securities or exchange contracts (including commodity futures contracts and commodity futures options) business and employment activities during and prior to the ten-year period.

Check here if you are not required under securities legislation to provide this information.

Check here if all disclosure required by this section has been made in response to Item 10.

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

Item 12 - Resignations and terminations

Resignation and termination information

Have you ever resigned or been terminated following allegations, made by a client, sponsoring firm, self-regulatory organization, securities regulatory authority or any other regulatory authority that you:

- a) violated investment related statutes, regulations, rules or industry standards of conduct? Yes No
- b) failed to supervise in connection with investment related statutes, regulations, rules or industry standards of conduct? Yes No
- c) committed fraud or the wrongful taking of property? Yes No

If you have answered "Yes" to any of the above questions provide, for each resignation or termination, (1) the name of the firm from which you resigned or were terminated, (2) whether you resigned or were terminated, (3) the date you resigned or were terminated, and (4) the circumstances relating to your resignation or termination (including whether the allegations were made by a client, sponsoring firm, self-regulatory organization or regulatory authority).

Item 13 - Regulatory disclosure

1. Securities regulatory authorities

- a) Other than a current registration with a securities regulatory authority that is participating in Multilateral Instrument 31-102, are you now, or have you ever been, registered or licensed to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 1(a).

- b) Are you now, or have you ever been, a partner, director, officer, or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of any firm which has been registered or licensed, or is now registered or licensed, (except as an issuer if you are or were a shareholder) to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? .. Yes No

If "Yes", complete Schedule "H", section 1(b).

- c) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been refused registration or a license to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 1(c).

- d) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been denied the benefit of any exemption from registration provided by securities legislation or legislation governing exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 1(d).

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

- e) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been subject to a cease trade order, a cease distribution order, a suspension or termination order, any disciplinary proceedings or any order resulting from disciplinary proceedings pursuant to securities legislation or legislation governing exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 1(e).

2. Self-regulatory organizations

- a) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been a member or participating organization of any stock exchange, the Investment Dealers Association of Canada, the Mutual Fund Dealers Association of Canada, or other self-regulatory organization, in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 2(a):

- b) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been refused membership or entry as a participating organization in any stock exchange, the Investment Dealers Association of Canada, the Mutual Fund Dealers Association of Canada, or other self-regulatory organization, in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 2(b).

- c) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been subject to a suspension, expulsion or termination order, or been subject to any disciplinary proceedings or any order resulting from disciplinary proceedings conducted by any stock exchange, the Investment Dealers Association of Canada, the Mutual Fund Dealers Association of Canada, or other self-regulatory organization, in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 2(c).

3. Non-securities regulation

- a) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been registered or licensed under any legislation which requires registration or licensing to deal with the public in any capacity other than to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 3(a).

- b) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been refused registration or a license under any legislation which requires registration or licensing to deal with the public in any capacity other than to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 3(b).

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

- c) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been subject to a suspension or termination order, or disciplinary proceedings or any order resulting from disciplinary proceedings conducted under any legislation which requires registration or licensing to deal with the public in any capacity other than to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "H", section 3(c).

Item 14 - Criminal disclosure

Criminal, provincial and territorial offences

With respect to questions (b) and (d) below, if you or your firm have pleaded guilty or been found guilty of an offence, such offence must be reported even if you have been granted an absolute or conditional discharge with respect to the offence. You are not required to disclose any offence for which a pardon has been granted under the *Criminal Records Act* (Canada) unless the pardon has been revoked.

- a) Is there currently an outstanding charge against you alleging an offence that was committed in Canada, or had it been committed in Canada, constitutes or would constitute an offence under the laws of Canada? Yes No

If "Yes", complete Schedule "I", section (a).

- b) Have you, since attaining the age of 18, ever been convicted of, pleaded guilty to or no contest to an offence that was committed in Canada, or had it been committed in Canada constituted or would constitute an offence under the laws of Canada? Yes No

If "Yes", complete Schedule "I", section (b).

- c) Have charges been laid, alleging an offence that was committed in Canada, or had it been committed in Canada, constitutes or would constitute an offence under the laws of Canada, against any firm in which you are or were at the time of such event a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities? Yes No

If "Yes", complete Schedule "I", section (c).

- d) Has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been convicted of, pleaded guilty to or no contest to an offence that was committed in Canada, or had it been committed in Canada, constitutes or would constitute an offence under the laws of Canada? Yes No

If "Yes", complete Schedule "I", section (d).

Item 15 - Civil disclosure

Current and past civil proceedings

- a) Have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been a defendant or respondent in any civil proceeding in any jurisdiction in which fraud, theft, deceit, misrepresentation, or similar conduct is, or was, alleged? Yes No

If "Yes", complete Schedule "J", section (a).

- b) Other than what you disclosed in Item 15(a), were you, at the time the events that led to the civil proceeding occurred, a partner, director or officer or a holder of securities carrying more than 10 percent of the votes of all outstanding voting securities of a firm that is or was a defendant or respondent in any civil proceeding in any jurisdiction in which fraud, theft, deceit, misrepresentation, or similar conduct is or was alleged? Yes No

If "Yes", complete Schedule "J", section (b).

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

Item 16 - Financial disclosure

1. Bankruptcy

Under the law of any province, territory, state, or country have you, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm:

- a) had a petition in bankruptcy issued against you or the firm or made a voluntary assignment in bankruptcy? Yes No
- b) made a proposal under any legislation relating to bankruptcy or insolvency? Yes No
- c) been subject to proceedings under any legislation relating to the winding up, dissolution or companies' creditors arrangement? Yes No
- d) been subject to or instituted any proceedings, arrangement or compromise with creditors (including having a receiver, receiver-manager, administrator or trustee appointed by or at the request of creditors, either privately, or through court process, or by order of a regulator, to hold your assets)? Yes No

If "Yes" to any of the above questions, complete Schedule "K", section 1.

2. Solvency

Have you ever been unable to meet your financial obligations as they came due, or has any firm, when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been unable to meet its financial obligations as they came due? Yes No

If "Yes", complete Schedule "K", section 2.

3. Surety bond or fidelity bond

Have you ever applied for a surety or fidelity bond and been refused? Yes No

If "Yes", complete Schedule "K", section 3.

4. Garnishments, unsatisfied judgments or directions to pay

Are there currently, or have there been, outstanding against you any of the following:

- a) garnishments,
b) unsatisfied judgments, or
c) directions to pay issued by a federal, provincial, territorial or state authority? Yes No

If "Yes", complete Schedule "K", section 4.

Item 17 - Related securities firms

Related securities firms and holdings

- a) Other than with your sponsoring firm, are you a partner, director, or officer of a firm having as its principal business that of trading in or advising on securities or exchange contracts (including commodity futures contracts and commodity futures options)? Yes No

If "Yes", complete Schedule "L".

- b) Are you a holder of 10 percent or more of the voting securities of any firm (including your sponsoring firm) having as its principal business that of trading in or advising on securities or exchange contracts (including commodity futures contracts and commodity futures options)? Yes No

If "Yes", complete Schedule "L".

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL**AGENT FOR SERVICE AND SUBMISSION TO JURISDICTION****Agent for service**

If you have named an agent for service in this application, you designate and appoint that agent for service (the "Agent for Service") at the address of the Agent for Service upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (each, a "Proceeding") arising out of or relating to or concerning your activities as a registrant or an officer, partner or director of a registrant under the securities legislation of the jurisdiction for which the Agent for Service is designated and appointed (the "Local Jurisdiction").

This appointment of an agent for service of process is governed and construed in accordance with the laws of the Local Jurisdiction.

By filing this application, you confirm that the Agent for Service has accepted the appointment as agent for service of process for you pursuant to the above terms and conditions and has agreed to advise the securities regulatory authority of the Local Jurisdiction immediately if the Agent for Service is unable to deliver to you a copy of a document served on the Agent for Service.

By filing this application, you confirm that until the earlier of (i) the termination of your position with your sponsoring firm and (ii) six years after the sponsoring firm ceases to be a registrant under the securities legislation of the Local Jurisdiction, you shall:

- a) file a notice appointing a new agent for service of process at least 30 days prior to termination for any reason of the appointment of the Agent for Service and immediately after the death or incapacity of the Agent for Service or the Agent for Service ceasing to carrying on business; and
- b) file a notice amending the name or address of the Agent for Service at least 30 days before any change in the name or address of the Agent for Service as set forth in this application.

Submission to jurisdiction

By submitting this application you confirm that you irrevocably and unconditionally submit to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of each jurisdiction to which you have submitted this application and any administrative proceeding in that jurisdiction, in any Proceeding arising out of or relating to or concerning your activities as a registrant or an officer, partner or director of a registrant under the securities legislation of the jurisdiction, and irrevocably waive any right to raise as a defence in any Proceeding any alleged lack of jurisdiction to bring that Proceeding.

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL**Self-Regulatory Organizations**

The undersigned hereby undertake to notify the self-regulatory organization in writing of any material change herein as prescribed by any by-law or rule of the respective self-regulatory organizations.

We agree that we are conversant with the by-laws, rulings, rules and regulations of the applicable self-regulatory organizations. We agree to be bound by and to observe and comply with them as they are from time to time amended or supplemented, and we agree to keep ourselves fully informed about them as so amended and supplemented.

We submit to the jurisdiction of the self-regulatory organizations and, wherever applicable, the Governors, Directors and committees thereof, and we agree that any approval granted pursuant to this application may be revoked, terminated or suspended at any time in accordance with the then applicable by-laws, rulings, rules and regulations. In the event of any such revocation or termination, the undersigned applicant agrees forthwith to terminate his or her association with the undersigned sponsoring firm and hereafter not to accept employment with or perform services of any kind for any member or member house of the self-regulatory organizations or any approved affiliated company or other affiliate of any such member or member house, in each case if and to the extent provided in the then applicable by-laws, rulings, rules and regulations of the self-regulatory organizations. Our obligations above are joint and several.

We agree to the transfer of this application form, without amendment, to another self-regulatory organization in the event that at some time in the future the undersigned applicant applies to such other self-regulatory organization.

The undersigned applicant has discussed the questions in this application with an officer or branch manager of this firm. The undersigned authorized officer is satisfied that the applicant fully understands the questions, and further certifies on behalf of the sponsoring firm that the applicant will be engaged as registered or approved.

The undersigned applicant acknowledges and consents that any of the self-regulatory organizations may obtain any information whatsoever from any source, as permitted by law in any jurisdiction in Canada or elsewhere.

Notice of collection and use of personal information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for purposes of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, Northwest Territories, Yukon Territory and Nunavut.

By submitting this application you consent to the collection by the securities regulatory authority to which this application is being submitted of the personal information contained in the application, police records, records from other government or non-governmental regulatory authorities or self-regulatory organizations, credit records and employment records about you as may be necessary for the securities regulatory authority to complete its review of your application or continued fitness for registration in accordance with the legal authority of the securities regulatory authority for the duration of the period which you remain registered or approved by the securities regulatory authority. The sources the securities regulatory authority may contact include government and private bodies or agencies, individuals, corporations and other organizations.

The principal purpose for which this collection of personal information is to be used is to assess your suitability for registration and to assess your continued fitness for registration in accordance with the applicable securities legislation.

If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number set out below. In Québec, questions may also be addressed to the Commission d'accès à l'information du Québec (1-888-528-7741, web site: www.cai.gouv.qc.ca).

(In the final draft of the form a list of contact information will be included here.)

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

WARNING: It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION:

The following certification is to be used when submitting the form in paper format:

I, the undersigned applicant, certify that I have read and that I understand the questions in this application form and the Warning set out above. I also certify that all statements of fact made in the answers to the questions are true.

Signature of applicant

Date

CERTIFICATION OF OFFICER OR PARTNER: I, the undersigned authorized officer or partner, certify on behalf of the sponsoring firm that the applicant will be engaged by the sponsoring firm as registered or approved. I certify that I have discussed the questions set out in this application with the applicant or where the applicant has applied through one of our branch offices the branch manager or another officer has so done and I am satisfied that the applicant fully understands the questions.

Signature of authorized officer or partner

Date

The following certification is to be used when submitting the form in NRD format:

- By checking this box, I certify that all statements of fact made in this submission were provided to me by the NRD filer for whom this submission is being submitted and that this submission is being made at the request of the NRD filer, and if applicable, his or her sponsoring firm.

SCHEDULE "A"
Name

Item 1

Other names

Last name	First name	Second name <i>(if applicable)</i>	Third name <i>(if applicable)</i>
-----------	------------	---------------------------------------	--------------------------------------

Provide the reasons for the use of this name (for example, marriage, divorce, court order, commonly used name).

When did you use this name? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

Last name	First name	Second name <i>(if applicable)</i>	Third name <i>(if applicable)</i>
-----------	------------	---------------------------------------	--------------------------------------

Provide the reasons for the use of this name (for example, marriage, divorce, court order, commonly used name).

When did you use this name? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

Last name	First name	Second name <i>(if applicable)</i>	Third name <i>(if applicable)</i>
-----------	------------	---------------------------------------	--------------------------------------

Provide the reasons for the use of this name (for example, marriage, divorce, court order, commonly used name).

When did you use this name? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

This page intentionally left blank.

SCHEDULE "B"
Residential address

Item 2

Previous addresses

A postal code (or ZIP code) and a telephone number are not required for any previous address.

Residential address: _____
(number, street, city, province, territory or state, country)

When did you live at this address? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

Residential address: _____
(number, street, city, province, territory or state, country)

When did you live at this address? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

Residential address: _____
(number, street, city, province, territory or state, country)

When did you live at this address? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

Residential address: _____
(number, street, city, province, territory or state, country)

When did you live at this address? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

Residential address: _____
(number, street, city, province, territory or state, country)

When did you live at this address? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

SCHEDULE "C"
Individual categories

Item 6

Categories

Indicate, by checking the appropriate box, each category for which you are applying.

(In the final draft of the form a list of the registration categories of each jurisdiction will be included here.)

SCHEDULE "D"
Proficiency

Item 8

Course or examination information

Indicate each course and examination that you have successfully completed or for which you have received an exemption.

(In the final draft of the form a list of courses and examinations will be included here. Further, spaces will be provided to set out dates of completion or exemption and the names of the exempting institutions)

SCHEDULE "E"
Proficiency

Item 8

Exemption refusal

Complete the following for each exemption that was refused.

Which securities regulatory authority or self-regulatory organization refused to grant the exemption?

State the name of the course, examination or experience requirement:

State the reason given for not being granted the exemption:

Which securities regulatory authority or self-regulatory organization refused to grant the exemption?

State the name of the course, examination or experience requirement:

State the reason given for not being granted the exemption:

SCHEDULE "F"
Current employment

Item 10

Employment information

Provide full disclosure of each of your current business and employment activities, including those with your sponsoring firm.

- Unemployed
- Full-time student
- Employed or self-employed

From: _____
(YYYY/MM/DD)

You are only required to fill in the following if you have indicated above that you are employed or self-employed.

Name of business or employer:

Address of business or employer:

(number, street, city, province, territory or state, country)

Name and title of immediate supervisor: _____

Describe the type of business or employment and your duties. If you are seeking a type of registration for which specified experience is required, provide details of that experience below (for example, level of responsibility, value of accounts under direct supervision, and research experience):

Indicate the number of hours per week you will be devoting to this business or employment: _____

Indicate the NRD number of the branch where you will be conducting the majority of your business or employment:

If the business or employment described above is with the sponsoring firm and if you are not devoting the major portion of your time to the business of the sponsoring firm, explain why:

SCHEDULE "F"
Current employment

If the business or employment described above is not with the sponsoring firm, disclose any potential for confusion by clients and any potential for conflicts of interest arising from your proposed activities as a registrant and the business or employment described above (include whether the business is listed on an exchange):

SCHEDULE "G"
Previous employment

Item 11**Employment information**

Provide full disclosure of your previous business and employment activities for the 10-year period before the date of this application. Include any periods of self-employment or unemployment during this period. Do not include summer employment while you were a full-time student.

In addition, provide full disclosure of all of your securities or exchange contracts (including commodity futures contracts and commodity futures options) business and employment activities during and prior to the ten-year period.

- Unemployed
 Full-time student
 Employed or self-employed

From: _____ To: _____
 (YYYY/MM/DD) (YYYY/MM/DD)

You are only required to fill in the following if you have indicated above that you are, or were, employed or self-employed.

Name of business or employer:

Address of business or employer:

(number, street, city, province, territory or state, country)

Name and title of immediate supervisor: _____

Describe the type of business or employment and your duties. If you are seeking a type of registration for which specified experience is required, provide details of that experience below (for example, level of responsibility, value of accounts under direct supervision, and research experience):

SCHEDULE "H"
Regulatory disclosureItem 13**1. Securities regulatory authorities**

- a) For each registration or licence, indicate below (1) the securities regulatory authority with which you are, or were, registered or licensed, (2) the type or category of registration or licence, and (3) the period of registration or licensing.
- b) For each registration or licence, indicate below (1) the name of the firm, (2) the securities regulatory authority with which the firm is, or was, registered or licensed, (3) the type or category of registration or licence, and (4) the period of registration or licensing.
- c) For each registration or licence refused, indicate below (1) the party that was refused the registration or licence, (2) the securities regulatory authority that refused the registration or licence, (3) the type or category of registration or licence refused, (4) the date of the refusal, and (5) the reasons for the refusal.
- d) For each exemption from registration denied, indicate below (1) the party that was denied the exemption, (2) the securities regulatory authority that denied the exemption, (3) the date the exemption was denied, and (4) any other relevant details.
- e) For each order or disciplinary proceeding, indicate below (1) the party against whom the order was made or the proceeding taken, (2) the securities regulatory authority that issued the order or that is, or was, conducting the proceeding, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), and (6) any other relevant details.

2. Self-regulatory organizations

- a) For each membership or participation, indicate below (1) the party that is, or was, a member or participating organization, (2) the self-regulatory organization with which the party is, or was, a member or participating organization, (3) the type or category of membership or participation, and (4) the period of the membership or participation.

SCHEDULE "H"
Regulatory disclosure

b) For each membership or participation refused, indicate below (1) the party that was refused membership or participation, (2) the self-regulatory organization that refused the membership or participation, (3) the type or category of membership or participation refused, (4) the date of the refusal, and (5) the reasons for the refusal.

c) For each order or disciplinary proceeding, indicate below (1) the party against whom the order was made or the proceeding taken, (2) the self-regulatory organization that issued the order or that is, or was, conducting the proceeding, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), and (6) any other relevant details.

3. Non-securities regulation

a) For each registration or licence, indicate below (1) the party is, or was, registered or licensed, (2) with which regulatory authority, or under what legislation, the party is, or was, registered or licensed, (3) the type or category of registration or licence, and (4) the period of registration or licensing.

b) For each registration or licence refused, indicate below (1) the party that was refused registration or licensing, (2) with which regulatory authority, or under what legislation, the registration or licence was refused, (3) the type or category of registration or licence refused, (4) the date of the refusal, and (5) the reasons for the refusal.

c) For each order or disciplinary proceeding, indicate below (1) the party against whom the order was made or the proceeding taken, (2) the regulatory authority that made the order or that is, or was, conducting the proceeding, or under what legislation the order was made or the proceeding is being, or was, conducted, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), and (6) any other relevant details.

SCHEDULE "I"
Criminal disclosure

Item 14

Criminal, provincial and territorial offences

a) For each charge, indicate below (1) the charge, (2) the date of the charge, (3) any trial or appeal dates, and (4) the court location.

b) For each conviction, indicate below the full details of the conviction including (1) the offence, (2) the date of the conviction, and (3) the disposition (state any penalty or fine and the date any fine was paid).

c) For each charge, indicate below (1) the name of the firm, (2) the charge, (3) the date of the charge, (4) any trial or appeal dates, and (5) the court location.

d) For each conviction, indicate below the full details of the conviction including (1) the name of the firm, (2) the offence, (3) the date of the conviction, and (4) the disposition (state any penalty or fine and the date any fine was paid).

SCHEDULE "J"
Civil disclosure

Item 15

Current and past civil proceedings

a) For each civil proceeding, indicate below (1) the party that is, or was, a defendant or respondent, (2) each plaintiff in the proceeding, (2) whether the proceeding is pending, on appeal or final, (3) the jurisdiction in which the action is being, or was, pursued, and (4) the details of any disposition or settlement. (Disclosure must include those actions settled without admission of liability.)

b) For each civil proceeding, indicate below (1) the firm that was a defendant or respondent in the proceeding, (2) your relationship to the firm, (3) each plaintiff in the proceeding, (4) whether the proceeding is pending, on appeal or final, (5) the jurisdiction in which the action is being, or was, pursued, and (6) the details of any disposition or settlement. (Disclosure must include those actions settled without admission of liability.)

SCHEDULE "K"
Financial Disclosure

Item 16

1. Bankruptcy

For each event, indicate below (1) the party about whom this disclosure is being made, (2) any amounts currently owing, (3) the creditors, (4) the status of the matter, (5) the details of any disposition or settlement, and (6) any other relevant details.

2. Solvency

For each event, indicate below (1) the party that is, or was, unable to meet its financial obligations, (2) the amount that was owing at the time the party could not meet its financial obligations, (3) the party to whom the amount is, or was, owing, (4) any relevant dates (for example, when payments are due or when final payment was made), and (5) any other relevant details including any amounts currently owing.

3. Surety Bond or Fidelity Bond

For each bond refused, indicate below (1) the name of the bonding company, (2) the address of the bonding company, (3) the date of the refusal, and (4) the reasons for the refusal.

4. Garnishments, Unsatisfied Judgments or Directions to Pay

For each garnishment, unsatisfied judgement or direction to pay, indicate below (1) the amount that was owing at the time the garnishment, judgement or direction to pay was rendered, (2) the party to whom the amount is, or was, owing, (3) any relevant dates (for example, when payments are due or when final payment was made), and (4) any other relevant details including any amounts currently owing.

SCHEDULE "L"
Related securities firms

Item 17**Section 1 - Related Securities Firms and Holdings**

Indicate below (a) the name of the firm and (b) your relationship to the firm.

a) Firm name: _____

b) Relationship to the firm and period of relationship:

Partner From: _____ / _____ To: _____ / _____ (if applicable)
 (YYYY/MM) (YYYY/MM)

Director From: _____ / _____ To: _____ / _____ (if applicable)
 (YYYY/MM) (YYYY/MM)

Officer From: _____ / _____ To: _____ / _____ (if applicable)
 (YYYY/MM) (YYYY/MM)

Holder of voting securities over 10 percent From: _____ / _____ To: _____ / _____ (if applicable)
 (YYYY/MM) (YYYY/MM)

If you are a holder of 10 percent or more of the voting securities of the firm, complete (c), (d), (e), (f), and (g).

c) State the number, value, class and percentage of securities or the amount of partnership interest you own or propose to acquire upon approval. If acquiring shares upon approval, state source (for example, treasury shares, or if upon transfer, state name of transferor).

d) State the value of subordinated debentures or bonds of the firm to be held by you or any other subordinated loan to be made by you to the firm (if applicable):

e) State the source of the funds you propose to invest in the firm and provide full details:

f) Are the funds to be invested (or proposed to be invested) guaranteed directly or indirectly by any person or firm? Yes No

If "Yes", provide full details:

SCHEDULE "L"
Related securities firms

g) Have you either directly or indirectly given up any rights with respect to such securities or the partnership interest, or do you, on approval of this application, intended to give up any including any hypothecation, pledging or deposit as collateral of the securities or amount of partnership interest with any bank, other institution or other person? Yes No

If "Yes", provide full details:

If you are a holder of 10 percent or more of the voting securities of the firm, complete (h), (i) and (j) if you are not, or will not be, the beneficial owner of the shares, bonds, debentures, partnership units or other notes held by you.

h) Name of beneficial owner: _____
Last name First name Second name Third name
(if applicable) (if applicable)

i) Residential address: _____
(number, street, city, province, territory or state, country, postal code)

j) Occupation: _____

FORM 33-506F5

CHANGE OF REGISTRATION INFORMATION

GENERAL INSTRUCTIONS

1. This notice must be submitted in accordance with Rule 33-506.
2. All questions must be answered. Failure to do so may cause delays in the processing of the notice.
3. All attachments pertaining to any questions must be made exhibits to the form and each one must be so marked.
4. This form and all attachments added thereto must be legible.

1. Type of form

Complete the following to identify the part of the Form 3 or Form 33-506F4 for which this notice is being provided. If this notice is being provided to update an individual's Form 33-506F4, provide the name of the individual.

- Form 3, Item _____, or
- Form 33-506F4 _____, Item _____.

Name of individual: _____

2. Current information

Provide the current information for that part of the form identified above:

List supporting documents (if any):

Notice of Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for purposes of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, Northwest Territories, Yukon Territory and Nunavut.

By submitting this information you consent to the collection by the securities regulatory authority of the personal information provided above, police records, records from other government or non-governmental regulatory authorities or self-regulatory organizations, credit records and employment records about you as may be necessary for the securities regulatory authority to complete its review of your continued fitness for registration, if applicable, in accordance with the legal authority of the securities regulatory authority for the duration of the period which you remain registered or approved by the securities regulatory authority. The sources the securities regulatory authority may contact include government and private bodies or agencies, individuals, corporations and other organizations.

The principal purpose for which this collection of personal information is to be used is to assess your continued fitness for registration, if applicable, in accordance with the applicable securities legislation.

If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number set out below.

(In the final draft of the form a list of contact information will be included here.)

Request for Comments

WARNING: It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION

I, the undersigned, certify that I have read and that I understand the questions in this notice and the Warning set out above. I also certify that all statements of fact made in the answers to the questions are true.

Dated this _____ day of _____, 200 ____.

Name of individual (if applicable): _____

Signature of individual: _____

OR

Name of firm (if applicable): _____

Authorized signature: _____

Print name: _____

Title: _____

**COMPANION POLICY 33-506CP
TO ONTARIO SECURITIES COMMISSION RULE 33-506
(COMMODITY FUTURES ACT)**

REGISTRATION INFORMATION REQUIREMENTS

PART 1 NOTICE OF CHANGES

1.1 Bulk Transfer of Locations and Individuals

(1) If a registered firm is acquiring a large number of business locations from one or more other registered firms (for example, as a result of an amalgamation or asset purchase) with a significant number of registered and non-registered individuals working out of each location, the Director will consider exempting the firms and individuals involved in the transaction from the following requirements, as necessary:

1. the requirement to submit a notice regarding the termination of each employment, partner, or agency relationship under section 4.3 of Rule 33-506;
2. the requirement to submit a notice regarding each individual who ceases to be a non-registered individual under section 5.2 of Rule 33-506;
3. the requirement to submit a registration application for each individual applying to become a registered individual under section 2.2 of Rule 33-506;
4. the requirement to submit a Form 33-506F4 for each non-registered individual under section 3.3 of Rule 33-506;
5. the requirement under section 3.1 of Rule 33-506 to notify the regulator of a change to the business location information in Form 33-506F3.

(2) In order to exempt the firms and individuals involved in the transaction from the requirements set out above, the application should include the following information:

- (a) the name and NRD number of the registered firm that will acquire control of the business locations;
- (b) for each registered firm that is transferring control of the business locations,
 - (i) the name and NRD number of the registered firm;
 - (ii) the address and NRD number of each business location that is being transferred from the registered firm named in (b)(i) to the registered firm named in (a); and

(c) the date that the business locations will be transferred to the registered firm named in (a).

(3) To facilitate the processing of the exemption application, the applicant may put the information referred to in subsection (2) in the form set out in Appendix A to this Companion Policy.

(4) This exemption application should be made by the registered firm that will acquire control of the business locations at the closing of the transaction and should be submitted sufficiently in advance of the date on which the business locations are to be transferred (the "transfer date"). At this time, the Commission is of the view that submitting the application at least 30 days prior to the transfer date should be sufficient.

(5) In addition to any application fee, it is likely that the payment of a fee will be a condition of this type of exemption order and that the fee will be related to the number of registered firms, business locations, registered individuals, and non-registered individuals involved in the transaction.

(6) As soon as practicable after the transfer date, the Director will instruct the NRD administrator to indicate the transfer of the business locations, the registered individuals, and the non-registered individuals on NRD.

PART 2 DUE DILIGENCE

2.1 The Commission is of the view that for a sponsoring firm to exercise due diligence to determine whether the information submitted on behalf of an individual is true and complete the firm should make such enquiries about the individual to determine:

- (a) the identity of the individual;
- (b) the prior record of employment of the individual;
- (c) the credit and banking history of the individual; and
- (d) the proficiency of the individual.

2.2 The Commission is of the view that in order to meet the due diligence requirement in Rule 33-506, a sponsoring firm should

- (a) establish written policies and procedures relating to the investigation of an individual prior to submitting a Form 33-506F4 on behalf of the individual, and
- (b) ensure that the review of an individual pursuant to these policies and procedures is documented.

Appendix A
to Companion Policy 33-506CP

Request for NRD Bulk Transfer of Business Locations

This is an application for exemption under Rule 33-506 (Commodity Futures Act).

A) Registered Firm that will acquire the business locations

Name:
Firm NRD number:

B) Registered Firm transferring the business locations

Name:
Firm NRD number:

Business Locations that will be transferred

Address of business location:
NRD number of business location:

Address of business location:
NRD number of business location:
(Repeat for each business location as necessary.)

C) Date that business locations will be transferred:

6.1.11 Notice of Proposed Rule 62-501 and OSC Policy 62-601 - Prohibited Stock Market Purchases

**NOTICE OF PROPOSED RULE 62-501
UNDER THE SECURITIES ACT AND AMENDMENT TO
ONTARIO SECURITIES COMMISSION POLICY 62-601**

**PROHIBITED STOCK MARKET PURCHASES
OF THE OFFEREE'S SECURITIES BY THE OFFEROR
DURING A TAKE-OVER BID**

Substance and Purpose of Proposed Rule

Proposed Rule 62-501 (the "Proposed Rule") would restrict the circumstances under which an offeror making a take-over bid is permitted, during the course of the bid, to acquire securities of the class for which the bid is made otherwise than pursuant to the bid itself. The Rule would vary the current conditions under which the acquisitions are permitted, as set out in subsection 94(3) of the *Securities Act* (Ontario) (the "Act"), so as to make them similar to the conditions applicable to pre-bid and post-bid purchases as prescribed in subsection 94(7) of the Act.

Part XX of the Act, which regulates take-over bids and issuer bids, contains a number of provisions intended to ensure equal treatment of offeree security holders during a formal take-over bid. Subsection 97(1) of the Act is a general provision which provides that:

"Subject to the regulations, where a take-over bid or issuer bid is made, all holders of the same class of securities shall be offered identical consideration."

As a specific application of this principle, subsection 94(2) prohibits an offeror from offering to acquire or agreeing to acquire securities of any class that are subject to a take-over bid otherwise than pursuant to the bid on and from the date of the announcement of the offeror's intention to make the bid until the bid's expiry. Subsection 94(3) provides a limited exemption from this prohibition by allowing an offeror to purchase up to five percent of the offeree's outstanding securities of the class subject to the bid if the intent to make such purchases is set out in the take-over bid circular and the purchases are made through the facilities of a recognized stock exchange. Where all offeree shareholders have an equal opportunity to sell to the offeror on a stock exchange, reliance on the exemption in subsection 94(3) is consistent with the equal treatment principle in subsection 97(1).

The purpose of the Proposed Rule is to ensure that the equal treatment principle is not violated in the context of purchases made pursuant to the exemption in subsection 94(3). The Proposed Rule would vary the application of subsection 94(3) so that it would apply only to normal course stock exchange trades and would not apply to trades that are arranged privately and subsequently completed or "crossed" on a stock exchange. The Proposed Rule is consistent with the view expressed by the Commission in Part A of OSC Policy 62-601 (formerly OSC Policy 9.3) that pre-arranged acquisitions by a take-over bidder during the course of a bid are, prima facie, private agreements that violate the equal treatment principle and should not be permitted.

The Commission published an earlier version of the Proposed Rule for comment on October 20, 1995 (19 OSCB 4915) (the "1995 Proposal"). The 1995 Proposal was substantially identical to the Proposed Rule contained in this Notice, except that it addressed the additional topic of trades in the offeror's securities during the course of a securities exchange take-over bid. That topic is now being addressed by the Commission separately. The list of commenters on the 1995 Proposal is contained in Appendix A of this Notice and a summary of their comments regarding the subject matter of this Notice, together with the Commission's response to those comments, are contained in Appendix B of this Notice.

Summary of Proposed Rule

The Proposed Rule restricts the application of subsection 94(3) of the Act to unsolicited trades in the normal course on a recognized stock exchange. The Proposed Rule is intended to confine an offeror's purchases during the course of a take-over bid to purchases in which all security holders have an equal opportunity to be the sellers, as in the bid itself.

Authority for the Proposed Rule

Paragraph 143(1)28 of the Act authorizes the Commission to make rules regulating take-over bids, including providing for exemptions from section 94 or removing any exemptions set out in that section.

Alternatives Considered

Since the publication of the 1995 Proposal, the Commission considered two other alternatives in addition to the Proposed Rule.

First, the Commission considered rescinding subsection 94(3) of the Act altogether, thereby prohibiting the offeror from making any purchases of the offeree securities other than as part of the formal bid. However, the Commission is of the view that the offeror's presence as a normal course market purchaser will increase liquidity in the offeree's securities and provide offeree security holders with a greater opportunity to sell their securities prior to the conclusion of any take-over bid if they so choose.

Second, the Commission considered limiting the exemption in subsection 94(3) to cash bids for all the securities of the class for which the offer is made. This would prevent the scenario where, for example, some security holders could sell their entire holdings to the bidder for cash in the open market while others would only be able to sell part of their holdings by tendering to a partial bid. However, the Commission has determined that implementation of the Proposed Rule will provide offeree security holders with adequate protection in the context of a partial take-over bid or securities exchange take-over bid. As purchases by the offeror under the Proposed Rule would have to be made in the normal course through the market, all offeree security holders would have an equal opportunity to be sellers.

Unpublished Materials

In proposing this amendment, the Commission has not relied on any significant unpublished study, report, decision or other unwritten materials.

Anticipated Costs and Benefits

Offeree security holders will benefit under the Proposed Rule as it is designed to provide equal treatment of offeree security holders during a take-over bid. Offeree security holders will also benefit from the enhanced market liquidity in the class of target securities during the bid, as the offeror will have to make all of its purchases by way of normal course purchases and not pre-arranged block trades. The Proposed Rule may impose costs on an offeror by making it more difficult or costly to make large purchases under subsection 94(3). The Proposed Rule may also impose costs on persons wishing to sell large blocks of target securities during a bid, as block trades done by way of pre-arranged trades will be prohibited. The Commission is of the view that the benefits to security holders and the importance of the principle of equal treatment outweigh the costs.

Regulations Revoked or Amended

The Proposed Rule does not require any regulations to be revoked or amended.

Amendment to Policy 62-601

The Commission also proposes to amend OSC Policy 62-601 to revoke Parts A and B as a housekeeping matter. Part A deals with subject matter that is covered by subsection 94(2) and 94(3) of the Act, and is no longer necessary. Similarly, the subject matter of Part B is covered by subsection 94(5) and 94(7) of the Act regarding pre-bid integration.

Comments

Interested parties are invited to make written submissions with respect to the Proposed Rule. Submissions received by March 15, 2001 will be considered.

Submissions should be sent to:

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario M5H 3S8
jstevenson@osc.gov.on.ca

A diskette containing the submissions (in DOS or Windows format, preferably WordPerfect) should also be submitted. As the Act requires that a summary of written comments received during the comment period be published, confidentiality of submissions cannot be maintained.

Questions may be referred to:

Ralph Shay
Director, Take-over/Issuer Bids, Mergers & Acquisitions
Ontario Securities Commission
(416) 593-2345

Proposed Rule

The text of the Proposed Rule and the amendment to OSC Policy 62-601 follow:

December 14, 2001.

APPENDIX A

LIST OF COMMENTERS ON ISSUES RELATING TO STOCK MARKET PURCHASES OF THE OFFEREE'S SECURITIES BY THE OFFEROR DURING A TAKE-OVER BID

1. The Toronto Stock Exchange
2. Lang Michener

APPENDIX B

SUMMARY OF WRITTEN COMMENTS RECEIVED ON ISSUES RELATING TO STOCK MARKET PURCHASES OF THE OFFEREE'S SECURITIES BY THE OFFEROR DURING A TAKE-OVER BID AND RESPONSES OF THE COMMISSION

The Commission received two submissions on those provisions of the 1995 Proposal that related to purchases by an offeror of target securities during the course of the bid. The Commission considered these submissions and thanks both commenters for providing them.

The following is a summary of the comments received together with the Commission's responses.

1. Regulation of Purchases by Offerors During Bids - General

Comment

One commenter supported the provisions of the proposed Rule 62-501 requiring secondary market purchases by an offeror during the course of a take-over bid pursuant to the exemption in subsection 94(3) of the Act to be made in the normal course through the facilities of a stock exchange. In this commenter's view, the principle of equal treatment of security holders of the target issuer demands no less. If a security holder chooses to sell into the market, it should be a matter of pure chance that the offeror is on the other side. If the offeror is bidding on the stock exchange, that bid is available to any security holder who chooses to sell at that time, and the market activity may legitimately be characterized as a general offer to all security holders of the class.

Response

The Commission agrees with the commenter's view that the Proposed Rule is consistent with the principle of equal treatment of security holders in the context of a formal bid.

2. Brokers' Services and Compensation - Clause 2.1(b)

As set out in the 1995 Proposal, clause 2.1(b) of the Proposed Rule would prohibit the use of the exemption in subsection 94(3) of the Act for purchases by an offeror during a take-over bid unless, among other things, the offeror's broker did not, in connection with the purchases, perform services beyond the customary broker's functions and did not receive more than the usual fees or commissions charged for comparable services performed by the broker in the normal course. One commenter submitted that these conditions would be unduly restrictive for offerors which, for example, retain an investment dealer to provide advice in connection with a take-over bid and which also retain the same dealer to provide brokerage services in connection with the bid. In this commenter's view, it was arguable that all services provided to the offeror by the dealer in this circumstance were in connection with purchases of target securities during the bid and would result in the dealer performing services beyond the customary broker's functions, as well as receiving more than the usual brokerage fees or commissions. The commenter recommended that the

provision be deleted as the other provisions of the Proposed Rule were sufficient to attain the policy objective of the Rule.

Response

The Commission considers the condition regarding the broker's services and compensation as desirable for the purpose of reinforcing the concept that only trades in the normal course are to be permitted under subsection 94(3) of the Act. To address the commenter's concern, the wording of clause 2.1(b) has been changed so as to refer to services and compensation "in regard to" the stock exchange purchases, instead of "in connection with" the purchases.

**ONTARIO SECURITIES COMMISSION RULE 62-501
PROHIBITED STOCK MARKET PURCHASES OF THE
OFFEREE'S SECURITIES
BY THE OFFEROR DURING A TAKE-OVER BID**

PART 1 DEFINITIONS

1.1 Definitions - Offeror

In this Rule, "offeror" has the meaning set out in subsection 94(1) of the Act.

**PART 2 PROHIBITED STOCK MARKET PURCHASES OF
OFFEREE'S SECURITIES**

**2.1 Prohibited Stock Market Purchases of Offeree's
Securities**

Despite subsection 94(3) of the Act, an offeror may not make purchases allowed under that subsection unless

- (a) the purchases are made in the normal course on a stock exchange described in subsection 94(3) of the Act;
- (b) any broker acting for the offeror does not, in regard to the purchases, perform services beyond the customary broker's functions and does not receive more than the usual fees or commissions charged for comparable services performed by the broker in the normal course;
- (c) neither the offeror nor any person or company acting for the offeror solicits or arranges for the solicitation of offers to sell securities of the class subject to the bid, except for the solicitation by the offeror or members of the soliciting dealer group pursuant to the take-over bid; and
- (d) the seller or any person or company acting for the seller does not, to the knowledge of the offeror, solicit or arrange for the solicitation of offers to buy securities of the class subject to the bid.

PART 3 EXEMPTION

3.1 Exemption

The Director or the Commission may grant an exemption to this Rule, in whole or in part, subject to such conditions or restrictions as the Director or Commission may impose.

PART 4 EFFECTIVE DATE

4.1 Effective Date

This Rule comes into force on •.

**AMENDMENT TO ONTARIO SECURITIES COMMISSION
POLICY 62-601**

Ontario Securities Commission Policy 62-601 is amended by:

1. changing the title of the Policy to "Securities Exchange Take-over Bids -- Trades in the Offeror's Securities";
2. deleting Parts A and B; and
3. deleting the heading "**C. Securities Exchange Take-over Bids – Market "Support, Maintenance or Stabilization" vs. Market Balancing Transactions in Accordance with Stock Exchange Rules**".

Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

Exempt Financings

The Ontario Securities Commission reminds issuers and other parties relying on exemptions that they are responsible for the completeness, accuracy, and timely filing of Forms 45-501F1 and 45-501F2, and any other relevant form, pursuant to section 72 of the *Securities Act* and OSC Rule 45-501 ("Exempt Distributions").

Reports of Trades Submitted on Form 45-501F1

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
14Nov01 to 23Nov01	AIC Diversified Canada Fund - Class O Units	15,207	2,722
15Nov01 to 23Nov01	AIC Global Science & Technology Fund - Class O Units	6,492	864
14Nov01 to 23Nov01	AIC World Equity Fund - Class O Units	19,502	3,457
31Oct01	AltaRex Corp. - Special Units	6,366,500	3,638,000
23Nov01	Angico-Eagle Mines Limited - Flow-Through Common Shares	4,000,000	200,000
16Nov01	Arrow Goodwood Fund - Class A Trust Units	500,000	47,938
15Nov01	AT&T Corp. - 7.30% Senior Notes Due November 15, 2011	161,978,078	101,500,000
27Nov01	AT&T Corp. - 12.5% Senior Notes Due November 15, 2009	2,981,262	US\$2,000,000
26Nov01	Burgundy Japan Fund -	270,000	16,948
26Nov01	Burgundy Small Companies Fund -	250,000	11,515
26Nov01	Burgundy Smaller Companies Fund -	250,000	11,515
23Nov01	Canadian Golden Dragon Resources Ltd. - Common Shares	2,750	12,500
26Nov01	CC&L Money Market Fund -	212,984	21,298
22Nov01	CC&L Private Client Canadian Equity Fund -	58,	6
21Nov01	Circuit World Corporation - Debentures	4,437,500	4,437,500
26Nov01	Derlak Enterprises Inc. - Shares	161,105	16,110,584
14Nov01	dj Orthopedics, Inc. - Common Stock	3,870,015	142,200
18Jun01	Echo Energy Inc. - Flow-Through Special Warrants and Non-Flow-Through Special Warrants - Amended	600,000, 300,000	1,000,000, 500,000 Resp.
23Nov01	Falco Fund LP - Limited Partnership Interest	1,600,000	1
23Aug01	Glencairn Explorations Ltd. - Flow-Through Common Shares	100,000	400,000
14Aug01	Glencairn Explorations Ltd. - Common Shares	468,750	2,500,000
23Aug01	Glencairn Explorations Ltd. - Flow-Through Common Shares	160,000	640,000
21Nov01	Gloucester Credit Card Trust - I Series 2001 - 2 Collateral Notes	\$54,250,000	\$54,250,000
23Nov01	Gulf International Minerals Ltd. - Convertible Debenture and Units	225,000	225,000
01Dec01	Highway 204 (Columbia) Associates Limited Partnership - Limited Partnership Units	3,535	3,535
26Nov01	Iceberg Media.com Inc. - Common Shares	150,000,000	750,000
22Oct01	Intrepid Minerals Corporation - Common Shares	300,000	1,000,000
23Oct01	Invanhoe Energy Inc. - Special Warrants	US\$11,304,800	7,065,500
22Oct01	Invanhoe Mines Ltd. - Special Warrants	3,470,889	3,470,889

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
27Nov01	KBSH Private - Fixed Income - Units	150,000	14,505
27Nov01	KBSH Private - US Equity - Units	150,000	8,553
27Nov01	KBSH Private - Canadian Equity - Units	150,000	10,132
03Dec01	KBSH Private - Capital Management Inc. - Money Market Fund - Units	150,000	15,000
15Nov01	Kingwest Avenue Portfolio - Units	927,089	47,484
15Nov01	Kingwest U.S. Equity Portfolio - Units	421,637	26,915
29Nov01	Lakefield Minerals Ltd. - Common Shares	750,000	750,000
29Nov01	Markham Hotel Limited Partnership - Limited Partnership Units	18,100,000	1,448
23Nov01	McElvaine Investment Trust, The - Trust Units	40,000	2,660
28Nov01	Meota Resources Corp. - Flow-Through Common Shares	1,500,000	375,000
31Oct01	Morgan Stanley Investment Management Inc. - Units	87,171,484	8,399,260
28Nov01	NB Capital Venture Fund, L.P. - Class A Limited Partnership Interests	3,000,000	3,000,000
19Nov01	Northfield - Common Shares	150,000	5,000,000
16Nov01	Ottawa Renegades Football Club Inc. - Common Shares	4,030,000	4,030,000
28Nov01	Ozz Corporation - Common Shares	150,000	375,000
30Nov01	Performance Group 31 Limited Partnership - Limited Partnership Units	200,000	176
11Oct01	Real Asset Investment Management Inc.	234,900	24,847
14Nov01	SHAAE (2001) Master Limited Partnership - Units of Limited Partnership Interest	55,111,573	3,401
30Nov01	Sobeys Properties Limited - 8.28% First Mortgage Atlantic	11,000,000	11,000,000
23Nov01	Sudbury Contact Mines Limited -	500,000	769,231
16Nov01	# The Korea Development Bank - Notes	\$15,875,000	\$15,875,000
29Nov01	Titanium Corporation Inc. - Special Warrants	3,000,000	1,666,667
30Nov01	Triple G Systems Group, Inc. Common Shares	2,253,300	1,502,000
20Nov01	VCA Antech - Common Shares	79,750	5,000
14Nov01	Weight Watchers - Common Stock	23,052	600
20Nov01 to 27Nov01	Welton Energy Limited - Flow Through Common Shares	450,000	45,000

Notice of Intention to Distribute Securities and Accompanying Declaration under Section 2.8 of Multilateral Instrument 45-102 Resale of Securities - Form 45-102F3

<u>Seller</u>	<u>Security</u>	<u>Amount</u>
Paros Enterprises Limited	Aktion Corporation - Common Shares	2,000,000
Duat Investments Ltd.	Active Control Technology Inc. - Common Shares	600,000
Jalovec, John	Carma Financial Services Corporation - Common Shares	250,000
Oszlak, Eli	CCC Internet Solutions Inc. - Common Shares	39,750
Timoteo, Paul	CCC Internet Solutions Inc. - Common Shares	46,375
Matthews, James	CCC Internet Solutions Inc. - Common Shares	46,375
Melnick, Larry	Champion Natural Health.com Inc. - Subordinate Voting Shares	29,900
Taronga Holdings Limited	Extendicare Inc. - Multiple Voting Shares	42,333
Kingfield Investments Limited	Extendicare Inc. - Multiple Voting Shares	42,333
Kingfield Investments Limited	Extendicare Inc. - Multiple Voting Shares	56,333
Gastle, William J.	Microbix Biosystems Inc. - Common Shares	495,000
Gastle, Susan M. S.	Microbix Biosystems Inc. - Common Shares	215,000

Notice of Exempt Financings

<u>Seller</u>	<u>Security</u>	<u>Amount</u>
Malion, Andrew J.	Spectra Inc. - Common Shares	600,000
Hawkins, Stanley G.	Tandem Resources Ltd. - Common Shares	2,000,000

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Chapter 9

Legislation

9.1 Legislation

9.1.1 Amendments to the Securities Act and Commodity Futures Act

NOTICE OF AMENDMENTS TO THE SECURITIES ACT AND THE COMMODITY FUTURES ACT

On December 5, 2001, the *Responsible Choices for Growth and Fiscal Responsibility Act (Budget Measures), 2001* (previously Bill 127) received Royal Assent. The Commission is publishing below amendments to the *Securities Act* and the *Commodity Futures Act* together with an explanation of the amendments.

III. Amendments to the Securities Act

This table shows the amendments to the *Securities Act* and provides a brief explanation of each amendment. All the amendments came into force on December 5, 2001, the day the *Responsible Choices for Growth and Fiscal Responsibility Act (Budget Measures), 2001* received Royal Assent.

Provision Before the Amendments	<i>Responsible Choices for Growth and Fiscal Responsibility Act (Budget Measures), 2001 - Part XXIV</i>	Explanatory Note
<p>"reporting issuer" means an issuer, (b.1) that has filed a securities exchange takeover bid circular under this Act before the date on which the <i>More Tax Cuts for Jobs, Growth and Prosperity Act, 1999</i> receives Royal Assent,</p>	<p>209. Clause (b.1) of the definition of "reporting issuer" in subsection 1(1) of the <i>Securities Act</i>, as enacted by the Statutes of Ontario, 1999, chapter 9, section 193, is repealed and the following substituted: (b.1) that has filed a securities exchange take-over bid circular under this Act before December 14, 1999,</p>	<p>The amendment includes the actual date that the <i>More Tax Cuts for Jobs, Growth and Prosperity Act, 1999</i> received Royal Assent.</p>
<p><i>Subsection 17(6) Disclosure in investigation or proceeding - A person appointed to make an investigation or examination under this Act may, for the purpose of conducting an examination or in connection with a proceeding commenced or proposed to be commenced by the Commission under this Act, disclose or produce anything mentioned in subsection (1).</i></p>	<p>210. Subsection 17(6) of the Act, as enacted by the Statutes of Ontario, 1999, chapter 9, section 196, is repealed and the following substituted: (6) A person appointed to make an investigation or examination under this Act may disclose or produce anything mentioned in subsection (1), but may do so only in connection with, (a) a proceeding commenced or proposed to be commenced by the Commission under this Act; or (b) an examination of a witness, including an examination of a witness under section 13.</p>	<p>Subsection 17(6) has been amended to clarify that the subsection includes an examination of a witness pursuant to section 13 of the <i>Securities Act</i>.</p>

<p><i>Paragraph 14 of subsection 35(2)</i> Securities issued by a mining company or a mining exploration company as consideration for mining claims where the vendor enters into such escrow or pooling agreement as the Director considers necessary.</p>	<p>211. Paragraph 14 of subsection 35(2) of the Act is repealed and the following substituted: 14. Securities issued by a mining company or a mining exploration company as consideration for mining claims, i. where the vendor enters into such escrow or pooling agreement as the Director considers necessary, or ii. where the security that is proposed to be issued, or the security underlying that security, is listed and posted for trading on a stock exchange recognized for the purpose of this paragraph by the Commission and the issuer has received (where required by the by-laws, rules or policies of that stock exchange) the consent of that stock exchange to the issuance of the security.</p>	<p>The amendment to subsection 35(2)14 removes the requirement for the Director to review escrow or pooling arrangements acceptable to a recognized stock exchange.</p>
<p><i>Subsection 62(1)</i> No distribution of a security to which subsection 53(1) applies shall continue longer than 12 months from the date of the issuance of the receipt for the final prospectus relating to the security, which shall be the lapse date, unless a new prospectus that complies with this Part is file and a receipt therefor is obtained from the Director.</p>	<p>212. (1) Subsection 62(1) of the Act, as re-enacted by the Statutes of Ontario, 1997, chapter 19, section 23, is repealed and the following substituted: Refiling of Prospectus (1) In this section "lapse date" means, with reference to a security that is being distributed under subsection 53(1) or this section, the date that is 12 months after the date of the most recent prospectus relating to the security. Same (1.1) No distribution of security to which subsection 53(1) applies shall continue after the lapse date, unless a new prospectus that complies with this Part is filed and a receipt for the new prospectus is obtained from the Director.</p>	<p>Subsection 62(1) has been amended to change the lapse date for a prospectus from 12 months from the date of the final receipt of the prospectus to 12 months from the date of the prospectus. This amendment has been made in order to harmonize the provision in the Ontario <i>Securities Act</i> with that found in other provincial securities legislation.</p>
<p><i>Subsection 62(2)</i> A distribution may be continued for a further twelve months if, (a) a <i>pro forma</i> prospectus prepared in accordance with the regulations is filed not less than thirty days prior to the lapse date of the previous prospectus; (b) a prospectus is filed not later than ten days following the lapse date of the previous prospectus; and (c) a receipt for the prospectus is obtained from the Director with in the twenty days following the lapse date of the previous prospectus.</p>	<p>(2) Subsection 62(2) of the Act is amended by inserting "after a lapse date" after "twelve months" in the portion before clause (a).</p>	<p>Subsection 62(2) has been amended to correspond to the change in the amended subsection 62(1).</p>
<p><i>Subsection 62(3)</i> The continued distribution of securities after the lapse date does not contravene subsection (1) unless and until any of the conditions of subsection (2) are not complied with.</p>	<p>(3) Subsection 62(3) of the Act is amended by striking out "subsection (1)" and substituting "subsection (1.1)".</p>	<p>Subsection 62(3) has been amended to correspond to the change in the amended subsection 62(1).</p>

<p><i>Subsection 72(1)(c)</i> the party purchasing as principal is a company or a person, other than an individual, and is recognized by the Commission as an exempt purchaser;</p>	<p>213. Clause 72(1)(c) of the Act is amended by striking out "other than an individual".</p>	<p>Clause 72(1)(c) has been amended to permit appropriately sophisticated individuals to qualify as "exempt purchasers". This change was made to fix this glitch in the 1999 Budget Bill amendments but this amendment has now been superseded by the new OSC Exempt Distributions Rule 45-501 which eliminated the exemption in 72(1)(c).</p>
<p><i>Section 85</i> Subject to section 88, if the management of a reporting issuer gives or intends to give to holders of its voting securities notice of a meeting, the management shall, concurrently with or prior to giving the notice to the security holders whose latest address as shown on the books of the reporting issuer is in Ontario; send by prepaid mail to each such security holder who is entitled to notice of meeting, at the security holder's latest address as shown on the books of the reporting issuer, a form of proxy for use at the meeting that complies with the regulations.</p>	<p>214. Section 85 of the Act is amended by striking out "by prepaid mail".</p>	<p>Section 85 has been amended to delete the references to "prepaid mail" as the required method of delivery; this will allow for electronic delivery of proxy materials in accordance with the guideline set out in National Policy 11-201 - Delivery of Documents by Electronic Means. However, please refer to National Policy Statement 41 - Shareholder Communication which is a deemed rule and which contains requirements for delivery of certain materials to non-registered shareholders by first class mail or by personal delivery; NP 41 is to be replaced by NI 54-101 and 54-102 which are expected to remove this obstacle to electronic delivery when they come into effect.</p>
<p><i>Clause 86(1)(a)</i> in the case of a solicitation by or on behalf of the management of a reporting issuer, an information circular, either as an appendix to or as a separate document accompanying the notice of the meeting, is sent by prepaid mail to each such security holder of the reporting issuer whose proxy is solicited at the security holder's latest address as shown on the books of the reporting issuer;</p>	<p>215. Clause 86(1)(a) of the Act is amended by striking out "by prepaid mail".</p>	<p>Clause 86(1)(a) has been amended to delete the references to "prepaid mail" as the required method of delivery; this will allow for electronic delivery information circulars in accordance with the guideline set out in National Policy 11-201 - Delivery of Documents by Electronic Means.</p>
<p><i>Subsection 130.1(8)</i> This section only applies, (a) to an offering memorandum which has been furnished to a prospective purchaser in connection with a distribution of a security under an exemption from section 53; and (b) in the circumstances specified in the regulations for the purposes of this section.</p>	<p>216. Subsection 130.1(8) of the Act, as enacted by the Statutes of Ontario, 1999, chapter 9, section 218, is repealed and the following substituted: (8) This section applies only with respect to an offering memorandum which has been furnished to a prospective purchaser in connection with a distribution of a security under an exemption from section 53 of the Act that is specified in the regulations for the purposes of this section.</p>	<p>Subsection 130.1(8) has been amended to clarify when the statutory right of action against an issuer or selling security holder for a misrepresentation in an offering memorandum applies.</p>

<p><i>Paragraph 36 of subsection 143(1)</i> Varying this Act to foreign issuers to facilitate distributions, compliance with requirements applicable or relating to reporting issuers and the making of takeover bids, issuer bids, insider bids, going-private transactions and related party transactions where the foreign issuers are subject to requirements of the laws of other jurisdictions that the Commission considers are adequate in light of the purposes and principles of this Act.</p>	<p>217. The English version of paragraph 36 of subsection 143(1) of the Act, as amended by the Statutes of Ontario, 1999, chapter 9, section 220, is further amended by striking out “to foreign issuers” and substituting “with respect to foreign issuers”.</p>	<p>Paragraph 36 of subsection 143(1) has been amended by adding the phrase “with respect to”.</p>
	<p>218. This Part comes into force on the day this Act receives Royal Assent.</p>	<p>The Act received Royal Assent on December 5, 2001</p>

IV. Amendments to the Commodity Futures Act

This table shows the amendment to the *Commodity Futures Act* with an explanation of the amendment. The amendment came into force on the day the Act received Royal Assent.

Summary of the Changes to the CFA

<p>Provision Before the Amendments</p>	<p><i>Commodity Futures Act - Part III</i></p>	<p>Explanatory Note</p>
<p><i>Subsection 9(4)</i> A person making an investigation or examination under section 7 or 8 may apply to a judge of the Superior Court of Justice in the absence of the public and without notice for an order authorizing the person or persons named in the order to enter and search any building, receptacle or place specified and to seize anything described in the authorization that is found in the building, receptacle or place and to bring it before the judge granting the authorization or another judge to be dealt with by him or her according to law.</p>	<p>8. Subsection 9(4) of the <i>Commodity Futures Act</i>, as enacted by the Statutes of Ontario, 1999, chapter 9, section 30, is amended by striking out “Superior Court of Justice” and substituting “ Ontario Court of Justice”.</p>	<p>Subsection 9(4) of the Act has been amended to change the name of the court referred to in the subsection.</p>
	<p>9. This Part comes into force on the day this Act receives Royal Assent.</p>	<p>The Act received Royal Assent on December 5, 2001.</p>

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

Aberdeen G7 Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated December 7th, 2001
Mutual Reliance Review System Receipt dated December 7th, 2001

Offering Price and Description:

\$ * (Maximum) \$15.00 per Unit. Minimum Purchase 150 Units

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
HSBC Securities Inc.
Raymond James Ltd.
Yorkton Securities Inc.
Canaccord Capital Corporation
Trilon Securities Corporation

Promoter(s):

Aberdeen Asset Managers (C.I.) Limited
Project #408611

Issuer Name:

Alimentation Couche-Tard Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Prospectus dated December 7th, 2001
Mutual Reliance Review System Receipt dated December 7th, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Desjardins Securities Inc.
Dundee Securities Corporation
Harriss Partners Limited

Promoter(s):

-

Project #408645

Issuer Name:

Basis100 Inc.

Type and Date:

Preliminary Short Form Prospectus dated December 12th, 2001
Receipt dated December 12th, 2001

Offering Price and Description:

\$20,000,000 - 6.00% Convertible Unsecured Debentures due December 30, 2006

@\$1,000.00 plus accrued interest, if any, per Convertible Debenture

Underwriter(s) or Distributor(s):

Griffiths McBurney & Partners
Paradigm Capital Inc.

Promoter(s):

-

Project #409423

Issuer Name:

Bioscrypt Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated December 3rd, 2001
Mutual Reliance Review System Receipt dated December 6th, 2001

Offering Price and Description:

\$11,723,998 - 7,277,212 Common Shares issuable upon the exercise of 7,277,212 previously issued Special Warrants

Underwriter(s) or Distributor(s):

National Bank Financial Inc.
Paradigm Capital Inc.
TD Securities Inc.
Raymond James Ltd.

Promoter(s):

-

Project #408147

Issuer Name:

Cognicase Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Prospectus dated December 10th, 2001
Mutual Reliance Review System Receipt dated December 10th, 2001

Offering Price and Description:

\$40,400,000 - 4,000,000 Common Shares

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
National Bank Financial Inc.
Yorkton Securities Inc.
RBC Dominion Securities Inc.

Promoter(s):

-

Project #408912

Issuer Name:

Credit Union Central of British Columbia
Principal Regulator - British Columbia

Type and Date:

Preliminary Short Form Shelf Prospectus dated December 7th, 2001

Mutual Reliance Review System Receipt dated December 10th, 2001

Offering Price and Description:

\$200,000,000 Medium Term Notes

Underwriter(s) or Distributor(s):

TD Securities Inc.
CIBC World Markets Inc.

Promoter(s):

-
Project #408762

Issuer Name:

Fidelity RSP Global Opportunities Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated December 5th, 2001
Mutual Reliance Review System Receipt dated December 6th, 2001

Offering Price and Description:

(Series A, F, and O Units)

Underwriter(s) or Distributor(s):

Fidelity Investments Canada Limited

Promoter(s):

N/A
Project #408120

Issuer Name:

First Tower Enterprises Inc.
Principal Regulator - British Columbia

Type and Date:

Preliminary Prospectus dated December 3rd, 2001
Mutual Reliance Review System Receipt dated December 7th, 2001

Offering Price and Description:

\$1,500,000 to \$2,000,000 - 6,000,000 to 8,000,000 Common Shares @ \$0.25 per Common Share

Underwriter(s) or Distributor(s):

Yorkton Securities Inc.

Promoter(s):

-
Project #408488

Issuer Name:

Shell Canada Limited
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Shelf Prospectus dated December 10th, 2001

Mutual Reliance Review System Receipt dated December 10th, 2001

Offering Price and Description:

\$500,000,000 - Medium Term Notes (Unsecured)

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.

Promoter(s):

-
Project #408960

Issuer Name:

Stressgen Biotechnologies Corporation
Principal Regulator - British Columbia

Type and Date:

Preliminary Short Form Prospectus dated December 5th, 2001

Mutual Reliance Review System Receipt dated December 5th, 2001

Offering Price and Description:

\$25,000,015 - 6,024,100 Common Shares @ \$4.15 per Common Share

Underwriter(s) or Distributor(s):

Raymond James Ltd.
BMO Nesbitt Burns Inc.
Yorkton Securities Inc.

Promoter(s):

-
Project #408105

Issuer Name:

Yes Capital Corp.
Principal Regulator - British Columbia

Type and Date:

Preliminary Prospectus dated December 3rd, 2001
Mutual Reliance Review System Receipt dated December 5th, 2001

Offering Price and Description:

\$1,200,000 - 4,000,000 Common Shares

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

-
Project #407922

Issuer Name:

Canadian Revolving Auto Floorplan Trust
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated December 12th, 2001
Mutual Reliance Review System Receipt dated 12th day of
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.

Promoter(s):

Daimlerchrysler Financial Services (debis) Canada Inc.
Project #401422

Issuer Name:

Davis + Henderson Income Fund
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated December 11th, 2001
Mutual Reliance Review System Receipt dated 12th day of
December, 2001

Offering Price and Description:

-

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:

Diversified Canadian Financial II Corp.
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated December 11th, 2001
Mutual Reliance Review System Receipt dated 12th day of
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
Trilon Securities Corporation
Thomson Kernaghan & Co. Ltd.

Promoter(s):

Trilon Securities Corporation
Project #393762

Issuer Name:

Gabriel Resources Ltd.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated December 11th, 2001
Mutual Reliance Review System Receipt dated 12th day of
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Dundee Securities Corporation

Promoter(s):

V. Frank Timis
Project #401794

Issuer Name:

High Point Energy Corp.
Principal Regulator - Alberta

Type and Date:

Final Prospectus dated December 7th, 2001
Mutual Reliance Review System Receipt dated 12th day of
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

Glen A. Yeryk
Glenn R. Carley
Project #399266

Issuer Name:

HIGHWOOD RESOURCES LTD.
Principal Regulator - Alberta

Type and Date:

Final Prospectus dated December 10th, 2001
Mutual Reliance Review System Receipt dated 11th day
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

Project #397629

Issuer Name:

Manulife Financial Capital Trust
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated December 5th, 2001
Mutual Reliance Review System Receipt dated 6th day of
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

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

Promoter(s):

-

Project #398566

Issuer Name:

Medicure Inc.
Principal Regulator - Manitoba

Type and Date:

Final Prospectus dated December 10th, 2001
Mutual Reliance Review System Receipt dated 12th day of
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Research Capital Corporation
Desjardins Securities Inc.

Promoter(s):

Albert D. Friesen

Project #401085

Issuer Name:

Sherwood Mining Corporation
Principal Regulator - British Columbia

Type and Date:

Final Prospectus dated December 7th, 2001
Mutual Reliance Review System Receipt dated 11th day of
December, 2001

Offering Price and Description:

-

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:

Advantage Energy Income Fund
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated December 10th, 2001
Mutual Reliance Review System Receipt dated 10th day of
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.

Promoter(s):

Advantage Investment Management Ltd.

Project #407123

Issuer Name:

Bell Canada International Inc.
Principal Regulator - Quebec

Type and Date:

Final Short Form Prospectus dated December 7th, 2001
Mutual Reliance Review System Receipt dated 7th day of
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #407356

Issuer Name:

Canadian Imperial Bank of Commerce
Principal Regulator - Ontario

Type and Date:

Final Short Form Shelf Prospectus dated December 6th, 2001
Mutual Reliance Review System Receipt dated 6th day of
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #403987

Issuer Name:

Canadian Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated December 6th, 2001
Mutual Reliance Review System Receipt dated 6th day of
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Raymond James Ltd.

Promoter(s):

-

Project #404985

Issuer Name:

Inex Pharmaceuticals Corporation
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated December 5th, 2001
Mutual Reliance Review System Receipt dated 6th day
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
Raymond James Ltd.
RBC Dominion Securities Inc.
Yorkton Securities Inc.
Dlouhy Merchant Group Inc.

Promoter(s):

-

Project #404386

Issuer Name:

Kingsway Financial Services Inc.
Principal Regulator - Ontario

Type and Date:

Final Short Form PREP Prospectus dated December 10th,
2001
Mutual Reliance Review System Receipt dated 11th day of
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

HSBC Securities (Canada) Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
National Bank Financial Inc.

Promoter(s):

-

Project #403109

Issuer Name:

Maple Leaf Foods Inc.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated December 6th, 2001
Mutual Reliance Review System Receipt dated 6th day
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.

Promoter(s):

-

Project #405948

Issuer Name:

Pengrowth Energy Trust
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated December 10th, 2001
Mutual Reliance Review System Receipt dated 11th day
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
CIBC World Markets Inc.
TD Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Dundee Securities Corporation
FirstEnergy Capital Corp.

Promoter(s):

-

Project #407309

Issuer Name:

Provident Energy Trust
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated December 6th, 2001
Mutual Reliance Review System Receipt dated 6th day of
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
Canaccord Capital Corporation

Promoter(s):

-

Project #405406

Issuer Name:

Trojan Technologies Inc.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated December 10th, 2001
Mutual Reliance Review System Receipt dated 10th day of
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

-

Project #407064

Issuer Name:

TUNDRA SEMICONDUCTOR CORPORATION
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated December 11th, 2001
Mutual Reliance Review System Receipt dated 11th day of
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Paradigm Capital Inc.

Promoter(s):

-

Project #405886

Issuer Name:

United Grain Growers Limited

Type and Date:

Final Short Form Prospectus dated December 11th, 2001
Mutual Reliance Review System Receipt dated 12th day of
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
HSBC Securities (Canada) Inc.
Pollitt & Co. Inc.
Wellington West Capital Inc.

Promoter(s):

-

Project #403249

Issuer Name:

Capital International - International Equity
Capital International - U.S. Equity
Capital International - Global Small Cap
Capital International - Global Discovery
Capital International - U.S. Small Cap
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form
dated December 3rd, 2001
Mutual Reliance Review System Receipt dated 7th day of
December, 2001

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #397643

Issuer Name:

EnerVest Natural Resource Fund Ltd.
Principal Regulator - Alberta

Type and Date:

Final Simplified Prospectus and Annual Information Form
dated November 30th, 2001
Mutual Reliance Review System Receipt dated 6th day of
December, 2001

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #396220

Issuer Name:

E&P Cabot Canadian Equity Fund
E&P Cabot Blue Chip Fund
E&P Cabot Global MultiStyle Fund
(Class A Units)

Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form
dated December 10th, 2001
Mutual Reliance Review System Receipt dated 12th day of
December, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Elliott & Page Limited

Promoter(s):

-

Project #400478

Issuer Name:

Primerica Canadian Aggressive Growth Portfolio Fund
Primerica International Aggressive Growth Portfolio Fund
Primerica International RSP Aggressive Growth Portfolio Fund
Primerica Canadian High Growth Portfolio Fund
Primerica International High Growth Portfolio Fund
Primerica Canadian Growth Portfolio Fund
Primerica International Growth Portfolio Fund
Primerica Canadian Balanced Portfolio Fund
Primerica Canadian Conservative Portfolio Fund
Primerica Canadian Income Portfolio Fund
Primerica Canadian Money Market Portfolio Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form
dated November 29th, 2001
Mutual Reliance Review System Receipt dated 12th day of
December, 2001

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

PFSL Investments Canada Ltd.

Promoter(s):

-

Project #396980

Issuer Name:

Trimark RSP Fund
(Series SC Units)
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form
dated December 7th, 2001
Mutual Reliance Review System Receipt dated 11th day of
December, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

AIM Funds Management Inc.

Promoter(s):

-

Project #398894

Issuer Name:

Pethealth Inc.

Type and Date:

Rights Offering dated November 6th, 2001
Accepted November 22nd, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Promoter(s):

-

Project #399438

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Chapter 12
Registrations

THERE IS NO MATERIAL FOR THIS CHAPTER
IN THIS ISSUE

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1 SRO Notices

13.1.1 TSE Regulation Services Sets Contested Hearing Date - in the Matter of First Associates Investments Inc.

NOTICE TO PUBLIC

TORONTO STOCK EXCHANGE REGULATION SERVICES SETS CONTESTED HEARING DATE

IN THE MATTER OF FIRST ASSOCIATES INVESTMENTS INC.

Toronto Stock Exchange Regulation Services ("Regulation Services") will convene a Hearing before a Panel of the Hearing Committee (the "Hearing Panel") of the Toronto Stock Exchange. The purpose of this Hearing is to determine whether First Associates Investments Inc. ("First Associates"), a Participating Organization of the Exchange, contravened or failed to comply with the Rules (the "Rules") of the Toronto Stock Exchange. The alleged contraventions of the Rules are as follows:

- (a) Between July 1999 and February 2000, First Associates failed to ensure that one of its employees was approved as an Approved Trader in compliance with Section 8.15(1)(a) of the General By-law (now Rule 4-405(1)) prior to the Approved Trader entering orders on the Exchange. First Associates therefore failed to ensure that the Approved Trader complied with Exchange Requirements, contrary to Section 8.35 of the General By-law (now Rule 2-401(5)).
- (b) First Associates failed to notify the Exchange of the Approved Trader's employment, contrary to Section 8.16 of the General By-law (now Rule 4-405(5)).

The Hearing will be held on January 10 & 11, 2002 beginning at 10:00 a.m. or as soon thereafter as the Hearing can be held, at the offices of ADR Chambers, 48 Yonge Street, Toronto, Ontario. The Hearing is open to the public.

The decision of the Hearing Panel and the terms of any discipline imposed will be published by Regulation Services in a Notice to Participating Organizations.

Reference:

Jane P. Ratchford
Chief Counsel, Investigations and Enforcement Division
Toronto Stock Exchange Regulation Services

Telephone: 416-947-4317

13.1.2 TSE Regulation Services sets Hearing Date - in the Matter of Michael Gallo, Jr.

NOTICE TO PUBLIC

TORONTO STOCK EXCHANGE REGULATION SERVICES SETS HEARING DATE *IN THE MATTER OF MICHAEL GALLO, JR.*

TO CONSIDER AN OFFER OF SETTLEMENT

Toronto Stock Exchange Regulation Services ("Regulation Services") will convene a Hearing before a Panel of the Hearing Committee (the "Hearing Panel") of the Toronto Stock Exchange (the "Exchange") to consider an Offer of Settlement entered into between Regulation Services and Michael Gallo, Jr., an Approved Person employed by Yorkton Capital Inc., a wholly-owned subsidiary of Yorkton Securities Inc. ("Yorkton"), a Participating Organization of the Exchange.

Under the terms of the Offer of Settlement, Mr. Gallo admits that he committed the following violation:

On May 22, 2001, Mr. Gallo executed a prohibited trade when he purchased 200 shares of Axcan Pharma Inc. ("AXP") at \$16.95 on a "zero plus" tick at a time when Yorkton was involved in a distribution of AXP shares at \$17.00 per share and had restricted trading in the stock, contrary to Rule 7-106(b) of the Rules of the Exchange.

According to Rule 6.03 of the Rules Governing the Practice and Procedure of Hearings, the Hearing Panel may accept or reject an Offer of Settlement. In the event the Offer of Settlement is accepted, the matter becomes final and there can be no appeal of the matter. In the event the Offer of Settlement is rejected, Regulation Services may proceed with a hearing of the matter before a differently constituted Hearing Panel.

The Hearing will be held on December 20, 2001 at 10:00 a.m. or as soon thereafter as the Hearing can be held, at the offices of the Toronto Stock Exchange, 130 King Street West, Toronto, Ontario. The Hearing is open to the public.

The decision of the Hearing Panel and the terms of any discipline imposed will be published by Regulation Services in a Notice to Participating Organizations.

Reference:

Jane P. Ratchford
Chief Counsel
Investigations and Enforcement Division
Toronto Stock Exchange Regulation Services
Telephone: 416-947-4317

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Chapter 25

Other Information

25.1.1 Securities

RELEASE FROM ESCROW

<u>COMPANY NAME</u>	<u>DATE</u>	<u>NUMBER AND TYPE OF SHARES</u>	<u>ADDITIONAL INFORMATION</u>
Goldlist Properties Inc.	December 7, 2001	1,057,265 Common Shares	

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