The Ontario Securities Commission

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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
Cadillac Fairview Tower
Suite 800, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

416-593-8314 or Toll Free 1-877-785-1555

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IHS/Micromedia Limited
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M5C 2N8

416-362-5211 or 1-800-387-2689

Contact Centre - Inquiries, Complaints:	Fax: 593-8122
Capital Markets Branch:	Fax: 593-3651
Capital Markets - Registration:	Fax: 593-8283
Corporate Finance - Filings Team 1:	Fax: 593-8244
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General Counsel's Office:	Fax: 593-3681
Office of the Secretary:	Fax: 593-2318

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

February 15, 2002

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

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

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

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Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
H. Lorne Morphy, Q. C.	—	HLM
R. Stephen Paddon, Q.C.	—	RSP

SCHEDULED OSC HEARINGS

Date to be announced	**Mark Bonham and Bonham & Co. Inc.** s. 127 M. Kennedy in attendance for staff Panel: TBA
March 5,7, 8, 19,21,22,28, 29/02 9:30 a.m. March 12 & 26/02 2:00 p.m. April 2,4,5,11,12/02 9:30 a.m. April 9/02 2:00 p.m.	**YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths McBurney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)** s.127 K. Daniels/M. Code/J. Naster/I. Smith in attendance for staff. Panel: HIW / DB / RWD
January 24, 2002 10:00 a.m.	**Yorkton Securities Inc., Gordon Scott Paterson, Piergiorgio Donnini, Roger Arnold Dent, Nelson Charles Smith and Alkarim Jivraj (Piergiorgio Donnini)** s. 127(1) and s. 127.1 J. Superina in attendance for Staff Panel: TBA
February 15, 28, 2002 9:30 a.m.	**Arlington Securities Inc. and Samuel Arthur Brian Milne** J. Superina in attendance for Staff s. 127 Panel: PMM

February 15, 2002 9:30 a.m.	**Livent Inc., Garth H. Drabinsky, Myron I. Gottlieb, Gordon Eckstein and Robert Topol** J. Superina in attendance for Staff s. 127 Panel: TBA
February 27, 2002 10:00 a.m.	**Rampart Securities Inc.** T. Pratt in attendance for Staff s. 127 Panel: PMM
April 15 - 19, 2002 9:00 a.m.	**Sohan Singh Koonar** s. 127 J. Superina in attendance for Staff Panel: PMM
May 1, 2 & 3, 2002 10:00 a.m.	**James Frederick Pincock** s. 127 J. Superina in attendance for Staff Panel: TBA
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

ADJOURNED SINE DIE

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

Michael Bourgon

DJL Capital Corp. and Dennis John Little

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

First Federal Capital (Canada) Corporation and Monter Morris Friesner

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

Global Privacy Management Trust and Robert Cranston

Irvine James Dyck

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

Offshore Marketing Alliance and Warren English

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

S. B. McLaughlin

Southwest Securities

Terry G. Dodsley

1.1.2 Interim Requirements for Insiders and Issuers Affected by Suspension of SEDI Operation

CANADIAN SECURITIES ADMINISTRATORS' STAFF NOTICE 55-305

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

INTERIM REQUIREMENTS FOR INSIDERS AND ISSUERS AFFECTED BY SUSPENSION OF SEDI OPERATION

The Canadian Securities Administrators (CSA) have asked CDS INC., the SEDI system developer and operator, to suspend operation of SEDI due to technical difficulties. This suspension of SEDI will permit the required diagnostic and repair work to be performed. The CSA and CDS INC. will make every effort to remedy the situation as quickly as possible. It is not known at this time when SEDI will be back on-line. The CSA will continue to update issuers and insiders on this matter.

During the period that SEDI's operation is suspended, insiders and issuers (or their agents) will be unable to access SEDI. This notice explains the interim requirements during the suspension for insiders and issuers affected by SEDI's unavailability, as well as certain transitional requirements when SEDI becomes fully operational. The CSA will issue a notice sufficiently in advance of SEDI becoming fully operational to notify insiders and issuers of that date, as well as additional steps they will need to take to resume filing on SEDI.

Insiders

Insider reports

Insiders are still required to comply with their insider reporting obligations. Insiders of SEDI issuers can file their insider reports in paper using Form 55-102F6, in accordance with Part 3 of National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)* ("NI 55-102"). Insiders who do so will not have to refile these reports in SEDI when SEDI becomes fully operational. Please note that Form 55-102F6 has new codes both in respect of nature of transaction and type of ownership.

Insiders of SEDI issuers who filed reports in reliance on the temporary hardship exemption since January 21, 2002, will not have to refile their reports in SEDI when SEDI becomes fully operational.

Insiders of SEDI issuers will resume filing insider reports on SEDI on the date SEDI becomes fully operational.

Amendments to existing insider profiles

Insiders will not have to file amendments to existing insider profiles during the suspension. Insiders will have 10 days from the date SEDI becomes fully operational to file these amendments in SEDI.

Issuers

Amendments to existing issuer profile supplements

SEDI issuers will not have to file amendments to existing issuer profile supplements during the suspension. SEDI issuers must file these amendments as soon as possible after the date SEDI becomes fully operational.

Please note that SEDI issuers should continue to update their SEDAR profiles.

New issuer profile supplements

Issuers who become SEDI issuers during the suspension will not have to file issuer profile supplements during the suspension. These new SEDI issuers will have three days from the date SEDI becomes fully operational to file their issuer profile supplements.

Issuer event reports

SEDI issuers will not have to file issuer event reports for any issuer events that occur during the suspension.
We regret the inconvenience. For further information, please contact:

Melinda Ando
Legal Counsel
Alberta Securities Commission
Telephone: (403) 297-7274
E-mail: melinda.ando@seccom.ab.ca

Kathleen Blevins
Legal Counsel
Alberta Securities Commission
Telephone: (403) 297-3308
E-mail: kathleen.blevins@seccom.ab.ca

Agnes Lau
Deputy Director, Capital Markets
Alberta Securities Commission
Telephone: (780) 422-2191
E-mail: agnes.lau@seccom.ab.ca

Andrew Richardson
Manager, Financial and Insider Reporting
British Columbia Securities Commission
Telephone: (604) 899-6730
or (800) 373-6393 (in B.C. and Alberta)
E-mail: arichardson@bcsc.bc.ca

Cynthia Rogers
Senior Legal Counsel, Corporate Finance
Ontario Securities Commission
Telephone: (416) 593-8261
E-mail: crogers@osc.gov.on.ca

Winnie Sanjoto
Legal Counsel, Corporate Finance
Ontario Securities Commission
Telephone: (416) 593-8119
E-mail: wsanjoto@osc.gov.on.ca

Sylvie Lalonde
Conseillère en règlementation
Commission des valeurs mobilières du Québec
Telephone: (514) 940-2199 ext. 4555
E-mail: sylvie.lalonde@cvmq.com

Élyse Turgeon
Avocate
Commission des valeurs mobilières du Québec
Telephone: (514) 940-2199 ext. 4523
E-mail: elyse.turgeon@cvmq.com

February 11, 2002.

1.1.3 Recognition of Market Regulation Services Inc. - Notice of Approval

RECOGNITION OF MARKET REGULATION SERVICES INC. NOTICE OF APPROVAL

RS Inc. recognition

On January 29, 2002, the Commission recognized Market Regulation Services Inc. (RS Inc.) as a self-regulatory organization. RS Inc. will operate as a regulation services provider under the Alternative Trading System (ATS) rules and will administer and enforce trading rules for the marketplaces that retain its services.

Alberta, British Columbia, Manitoba and Quebec also recognized RS Inc. as a self-regulatory organization.

The RS Inc. recognition has three components:

1. **Recognition order with terms and conditions** – The recognizing regulators issued orders recognizing RS Inc. with terms and conditions based on recognition criteria. A copy of the Ontario recognition order is published in Chapter 2 of this bulletin.

2. **Rules and Policies** – The recognizing regulators approved the Universal Market Integrity Rules (UMIRs). A copy of the UMIRs and the policies under the UMIRs is published in Chapter 13 of this bulletin.

3. **Oversight program** – The recognizing regulators established an oversight program for RS Inc. under a memorandum of understanding (MOU). The MOU includes a joint rule protocol for the review and approval of rules, the filing of significant changes to RS Inc.'s operations, and the performance of examinations of RS Inc.'s regulation services. A copy of the MOU is attached.

The Commission published the RS Inc. application for recognition on October 12, 2001 at (2001), 24 OSCB 6125. Eight commenters responded to the request for comments. A summary of the comments and the response of the recognizing regulators is attached.

TSE amended recognition order

The Toronto Stock Exchange Inc. (TSE) intends to retain RS Inc. as a regulation services provider. As a result, the Commission issued an order amending the TSE's recognition as a stock exchange to amend the requirements concerning regulation services. A copy of the amended TSE recognition order is published in Chapter 2 of this bulletin.

1.1.4 Application for Recognition of RS Inc. - Summary of Comments Received

Application for Recognition of RS Inc.
Summary of Comments Received

Reference	Commentator and Comments	Response
Question 1 – Do the proposed ownership structure and corporate governance rules of RS Inc. avoid or adequately manage conflicts of interest related to its status as a self-regulatory organization?	**BMO Nesbitt Burns Inc. ("BMO")** – The proposed ownership structure is acceptable; concerned that the corporate governance rules may become inadequate if there are significant shifts in the marketplace over time. **Barclays Global Investors ("BGI")** – Proposed ownership structure and corporate governance rules are appropriate; however, they should be subject to a preset review at a certain time in the future to address any potential changes in the marketplace. **Canadian Trading and Quotation System Inc. ("CNQ")** – Shareholding by a regulated party in the regulator inherently creates a conflict of interest. The proposals of the IDA, TSE and RS Inc. recognise this and the proposed ownership structure and corporate governance rules of RS Inc. probably adequately manage it. **Canadian Security Traders Association, Inc. ("CSTA")** – The potential for conflict of interest given the ownership format and the large TSE participation on the board is a major concern; CDNX should be added to the board of RS to have a broader board representation. Regardless of the structure instituted, there should be an initial trial period after which the OSC or another regulatory body should determine if the structure is adequate. Another concern is that RS is adding another layer of bureaucracy and fees.	**We are of the view that the current corporate governance structure of RS Inc. adequately addresses conflicts of interests. We included a term and condition in the recognition order that requires RS Inc. to review its corporate governance model within 12 months from the date of recognition and periodically after that to ensure that the model appropriately reflects the market structure.**
Question 2 – Is the calculation for determining Market Share appropriate (i.e. 25% trading value, 25% trading volume and 50% number of trades)?	**BMO** – The 10% threshold for CDNX's "Market Share" in Canadian equity securities (before CDNX is entitled to nominate a 5th independent Director) is too high. Recommends 5%. **CNQ** – The perceived need to calculate Market Share to base entitlement to appoint directors to RS Inc. only heightens concerns about conflicts of interest and may undermine the perception of the independence of RS Inc. The nomination of all directors (independent and non-independent) should be the responsibility of the corporate governance committee of RS Inc. **Bourse de Montréal Inc. ("Bourse")** – If a marketplace can trade in derivatives then the definition of "Market Share" should not be limited to the Canadian equity securities market, but should include some representation of the derivatives market representatives. **CSTA** – How is the formula calculated? If CDNX attains 10% market share and appoints a fifth non-independent director what happens if CDNX then falls below 10%?	**We required RS Inc. to review its corporate governance model within 12 months of recognition and periodically after that. This will include a review of the formula for calculating "Market Share".** **At the present time, RS Inc. will only be regulating the equity market. If RS Inc. becomes a market regulator for the derivatives market, the calculation will be revisited.** **If CDNX has 10% of the Market Share in a calendar year, it will be entitled to nominate the fifth non-independent director for the subsequent term. If, at the end of that term, CDNX's position for that year does not reach or exceed 10% of the Market Share, then CDNX will not be entitled to representation in the subsequent term. In that case, the TSE and IDA will jointly nominate the fifth non-independent director who will be an individual who is associated with or experienced with the Canadian public venture capital market.**
Question 3 – Does RS Inc.'s proposal for ensuring that there is at least one ATS representative on its board at all times do so appropriately?	**BMO** – Yes. Although the 10% threshold is too high. It should be 5% **CSTA** – As long as the ATSs are a significant part of the market share there should be an ATS representative on the board; however, there should be a maximum number of ATS representatives and the ATS representative should be considered a non-independent director.	**RS Inc. will have at least one ATS representative on its board at all times. In addition, if an ATS were to reach 10% of the Market Share, it would be entitled to nominate a non-independent director. This is appropriate given the current structure of the equity market. If the structure of the market changes significantly, this will be reviewed. If the ATS representative is associated with an ATS, that individual will be considered to be a non-independent director.**

Reference	Commentator and Comments	Response
Question 4 – Is the definition of "independent director" appropriate? Should there be a "cooling off" period before an individual who has been associated with any exchange, quotation and trade reporting system or ATS can be considered eligible to serve as an independent director of RS Inc.?	**BMO** – The definition of "independent director" is appropriate. A "cooling off" period would also be appropriate. **CNQ** – The definition of "independent director" is appropriate. No "cooling off" period is necessary for an individual to be considered eligible to serve as an independent director of RS Inc. **CSTA** – The definition of "independent director" is not appropriate. The current definition excludes persons such as buy side participants, brokers and all institutional and retail investors who use an ATS; based on the definition's current criteria it will be difficult to attract people with the right qualifications onto the board. There is no need for a "cooling off" period. If an individual has severed ties to a previous employer who qualifies as non-independent and resurfaces as an independent, this should be sufficient. Strongly agree that there should be independent directors on the board, but what are to be the credentials required?	**The definition of "independent director" has been amended so that non-dealer subscribers are no longer excluded from being independent directors. The definition of "independent director" excludes the President of RS Inc., an associate, director, officer or employee of a marketplace to which RS Inc. provides regulation services, a marketplace participant that is a dealer, a shareholder of RS Inc. or an affiliated entity of either of them. The Governance Committee will be responsible for selecting independent directors under the Governance Committee Guidelines. The Guidelines provide that the Committee will select individuals who are qualified to act as independent directors and ensure that the independent directors represent a variety of constituencies, including representatives of institutional investors, issuers and regional representatives.** **A specific cooling-off period is not necessary as the concept has been included in the Guidelines of the Governance Committee. Specifically, the Committee will consider any affiliations the candidate has had with any exchange, QTRS or ATS in determining whether the candidate is qualified to act as an independent director.**
Question 5 - Please comment on the proposed fee model, allocating costs on a market-by-market basis and, in particular, whether it would create a barrier to entry for ATSs.	**BMO** – The fee model is reasonable and should not create a barrier to entry for ATSs. **BGI** – The proposed fee model is likely to create a barrier for entry to new ATSs. Any fee model that does not reflect the actual expense incurred by RS Inc. in regulating a given entity is inappropriate. Those marketplaces whose business model is more limited should not subsidize those marketplaces whose business models require more expensive regulation. **CNQ** – It is appropriate that a separate cost calculation be performed with respect to regulation of each market subject to the ensurance that the actual costs for each market are recovered and that one market is not subsidizing the cost of regulation of another. The apportionment and weightings are appropriate subject to RS Inc. reviewing the weighting allocations on a going forward basis. Do not believe that the allocation model will create a barrier to entry for ATS's. **CSTA** – Difficult to answer as the fee structure has not yet been made available. The ATSs and the other exchanges should have a common fee schedule; a trade on the TSE and a trade on an ATS should cost the same.	**RS Inc. has revised its fee model. The fee model consists of: (1) a fixed annual fee of $5,000 to Participating Organizations and subscribers who are registered or who are institutional investors; and (2) a variable fee of 26.72 cents per 1000 shares traded. RS Inc. will operate on a cost-recovery basis. All new marketplaces will be charged a one-time fee for providing them with a connection to RS Inc. systems plus certain on-going costs. The cost will be approximately $100,000 per ATS.** **The fee model will be reviewed within 12 months to ensure that it is reasonable and appropriate. We included a term and condition in the recognition order that requires RS Inc. to review its fee model within 12 months from the date of recognition and periodically after that.**
Question 6 - Is the fee model proposed by RS Inc. fair and reasonable with respect to allocating costs to ATSs that trade foreign securities?	**BMO** – The fee model regarding foreign securities is reasonable. If an ATS trades foreign securities exclusively, a different regulation services provider may be a better solution. **CNQ** – It would be inappropriate for Canadian exchanges or QTRS' to subsidize the regulation of ATS's that trade foreign securities, and accordingly the fee model is fair and reasonable. **CSTA** – Foreign securities not traded on a Canadian exchange should be treated as a distinct market. Do not believe that regulating foreign securities traded outside of Canada is part of the RS mandate.	**RS Inc. has revised its fee model. The revised fee model no longer treats foreign securities as a distinct market. The 12-month review of the fee model would include foreign securities.**

Reference	Commentator and Comments	Response
Question 7 - Please comment on whether a surcharge of up to 15% on the cost of the services the TSE will provide to RS Inc. is appropriate.	**BMO** – No surcharge is appropriate. Regulatory services should be at cost and should not create a profit for the TSE. In the absence of a description or estimate of the value of any service provided to RS Inc., it is impossible to know if any surcharge is reasonable. **CNQ** – RS Inc. should be looking to obtain those services provided to it by TSE on the most cost effective basis. Since the TSE is a for profit enterprise it is reasonable for TSE to charge RS Inc. a mark up of up to 15%. **CSTA** – A surcharge would not be appropriate at this time. Although charging for services is appropriate, the 15% mark-up is too high, especially at inception.	**RS Inc. has agreed to investigate the costs of obtaining comparable services to those provided by the TSE from a third party and to keep track of the services it provides to marketplaces to ensure that its fee model is reasonable and appropriate. The TSE has also agreed to keep track of the costs of the services it charges to RS Inc.**
Question 8 - What would be the approximate cost to an ATS of providing data in STAMP format initially? What would be an appropriate phase-in period for RS Inc. to accept data in FIX format?	**BMO** – Requiring all data feeds in STAMP format is a barrier to access, as STAMP is a TSE-specific application. U.S. ECNs should not be required to use STAMP. Marketplaces should be allowed to use FIX or XML. **CNQ** – RS Inc. should support data feeds in STAMP format, FIX format or other functionally equivalent formats. Requiring data feeds in the format used by a market or the principal marketplace of a marketplace is reasonable, provided that format is reasonably state-of-the-art and available to all marketplaces in that market. If a market or principal marketplace is prepared to provide RS Inc. the technology to utilize data feeds in a functionally equivalent alternative format then RS Inc. should not require the marketplace to provide data feeds in STAMP format merely to permit RS Inc. to utilize legacy systems. **CSTA** – Unable to estimate the cost to an ATS of providing data in STAMP format at this time; eventually all data should be provided in FIX format, with a two year phase-in period.	**We did not receive data on the approximate cost to an ATS of providing data in STAMP format; however, RS Inc. has indicated that it will accept data feeds in formats other than STAMP format. We understand that it may take 90 days or more for RS Inc. to create the software necessary to accept data in FIX format once it receives a request from an ATS. Alternatively, an ATS may purchase software that translates data from FIX format to STAMP format.**
Question 9 - Please comment on whether it is appropriate for RS Inc. to require that a marketplace give RS Inc. staff access to its systems to implement regulatory decisions.	**BMO** – RS Inc. should have access to the systems of all marketplaces. Appropriate access to implement regulatory decisions should require: tightly defined regulatory conditions, economical and efficient solutions and ability of marketplace to isolate parts of its system subject to regulatory access. **CNQ** – Subject to establishing a process for a marketplace and RS Inc. to arbitrate a regulatory decision made by RS Inc., it is appropriate for RS Inc. staff to have access to a marketplace's system to implement regulatory decisions. **CSTA** – It is inappropriate that all marketplaces be compelled to give RS Inc. staff access to their systems to implement regulatory decisions; it should be sufficient for RS Inc. to order all marketplaces to comply with regulatory decisions without invading their systems.	**The same process for regulatory halts will apply to exchanges and ATSs. In general, RS Inc. will have the ability to instantaneously administer halts. This may be done by RS Inc. directly or by the marketplace at the direction of RS Inc. Staff.**
Capacity and Integrity of Systems – At least initially, RS Inc. intends to use the TSE's surveillance systems.	**BMO** – Acceptable. **CNQ** – To the extent that a marketplace can provide surveillance systems to RS Inc., it is inappropriate for that marketplace to be obligated to utilize the TSE's surveillance systems as this could result in significant costs to that marketplace. RS Inc. must be flexible as the TSE surveillance systems may be appropriate for the "markets" consisting of the TSE and any ATS trading in securities listed on the TSE, but not for other "markets" not utilizing the TSE trading platform. **CSTA** – Strongly feel that RS Inc. must have their own surveillance systems or there will be a perceived conflict of interest.	**At the outset, RS Inc. will use the TSE's surveillance systems. RS Inc. has agreed to investigate the costs of obtaining comparable services to those provided by the TSE from a third party.**

Reference	Commentator and Comments	Response
UMIRs	**BGI** – Concerned about the significant amendments to subsection 7.8 of the UMIRs with respect to restrictions on trading by a participant involved in a distribution. Concerned that the changes will have a negative impact on the development of new investment products and may limit future growth of exchange traded funds (ETF's). Believe the UMIRs should be amended to include in the definition of "exempt security" - the security of any "mutual fund" qualified by a prospectus for sale in the relevant jurisdiction and listed on an Exchange as defined in the UMIRs.	**The UMIRS will include the current TSE market stablization rules (amended to reflect changes in terminology and a wider range of marketplaces). Amendments will be considered later after a full consultation period.**
	CNQ – CNQ trading increments include increments of one-half cent for trading in securities with values under $0.50 per share, and therefore ss.6.1(1) of the UMIRs should be amended to provide for half-cent increments. Section 7.3 "Proficiency Obligations" of the UMIRs omits any reference to receipt of approval of a quotation and trade reporting system ("QTRS") for entry of orders to the trading system of the QTRS. Therefore, a QTRS which directly regulates its marketplace would not be able to exercise the same approval power as granted to an Exchange in 7.3(1)(d).	**The UMIRs will include trading increments of one-half of one cent.**
	Instinet Canada Limited ("ICL") – Reiterated its concern over the "one size fits all" approach that was reflected in the initial UMIRS. Noted other commentators also wondered if the ability of an ATS to compete with exchanges would be impaired by the UMIRs if adopted in their original form. Disappointed that the current version of the UMIRs as found in the RS Inc. application has not addressed these concerns. Urges the CSA to initiate in advance of the implementation of the new rules, a process whereby parties effected can discuss amendments to the proposed UMIRs. If nothing is done, the UMIRs may discourage others from operating in the Canadian market.	**The UMIRs have been drafted for an equity auction marketplace. Amendments will be necessary for other types of marketplaces. Amendments to the UMIRs will be dealt with under the joint rule review protocol among the recognizing regulators. Under the protocol, the OSC will publish each rule amendment for comment (other recognizing regulators may also publish them) prior to approval.** **A marketplace may require certain exemptions from the UMIRs. When a marketplace requests an exemption from the UMIRs, the following process will apply:** **- If an exchange or QTRS requests an exemption, it will submit the request to RS Inc. for comment and to its lead regulator for approval under the applicable rule review protocol.** **- If an ATS requests an exemption, it will submit the request to RS Inc. who must submit it to the recognizing regulators for approval under the RS Inc. joint rule review protocol.** **- We will publish requests for exemption for comment as provided in the applicable rule review protocol.** **- If the securities regulatory authorities approve an exemption, they will require RS Inc. to amend the UMIRs accordingly.**
	TD Securities Inc. ("TDSI") – The TSE and CDNX continue to be strongly motivated to create a single "code" for market integrity rules governing marketplaces in Canada. This is at odds with the object of Rule ATS which is to produce competition among the marketplaces, as well as market integration. ATSs trading in equities are disadvantaged versus systems trading fixed income securities under the latest version of the UMIRs. Although the UMIRs are poorly suited for the debt market, the UMIRs must have flexibility to enable equity ATSs to compete with exchanges. Some means must be found to adapt the UMIRs to meet future requirements of ATSs; a way to achieve this might be for the CSA to explicitly recognise that the UMIRs will not be static and will evolve by exemption or amendment to encourage the development of ATSs.	
	ITG Canada ("ITG") – The UMIRs overall are straightforward and intuitive. However, ITG take issue regarding the mechanics and timing of the new designations and identifiers included. Specifically, it is not clear how some of the new order types that have been defined will be implemented, such as: Opening orders, Volume weighted Average Price, Market-on-Close orders, orders for insiders, orders for significant shareholders and regular sales changed to short sales.	**We are aware that the UMIRS contain new designations and identifiers. To the extent they require systems changes, we will ensure that there is an appropriate implementation period.**

List of Commentators

The following submitted comment letters in response to the Request for Comments regarding the application for recognition of Market Regulation Services Inc. published on October 12, 2001 at (2001) 24 OSCB 6125.

1. Barclays Global Investors
2. BMO Nesbitt Burns Inc.
3. Canadian Trading and Quotation System Inc.
4. ITG Canada Inc.
5. Bourse de Montréal Inc.
6. TD Securities Inc.
7. Instinet Canada Limited
8. Canadian Security Traders Association, Inc.

1.1.5 Memorandum of Understanding Regarding Oversight of Market Regulations Inc.

MEMORANDUM OF UNDERSTANDING REGARDING OVERSIGHT OF MARKET REGULATION SERVICES INC.

BETWEEN:

ALBERTA SECURITIES COMMISSION (the "ASC")

AND

BRITISH COLUMBIA SECURITIES COMMISSION (the "BCSC")

AND

COMMISSION DES VALEURS MOBILIERES DU QUEBEC (the "CVMQ")

AND

MANITOBA SECURITIES COMMISSION (the "MSC")

AND

ONTARIO SECURITIES COMMISSION (the "OSC")

(also referred to collectively as the "Commissions")

The parties agree as follows:

1. Underlying Principles

1.1 Market Regulation Services Inc. ("RS Inc.") is recognized as a self-regulatory organization under applicable securities legislation and is a regulation services provider pursuant to National Instrument 23-101 Trading Rules.

1.2 RS Inc. will provide regulation services to marketplaces that retain RS Inc. as a regulation services provider.

1.3 As a means of performing oversight of these functions effectively, an oversight program (the "Oversight Program") has been developed that will include reviewing and approving new and amended rules, policies and other similar instruments ("Rules") of RS Inc., reviewing information filed by RS Inc. and performing examinations of RS Inc.'s regulation services.

1.4 The purpose of the Oversight Program is to ensure that RS Inc. meets appropriate standards for regulation. These standards include:

1.4.1 fair access to marketplaces;

1.4.2 fair representation of marketplaces in corporate governance;

1.4.3 systems and financial capacity to carry out prescribed regulatory functions;

1.4.4 market integrity through the adoption of rules that prohibit unfair trading practices and monitoring and enforcing these rules; and

1.4.5 compliance with the terms and conditions of the recognition of RS Inc. and related undertakings.

1.5 Each of the Commissions that have recognized RS Inc. as a self-regulatory organization under their legislation is a recognizing regulator (a "Recognizing Regulator").

1.6 The parties agree that the OSC is the principal regulator (the "Principal Regulator") responsible for coordinating the Oversight Program of RS Inc. which will include the matters described in Part 2.

2. Oversight Program

2.1 An Oversight Program will be established which will include, at a minimum, periodic examinations of regulation functions, review and approval of changes to RS Inc. Rules, and review of information filed by RS Inc.

2.2 Examinations of RS Inc.

2.2.1 The Principal Regulator is responsible for coordinating with the other Recognizing Regulators periodic examinations of the functions carried out by RS Inc.

2.2.2 The Principal Regulator will develop an examination program in consultation with staff of the other Recognizing Regulators. The Principal Regulator will be responsible for coordinating adequate staffing for an examination, drafting reports and reporting to the other Recognizing Regulators on the status and results of an examination. Depending on the functions carried out by RS Inc. in a particular office, staff of the other Recognizing Regulators may take an active role in carrying out the examination.

2.2.3 At the conclusion of an examination, staff of the Principal Regulator will coordinate the drafting of a report with staff of the other Recognizing Regulators who took an active role in carrying out the examination and send the draft report to all Recognizing Regulators for comment. Any Recognizing Regulator that has comments will send its comments to the Principal Regulator within 14 days of receipt of the draft report, with copies to the other Recognizing Regulators.

2.2.4 The Principal Regulator will forward a copy of the draft report to RS Inc. RS Inc. will review the draft report and, within 10 days of receipt, provide its comments to the Principal Regulator, with copies to the other Recognizing Regulators. The Principal Regulator and the Recognizing Regulators will consider the comments of RS Inc. and the Principal Regulator will revise the report as necessary.

2.2.5 The Principal Regulator will forward the final examination report to RS Inc. for a response within 21 days. A copy of the report will also be forwarded to the Canadian Securities Administrators (CSA) Chairs. The Principal Regulator will review the response of RS Inc. and coordinate a follow-up plan with the other Recognizing Regulators, if necessary. The Principal Regulator will continue to regularly update the other Recognizing Regulators on the implementation of any follow-up plan and any other action taken.

2.3 Rule Review

2.3.1 RS Inc. will be responsible for filing all Rules with each Recognizing Regulator on the same day.

2.3.2 In order to provide greater consistency and co-operation and to make the process more efficient, the Commissions have developed a joint rule protocol for coordinating the review and approval of Rules. The joint rule protocol is attached as Appendix A and may be amended from time to time.

2.3.3 The parties agree that the OSC will act as Principal Regulator for the purpose of approving Rules.

2.3.4 The Principal Regulator will review each Rule that RS Inc. submits for approval.

2.4 Information filed by RS Inc.

2.4.1 RS Inc. will be responsible for filing with each Recognizing Regulator the information set out in Appendix B, as amended from time to time.

2.4.2 Any comments of the Recognizing Regulators about the information filed by RS Inc. will be sent to the Principal Regulator.

2.4.3 The Principal Regulator will request that RS Inc. respond to comments raised by the Recognizing Regulators, if necessary, and forward any response from RS Inc. to the Recognizing Regulators.

3. Reporting Obligations

3.1 Set out in Appendix C, as amended from time to time, are the reporting requirements applicable to RS Inc. RS Inc. will be responsible for reporting to each Recognizing Regulator.

3.2 Any comments of the Recognizing Regulators on the reports described in this section will be sent to the Principal Regulator.

3.3 The Principal Regulator will request that RS Inc. respond to comments raised by the Recognizing

Regulators, if necessary, and forward any response from RS Inc. to the Recognizing Regulators.

4. Status Meetings

4.1 In order to coordinate the Oversight Program, the Principal Regulator will organize quarterly conference calls with the other Recognizing Regulators and with RS Inc. staff to discuss upcoming policy, rule or operational changes at RS Inc. and the status of approval of changes by the Recognizing Regulators.

5. Oversight Committee

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

5.2 The Oversight Committee will include staff representatives from each of the Recognizing Regulators. The Oversight Committee will meet at least once annually and will conduct conference calls at least quarterly.

5.3 The Oversight Committee will provide to the CSA Chairs an annual written report that will include a summary of all oversight activities during the previous period.

6. Effective Date

The MOU comes into effect on May 1, 2002 in Alberta, British Columbia, Ontario and Manitoba. In Québec, the MOU comes into effect on the date the CVMQ executes the MOU.

APPENDIX A

JOINT RULE PROTOCOL FOR MARKET REGULATION SERVICES INC.

BETWEEN:

ALBERTA SECURITIES COMMISSION (the "ASC")

AND

BRITISH COLUMBIA SECURITIES COMMISSION (the "BCSC")

AND

COMMISSION DES VALEURS MOBILIERES DU QUEBEC (the "CVMQ")

AND

MANITOBA SECURITIES COMMISSION (the "MSC")

AND

ONTARIO SECURITIES COMMISSION (the "OSC")

(also referred to collectively as the "Commissions")

The parties agree as follows:

1. Underlying Principles

1.1 The Commissions agree to adopt uniform procedures to coordinate the review and approval of each new or amended rule, policy and other similar instrument (a "Rule") proposed by Market Regulation Services Inc. ("RS Inc.") in order to streamline the review and approval process.

1.2 The Commissions agree that the OSC is the principal regulator (the "Principal Regulator") responsible for coordinating the rule review and approval process.

2. Materials to be Filed

2.1 RS Inc. shall file with each Commission on the same day the following information:

2.1.1 the proposed Rule;

2.1.2 a notice of publication including:

2.1.2.1 a description of the proposed Rule and its impact;

2.1.2.2a concise statement, together with supporting analysis, of the nature, purpose and effect of the Rule;

2.1.2.3 the possible effects of the Rule on marketplaces, marketplace participants, competition and the costs of compliance;

2.1.2.4 a description of the rule-making process, including a description of the context in which the proposed Rule was developed, the process followed, the issues considered, the consultation process undertaken, the alternative approaches considered and the reasons for rejecting the alternatives;

2.1.2.5 where the proposed Rule requires technological systems changes to be made by RS Inc., marketplaces or marketplace participants, RS Inc. shall provide a description of the implications of the Rule and, where possible, an implementation plan, including a description of how the Rule will be implemented and the timing of the implementation; and

2.1.2.6 a reference to other jurisdictions including an indication as to whether another regulator in Canada, the United States or another jurisdiction has a comparable rule or has made or is contemplating making a comparable rule and, if applicable, a comparison of the proposed Rule to the rule of the other jurisdiction.

2.2 RS Inc. may file a Rule for approval on its own behalf and on behalf of any exchange and quotation and trade reporting system that has contracted with it for regulation services. In submitting a Rule to each Commission, RS Inc. shall clearly state on whose behalf it is submitting the Rule for review and approval. Any approval by the Commissions of a Rule submitted by RS Inc. shall be given to RS Inc. and the exchanges and quotation and trade reporting systems on whose behalf RS Inc. filed the Rule.

3. Review Process

3.1 The Principal Regulator shall immediately send confirmation of receipt of the Rule to RS Inc., with copies to the other Commissions.

3.2 As soon as practicable and in any event within 14 days, the Principal Regulator shall, and the other Commissions may, publish for a 30 day comment period in its bulletin or on its website the notice filed by RS Inc., and the proposed Rule. The 30 day period shall commence on the date the proposed Rule appears in the bulletin or on the website of the Principal Regulator.

3.3 During the 30 day comment period, each of the Commissions shall provide material comments to the Principal Regulator in writing, with copies to the other Commissions. If no comments are received within the 30 day period, the Principal Regulator shall assume that the other Commissions do not have any comments.

3.4 If the Principal Regulator and the other Commissions do not have any comments and the Principal Regulator has verified that no public comments were received, the Principal Regulator shall advise RS Inc. and proceed to have the proposed Rule approved in accordance with section 4.

3.5 The Principal Regulator shall prepare and deliver to the other Commissions, within seven days of the end of the comment period, a draft comment letter to RS Inc. that incorporates the comments raised by the Commissions. If the Principal Regulator and the other Commissions do not have any comments, the Principal Regulator shall send a confirmation of that fact to the other Commissions.

3.6 Within seven days of receipt, each of the Commissions shall provide comments on the draft comment letter prepared by the Principal Regulator. If the Principal Regulator does not receive any comments during that period, the other Commissions will be deemed not to have any comments.

3.7 The Principal Regulator shall forward the comment letter to RS Inc. within three days of the other Commissions' response period under section 3.6, with a copy to each of the other Commissions.

3.8 Within 14 days of receipt, RS Inc. shall respond in writing to the comment letter sent by the Principal Regulator and include in its response a summary of public comments received. RS Inc. shall send a copy of its response to the Principal Regulator and the other Commissions.

3.9 Each of the other Commissions shall provide material comments to the Principal Regulator in writing within seven days of RS Inc.'s response with copies to the other Commissions. The Principal Regulator shall provide its comments to the other Commissions within the same period. If no comments are received within the seven day period by the Principal Regulator, the other Commissions are deemed to have no comments.

3.10 The Principal Regulator shall use its best efforts to resolve any issues that are significant on a timely basis in consultation with the other Commissions as needed. The Principal Regulator will notify the other Commissions of the resolution of outstanding issues.

3.11 If amendments to the Rule are necessary as a result of comments received, the Principal Regulator shall have discretion to determine whether the Rule should be re-published for comment.

4. Approval Process

4.1 Staff of the Principal Regulator shall present documentation for approval of the Rule by the Principal Regulator within 10 days of the later of: receiving confirmation from RS Inc. of no public comments or resolving comments raised under section 3.10.

4.2 Staff of the Principal Regulator shall circulate to the other Commissions the documentation approved by the Principal Regulator.

4.3 Staff of the other Commissions shall obtain the necessary approval within 10 days of receipt of the documentation from the Principal Regulator. In the event that approval cannot be obtained by a particular Commission within 10 days, that Commission will inform the Principal Regulator and the other Commissions. The Principal Regulator will notify RS Inc.

4.4 Each Commission shall inform the Principal Regulator in writing of the decision concerning the proposed Rule immediately following the decision.

4.5 The Principal Regulator shall communicate in writing the approval of the proposed Rule to RS Inc. within three days of receipt of notification from all of the other Commissions of their decision.

4.6 In the event that there is disagreement between Commissions concerning the approval of a Rule, the Principal Regulator shall arrange, within 14 days of becoming aware of the disagreement, for the Chair of each of the Commissions to discuss the issues and attempt to establish a consensus between the Commissions. If, after the consultations, the Chairs of each of the Commissions are unable to agree on the appropriate outcome for the proposed Rule, RS Inc. will not be able to adopt the Rule.

4.7 The Principal Regulator shall prepare and publish in its bulletin or website a notice of approval of a Rule within seven days of delivery of the notification to RS Inc. of the approval. The notice shall be forwarded to the other Commissions and shall contain a short summary of the Rule, RS Inc.'s summary of public comments received and responses, if applicable, and a copy of a revised Rule if changes were made to the version published for public comment. The other Commissions may publish the notice in their bulletin or on their website.

4.8 A Rule shall be effective as of the date of the notification of approval by the Principal Regulator to RS Inc. or on a date determined by RS Inc., whichever is later.

5. Immediate Implementation of Rules

5.1 If RS Inc. reasonably believes that there is an urgent need to implement a Rule because of a substantial risk of material harm to marketplaces or marketplace participants, RS Inc. may make a Rule effective immediately upon approval by RS Inc.'s board of directors provided that RS Inc.:

5.1.1 provides each Commission with written notice of the urgent need to implement the Rule at least seven business days before the Rule is approved by RS Inc.'s board of directors; and

5.1.2 includes in the notice referenced in subsection 5.1.1 an analysis in support of the need for immediate implementation of the Rule.

5.2 If a Commission does not agree that immediate implementation is necessary, that Commission shall, within two business days after receiving RS Inc.'s notification, advise the Principal Regulator in writing that it disagrees and provides the reasons for its disagreement, with copies to the other Commissions. The Principal Regulator shall advise the other Commissions in writing if it disagrees within the same period. If no notice is received by RS Inc. within five business days of the Commissions receiving RS Inc.'s notification, RS Inc. shall assume that the Commissions agree with its assessment.

5.3 A Rule that is implemented immediately shall be published, reviewed, and approved in accordance with the review and approval procedures set out in sections 3 and 4. Where the Commissions subsequently disapprove a Rule that was implemented immediately, RS Inc. shall repeal the Rule and inform the marketplaces that it regulates.

6. Waiver

6.1 The Commissions, through the Principal Regulator, may waive any part of this agreement upon RS Inc. filing a written request with each Commission. The Principal Regulator shall consult with the other Commissions and each Commission will advise the Principal Regulator within seven days if it agrees to grant the waiver. The waiver must be granted in writing by the Principal Regulator, with copies to the other Commissions.

6.2 The terms, conditions and procedures of this rule protocol may be varied or waived by mutual agreement of the parties. A waiver or variation may be specific or general and may be made for a time or for all time as mutually agreed by the parties.

7. Effective Date

7.1 This protocol comes into effect on May 1, 2002 in Alberta, British Columbia, Ontario and Manitoba. In Québec, this protocol comes into effect on the date the CVMQ executes the protocol.

Appendix B

INFORMATION TO BE FILED BY MARKET REGULATION SERVICES INC. ("RS INC.")

Type of Filing: ☐ INITIAL FILING ☐ AMENDMENT

1. Full name:

2. Main street address (do not use a P.O. box):

3. Mailing address (if different):

4. Address of head office (if different from address in item 2):

5. Business telephone and facsimile number:

   (Telephone) (Facsimile)

6. Website address:

7. Contact employee:

   (Name and Title) (Telephone Number) (Facsimile) (E-mail address)

8. Counsel:

   (Firm Name) (Contact Name)

   (Telephone Number) (Facsimile) (E-mail address)

9. Date of financial year-end:

10. Legal status: __ Corporation __ Sole Proprietorship

    __ Partnership __ Other (specify):

    Indicate the date and place where RS Inc. obtained its legal status:

    (a) Date (DD/MM/YYYY): (b) Place of formation:

    (c) Statute under which RS Inc. was organized:

11. Name of each marketplace that has signed a contract with RS Inc.:

EXHIBITS

File all Exhibits with the Filing. For each Exhibit, include the date on which the Exhibit is filed and the date as of which the information is accurate if that date is different from the date of filing. If any Exhibit is inapplicable, make a statement to that effect. When filing an amendment, provide a description of the changes and file a complete and updated Exhibit.

1. CORPORATE GOVERNANCE

Exhibit A A copy of the constating documents, including corporate by-laws and other similar documents, and all subsequent amendments.

Exhibit B For each affiliated entity of RS Inc., and for any person or company with whom RS Inc. has a contractual or other agreement relating to the operation of the system to be used by RS Inc. to carry out its regulation functions (the "System"), provide the following information:

1. Name and address of person or company.
2. Form of organization (e.g., association, corporation, partnership, etc.).
3. Location and statute citation under which organized. Date of incorporation in present form.
4. Brief description of nature and extent of affiliation or contractual or other agreement with RS Inc.
5. Brief description of business or functions. Description should include responsibilities with respect to operation of the System.
6. If a person or company has ceased to be an affiliated entity of RS Inc. during the previous year or ceased to have a contractual or other agreement relating to the operation of a System during the previous year, provide a brief statement of the reasons for termination of the relationship.

Exhibit C Provide a list of partners, directors, officers, governors, members of all board and standing committees, or persons performing similar functions, who presently hold or have held their offices or positions during the previous year, indicating the following for each:

1. Name.
2. Title.
3. Dates of commencement and expiry of present term of office or position and length of time position held.
4. Type of business in which each is primarily engaged and current employer.
5. Type of business in which each was primarily engaged in the preceding five years, if different from that set out in item 4.
6. Whether the person is considered to be an independent director.

Exhibit D Provide a list of each shareholder that directly owns five percent or more of a class of a voting security of RS Inc. For each of the persons listed in this Exhibit, please provide the following:

1. Full legal name.
2. Title or status.
3. Date title or status was acquired.
4. Approximate ownership interest.
5. Whether the person has control of RS Inc. (as interpreted in subsection 1.3(2) of National Instrument 21-101 Marketplace Operation).

2. RULES

Exhibit E With the initial filing, provide a copy of all by-laws, rules, policies and other similar instruments of RS Inc. that are not included in Exhibit A.

3. SYSTEMS AND OPERATIONS

Exhibit F Describe the manner of operation of the System. This description should include the following:

1. A detailed description of the surveillance tools that comprise the System.
2. The means of access to the System.
3. The hours of operation of the System, and the date on which RS Inc. intends to commence operation of the System.
4. Description of current and future capacity estimates, contingency and business continuity plans and the procedures to review and test methodology of the System and to perform stress testing.

Exhibit G Provide a list of all securities for which RS Inc. performs regulation functions.

4. ACCESS

Exhibit H Provide a list of marketplaces for which RS Inc. provides regulation services, and for each marketplace provide the following information:

1. Name.
2. Date of the agreement between the marketplace and RS Inc.
3. Principal business address and telephone number.

5. FEES

Exhibit I Provide a description of all fees to be paid by marketplaces or marketplace participants and how such fees are set.

6. FINANCIAL VIABILITY

Exhibit J Provide audited financial statements of RS Inc. and a report prepared by an independent auditor.

7. REGULATION

Exhibit K Provide a description of the regulation services performed by RS Inc., including the structure of RS Inc., policies and procedures in place to ensure confidentiality, policies and procedures relating to conducting an investigation and its disciplinary process.

Exhibit L Provide copies of the contracts between RS Inc. and each marketplace for which RS Inc. is performing regulation services, any amendments to the contracts and notice of termination of the contracts.

Exhibit M If more than one entity is performing regulation services for a type of security, provide the written agreement between RS Inc. and any other regulation services provider under section 7.5 of National Instrument 23-101.

CERTIFICATE OF
MARKET REGULATION SERVICES INC.

The undersigned certifies that the information given in this report is true and correct.

DATED at _____ this _____ day of _____ 20___

_____
(Name of exchange or quotation and trade reporting system)

_____
(Name of director, officer or partner - please type or print)

_____
(Signature of director, officer or partner)

_____
(Official capacity - please type or print)

APPENDIX C - REPORTING OBLIGATIONS

1.1 Quarterly Reporting on Exemptions Granted

1.1.1 Exemptions Granted - On a quarterly basis, RS Inc. shall submit to the Recognizing Regulators an "Exemption" report summarizing all exemptions granted pursuant to the Universal Market Integrity Rules to marketplace participants during the period. This summary should include the following information:

- the name of the marketplace participant,
- type of exemption approved during the period,
- date of the exemption, and
- a description of RS Inc. staff's reason for the decision to approve the exemption.

1.1.2 Quarterly Report - In addition, a narrative should be included with the quarterly report that includes comments on any policy changes during the period.

2.1 Periodic Reporting on Cases

2.1.1 Monthly Reporting

RS Inc. shall provide to the Recognizing Regulators, separately for each exchange, quotation and trade reporting system and ATS, the following information on a monthly basis:

(i) **Open Cases.** Detailed statistics on open files, by type of alleged violation(s) including:

- the date the file was opened
- the file number
- the identity of the marketplace participant and/or listed or quoted company
- the identity of the RS Inc. staff assigned
- any other matters identified by the Recognizing Regulators

(ii) **Closed Cases.** Detailed statistics on closed files, by type of violation(s) including:

- the information listed in paragraph 2.1.1(i) as well as:
- the date the file was closed
- the action taken
- an explanation for the closing of the file
- a copy of the closing memo
- any other matters identified by the Recognizing Regulators

2.1.2 Quarterly Reporting

RS Inc. shall provide to the Recognizing Regulators, separately for each exchange, quotation and trade reporting system and ATS, the following information on a quarterly basis:

(i) **Ageing Report.** Statistics regarding the length of time a file has been open, as at quarter end.

(ii) **Caseload Report.** Summary statistics regarding the current caseload, including, but not limited to:

- the number of files outstanding at the beginning and at the end of the period, by type of violation(s), the status of the files and the estimation of completion
- the number of new files opened during the period, by type of violation(s)
- the number of files referred and closed during the period

(iii) **Summary of Files.** List of all files outstanding at or closed by the end of the period, classified by the nature of the violation.

2.1.3 Annual Reporting

RS Inc. shall provide to the Recognizing Regulators, separately for each exchange, quotation and trade reporting system and ATS, the following information on an annual basis:

(i) **Open Cases.** Listing of all outstanding files, open as at year-end, by type of alleged violation(s) including:

- the information set out in paragraph 2.1.1(i) above

(ii) **Closed Cases.** Detailed statistics on closed files, by type of violation(s) including:

- the number of files closed during the year, by type of violation(s), disposition and violation
- any other matter identified by the Recognizing Regulators

(iii) **Open Files Narrative.** Narrative details regarding open files which:

- discuss specific developments on major investigations
- provide an analysis of significant settlements involving marketplace participants and their clients to determine whether any action is warranted
- provide an analysis of surveillance files in order to identify any emerging problems or trends

- comment on enforcement related policy changes
- comment on enforcement related functional and administrative changes
- detail ongoing initiatives which are enforcement related, but not case specific

2.2 Reporting on Referrals

2.2.1 On a quarterly basis, RS Inc. shall provide to the Recognizing Regulator(s) of each exchange and quotation and trade reporting system the following information regarding each referral made by RS to the exchange and quotation reporting system during the period:

- sufficient details to identify the referral
- the nature of the alleged misconduct

1.1.6 Notice of Minister of Finance Approval of Amendment to OSC Rule 61-501

NOTICE OF MINISTER OF FINANCE APPROVAL OF AN AMENDMENT TO OSC RULE 61-501 INSIDER BIDS, ISSUER BIDS, GOING PRIVATE TRANSACTIONS AND RELATED PARTY TRANSACTIONS

On January 28, 2002, the Minister of Finance approved the rule that amends Rule 61-501 Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions (the "Rule Amendment"). **The Rule Amendment will come into force on March 1, 2002.**

The Rule Amendment is published in Chapter 5 of this Bulletin and will be published in the Ontario Gazette on February 23, 2002. Materials related to the Rule Amendment were previously published in the Bulletin on August 24, 2001 and December 7, 2001.

1.2 News Releases

1.2.1 OSC Staff Reach Proposed Settlement with Michael Cowpland

FOR IMMEDIATE RELEASE
February 11, 2002

OSC STAFF REACHES PROPOSED SETTLEMENT WITH MICHAEL COWPLAND

OTTAWA - M.C.J.C. Holdings Ltd., the holding company of Michael Cowpland, today pled guilty in Ontario Court of Justice to one count of insider trading contrary to section 76(1) the Securities Act of Ontario. Cowpland was the chief executive officer of Corel Corporation, a software manufacturer located in Ottawa.

Between August 11, 1997 and August 14, 1997 M.C.J.C. sold 2,431,200 Corel shares for total proceeds of approximately $20.4 million. At the time M.C.J.C. had knowledge of a material fact with respect to Corel which had not been generally disclosed. The material fact was that Corel would fall short of its forecasted sales for Q3, 1997 by a significant margin. Corel had prepared a forecast for analysis that sales for Q3 were expected to be $94 million U.S. On September 10th, 1997 Corel announced losses for Q3 of $32 million U.S. Following the announcement of the Q3 losses, the price of Corel shares on the TSE fell considerably.

M.C.J.C. was in a special relationship with Corel given Cowpland's position at Corel.

His Honour Mr. Justice J.P. Wright imposed a financial penalty totalling $1 million on the company. Charges of permitting the company to insider trade and making a false statement to OSC staff were withdrawn against Cowpland personally.

A panel of the Commission will be convened to consider a settlement agreement regarding the proceedings against M.C.J.C. and Cowpland. The hearing will be held on the 22nd floor of the OSC's offices located at 20 Queen Street West, Toronto, commencing at 2:00 p.m. on Tuesday, February 12th, 2002.

For Media Inquiries:

Frank Switzer
Director, Communications
416-593-8120

Michael Watson
Director, Enforcement
416-593-8156

For Investor Inquiries:

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

1.2.2 OSC and CVMQ to Hold Hearing on Telesystem International Wirelss Inc.'s Issuer Bid

FOR IMMEDIATE RELEASE
February 8, 2002

OSC AND CVMQ TO HOLD HEARING ON TELESYSTEM INTERNATIONAL WIRELESS INC.'S ISSUER BID FOR ITS 7.00% EQUITY SUBORDINATED DEBENTURES DUE 2002

Toronto - The Ontario Securities Commission (the "OSC") and the Commission des valeurs mobilières du Québec (the "CVMQ") will each hold a hearing to consider applications by Highfields Capital Limited, Highfields Capital I LP and Highfields II LP regarding the issuer bid by Telesystem International Wireless Inc. for its 7.00% Equity Subordinated Debentures due 2002.

The OSC will participate in the hearings with the CVMQ by video conferencing. The OSC hearing will be held in the large hearing room on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto, commencing at 10:00 a.m. on Sunday, February 10, 2002.

Reference:

Jean-Pierre Maisonneuve
Corporate Communications Officer
(416) 595-8913

1.2.3 OSC Commences Proceedings in Relation to Robert James Emerson

FOR IMMEDIATE RELEASE
February 13, 2002

OSC COMMENCES PROCEEDINGS IN RELATION TO ROBERT JAMES EMERSON

Toronto – The Ontario Securities Commission (the "Commission") issued on February 11, 2002 a Notice of Hearing and related Statement of Allegations in respect of Robert James Emerson ("Emerson").

The first appearance in this matter will be held at 10:00 a.m. on Tuesday, February 19, 2002 at 10:00 a.m. in the main hearing room of the Commission located on the 17th Floor, 20 Queen Street West, Toronto, Ontario. The purpose of this first appearance is to request the Commission's approval of the settlement agreement between Staff of the Commission and Emerson.

A copy of the Notice of Hearing and Statement of Allegations is attached to this release and is also available at the Commission's website at www.osc.gov.on.ca or from the Commission, 19th Floor, 20 Queen Street West, Toronto, Ontario.

Reference:
Michael Watson
Director, Enforcement Branch
416-593-8156

Frank Switzer
Director, Communications
416-593-8120

1.3 Notices of Hearing

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

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

AND

IN THE MATTER OF
M.C.J.C. HOLDINGS INC. AND
MICHAEL COWPLAND

NOTICE OF HEARING

TAKE NOTICE that the Commission will hold a hearing pursuant to sections 127(1) and 127.1 of the Securities Act at the offices of the Commission located at 20 Queen Street West, Toronto, Ontario, in the Large Hearing Room, 17nd Floor, on Tuesday, the 12th day of February, 2002, at 2:00 p.m. or as soon thereafter as the hearing can be held:

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

(a) to make an order approving the proposed settlement entered into between Staff of the Commission and the respondents Michael Cowpland and M.C.J.C. Holdings Inc. pursuant to sections 127 and 127.1 of the Act, which approval will be sought jointly by Staff and Cowpland and M.C.J.C.

BY REASON OF the allegations set out in the related Statement of Allegations of Staff dated October 14, 1999, and such additional allegations as counsel may advise and the Commission may permit;

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

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

February 6, 2002.

"John Stevenson"
Secretary of the Commission

TO: Mr. Nigel Campbell
Blake Cassels and Graydon
Barristers and Solicitors
199 Bay Street, Box 25
Commerce Court West
Toronto, ON
M5L 1A9

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

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5

AND

IN THE MATTER OF M.C.J.C. HOLDINGS INC.
AND MICHAEL COWPLAND

STATEMENT OF ALLEGATIONS OF STAFF OF
THE ONTARIO SECURITIES COMMISSION

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

The Respondents

1. The respondent Michael Cowpland ("Cowpland") is an individual resident in Ontario. At all material times Cowpland was a director and the president and chief executive officer of Corel Corporation ("Corel"). Corel was, at all material times, a reporting issuer in Ontario.

2. M.C.J.C. Holdings Inc. ("M.C.J.C.") is a private company which was incorporated pursuant to the laws of Ontario. At all material times Cowpland was a director of M.C.J.C..

Summary of the Allegations

3. Between the dates of August 11, 1997 and August 14, 1997, M.C.J.C. sold 2,431,200 Corel shares for total proceeds of approximately $20.4 million. At the time that these Corel shares were sold, M.C.J.C. had knowledge of a material fact with respect to Corel which had not been generally disclosed. The material fact was that Corel would fall short of its forecasted sales for the third quarter of 1997 ("Q3 1997") by a significant margin (the "material fact").

4. M.C.J.C. learned of the material fact from Cowpland who, as a director and officer of Corel, was an insider of Corel and therefore in a "special relationship" with Corel as defined in the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act"). By learning of the material fact from Cowpland, M.C.J.C. was in a special relationship with Corel.

5. Therefore, M.C.J.C., as a company in a special relationship with Corel, a reporting issuer, sold securities of Corel with knowledge of a material fact with respect to Corel that had not been generally

disclosed. In this way, M.C.J.C. contravened subsection 76(1) and paragraph 122(1)(c) of the Act.

6. By informing M.C.J.C. of the material fact before it had been generally disclosed and other than in the necessary course of business, Cowpland contravened subsection 76(2) and paragraph 122(1)(c) of the Act.

7. In addition, as a director of M.C.J.C., Cowpland authorized the commission of the offence by M.C.J.C. under subsection 76(1) and paragraph 122(1)(c) of the Act and therefore contravened subsection 122(3) of the Act.

8. Cowpland attended a voluntary interview with Staff of the Commission on May 20, 1998. During this interview, Cowpland made a number of statements to Staff of the Commission which were misleading and untrue in a material respect. By making such statements to Staff of the Commission, Cowpland contravened paragraph 122(1)(a) of the Act.

Cowpland's Knowledge of the Material Fact

9. Corel had prepared a forecast for analysts that sales for Q3 1997 were expected to be $94 million U.S..

10. On or about August 6, 1997, Cowpland was informed by Corel's vice-president of sales that the best Corel could achieve for Q3 1997 was $63 million U.S. in sales. This fact was not disclosed to the public.

11. On or about August 7, 1997, Cowpland instructed his sales staff to place as much inventory as possible with Corel's largest distributor to make up the shortfall between actual sales and the sales forecast for the quarter. At this time, Cowpland knew that the distributor had a large inventory of Corel products which would be exacerbated by the sale of further Corel products to the distributor.

12. Between August 11, 1997 and August 14, 1997, M.C.J.C., Cowpland's personal holding company, sold 2,431,200 Corel shares for total proceeds of approximately $20.4 million.

13. On August 18, 1997, a deal was concluded with Corel's largest distributor to purchase $70 million U.S. of product. Corel also agreed to accept returns of existing product in the amount of $18 million U.S.. This deal cost Corel over $7 million U.S. in concessions.

14. On September 9, 1997, Corel determined that a substantial portion of the revenue for the $70 million sale could not be recognized for the quarter. As a result of this decision, Corel anticipated a loss for the third quarter of 1997 of $32 million U.S.. The anticipated loss was pre-announced by press release on September 10, 1997 and confirmed by press release dated September 24, 1997.

15. Following the announcement of Corel's loss for the quarter, the price of Corel shares listed on the Toronto Stock Exchange fell considerably.

False Statements to Staff

16. On May 20, 1998, Cowpland attended at the offices of the Commission for a voluntary interview conducted by Staff of the Commission. During this interview, Cowpland gave a number of statements to Staff which were misleading and untrue in material respects.

Conduct Contrary to the Act

17. The following conduct by M.C.J.C. and Cowpland contravened the Act and was contrary to the public interest:

    a. At the time of the sale of Corel shares by M.C.J.C. in August 1997, M.C.J.C. was a company in a special relationship (as that term is defined in the Act) with Corel as it learned of the material fact from Cowpland who, as a director and officer, was in a special relationship with Corel. M.C.J.C. had knowledge of a material fact with respect to Corel that had not been generally disclosed;

    b. M.C.J.C.'s trades in shares of Corel from August 11, 1997 to August 14, 1997 therefore constituted a contravention of subsection 76(1) and paragraph 122(1)(c) of the Act;

    c. Cowpland informed M.C.J.C. of the material fact before it had been generally disclosed and other than in the necessary course of business contrary to subsection 76(2) and paragraph 122(1)(c) of the Act;

    d. In addition, as a director of M.C.J.C., Cowpland authorized the commission of the offence by M.C.J.C. in subsection 76(1) and therefore contravened subsection 122(3) of the Act; and

    e. Cowpland also acted contrary to the public interest by giving statements to the Commission which were misleading and untrue in material respects in contravention of paragraph 122(1)(a) of the Act.

Other

18. Such additional allegations as counsel may advise and as the Commission may permit.

October 14, 1999.

1.3.2 Robert James Emerson - ss. 127 and 127.1

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

AND

IN THE MATTER OF
ROBERT JAMES EMERSON

NOTICE OF HEARING
(Sections 127 and 127.1)

TAKE NOTICE that the Commission will hold a hearing pursuant to sections 127 and 127.1 of the Securities Act, R.S.O. 1990, c.S.5, as amended (the "Act") at the offices of the Ontario Securities Commission, 20 Queen Street West, 17th Floor Hearing Room on Tuesday, February 19th , 2002 at 10:00 a.m. or as soon thereafter as the hearing can be held:

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

(a) to make an order pursuant to section 127(1) clause 2 of the Act that trading in securities by Robert James Emerson ("Emerson") cease permanently or for such other period as specified by the Commission;

(b) to make an order pursuant to section 127(1) clause 7 of the Act that Emerson resign one or more positions which Emerson may hold as an officer or director of any issuer;

(c) to make an order pursuant to section 127(1) clause 8 of the Act that Emerson is prohibited from becoming or acting as a director or officer of any issuer permanently or for such other period as specified by the Commission;

(d) to make an order pursuant to section 127(1) clause 6 of the Act that Emerson be reprimanded;

(e) to make an order pursuant to section 127.1 of the Act that Emerson pay the costs of Staff's investigation and the costs of, or related to, this proceeding, incurred by or on behalf of the Commission;

(f) to make such other order as the Commission considers appropriate.

BY REASON OF the allegations set out in the Statement of Allegations dated February 11, 2002 and such additional allegations as counsel may advise and the Commission may permit;

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

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

February 11, 2002.

"John Stevenson"
Secretary to the Commission

TO:

Mr. Robert James Emerson

1.3.3 Statement of Allegations - Robert James Emerson

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

AND

IN THE MATTER OF
ROBERT JAMES EMERSON

STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION

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

Introduction

1. During the period from approximately May 1995 to December 1996 (the "Material Time"), Robert James Emerson ("Emerson") was the President of IPO Capital Corp. ("IPO Capital") and registered pursuant to the Act as the sole trading officer of IPO Capital. During the Material Time, IPO Capital was registered pursuant to the Act as a securities dealer, until August 1996, at which time it was registered as a broker pursuant to the Act. Emerson has not been registered in any capacity pursuant to the Act since October 19, 1998.

Trading by Emerson Contrary to the Requirements of Ontario Securities Law

2. During the Material Time, Emerson traded in securities, where such trading was a distribution of such securities, without having filed a preliminary prospectus and a prospectus, and obtaining receipts therefor from the Director, and without an exemption to the prospectus requirement, contrary to section 53(1) of the Act.

3. Emerson engaged in conduct which constituted trading in securities contrary to the requirements of Ontario securities law by carrying out acts in furtherance of trades of securities in certain companies, as described below. In particular, during the Material Time, Emerson solicited approximately 70 individuals and companies in Ontario and elsewhere, to purchase securities in three companies, namely, Royal Laser Tech Corporation ("Royal Laser"), Champion Communication Services Inc. ("Champion"), and Luxell Technologies Inc. ("Luxell") (collectively, referred to as the "Companies"). Of the 70 investors, at least 36 investors were clients of IPO Capital. Emerson arranged for these investors to purchase securities in the Companies through a series of pooling and subscription agreements entered into between the investors and Britwirth Investment Company, Ltd. (the "Agreements"). Britwirth Investment Company, Ltd. ("Britwirth") was incorporated pursuant to the laws of Turks and Caicos Islands and was not registered in any capacity under the Act.

4. Subsequent to receiving funds from investors for the purchase of securities in the Companies, Britwirth purchased securities in the Companies. Britwirth then distributed securities in Royal Laser and Champion to the investors who had purchased securities through the Agreements. In the case of the securities of Luxell, Emerson arranged for the transfer of Luxell shares from an account in the name of Britwirth held at IPO Capital to 57 individuals, 37 of which were clients of IPO Capital.

5. During the Material Time, IPO Capital or Emerson earned fees and commissions in the amount of at least $61,000 in relation to the investors Emerson solicited to purchase securities in the Companies as described above. Emerson was the sole shareholder of IPO Capital during the Material Time.

6. During the Material Time, Emerson failed to deal fairly, honestly and in good faith with clients of IPO Capital, in breach of the requirements set out in Ontario securities law, and in particular subsections 2.1(1) and (2) of Rule 31-505, in that Emerson solicited certain clients of IPO Capital to purchase securities through the pooling arrangements described above when he was aware that such securities had not been distributed pursuant to a receipted prospectus.

Conduct Contrary To The Public Interest

7. In summary, during the Material Time, Emerson violated Ontario securities law and engaged in conduct contrary to the public interest, by reason of the following:

(a) Emerson traded in securities, as outlined above, where such trading constituted a distribution of such securities, without filing and obtaining a receipt for a prospectus and without an exemption to the prospectus requirement, contrary to section 53(1) of the Act; and

(b) Emerson failed to deal fairly, honestly and in good faith with clients of IPO Capital, in breach of the requirements set out in Ontario securities law, and in particular subsections 2.1(1) and (2) of Rule 31-505, in that Emerson solicited certain clients of IPO Capital to purchase securities through the pooling arrangements described above when he was aware that such securities had not been distributed pursuant to a receipted prospectus.

8. Such additional allegations as Staff may submit and the Commission may permit.

February 11, 2002.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Madison Oil Company - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF
MADISON OIL COMPANY

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Ontario, Québec and Newfoundland and Labrador (the "Jurisdictions") has received an application from Toreador Resources Corporation ("Toreador") and Madison Oil Company ("Madison") (collectively, the "Applicants") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that Madison be deemed to cease to be a reporting issuer, or the equivalent thereof, under the Legislation;

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

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

1. Madison is a corporation existing under the *Delaware General Corporation Law* (the "DGCL") with its principal executive offices in Dallas, Texas.

2. Toreador is a corporation incorporated under the DGCL with its principal executive offices in Dallas, Texas.

3. Madison is a reporting issuer under the securities legislation of the Jurisdictions and, to the best of Madison's knowledge, is not in default of any of the requirements of the Legislation.

4. The authorized capital stock of Madison consists of 100,000,000 shares of common stock, par value U.S.$0.0001 per share (the "Madison Shares"). Other than Madison Shares, Madison currently has no outstanding securities, including debt securities.

5. Pursuant to a merger (the "Merger") under the DGCL effected on December 31, 2001, MOC Acquisition Corporation ("Mergeco"), a wholly-owned subsidiary of Toreador, merged with and into Madison such that the separate corporate existence of Mergeco ceased and Madison continued as the surviving corporation.

6. As a result of the Merger, all of the issued and outstanding Madison Shares are owned by Toreador. Consequently, Madison has only one holder of shares of its common stock and no other security holders.

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

8. The Madison Shares were de-listed from the Toronto Stock Exchange effective at the close of trading on January 7, 2002. Madison has no securities listed or posted for trading on any other exchange or market.

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 are satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

IT IS HEREBY DECIDED by the Decision Makers under the Legislation that Madison be deemed to cease to be a reporting issuer, or the equivalent thereof, under the Legislation.

February 5, 2002.

"John E. Hughes"

2.1.2 Ventra Group Inc. - MRRS Decision

Headnote

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

Subsection 1(6) of the OBCA - issuer deemed to have ceased to be offering its securities to the public under the Business Corporations Act (Ontario)

Applicable Ontario Statutory Provisions

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

Business Corporations Act, R.S.O. 1990, c.B.16, as am., s.1(6).

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

AND

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

AND

IN THE MATTER OF
VENTRA GROUP INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application on behalf of Ventra Group Inc. (the "Filer") for:

(i) a decision under the securities legislation of the Jurisdictions (the "Legislation") that the Filer be deemed to have ceased to be a reporting issuer or the equivalent thereof under the Legislation; and

(ii) in Ontario only, an order pursuant to the *Business Corporations Act* (Ontario) (the "OBCA") that the Filer be deemed to have ceased to be offering its securities to the public;

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

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

1. The Filer was formed under the OBCA by certificate and articles of amalgamation dated December 1, 1985. The head office of the Filer is located in Oakville, Ontario.

2. The Filer is a reporting issuer in the Jurisdictions and is not in default of its reporting issuer obligations under the Legislation.

3. The authorized capital of the Filer consists of an unlimited number of Common Shares ("Shares") and 1,619,966 Non-Cumulative Convertible First Preference Shares, of which 47,536,703 Shares and no Non-Cumulative Convertible First Preference Shares are currently issued and outstanding.

4. The Filer has also granted options (the "Options") to purchase 571,319 Shares. The Options are beneficially held by two residents of Ontario. Each Option holder has provided written confirmation to the Filer that the Option holder is aware of, understands the nature of, and has no objection to, the Filer's application to be deemed to have ceased to be a reporting issuer or the equivalent thereof under the Legislation.

5. As a result of an offer dated August 9, 2001 and extended September 13, 2001 by VTA Acquisition Company ("VTA Acquisition") to purchase all of the outstanding Shares of the Filer not already owned by VTA Acquisition, and a subsequent compulsory acquisition of the remaining Shares pursuant to the provisions of the OBCA, all of the issued and outstanding Shares are owned by VTA Acquisition.

6. The Shares were delisted from The Toronto Stock Exchange on October 10, 2001 and no securities of the Filer are listed or quoted on any exchange or market.

7. Other than the Shares and the Options, the Filer has no securities, including debt securities, outstanding.

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

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

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

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

February 7, 2002.

"John Hughes"

AND IT IS HEREBY ORDERED by the Ontario Securities Commission pursuant to subsection 1(6) of the OBCA that the Filer is deemed to have ceased to be offering its securities to the public for the purposes of the OBCA.

February 7, 2002.

"Robert W. Korthals" "H. Lorne Morphy"

2.1.3 BMO Harris Investment Management Inc. - MRRS Decision

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

AND

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

AND

IN THE MATTER OF
BMO HARRIS INVESTMENT MANAGEMENT INC.
AND
THE TRUST COMPANY OF BANK OF MONTREAL

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 and Labrador (the "Jurisdictions") has received an application from BMO Harris Investment Management Inc. (the "Manager") and The Trust Company of Bank of Montreal ("Trustco"), manager and trustee, respectively, of the Monogram Canadian Growth Equity Fund II, Monogram Canadian Growth Equity Fund III, Monogram Canadian Growth Equity Fund IV, Monogram Canadian Conservative Equity Fund II, Monogram Canadian Conservative Equity Fund III and Monogram Canadian Income Equity Fund II (collectively, the "Terminating Funds") and Monogram Canadian Growth Equity Fund, Monogram Canadian Conservative Equity Fund and Monogram Canadian Income Equity Fund (collectively, the "Continuing Funds", the Terminating Funds and Continuing Funds, collectively, the "Funds") for a decision (the "Decision") pursuant to the securities legislation (the "Legislation") of the Jurisdictions that, for the purposes of the mutual fund merger transactions described below (the "Mergers"), the Manager, Trustco and the Funds be exempt from the requirements provided for by the Legislation with respect to:

(a) the requirements contained in the Legislation requiring a management company or a mutual fund manager to file reports in connection with every transaction of purchase or sale of securities between a mutual fund and any related person or company; and

(b) the restrictions contained in the Legislation prohibiting a portfolio manager or where applicable, a mutual fund, from knowingly causing a mutual fund to purchase or sell the securities of any issuer from or to the account of a responsible person or any associate of a responsible person or the portfolio manager;

AND WHEREAS the above restrictions and requirements of the Legislation shall be referred to in this Decision Document as the "Applicable Legislation";

AND WHEREAS pursuant to 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 Manager has represented to the Decision Makers that:

1. Each Fund is an open-end mutual fund trust established under the laws of Ontario by a declaration of trust.

2. The Funds are utilized by the Manager as part of its portfolio management on behalf of discretionary account clients. To date, units of the Funds are distributed to investors in reliance on exemptions from the registration and prospectus requirements of the Legislation, including the exemption for purchasers purchasing as principal if the aggregate acquisition cost is not less than a prescribed amount. The Manager intends to qualify the securities of the Continuing Funds on or about the effective date of the Mergers. Certain other mutual funds that are used by the Manager as part of its discretionary management program are already qualified by prospectus.

3. The Manager wishes to merge the Monogram Canadian Growth Equity Fund II, Monogram Canadian Growth Equity Fund III and Monogram Canadian Growth Equity Fund IV into Monogram Canadian Growth Equity Fund; merge the Monogram Canadian Conservative Equity Fund II and Monogram Canadian Conservative Equity Fund III into the Monogram Canadian Conservative Equity Fund; and merge the Monogram Canadian Income Equity Fund II into the Monogram Canadian Income Equity Fund.

4. The Mergers would occur through the implementation of the following steps:

   (a) each Terminating Fund will transfer all of its assets (which would consist of portfolio securities and cash), less an amount required to satisfy the liabilities of the Terminating Fund, to its corresponding Continuing Fund in exchange for units of that Continuing Fund having an aggregate value equivalent to the net value of the assets transferred;

   (b) immediately following the above-noted transfer, each Terminating Fund will distribute to its unitholders its portfolio securities, which would consist solely of units of the applicable Continuing Fund, so that following such distribution the unitholders in each Terminating Fund become direct unitholders in the applicable Continuing Fund;

   (c) thereafter, each Terminating Fund will be terminated.

5. Each Terminating Fund will merge with the appropriate Continuing Fund on February 28, 2002 (the "Merger Date") following which the merged Funds will be distributed in each province and territory of Canada pursuant to a single combined prospectus and annual information form.

6. No sales charges will be payable in connection with the acquisition by a Continuing Fund of the investment portfolio of the applicable Terminating Fund and all costs specifically relating to effecting the Mergers will be borne by the Manager and will not be charged to the Terminating Funds, the Continuing Funds or their respective unitholders.

7. The investment objectives of each of the Terminating Funds are the same as or similar to those of the Continuing Fund with which the Terminating Fund is to merge. Therefore, the investment portfolio of the Terminating Funds that are to be acquired by the Continuing Funds are appropriate investments for the Continuing Funds and, following completion of the Merger, the Continuing Funds will be invested in accordance with the investment objectives.

8. The net asset value of each Terminating Fund and Continuing Fund is calculated on a daily basis for the purposes of issuing and redeeming securities of the Funds, and there are no material differences in the valuation methods of each of the Funds.

9. Prior written notice of the Mergers has been provided to the unitholders in the Funds.

10. The unitholders in each Terminating Fund and Continuing Fund will have the right to redeem their units for cash up to the close of business on the business day before the Merger Date.

11. In the absence of this Decision, the Applicable Legislation requires the Manager to file a report in connection with the purchase by each Terminating Fund of units of its corresponding Continuing Fund as the Terminating Funds and Continuing Funds are "related persons" pursuant to the Legislation.

12. In the absence of this Decision, the Manager is prohibited from knowingly causing a Continuing Fund to buy the portfolio securities of its corresponding Terminating Fund as Trustco is a "responsible person" and the Continuing Funds are "associates" of Trustco pursuant to the Legislation.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Applicable Legislation does not apply to the Mergers, provided that immediately following the Mergers, all assets of the Terminating Funds, being units of the Continuing Funds, are distributed to the unitholders in such Terminating Fund, and that the Terminating Fund is thereafter wound-up without further notice to unitholders.

February 7, 2002.

"Robert W. Korthals" "H. Lorne Morphy"

2.1.4 Textron Financial Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief for a wholly-owned Canadian subsidiary of an MJDS eligible issuer from the eligibility requirements under National Instrument 71-101. Not to be used as a precedent. Future applications should also describe continuous disclosure documents to be filed by issuer once it is in the MJDS.

Applicable Provisions

National Instrument 71-101 – The Multijurisdictional Disclosure System, ss. 3.1(a), 3.2, 21.1.

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

AND

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

AND

IN THE MATTER OF
TEXTRON FINANCIAL CORPORATION
AND TEXTRON FINANCIAL CANADA FUNDING CORP.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland (the "Jurisdictions") has received an application from Textron Financial Corporation ("TFC") and its subsidiary Textron Financial Canada Funding Corp. (the "Issuer", and together with TFC, the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in section 3.2(b) of National Instrument 71-101 – The Multijurisdictional Disclosure System ("NI 71-101") that the Issuer be a "U.S. issuer" (as defined in NI 71-101) shall not apply to the Issuer so that it is eligible to offer certain securities under NI 71-101;

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

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

1. TFC was incorporated under the laws of the State of Delaware on February 5, 1962 and is not a reporting issuer or the equivalent in any of the Jurisdictions.

2. TFC has been a reporting company under the *United States Securities Exchange Act of 1934*, as amended (the "1934 Act") since 1999 with respect to its debt securities. TFC has filed with the United States Securities and Exchange Commission (the "SEC") all filings required to be made with the SEC under sections13 and 15 (d) of the 1934 Act since it first became a reporting company.

3. As at December 30, 2000, TFC had approximately US$3.7 billion in long term debt and US$966 million in commercial paper and short term debt outstanding. All of TFC's outstanding long-term debt is rated "A-" by Standard & Poor's and "A2" by Moody's Investors Service.

4. The common stock in the capital of TFC is owned by Textron Inc. ("Textron"), a publicly owned Delaware corporation. TFC derives a portion of its business from financing the sale and lease of products manufactured and sold by Textron.

5. TFC is a diversified commercial finance company with operations in four core segments: small business, middle markets, specialty finance and structured capital.

6. TFC's total assets as at December 30, 2000 were approximately US$6.1 billion and its net profit for the year ended December 30, 2000 was US$118 million.

7. The registered and principal office of the Issuer is in Nova Scotia.

8. The Issuer was incorporated under the *Companies Act* (Nova Scotia) as an unlimited liability company on October 31, 2000, and is a wholly-owned subsidiary of TFC.

9. The Issuer is not a reporting issuer or its equivalent in any of the Jurisdictions or a reporting company under the 1934 Act.

10. The Issuer is a financing subsidiary of TFC with no operations, revenues or cash flows other than those related to the issuance, administration and repayment of debt securities that are and will be fully and unconditionally guaranteed by TFC.

11. The Issuer's business activities are limited to financing the business activities of Textron Financial Canada Limited, TFC's Canadian based operating subsidiary and it will have no other operations.

12. TFC satisfies all the criteria set out in paragraph 3.1(a) of NI 71- 101 (the "General Eligibility Criteria") and is eligible to use the multi-jurisdictional disclosure system for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure.

13. TFC may issue non-convertible debt securities on a continuous basis in the United States and Canada and the Issuer may issue non-convertible debt securities, which will be fully and unconditionally guaranteed by TFC (the "Notes"), on a continuous basis in Canada and in the United States;

14. The offering by the Issuer of the Notes in Canada (the " Canadian Offering") is to be effected under a base shelf prospectus and one or more prospectus supplements (collectively, the "Prospectus") of the Filers, prepared in accordance with U.S. securities laws and filed as part of a registration statement with the SEC under to the United States Securities Act of 1933, as amended.

15. For the purposes of the Canadian Offering, the Prospectus will be filed with the Decision Makers in accordance with the provisions of NI 71-101, which are available to offerings which meet the alternative eligibility criteria for offerings of guaranteed non-convertible debt that have an investment grade rating as set out in paragraph 3.2 of NI 71-101 (the "Alternative Eligibility Criteria").

16. The Canadian Offering complies with the Alternative Eligibility Criteria except for the fact that the Issuer is not incorporated under United States law.

17. An application will be made by the Issuer requesting relief from certain continuous disclosure obligations of the Issuer.

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

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

THE DECISION of the Decision Makers under the Legislation is that the requirement in section 3.2(b) of NI 71-101 that the Issuer be a "U.S. issuer" (as defined in NI 71-101) shall not apply to the Issuer in connection with the offering of the Notes under the Canadian Offering, provided that at the time of the Canadian Offering:

(a) TFC satisfies the General Eligibility Criteria;

(b) the Issuer complies with all of the filing requirements and procedures set out in NI 71-101, except as varied by the Decision; and

(c) TFC remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of the Issuer.

November 8, 2001.

"J.W. Slattery"

2.1.5 TD Asset Management Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - time for mutual fund dealer to fulfill the requirement that it file an application for membership with the Mutual Fund Dealers Association of Canada extended - mutual fund dealer intends to no longer be registered as a mutual fund dealer

Applicable Ontario Rule

Rule 31-506 SRO Membership - Mutual Fund Dealers, ss. 3.1 and 5.1

Applicable Published Document

Letter sent to the Investment Funds Institute of Canada and the Investment Counsel Association of Canada, December 6, 2000, (2000) 23 OSCB 8467

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

AND

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

AND

IN THE MATTER OF
TD ASSET MANAGEMENT INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Ontario, Saskatchewan, and British Columbia (collectively, the "Provinces") granted TD Asset Management Inc. (the "Registrant") a decision dated June 14, 2001 (the "Original Decision") that extended to June 22, 2001 the time limits provided by the securities legislation and other regulatory requirements of the Provinces for the filing by the Registrant of an application for membership with the Mutual Fund Dealers Association of Canada ("MFDA");

AND WHEREAS the Decision Maker in each of the Provinces and Manitoba (collectively, the "Jurisdictions") received another application on June 15, 2001, which was amended by letter dated November 16, 2001 (the "Application") from the Registrant for a further decision that the Registrant be exempt from the requirement contained in the securities legislation and other regulatory requirements of the Jurisdictions (the "Legislation") to file an application for membership with the MFDA;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission has been selected as the principal regulator for purposes of the Application;

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

1. the Registrant is a corporation incorporated under the Business Corporations Act (Ontario);

2. the Registrant is a wholly-owned subsidiary of The Toronto-Dominion Bank ("TD Bank") which engages in the business of an investment counselor and portfolio manager;

3. the Registrant has a diversified client base comprising pension funds, corporations, institutions, endowments, foundations, high net worth individuals and retail investors;

4. the Registrant offers its investment counselling and portfolio management services to its clients either directly by way of private individually managed accounts or indirectly through protected mutual funds and non-prospectused pooled funds which it manages and advises;

5. the Registrant is the trustee, manager, and promoter of the TD Mutual Funds, the TD Private Funds and the TD Emerald Funds, all of which are qualified for sale by means of simplified prospectuses and annual information forms that have been prepared and filed in accordance with the securities legislation of all provinces and territories of Canada;

6. the TD Mutual Funds currently consist of 97 different mutual funds which are offered for sale to retail investors by TDIS directly, through TD Bank and Canada Trust branches and via the Internet;

7. the TD Private Funds currently consist of 17 different mutual funds which are used for the sole purpose of servicing accounts which are fully managed by the Registrant;

8. the TD Emerald Funds currently consist of 27 different mutual funds which are only offered for sale to institutional investors, members of corporate sponsored group plans and accounts that are fully managed by the Registrant;

9. the Registrant is registered as a mutual fund dealer or its equivalent in all provinces and territories of Canada, as an investment counsel and portfolio manager or their equivalents in all provinces and territories other than Prince Edward Island, as a limited market dealer under the Securities Act (Ontario) and the Securities Act (Newfoundland), and as a commodity trading manager under the Commodity Futures Act (Ontario);

10. the Registrant incorporated TD Investment Services Inc. ("TDIS") for the purpose of acquiring, and continuing to conduct, the Registrant's mutual fund distribution operation (the "MFD Operation");

11. TDIS is now registered as a mutual fund dealer or its equivalent with the securities regulatory authority of every province and territory, it is a member of the MFDA and it has acquired the MFD Operation from the Registrant;

12. on December 31, 2000, the Canada Life Assurance Company ("Canada Life") acquired those assets of The Toronto-Dominion Bank ("TD Bank") which supported TD Bank's business (the "Group Business") of providing retirement investment and other services to certain employer sponsors in respect of employer-sponsored group benefit plans (the "Group Plans");

13. as part of this transaction Canada Life made offers of employment to certain employees of the Registrant (the "Group Business Employees");

14. Canada Life Securities Inc. ("CLSI"), a wholly-owned subsidiary of Canada Life, has applied for registration as an investment dealer or its equivalent in all provinces and territories;

15. in order to accommodate the employment of the Group Business Employees by Canada Life prior to the registration of CLSI as an investment dealer or its equivalent in all provinces and territories, the Registrant sought and obtained from the securities regulatory authorities of British Columbia, Alberta, Newfoundland, Nova Scotia and Ontario approval of a networking arrangement (the "Networking Arrangement") which permits the Registrant to sponsor the registration of the Group Business Employees to allow them to continue servicing the Group Plans pending CLSI's registration;

16. until the registration described in paragraph 14 is obtained, Canada Life must continue to rely upon the Networking Arrangement for the purpose of servicing the Group Business and the Networking Arrangement is dependant upon the Registrant's registration as a mutual fund dealer;

17. the Registrant has filed an application in all provinces and territories for exemption from the requirement to be registered as a mutual fund dealer or its equivalent with respect to the distribution of units of certain mutual funds managed by the Registrant to accounts fully managed by the Registrant;

18. when both of: (a) the registration described in paragraph 14 and (b) the exemption described in paragraph 17 are obtained, the Registrant will take all necessary steps to ensure that it is no longer registered as a mutual fund dealer or its equivalent;

19. the Registrant does not currently and does not intend to carry on the business of retail distribution of publicly-offered mutual funds;

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

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

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

THE DECISION of the Decision Makers under the Legislation is that the time limits provided by the Legislation for the filing by the Registrant of an application for membership with the MFDA are hereby extended until June 30, 2002.

February 11, 2002.

"Rebeca Cowdery"

2.1.6 Boliden Limited - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF
BOLIDEN LIMITED

MRRS DECISION DOCUMENT

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

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

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

1. The Corporation was incorporated under the Canada Business Corporations Act ("CBCA") and is a reporting issuer or the equivalent in each of the Jurisdictions.

2. The Corporation is not in default of any of the requirements of the Legislation.

3. The registered office of the Corporation is located in Toronto, Ontario.

4. The authorized capital of the Corporation consists of an unlimited number of redeemable shares (the "Redeemable Shares") and exchangeable shares (the "Exchangeable Shares"), of which no Redeemable Shares and 85,401,311 Exchangeable Shares are issued and outstanding.

5. As a result of a statutory plan of arrangement (the "Arrangement") implemented on December 5, 2001, all of the issued and outstanding securities of the Corporation are owned by Boliden AB.

6. Prior to the implementation of the Arrangement, the authorized capital of the Corporation consisted of an unlimited number of common shares ("Common Shares") and an unlimited number of preferred shares ("Preferred Shares"), issuable in series, of which 87% of the outstanding Common Shares were represented by Swedish depository receipts ("SDRs") issued by Skandinaviska Enskilda Banken AB (publ) ("SEB") as depository bank under an agreement dated April 27, 1999 between the Corporation and SEB. Under the terms of the agreement, the rights and benefits attributable to Common Shares deposited with SEB flowed through to the SDRs. Each SDR represented one Common Share.

7. The Common Shares and Preferred Shares were listed on The Toronto Stock Exchange (the "TSE"). The SDRs were listed on the Stockholm Exchange (the "SE").

8. Under the terms of the Arrangement:

   (a) the Preferred Shares were converted into Common Shares;

   (b) the Common Shares were consolidated and converted into Redeemable Shares and Exchangeable Shares; and

   (c) each Redeemable Share was redeemed for 0.93 of an ordinary share of Boliden AB and each Exchangeable Share was exchanged for 0.07 of an ordinary share of Boliden AB.

9. On December 4, 2001, the Common Shares and Preferred Shares were delisted from the TSE and the SDRs were delisted from the SE.

10. No securities, including debt securities, of the Corporation are listed or quoted on any stock exchange or market.

11. Other than the Exchangeable Shares, the Corporation has no securities, including debt securities, outstanding.

12. The Corporation does not intend to seek public financing by way of an offering of its securities under a prospectus filed under the Legislation of the Jurisdictions.

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

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

THE DECISION of the Decision Makers under the Legislation is that the Corporation is deemed to have ceased to be a reporting issuer or the equivalent thereof under the Legislation in each of the Jurisdictions.

February 7, 2002.

"John Hughes"

2.2 Orders

2.2.1 Shelton Canada Corp. - 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 Alberta since August 19, 1999 and in British Columbia since November 26, 1999 - Issuer listed and posted for trading on the Canadian Venture Exchange - Continuous disclosure requirements of Alberta and British Columbia substantially the same as those of Ontario.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 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
SHELTON CANADA CORP.

ORDER
(Subsection 83.1(1))

UPON the application of Shelton Canada Corp. (the "Company") for an order pursuant to subsection 83.1(1) of the Act deeming the Company 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 Ontario Securities Commission (the "Commission");

AND UPON the Company representing to the Commission as follows:

1. The Company was incorporated on December 19, 1994 under the *Business Corporation Act* (Alberta) as Shelton Canada Corp.

2. The Company's authorized share capital consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares. As of January 25, 2002, the issued and outstanding share capital consists of 6,350,000 Common Shares and no Preferred Shares.

3. The Company's head office is located in Etobicoke, Ontario.

4. The Company became a reporting issuer under the *Securities Act* (Alberta) ("ASA") on August 19, 1999 and became a reporting issuer under the *Securities Act* (British Columbia) ("BCSA") 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"). The Company is not a reporting issuer in Ontario, and is not a reporting issuer, or equivalent, in any other jurisdiction, except British Columbia and Alberta.

5. The Company was listed as a junior capital pool company with its Common Shares trading under the symbol "STO" on the Alberta Stock Exchange (now known as the CDNX) on September 23, 1999, and such Common Shares have been continually listed since that date.

6. On October 17, 2000, the CDNX issued a Bulletin confirming its acceptance for filing of the Company's qualifying transaction. As a result, the Company was no longer designated a junior capital pool company as of October 18, 2000.

7. The Company has a significant connection to Ontario as it has 4,342,040 Common Shares of the Company or approximately 68.4% of the total issued and outstanding Common Shares of the Company held by beneficial and registered shareholders resident in Ontario as at January 25, 2002.

8. The Company has maintained its continuous disclosure obligations under the ASA and BCSA since it became a reporting issuer in each respective jurisdiction, which requirements are substantially similar to those under the Act.

9. The continuous disclosure materials filed by the Company since August 19, 1999 under the ASA and since November 26, 1999 under the BCSA are available on the System for Electronic Document Analysis and Retrieval.

10. The Company is not in default of any requirements of the ASA, BCSA or the CDNX, or any of the rules, regulations or policies thereunder.

11. The Company has not been subject to any penalties or sanctions imposed against the Company by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, and has not entered into any settlement agreements with any Canadian securities regulatory authority.

12. Neither the Company nor any of its officers, directors, nor any of its shareholders holding sufficient securities of the Company to affect materially the control of the Company 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.

13. Neither the Company nor any of its officers, directors, nor any of its shareholders holding sufficient securities of the Company to affect materially the control of the Company, 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.

14. None of the officers or directors of the Company, nor any of its shareholders holding sufficient securities of the Company to affect materially the control of the Company, 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 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 the Company be deemed a reporting issuer for purposes of Ontario securities law.

February 6, 2002.

"Margo Paul"

2.2.2 Market Regulation Services - Recognition Order s. 21.1

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

AND

IN THE MATTER OF
MARKET REGULATION SERVICES INC.

RECOGNITION ORDER
(Section 21.1)

Market Regulation Services Inc. ("RS Inc.") has applied for recognition as a self-regulatory organization;

RS Inc. will be a regulation services provider under National Instrument 21-101 *Marketplace Operation Rule* and National Instrument 23-101 *Trading Rules* (together the ATS Rules);

RS Inc. has agreed to provide regulation services to The Toronto Stock Exchange Inc. and the Canadian Venture Exchange, Inc. under the ATS Rules, as agent for each of them. In this capacity, RS Inc. will administer the exchanges' market conduct and trading requirements and monitor and enforce compliance with these requirements by the exchanges' members, their directors, officers, employees, affiliates and representatives;

RS Inc. also intends to act as regulation services provider for quotation and trade reporting systems and alternative trading systems under the ATS Rules;

RS Inc. has agreed to the terms and conditions set out in Schedule A;

Based on the application of RS Inc. and the representations and undertakings RS Inc. has made to the Commission, the Commission is satisfied that the recognition of RS Inc. would not be prejudicial to the public interest;

The Commission recognizes RS Inc. as a self-regulatory organization pursuant to section 21.1 of the Act subject to the terms and conditions set out in Schedule A.

January 29, 2002

"Howard I. Wetston" "Derek Brown"

SCHEDULE A

TERMS AND CONDITIONS

1. CORPORATE GOVERNANCE

(a) To ensure diversity of representation, RS Inc. will ensure that:

(i) its board is composed of individuals that provide a proper balance between the interests of the different entities desiring access to its regulation services; and

(ii) a reasonable number and proportion of its directors are independent directors.

(b) RS Inc.'s governance structure will provide for:

(i) fair and meaningful representation on its board and any committees of its board; and

(ii) appropriate qualifications, remuneration, conflict of interest provisions and limitation of liability and indemnification protections for its directors and officers and employees generally.

(c) In addition, RS Inc. will ensure that:

(i) at least 50 percent of its directors, other than the President of RS Inc., are independent directors, and an independent director is a director that is not

(A) an associate nor a director, officer or employee of a marketplace participant that is a dealer, a marketplace to which RS Inc. provides regulation services, a shareholder of RS Inc. or an affiliated entity of any of them; or

(B) employed by RS Inc. or associated with it;

(ii) at all times, one of its directors is an individual who is associated with or has experience with the Canadian public venture capital market;

(iii) at all times, at least one of its directors represents alternative trading systems (ATSs);

(iv) its board delegates the selection of independent directors and of the director representating ATSs (whether that director is an independent director or not) to its Governance Committee, which is composed of all the independent directors of RS Inc.;

(v) it provides the Commission with notice of all appointments to its board;

(vi) the President of RS Inc. is deemed to be neither an independent nor a non-independent director;

(vii) the quorum for its board is a simple majority of directors, with at least one representative from each shareholder and at least 50% of the independent directors present;

(viii) it does not, without prior Commission approval, make changes to its corporate governance structure, articles, by-laws or any shareholders' agreement; and

(ix) it reviews its corporate governance model within 12 months of recognition and periodically after that to ensure that the model appropriately reflects the evolution of the equity markets and promptly reports to the Commission the results of its reviews.

2. FEES

(a) RS Inc. will have a fair, transparent and appropriate process for setting fees. These fees will:

(i) be allocated on an equitable basis among marketplaces and marketplace participants; and

(ii) balance the need for RS Inc. to satisfy its responsibilities without creating barriers to access.

(b) RS Inc. will ensure that it:

(i) charges fees on a cost recovery basis;

(ii) does not, without prior Commission approval, make any significant changes to its fee model; and

(iii) reviews its fee model within 12 months of recognition and periodically after that to ensure that it continues to meet the requirements of this section and promptly reports to the Commission on the results of its reviews.

3. ACCESS TO SERVICES AND DUE PROCESS

(a) RS Inc.'s requirements will permit all marketplaces to access its regulation services if they satisfy the criteria RS Inc. has established for this purpose.

(b) RS Inc. will:

(i) establish written criteria for granting access to its regulation services;

(ii) not unreasonably prohibit or limit access to its regulation services; and

(iii) keep records of:

(A) each grant of access to its regulation services and, for each entity granted access the reasons for granting access; and

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

(c) In addition, RS Inc. will enter into a written agreement with any marketplace authorized to operate under the ATS Rules that satisfies RS Inc.'s criteria for access and requests access to its regulation services; the agreement will provide that:

(i) RS Inc. will monitor the conduct of marketplace participants and the activities of marketplaces;

(ii) RS Inc. will enforce the requirements governing the conduct of marketplace participants;

(iii) the marketplace will transmit the audit trail information required under Part 11 of National Instrument 21-101 Marketplace Operation;

(iv) the marketplace will comply with all orders or directions made by RS Inc.; and

(v) if the marketplace is an ATS, the ATS will conduct its trading activities in compliance with the requirements set by RS Inc.

(d) In connection with giving access to its regulation services, RS Inc. will ensure that:

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

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

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

4. FINANCIAL VIABILITY

(a) RS Inc. will maintain sufficient financial resources for the proper performance of its regulation functions.

(b) RS Inc. will operate on a not-for-profit basis.

(c) RS Inc. will have a risk management policy that will allow it to identify issues that may prevent it from allocating sufficient financial and other resources to carry out its regulation functions in a manner that is consistent with the public interest and the terms and conditions of the order.

(d) Each month, RS Inc. will compare the revenues and expenditures incurred by RS Inc. with the revenues and expenditures forecasted for that month in RS Inc.'s annual operating plan.

(e) If the actual numbers compared to the forecasted numbers result in a deficit of 15% or more for a period of three months, RS Inc. will report to the Commission and the President of RS Inc. will deliver a letter advising the Commission of the reasons for the deficit and the steps being taken to address any issues arising from the deficit.

(f) If the actual numbers compared to the forecasted numbers result in a deficit of 25% or more for a period of three months, RS Inc. will report to the Commission and will not, without the prior approval of the Commission, make any capital expenditures or pay any bonuses to any directors and officers not already reflected in the financial statements, or make any loans, dividends or other distributions of assets to any related company or shareholder until the deficiencies have been eliminated for at least six months.

(g) RS Inc. will provide the Commission with a copy of the annual operating plan each year once it is approved by its Board.

5. CAPACITY TO PERFORM REGULATORY FUNCTIONS

(a) RS Inc. will maintain its ability to perform its regulation functions including setting requirements governing the conduct of ATSs and their subscribers, monitoring the conduct of marketplace participants and the activities of marketplaces, and enforcing the requirements governing the conduct of marketplace participants and ATSs.

(b) In particular, RS Inc. will:

(i) provide the Commission with an annual report in the form and with the information specified by the Commission from time to time;

(ii) not, without prior Commission approval, make significant changes to the manner in which RS Inc. performs its regulation services, functions, and processes and to its organizational structure, including any significant changes to its staffing complement by function and location;

(iii) have the necessary financial, technological and other resources to efficiently and effectively provide its regulation services;

(iv) adopt policies and procedures designed to ensure that confidential information about its operations or any marketplace or marketplace participant is maintained in confidence and not shared inappropriately with other persons, and use reasonable efforts to comply with these policies and procedures;

(v) promptly report to the Commission misconduct or apparent misconduct by a marketplace, a marketplace participant or others if:

(A) RS Inc. reasonably expects investors, one or more marketplaces, marketplace participants or their customers, the Canadian Investor Protection Fund, or RS Inc. to suffer serious damage as a consequence, or

(B) RS Inc. has reasonable grounds to believe that fraud may be present;

(vi) promptly report to the Commission any material deficiencies in RS Inc.'s supervision or internal controls;

(vii) notify the public and media of:

(A) each disciplinary or settlement hearing by promptly issuing a press release that includes the names of the parties and identifies the nature of the alleged violation, and posting on its website a copy of the notice of hearing no later than the day in which the notice of hearing is issued, and

(B) the terms of each settlement and the disposition of each disciplinary action by promptly issuing a press release that includes the names of the parties, the findings and the sanctions imposed and posting on its website a copy of the settlement agreement or decision;

(viii) ensure that disciplinary and settlement hearings are open to the public and media except when required for the protection of confidential matters and establish written criteria for making a determination on confidentiality;

(ix) notify the Commission of all information required in Appendix C to the Memorandum of Understanding for the oversight of RS Inc. among the regulators recognizing RS Inc., as amended from time to time (MOU);

(x) not complete any transaction that would result in RS Inc. ceasing to perform its regulation services, discontinuing, suspending or winding-up all or a significant portion of its operations, or disposing of all or substantially all of its assets without:

(A) providing the Commission at least six months prior notice of its intention, and

(B) complying with any terms and conditions the Commission may impose in the public interest for the orderly discontinuance of its operations; and

(xi) not assign, transfer, delegate or sub-contract the performance of all or a substantial part of its regulation services or any function set up to perform these services, to any party without the prior approval of the Commission.

6. CAPACITY AND INTEGRITY OF SYSTEMS

(a) RS Inc. will:

(i) on a reasonably frequent basis, and in any event, at least annually,

(A) make reasonable current and future capacity estimates for its critical systems;

(B) conduct capacity stress tests to determine the ability of its critical systems to perform its regulation functions in an accurate, timely and efficient manner;

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

(D) review the vulnerability of those systems to internal and external threats including physical hazards and natural disasters; and

(E) establish reasonable contingency and business continuity plans;

(ii) annually

(A) arrange for an independent review and report, in accordance with established audit procedures and standards, of its critical systems technology plans to ensure that it has appropriate processes in place to manage the impact of change in technology on itself and parties interfacing with it (this will include an assessment of RS Inc.'s controls for ensuring that each of its critical systems complies with paragraph (i) above), and

(B) ensure that senior management conducts a review of the report containing the recommendations and conclusions of the independent review; and

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

7. PURPOSE OF RULES

(a) RS Inc. will establish rules, policies, or other similar instruments ("Rules") that are:

(i) not contrary to the public interest; and

(ii) necessary or appropriate to govern and regulate all aspects of its business and affairs.

(b) More specifically, RS Inc. will ensure that:

(i) the Rules are designed to:

(A) ensure compliance with securities legislation;

(B) prevent fraudulent and manipulative acts and practices;

(C) promote just and equitable principles of trade;

(D) foster cooperation and coordination with entities engaged in regulating, clearing,

settling, processing information about, and facilitating transactions in, securities; and

(E) provide for appropriate discipline;

(ii) the Rules do not:

(A) permit unreasonable discrimination between those granted access to the regulation services of RS Inc.; or

(B) impose any burden on competition that is not necessary or appropriate in furtherance of securities legislation; and

(iii) the Rules ensure that its business is conducted in an orderly manner so as to afford protection to investors.

8. RULES AND RULE-MAKING

(a) RS Inc. will file with the Commission all Rules and amendments to the Rules adopted by its board.

(b) RS Inc. will comply with the joint rule review protocol established by the Commission and other regulators recognizing RS Inc., as amended from time to time (Protocol).

(c) RS Inc. will administer and enforce the Rules applicable to marketplaces for which RS Inc. acts as the regulation services provider as well as any other rules of a marketplace as agreed to between RS Inc. and that marketplace.

9. FINANCIAL STATEMENTS

(a) RS Inc. will file annual audited financial statements with the Commission prepared under Canadian GAAP and accompanied by the report of an independent auditor within 90 days after the end of each financial year.

(b) RS Inc. will file quarterly financial statements with the Commission prepared under Canadian GAAP within 60 days after the end of each financial quarter.

10. DISCIPLINE RULES

(a) RS Inc. will appropriately discipline any person or company subject to its regulation for violations of securities legislation, the Rules, and any other rules of a marketplace as agreed to between RS Inc. and that marketplace.

(b) RS Inc. will have general disciplinary and enforcement provisions in its Rules; these provisions will apply to any person or company subject to its regulation.

11. INFORMATION SHARING

(a) RS Inc. will share information and will otherwise co-operate with the Commission and its staff, other Canadian securities regulatory authorities, Canadian exchanges, other regulation services providers, and other recognized self-regulatory organizations.

12. ADDITIONAL INFORMATION & COMPLIANCE WITH OVERSIGHT

(a) RS Inc. will provide the Commission any additional information the Commission may require from time to time.

(b) In particular, RS Inc. will file the information required in Appendix B of the MOU within the time periods set out below:

(i) If RS Inc. makes a changes to information contained on the cover page and in Exhibits A, B, D (other than as a result of any issuance, transfer or cancellation of shares to permit ATSs to become shareholders of RS Inc. under the provisions the unanimous shareholders' agreement among RS Inc. the Toronto Stock Exchange Inc. and the Investment Dealers Association of Canada), F, I and K of Appendix B, it will file an amendment at least 45 days before making the change; and

(ii) If RS Inc. makes a change to any other information that is required by Appendix B except for a change to Exhibit J, it will file an amendment within 30 days after the end of the calendar quarter in which the change takes place.

Once recognized, RS Inc. must file a new Rule or a change to a Rule under the Protocol and financial statements within the time periods prescribed in these terms and conditions.

2.2.3 Toronto Stock Exchange - Amendment to Recognition Order s.144

IN THE MATTER OF

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

AND

IN THE MATTER OF

THE TORONTO STOCK EXCHANGE INC.

AMENDMENT TO RECOGNITION ORDER (Section 144)

WHEREAS the Commission issued an order dated April 3, 2000 granting and continuing the recognition of The Toronto Stock Exchange Inc. ("TSE") as a stock exchange pursuant to section 21 of the Act (the "Previous Order");

AND WHEREAS the Commission has determined that it is not prejudicial to the public interest to issue an order that amends and restates the Previous Order to reflect the transfer of regulation services by the TSE to Market Regulation Services Inc.;

IT IS ORDERED, pursuant to section 144 of the Act that the Previous Order be amended and restated as follows:

IN THE MATTER OF

THE SECURITIES ACT, R.S.O. 1990 CHAPTER S. 21, AS AMENDED (the "Act")

AND

IN THE MATTER OF

THE TORONTO STOCK EXCHANGE INC.

RECOGNITION ORDER (Section 21)

WHEREAS the Commission granted and continued the recognition of The Toronto Stock Exchange Inc. (the "TSE") as a stock exchange on April 3, 2000 (the "Previous Order") following the continuance of the TSE under the Business Corporations Act (Ontario) (the "demutualization");

AND WHEREAS the TSE intends to retain Market Regulation Services Inc. ("RS Inc.") as a regulation services provider ("RSP") under National Instrument 21-101 Marketplace Operation and National Instrument 23-101 Trading Rules (the "ATS Rules");

AND WHEREAS, RS Inc. has agreed, pursuant to an agreement between RS Inc. and the TSE (the "Regulation Services Agreement"), to provide certain market regulation services to the TSE as an RSP under the ATS Rules, as the TSE's agent;

AND WHEREAS the Commission has considered the submissions of the TSE and based upon the representations and undertakings made and given by the TSE;

AND WHEREAS the Commission considers it appropriate to set out in an order the terms and conditions of the TSE's continued recognition as a stock exchange, which terms and conditions are set out in Schedule "A" attached;

AND WHEREAS the TSE has agreed to the terms and conditions set out in Schedule "A";

AND WHEREAS the Commission has determined that recognizing and continuing to recognize the TSE is not prejudicial to the public interest;

The Commission hereby amends the TSE's recognition as a stock exchange so that the recognition pursuant to section 21 of the Act continues, subject to the terms and conditions attached as Schedule "A".

DATED April 3, 2000, as amended on January 29, 2002.

"Howard I. Wetston" "Derek Brown"

SCHEDULE "A"

TERMS AND CONDITIONS

1) CORPORATE GOVERNANCE

a) The TSE's arrangements with respect to the appointment, removal from office and functions of the persons ultimately responsible for making or enforcing the rules of the TSE, namely, the governing body, shall be such as to ensure a proper balance between the interests of the different entities desiring access to the facilities of the TSE ("Participating Organizations"), and, in recognition that the protection of the public interest is a primary goal of the TSE, a reasonable number and proportion of directors shall not be associated with Participating Organizations within the meaning of the TSE's by-laws in order to ensure diversity of representation on the Board. In particular, the TSE shall ensure that at least fifty per cent (50%) of its directors shall consist of individuals who are not associated with Participating Organizations within the meaning of the TSE's by-laws, and, in the event that at any time it fails to meet such requirement, it shall promptly remedy such situation.

b) Without limiting the generality of the foregoing, the TSE's governance structure shall provide for:

i) Fair and meaningful representation on its governing body, in the context of the nature and structure of the TSE, and any governance committee thereto and in the approval of rules;

ii) Appropriate representation of persons not associated with Participating Organizations on the TSE's committees and on any executive committee or similar body within the meaning of the TSE's by-laws; and

iii) Appropriate qualifications, remuneration, conflict of interest provisions and limitation of liability and indemnification protections for directors and officers and employees of the TSE generally.

2) FEES

a) Any and all fees imposed by the TSE on its Participating Organizations shall be equitably allocated. Fees shall not have the effect of creating barriers to access and shall be balanced with the criteria that the TSE have sufficient revenues to satisfy its responsibilities.

b) The TSE's process for setting fees shall be fair and appropriate.

3) ACCESS

a) The requirements of the TSE shall permit all properly registered dealers that are members of a recognized self-regulatory organization and that satisfy the TSE's criteria to access the trading facilities of the TSE.

b) Without limiting the generality of the foregoing, the TSE shall:

i) establish written standards for granting access to trading on its facilities;

ii) not unreasonably prohibit or limit access by a person or company to services offered by it; and

iii) keep records of:

(A) each grant of access including, for each entity granted access to its trading facilities, the reasons for granting such access; and

(B) each denial or limitation of access, including the reasons for denying or limiting access to any applicant.

4) FINANCIAL VIABILITY

a) The TSE shall maintain sufficient financial resources for the proper performance of its functions.

b) The TSE shall file quarterly financial statements within 60 days of each quarter end and audited annual financial statements within 90 days of each year-end.

c) The TSE shall report to the Commission when (1) its liquidity measure is equal to or less than zero [working capital plus borrowing capacity: two years each of net operating income (less depreciation which is a non-cash item), capital investment and debt repayment requirements]; (2) its solvency ratio is equal to or less than 1.3:1 (total assets: total liabilities); or (3) its financial leverage ratio is equal to or greater than 4.0 (total assets: total capital).

d) If the TSE fails to satisfy any of the above acceptable liquidity measure, solvency or financial leverage ratios for a period of more than three months, its President will deliver a letter advising the Commission of the reasons for the continued ratio deficiencies and the steps being taken to rectify the problem, and the TSE will not, without the prior approval of the Director, make any capital expenditures not already reflected in the financial statements, or make any loans, bonuses, dividends or other distributions of assets to any director, officer, related company or shareholder until the

deficiencies have been eliminated for at least six months.

e) The TSE shall provide a report annually of the monthly calculation of the measure and ratios, the appropriateness of the calculations and whether any alternative calculations should be considered.

5) REGULATION

a) The TSE shall retain RS Inc. as an RSP to provide, as agent for the TSE, certain regulation services which have been approved by the Commission. The TSE shall provide to the Commission, on an annual basis, a list outlining the regulation services provided by RS Inc. and the regulation services performed by the TSE. All amendments to those listed services are subject to the prior approval of the Commission;

b) In providing the regulation services, as set out in the Regulation Services Agreement, RS Inc. will act as the agent of the TSE pursuant to a delegation of the TSE's authority in accordance with Section 13.0.8(4) of the Toronto Stock Exchange Act and will be entitled to exercise all the authority of the TSE with respect to the administration and enforcement of certain market integrity rules and other related rules, policies and by-laws.

c) TSE shall provide the Commission with an annual report with such information regarding its affairs as may be requested from time to time. The annual report shall be in such form as may be specified by the Commission from time to time.

d) The TSE shall continue to perform all other regulation functions not performed by RS Inc.

e) Management of the TSE (including the President and CEO) shall at least annually assess the performance by RS Inc. of its regulation functions and report thereon to the Board, together with any recommendations for improvements. The TSE shall provide the Commission with copies of such reports and shall advise the Commission of any proposed actions arising therefrom.

6) SYSTEMS

For each of its systems that support order entry, order routing, execution, data feeds, trade reporting and trade comparison, capacity and integrity requirements, the TSE shall:

a) Make reasonable current and future capacity estimates;

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

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

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

e) Establish reasonable contingency and business continuity plans;

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

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

7) PURPOSE OF RULES

The TSE shall, subject to the terms and conditions of this Recognition Order and the jurisdiction and oversight of the Commission in accordance with Ontario securities laws, through RS Inc. and otherwise, establish such rules, regulations, policies, procedures, practices or other similar instruments as are necessary or appropriate to govern and regulate all aspects of its business and affairs and shall in so doing specifically govern and regulate so as to:

a) Seek to ensure compliance with securities legislation;

b) Seek to prevent fraudulent and manipulative acts and practices;

c) Seek to promote just and equitable principles of trade;

d) Seek to foster cooperation and coordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities; and

e) Seek to provide for appropriate discipline.

8) RULES AND RULE-MAKING

a) The TSE shall comply with the existing protocol between the TSE and the Commission, as it may

be amended from time to time, concerning Commission approval of changes in its rules and regulations.

b) All by-laws, rules, regulations and policy statements of general application, and amendments thereto, adopted by the TSE must be filed with the Commission.

9) FINANCIAL STATEMENTS

The TSE shall file audited annual and quarterly financial statements.

10) DISCIPLINE OF PARTICIPATING ORGANIZATIONS

The TSE shall ensure, through RS Inc. and otherwise, that its Participating Organizations are appropriately disciplined for violations of securities legislation and the by-laws, rules, regulations, policies, procedures, practices and other similar instruments of the TSE.

11) DUE PROCESS

The TSE shall ensure that the requirements of the TSE relating to access to the facilities of the TSE, the imposition of limitations or conditions on access and denial of access are fair and reasonable, including in respect of notice, an opportunity to be heard or make representations, the keeping of a record, the giving of reasons and the provisions for appeals.

12) INFORMATION SHARING

The TSE shall co-operate by the sharing of information and otherwise, with the Commission and its staff, the Canadian Investor Protection Fund and other Canadian exchanges, recognized self-regulatory organizations and regulatory authorities responsible for the supervision or regulation of securities firms and financial institutions.

13) ADDITIONAL INFORMATION

The TSE shall file any information required under the ATS Rules.

2.2.4 E.piphany, Inc. - ss.74(1) and c.104(2)(c)

Headnote

Subsection 74(1) - Registration relief for exercise of options by current and former Canadian employees, directors and officers of a foreign issuer where trades made through an agent - first trade relief.

Subsection 104(2)(c) - Issuer bid relief for foreign issuer in connection with requisition of shares under stock plans.

Ontario statutory provisions cited.

Securities Act, R.S.O. 1970, c.S.5, as am sec. 25, 35(1)(12)(iii), 35(1)(17), 74(1), 95, 96, 97, 98, 100, 104(2)(c)

Regulations Cited

Regulation made under the Securities Act – RRO 1990, Reg 1015, as am, s. 183(1), 203.1, 204(1)

Rules Cited

OSC Rule 45-503 - Trades to Employees, Executors and Consultants.

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

AND

IN THE MATTER OF
E.PIPHANY, INC.

RULING AND ORDER
(subsection 74(1) and clause 104(2)(c))

UPON the application of E.piphany, Inc. ("**E.piphany**" or the "**Applicant**") to the Ontario Securities Commission (the "**Commission**") for a ruling pursuant to subsection 74(1) of the Act that certain trades in common shares in the capital of the Applicant ("**Shares**") and options exercisable for Shares ("**Options**") issued pursuant to the E.piphany 1999 Stock Plan (the "**Stock Plan**") and the E.piphany 1999 Employee Stock Purchase Plan (the "**ESPP**"), (collectively, the "**Plans**") shall not be subject to section 25 of the Act (the "**Registration Requirement**") and for an order pursuant to clause 104(2)(c) of the Act that sections 95, 96, 97, 98 and 100 of the Act and section 203.1 of the regulation (the "**Regulation**") made under the Act (collectively, the "**Issuer Bid Requirements**") shall not apply to certain acquisitions by the Applicant of securities of its own issue pursuant to the plans;

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

AND UPON the Applicant having represented to the Commission that:

1. E.piphany is a corporation incorporated under the laws of the state of Delaware. The executive

offices of E.piphany are located in San Mateo, California.

2. E.piphany is registered with the Securities Exchange Commission (the "**SEC**") in the United States under the United States Securities *Exchange Act of 1934* (the "***Exchange Act***") and is not exempt from the reporting requirements of the *Exchange Act* pursuant to Rule 12G 3-2 made thereunder.

3. The Shares are quoted on the NASDAQ National Market ("**NASDAQ**") under the symbol "EPNY".

4. E.piphany is not a reporting issuer in Ontario and has no present intention of becoming a reporting issuer in Ontario. The majority of the directors and senior officers of E.piphany reside outside of Canada.

5. The authorized share capital of E.piphany consists of 500,000,000 Shares and 25,000,000 shares of preferred stock ("**Preferred Shares**). As of June 30, 2001, there were 70,567,520 Shares and no Preferred Shares issued and outstanding.

6. Under the Stock Plan, Options may be granted to employees of E.piphany and its affiliates (the "**E.piphany Companies**"). Under the ESPP, employees of the E.piphany Companies are able to purchase Shares. (Employees participating in the Stock Plan and the ESPP are referred to as the "**Participants**").

7. Participants will not be induced to exercise Options or purchase Shares by expectation of employment or continued employment.

8. The Plans are administered by the board of directors (the "**Board**") of E.piphany and/or a committee appointed by the Board (the "**Committee**").

9. The purpose of the ESPP is to provide employees of the E.piphany Companies an opportunity to purchase Shares through payroll deductions.

10. The purpose of the Stock Plan is to facilitate the attraction and retention of selected personnel by providing a means by which selected employees of the E.piphany Companies may be given an opportunity to purchase Shares and to benefit from increases in the value of the Shares.

11. All necessary securities filings have been made in the United States in order to offer the Plans to participants resident in the United States.

12. A prospectus prepared according to U.S. securities laws describing the terms and conditions of the Plans will be delivered to each employee who is eligible to participate in the ESPP and to each Participant who is granted an Option under the Stock Plan. The annual reports, proxy materials and other materials E.piphany is required to file with the SEC will be provided or made available to Canadian Participants who become shareholders at the same time and in the same manner as the documents are provided or made available to United States shareholders.

13. Options and rights under the Plans may not be assigned, transferred, pledged or otherwise disposed of other than by will or the laws of intestacy.

14. Following the termination of a Participant's relationship with the E.piphany Companies, a former Participant or in some cases the Participant's or former Participant's estate, the legal representative of a Participant or of a former Participant, or the beneficiary of a Participant or Former Participant by a designation or by will or the laws of intestacy (collectively, the "**Former Participants**") will continue to have rights in respect of the Plans. Post-termination rights may include, among other things, the right of a Former Participant to exercise an Award for a specified period following termination and the right to sell Shares acquired under the Plans through the Agents.

15. E.piphany intends to use the services of one or more agents/brokers (the "**Agents**") for each of the Plans. The current Agent for the Plans is E*TRADE Securities, Inc. The current Agent is, and if replaced, or if additional Agents are appointed, will be registered under applicable U.S. securities or banking legislation and has been or will be authorized by E.Piphany to provide services under the Plans. The Agents are not registered to conduct retail trades and, if replaced, or additional agents are appointed, are not expected to be so registered in Ontario.

16. The Agents' role in the Plans may include: (a) assisting with the administration of the Plans, including record-keeping functions; (b) facilitating the exercise of Awards granted under the Plans (including cashless exercises); (c) holding Shares issued under the Plans on behalf of Participants and Former Participants; and (d) facilitating the resale of the Shares issued in connection with the Plans.

17. As there is no market in Ontario for the Shares and none is expected to develop, it is expected that any resale of Shares will be effected through the facilities of NASDAQ.

18. Currently, less than 10% of the outstanding Shares are held by persons or companies whose last address as shown on the books of the E.piphany is in Ontario and such persons or companies do not represent more than 10% of

the total number of holders of outstanding Shares.

19. As of September 19, 2001, there were two employees in Ontario eligible to participate in the Stock Plan and two employees in Ontario eligible to participate in the ESPP.

20. An eligible employee may purchase Shares through accumulated payroll deductions at a discount to the market price to a maximum of 15% of their Compensation (as defined in the ESPP). Subject to the discretion granted under the ESPP to the Board or Committee, Shares will be issued by E.piphany to the Agents on a periodic basis based on the level of accumulated payroll deductions of each Employee participating in the ESPP.

21. Generally, in order to exercise an Option, the Participant or Former Participant, must submit to E.piphany or to the Agents a written notice of exercise identifying the Option and the number of Shares being exercised, together with full payment of the exercise price. The exercise price of an Option may be paid in cash, cash equivalent, or where permitted by the Committee, by way of a cashless exercise, promissory note, or such other method as permitted by the Committee.

22. Shares withheld or surrendered in payment of withholding taxes or exercise costs may either

    (i) be sold by the Agent on behalf of the Participant or Former Participant and the proceeds of the sale delivered to E.piphany and the Participant or Former Participant, as applicable, or

    (ii) be reacquired by E.piphany.

23. Shares reacquired by E.piphany from Participants or Formaer Participants will either be cancelled by E.piphany or put back into treasury.

24. Ontario-resident Participants, including Former Participants, who wish to resell Shares acquired under the Plans may do so through the Agents ("**First Trades**").

25. Rule 45-503 - *Trades to Employees, Executors and Consultants* (the "**Employee Rule**") does not contain exemptions from the Registration Requirement for all the intended trades in Shares under the Plans.

26. Where First Trades are made through the Agents by Former Participants, or where an Option is exercised by a Former Participant is made through the Agents, the Agents and the Former Participants will not be able to rely upon the exemptions contained in the Employee Rule.

27. The registration exemption contained in paragraph 35(1)(12)(iii) of the Act is not available to the Agent in connection with Option exercises by Former Participants exercised through the Agent because under subsection 204(1) the Agent is a "market intermediary" ("**Market Intermediary**") in Ontario and is not registered under the Act.

28. The registration exemption contained in paragraph 35(1)(17) of the Act is not available to the Agent in connection with the acquisition of Shares by E.piphany through the Agent upon a Participant or Former Participant tendering Shares in payment of the Option exercise price because the Agent is a Market Intermediary and is not registered under the Act.

29. No exemption is available from the Issuer Bid Requirements for certain acquisitions by E.piphany of Shares in accordance with the terms of the Plans since such acquisition may occur at a price that is not equal to the "market price", as that term is defined in subsection 183(1) of the Regulation.

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

IT IS RULED, pursuant to subsection 74(1) of the Act, that section 25 of the Act shall not apply to:

(i) the exercise of Options by Former Participants in accordance with the Plans and effected through the Agents;

(ii) acquisitions of Shares by E.piphany from Participants or Former Participants through the Agent in accordance with the provisions of the Plans as a means of satisfying withholding taxes, the exercise price and transactions costs, if any, for Options; and

(iii) the First Trade in Shares acquired under the Plans by Former Participants made through the Agents, provided that, at the time of such first trade, E.piphany is not a reporting issuer under the Act and such first trade is executed on an exchange or market outside of Canada.

AND IT IS ORDERED, pursuant to subsection 104(2)(c) of the Act that acquisitions of Shares by E.piphany from Participants or Former Participants in accordance with the provisions of the Plans are exempt from the Issuer Bid Requirements.

December 21, 2001.

"Paul M. Moore" "Robert W. Korthals"

2.2.5 iLoveTV Entertainment Inc. - 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 1987 and in Alberta since 1999 – issuer listed and posted for trading on the Canadian Venture Exchange – continuous disclosure requirements of British Columbia and Alberta substantially identical to those of Ontario.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss.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
ILOVETV ENTERTAINMENT INC.

ORDER
(Subsection 83.1(1))

UPON the application (the "Application") of iLoveTV Entertainment Inc. (the "Company") for an order pursuant to subsection 83.1(1) of the Act deeming the Company 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 the Company representing to the Commission that:

1. The Company is a corporation incorporated under the *Company Act* (British Columbia) on October 20, 1982 under the name of Doron Explorations Ltd., which was changed to WEW Explorations Inc. on March 1, 1993, to Independence Resources Inc. on May 11, 1994 and changed once more to iLoveTV Entertainment Inc. on January 15, 2002.

2. The Company's head office and registered office is located at Suite 600 – 580 Hornby Street, Vancouver, British Columbia, V6C 3B6. The Company also maintains an office at Suite 2320, 130 Adelaide Street West, Toronto, Ontario, M5H 3P5.

3. The authorized and issued share capital of the Company as of January 21, 2002, consists of: (i) an unlimited number of common shares of which, 31,011,388 common shares were issued and outstanding; and (ii) an unlimited number of preferred shares issuable in series, of which, no series has been authorized and none is issued and outstanding. The Company has outstanding convertible securities, including options and warrants, entitling the holders thereof to acquire a total of 4,321,667 common shares as of January 21, 2002.

4. The Company completed the acquisition of a private Ontario company on January 15, 2002 and in connection with such acquisition issued Ontario resident shareholders of the private company a total of 4,225,000 common shares and issued other Ontario residents 1,383,333 shares in financings relating thereto, which collectively represents approximately 18% of the outstanding shares of the Company.

5. The Company has been a reporting issuer under the *Securities Act* (British Columbia) (the "BC Act") since November 10, 1987 and a reporting issuer under the *Securities Act* (Alberta) (the "Alberta Act") since 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"). The Company is not in default of any requirements of the BC Act or the Alberta Act.

6. The common shares of the Company are listed on the CDNX and the Company is in compliance with all of the requirements of the CDNX or obtained waivers in respect of any non-compliance.

7. The Company has a significant connection to Ontario in that: (i) Ontario residents are registered and beneficial holders of more than 20% of the total number of outstanding common shares of the Company; (ii) the President of the Company, and two of the four directors of the Company, are resident in Ontario; and (iii) the Company's head office is in Ontario.

8. The Company is not a reporting issuer in Ontario and is not a reporting issuer in any jurisdiction other than BC and Alberta.

9. The continuous disclosure requirements of the BC Act and the Alberta Act are substantially the same as the requirements under the Act.

10. The continuous disclosure materials filed by the Company under the BC Act since July 1997 and under the Alberta Act since November 26, 1999 are available on the System for Electronic Document Analysis and Retrieval.

11. There have been no penalties or sanctions imposed against the Company by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, and the Company has not entered into any settlement agreement with any Canadian securities regulatory authority.

12. Neither the Company nor any of its officers, directors nor, to the knowledge of the Company, its directors and officers, any of its controlling shareholders, 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 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.

13. Neither the Company nor any of its directors, officers nor, to the knowledge of the Company, its directors and officers, 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.

14. None of the directors or officers of the Company, nor to the knowledge of the Company, its directors and officers, any of its controlling shareholders, is or has been at the time of such event a director or officer 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 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 the Company be deemed to be a reporting issuer for the purpose of the Act.

February 12, 2002.

"Margo Paul"

2.2.6 Excellon Resources Inc. - ss. 83.1(1) of the Act, ss. 9.1(1) of NI 43-101 and ss. 59(2) of Schedule I to the Reg.

Headnote

Subsection 83.1(1) - Issuer deemed a reporting issuer in Ontario - Issuer has been a reporting issuer in British Columbia since January 4, 1990 and in Alberta since November 26,1999 - Issuer listed and posted for trading on the Canadian Venture Exchange - Issuer not designated as a capital pool company by CDNX - Continuous disclosure requirements of British Columbia and Alberta substantially the same as those of Ontario - Director grants exemption from subsection 4.1(1) of NI 43-101 and certain fee relief.

Statutes Cited

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

National Instruments Cited

National Instrument 43-101 - Standards of Disclosure for Mineral Projects (2001), 24 OSCB 303, ss. 4.1(1), 9.1.

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

AND

IN THE MATTER OF
NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS ("NI 43-101")

AND

IN THE MATTER OF
EXCELLON RESOURCES INC.

ORDER and DECISION

(Subsection 83.1(1) of the Act, Subsection 9.1(1) of NI 43-101 &
Subsection 59(2) of Schedule I to the Regulation)

UPON the application of Excellon Resources Inc. (the "Issuer") to the Ontario Securities Commission (the "Commission") for an order pursuant to subsection 83.1(1) of the Act deeming the Issuer to be a reporting issuer for the purposes of Ontario securities law;

AND UPON the application of the Issuer to the Director of the Commission for a decision that the Issuer 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 Issuer 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 UPON considering the application and the recommendation of the staff of the Commission;

AND UPON the Issuer representing to the Commission and the Director as follows:

1. The Issuer is a company governed by the *Company Act* (British Columbia).

2. The Issuer's registered office is located in Vancouver, British Columbia and its head office is located in Toronto, Ontario.

3. The authorized share capital of the Issuer consists of 100,000,000 common shares without par value of which 27,212,405 common shares were issued and outstanding as at November 30, 2001.

4. The Issuer became a "reporting issuer" under the *Securities Act* (British Columbia) (the "B.C. Act") on January 4, 1990 by way of prospectus, and became a reporting issuer under the *Securities Act* (Alberta) (the "Alberta Act") on November 26, 1999, pursuant to the merger of the Alberta and Vancouver Stock Exchanges.

5. The Issuer's common shares trade on the Canadian Venture Exchange (the "CDNX") under the trading symbol EXN. The Issuer is not designated as a Capital Pool Company by the CDNX.

6. The CDNX requires all of its listed issuers, which are not otherwise reporting issuers in Ontario, to assess whether they have a "significant connection to Ontario" as defined in Policy 1.1 of the CDNX Corporate Finance Manual.

7. The CDNX requires that where an issuer, which is not otherwise a reporting issuer in Ontario, becomes aware that it has a significant connection to Ontario, the issuer promptly make a *bona fide* application to the Commission to be deemed a reporting issuer in Ontario.

8. The Issuer has a significant connection to Ontario in that, as of November 6, 2001, residents of Ontario beneficially held 7,532,520 common shares which represent approximately 27% of the 27,212,405 issued and outstanding common shares of the Issuer, all based on a summary report prepared by the Independent Investor Communications Corporation and dated November 6, 2001.

9. The Issuer has applied to the Commission pursuant to subsection 83.1(1) of the Act for an order that it be deemed a reporting issuer in Ontario.

10. 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 securities regulatory authority in that Canadian jurisdiction, a current technical report for each property material to the issuer.

11. The Issuer does not have a current technical 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 CDNX Corporate Finance Manual.

12. The Issuer is not a reporting issuer under the securities legislation of any jurisdiction other than the Provinces of British Columbia and Alberta.

13. The Issuer is not in default of any requirements of the B.C. Act, the Alberta Act, or any of the rules and regulations thereunder, and is not on the lists of defaulting reporting issuers maintained pursuant to the B.C. Act and the Alberta Act. To the knowledge of management of the Issuer, the Issuer has not been the subject of any enforcement actions by the British Columbia Securities Commission or the Alberta Securities Commission or by CDNX.

14. The continuous disclosure requirements of the B.C. Act and the Alberta Act are substantially the same as the requirements under the Act.

15. The materials filed by the Issuer as a reporting issuer in the Provinces of British Columbia and Alberta since January 1, 1997 are available on the System for Electronic Document Analysis and Retrieval. The Issuer's continuous disclosure record is up to date and includes a description of the Issuer's material mineral projects.

16. Neither the Issuer nor any of its officers, directors or controlling shareholders has (i) been the subject to 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.

17. There have been no penalties or sanctions imposed against the Issuer by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, and the Issuer has not entered into any settlement agreement with any Canadian securities regulatory authority.

18. Neither the Issuer nor any of its directors, officers nor, to the best knowledge of the Issuer, its directors and officers, any of its controlling shareholders 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.

19. Neither the Issuer nor any of its directors, officers nor, to the best knowledge of the Issuer, its directors and officers, 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.

20. None of the directors or officers of the Issuer, nor to the best knowledge of the Issuer, its directors and officers, any of its controlling shareholders, is or has been at the time of such event a director or officer 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, other than Richard Brissenden, a director and officer of the Issuer, and Robert Brissenden, a director of the Issuer, both of whom are directors and officers of Regal Consolidated Ventures Limited ("Regal"), a company that is currently subject to cease trade orders issued by the Commission on May 30, 2001 and June 12, 2001, and a cease trade order issued by the Alberta Securities Commission on October 12, 2001, in respect of Regal's failure to file audited annual financial statements for the year ended December 31, 2000, and interim unaudited financial statements for the periods ended March 31, 2001 and June 30, 2001. The CDNX suspended trading in Regal's securities effective May 31, 2001.

AND UPON the Commission and 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 the Issuer be deemed to be a reporting issuer for the purposes of Ontario securities law.

February 11, 2002.

"Margo Paul"

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

AND IT IS FURTHER DECIDED pursuant to subsection 59(2) of Schedule I to the Regulation that the Issuer 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 the application under subsection 9.1(1) of NI 43-101.

February 11, 2002.

"Margo Paul"

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
Explorers Alliance Corporation	30 Jan 02	11 Feb 02	11 Feb 02	
Scaffold Connection Corporation	05 Feb 02	15 Feb 02		

4.3.1 Lapsed Cease Trading Orders

Company Name	Date of Lapse/Expire
M.L. Cass Petroleum Corporation	08 Feb 02

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Chapter 5

Rules and Policies

5.1 Rules

5.1.1 Amendment to OSC Rule 61-501 Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions

AMENDMENT TO
ONTARIO SECURITIES COMMISSION RULE 61-501
INSIDER BIDS, ISSUER BIDS, GOING PRIVATE TRANSACTIONS AND
RELATED PARTY TRANSACTIONS

PART 1 AMENDMENT

1.1 **Amendment** - Rule 61-501 Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions is amended by the addition of the following paragraph 17 to section 5.6:

"17. Canadian Venture Exchange Policy 5.9 - The issuer is listed on the Canadian Venture Exchange ("CDNX"), the transaction qualifies for an Exchange Valuation Exemption as defined in Policy 5.9 of CDNX, *Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions*, and the transaction is carried out in compliance with the requirements of CDNX."

PART 2 EFFECTIVE DATE

2.1 **Effective Date** - This amendment comes into force on March 1, 2002.

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Chapter 6

Request for Comments

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

Exempt Financings

The Ontario Securities Commission reminds issuers and other parties relying on exemptions that they are responsible for the completeness, accuracy, and timely filing of Forms 45-501F1 and 45-501F2, and any other relevant form, pursuant to section 72 of the *Securities Act* and OSC Rule 45-501 ("Exempt Distributions").

Reports of Trades Submitted on Form 45-501F1

Trans. Date	Purchaser	Security	Price ($)	Amount
19Dec01	New Generation Biotech (Equity) Fund Inc.	2007262 Ontario Inc. - Series I Preferred Shares and Common Shares	3,503,501	637,000
25Jan02	4 Purchasers	9101 - 8697 Quebec Inc. - 7.53% First Mortgage Bonds due May 1, 2003	72,500,000	72,500,000
01Jan01 to 31Dec01		AGF Canadian Bond Fund, AGF RSP American Growth Fund, AGF International Stock Class, AGF Canadian Stock Fund, AGF American Growth Class and AGF Candian High Income Fund - Series I Units and Series I Shares	82,059,664	82,059,664
31Jan02		AGII Growth Fund - Units	459,086	62,776
31Jan02		AGII RRSP Growth Fund - Units	962,809	122,401
04Dec01 to 31Dec01	SunLife Assurance Company of Canada	AIC Advantage II Corporate Class - Series O Shares	14,577	2,907
04Dec01 to 27Dec01	SunLife Assurance Company of Canada	AIC American Focused Fund - Class O Units	45,213	7,623
04Dec01to 31Dec01	SunLife Assurance Company of Canada	AIC American Balanced Corporate Class - Series O Shares	22,277	4,455
03Dec01 to 31Dec01	Transamerica Optimized U.S. Managers and Transamerica AIC American Focused GIF	AIC American Focused Fund - Class O Units	813,093	161,366
04Dec01to 31Dec01	SunLife Assurance Company of Canada	AIC American Focused Corporate Class - Series O Shares	21,652	4,326
04Dec01to 31Dec01	SunLife Assurance Company of Canada	AIC American Advantage Corporate Class - Series O Shares	13,433	2,682
04Dec01to 31Dec01	SunLife Assurance Company of Canada	AIC Canadian Balanced Corporate Class - Series O Shares	21,652	4,326
03Dec01 to 31Dec01	Transamerica Optimized Canadian and Transamerica AIC Diversified Canada GIF	AIC Diversified Canada Fund - Class O Units	382,320	67,399
04Dec01to 31Dec01	SunLife Assurance Company of Canada	AIC Diversified Canada Corporate Class - Series O Shares	26,852	5,363
04Dec01	SunLife Assurance Company of Canada	AIC Diversified Canada Fund - Class O Units	20,800	592
04Dec01	SunLife Assurance Company of Canada	AIC Global Medical Science Corporate Class - Series O Shares	2,080	416

Trans. Date	Purchaser	Security	Price ($)	Amount
04Dec01	SunLife Assurance Company of Canada	AIC Global Technology Corporate Class - Shares O Shares	2,496	491
04Dec01	SunLife Assurance Company of Canada	AIC Global Developing Technology Corporate Class - Series O Shares	728	145
03Dec01 to 31Dec01	Transamerica Optimized Global Sectors	AIC Global Science & Technology Fund - Class O Units	33,615	4,742
04Dec01	SunLife Assurance Company of Canada	AIC Money Market Corporate Class - Series O Shares	2,080	416
04Dec01to 31Dec01	SunLife Assurance Company of Canada	AIC Science and Technology Corporate Class - Series O Shares	13,433	2,679
04Dec01to 31Dec01	SunLife Assurance Company of Canada	AIC Value Corporate Class - Series O Shares	21,652	4,321
04Dec01to 31Dec01	SunLife Assurance Company of Canada	AIC World Equity Corporate Class - Series O Shares	25,812	5,148
04Dec01to 31Dec01	SunLife Assurance Company of Canada	AIC World Advantage Corporate Class - Series O Shares	13,641	2,717
03Dec01 to 31Dec01	Transamerica Optimized Global Managers	AIC World Equity Fund - Class O Units	84,295	14,782
20Dec01	Strategic Nova Canadian High Yield Bond Fund	Ainsworth Lumber Co. Ltd. - 13⅞% Senior Secured Notes due July 15, 2007	$248,755	$248,755
18Jan02	Benjamin, Rachel B. and Gray Brown Investments	Arrow Global MultiManager Fund - Class A Trust Units	550,000	54,347
16Jan02	TVX Gold Inc.	Aurizon Mines Ltd. - Common Shares	Nil	425,723
25Jan02	19 Purchasers	Axia NetMedia Corporation - Common Shares	4,936,249	2,820,714
24Jan02	Bass Research Services Ltd.	Banro Corporation - Units	17,500	25,000
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited Hedge Synthetic US Equity Index Fund - Units	4,299,312	145,718
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited Hedged Synthetic EAFE Index Fund - Units	2,899,536	170,501
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited Taxable US Equity Index Fund - Units	28,735,306	1,566,540
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited Universe Bond Index Fund - Units	73,368,004	5,446,974
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited Advanced Active Canadian Equity Index 300 Fund - Units	1,099,824	83,589
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited Unhedged Synthetic US Equity Index Fund - Units	1,659,734	44,134,994
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited Long Bond Index Fund - Units	4,999,200	421,553
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited U.S. Equity Index Fund Canada - Units	9,495,651	939,733
01Jan01 to 31Dec01		Barclays Global Investors Limited TSE 300 Equity Index Fund - Units	74,644,845	2,695,470
01Jan01 to 31Dec01		Barclays Global Investors N.A. Russell 3000 Index Fund B - Units	2,859,437	164,182
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited EAFE Equity Index Fund Canada - Units	15,361,775	1,708,554
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited Growth Oriented Balanced Index Fund - Units	235,525,579	20,518,910
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited Aggressive Balanced Index Fund - Units	12,472,015	1,116,404

Trans. Date	Purchaser	Security	Price ($)	Amount
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited Income Oriented Balanced Index Fund - Units	5,227,351	472,666
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited Daily Universe Bond Index Fund - Units	220,906,750	19,236,685
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited Daily TSE 300 Equity Index Fund - Units	208,002,875	18,942,780
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited Daily US Equity Index Fund - Units	26,378,333	2,840,255
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited Advanced Active Canadian Equity Index 300 Fund 2 - Units	719,884	54,476
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited Capped TSE 300 Equity Index Fund - Units	195,216,614	19,098,505
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited Canadian Alpha Bond Fund - Units	1,739,721	171,518
01Jan01 to 31Dec01		Barclays Global Investors N.A. Russsell 1000 Index Fund B - Units	14,997,600	1,460,344
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - UK - Units	160,000	2,346
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Switzerland - Units	440,000	3,020
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited Short Term Investment Fund - Units	17,426,726	1,448,493
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Singapore - Units	239,996	4,496
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Sweden - Units	265,000	2,614
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Portugal - Units	9,000	585
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Netherlands - Units	340,000	3,258
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Japan - Units	525,000	22,664
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Spain - Units	230,000	4,848
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Italy - Units	210,000	5,693
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Ireland - Units	90,000	2,167
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Hong Kong - Units	20,000	176,560
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Hong Kong - Units	20,000	176,560
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Greece - Units	6,000	480
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Greece - Units	6,000	480
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Germany - Units	40,000	748
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Germany - Units	40,000	748
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - France - Units	470,000	5,495
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Findland - Units	80,000	643
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Denmark - Units	134,996	1,731

Trans. Date	Purchaser	Security	Price ($)	Amount
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Belgium - Units	190,000	3,366
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Australia - Units	265,000	4,574
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equity Funds B - Australia - Units	265,000	4,574
01Jan01 to 31Dec01		Barclays Global Investors N.A. MSCI Equtiy Index Funds B - Australia Units	145,000	5,161
01Jan01 to 31Dec01		Barclays Global Investors N.A. Equity Index Funds B - Units	21,781,647	98,556
01Jan01 to 31Dec01		Barclays Global Investors N.A. Float Adjusted EAFE Funds B - Units	107,538,608	6,849,046
01Jan01 to 31Dec01		Barclays Global Investors N.A. EAFE Equity Index Funds B - Units	3,261,912	72,035
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited Unhedged Synthetic EAFE Index Fund - Units	137,957	14,952
01Jan01 to 31Dec01		Barclays Global Investors Canada Limited Hedged Synthetic US Mid-Cap Equity Index Fund - Units	2,099,664	177,108
13Dec01	Sprott Securities Limited	Bartizan Communications Inc. - Common Shares - Amended	100	349,227
04Feb01	Canada Life Assurance Company, The	CAI Capital Corporation - Redeemable Class A Preferred Shares, Series I and Class B Preferred Shares	2,200, 4,200	22, 42 Resp.
30Jan02	4 Purchasers	Canadian Professionals Services Trust, The - Trust Units	9,012	18,025
17Jan02	National Bank Financial	Charles River Laboratories International Inc. - 3.50% Senior Convertible Debentures due February 1, 2022	$160,980	$160,980
21Dec01	First Wave Inc. and Gladiator Off Shore Fund Limited	CryoCath Technologies Inc. - Special Warrants	123,900	17,700
01Feb02	26 Purchasers	Dominion Citrus Limited - Unsecured Convertible Debentures	$5,000,000	$5,000,000
31Jan02	Desi Enterprises Inc.	DXStorm.com Inc. - Units	605,000	4,033,333
03Aug01 to 30Nov01	43 Purchasers	Dynamic Mutual Funds Ltd. - Units	8,519,563	764,152
28Jan02	Bank of Montreal	Empowered Networks Inc. - Common Shares	1	4,090,909
23Jan02	BMO Nesbitt Burns Inc.	Emulex Corporation - Convertible Subordinated Notes due February 1, 2007	$400,650	400,650
31Dec01	Dundee Bancorp Inc.	Equity Retirement Rewards Limited Partnership - Limited Partnership Units	950,000	1,900,000
10Jan02	30 Purchasers	Fort Knox Gold Resources Inc. - Flow-Through Common Shares and Units	6,327,000	6,372,000
22Jan02	17 Purchasers	Gentek Holdings, Inc. - Class A Voting Common Stock	8,952,422	316,340
07Aug01 to 31Dec01	9 Purchasers	Goldeye Explorations Limited - Units	80,650	537,667
14Jan02	Northfield Capital Corporation	Goldeye Explorations Limited - Units	37,500	250,000
04Jan02	Northfield Capital Corporation	Goldeye Explorations Limited - Units	37,500	312,500
04Jan01 to 28Dec01	141 Purchasers	Goodwood Fund - Trust Units	30,548,306	1,429,802
31Dec01	6 Purchasers	Harbour Capital Canadian Balanced Fund - Trust Units - Revised	2,816,728	22,333
31Dec01	6 Purchasers	Harbour Capital Foreign Balanced Fund - Trust Units - Revised	5,979,598	41,827

Trans. Date	Purchaser	Security	Price ($)	Amount
01Jan01 to 31Dec01		Highstreet Canadian Equity Fund - Units	5,086,898	336,552
01Jan01 to 31Dec01		Highstreet Balanced Fund - Units	20,581,544	1,704,225
01Jan01 to 31Dec01		Highstreet Canadian Index Bond Fund - Units	7,731,394	761,895
23Jan02 & 25Jan02	Galileo Equity Management Inc. and KBSH Capital Management Inc.	Hillman CDT 2000 LLC - Membership Interests	692,307	692,307
23Jan02	40 Purchasers	Hip Interactive Corp. - Units	3,469,205	4,600,606
24Jan02	Cott Corporation	Iroquois Water Ltd. - Common Shares	1,500,000	61,895
25Jan02	Dynamic Mutual Funds	Ivanhoe Mines Ltd. - Special Warrants	16,132,000	6,452,800
28Jan02	Brant Investments	Ivernia West Inc. - Common shares	471,940	3,371,000
25Jan02	The Richard Holbrook Family Trust	KBSH Goodwood Canadian Long/Short Fund, The - Units	250,000	24,352
25Jan02	Cohen, Nadine	KBSH Goodwood Canadian Long/Short Fund, The - Units	5,000	487
25Jan02	Cohen, Jeannette	KBSH Goodwood Canadian Long/Short Fund, The - Units	25,000	2,435
25Jan02	Holbrook, Richard L.	KBSH Goodwood Canadian Long/Short Fund, The - Units	250,000	24,352
25Jan02	Hunter, Richard	KBSH Goodwood Canadian Long/Short Fund, The - Units	5,000	487
25Jan02	Two C's Management Limited	KBSH Goodwood Canadian Long/Short Fund, The - Units	10,000	974
25Jan02	Taylor, Lynne	KBSH Goodwood Canadian Long/Short Fund, The - Units	1,000	97
25Jan02	Hunter, Judith P.	KBSH Goodwood Canadian Long/Short Fund, The - Units	15,000	1,461
11Jan02	3 Purchasers	Landmark Global Opportunities Fund - Units	307,599	2,921
30Jan02	Staveren, Gregory Van	Magnotta Winery Corporation - Common Shares	96,600	71,429
01Feb02	Goldhart, Sidney Howard	MCAN Performance Strategies - Limited Partnership Units	1,243,731	12,437
28Jan02	Leeskma, Adolph & Diana	North Growth U.S. Equity Fund - Units	150,000	7,956
28Dec01		Orezone Resources Inc. - Class A Flow Through Shares	210,000	1,750,000
12Jan02		P I Ventures Inc. - Debentures	174,000	174
25Jan02	Lucerne Partners/Tarian Capital Mgmt and Trimark Investment Mgmt (AIM Funds Mgmt)	PanAmSat Corporation - 8.5% Senior Notes due February 1, 2012	$8,052,000	US$5,000,000
17Jan02	38 Purchasers	PanGeo Pharma Inc. - Special Warrants	20,115,000	6,705,000
06Dec01		Photronics - 4¾% Convertible Subordinated Notes due 2006	$1,582,900	US$1,000,000
29Jan02	VenGrowth II Investment Fund Inc. and Gregory, Bruce	Potenita Telecom Power Inc. - Series A Preferred Shares and Special Voting Shares	321,580, 1	2,355,713, 1,363,834 Resp.
03Jan02	Knox Presbyterian Church	Presbyterian Church in Canada, The - Units	90,755	9
01Oct01	Knox College	Presbyterian Church in Canada, The - Units	285,000	28
22Jan02	17 Purchasers	Prestolite Electric Holdings, Inc. - Class A Voting Shares	3,689,311	639,340
31Dec01	Singer, Lily	Qwest Energy (2001) Limited Partnership - Units - Amended	68,500	2,740
19Dec01 to 26Dec01		RBC Global Investment Management Inc. - Units	6,433,969	381,331
15Nov01		Riverstone Networks - 3¾% Convertible Subordinated Notes due 2006	$1,601,400	US$1,000,000

Trans. Date	Purchaser	Security	Price ($)	Amount
29Jan01 to 020ct01	28 Purchasers	Rosseau Limited Partnership - Limited Partnership Units	7,078,245	2,722
01Oct01 to 12Dec01		Royal Trust Company, The - Units	78,853,996	8,142,406
01Feb02	Sun Life Assurance Company of Canada and Clarica Life Insurance Company	Ryder Truck Rental Canada, Ltd. - Promissory Notes	$35,000,000	$2
31Dec01	14 Purchasers	SHAAE (2001) Master Limited Partnership - Limited Partnership Units	11,691,766	721
28Dec01	Charnetski, William and Pearce	SHAAE (2001) Master Limited Partnership - Limited Partnership Units	324,000	20
27Dec01	34 Purchasers	SHAAE (2001) Master Limited Partnership - Limited Partnership Units	7,896,204	487
25Jan02	Kemp, Julian and Factor, Lynn	St Andrew Goldfields Ltd. - Units	172,500	1,150,000
21Dec01	Montor & Co. and Royal Trust Corp. of Canada	Stake Technology Ltd. - Common Shares	8,910,000	2,700,000
29Jan02	Dymott, Peter	Stealth Minerals Limited - Common Shares	232,500	1,550,000
24Jan02	National Bank Financial	Sunrise Assisted Living, Inc. - Convertible Subordinated Notes due February 1, 2009	$400,700	US$250,000
01Jan01 to 31Dec01		TAL Balanced Income Fund - Pooled Fund Units	14,272,415	1,340,848
01Jan01 to 31Dec01		TAL Balanced Fund - Pooled Fund Units	1,332	113
01Jan01 to 31Dec01		TAL Balanced Fund - Pooled Fund Units	46,803,164	3,114,443
01Jan01 to 31Dec01		TAL Canadian Equity Fund - Pooled Fund Units	8,797,703	438,866
01Jan01 to 31Dec01		TAL Canadian Bond Overlay Fund - Pooled Fund Units	1,300,000	115,834
01Jan01 to 31Dec01		TAL Canadian Equity Small Cap Fund - Units	8,028,000	2,304,017
01Jan01 to 31Dec01		TAL Canadian Equity TSE 300 Capped Fund - Pooled Fund Units	5,720,000	701,445
01Jan01 to 31Dec01		TAL Canadian Equity Fund - Pooled Fund Units	518,000	54,317
01Jan01 to 31Dec01		TAL Canadian Equity TSE 300 Index Fund - Pooled Fund Units	1,138,000	164,763
01Jan01 to 31Dec01		TAL Canadian Money Market Fund - Pooled Fund Units	29,342,000	2,521,636
01Jan01 to 31Dec01		TAL Canadian Bond Index Fund - Pooled Fund Units	25,500,000	2,254,280
01Jan01 to 31Dec01		TAL Dividend Income Fund - Pooled Fund Units	16,635,051	1,204,995
01Jan01 to 31Dec01		TAL Fixed Income Fund - Pooled Fund Units	74,000	6,473
01Jan01 to 31Dec01		TAL Fixed-Income Fund - Pooled Fund Units	18,384,087	1,796,810
01Jan01 to 31Dec01		TAL Global Balanced Growth Fund - Pooled Fund Units	78,637,465	5,286,341
01Jan01 to 31Dec01		TAL Global Technology Fund - Pooled Fund Units	17,927,614	3,524,685
01Jan01 to 31Dec01		TAL Global Registered Balanced Fund - Pooled Fund Units	1,544,793	158,254
01Jan01 to 31Dec01		TAL International Equity Fund No. 2 - Pooled Fund Units	185,000	17,208
01Jan01 to 31Dec01		TAL International Equity Fund - Pooled Fund Units	93,326,929	6,505,661

Trans. Date	Purchaser	Security	Price ($)	Amount
01Jan01 to 31Dec01		TAL International Equity Index Fund - Pooled Fund Units	495,000	69,264
01Jan01 to 31Dec01		TAL International Equity Fund - Pooled Fund Units	5,611,000	558,561
01Jan01 to 31Dec01		TAL International Bond Fund - Pooled Fund Units	22,339,479	2,288,770
01Jan01 to 31Dec01		TAL Municipal Debt Fund - Pooled Fund Units	1,055,000	110,173
01Jan01 to 31Dec01		TAL Short Term Bond Fund - Pooled Fund Units	10,826,253	1,061,795
01Jan01 to 31Dec01		TAL Short-Term Fund - Pooled Fund Units	68,718,075	6,776,899
01Jan01 to 31Dec01		TAL U.S. Equity S&P 500 Synthetic Index Fund - Pooled Fund Units	15,094,359	1,609,815
01Jan01 to 31Dec01		TAL U.S. Equity Fund - Pooled Fund Units	69,503,499	2,004,507
31Dec01	266 Purchasers	Traix Media Ventures Limited Partnership - Limited Partnership Units	68,332,340	63,862
11Jan02	Jensen, Wayne	Trident Global Opportunities Fund - Units	25,000	235
17Jan02		ViXS Systems Inc. - Common Shares	US$120,000	200,000
18Dec01 to 21Dec01	5 Purchasers	Welton Energy Limited - Flow-Through Common Shares - Amended	300,000	30,000
03Dec01	Carl Richard; Churchill-Smith, Peter A.; Fiorenza, Cosimo	Welton Energy Limited - Flow-Through Common Shares - Amended	200,000	20,000
19Dec01	34 Purchasers	World Heart Corporation - Special Warrants	9,134,499	1,660,818

RESALE OF SECURITIES - (FORM 45-501F2)

Date of Trade	Date of Orig. Purchase	Seller	Security	Price ($)	Amount
25Jan02 to 29Jan02	30Sep99	792523 Ontario Limited	Canmine Resources Corporation - Common Shares	25,050	65,000
09Jan02	10Oct00	Investors Group Trust Co. Ltd. as Trustee for Investors Quebec Enterprise Fund	Pangeo Pharma Inc. - Common Shares	532,650	150,000

Notice of Intention to Distribute Securities and Accompanying Declaration under Section 2.8 of Multilateral Instrument 45-102 Resale of Securities - Form 45-102F3

Seller	Security	Amount
Brompton Financial Limited	Acclaim Energy Trust - Trust Units	715,513
Paros Enterprises Limited	Action Corporation - Common Shares	2,000,000
Buhler, John	Buhler Industries Inc. - Common Shares	86,500
Matthews-Cartier Holdings Limited	Canfor Corporation - Common Shares	1,927,090
Discovery Capital Corporation	CardioComm Solutions Inc. - Common Shares	489,200
Sickinger, Ralph	Carma Financial Services Corporation - Common Shares	231,500
Jalovec, John	Carma Financial Services Corporation - Common Shares	250,000
Melnick, Larry	Champion Natural Health.com Inc. - Subordinate Voting Shares	29,900
Melnick, Larry	Champion Natural Health.com Inc. - Subordinate Voting Shares and Multiple Voting Shares	19,765, 100, 000 Resp.
La Corporation Sigoma Ltee, Gestion Francois Duffar inc., Communipro Ltee, Communigestart inc., Concertmedia inc., Gestion Drab inc., Lauren Communications Ltd.	Cossette Communications Group Inc. - Subordinate Voting Shares	334,647
Loudtum Communications Ltd.	Cossette Communication Group Inc. - Subordinate Voting Shares	17,730
Estill, Glen R.	EMJ Data Systems Ltd. - Common Shares	2,600
Estill Holdings Limited	Estill Holdings Limited - Common Shares	1,244,500
Sprott Asset Management Inc.	High River Gold Mines Ltd. - Common Shares	2,000,000
Black, Conrad M.	Hollinger Inc. - Series II Preference Shares	1,611,039
Xenolith Gold Limited	Kookaburra Resources Ltd. - Common Shares	1,893,700
MHON Canadian Investments Ltd.	Onex Corporation - Subordinate Voting Shares	400,000
Faye, Michael R.	Spectra Inc. - Common Shares	350,000
MacLaren, David	VRX WorldWide Inc. - Common Shares	54,500

Chapter 9

Legislation

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
AIC Money Market Corporate Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated February 11th, 2002
Mutual Reliance Review System Receipt dated February 14th, 2002
Offering Price and Description:
Mutual Fund Shares and Series F Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
AIC Limited
Project #421065

Issuer Name:
Acrex Ventures Ltd.
Principal Regulator - British Columbia
Type and Date:
Amended Preliminary prospectus dated February 5th, 2002
Mutual Reliance Review System Receipt dated February 6th, 2002
Offering Price and Description:
$1,250,000 - Up to 4,166,667 Flow-Through and Non-Flow-Through Units, each consisting of 1
Common Share of the Company and a Warrant entitling the purchaser of an additional Share
Underwriter(s) or Distributor(s):
Pacific International Securities Inc.
Promoter(s):
-
Project #403386

Issuer Name:
Arctic Glacier Income Fund
Principal Regulator - Manitoba
Type and Date:
Preliminary Prospectus dated February 8th, 2002
Mutual Reliance Review System Receipt dated February 8th, 2002
Offering Price and Description:
$ * - * Units @ $ * per Unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #420212

Issuer Name:
Canadian Hotel Income Properties Real Estate Investment Trust
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated February 13th, 2002
Mutual Reliance Review System Receipt dated February 13th, 2002
Offering Price and Description:
$50,000,000 - 8.50% Convertible Unsecured Subordinated Debentures due 2007
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
TD Securities Inc.
Promoter(s):
-
Project #421118

Issuer Name:
Canada Life Capital Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated February 11th, 2002
Mutual Reliance Review System Receipt dated February 12th, 2002
Offering Price and Description:
$ * - * Canada Life Capital Securities - Series A (CLiCS - Series A)
* Canada Life Capital Securities - Series B (CLiCS - Series B)
Underwriter(s) or Distributor(s):
Merrill Lynch Canada Inc.
Promoter(s):
-
Project #420492

Issuer Name:
Cardiome Pharma Corp
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated February 5th, 2002
Mutual Reliance Review System Receipt dated February 7th, 2002
Offering Price and Description:
$16,000,000 to $24,000,000 - * Units @ $ * per Unit
Underwriter(s) or Distributor(s):
Sprott Securities Inc.
Raymond James Ltd.
Promoter(s):
-
Project #419734

Issuer Name:
CryoCath Technologies Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated February 13th, 2002
Mutual Reliance Review System Receipt dated February 13th, 2002
Offering Price and Description:
$21,000,000 - 3,000,000 Common Shares
Underwriter(s) or Distributor(s):
Yorkton Securities Inc.
Sprott Securities Inc.
BMO Nesbitt Burns Inc.
Desjardins Securities Inc.
National Bank Financial Inc.
Promoter(s):
-
Project #421080

Issuer Name:
Intertape Polymer Group Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated February 11th, 2002
Mutual Reliance Review System Receipt dated February 11th, 2002
Offering Price and Description:
$79,050,000 - 5,100,000 Common Shares @ $15.50 per Common Shares
Underwriter(s) or Distributor(s):
HSBC Securities (Canada) Inc.
CIBC World Markets Inc.
TD Securities Inc.
Promoter(s):
-
Project #420585

Issuer Name:
IPSCO Inc.
Principal Regulator - Saskatchewan
Type and Date:
Preliminary Short Form Prospectus dated February 12th, 2002
Mutual Reliance Review System Receipt dated February 13th, 2002
Offering Price and Description:
$125,550,000 - 5,400,000 Common Shares @ $23.25 per Common Share
Underwriter(s) or Distributor(s):
TD Securities Inc.
RBC Dominion Securities Inc.
Merrill Lynch Canada Inc.
CIBC World Markets Inc.
UBS Bunting Warbury Inc.

Promoter(s):
-
Project #420890

Issuer Name:
Medx Health Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated February 7th, 2002
Mutual Reliance Review System Receipt dated February 7th, 2002
Offering Price and Description:
$1,000,000 to $2,000,000 - 2,000,000 to 4,000,000 Units. Each Unit Consists of one Common Share
and one-half of one Common Share Purchase Warrant @ $0.05 per Unit
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Promoter(s):
Philip W. Passy
Project #419866

Issuer Name:
Pan American Silver Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Shelf Prospectus dated February 11th, 2002
Mutual Reliance Review System Receipt dated February 11th, 2002
Offering Price and Description:
US$25,000,000 - Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #420547

Issuer Name:
Royal Host Real Estate Investment Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated February 6th, 2002
Mutual Reliance Review System Receipt dated February 6th, 2002
Offering Price and Description:
$35,000,000 - 9.25% Convertible Unsecured Subordinated Debentures due 2007
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.

Promoter(s):
-
Project #419583

Issuer Name:
Skylon Capital Yield Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated February 8th, 2002
Mutual Reliance Review System Receipt dated February 11th, 2002
Offering Price and Description:
$ * - (Maximum) * Series 2007 Units
Underwriter(s) or Distributor(s):
TD Securities Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
Raymond James Ltd.
Yorkton Securities Inc.
Promoter(s):
Skylon Capital Corp.
Project #420306

Issuer Name:
Sun Gro Horticulture Income Fund
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated February 12th, 2002
Mutual Reliance Review System Receipt dated February 13th, 2002
Offering Price and Description:
$ * - * Units @ $ * per Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
National Bank Financial Inc.
TD Securities Inc.
Promoter(s):
Hines Horticulture, Inc.
Project #420889

Issuer Name:
AIM RSP American Blue Chip Growth Fund
AIM American Blue Chip Growth Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated February 6th, 2002 to Simplified Prospectus and Annual Information Form
dated August 10th, 2001
Mutual Reliance Review System Receipt dated 8th day of February, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
AIM Funds Management Inc.
AIM GT Investment Management Inc.
AIM Funds Group Canada Inc.
Trimark Investment Management Inc.
Promoter(s):
-
Project #372473

Issuer Name:
TD Global Government Bond Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated February 4, 2002 to Simplified Prospectus and Annual Information Form dated October 19th, 2001
Mutual Reliance Review System Receipt dated 7th day of February, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
TD Investment Services Inc.
TD Asset Management Inc.
Promoter(s):
TD Asset Management Inc.
Project #383561

Issuer Name:
Asia Pacific Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated February 5th, 2002
Mutual Reliance Review System Receipt dated 8th day of February, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #412654

Issuer Name:
A&W Revenue Royalties Income Fund
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated February 8th, 2002
Mutual Reliance Review System Receipt dated 11th day of February, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
National Bank Financial Inc.
Raymond James Ltd.
Promoter(s):
A&W Food Services of Canada Inc.
Project #412147

Issuer Name:
Boralex Power Income Fund
Principal Regulator - Quebec
Type and Date:
Final Prospectus dated February 6th, 2002
Mutual Reliance Review System Receipt dated 7th day of February, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
Desjardins Securities Inc.
FirstEnergy Capital Corp.
Promoter(s):
Boralex Inc.
RSP Hydro Trust
Project #411791

Issuer Name:
Intergold Ltd.
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated February 8th, 2002
Mutual Reliance Review System Receipt dated 8th day of February, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #414578

Issuer Name:
PGM VENTURES CORPORATION
Type and Date:
Final Prospectus dated February 6th, 2002
Receipt dated 7th day of February, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
-
Project #399789

Issuer Name:
Acclaim Energy Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated February 11th, 2002
Mutual Reliance Review System Receipt dated 12th day of February, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
National Bank Financial Inc.
Promoter(s):
-
Project #418858

Issuer Name:
Agnico-Eagle Mines Limited
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated February 11th, 2002
Mutual Reliance Review System Receipt dated 11th day of February, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
National Bank Financial Inc.
TD Securities Inc.
CIBC World Markets Inc.
Research Capital Corporation
Promoter(s):
-
Project #418662

Issuer Name:
Cable Satisfaction International Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated February 7th, 2002
Mutual Reliance Review System Receipt dated 7th day of February, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Canaccord Capital Corporation
TD Securities Inc.
National Bank Financial Inc.
Promoter(s):
-
Project #417501

Issuer Name:
Enbridge Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated February 8th, 2002
Mutual Reliance Review System Receipt dated 8th day of February, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #418808

Issuer Name:
Legacy Hotels Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated February 7th, 2002
Mutual Reliance Review System Receipt dated 7th day of February, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Promoter(s):
-
Project #418433

Issuer Name:
Summit Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated February 13th, 2002
Mutual Reliance Review System Receipt dated 13th day of February, 2002
Offering Price and Description:

Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
National Bank Financial Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Trilon Securities Corporation
Promoter(s):
-
Project #418180

Issuer Name:
Wi-LAN Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated February 7th, 2002
Mutual Reliance Review System Receipt dated 7th day of February, 2002
Offering Price and Description:

Underwriter(s) or Distributor(s):
Research Capital Corporation
Yorkton Securities Inc.
Acumen Capital Finance Partners Limited
Promoter(s):
-
Project #418575

Issuer Name:
Clarington Canadian Growth Fund
Clarington U.S. Large Cap Value Class
(a class of Clarington Sector Fund Inc.)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated February 7th, 2002
Mutual Reliance Review System Receipt dated 11th day of February, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
ClaringtonFunds Inc.

Promoter(s):
ClaringtonFunds Inc
Project #400572

Issuer Name:
Ensemble Moderate Equity RSP Portfolio
Ensemble Conservative Equity RSP Portfolio
Ensemble Aggressive Equity RSP Portfolio
Ensemble Conservative Equity Portfolio
Ensemble Moderate Equity Portfolio
Ensemble Aggressive Equity Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated February 11th, 2002
Mutual Reliance Review System Receipt dated 13th day of February, 2002
Offering Price and Description:
(Investor Class Units, Exclusive Class Units and Institutional Class Units)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #413161

Issuer Name:
National Bank Protected Global RSP Fund
National Bank Protected Canadian Equity Fund
National Bank Protected Growth Balanced Fund
National Bank Protected Retirement Balanced Fund
National Bank Protected Canadian Bond Fund
Principal Regulator - Quebec
Type and Date:
Final Simplified Prospectus and Annual Information Form dated January 28th, 2002
Mutual Reliance Review System Receipt dated 6th day of February, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #412524

Issuer Name:
Sentry Select Canadian Income Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated February 11th, 2002
Mutual Reliance Review System Receipt dated 12th day of February, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
Sentry Select Capital Corp.
Promoter(s):
Sentry Select Capital Corp.
Project #418185

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Greydanus Management Inc. Attention: Jacob Greydanus 361 Hyde Park Road London ON N6H 3R8	Investment Counsel & Portfolio Manager	Feb 11/02
New Registration	ING Barings Corp. Attention: Kenneth G. Ottenbreit c/o 152928 Canada Inc. 5300 Commerce Court West PO Box 85 Toronto ON M5L 1B9	International Dealer	Feb 06/02
New Registration	Rorer Asset Management, LLC 152928 Canada Inc. c/o Stikeman Elliott Attention: Kathleen Ward 199 Bay street, Suite 5300 Toronto ON M5L 1B9	Non-Canadian Advisor Investment Counsel & Portfolio Manager	Feb 06/02
Change of Name	State Street Global Markets Canada Inc. Attention: Dexton Aubyn Blackstock 30 Adelaide Street East Suite 1500 Toronto ON M5C 3G6	From: State Street Securities Inc. To: State Street Global Markets Canada Inc.	Dec 06/01
Change of Name	Pictet Canada L.P. Attention: David Parsons 1800 McGill College Avenue Suite 2900 Montreal QC H3A 3J6	From: Pictet (Canada) & Company Limited To: Pictet Canada L.P.	Jan 22/02
Change in Category (Categories)	Mavrix Fund Management Inc./ Gestion de Fonds Mavrix Inc. Attention: Raymond Martin Steele Suite 600 - 36 Lombard Street Toronto ON M5C 2X3	From: Investment Counsel & Portfolio Manager To: Limited Market Dealer Investment Counsel & Portfolio Manager	Feb 12/02
Amalgamation	IPC Investment Corporation Attention: Gary Fernand Legault 2680 Skymark Ave 7th Floor Mississauga ON L4W 5L6	Amalgamation of: IPC Investment Corporation and Henry Hicks & Associates To Form: IPC Investment Corporation	May 16/02

Type	Company	Category of Registration	Effective Date
Amalgamation	IPC Investment Corporation Attention: Gary Fernand Legault 2680 Skymark Ave 7th Floor Mississauga ON L4W 5L6	Amalgamation of: IPC Investment Corporation AFP Wealth Management Inc. AFP Securities Inc. Sutherland Group Investments Inc., and 805237 Ontario Limited To Form: IPC Investment Corporation	Jun 01/01
Suspension of Registration	Sheridan Securities Inc.	Investment Dealer	Feb 08/02

Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 Proposed Public Interest Amendments to IDA Policy 8

INVESTMENT DEALERS ASSOCIATION OF CANADA – PROPOSED PUBLIC INTEREST AMENDMENTS TO POLICY 8

I OVERVIEW

A - Current Rules

The original Policy 8 was approved by the IDA Board October 18, 2000 and published in the OSC Bulletin November 10, 2000.

Amendments to Policy 8 were approved by the IDA Board June 17, 2001 and published in the OSC Bulletin July 27, 2001.

Further amendments to Policy 8, resulting from comments of the Securities Commissions, were approved by the IDA Board October 17, 2001 and published in the OSC Bulletin November 9, 2001.

The further proposed amendments to Policy 8, as set out herein, were approved by the IDA Board January 16, 2002.

B - Issue

Further review of the Policy has led to a number of issues being considered by the Association and has resulted in the proposed amendments.

C - Objective

The objective of the amendments to Policy 8 is to provide for clear and effective reporting requirements.

The proposed amendments serve to simplify Policy 8 which will assist Members in complying with Policy 8.

The proposed amendments also serve to provide the designated self-regulatory organization with a more effective reporting tool which will better ensure that the following objectives of Policy 8 are met:

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

D - Effect of Proposed Rules

The proposed rules will have the effect of imposing reporting requirements on both registrants and Member Firms.

II -- DETAILED ANALYSIS

A - Present Rules, Relevant History and Proposed Policy

Structure

Policy 8 has been re-structured for greater clarity.

Definitions of Compensation and Securities-Related

The definitions of the terms "compensation" and "securities-related" have been amended for greater clarity.

Internal Disciplinary Actions

Reporting of internal disciplinary actions has been extended to require reporting of internal disciplinary actions imposed where there is a customer complaint, a securities-related civil claim or arbitration notice, or an internal investigation. Reporting of internal disciplinary actions has been further extended to require reporting where commission has been withheld or a fine has been imposed three or more times during one calendar year period, regardless of the monetary amount.

Detailed Reporting Requirements to Member under A.1(a)

The detailed list of reportable items set out at A.1(a) pertaining to changes to information contained in the Uniform Application for Registration has been removed as these items are subject to change in the future in light of draft National Registration Database ("NRD") reporting requirements. Furthermore, the registered person should refer to the Uniform Application for Registration (or any form replacing the Uniform Application for Registration) in its entirety to determine whether there is any change in the information. Given that a registered person will have to refer to the Uniform Application for Registration, there is no real need to list out the reportable items.

Reporting of Customer Complaints Pertaining to Other Persons

The list of the types of customer complaints that involve any partner, director, officer, or registered representative or approved person that must be reported to the Member pursuant to A.1(d) has been expanded to include the following additional serious offences:

- money laundering;
- market manipulation;
- insider trading; and
- unauthorized trading.

Requirement to Report Civil Claims Exceeding 50% of Risk Adjusted Capital

The requirement to report civil claims exceeding 50% of risk adjusted capital has been removed. The provision was removed as all securities-related civil claims are required to be reported by the Member.

Internal Investigations

The requirement to report internal investigations has been expanded to require reporting when an internal investigation is commenced and to require reporting of the results of the internal investigation in all cases and not simply those instances where it is believed that the violation has occurred.

The specific instances where an internal investigation must be undertaken by Member Firms has been expanded to include money laundering. Internal investigations must be conducted for cases of "misrepresentation" as the term "wilful" has now been removed.

Time Period for Reporting Requirements

The time period for reporting of items under Part I Section B has been removed. A Member Regulation Notice will be issued which sets out, in detail, the time period for reporting of each reportable item as well as where and how to report the information.

The five business day reporting requirement for those items in Policy 8 that must be reported within five business days as set out in the British Columbia Securities Act, the Registration and Transfer Rules and the National Registration Database rules will remain reportable within five business days.

Record Retention

A record-keeping provision has been added for documentation associated with items under Part I Section B of the revised Policy 8.

B - Issues and Alternatives Considered

All issues and alternatives were carefully considered by a cross functional team of the IDA devoted to dealing with Policy 8 issues.

C - Comparison with Similar Provisions

The NASD Rules of Practice, the NYSE Rules, B.C. Securities Act and NRD regulatory initiatives were reviewed.

D - Systems Impact of Rule

Members will be required to report Policy 8 information through ComSet. ComSet will be a web-based system that will capture the information set out in Policy 8. It is anticipated that the ComSet database will be implemented in the second quarter of 2002.

Training will be provided to Members on how to utilize the database to comply with Policy 8 reporting requirements.

E - Best Interests of the Capital Markets

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

F - Public Interest Objective

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

III -- COMMENTARY

A - Filing in Other Jurisdictions

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

Policy 8 has not yet been implemented.

B - Effectiveness

The amendments to Policy 8 will ensure greater effectiveness of the Policy.

C - Process

Policy 8 was approved by the IDA Board of Directors October 2001.

IV -- SOURCES

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

V -- OSC REQUIREMENT TO PUBLISH FOR COMMENT

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

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

Questions may be referred to:

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

INVESTMENT DEALERS ASSOCIATION OF CANADA

PROPOSED PUBLIC INTEREST AMENDMENTS TO POLICY 8

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

1. The title of Policy 8 is amended by replacing "Reporting Requirements" with:

   "Reporting and Recordkeeping Requirements".

2. The second paragraph of the Introduction is amended by replacing the words :the "1-U-2000" with the following:

   "or any form replacing the Uniform Application for Registration/Approval".

3. The definition of "designated SRO" is amended by deleting the following word immediately following the words "Canadian Investor Protection Fund".

   "and".

4. The definition of "business days" is inserted into Policy 8 as follows:

   "business days" means a day other than Saturday, Sunday or any officially recognized Federal or Provincial statutory holiday.

5. The definition of "civil claim" is amended by deleting the following words:

   "in any proceedings."

6. The definition of "compensation" is amended by:

   deleting the words " and for greater certainty, does not include"; and by

   changing the "a" following the word "include" to a capital "A"; and by:

   adding the following words after omissions "is not considered to be "compensation" for the purposes of Policy 8".

7. The definition of "customer complaints" is deleted.

8. The definition of "securities-related" is repealed and replaced with the following:

   "Securities-related means:

   i) any matter related to securities or, exchange contracts (including commodities futures contracts and commodity futures options,; or

   ii) any matter related to the handling of client accounts or dealings with clients; or

iii) any matter that is the subject of Investment Dealers Association of Canada ("IDA") rules or standards, or any other securities law, regulations or rules in any jurisdiction inside or outside Canada.

9. Policy 8 is amended by inserting a title before "A. Reporting Requirement to Members" as follows:

"I. Reporting Requirements".

10. A. 1 (a) is re-numbered as I. A 1(a) and is amended by deleting the following words immediately preceding the word "information":

"following items of"; and by

deleting the following words immediately following the word "information":

"currently"; and by:

adding the following words immediately following "Registration/Approval"

"or any form replacing the Uniform Application for Registration/Approval".

11. The list of items set out at A.1(a) (i)-(xiii) is repealed.

12. A.1(b) is re-numbered as I.A 1(b) and is repealed and replaced with the following:

"has reason to believe that he or she is or may have been in contravention of any provision of any securities law or regulation, or rules of any securities or financial services regulatory or self-regulatory organization, professional licensing or registration body, in any jurisdiction inside or outside Canada.".

13. A.1 (c) is re-numbered as I.A.1 (c) and is amended by inserting the following word immediately following the words "is the subject of":

"any"; and by

deleting the phrase "arising out of any securities-related business."

14. A.1 (d) is re-numbered as I.A. 1(d) and by deleting the phrase "arising out of any securities-related business) and by inserting the following words immediately following the word forgery:

"money-laundering, market manipulation, insider trading"; and by

deleting the word "wilful" immediately preceding the word "misrepresentation; and by

inserting the following words immediately following the word "misrepresentation":

"or unauthorized trading".

15. A. 1(e) and (f) is repealed.

16. A. 2 is amended by replacing "section 1" with the following"

"Part I Section A".

17. The entire Section "B. Entering into Settlement Agreements" is re-numbered and placed at the end of the Policy 8 as:

"III Settlement Agreements";

18. The Title "B. Entering into Settlement Agreements" is deleted.

19. B. 1 is re-numbered as III 1.

20. B. 2 is re-numbered as III 2 and is amended by replacing the words "Section 1" with the following words:

"Part III section 1"; and by

inserting the following phrase after the word "duties":
"with respect to settlement agreements that do not arise out of activities involving the partner, director, officer, or registered or approved person."

21. The title "Reporting Requirements to Designated SRO" is renumbered as:

"B. Reporting Requirements to Designated SRO".

22. C. 1 of existing Policy 8 is re-numbered as I. B.1 and is repealed and replaced by the following":

"Each Member shall report to its designated SRO, in such detail and frequency as prescribed by the SRO:".

23. C. 1 (a) is re-numbered as I. B.1(a) and is amended by inserting the following word immediately preceding the words "there is any change":

"whenever"; and by

inserting the following words immediately following the words "Registration/Approval":

"(or any form replacing the Uniform Application for Registration/Approval"; and by

deleting the following words:

"outlined in Part I. A section 1 other than civil actions and judgements."

24. C. 1(b) is re-numbered as I. B. 1 (b) and is amended by inserting the following words immediately preceding the words "the Member becomes aware":

"whenever"; and by

inserting the following words immediately preceding the words "becomes aware":

"itself or the Member"; and by

deleting the following words:

"arising out of any securities-related business"; and by

replacing the words "whether in Canada or any other Country" by the following words:

"in any jurisdiction inside or outside Canada."

25. C.1 (c) is re-numbered as I. B. 1(c) and is repealed and replaced with the following:

"whenever the Member or a partner, director, officer, registered or approved person is the subject of a denial, suspension or cancellation of registration or a license, or disciplinary action under any securities law or regulation, or rules of any regulatory or self-regulatory organization, professional licensing or registration body in any jurisdiction inside or outside of Canada."

26. C.2(a)(b) and (c) is hereby repealed.

27. C.1(d) is re-numbered as I.B 1(g) and is repealed and replaced by the following:

"whenever a partner, director, officer or registered or approved person of the Member is the subject of any internal disciplinary action where:

(i) there is a customer complaint in writing pursuant to Part I B.1(d) of this Policy; or
(ii) there is a securities-related civil claim or arbitration notice pursuant to Part I B.1(e) of this Policy; or
(iii) there is an internal investigation pursuant to Part I. B 1(h) and Part II of this Policy; or
(iv) member initiated disciplinary action that involves suspension, termination, demotion or the imposition of trading restrictions; or
(v) member initiated disciplinary action that involves the withholding of commissions or imposition of fines in excess of $5,000 for a single matter, $15,000 cumulatively for a one year calendar year period or where commission has been withheld or fines imposed three or more times during one calendar year period."

28. C. 3 is re-numbered as Part I B. 1 (d) and is amended by replacing the words "and each" with the following words:

", or any current or former"; and by

adding the following words immediately following the word "complaints":

"in writing";

29. C. 3(b) is re-numbered as I. B 1(e) and is amended by replacing the word "a" immediately following the words "against the Member" with the following words:

"or against any"; and by

deleting the words immediately following the words "approved person":

"of the Member"; and by

adding the following words immediately after the words "approved person"

"in any jurisdiction inside or outside of Canada".

30. (c) is re-numbered as Part I B. 1(f) and is amended by replacing the word "a" immediately preceding the words "a current or former partner" and replacing it with the following words:

"or against any"; and by

deleting the words immediately following the words "approved person":

"of the Member" and by

adding the following words immediately after the words "approved person":

"in any jurisdiction inside or outside of Canada".

31. C.3 paragraph 2 is repealed;

32. C.4 is repealed.

33. Policy 8 Section D entitled "Internal Investigations" is re-numbered as:

"II. Internal Investigations".

34. D. 1 (a) and (b) is replaced and repealed by II. 1 which reads as follows:

"The Member shall conduct an internal investigation where it appears that a Member or any current or former partner, director, officer, or registered or approved person of the Member, while in the employ of the Member, has violated any provision of any legislation, regulation or rule of any regulatory or self-regulatory organization of any jurisdiction inside or outside Canada relating to theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading; misrepresentation or unauthorized trading."

35. Policy 8 D. 2 is repealed and replaced by I. B 1(h) which reads as follows:

> "whenever an internal investigation, pursuant to Part II of this Policy, is commenced and the results of such internal investigation when completed."

36. Policy 8 D. 3 is re-numbered as II. 2 and is amended by replacing the words "section 1" with the following words:

> "Part II Section 1:"

37. Policy 8 D.3 (b) is re-numbered as II. 2(b) and is amended by replacing the word "three" with the following word:

> "two";

38. The title E. "Failure to Comply with Reporting Requirements" is deleted.

39. The provision under E "Failure to Comply with Reporting Requirements" is re-numbered as I B. 3 and is amended by replacing the word "Association" with the following word:

> "IDA";

40. I B (2) of the new proposed Policy 8 is inserted as follows:

> "Documentation associated with each item required to be reported under Part I Section B shall be maintained and available to the designated SRO, upon request, for a minimum of two years from the resolution of the matter."

PASSED AND ENACTED BY THE Board of Directors this day of January 2002, to be effective on a date to be determined by Association staff.

POLICY NO. 8

REPORTING AND RECORDKEEPING REQUIREMENTS

Introduction

This Policy establishes minimum requirements concerning information that registrants are required to report to Members and information that Members are required to report to the designated self-regulatory organization ("SRO").

Members and registrants should also refer to the Uniform Application for Registration/Approval (or any form replacing the Uniform Application for Registration/Approval), which also sets out information that Members and registrants must report to their designated SRO.

Definitions

For the purposes of this Policy:

"business days" means a day other than Saturday, Sunday or any officially recognized Federal or Provincial statutory holiday.

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

"compensation" means the payment of a sum of money, securities, reversal of a securities transaction, inclusion of a securities transaction (whether either transaction has a realized or unrealized loss or any other equivalent type of entry which is intended to offset or counterbalance an act of misconduct. A correction of a client account or position as a result of good faith trading errors and omissions is not considered to be "compensation" for the purposes of Policy 8.

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

"securities - related" means:

(i) any matter related to securities or exchange contracts (including commodities futures contracts and commodity futures options ; or
(ii) any matter related to the handling of client accounts or dealings with clients; or
(iii) any matter that is the subject of Investment Dealers Association of Canada ("IDA") rules or standards, or any other securities law, regulations or rules in any jurisdiction inside or outside Canada.

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

I. REPORTING REQUIREMENTS

A. REPORTING REQUIREMENTS TO MEMBER

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

   (a) becomes aware of any change to the information contained in his or her Uniform Application for Registration/Approval (or any form replacing the Uniform Application for Registration/Approval);

   (b) has reason to believe that he or she is or may have been in contravention of any provision of any securities law, regulations or rules of any securities or financial services regulatory or self-regulatory organization, professional licensing or registration body, in any jurisdiction inside or outside Canada;

   (c) is the subject of any customer complaint in writing; or

   ~~2.~~(d) is aware of a customer complaint, whether in writing or any other form, with respect to any partner, director, officer, or registered or

approved person of the Member involving allegations of theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation or unauthorized trading.

2. Each Member shall designate a person or department with whom the reports and records required by Part I Section A shall be filed.

B. REPORTING REQUIREMENTS TO DESIGNATED SRO

1. Each Member shall report to its designated SRO, in such detail and frequency as prescribed by the SRO:

(a) whenever there is any change to the information contained in the Uniform Application for Registration/Approval (or any form replacing the Uniform Application for Registration/Approval) of any partner, director, officer or registered or approved person of the Member;

(b) whenever the Member itself or the Member becomes aware that any former partner, director, officer or registered or approved person of the Member is charged with, convicted of, pleads guilty or pleads no contest to any criminal offence while in the employ of the Member, in any jurisdiction inside or outside of Canada;

(c) whenever the Member or a partner, director, officer or registered or approved person is the subject of a denial, suspension or cancellation of registration or a license, or disciplinary action under any securities law, regulations or rules of any regulatory or self-regulatory organization, professional licensing or registration body, in any jurisdiction inside or outside of Canada;

(d) all customer complaints in writing, except service complaints, against the Member or any current or former partner, director, officer or registered or approved person;

(e) all securities-related civil claims and arbitration notices against the Member, or against any current or former partner, director, officer or registered or approved person, in any jurisdiction inside or outside Canada;

(f) all judgements, awards, private settlements, arbitrations or other resolutions of any securities-related claim or complaint against the Member, or against any current or former partner, director, officer or registered or approved person, in any jurisdiction inside or outside of Canada;

(g) whenever a partner, director, officer or registered or approved person of the Member is the subject of any internal disciplinary action where:

(i) there is a customer complaint in writing pursuant to Part I B. 1(d) of this Policy; or

(ii) there is a securities-related civil claim or arbitration notice pursuant to Part I B.1(e) of this Policy; or

(iii) there is an internal investigation pursuant to Part I B. 1(h) and Part II of this Policy; or

(iv) member initiated disciplinary action that involves suspension, termination, demotion or the imposition of trading restrictions; or

(v) member initiated disciplinary action, arising from any source other than (i)–(iii), that involves the withholding of commissions or imposition of fines in excess of $5,000 for a single matter, $15,000 cumulatively for a one calendar year period or where commission has been withheld or fines imposed three or more times during one calendar year period.

(h) whenever an internal investigation, pursuant to Part II of this Policy, is commenced and the results of such internal investigation when completed.

2. Documentation associated with each item required to be reported under Part I Section B shall be maintained and available to the designated SRO, upon request, for a minimum of 2 years from the resolution of the matter.

3. Where the designated SRO is the IDA, it shall have the power to impose a prescribed administrative fee for failure to comply with any of the reporting requirements set out in this policy. The IDA may also impose any other penalties pursuant to By-law 20.

II. INTERNAL INVESTIGATIONS

1. The Member shall conduct an internal investigation where it appears that the Member or any current or former partner, director, officer or registered or approved person of the Member, while in the employ of the Member, has violated any provision of any legislation, regulation or rule of any regulatory or self-regulatory organization of any jurisdiction inside or outside of Canada relating to theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation or unauthorized trading.

2. Records of investigations under Part II Section 1 shall be:

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

(b) maintained and available to the designated SRO upon request for a

minimum of two years from the completion of the investigation.

III. SETTLEMENT AGREEMENTS

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

2. Part III Section 1 shall not apply to partners, directors, officers or registered or approved persons of a Member authorized by the Member to negotiate or enter into settlement agreements in the normal course of their duties with respect to settlement agreements that do not arise out of activities involving the partner, director, officer or registered or approved person.

13.1.2 Appendix B - Text of the Universal Market Integrity Rules

APPENDIX "B"

TEXT OF THE UNIVERSAL MARKET INTEGRITY RULES

PART 1 – DEFINITIONS AND INTERPRETATION

1.1 Definitions

In these Rules, unless the subject matter or context otherwise requires:

"**Access Person**" means a person other than a Participant who is:

(a) a subscriber; or

(b) a user.

"**arbitrage account**" means an account in which the holder makes a usual practice of buying and selling:

(a) securities in different markets to take advantage of differences in prices available in each market; or

(b) securities which are or may become convertible or exchangeable by the terms of the securities or operation of law into other securities in order to take advantage of differences in prices between the securities.

"**best ask price**" means the lowest price of an order on any marketplace as displayed in a consolidated market display to sell a particular security, but does not include the price of any order that is a Special Terms Order.

"**best bid price**" means the highest price of an order on any marketplace as displayed in a consolidated market display to buy a particular security, but does not include the price of any order that is a Special Terms Order.

"**better price**" means, in respect of a particular security:

(a) a price lower than the best ask price, in the case of a purchase; and

(b) a price higher than the best bid price, in the case of a sale.

"**Board**" means the board of directors or other governing body of a Market Regulator.

"**Call Market Order**" means an order for the purchase or sale of one or more particular securities that is entered on a marketplace on a trading day to trade at a particular time or times established by the marketplace during that trading day at a price established by the trading system of the marketplace.

"**client order**" means an order for the purchase or sale of a security received or originated by a Participant for

the account of a client of the Participant or a client of an affiliated entity of the Participant, but does not include a principal order or a non-client order.

"**consolidated market display**" means, in respect of a particular security:

(a) the consolidated feed respecting orders and trades produced by an information processor in accordance with section 7.3 of the Marketplace Operation Instrument provided such consolidated feed includes details of orders and trades from the principal market; or

(b) information regarding orders and trades on a marketplace produced by an information vendor for the purposes of the Marketplace Operation Instrument provided such information includes details of orders and trades from the principal market.

"**derivatives market maker**" means a person who performs the function ordinarily associated with a market maker or specialist on an Exchange or QTRS in connection with a derivative instrument.

"**Exchange**" means a person recognized by the applicable securities regulatory authority under securities legislation to carry on business as an exchange.

"**hearing**" means a disciplinary and enforcement proceeding commenced by a Market Regulator to determine whether a person has contravened a Requirement or is liable for the contravention of a Requirement and includes any procedural applications or motions in relation to those proceedings.

"**Hearing Committee**" means a standing committee of a Market Regulator comprised of persons selected in accordance with the Policy made under Rule 10.8

"**Hearing Panel**" means the particular members of the Hearing Committee selected in accordance with the Policy made under Rule 10.8 to hear a particular disciplinary and enforcement proceeding.

"**hedge**" means the purchase or sale of a security by a person to offset, in whole or in part, the risk assumed on a prior purchase or sale or to be assumed on a subsequent purchase or sale of that security or a related security.

"**insider**" means a person who is an insider of an issuer for the purpose of applicable securities legislation.

"**intentional cross**" means a trade resulting from the entry by a Participant of both the order to purchase and the order to sell a security, but does not include a trade in which the Participant has entered one of the orders as a jitney order.

"**internal cross**" means an intentional cross between two client accounts of a Participant which are managed by a single firm acting as a portfolio manager with discretionary authority to manage the investment portfolio granted by each of the clients and includes a trade where the Participant is acting as a portfolio manager in authorizing the trade between the two client accounts.

"**jitney order**" means an order entered on a marketplace by a Participant acting for or on behalf of another Participant.

"**last sale price**" means the price of the last sale of at least one standard trading unit of a particular security displayed in a consolidated market display but does not include the price of a sale resulting from an order that is a Call Market Order..

"**limit order**" means an order to:

(a) buy a security to be executed at a specified maximum price; or

(b) sell a security to be executed at a specified minimum price.

"**listed security**" means a security listed on an Exchange.

"**Market Operation Instrument**" means National Instrument 21-101 – Marketplace Operation as amended, supplemented and in effect from time to time;

"**market order**" means an order to:

(a) buy a security to be executed upon entry to a marketplace at the best ask price; or

(b) sell a security to be executed upon entry to a marketplace at the best bid price.

"**Market-on-Close Order**" means an order for the purchase or sale of a security entered on a marketplace on a trading day for the purpose of executing at the closing price of the security on that marketplace on that trading day.

"**Market Regulator**" means:

(a) an Exchange, unless such Exchange monitors the conduct of its members indirectly through a regulation service provider in which case, the regulation services provider;

(b) a QTRS, unless such QTRS monitors the conduct of its users indirectly through a regulation service provider in which case, the regulation services provider; and

(c) in respect of any other marketplace, the regulation service provider with whom that marketplace has entered an agreement in accordance with the requirements of the Trading Rules.

"**Market Integrity Official**" means an employee of a Market Regulator designated by the Market Regulator to exercise the powers of the Market Regulator under these Rules.

"**Market Maker Obligations**" means obligations imposed by Marketplace Rules on a member or user or a person employed by a member or user to guarantee:

(a) a two-sided market for a particular security on a continuous or reasonably continuous basis; and

(b) the execution of orders for the purchase or sale of a particular security which are less than a minimum number of units of the security as designated by the marketplace.

"**marketplace**" means:

(a) an Exchange;

(b) a QTRS; and

(c) an ATS.

"**Marketplace Rules**" means the rules, policies and other similar instruments adopted by an Exchange or a QTRS as approved by the applicable securities regulatory authority but not including any rules, policies or other similar instruments related solely to the listing of securities on an Exchange or to the quoting of securities on a QTRS.

"**non-client order**" means an order for the purchase or sale of a security received or originated by a Participant for an account:

(a) for a partner, director, officer or a person holding a similar position or acting in a similar capacity of the Participant or of a related entity of the Participant;

(b) for an employee of the Participant or of a related entity of the Participant who holds approval from an Exchange or a self-regulatory entity; or

(c) which is considered to be an employee account or a non-client account by a self-regulatory entity,

but does not include a principal account.

"**net cost**" means the amount by which the sum of the total cost of the trade on the purchase of securities based on the purchase price on the marketplace and any commission charged to the client by the Participant exceeds the amount of any allowance, discount, rebate and any other benefit with a monetary value that is allowed to the client on the trade by the Participant or any other person.

"**net proceeds**" means the amount by which the sum of the total proceeds of the trade on the sale of securities based on the sale price on the marketplace and the amount of any allowance, discount, rebate and other benefit with a monetary value that is allowed to the client on the trade by the Participant or any other person exceeds any commission charged to the client by the Participant.

"**offered security**" means the security offered in a securities exchange take-over bid.

"**Opening Order**" means an order for the purchase or sale of a security entered on a marketplace on a trading day for the purpose of calculating and executing at the opening price of the security on that marketplace on that trading day.

"**Participant**" means:

(a) a dealer registered in accordance with securities legislation of any jurisdiction and who is:

(i) a member of an Exchange,

(ii) a user of a QTRS, or

(iii) a subscriber of an ATS; or

(b) a person who has been granted trading access to a marketplace and who performs the functions of a derivatives market maker.

"**Policy**" means a policy statement adopted by a Market Regulator in connection with the administration or application of these Rules as such policy statement is amended, supplemented and in effect from time to time.

"**principal account**" means an account in which a Participant or a related entity of the Participant holds a direct or indirect interest other than an interest in the commission charged on a transaction.

"**principal order**" means an order for the purchase or sale of a security received or originated by a Participant for a principal account.

"**Program Trade**" means a trade resulting from a series of market orders for the purchase or sale of particular securities underlying an index that has been designated by a Market Regulator where such trade is undertaken in conjunction with a trade in a derivative the underlying interest of which is the index.

"**Protected Party**" means in respect of a Market Regulator:

(a) the Market Regulator;

(b) a director, officer or employee of the Market Regulator;

(c) a member of the Hearing Committee or of a committee appointed by the Board; or

(d) an independent contractor retained by the Market Regulator to provide services to the Market Regulator.

"**QTRS**" means a recognized quotation and trade reporting system.

"**quoted security**" means a security quoted on a QTRS.

"**Regular Session**" means the time period during a trading day when a marketplace is ordinarily open for trading, but does not include any extended or special trading facility of the marketplace.

"**Regulated Person**" means, in respect of the jurisdiction of a Market Regulator in connection with the conduct of a person:

(a) any marketplace for which the Market Regulator is the regulation service provider or was the regulation service provider at the time of the conduct;

(b) any Participant or Access Person of a marketplace for which the Market Regulator is the regulation service provider or was the regulation service provider at the time of the conduct;

(c) any person to whom responsibility for compliance with the Rules by other persons are extended in accordance with Rule 10.3 or to whom responsibility had been extended at the time of the conduct; and

(d) any person to whom the application of the Rules are extended in accordance with Rule 10.4 or to whom the Rules had been extended at the time of the conduct.

"**related entity**" means, in respect of a particular person:

(a) an affiliated entity of the particular person which carries on business in Canada and is registered as a dealer or adviser in accordance with applicable securities legislation; and

(b) a person who has been designated by a Market Regulator in accordance with subsection (3) of Rule 10.4 as a person who acts in conjunction with the particular person.

"**related security**" means, in respect of a particular security:

(a) a security which is convertible or exchangeable into the particular security;

(b) a security into which the particular security is convertible or exchangeable;

(c) a derivative instrument for which the particular security is the underlying interest;

(d) a derivative instrument for which the market price varies materially with the market price of the particular security; and

(e) if the particular security is a derivative instrument, a security which is the underlying interest of the derivative instrument or a significant component of an index which is the underlying interest of the derivative instrument.

"**Requirements**" means, collectively:

(a) these Rules;

(b) the Policies;

(c) the Trading Rules;

(d) the Marketplace Rules; and

(e) any direction, order or decision of the Market Regulator or a Market Integrity Official,

as amended, supplemented and in effect from time to time.

"**restricted person**" means, in respect of a securities exchange take-over bid:

(a) the Participant appointed by the offeror to be dealer-manager or manager in respect of such securities exchange take-over bid;

(b) a related entity of the Participant;

(c) a partner, director, officer or a person holding a similar position or acting in a similar capacity, of the Participant or of a related entity of the Participant; or

(d) an employee of the Participant or of a related entity of the Participant.

"**Rules**" means these Universal Market Integrity Rules as amended, supplemented and in effect from time to time.

"**securities exchange take-over bid**" means a take-over bid where the consideration for the securities of the offeree is to be, in whole or in part, securities traded on a marketplace.

"**short sale**" means a sale of a security, other than a derivative instrument, which the seller does not own either directly or through an agent or trustee and, for this purpose, a seller shall be considered to own a security if the seller:

(a) has purchased or has entered into an unconditional contract to purchase the security, but has not yet received delivery of the security;

(b) has tendered such other security for conversion or exchange or has issued irrevocable

instructions to convert or exchange such other security;

(c) has an option to purchase the security and has exercised the option;

(d) has a right or warrant to subscribe for the security and has exercised the right or warrant; or

(e) is making a sale of a security that trades on a when issued basis and the seller has entered into a contract to purchase such security which is binding on both parties and subject only to the condition of issuance of distribution of the security,

but a seller shall be considered not to own a security if:

(f) the seller has borrowed the security to be delivered on the settlement of the trade and the seller is not otherwise considered to own the security in accordance with this definition; or

(g) the security held by the seller is subject to any restriction on sale imposed by applicable securities legislation or by an Exchange or QTRS as a condition of the listing or quoting of the security.

"**significant shareholder**" means any person holding separately, or in combination with other persons, more than 20 per cent of the outstanding voting securities of an issuer.

"**Special Terms Order**" means an order for the purchase or sale of a security:

(a) for less than a standard trading unit;

(b) the execution of which is subject to a condition other than as to price or date of settlement; or

(c) that on execution would be settled on a date other than:

(i) the third business day following the date of the trade, or

(ii) any settlement date specified in a special rule or direction referred to in subsection (2) of Rule 6.1 that is issued by an Exchange or a QTRS.

"**standard trading unit**" means, in respect of:

(a) a derivative instrument, 1 contract;

(b) a debt security that is a listed security or a quoted security, $1,000 in principal amount; or

(c) any equity or similar security:

(i) 1,000 units of a security trading at less than $0.10 per unit,

(ii) 500 units of a security trading at $0.10 or more per unit and less than $1.00 per unit, and

(iii) 100 units of a security trading at $1.00 or more per unit.

"**trades on a when issued basis**" means purchases or sales of a security to be issued pursuant to:

(a) a prospectus offering where a receipt for the final prospectus for the offering has been issued by the applicable securities regulatory authority but the offering has not closed and settled;

(b) a proposed plan of arrangement, an amalgamation or a take-over bid prior to the effective date of the amalgamation or the arrangement or the expiry date of the take-over bid; or

(c) any other transaction that is subject to the satisfaction of certain conditions,

and the trade is to be settled only if the security is issued and the trade in the security prior to the issuance would not contravene the applicable securities legislation.

"**trading day**" means a calendar day during which trades are executed on a marketplace.

"**Trading Rules**" means National Instrument 23-101 as amended, supplemented and in effect from time to time.

"**Volume-Weighted Average Price Order**" means an order for the purchase or sale of a security entered on a marketplace on a trading day for the purpose of executing trades at an average price of the security traded on that trading day on that marketplace or on any combination of marketplaces known at the time of the entry of the order.

1.2 Interpretation

(1) Unless otherwise defined or interpreted, every term used in these Rules that is:

(a) defined in subsection 1.1(3) of National Instrument 14-101 – Definitions has the meaning ascribed to it in that subsection;

(b) defined or interpreted in the Marketplace Operation Instrument has the meaning ascribed to it in that National Instrument; and

(c) a reference to a requirement of an Exchange or a QTRS shall have the meaning ascribed to it in the applicable Marketplace Rule.

(2) For the purposes of these Rules, the following terms shall be as defined by applicable securities legislation except that:

"**person**" includes any corporation, incorporated association, incorporated syndicate or other incorporated organization.

"**trade**" includes a purchase or acquisition of a security for valuable consideration in addition to any sale or disposition of a security for valuable consideration.

(3) In determining the value of an order for the purposes of Rule 6.3 and 8.1, the value shall be calculated as of the time of the receipt or origination of the order and shall be calculated by multiplying the number of units of the security to be bought or sold under the order by:

(a) in the case of a limit order for the purchase of a security, the lesser of:

(i) the specified maximum price in the order, and
(ii) the best ask price;

(b) in the case of a limit order for the sale of a security, the greater of:

(i) the specified minimum price in the order, and

(ii) the best bid price;

(c) in the case of a market order for the purchase of a security, the best ask price; and

(d) in the case of a market order for the sale of a security, the best bid price.

(4) For the purposes of determining the "last sale price", if a sale of at least a standard trading unit of a particular security has not been previously displayed in a consolidated market display the last sale price shall be deemed to be the price:

(a) of the last sale of the security on an Exchange, if the security is a listed security;

(b) of the last sale of the security on a QTRS, if the security is a quoted security;

(c) at which the security has been issued or distributed to the public, if the security has not previously traded on a marketplace; and

(d) that has been accepted by a Market Regulator, in any other circumstance.

(5) For the purposes of determining the price at which a security is trading for the purposes of the definition of a "standard trading unit", the price shall be the last sale price of the particular security on the immediately preceding trading day.

PART 2 – MANIPULATIVE OR DECEPTIVE METHOD OF TRADING

2.1 Just and Equitable Principles

(1) A Participant shall transact business openly and fairly and in accordance with just and equitable principles of trade when:

(a) trading on a marketplace; or

(b) trading or otherwise dealing in securities which are eligible to be traded on a marketplace.

(2) An Access Person shall transact business openly and fairly when:

(a) trading on a marketplace; or

(b) trading or otherwise dealing in securities which are eligible to be traded on a marketplace.

2.2 Manipulative or Deceptive Method of Trading

(1) A Participant or Access Person shall not, directly or indirectly, use nor knowingly facilitate nor participate in the use of any manipulative or deceptive method of trading in connection with the entry of an order or orders to trade on a marketplace for the purchase or sale of any security which creates or which could reasonably be expected to create a false or misleading appearance of trading activity or an artificial price for the security or a related security.

(2) Without limiting the generality of subsection (1), the following activities when undertaken on a marketplace constitute deceptive and manipulative methods of trading:

(a) making a fictitious trade;

(b) effecting a trade in a security which involves no change in the beneficial or economic ownership;

(c) effecting trades by a single interest or group with the intent of limiting the supply of a security for settlement of trades made by other persons except at prices and on terms arbitrarily dictated by such interest or group; and

(d) purchasing a security with the intention of making a sale of the same or a different number of units of the security or a related security on a marketplace at a price which is below the price of the last sale of a standard trading unit of such security displayed in a consolidated market display.

(3) Without limiting the generality of subsection (1), the following activities shall be considered deceptive and manipulative methods of trading when undertaken on a marketplace with the intention of creating a false or misleading appearance of trading activity or an artificial price for a security or a related security:

(a) entering an order or orders for the purchase of a security with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price for the sale of that security, has been or will be entered by or for the same or different persons;

(b) entering an order or orders for the sale of a security with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price for the purchase of that security, has been or will be entered;

(c) making purchases of, or offers to purchase, a security at successively higher prices;

(d) making sales of or offers to sell a security at successively lower prices;

(e) entering an order or orders for the purchase or sale of a security to:

(i) establish a predetermined price or quotation,

(ii) effect a high or low closing price or closing quotation, or

(iii) maintain the trading price, ask price or bid price within a predetermined range; and

(f) entering a series of orders for a security that are not intended to be executed.

(4) A price will be considered artificial if the price is not justified by real demand or supply in a security.

(5) For the purposes of subsection (4), a price in a security may be considered not justified by real demand or supply if:

(a) the price is higher or lower than the previous price and the market immediately returns to the previous price following the trade; and

(b) the bid price is raised or the ask price is lowered by an order which, at the time of entry, is the only order at that price and the order is cancelled prior to trading.

PART 3 – SHORT SELLING

3.1 Restrictions on Short Selling

(1) Except as otherwise provided, a Participant or Access Person shall not make a short sale of a security on a marketplace unless the price is at or above the last sale price.

(2) A short sale of a security may be made on a marketplace at a price below the last sale price if the sale is:

(a) a Program Trade in accordance with Marketplace Rules;

(b) made in furtherance of the applicable Market Maker Obligations in accordance with the Marketplace Rules;

(c) for an arbitrage account and the seller knows or has reasonable grounds to believe that an offer enabling the seller to cover the sale is then available and the seller intends to accept such offer immediately;

(d) for the account of a derivatives market maker and is made:

(i) in accordance with the market making obligations of the seller in connection with the security or a related security, and

(ii) to hedge a pre-existing position in the security or a related security;

(e) the first sale of the security on any marketplace made on an ex-dividend, ex-rights or ex-distribution basis and the price of the sale is not less than the last sale price reduced by the cash value of the dividend, right or other distribution; or

(f) the result of:

(i) a Call Market Order,

(ii) a Market-on-Close Order, or

(iii) a Volume-Weighted Average Price Order.

PART 4 - FRONTRUNNING

4.1 Frontrunning

(1) A Participant with knowledge of a client order that on entry could reasonably be expected to affect the market price of a security, shall not, prior to the entry of such client order,

(a) enter a principal order or a non-client order on a marketplace, stock exchange

or market, including any over-the-counter market, for the purchase or sale of the security or any related security;

(b) solicit an order from any other person for the purchase or sale of the security or any related security; or

(c) inform any other person, other than in the necessary course of business, of the client order.

(2) A Participant does not contravene subsection (1) if:

(a) no director, officer, partner, employee or agent of the Participant who made or participated in making the decision to enter a principal order or non-client order or to solicit an order had actual knowledge of the client order;

(b) an order is entered or trade made for the benefit of the client for whose account the order is to be made;

(c) an order is solicited to facilitate the trade of the client order;

(d) a principal order is entered to hedge a position that the Participant had assumed or agreed to assume before having actual knowledge of the client order provided the hedge is:

(i) commensurate with the risk assumed by the Participant, and

(ii) entered into in accordance with the ordinary practice of the Participant when assuming or agreeing to assume a position in the security;

(e) a principal order is made to fulfil a legally binding obligation entered into by the Participant before having actual knowledge of the client order; or

(f) the order is entered for an arbitrage account.

PART 5 – BEST EXECUTION OBLIGATION

5.1 Best Execution of Client Orders

A Participant shall diligently pursue the execution of each client order on the most advantageous terms for the client as expeditiously as practicable under prevailing market conditions.

5.2 Best Price Obligation

(1) A Participant shall make reasonable efforts prior to the execution of a client order to ensure that:

(a) in the case of an offer by the client, the order is executed at the best bid price; and

(b) in the case of a bid by the client, the order is executed at the best ask price.

(2) Subsection (1) does not apply to the execution of an order which is:

(a) required or permitted by a Market Regulator pursuant to clause (b) of Rule 6.4 to be executed other than on a marketplace in order to maintain a fair or orderly market;

(b) a Special Terms Order unless:

(i) the security is a listed security or quoted security and the Marketplace Rules of the Exchange or QTRS governing the trading of a Special Terms Order provide otherwise, or

(ii) the order could be executed in whole, according to the terms of the order, on a marketplace or with a market maker displayed in a consolidated market display; or

(c) directed or consented to by the client to be entered on a marketplace as:

(i) a Call Market Order,

(ii) a Volume-Weighted Average Price Order,

(iii) a Market-on-Close Order, or

(iv) an Opening Order.

(3) For the purposes of subsection (1), the Participant may take into account any transaction fees that would be payable to the marketplace in connection with the execution of the order as set out in the schedule of transaction fees disclosed in accordance with Marketplace Operation Instrument.

5.3 Client Priority

(1) A Participant shall give priority to its client orders over all of its non-client or principal orders in the same security and on the same side of the market, unless the non-client or principal order is executed at a price above the client's limit price (for a buy order) or below the client's limit price (for a sell order).

(2) A Participant shall give priority to its client market orders over its non-client or principal orders in the same security and on the same side of the market.

(3) Subsections (1) and (2) shall not apply to allocations made by a trading system of a marketplace, provided that any client orders of the Participant were entered immediately upon receipt by the Participant and were not subsequently changed or removed from the system (other than changes or removals made on the instruction of the client).

(4) Subsections (1) and (2) shall not apply to client orders where the client has specifically given the Participant discretion with respect to execution of an order or where the Participant is making a bona fide attempt to obtain best execution for a client order, provided that no director, officer, partner, employee or agent of the Participant with knowledge of open client orders for a security that have not been fully executed enters a non-client or principal order on the same side of the market in such security.

(5) Subsections (1) and (2) shall not apply with respect to a particular client order where the client has specifically consented to the Participant trading ahead or alongside that order.

(6) The Participant shall record the specific consent referred to in subsection (5) on the order ticket.

(7) The exemptions in subsections (3), (4) and (5) shall not apply unless the Participant has implemented a reasonable system of internal policies and procedures to ensure compliance with this Rule and to prevent misuse of information about client orders.

PART 6 – ORDER ENTRY AND EXPOSURE

6.1 Entry of Orders to a Marketplace

(1) No order to purchase or sell a security shall be entered to trade on a marketplace at a price that includes a fraction or a part of a cent other than an increment of one-half of one cent.

(2) Each order to purchase or sell a listed security or a quoted security entered to trade on a marketplace shall be subject to any special rule or direction issued by the Exchange on which the security is listed or by the QTRS on which the security is quoted with respect to:

(a) clearing and settlement; and
(b) entitlement of the purchaser to receive a dividend, interest or any other distribution made or right given to holders of that security.

6.2 Designations and Identifiers

(1) Each order entered on a marketplace shall contain:

(a) the identifier of:

(i) the Participant or Access Person entering the order as assigned to the Participant or Access Person in accordance with Rule 10.15,

(ii) the marketplace on which the order is entered as assigned to the marketplace in accordance with Rule 10.15, and

(iii) the Participant for or on behalf of whom the order is entered, if the order is a jitney order; and

(b) a designation acceptable to the Market Regulator for the marketplace on which the order is entered, if the order is:

(i) a Call Market Order,

(ii) an Opening Order,

(iii) a Market-on-Close Order,

(iv) a Special Terms Order,

(v) a Volume-Weighted Average Price Order,

(vi) part of a Program Trade,

(vii) part of an intentional cross or internal cross,

(viii) a short sale which is subject to the price restriction under subsection (1) of Rule 3.1,

(ix) a short sale which is exempt from the price restriction on a short sale in accordance with subsection (2) of Rule 3.1,

(x) a non-client order,

(xi) a principal order,

(xii) a jitney order,

(xiii) for the account of a derivatives market maker,

(xiv) for the account of a person who is an insider of the issuer of the security which is the subject of the order,

(xv) for the account of a person who is a significant shareholder of the issuer of the security which is the subject of the order, or

(xvi) of a type for which the Market Regulator may from time to time

require a specific or particular designation.

(2) If the order entered on a marketplace is a Special Terms Order, the order shall contain, in addition to all designations and identifiers required by subsection (1), information in such form as is acceptable to the Market Regulator of the marketplace on which the order is entered respecting:

(a) any condition on the execution of the order; and

(b) the settlement date.

(3) If following the entry of an order on a marketplace for the sale of security that has not been designated as a short sale such order would become a short sale on execution, the order shall be modified to include the short sale designation required by subsection (1).

(4) Each order entered on a marketplace including all designations and identifiers required by subsection (1) shall be disclosed to each Market Regulator.

(5) The marketplace on which the order is entered shall determine if the identifier of the Participant or the marketplace shall be displayed in a consolidated market display.

(6) Unless otherwise permitted or directed by the Market Regulator, a marketplace shall:

(a) disclose for display in a consolidated market display any designation attached to an order that is required by subclause (i) to (vii) inclusive of clause (1)(b); and

(b) not disclose for display in a consolidated market display any designation attached to an order that is required by subclause (viii) to (xvi) inclusive of clause (1)(b).

6.3 Exposure of Client Orders

(1) A Participant shall immediately enter on a marketplace a client order to purchase or sell 50 standard trading units or less of a security unless:

(a) the client has specifically instructed the Participant to deal otherwise with the particular order;

(b) the Participant executes the order upon receipt at a better price;

(c) the Participant returns the order for confirmation of the terms of the order;

(d) the Participant withholds the order pending confirmation that the order complies with applicable securities requirements or, if applicable, the Marketplace Rules of any Exchange on which the security is listed or of any QTRS on which the security is quoted;

(e) the Participant determines based on market conditions that entering the order would not be in the best interests of the client;

(f) the order has a value of more than $100,000;

(g) the order is part of a trade to be made in accordance with Rule 6.4 by means other than entry on a marketplace; or

(h) the client has directed or consented to the order being entered on a marketplace as:

(i) a Call Market Order,

(ii) an Opening Order,

(iii) a Special Terms Order,

(iv) a Volume-Weighted Average Price Order, or

(v) a Market-on-Close Order.

(2) If a Participant withholds a client order from entry based on market conditions in accordance with clause (1)(e), the Participant may enter the order in parts over a period of time or adjust the terms of the order prior to entry but the Participant must guarantee that the client receives:

(a) a price at least as good as the price the client would have received if the client order had been executed on receipt by the Participant; and

(b) if the Participant executes the client order against a principal order or non-client order, a better price than the price the client would have received if the client order had been executed on receipt by the Participant.

6.4 Trades to be on a Marketplace

A Participant acting as principal or agent may not trade nor participate in a trade in a security by means other than the entry of an order on a marketplace unless the trade is:

(a) **Unlisted or Non-Quoted Security** - in a security which is not a listed security or a quoted security;

(b) **Regulatory Exemption** – required or permitted by a Market Regulator to be executed other than on a marketplace in order to maintain a fair or

orderly market and provided, in the case of a listed security or quoted security, the Market Regulator requiring or permitting the order to be executed other than on a marketplace shall be the Market Regulator of the Exchange on which the security is listed or of the QTRS on which the security is quoted;

(c) **Error Adjustment** - to adjust by a journal entry an error in connection with a client order;

(d) **On Another Market** – on another exchange or organized regulated market that publicly disseminates details of trades in that market;

(e) **Outside of Canada** – as principal with a non-Canadian account or as agent if both the purchaser and seller are non-Canadian accounts provided such trade is reported to a marketplace or to a stock exchange or organized regulated market that publicly disseminates details of trades in that market;

(f) **Term of Securities** – as a result of a redemption, retraction, exchange or conversion of a security in accordance with the terms attaching to the security;

(g) **Options** – as a result of the exercise of an option, right, warrant or similar pre-existing contractual arrangement; or

(h) **Prospectus and Exempt Distributions** – pursuant to a prospectus, take-over bid, issuer bid, amalgamation, arrangement or similar transaction including any distribution of previously unissued securities by an issuer.

PART 7 – TRADING IN A MARKETPLACE

7.1 Trading Supervision Obligations

(1) Each Participant shall adopt written policies and procedures to be followed by directors, officers, partners and employees of the Participant that are adequate, taking into account the business and affairs of the Participant, to ensure compliance with these Rules and each Policy.

(2) Prior to the entry of an order on a marketplace by a Participant, the Participant shall comply with:

(a) applicable regulatory standards with respect to the review and approval of orders;

(b) the policies and procedures adopted in accordance with subsection (1); and

(c) all requirements of these Rules and each Policy.

(3) Each Participant shall appoint a head of trading who shall be responsible to supervise the trading activities of the Participant in a marketplace.

(4) The head of trading together with each person who has authority or supervision over or responsibility to the Participant for an employee of the Participant shall fully and properly supervise such employee as necessary to ensure the compliance of the employee with these Rules and each Policy.

7.2 Proficiency Obligations

(1) No order to purchase or sell a security shall be entered by a Participant on a marketplace unless the Participant or the director, officer, partner or employee of the Participant entering the order or responsible for the order has:

(a) completed the Trader Training Course of the Canadian Securities Institute or such course, examination or other means of demonstrating proficiency in these Rules and Policies as may be acceptable to the Market Regulator of the marketplace on which the order is entered or the applicable securities regulatory authority; or

(b) received approval of an Exchange or QTRS for the entry of orders to the trading system of that Exchange or QTRS.

(2) A marketplace shall ensure that each Access Person with access to that marketplace is trained in such of these Rules and Policies as may be applicable to an Access Person.

7.3 Liability for Bids, Offers and Trades

(1) All bids and offers for securities made and accepted on a marketplace shall be binding and all contracts thereby effected shall be subject to the exercise by the marketplace on which the trade is executed of the powers vested in the marketplace and the Market Regulator of that marketplace.

(2) A Participant shall be responsible for all bids and offers that are entered into, or arise by operation of the trading system of a marketplace and that originate from any terminal or computer system allowing access to trading on the marketplace that is operated by or is under the control of that Participant whether or not the Participant has authorized the entry of the order.

(3) Subject to the obligation of an Access Person for compliance with applicable Rules and Policies, an ATS shall be responsible for all bids and offers that are entered into, or arise by operation of the trading system of the ATS and that originate from any terminal or computer system

allowing access to trading on the ATS that is operated by or is under the control of the Access Person of that ATS whether or not the Access Person has authorized the entry of the order.

7.4 Contract Record and Official Transaction Record

(1) The electronic record of a trade in a security as provided by a marketplace to an information processor or an information vendor in accordance with the Marketplace Operation Instrument is the official transaction record for the purpose of determining:

(a) best ask price;

(b) best bid price; and

(c) last sale price.

(2) Despite subsection (1), the electronic record of a trade in a security as maintained by the marketplace on which the trade occurred shall be the record of the contract made on that trade and in the event of a dispute between parties to the contract or discrepancy with the records of the clearing agency effect shall be given to the record of the marketplace.

(3) Each marketplace shall provide to the information processor or information vendor information respecting each cancellation, variation or correction of a trade as soon as practicable after the cancellation, variation or correction has been made to the record of the contract as maintained by the marketplace and the information processor or information vendor shall amend the transaction record accordingly.

7.5 Recorded Prices

(1) No Participant acting as agent shall execute a transaction through a marketplace in which the price recorded on the marketplace is:

(a) in the case of a purchase by a client, higher than the net cost to the client; or

(b) in the case of a sale by a client, lower than the net proceeds to the client.

(2) No Participant acting as principal shall execute a transaction through a marketplace in which the price recorded on the marketplace is:

(a) in the case of a sale to a client, lower than the net cost to the client by more than the usual agency commission that would be charged by that Participant to that client for an order of the same size; and

(b) in the case of a purchase from a client, higher than the net proceeds to the client by more than the usual agency commission that would be charged by that Participant to that client for an order of the same size.

7.6 Cancelled Trades

If a trade is cancelled, a subsequent trade on any marketplace which was:

(a) executed as a result of the price of the cancelled trade; or

(b) permitted only as a result of the price of the cancelled trade,

shall stand unless cancelled by the consent of the buyer and the seller or by a Market Integrity Official who is of the opinion that the cancellation of the subsequent trade is appropriate under the circumstances.

7.7 Restrictions on Trading by a Participant Involved in a Distribution

(1) **Definitions**

In this Rule:

"**basket trade**" means a simultaneous purchase of at least 20 listed or quoted securities with a total value of at least $10,000,000, provided that the distributed security (or an underlying or convertible security) comprises less than 10% of the total size and value of the transaction.

"**convertible security**" means a security that is convertible, exercisable or exchangeable into a distributed security and excludes an option.

"**distribution**" means a distribution of any security pursuant to a prospectus or a wide distribution in accordance with the applicable Marketplace Rules.

"**distributed security**" means a security of the class that is the subject of the distribution.

"**independent bid**" means a bid entered on a marketplace by or on behalf of a Participant or a client of a Participant that is not involved in the distribution.

"**independent trade**" means a trade made by or on behalf of a person who is not involved in the distribution.

"**maximum permitted stabilization price**" means the maximum price at which a Participant or person subject to subsection (3) may bid for or purchase securities that are the subject of a distribution (or are convertible securities or underlying securities) and in the case of:

(a) a distribution of a listed or quoted security, the maximum permitted

stabilization price for bids or purchases of that security is the distribution price; and

(b) any distribution, the maximum permitted stabilization price for bids or purchases of a listed convertible security or a listed or quoted underlying security is the highest independent bid price on a marketplace for those securities at the beginning of the distribution as defined in subsection (2).

"**underlying security**" means a security into which a distributed security is convertible, exercisable or exchangeable, and includes a security with substantially the same characteristics as a distributed security or another underlying security.

(2) **Involvement of a Participant in a Distribution**

A Participant shall be deemed to be involved in the distribution of a security as of the later of:

(a) two trading days prior to the day on which the offering price of the securities to be distributed is determined; and

(b) the date on which the Participant enters into an underwriting agreement or reaches an understanding to participate in the distribution of securities whether or not the terms and conditions of such participation have been agreed upon.

(3) **Deemed Continuation of Distribution**

The Participant shall be deemed to continue to be involved in the distribution until the earlier of:

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

(b) the date on which the distribution has been terminated by the Participant pursuant to applicable securities legislation or Marketplace Rules.

(4) **Deemed Involvement**

Notwithstanding that the Participant has sold all of the securities allotted to it and is no longer subject to subsection (5) by virtue of clause (3)(b), if purchasers of 5% or more of the securities allotted to or acquired by that Participant in connection with the distribution give notice that they intend to exercise their statutory rights of withdrawal, that Participant shall be deemed to be involved again in the distribution and subject to the provisions of subsection (5) from that time until the earlier of:

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

(b) the date on which the distribution has been terminated by the Participant pursuant to applicable securities legislation or applicable Marketplace Rules.

(5) **Prohibited Trading**

Except as provided in this section, a Participant, while involved in a distribution, shall not bid for nor purchase the distributed security (or a convertible or underlying security) for its own account, nor solicit purchase orders from clients for a distributed security (or a convertible or underlying security).

(6) **Application of Prohibitions**

This section applies to all bids for or purchases of distributed securities, convertible securities or underlying securities that are listed securities or quoted securities, including bids and purchases not made on the Exchange or QTRS on which the securities are listed or quoted.

(7) **Exceptions for Convertible Securities**

This section does not apply to bids for or purchases of convertible securities where:

(a) the convertible security is not immediately convertible, exercisable or exchangeable into the distributed security;

(b) the conversion, exercise or exchange price is at least 110% of the ask price on the distributed security at the time the distribution begins; or

(c) the convertible security is convertible, exercisable or exchangeable into securities of more than one issuer.

(8) **Exceptions for Underlying Securities**

This section does not apply to bids for or purchases of underlying securities where:

(a) the distributed security is not immediately convertible, exercisable or exchangeable into the underlying security;

(b) the conversion, exercise or exchange price is at least 110% of the best ask price of the underlying security at the time the distribution begins; or

(c) the distributed security is convertible, exercisable or exchangeable into securities of more than one issuer.

(9) **Application to Members of Selling Group**

This section shall not apply to a Participant that is involved in a distribution only as a participant in a firm commitment underwriting that has agreed to sell part of a distribution but that is not obligated to purchase any unsold shares.

(10) **Permitted Transactions**

The following transactions by or on behalf of a Participant involved in a distribution, other than an at-the-market offering as permitted by National Instrument 44-101 do not constitute a manipulative or deceptive method of trading:

(a) bids for or purchases of a security for the account of a Participant involved in the distribution, where:

(i) the Participant is short the security, or

(ii) in the event that the Participant is not short the security, the bid or purchase is below the last sale price of the security or at such price if such price is below the last preceding different-priced trade of a standard trading unit on a marketplace as displayed in a consolidated market display,

(iii) provided that the bid or purchase (as the case may be) is not made at a price that is higher than the maximum permitted stabilization price, except for those transactions by a person with Market Maker Obligations or a derivative market maker as permitted by this section;

(b) agency transactions arising from unsolicited orders of a client for the purchase of the security, where such client is not involved in the distribution; or

(c) basket trades made to facilitate an unsolicited sell order from a client, provided that the distributed security (or convertible or underlying security, as the case may be) is purchased at the lower of the best bid price at the time of the trade and the price of the last trade of a standard trading unit of the security as displayed in a consolidated market display.

(11) **Initial Stabilizing Bid**

The following transactions by or on behalf of a Participant involved in a distribution do not constitute a manipulative or deceptive method of trading:

(a) a bid or purchase by or on behalf of a Participant involved in a distribution, where:

(i) the bid or purchase (as the case may be) is the first bid or purchase made on a marketplace since the security was posted for trading on an Exchange or QTRS, and

(ii) the bid or purchase (as the case may be) is made at a price that is not greater than the price of the last independent trade of a standard trading unit on an exchange or organized regulated market that publicly disseminates details of trade in that market,

provided that the bid or purchase (as the case may be) is not made at a price that is higher than the maximum permitted stabilization price; or

(b) agency transactions arising from unsolicited orders of a client for the purchase of the security, where such client is not involved in the distribution.

(12) **Limitations on Exemptions**

The exemptions for transactions by a derivative market maker or a person with Market Maker Obligations do not apply to initial stabilizing bids or purchases.

(13) **Transactions by a Person with Market Maker Obligations**

The following transactions in a listed security or quoted security do not constitute a manipulative or deceptive method of trading when made by the person with Market Maker Obligations for that security in their account while the Participant is involved in a distribution:

(a) purchases of an opening imbalance that is required to be purchased under applicable Marketplace Rules, provided that:

(i) the person with Market Maker Obligations shall not open the security at a price that is higher than the calculated opening price on that marketplace unless the prior approval of a Market Integrity Official is obtained, and

(ii) the person with Market Maker Obligations shall not enter any orders for their account or for their Participant's account prior to the opening or trading other than an order required to fill the imbalance;

(b) purchases of sell orders pursuant to the Market Maker Obligations in accordance with the applicable Marketplace Rules;

(c) bids for, or purchases of a security that is also traded on another market for the purpose of matching a higher-priced bid posted on such a market, provided that the bid may not be for a quantity greater than the highest independent bid on that market or the number of units of the security guaranteed pursuant to the Market Maker Obligations;

(d) bids for, or purchases of, a security that is convertible or exchangeable into another listed security or quoted security for the purpose of maintaining an appropriate conversion or exchange ratio; or

(e) bids for, or purchases of, a security to cover a short position resulting from sales made under Market Maker Obligations.

(14) **Transactions by the Derivatives Market Maker**

A derivatives market maker whose firm is involved in a distribution may, for their derivatives market maker account, bid for or purchase a security:

(a) the security is the underlying security of the option for which the person is the market maker or specialist;

(b) there is not otherwise a suitable derivative hedge available; and

(c) such bid or purchase is for the purpose of hedging a pre-existing options position, is reasonably contemporaneous with the options trading and is consistent with normal market making practice.

7.8 Restrictions on Trading During a Securities Exchange Take-over Bid

(1) A restricted person shall not bid for nor purchase the offered security at any time from the first public announcement of a securities exchange take-over bid until the termination of the period during which securities may be deposited under such bid, including any extension thereof, or the bid is withdrawn.

(2) Despite subsection (1), a restricted person may bid for or purchase the offered security as agent for an unsolicited client order provided the client is not:

(a) the offeror;

(b) an insider of the offeror; or

(c) an associate or affiliated entity of the offeror.

7.9 Trading in Listed or Quoted Securities by a Derivatives Market Maker

A Participant who is a derivatives market maker shall comply when trading on any marketplace with such additional requirements as may be required by:

(a) an Exchange when trading on that Exchange in listed securities; and

(b) a QTRS when trading on that QTRS in quoted securities.

PART 8 – PRINCIPAL TRADING

8.1 Client-Principal Trading

(1) A Participant that receives a client order for 50 standard trading units or less of a security with a value of $100,000 or less may execute the client order against a principal order or non-client order at a better price provided the Participant has taken reasonable steps to ensure that the price is the best available price for the client taking into account the condition of the market at that time.

(2) Subsection (1) does not apply if the client has directed or consented that the client order be:

(a) a Call Market Order;

(b) an Opening Order;

(c) a Market-on-Close Order; or

(d) a Volume-Weighted Average Price Order

PART 9 – TRADING HALTS, DELAYS AND SUSPENSIONS

9.1 Regulatory Halts, Delays and Suspensions of Trading

(1) Regulatory Halts and Suspensions - No order for the purchase or sale of a security shall be entered on a marketplace or executed on a marketplace or over-the-counter, at any time while:

(a) an order of a securities regulatory authority to cease trading in the security remains in effect;

(b) in the case of a listed security, the Market Regulator of the Exchange on which the security is listed has halted or suspended trading in the security while such halt or suspension remains in effect;

(c) in the case of a quoted security, the Market Regulator of the QTRS has halted or suspended trading in the security while such halt or suspension remains in effect; and

(d) in the case of any security other than a listed security or a quoted security, a Market Regulator of an ATS on which such security may trade has halted trading for the purposes of the public dissemination of material information respecting such security or the issuer of such security.

(2) Regulatory Delay - No order for the purchase or sale of a security shall be executed on a marketplace or over-the-counter, at any time while:

(a) in the case of a listed security, the Market Regulator of the Exchange on which the security is listed has delayed trading in the security while such delay remains in effect; and

(b) in the case of a quoted security, the Market Regulator of the QTRS has delayed trading in the security while such delay remains in effect.

(3) Exceptions for Non-Regulatory Purposes - Despite subsections (1) and (2), an order may be entered on a marketplace or an order may trade on a marketplace, if the Exchange or QTRS has:

(a) suspended trading in the security by reason only that the issuer of the security has:

(i) ceased to meet listing or quotation requirements established by the Exchange or QTRS, or

(ii) failed to pay to the Exchange or QTRS any fees in respect of the listing or quotation of securities of the issuer; or

(b) delayed or halted trading in the security as a result of:

(i) technical problems affecting only the trading system of the Exchange or QTRS, or

(ii) the application of a Marketplace Rule.

(4) Trading Outside Canada During Regulatory Halts, Delays and Suspensions - If trading in a security has been prohibited on a marketplace in accordance with clauses (1)(b), (c) or (d) or subsection (2), a Participant may execute a trade in the security, if permitted by applicable securities legislation, outside of Canada on an exchange or organized regulated market that publicly disseminates details of trades in that market.

PART 10 – COMPLIANCE

10.1 Compliance Requirement

(1) Each Participant and Access Person shall comply with applicable Requirements.

(2) For the purposes of subsection (1), a Participant or Access Person shall, with respect to a particular order, comply with the Marketplace Rules of:

(a) the marketplace on which the particular order is entered; and

(b) the marketplace on which the particular order is executed.

(3) Each marketplace shall comply with the applicable Requirements, the Market Operation Instrument and any other applicable securities regulatory requirements.

(4) The Market Regulator shall promptly report to the applicable securities regulatory authorities, if the Market Regulator believes that a marketplace has failed to comply with the requirements of subsection (3) or has otherwise engaged in misconduct or apparent misconduct.

10.2 Investigations

(1) The Market Regulator may, at any time, whether or not on the basis of a complaint or other communication in the nature of a complaint, investigate the conduct of a Regulated Person other than an Exchange or QTRS.

(2) Upon the request of the Market Regulator, any Regulated Person shall forthwith:

(a) provide any information or records in the possession or control of the person that the Market Regulator determines may be relevant to a matter under investigation and such information or records shall be provided in such manner and form, including electronically, as may be required by the Market Regulator;

(b) allow the inspection of, and permit copies to be taken of, any information or records in the possession or control of the person that the Market Regulator determines

may be relevant to a matter under investigation; and

(c) provide a statement, in such form and manner and at a time and place specified by the Market Regulator on such issues as the Market Regulator determines may be relevant to a matter under investigation provided that in the case of a person other than an individual, the statement shall be made by an appropriate officer, director, partner or employee or other individual associated with the person as is acceptable to the Market Regulator.

(3) For the purposes of subsection (2), the Market Regulator may specify that a statement be given in writing or by an electronic recorded means and that any statement be given under oath.

10.3 Extension of Responsibility

(1) A Participant or Access Person may be found liable by the Market Regulator for the conduct of any director, officer, partner, employee or individual holding a similar position with the Participant or Access Person and be subject to any penalty or remedy as if the Participant or Access Person had engaged in that conduct.

(2) Any partner or director of a Participant or Access Person may be found liable by the Market Regulator for the conduct of the Participant or Access Person and be subject to any penalty or remedy as if such person had engaged in that conduct.

(3) Any officer or employee of a Participant or Access Person who has authority over, supervises or is responsible for an employee may be found liable by the Market Regulator for the conduct of the supervised employee and be subject to any penalty or remedy as if such person had engaged in that conduct.

(4) The imposition of any penalty or remedy against any person who engaged in conduct that contravened a Requirement or against any person to whom responsibility for the conduct has been extended by this section does not prevent or limit in any manner the imposition by the Market Regulator of any penalty or remedy against any other person who engaged in the conduct or to whom responsibility for the conduct has been extended by this section.

10.4 Extension of Restrictions

(1) A related entity of a Participant and a director, officer, partner or employee of the Participant or a related entity of the Participant shall:

(a) comply with the provisions of these Rules and any Policies with respect to just and equitable principles of trade, manipulative and deceptive method of trading, short sales and frontrunning as if references to "Participant" in Rules 2.1, 2.2, 3.1 and 4.1 included reference to such person; and

(b) in respect of the failure to comply with the Rules and Policies referred to in clause (a), be subject to the practice and procedures and to penalties and remedies set out in this Part.

(2) A related entity of an Access Person and a director, officer, partner or employee of the Access Person or a related entity of the Access Person shall in respect of trading on a marketplace on behalf of the Access Person or related entity of the Access Person:

(a) comply with the provisions of these rules and any Policies with respect to just and equitable principles of trade, manipulative and deceptive method of trading and short sales as if references to "Access Person" in Rules 2.1, 2.2 and 3.1 included reference to such person; and

(b) in respect of the failure to comply with the Rules and Policies referred to in clause (a), be subject to the practice and procedures and to the penalties and remedies set out in this Part.

(3) If, in the opinion of a Market Regulator, a particular person to whom these Rules apply, including any particular person to whom these Rules have been extended in accordance with subsection (1) and (2), has organized their business and affairs for the purpose of avoiding the application of any provision of these Rules, the Market Regulator may designate any person involved in such business and affairs as a person acting in conjunction with the particular person.

(4) Upon a Market Regulator making a designation in accordance with subsection (3), the Market Regulator shall provide notice of such designation to:

(a) the particular person;

(b) the designated person;

(c) each Market Regulator; and

(d) each applicable securities regulatory authority.

10.5 Powers and Remedies

(1) The Market Regulator may, following a hearing and a determination that a Regulated Person, other than a marketplace for which the Market Regulator is or was the regulation services provider, has contravened a Requirement or is liable for the contravention of a Requirement in accordance with Rule 10.3, by an order impose on such person one or more of the following penalties or remedies as the Market Regulator considers appropriate in the circumstances:

(a) a reprimand;

(b) a fine not to exceed the greater of:

(i) $1,000,000, and

(ii) an amount equal to triple the financial benefit which accrued to the person as a result of committing the contravention;

(c) the restriction of access to the marketplace for such period and upon such terms and conditions, if any, considered appropriate;

(d) the suspension of access to the marketplace for such period and upon such terms and conditions, if any, considered appropriate;

(e) the revocation of access to the marketplace; and

(f) any other remedy determined to be appropriate under the circumstances.

(2) If the Market Regulator has determined that a Regulated Person, other than a marketplace for which the Market Regulator is or was the regulation services provider, has engaged in, or may engage in, any course of conduct that is or may be a contravention of a Requirement, the Market Regulator may, if the Market Regulator considers it is necessary for the protection of the public interest by an interim order without notice or hearing, order the restriction or suspension of access to the marketplace upon such terms and conditions, if any, considered appropriate provided such interim order shall expire 15 days after the date on which the interim order is made unless:

(a) a hearing is commenced within that period of time to confirm or set aside the interim order;

(b) the person against which the interim order is made consents to an extension of the interim order until a hearing of the matter is held; or

(c) an applicable securities regulatory authority directs that the interim order be rescinded or extended.

(3) For the purposes of this section, the restriction, suspension or revocation of access of a person to a marketplace may be imposed directly on the person and, if the person is an individual, the restriction, suspension or revocation of access may also be imposed in respect of their capacity as a director, officer, partner, employee or associate of a person with access to a marketplace.

(4) For greater certainty, any enforcement or disciplinary proceeding or any order or interim order as against a person by a Market Regulator for contravention of a Requirement shall not affect or limit any enforcement or disciplinary action as against the person by any securities regulatory authority, self-regulatory entity or other Market Regulator with jurisdiction over the person.

(5) If a Market Regulator restricts, suspends or revokes the access of any person to a marketplace in accordance with this section, such person shall be denied access to any other marketplace and shall have any access to any other marketplace automatically restricted, suspended or revoked unless the applicable securities regulatory authority otherwise determines in a review or appeal of the order or interim order of the Market Regulator undertaken in accordance with Rule 11.3.

(6) If a Market Regulator restricts, suspends or revokes the access of any person to a marketplace, the Market Regulator shall provide notice forthwith of such restriction, suspension or revocation to:

(a) the person whose access has been restricted, suspended or revoked;

(b) each marketplace;

(c) each Market Regulator; and

(d) each applicable securities regulatory authority.

10.6 Exercise of Authority

(1) A Hearing Panel shall make any determination, hold any hearing and make any order or interim order required or permitted of a Market Regulator under this Part.

(2) A member of the Hearing Committee shall not be a member of any Hearing Panel with respect to any matter if the member:

(a) is an officer, partner, director, employee or an associate of any person that is a

subject of the hearing, order or interim order; and

(b) has such other relationship to the person or matter as may be reasonably considered to give rise to a potential conflict of interest.

10.7 Assessment of Expenses

(1) Any order made under this Part may assess the person against whom the order is made any one or more of the following expenses incurred by the Market Regulator as a result of the investigation and the proceedings resulting in the order:

(a) recording or transcription fees;
(b) expenses of preparing transcripts;

(c) witness fees and reasonable expenses of witnesses;

(d) professional fees for services rendered by expert witnesses, legal counsel or accountants retained by the Market Regulator;

(e) expenses of staff time incurred by the Market Regulator;

(f) travel costs;

(g) disbursements; or

(h) any other expenses determined to be appropriate under the circumstances.

(2) Where the Market Regulator conducts an investigation of a complaint or other communication in the nature of a complaint that was made by a Regulated Person and the Market Regulator determines that the complaint or other communication in the nature of a complaint was frivolous, the Market Regulator may assess the expenses incurred by the Market Regulator as a result of the investigation against that person.

10.8 Practice and Procedure

The practice and procedure governing hearings pursuant to this Part shall be made by a Policy.

10.9 Power of Market Integrity Officials

(1) A Market Integrity Official may, in governing trading in securities on the marketplace:

(a) delay, halt or suspend trading in a security at any time and for such period of time as such Market Integrity Official may consider appropriate in the interest of a fair and orderly market;

(b) refuse to allow any bid price or ask price to be recorded at any time if, in the opinion of such Market Integrity Official, such quotation is unreasonable or not in compliance with these Rules or any Policy;

(c) settle any dispute arising from trading in securities on the marketplace where such authority is not otherwise provided for in any requirement governing trading on the marketplace;

(d) disallow or cancel any trade which, in the opinion of such Market Integrity Official, is unreasonable or not in compliance with these Rules or any Policy;

(e) vary or cancel any trade upon application of the buyer and seller provided such application has been made by the end of trading on the day following the day on which the trade was made or such earlier time as may be established in any Marketplace Rule of the marketplace on which the trade was executed;

(f) in respect of any trade which has not complied with the requirements of Part 5, correct the price of the trade to a price at which the trade would have complied with such requirement, or

(g) require the Participant to satisfy the better bid or offer up to the volume of the trade which failed to comply with the requirements of Part 5;

(h) provide to any person an interpretation of any provision of these Rules and any Policy in accordance with the purpose and intent of provision and shall ensure that any such interpretation is observed by such person;

(i) exercise such powers as are specifically granted to a Market Regulator or Market Integrity Official by these Rules and any Policy; and

(j) exercise such powers as are specifically granted to the Market Regulator by the marketplace where the marketplace is entitled to grant such powers.

(2) In determining whether any quotation or trade in a security is unreasonable, the Market Regulator shall consider:

(a) prevailing market conditions;

(b) the last sale price of the security as displayed in a consolidated market display;

(c) patterns of trading in the security on the marketplace including volatility, volume and number of transactions;

(d) whether material information concerning the security is in the process of being disseminated to the public; and

(e) the extent of the interest of the person for whose account the order is entered in changing the price or quotation for the security.

10.10 Report of Short Positions

(1) A Participant shall calculate, as of 15th day and as of the last day of each calendar month, the aggregate short position of each individual account in respect of each listed security and quoted security.

(2) Unless a Participant maintains the account in which an Access Person has the short position in respect of a listed security or quoted security, the Access Person shall calculate, as of the 15th day and as of the last day of each calendar month, the aggregate short position of the Access Person in respect of each listed security and quoted security.

(3) Unless otherwise provided, each Participant and Access Person required to file a report in accordance with subsection (1) or (2) shall file a report of the calculation with a Market Regulator in such form as may be required by the Market Regulator not later than two trading days following the date on which the calculation is to be made.

10.11 Audit Trail Requirements

(1) **Order and Trade Record** - In addition to any information required to be recorded by a Participant in accordance with Part 11 of the Trading Rules, a Participant shall:

(a) immediately following the receipt or origination of an order, record:

(i) all order designations required by clause (b) of subsection (1) of Rule 6.2,

(ii) the identifier of any investment adviser or registered representative receiving the order, and

(iii) any information respecting the special terms attaching to the order required by subsection (2) of Rule 6.2, if applicable;.

(b) immediately following the entry of an order to trade on a marketplace, add to the record :

(i) the identifier of the Participant through which any trade would be cleared and settled,

(ii) the identifier assigned to the marketplace on which the order is entered; and

(c) immediately following the variation or correction of an order, add to the record any information required by clause (a) which has been changed.

(2) **Transmittal of Order Information to a Market Regulator** - The Participant shall transmit the record of the order required to be maintained by the Participant by this section to:

(a) the Market Regulator for the marketplace on which the trade was executed; or

(b) if the order was not executed on a marketplace in accordance with Rule 6.4,

(i) a Market Regulator if the security is not listed on an Exchange or traded on a QTRS, and

(ii) the Market Regulator for the Exchange or the QTRS on which the security is listed or quoted,

at the time and in such manner and form as may be required by the Market Regulator.

(3) **Provision of Additional Information** – In addition to any information provided by a Participant to a Market Regulator in accordance with subsection (2), the Participant shall provide to the Market Regulator forthwith upon request in such form and manner as may be reasonably required by the Market Regulator:

(a) any additional information respecting the order or trade reasonably requested; and

(b) information respecting any prior or subsequent order or trade in the security or a related security undertaken by the Participant on any marketplace.

(4) **Provision of Information by a Access Person** – Where an order has been entered on a marketplace by a Access Person, the Access Person shall provide to the Market Regulator of the marketplace on which the order was entered or the Market Regulator of the marketplace on which the order was executed forthwith upon request in such form and manner as may be reasonably required by the Market Regulator:

(a) any information respecting the order or trade reasonably requested; and

(b) information respecting any prior or subsequent order or trade in the security or a related security undertaken by the Access Person on any marketplace.

10.12 Retention and Inspection of Records and Instructions

(1) A Participant shall retain:

(a) the record of each order as required by Rule 10.11; and

(b) sufficient information to identify the beneficial owner of each account for which a record of an order is retained,

for a period of not less than seven years from the creation of the record of the order, and for the first two years, such record and information shall be kept in a readily accessible location.

(2) A Participant shall allow the Market Regulator of the marketplace:

(a) of which the Participant is a member, user or subscriber;

(b) on which the Participant entered the order; or

(c) on which the order of the Participant was executed,

to inspect and make copies of the record of an order, any record related to the order required to be maintained by the Participant in accordance with applicable securities legislation or the requirements of any self-regulatory organization of which the Participant is a member and information on the beneficial owner of the account at any time during ordinary business hours during the period that such record and information is required to be retained by the Participant.

(3) An Access Person shall allow the Market Regulator of the marketplace:

(a) of which the Access Person is a subscriber; or

(b) on which the order of the Access Person was executed,

to inspect and make copies of any information respecting an order at any time during ordinary business hours during the period of not less than seven years from the date of the origination of the order, and for the first two years, such information shall be kept in a readily accessible location.

10.13 Exchange and Provision of Information by Market Regulators

Each Market Regulator shall provide information and other forms of assistance for market surveillance, investigative, enforcement and other regulatory purposes including the administration and enforcement of these Rules to:

(a) a self-regulatory entity;

(b) a self-regulatory organization in a foreign jurisdiction;

(c) a securities regulatory authority;

(d) a securities regulatory authority in a foreign jurisdiction; and

(e) another Market Regulator.

10.14 Synchronization of Clocks

Each marketplace and each Participant shall synchronize the clocks used for recording the time and date of any event that must be recorded pursuant to these Rules to the clock used by the Market Regulator for this purpose.

10.15 Assignment of Identifiers and Symbols

(1) Each Participant and marketplace shall be assigned a unique identifier for trading purposes.

(2) Unless otherwise provided pursuant to an agreement made in accordance with section 7.5 of the Trading Rules, the Toronto Stock Exchange shall assign each identifier for the purposes of subsection (1) after consultation with each Exchange and QTRS.

(3) Each security that trades on a marketplace shall be assigned a unique symbol for trading purposes.

(4) Unless otherwise provided pursuant to an agreement made in accordance with section 7.5 of the Trading Rules, the Toronto Stock Exchange shall assign each symbol for the purposes of subsection (3) after consultation with each Exchange and QTRS.

PART 11 – ADMINISTRATION OF RULES

11.1 General Exemptive Relief

(1) A Market Regulator may exempt a specific transaction from the application of a Rule, if in the opinion of the Market Regulator, the provision of such exemption:

(a) would not be contrary to the provisions of any applicable securities legislation and the regulation and rules thereunder;

(b) would not be prejudicial to the public interest or to the maintenance of a fair and orderly market; and

(c) is warranted after due consideration of the circumstances of the particular person or transaction.

(2) A Market Regulator may, upon approval by the applicable securities regulatory authority, exempt a marketplace or a class of transactions from the application of a Rule.

(3) The Market Regulator shall amend the Rules to reflect any exemption provided under subsection (2).

11.2 General Prescriptive Power

(1) A Market Regulator may, from time to time, make or amend a Rule or Policy.

(2) A Rule or Policy or an amendment to a Rule or Policy shall not become effective without the approval of the applicable securities regulatory authority.

11.3 Review or Appeal of Market Regulator Decisions

(1) Subject to subsection (2), any person directly affected by any direction, order or decision of a Market Regulator, including an order or interim order of a Hearing Panel. or a direction or decision of a Market Integrity Official made in connection with the administration and enforcement of these Rules and any Policy may apply to the applicable securities regulatory authority for a hearing and review or appeal in accordance with applicable securities legislation.

(2) Any person directly affected by any direction or decision of a Market Regulator or a direction or decision of a Market Integrity Official shall exhaust all possible appeals or reviews by the Market Regulator prior to applying to the applicable securities regulatory authority for a hearing and review or appeal.

11.4 Method of Giving Notice

(1) Unless otherwise specifically provided in any Requirement, notice to any person shall be sufficiently given if:

(a) delivered personally to the person to whom it is to be given;

(b) delivered or mailed by pre-paid ordinary mail to the last address of such person as recorded by the Market Regulator or any securities regulatory authority or recognized self-regulatory organization;

(c) provided by telephone transmission or any other form of transmitted or recorded communication or in any other manner, including electronic means, which may, in all the circumstances, could be reasonably expected to come to the attention of such person.

(2) The Market Regulator may change the address of any person on the records of the Market Regulator in accordance with any information believed by the Market Regulator to be reliable.

(3) A notice delivered in accordance with this section shall be deemed to have been given when the notice is delivered personally or at the address aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice sent by any means of wire or wireless or any other form of transmitted or recorded communication shall be deemed to have been given when delivered to the appropriate communication company or agency or its representatives for dispatch.

11.5 Computation of Time

(1) In computing the time when a notice must be given or for the doing of anything or taking any proceeding under any provision of a Requirement requiring that a notice be given a specified number of days prior to any meeting, hearing, action or proceeding or that any action be done or proceeding taken within a specified number of days after some event, the date of giving of the notice or of such event shall be excluded and the date of the meeting, hearing, doing of the act or taking of the proceedings shall be included.

(2) Where the time limited for a proceeding or the doing of anything under any provision of a Requirement expires or falls upon a day that is not a trading day, the time so limited extends to and the thing may be done on the next day following that is a trading day.

11.6 Waiver of Notice

Any person may waive any notice that is required to be given to such person and such waiver, whether given before or after the meeting, hearing or other event of which notice is required to be given, shall cure any default in giving such notice.

11.7 Omissions or Errors in Giving Notice

The accidental omission to give any notice to any person or the failure of a person to receive any notice or an error in any notice not affecting the substance of the notice does not invalidate any action founded or taken on the basis of such notice.

11.8 Transitional Provisions

(1) Subject to subsection (2), any provision of any rule, policy, ruling, decision or direction of a

marketplace in effect immediately prior to the coming into effect of these Rules shall remain in full force and effect until such provision, rule, policy, ruling, decision or direction has been repealed.

(2) In the event of a conflict between these Rules and the provisions of any rule, policy, ruling, decision or direction of a marketplace that remains in effect after these Rules come into effect, the provisions of these Rules shall prevail.

(3) Where a marketplace has retained a Market Regulator to be the regulation service provider for that marketplace in accordance with the Trading Rules, any disciplinary proceedings commenced:

(a) prior to the date the marketplace retained the Market Regulator shall, subject to the terms of any agreement between the Market Regulator and the marketplace entered into in accordance with Part 7 of the Trading Rules, be continued by the marketplace in accordance with the rules, policies, rulings, decisions or directions of the marketplace in effect and applicable to such disciplinary proceedings; and

(b) on or after the date the marketplace retained the Market Regulator in respect of the breach or failure to comply with any rule, policy, ruling, decision or direction of the marketplace shall be undertaken in accordance with Part 10 and be subject to the imposition of any penalty or remedy under Rule 10.5 as if the breach or failure to comply had been a breach or failure to comply with a Marketplace Rule after the date the marketplace retained the Market Regulator to be the regulation service provider.

11.9 Non-Application of Rules

These Rules do not apply to:

(a) any order entered and executed on a marketplace provided the order has been entered and executed in compliance with the Marketplace Rules of that marketplace as adopted in accordance with Part 7 of the Trading Rules; and

(b) any order entered and executed on a marketplace or otherwise provided the order has been entered and executed in compliance with:

(i) the rules of an applicable regulation service provider as adopted in accordance with Part 8, 9 or 10 of the Trading Rules, or

(ii) the terms of an exemption from the application of Part 8, 9 or 10 of the Trading Rules.

11.10 Indemnification and Limited Liability of the Market Regulator

(1) To the extent permitted by law, the Market Regulator shall be indemnified and saved harmless by a Regulated Person from and against all costs, charges and expenses (including an amount paid to settle an action or satisfy a judgment and including legal and professional fees and out of pocket expenses of attending trials, hearings and meetings), whatsoever that the Market Regulator sustains or incurs in or about any action, suit or proceeding, whether civil, criminal or administrative, and including any investigation, inquiry or hearing, or any appeal or review, that is threatened, brought, commenced or prosecuted against a Protected Party or in respect of which a Protected Party is compelled or requested to participate, for or in respect of any act, deed, matter or thing whatsoever made, done or permitted by the Regulated Person.

(2) To the extent permitted by law, all costs, charges and expenses in respect of which the Market Regulator is indemnified pursuant to subsection (1) shall be paid to the Market Regulator by the Regulated Person within 90 days after receiving the written request of the Market Regulator.

(3) The Market Regulator shall not be liable to any Regulated Person any loss, damage, cost, expense or other liability or claim arising from any:

(a) failure of any system owned, operated or used by the Market Regulator; or

(b) act done in good faith in the exercise or intended exercise of any power or in the performance or intended performance of any duty or for any neglect, default or omission in the exercise or performance in good faith of any such power or duty by a Protected Party.

(4) Subject to subsection (5), no Regulated Person shall be entitled to commence or carry on any action or proceeding in respect of any penalty or remedy imposed by an order or interim order or in respect of any act done or omitted under the provisions of and in compliance with, or intended compliance with, these Rules and any Policy as against a Protected Party.

(5) Subsection (4) shall not restrict or limit the ability of any person to apply for a review in accordance with Rule 11.3 of a direction, order or decision of a Market Regulator or Market Integrity Official.

11.11 Status of Rules and Policies

In the event of a conflict between a provision of these Rules or any Policy and the provision of a Marketplace Rule or the functionality of the trading system of any marketplace, these Rules shall govern unless otherwise provided by the securities regulatory authority.

13.1.3 Text of Policies under the Universal Market Integrity Rules

APPENDIX "C"

TEXT OF POLICIES UNDER THE UNIVERSAL MARKET INTEGRITY RULES

POLICY 2.1 – JUST AND EQUITABLE PRINCIPLES

Part 1 – Examples of Unacceptable Activity

Rule 2.1 provides that a Participant shall transact business openly and fairly and in accordance with just and equitable principles of trade when trading on a marketplace or trading or otherwise dealing in securities that are eligible to be traded on a marketplace. The Rule also provides that an Access Person shall transact business openly and fairly. As such, the Rule operates as a general anti-avoidance provision.

Participants and Access Persons who intentionally organize their business and affairs with the intent or for the purpose of avoiding the application of a Requirement may be considered to have engaged in behaviour that is contrary to the just and equitable principles of trade. For example, the Market Regulator considers that a person who is under an obligation to enter orders on a marketplace who "uses" another person to make a trade off of a marketplace (in circumstances where an "off-market exemption" is not available) to be violating just and equitable principles of trade.

Certain patterns of activity that can be undertaken that affect the marketplace but do not reach the level of manipulative and deceptive trading practices are nonetheless unavailable to Participant and Access Persons. For example, Rule 4.1 dealing with frontrunning is specifically tied to misuse of information when a Participant knows a client order will be entered. Somewhere between the Participant who acts on certain knowledge of a client order and the Participant who acts despite a single, uncertain expression of interest are the Participants that repeatedly take advantage of expressions of interest in particular securities. Such Participants are not conducting business openly and fairly and in accordance with just and equitable principles of trade. The "just and equitable principles" clause and the requirement transact business openly and fairly prevent such activity.

Without limiting the generality of the Rule, the following are examples of activities by a Participant that would be considered to be in violation of just and equitable principles of trade:

(a) without the specific consent of the client, entering client and principal orders in such a manner as to attempt to obtain execution of a principal order in priority to the client order (See Part 2 of Policy 5.3 – Client Priority for examples of the prohibition on "intentional trading ahead".)

(b) without the specific consent of the client, to vary the instructions of the client to indicate that securities held by the client are to participate in a dividend reinvestment plan such that the Participant would

receive securities of the issuer and would account to the client for the dividend in cash;

(c) without the specific consent of the lender of securities, to vary the arrangements in respect of securities borrowed by the Participant to indicate that the borrowed securities are to participate in a dividend reinvestment plan such that the Participant would receive securities of the issuer and would account to the lender for the dividend in cash; and

(d) when trading a combined board lot/odd lot order for a listed security on an Exchange, entering the odd lot portion of the order prior to executing the board lot portion of the order as such order entry exposes the Registered Trader on the TSE or the Odd Lot Dealer on the CDNX to automatic odd lot trades at unreasonable prices.

Part 2 – Moving Markets to Execute a Trade

A Participant or Access Person intending to execute a trade or a cross that will cause, during the course of a single trading day, a change in the price that is above the prevailing offer or below the prevailing bid by an amount greater than $1 in a security selling below $20, or greater than $2 in a security selling at or above $20, shall obtain the prior approval of the Market Regulator. The Participant or Access Person shall move the market to the price of the cross or the final trade of a one-sided order (the "clean-up price") in an orderly manner over a time period as directed by the Market Regulator. The length of time required to move the market will depend on the circumstances and the particular security involved. As a guideline, 10 to 15 minutes will be required for each movement of $1 in price. Particular securities may require a longer period of time.

If the Market Regulator is given notice of a proposed trade or cross under this Policy shortly before the close of trading on marketplaces or the principal market for the security, the Market Regulator may disallow the trade if, in the opinion of the Market Regulator, there is not sufficient time to move the market to the clean-up price in an orderly manner before the close.

POLICY 2.2 – MANIPULATIVE AND DECEPTIVE METHOD OF TRADING

Part 1 – Artificial Pricing

For the purposes of Rule 2.2, a price will be considered artificial if it is not justified by real demand or supply in a stock. Whether or not a particular price or quotation is "artificial" depends on the particular circumstances. A price may be artificial if it is higher or lower than the previous price and the market immediately returns to that previous price following the trade. A quotation may be artificial if it raises or lowers the bid or offering, is the only bid or offering at that price and is removed without trading. However, these factors are only indications and are not on their own evidence that a given price or quotation is artificial. Consideration will also be given to whether any Participant, Access Person or account involved in the order has any motivation to establish an artificial price.

Some of the relevant considerations in determining whether an order is proper are:

(a) the prices of the immediately preceding and succeeding trades;

(b) the change in price or quotation that would result from carrying the instruction or entering the order;

(c) the time the order is entered, or any instructions relevant to the time of executing the order;

(d) the effect that such a change would have on other Participants or Access Persons who are or who have been interested in the stock; and

(e) whether or not the person entering the order is associated with a promotional group or other group with an interest in effecting an artificial price, either for banking and margin purposes or for purposes of effecting a distribution of the securities of the issuer.

Where the order is coming from a non-principal account, the responsibility for deciding whether or not an order has been entered with the bona fide intention of buying and selling shares or to establish an artificial price or quotation lies with the Participant, and specifically with the person(s) responsible for handling the order. Each case must be judged on its own merits. Orders which are intended to or which affect an artificial price or quotation are more likely to appear at the end of a month, quarter or year or on the date of the expiry of options on the listed security.

POLICY 3.1 – RESTRICTIONS ON SHORT SELLING

Part 1 – Entry of Short Sales Prior to the Opening

Prior to the opening of a marketplace on a trading day, a short sale may not be entered on that marketplace as a market order and must be entered as a limit order and have a limit price at or above the last sale price of that security as indicated in a consolidated market display (or at or above the previous day's close reduced by the amount of a dividend or distribution if the security will commence ex-trading on the opening).

Part 2 – Short Sale Price When Trading Ex-Distribution

When reducing the price of a previous trade by the amount of a distribution, it is possible that the price of the security will be between the trading increments. (For example, a stock at $10 with a dividend of $0.125 would have an ex-dividend price of $9.875. A short sale order could only be entered at $9.87 or $9.88.) Where such a situation occurs, the price of the short sale order should be set no lower than the next highest price. (In the example, the minimum price for the short sale would be $9.88, being the next highest price at which an order may be entered to the ex-dividend price of $9.875).

In the case of a distribution of securities (other than a stock split) the value of the distribution is not determined until the security that is distributed has traded. (For example, if shareholders of ABC Co. receive shares of XYZ Co. in a distribution, an initial short sale of ABC on an ex-distribution

basis may not be made at a price below the previous trade until XYZ Co. has traded and a value determined).

Once a security has traded on an ex-distribution basis, the regular short sale rule applies and the relevant price is the previous trade.

POLICY 4.1 - FRONTRUNNING

Part 1 – Examples of Frontrunning

Rule 4.1 provides that no Participant shall trade in equities or derivatives to take advantage of information concerning a client order that has not been entered on a market place that reasonably can be expected to change the prices of the equities or the related options or futures contracts. Without limiting the generality of the Rule, the following are examples of transactions covered by the prohibition:

(a) a transaction in an option, including an option where the underlying interest is an index, when the Participant has knowledge of the unentered client order for the underlying securities;

(b) a transaction in a future where the underlying interest is an index when the Participant has knowledge of the unentered client order that is a program trade or index option transaction; and

(c) a transaction in an index option when the Participant has knowledge of the unentered client order that is a program trade or an index futures transaction.

Rule 10.4 extends the prohibition to cover orders entered by a related entity of the Participant or a director, officer, partner or employee of the Participant or a related entity of the Participant.

Part 2 – Specific Knowledge Required

In order to constitute frontrunning contrary to Rule 4.1, the person must have specific knowledge concerning the client order that, on entry, could reasonably be expected to affect the market price of a security. A person with knowledge of such a client order must insure that the client order has been entered on a marketplace before that person can:

- enter a principal order or non-client order for the security or any related security;
- solicit an order for the security or any related security; or
- inform any other person about the client order, other than in the necessary of course of business.

Trading based on non-specific pieces of market information, including rumours, does not constitute frontrunning.

POLICY 5.1 – BEST EXECUTION OF CLIENT ORDERS

"Best execution" refers to a reasonable period of time during which the order is handled, not merely the precise moment in time that it is executed. The price of the principal transaction must also be justified by the condition of the market. Participants should consider such factors as:

- prices and volumes of the last sale and previous trades;
- direction of the market for the security;
- posted size on the bid and offer;
- the size of the spread; and
- liquidity of the security.

For example, if the market is $10 bid and $10.50 asked and a client wants to sell 1000 shares, it would be inappropriate for a Participant to do a principal trade at $10.05 if the security has been trading heavily at $10.50 and there is strong bidding for the security at $10 compared to the number of securities being offered at $10.50. The condition of the market suggests that the client should be able to sell at a better price than $10.05. Accordingly, the Participant as agent for the client should post an offer at $10.45 or even $10.50, depending on the circumstances. The desire of the client to obtain a fill quickly is always a consideration.

Of course, if a client expressly consents to a principal trade a fully informed basis, following the client's instructions will be reasonable.

POLICY 5.2 – BEST PRICE OBLIGATION

Part 1 – Qualification of Obligation

The "best price obligation" imposed by Rule 5.2 is subject to the qualification that a Participant make "reasonable efforts" to ensure that a client order receives the best price. In determining whether a Participant has made "reasonable efforts", the Market Regulator will consider:

- the information available to the Participant from the information processor or information vendor;
- the transactions costs and other costs that would be associated with executing the trade on a marketplace;
- whether the Participant is a member, user or subscriber of the marketplace with the best price;
- whether market outside of Canada have been considered (particularly if the principal market for the security is outside of Canada)
- any specific client instructions regarding the timeliness of the execution of the order.

Part 2 – Trade-Through of Marketplaces

Subject to the qualification of the "best price obligation" as set out in Part 1, Participants may not intentionally trade through a better bid or offer on a marketplace by making a trade at an inferior price (either one-sided or a cross) on a stock exchange or other organized market. This Policy applies even if the

client consents to the trade on the other stock exchange or other organized market at the inferior price. Participants may make the trade on that other exchange or organized market if the better bids or offers, as the case may be, on marketplaces are filled first, or coincidentally with the trade on the other stock exchange or organized market. The time of order entry is the time that is relevant for determining whether there is a better price on a marketplace.

This Policy applies to "active orders". An "active order" is an order that may cause a trade-through by executing against an existing bid or offer on another stock exchange or organized market at a price that is inferior to the bid or ask price on a marketplace at the time. This Policy applies to trades for Canadian accounts and Participants' principal (inventory) accounts. The Policy also applies to Participants' principal trades on foreign over-the-counter markets made pursuant to the outside-of-Canada exemption in clause (e) of Rule 6.4. Trades for foreign accounts are not subject to this Policy because they are exempt from Rule 6.4 pursuant to the "outside-of-Canada" exemption set out in clause (e) of Rule 6.4. For example, an order to sell from a non-Canadian account on the New York Stock Exchange at a price below the bid price on a marketplace may be executed by the Participant.

Part 3 – Foreign Currency Translation

If a trade is to be executed on a foreign market, the Participant shall determine whether there is in fact a better price on a marketplace. The foreign trade price shall be converted to Canadian dollars using the mid-market spot rate or 7-day forward exchange rate in effect at the time of the trade, plus or minus 15 basis points. A better price on a marketplace must be "taken out" if there is more than a marginal difference between the price on the marketplace and the price on the other stock exchange or organized market. The Market Regulator regards a difference of one-half of a tick or less as "marginal" because the difference would be attributable to currency conversion.

POLICY 5.3 – CLIENT PRIORITY

Part 1 – Background

Rule 5.3 restricts Participants and their employees from trading in the same securities as their clients in order to minimize the conflict of interest that occurs when a firm or a pro trader competes with the firm's clients for executions.

The Rule governs two types of activities. The first is trading ahead of a client order, which is taking out a bid or offering that the client could have obtained had the client order been entered first. By trading ahead, the pro order obtains a better price at the expense of the client order.

The second activity governed by the rule is trading along with a client, or competing for fills at the same price.

The application of the rule can be quite complex given the diversity of professional trading operations in many firms, which can include such activities as block facilitation, market making, derivative and arbitrage trading. In addition, firms may withhold particular client orders in order to obtain for the client a better execution than the client would have received if the order had been entered directly on a marketplace. Each firm must analyze its own operations, identify risk areas and adopt compliance procedures tailored to its particular situation.

Part 2 – Broker's Legal Obligations

Agency law imposes certain obligations on those who act on behalf of others. Among those obligations is a prohibition on an agent appropriating for itself an opportunity that could go to the principal (client) unless the principal specifically consents.

At common law, the client can consent to the Participant trading ahead or alongside. Such consent must be specific to an order, and not contained in a general consent in a client account agreement. For example, an institutional client may consent to splitting fills with the Participant or may consent to the Participant trading ahead in order to move the market to the agreed-upon price for a block trade (e.g. permitting the Participant as pro to move the market down to the price at which it will buy a block from the client).

Participants have overriding agency responsibilities to their clients and cannot use technical compliance with the rule to establish fulfilment of their obligations if they have not otherwise acted reasonably and diligently to obtain best execution of their client orders. Firms should obtain legal advice that their own order handling procedures comply with their obligations to their clients.

Part 2 – Prohibition on Intentional Trading Ahead

Rule 5.3 provides that a Participant must give priority of the execution to client orders, subject to certain exceptions necessary to ensure overall efficiency of order handling. The Rule contains an exception for allocations in a trading system provided that the firm enters client orders immediately and does not interfere with the system allocation in any way. The rationale is that a pro who has committed to the marketplace ahead of a client is not taking a trading opportunity from the client as the client's trading opportunity does not arise until he or she gives an order.

The Rule also contains an exception where a client order has been withheld in a bona fide attempt to get better execution for the client, provided that any pro who is trading ahead of the client order does not have knowledge of that order and that the firm has reasonable procedures in place to ensure that information concerning client orders is not used improperly within the firm. These procedures will vary from firm to firm and no one procedure will work for all firms.

A Participant cannot intentionally obtain execution of a pro order ahead of a client order without the specific consent of the client, unless the trade is at a better price than the client's limit. A Participant can never intentionally trade ahead of a client market or tradeable limit order without the specific consent of the client. Such consent must be specific to a particular order, and details of the agreement with the client must be noted on the order ticket.

Examples of "intentional trades" include, but are not limited to:

- withholding a client order from entry on a marketplace (or removing an order already

entered on a marketplace) to permit the entry of a competing pro order ahead of the client order;

- entering a client order in a relatively illiquid market and entering a pro order in a more liquid marketplace where the pro order is likely to obtain faster execution; and

- adding terms to an order (other than on the instructions of the client) so that the order ranks behind pro orders in the regular market at that price.

Part 3 – No Knowledge of Client Order

Rule 5.3 also contains two exceptions that requires that the director, officer, partner, employee or agent of the Participant who enters the principal order or the non-client order be unaware that the client order has not been entered. The two exceptions are:

- if the client specifically grants discretion to the Participant with respect to the entry of the order; and

- if the Participant withholds the client order from entry in a bona fide attempt to get better execution for the client.

In these circumstances, the Participant must have reasonable procedures in place to ensure that information concerning client orders is not used improperly within the firm. These procedures will vary from firm to firm and no one procedure will work for all firms. If a firm does not have reasonable procedures in place, it cannot rely on the exceptions in subsections (3), (4) and (4) of Rule 5.3. Reference should be made to Policy 7.1 – Policy on Trading Supervision Obligations.

The procedures must address the handling of client orders and must be followed up by after-the-fact monitoring. At a minimum, these procedures, which must be documented, must include:

- Education of all traders in their responsibilities in handling client orders. In particular, traders must be informed that intentionally trading ahead of a client order is prohibited and will result in disciplinary action against the trader.

- Identification of particular areas within the firm where there is a risk of non-compliance. For many firms this would include:

  - the point at which the order is taken (e.g. a branch or institutional desk);

  - the points at which orders are managed (e.g. an OMS trader or retail special handling desk); and

  - areas of the firm that are in proximity to areas where orders are handled.

- After-the-fact reviews of trading must also be conducted. Client complaints must be documented and followed-up. On a monthly basis (at a minimum) the firm must compare execution of a reasonable sample of non-client orders with contemporaneous client orders in the same security on the same side of the market. A Participant will be expected to investigate instances where it appears that a pro may have traded with knowledge of a client order prior to its entry on a marketplace.

Periodically the firm must review its procedures to ensure that they are appropriate to ensure that the firm is meeting both the requirements of Rule 5.3 and its agency obligation to clients.

Part 4 –Client Consent

A Participant does not have to provide priority to a client order if the client specifically consents to the Participant trading along side or ahead of the client. Any request must be specific to that order. A client cannot give a blanket consent to permit the Participant to trade along side or ahead of any future orders the client may give the Participant.

A Participant must keep a record of the client's consent to withhold orders for seven years from the date of the instruction and, for the first two years, the consent must be kept in a readily accessible location.

If the client has given the Participant an order that is to be executed at various times during a trading day (e.g. an "over-the-day" order) or at various prices (e.g. at various prices in order to approximate a volume-weighted average price), the client is deemed to have consented to the entry of principal and non-client orders that may trade ahead of the balance of the client order. However, if the unentered portion of the client order would reasonably be expected to affect the market price of the security, the Participant may be precluded from entering principal or non-client orders as a result of the application of the frontrunning rule.

POLICY 6.3 – EXPOSURE OF CLIENT ORDERS

Part 1 – Reviewing Small Orders for Market Impact

Rule 6.3 requires a Participant to immediately enter client orders for the purchase or sale of 50 standard trading units or less on a marketplace. This requirement is subject to certain exceptions. The Participant may withhold the order based on a determination that market conditions were such that immediate entry of the order would not be in the best interests of the client. If the order is withhold the Participant must guarantee that the client receives a price at least as good as the price the client would have received had the client order been executed on receipt by the Participant. If the order is executed against a principal order or non-client order the client must receive a better price.

Part 2 – Confirmation of Order Terms

Pursuant to Rule 6.3, a Participant may withhold entry of the order and return the order to its source for confirmation of its terms. For example, a Participant who receives an order to sell a security at $3 in a stock trading at $20 may return the

order to the branch, as it is likely that either the price or the stock symbol is wrong.

Part 3 –Client Request to Withhold Order

A Participant does not have to immediately enter a client order on a marketplace if the client has requested that the order be withheld (for example, the client does not want the order executed in the open market but wishes to do a tax-related trade with their spouse). Any request must be specific to that order. A client cannot give a blanket request to withhold any future orders the client may give the Participant. Furthermore, the Participant may not solicit a request to withhold the order. A Participant must keep a record of the client's request to withhold orders for seven years from the date of the instruction and, for the first two years, the request must be kept in a readily accessible location.

POLICY 6.4 – TRADES TO BE ON A MARKETPLACE

Part 1 – Trades Outside of Marketplace Hours

In accordance with section 6.1 of National Instrument 23-101, each marketplace shall set requirements in respect of the hours of trading to be observed by marketplace participants. Occasions may arise where Participants wish to make an agreement to trade as principal with a Canadian client, or to arrange a trade between a Canadian client and a non-Canadian client, outside of the trading hours of marketplaces.

Rule 6.4 states that all trades must be executed on a marketplace unless otherwise exempted from this requirement. This Policy clarifies the procedure to be followed when a Participant wishes to make such a transaction. Participants are reminded of the exemption in clause (d) of Rule 6.4 that permits a trade on another exchange or organized regulated market, provided that the exchange or market publicly disseminates details of trades in that market. Participants are also reminded of the exemption in clause (e) of Rule 6.4 that permits them to trade as principal with non-Canadian accounts off of a marketplace provided that any unwinding trade with a Canadian account is made in accordance with Rule 6.4.

Participants may make agreements to trade in listed or quoted securities with Canadian accounts as principal or as agent outside of the trading hours of marketplaces, however, such agreements must be made conditional on execution of the trade on a marketplace or on a stock exchange or organized market where the security is listed or quoted. There is no trade until such time as there is an execution on a marketplace, stock exchange or organized market. The trade on a marketplace is to be done at or immediately following the opening of the marketplace on which the order is entered. Participants may cross the trade at the agreed-upon price provided that the normal Requirements on order displacement are followed. If the Participant determines that the condition of recording the agreement to trade on a marketplace cannot be met, the agreement to trade shall be cancelled. Use of an error account to preserve the transaction is prohibited.

Part 2 – Application to Foreign Affiliates and Others

The Market Regulator considers that any use by a Participant of another person that is not subject to Rule 6.4 in order to make a trade off of a marketplace (other than as permitted by one of the exemptions) to be a violation of the just and equitable principles of trade.

Although certain related entities of Participants, including their foreign affiliates, are not directly subject to Requirements, Rule 6.4 means that a Participant may not transfer an order to a foreign affiliate, or book a trade through a foreign affiliate, and execute the order in a manner that does not comply with Rule 6.4. In other words, an order directed to a foreign affiliate by the Participant or any other person subject to Rule 6.4 shall be executed on a marketplace unless one of the exemptions. Foreign branch offices of Participants are not separate from the Participant and as such are subject to Requirements.

Part 3 – Non-Canadian Accounts

Clause (e) of Rule 6.4 permits a Participant to trade off of a marketplace either as principal or as agent with non-Canadian accounts. A "non-Canadian account" is considered to be an account for a client who is not resident in Canada. There may be certain situations arising where a Participant is uncertain whether a particular account is a "non-Canadian account" for the purpose of this exemption. A trade by or on behalf of an individual normally resident in Canada, or an organization located in Canada, is considered to be a trade for a Canadian account. The fact that an individual may be located temporarily outside of Canada, that a foreign location is used to place the order or as the address for settlement or confirmation of the trade does not alter the account's status as a Canadian account. Trades made by or on behalf of bona fide foreign subsidiaries of Canadian institutions are considered to be non-Canadian accounts, if the order is placed by the foreign subsidiary.

For the purpose of this Policy, the relevant client of the Participant is the person to whom the order is confirmed.

Part 4 – Reporting Foreign Trades

Clause (e) of Rule 6.4 requires a Participant to report to a marketplace any trade made outside of Canada, unless the trade is reported to another stock exchange or an organized regulated market that disseminates details of trades in that market.

Participants shall report such trades to a marketplace no later than the close of business on the next trading day. The report shall identify the stock, volume, price (in the currency of the trade and in Canadian dollars) and time of the trade.

POLICY 7.1 – POLICY ON TRADING SUPERVISION OBLIGATIONS

Part 1 – Responsibility for Supervision and Compliance

For the purposes of Rule 7.1, a Participant shall supervise its employees, directors and officers and, if applicable, partners to ensure that trading in securities on a marketplace (an Exchange, QTRS or ATS) is carried out in compliance with the applicable Requirements (which includes provisions of securities legislation, UMIR, the Trading Rules and the Marketplace Rules of any applicable Exchange or QTRS). An effective supervision system requires a strong overall

commitment on the part of the Participant, through its board of directors, to develop and implement a clearly defined set of policies and procedures that are reasonably designed to prevent and detect violations of Requirements.

The board of directors of a Participant is responsible for the overall stewardship of the firm with a specific responsibility to supervise the management of the firm. On an ongoing basis, the board of directors must ensure that the principal risks for non-compliance with Requirements have been identified and that appropriate supervision and compliance procedures to manage those risks have been implemented.

Management of the Participant is responsible for ensuring that the supervision system adopted by the Participant is effectively carried out. The head of trading and any other person to whom supervisory responsibility has been delegated must fully and properly supervise all employees under their supervision to ensure their compliance with Requirements. If a supervisor has not followed the supervision procedures adopted by the Participant, the supervisor will have failed to comply with their supervisory obligations under Rule 7.1(4).

When the Market Regulator reviews the supervision system of a Participant (for example, when a violation occurs of Requirements), the Market Regulator will consider whether the supervisory system is reasonably well designed to prevent and detect violations of Requirements and whether the system was followed.

The compliance department is responsible for monitoring and reporting adherence to rules, regulations, requirements, policies and procedures. In doing so, the compliance department must have a compliance monitoring system in place that is reasonably designed to prevent and detect violations. The compliance department must report the results from its monitoring to the Participant's management and, where appropriate, the board of directors, or its equivalent. Management and the board of directors must ensure that the compliance department is adequately funded, staffed and empowered to fulfil these responsibilities.

Part 2 – Minimum Element of a Supervision System

For the purposes of Rule 7.1, a supervision system consists of both policies and procedures aimed at preventing violations from occurring and compliance procedures aimed at detecting whether violations have occurred.

The Market Regulator recognizes that there is no one supervision system that will be appropriate for all Participants. Given the differences among firms in terms of their size, the nature of their business, whether they are engaged in business in more than one location or jurisdiction, the experience and training of its employees and the fact that effective jurisdiction can be achieved in a variety of ways, this Policy does not mandate any particular type or method of supervision of trading activity. Furthermore, compliance with this Policy does not relieve Participants from complying with specific Requirements that may apply in certain circumstances. In particular, Participants are reminded that, in accordance with subsection (2) of Rule 10.1, the entry of orders must comply with the Marketplace Rules on which the order is entered and the Marketplace Rules on which the order is executed. (For example, for Participants that are Participating Organizations of the TSE, reference should be made to the Policy on "Connection of Eligible Clients of Participating Organizations").

Participants must develop and implement supervision and compliance procedures that exceed the elements identified in this Policy where the circumstances warrant. For example, previous disciplinary proceedings, warning and caution letters from the Market Regulator or the identification of problems with the supervision system or procedures by the Participant or the Market Regulator may warrant the implementation of more detailed or more frequent supervision and compliance procedures.

Regardless of the circumstances of the Participant, however, every Participant must:

1. Identify the relevant Requirements, securities laws and other regulatory requirements that apply to the lines of business in which the Participant is engaged (the "Trading Requirements").

2. Document the supervision system by preparing a written policies and procedures manual. The manual must be accessible to all relevant employees. The manual must be kept current and Participants are advised to maintain a historical copy.

3. Ensure that employees responsible for trading in securities are appropriately registered and trained and that they are knowledgeable about the Trading Requirements that apply to their responsibilities. Persons with supervisory responsibility must ensure that employees under their supervision are appropriately registered and trained. The Participant should provide a continuing training and education program to ensure that its employees remain informed of and knowledgeable about changes to the rules and regulations that apply to their responsibilities.

4. Designate individuals responsible for supervision and compliance. The compliance function must be conducted by persons other than those who supervised the trading activity.

5. Develop and implement supervision and compliance procedures that are appropriate for the Participant's size, lines of business in which it is engaged and whether the Participant carries on business in more than one location or jurisdiction.

6. Identify the steps a firm will take when violations of Requirements, securities laws or other regulatory requirements have been identified. This may include cancellation of the trade, increased supervision of the employee or the business activity, internal disciplinary measures and/or reporting the violation to the Market Regulator or other regulatory organization.

7. Review the supervision system at least once per year to ensure it continues to be reasonably designed to prevent and detect violations of Requirements. More frequent reviews may be required if past reviews have detected problems with supervision and compliance. Results of these reviews must be maintained for at least five years.

8. Maintain the results of all compliance reviews for at least five years.

9. Report to the board of directors of the Participant or, if applicable, the partners, a summary of the compliance reviews and the results of the supervision system review. These reports must be made at least annually. If the Market Regulator or the Participant has identified significant issues concerning the supervision system or compliance procedures, the board of directors or, if applicable, the partners, must be advised immediately.

Part 3 - Minimum Compliance Procedures for Trading on a Marketplace

A Participant must develop and implement compliance procedures for trading in securities on a marketplace that are appropriate for its size, the nature of its business and whether it carries on business in more than one location or jurisdiction. Such procedures should be developed having regard to the training and experience of its employees and whether the firm or its employees have been previously disciplined or warned by the Market Regulator concerning the violations of the Requirements.

In developing compliance procedures, Participants must identify any exception reports, trading data and/or other documents to be reviewed. In appropriate cases, relevant information that cannot be obtained or generated by the Participant should be sought from sources outside the firm including from the Market Regulator.

The following table identifies minimum compliance procedures for monitoring trading in securities on a marketplace that must be implemented by a Participant. The compliance procedures and the Rules identified below are not intended to be an exhaustive list of the Rules and procedures that must be complied with in every case. Participants are encouraged to develop compliance procedures in relation to all the Rules that apply to their business activities.

The Market Regulator recognizes that the requirements identified in the following table may be capable of being performed in different ways. For example, one Participant may develop an automated exception report and another may rely on a physical review of the relevant documents. The Market Regulator recognizes that either approach may comply with this Policy provided the procedure used is reasonably designed to detect violations of the relevant Rule. The information sources identified in the following table are therefore merely indicative of the types of information sources that may be used.

Minimum Compliance Procedures for Trading Supervision

Rules and Policies	Compliance Review Procedures	Potential Information Sources	Frequency and Sample Size
Synchronization of Clocks Rule 10.14	• confirm accuracy of clocks and computer network times • remove unused or non-functional machines	• time clocks • Trading Terminal system time • OMS system time	• Daily
Audit Trail Requirements Rule 10.11	• ensure the presence of: -time stamp -quantity -price (if limit order) -security name or symbol -identity of trader (initial or sales code) -client name or account number-special instructions from any client -information required by audit trail requirements • for CFOd orders, ensure the presence of second time stamp and clear quantity or price changes	• order tickets • the Diary List	• quarterly • check 25 original client tickets selected randomly over the quarter

Rules and Policies	Compliance Review Procedures	Potential Information Sources	Frequency and Sample Size
Electronic Records Rule 10.11	• verify that electronic order information is: -being stored -retrievable -accurate	• firm and service bureau systems	• annually
Manipulative and Deceptive Trading Rule 2.2(1), (2) Policy 2.2	• review trading activity for: -wash trading -unrelated accounts that may display a pattern of crossing securities -off-market transactions which require execution on a Marketplace	• order tickets • the diary list • new client application forms • monthly statements	• quarterly • review sampling period should extend over several days
Establishing Artificial Prices Rule 2.2(1), (3) Policy 2.2	• review tick setting trades entered at or near close • look for specific account trading patterns in tick setting trades • review accounts for motivation to influence the price • review separately, tick setting trades by Market on Close (MOC) or index related orders	• order tickets • the diary list • Equity History Report (available on TSE market data website for TSE-listed securities) • closing report from Market Regulator (delivered to Participants) • new client application forms	• monthly • emphasis on trades at the end of month, quarter or year (for trades not on MOC or index related) • for MOC or index related orders, check for reasonable price movement
Grey or Watch List Rule 2.2	• review for any trading of Grey or Watch List issues done by proprietary or employee accounts	• order tickets • the diary list • trading blotters • firm Grey List or Watch List • monthly statements	• daily
Restricted List Rule 2.2 Rule 7.8 Rule 7.9	• review for any trading of restricted list issues done by proprietary or employee accounts	• order tickets • the diary list • trading blotters • firm Restricted List • monthly statements	• daily
Frontrunning Rule 4.1	• review trading activity of proprietary and employee accounts prior to: -large client orders -transactions that would impact the market	• order tickets • the diary list • equity history report	• quarterly • sample period should extend over several days

Rules and Policies	Compliance Review Procedures	Potential Information Sources	Frequency and Sample Size
Sales from Control Blocks Securities legislation incorporated by Rule 10.1	• review all known sales from control blocks to ensure regulatory requirements have been met • review large trades to determine if they are undisclosed sales from control block	• order tickets • trading blotter • new client application form • OSC bulletin • Exchange company bulletins	• as required • sample trades over 250,000 shares
Order Handling Rules Rule 5.1 Rule 5.3 Rule 6.3 Rule 8.1	• review client-principal trades of 50 standard trading units or less for compliance with order exposure and client principal transactions rules • verify that orders of 50 standard trading units or less are not arbitrarily withheld from the market	• order tickets • equity history report • trading blotters • the diary list	• quarterly • sample, specifically: -trader managed orders of 50 standard trading units
Order Markers Rule 6.2 Marketplace Rules incorporated by Rule 10.1 (for marketplaces on which the order is entered or executed)	• verify that appropriate client, employee, and proprietary trade markers are being employed • ensure that client orders are not being improperly entered with pro markers • verify that appropriate order designations are included on orders	• order tickets • trading blotters • the diary list	• quarterly • samples should include one full day of trading for orders not entered through the OMS system
Trade Disclosures Securities legislation incorporated by Rule 10.1	• verify appropriate trade disclosures are made on client confirmations -principal -average price -related Issuer	• trading blotters • client confirmations • the diary list • order tickets	• quarterly • sample should include non-OMS trades
Normal Course Issuer Bids Marketplace Rules (e.g. Rule 6-501 and Policy 6-501 of TSE and Policy 5.6 of CDNX)	• review NCIBs for: -maximum stock purchase limits of 5% in 1 year or 2% in 30 days are observed -purchases for NCIBs are not occurring while a sale from control is being made -purchases are not made on upticks -trade reporting to Exchange (if the firm reports on behalf of issuer)	• order tickets • the diary list • trading blotters • new client application form	• quarterly

Part 4 – Specific Procedures Respecting Client Priority and Best Execution

Participants must have written compliance procedures reasonably designed to ensure that their trading does not violate Rule 5.3 or 5.1. At a minimum, the written compliance procedures must address employee education and post-trade monitoring.

The purpose of the Participant's compliance procedures is to ensure that pro traders do not knowingly trade ahead of client orders. This would occur if a client order is withheld from entry into the market and a person with knowledge of that client order enters another order that will trade ahead of it. Doing so could take a trading opportunity away from the first client. Withholding an order for normal review and order handling is allowed under Rules 5.3 and 5.1, as this is done to ensure that the client gets a good execution. To ensure that the Participants' written compliance procedures are effective they must address the potential problem situations where trading opportunities may be taken away from clients.

Potential Problem Situations

Listed below are some of the potential problem situations where trading opportunities may be taken away from clients.

1. Retail brokers or their assistants withholding a client order to take a trading opportunity away from that client.

2. Others in a brokerage office, such as wire operators, inadvertently withholding a client order, taking a trading opportunity away from that client.

3. Agency traders withholding a client order to allow others to take a trading opportunity away from that client.

4. Proprietary traders using knowledge of a client order to take a trading opportunity away from that client.

5. Traders using their personal accounts to take a trading opportunity away from a client.

Written Compliance Procedures

It is necessary to address in the written compliance procedures the potential problem situations that are applicable to the Participant. Should there be a change in the Participant's operations where new potential problem situations arise then these would have to be addressed in the procedures. At a minimum, the written compliance procedures for employee education and post-trade monitoring must include the following points.

Education

- Employees must know the Rules and understand their obligation for client priority and best execution, particularly in a multiple market environment.

- Participants must ensure that all employees involved with the order handling process know that client orders must be entered into the market before non-client and proprietary orders, when they are received at the same time.

- Participants must train employees to handle particular trading situations that arise, such as, client orders spread over the day, and trading along with client orders.

Post-Trade Monitoring Procedures

- All brokers' trading must be monitored as required by Rule 7.1.

- Complaints from clients and Registered Representatives concerning potential violations of the rule must be documented and followed-up.

- All traders' personal accounts and those related to them, must be monitored daily to ensure no apparent violations of client priority occurred.

- At least once a month, a sample of proprietary inventory trades must be compared with contemporaneous client orders.

- In reviewing proprietary inventory trades, Participants must address both client orders entered into order management systems and manually handled orders, such as those from institutional clients.

- The review of proprietary inventory trades must be of a sample size that sufficiently reflects the trading activity of the Participant.

- Potential problems found during these reviews must be examined to determine if an actual violation of Rule 5.3 or 5.1 occurred. The Participant must retain documentation of these potential problems and examinations.

- When a violation is found, the Participant must take the necessary steps to correct the problem.

DOCUMENTATION

- The procedures must specify who will conduct the monitoring.

- The procedures must specify what information sources will be used.

- The procedures must specify who will receive reports of the results.

- Records of these reviews must be maintained for five years.

- The Participant must annually review its procedures.

POLICY 8.1 – CLIENT-PRINCIPAL TRADING

Part 1 - General Requirements

Rule 8.1 governs client-principal trades. It provides that, for trades of 50 standard trading units of less, a Participant trading with one of its clients as principal must give the client a better price than the client could obtain on a marketplace. A Participant must take reasonable steps to ensure that the price is the best available price for the client taking into account the condition of the market. If the security is inter-listed, the rule extends to all Canadian markets on which the security is listed. This means that if the Participant is buying, the client must receive a higher price than is bid on any Canadian marketplace, and, if the Participant is selling, the client must pay a lower price than the lowest offering.

For client-principal trades greater than 50 standard trading units, the Participant may do the trade provided the client could not obtain a better price on a marketplace in accordance with the best execution obligations under Rules 5.1 and 5.2. The Participant must take reasonable steps to ensure that the best price is obtained and the price to the client is justified by the condition of the market.

Part 2 – Legal Aspects of the Client-Principal Relationship

A Participant owes a fiduciary duty to its clients. This duty and investors' trust in our Participants are fundamental to investor confidence in the integrity of the market. In the Market Regulator's view, this relationship of trust arises where there is reliance by the client on the Participant's expertise in securities matters. From the point of view of both the client and the Participant, the fiduciary responsibility exists regardless of the legal form of the transaction. In other words, an investor who relies on the expertise of a Participant expects the Participant to act in the investor's best interests regardless of whether the Participant is acting as agent or as principal. The legal framework underpinning client-principal trades was stated in the 1965 report of the Royal Commission on the Windfall Co. scandal:

> An agent must conduct himself so that the interest of the person in whose behalf he is acting is not brought into conflict with his personal interest. An agent may not make for himself any deal which could have been made for his client within the scope of the client's instructions; if he does, he is assumed to have been acting on his client's behalf and the client is entitled to the benefit of the transaction. An agent must disclose to the client any fact known to the agent which would be likely to operate on the client's judgment. An agent may not, in connection with his client's business, make a secret profit for himself.

These restrictions flow from the recognition of the serious conflicts inseparable from the agency relationship, and from a corresponding recognition that every such conflict must be resolved in favour of the client. A principal trade may be subject to attack if it appears that the Participant did not act to the best advantage of its client even if the Participant complies with the technical requirements of the Rule. For example, if the principal account profited from the trade by unwinding the position again soon after the principal trade was made, or if the Registered Representative receives a higher commission than for agency transactions of a similar size involving similar securities, the Participant will find it more difficult to justify its actions. Participants should obtain their own legal advice as to the propriety of their client-principal trading practices. The following are considerations in any client-principal trade:

Consent — At common law, the prior informed consent of the client must be obtained before the agent may act as principal. This is impractical in the context of trading securities on a marketplace, where at the time of receipt of the client's order the Participant will likely not know who will be on the other side. If the Participant, through the Registered Representative or other employee knows that the firm or a non-client of the firm will or probably will take the other side, the client's consent should be obtained. In particular, if the Registered Representative wishes to take the other side of the trade with their client, the client must be informed and consent to the trade in advance. Such consent must be specific to that trade and cannot be in a general consent to any future trades with the Registered Representative. As promptly as possible following the execution of a principal trade, the client should be advised that all or part of the securities taken or supplied were from an account in which the Participant or a non-client of the Participant has an interest. This advice would form part of the usual discussion that occurs when a Registered Representative confirms to the client that the client's order has been filled. In addition, the written confirmation must disclose that the order has been filled in a principal transaction.

Nature of the Client — Some clients are in greater need of protection from the potential conflict of interest in client-principal trades. The onus on the Participant usually will be reduced if the client is a fully informed institutional client with regard to the state of the market. Sophisticated institutional clients are able to judge whether a specific net price is appropriate in the context of the market. If there was no prior discussion with the client concerning executing the client's order in a client-principal trade, or if there are no standing instructions on handling of orders, the Participant must judge whether any steps need be taken, taking into account the size of the order and other circumstances, to ensure that a better price is not available. To a large degree this will depend on the depth of the market and normal liquidity of the security.

Suitability — Compliance with the client-principal trading rules does not relieve a Participant of its suitability and "know your client" obligations. As with any other trade, Participants must ensure that the trade is suitable for the client, even if the best possible price has been obtained.

Facilitation Accounts — The rules do not apply to a client-principal trade where the inventory account was used

solely to facilitate the execution or confirmation of a client order (for example, an inventory accumulation account used to give an institutional client a single average-price confirmation). In these cases, the client is the beneficial owner of the position in the inventory account at all times.

Refusal by Client — Participants should ensure that procedures are in place to identify orders that should not be affected on a principal basis. This is necessary to deal with situations where clients notify a Participant that they do not consent to principal trading generally or to particular principal trades.

POLICY 10.8 - POLICY ON PRACTICE AND PROCEDURE

Part 1 - General Procedure and Practice

1.1 Definitions

In this Policy, unless the subject matter or context otherwise requires:
"**applicant**" means the party who instituted the proceedings for a written hearing.

"**document**" includes a sound recording, videotape, film, photographs, chart, graph, map, plan, survey, book of account, and information recorded or stored by means of any device.

"**electronic hearing**" means a hearing held by conference telephone or some other form of electronic technology allowing persons to hear one another.

"**oral hearing**" means a hearing at which the parties or their counsel or agents attend before the Hearing Panel in person.

"**party**" includes the staff of the Market Regulator.

"**Secretary**" means the Secretary of the Market Regulator or other officer or employee of the Market Regulator designated by the Board to perform the functions of the Secretary for the purposes of this Policy.

"**written hearing**" means a hearing held by means of the exchange of documents, whether in written form or by electronic means.

1.2 Procedural Power of Hearing Panel

(1) A Hearing Panel may:

(a) exercise any power under this Policy on its own initiative or at the request of a party;

(b) issue general or specific procedural directions at any time before or during a hearing; and

(c) waive any procedural requirement with the consent of the parties.

(2) A Hearing Panel may hear such evidence relating to a matter that the Hearing Panel deems relevant and the Hearing Panel is not bound by the legal or technical rules of evidence.

(3) If any provision of this Policy is inconsistent with any applicable statutory requirement, the Hearing Panel shall order such change in the practice and procedure as to comply with the applicable statutory requirement.

1.3 Irregularity in Form

No determination, document, hearing, order or interim order is invalid by reason only of a defect or other irregularity in form.

1.4 Language of Proceedings

(1) If, in accordance with any applicable statutory requirement, a person would have a right to a hearing conducted in the French language then, upon the request of such person in writing to the Secretary or in such other manner as provided by law, all documents prepared by or on behalf of the Market Regulator and served or delivered on such person shall be in French and any hearing or other proceeding shall be conducted in French.

(2) Despite subsection (1), any document to be disclosed in accordance with section 8.1(1) shall be provided in the language that the document was originally written.

1.5 Service and Filing

(1) **Service** - A document required under this Policy to be served must be served by one of the following methods:

(a) personal service on an individual, by leaving a copy of the document with the individual;

(b) personal service on any corporation, by leaving a copy of the document with an officer or director of the corporation, or with an individual at any place of business of the corporation who appears to be in control or management of the place of business;

(c) service by sending a copy of the document by mail, courier or telephone transmission to the last known address or fax number of the party to be served;

(d) service on a party who is represented by a solicitor or an agent by,

(i) acceptance of a copy of the document on behalf of the solicitor or the agent,

(ii) sending a copy of the document by mail, courier or telephone transmission to the officer of the solicitor or agent, or

(iii) depositing a copy of the document at a document exchange of which the solicitor or agent is a member or subscriber; or

(e) service by any other method permitted by the Hearing Panel.

(2) **Proof of Service** - The Hearing Panel may accept proof of service of a document by an affidavit of the person who served it.

(3) **Filing** - A document required to be filed with the Hearing Panel under this Policy must be filed by either personal delivery of a copy or sending a copy by mail, courier or telephone transmission to Secretary.

(4) **Effective Date of Service or Filing** - Service or filing of a document is deemed to be effective:

(a) if served personally, on the same day as service;

(b) if sent by mail, on the fifth day after the day of mailing;

(c) if sent by telephone transmission, on the same day as the transmission unless received after 5 p.m., in which case the document will be deemed to have been served or filed on the next day that is not a holiday;

(d) if sent by courier, on the second day after the day on which the document was given to the courier by the party serving or filing, unless the second day is a holiday, in which case the effective date is the next day which is not a holiday;

(e) if deposited at a document exchange, on the first day after the day on which the document was deposited, unless the first day is a holiday, in which case the effective date is the next day which is not a holiday; or

(f) as otherwise ordered by the Hearing Panel.

(5) **Required Information on Documents** - A party serving or filing a document shall include the following information:

(a) the party's name, address, telephone number and fax number;

(b) the style of cause of the hearing to which the document relates;

(c) the name, address, telephone and fax number of the party's solicitor or agent; and

(d) the name of the party or solicitor or agent with whom the document is being served or filed.

(6) Extension or Abridgment of Time - Any time period prescribed by this Policy may be extended or abridged as follows:

(a) upon order of the Hearing Panel or after expiration of a prescribed time period on such terms as the Hearing Panel considers appropriate; or

(b) on consent of the parties before the expiration of a prescribed time period.

Part 2 – Statement of Allegations

2.1 Provision of Statement of Allegations

If the Market Regulator is of the opinion that a person described in subsection (1) of Rule 10.2 has contravened a Requirement or a person is liable for the contravention of a Requirement in accordance with Rule 10.3, the Market Regulator may serve a Statement of Allegations on such person.

2.2 Contents of Statement of Allegations

A Statement of Allegations must contain:

(a) a reference to the Requirement that the Market Regulator is of the opinion has been contravened;

(b) the facts alleged and intended to be relied upon

be the Market Regulator; and

(c) the conclusions drawn by the Market Regulator based on the alleged facts.

Part 3 - Offers of Settlement and Settlement Agreements

3.1 Provision of Offer of Settlement

If the Market Regulator has served a Statement of Allegations on any person, the Market Regulator may serve an Offer of Settlement on such person concurrent with or at any time after the serving of the Statement of Allegations.

3.2 Contents of Offer of Settlement

An Offer of Settlement must:

(a) be in writing;

(b) be signed by the President of the Market Regulator or such other officer of the Market Regulator as is authorized to make an Offer of Settlement;

(c) specify, that if the Offer of Settlement is accepted, the date on or before which the Settlement Agreement must be served on the Market Regulator provided that the date shall not be earlier than 20 days after the Offer of Settlement has been served;

(d) contain a reference to the Statement of Allegations intended to be relied upon be the Market Regulator;

(e) specify the penalties or remedies to be imposed by the Market Regulator pursuant to Rule 10.4 and the assessment of any expenses to be made pursuant to Rule 10.5; and

(f) contain a statement that if the Offer of Settlement is accepted by the person on whom it is served:

(i) the resulting Settlement Agreement is conditional upon the approval of the Hearing Panel, and

(ii) the person shall waive all rights under the Rules and other Requirements to a hearing or to an appeal or review if the Settlement Agreement is approved by the Hearing Panel.

3.3 Acceptance of Offer of Settlement

An Offer of Settlement may be accepted by a person upon whom it has been served by that person or such other individual authorized to sign on behalf of that person:

(a) executing the Offer of Settlement; and

(b) serving the executed document on the Market Regulator on or before the date specified in the Offer of Settlement.

3.4 Submission of Settlement Agreement for Approval

A Settlement Agreement shall be submitted to a Hearing Panel of three members within 20 days following the acceptance of the Offer of Settlement and the Hearing Panel may:

(a) approve the Settlement Agreement; or

(b) reject the Settlement Agreement.

3.5 Without Prejudice Negotiations

All negotiations of an Offer of Settlement or a Settlement Agreement are without prejudice to the Market Regulator and all other persons involved in the negotiations and the negotiations may not be used as evidence or referred to in any proceedings.

3.6 Approval of Settlement Agreement

If the Settlement Agreement is approved by the Hearing Panel:

(a) the Hearing Panel shall issue an order in accordance with the terms of the Settlement Agreement;

(b) the matter becomes final and no party to the Settlement Agreement may appeal or seek a review of the matter;

(c) the disposition of the matter shall be included in the permanent record of the Market Regulator in respect of the person that accepted the Offer of Settlement;

(d) the Market Regulator shall publish, as soon as practicable, a summary of:

(i) the Requirement contravened,

(ii) the facts, and

(iii) the disposition of the matter, including any penalty or remedy imposed and any expenses assessed,

and such summary shall specify that any person

may obtain or inspect a copy of the Settlement Agreement in the form approved by the Hearing Panel; and

(e) the Market Regulator shall publish, as soon as practicable, the Settlement Agreement in the form approved by the Hearing Panel and this obligation may be satisfied by the posting of the Settlement Agreement to any website maintained by the Market Regulator.

3.7 Rejection of Settlement Agreement

If the Settlement Agreement is rejected by the Hearing Panel, the Market Regulator may proceed with a hearing of the matter and any member of the Hearing Panel that reviewed the Settlement Agreement must not participate further in any way in the matter.

Part 4 – Notice of Hearing

4.1 Provision of Notice of Hearing

If the Market Regulator has served a Statement of Allegations on any person, the Market Regulator may serve a Notice of Hearing on such person concurrent with or at any time after the serving of the Statement of Allegations provided that a Notice of Hearing may not be issued:

(a) if the Market Regulator has served an Offer of Settlement, until after the date specified in the Offer of Settlement by which the Offer of Settlement may be accepted; and

(b) if an Offer of Settlement has been accepted, until the Settlement Agreement has been rejected by a Hearing Panel.

4.2 Contents of Notice of Hearing

A Notice of Hearing must contain:

(a) details about the manner in which the hearing will be held including, if applicable to the form of hearing, the date, time and place of the hearing;

(b) a reference to the statutory or other authority under which the hearing will be held;

(c) a statement as to the purpose of the hearing;

(d) a reference to the Statement of Allegations intended to be relied upon be the Market Regulator;

(e) a statement that the party notified may object to holding the hearing as an electronic or a written hearing and the procedure to be followed for that purpose;

(f) a statement respecting the effect of section 9.4; and

(g) any other information the Market Regulator or the Hearing Panel considers advisable.

4.3 Date of Hearing

(1) Unless the party on whom the Notice of Hearing is served has consented in writing, the date of the initial hearing specified in the Notice of Hearing shall not be earlier than 45 days after the date the Notice of Hearing has been served.

(2) For greater certainty, any hearing of a matter after the date of the initial hearing specified in the Notice of Hearing shall be as directed or ordered by the Hearing Panel.

Part 5 – Form of Hearing

5.1 Factors in Determining to Hold Oral, Electronic or Written Hearing

In deciding whether to hold an oral hearing, written hearing or electronic hearing, the Hearing Panel shall take into account any relevant factors, which may include:

(a) the suitability of the hearing format considering the subject matter of the hearing, including the extent to which matters are in dispute;

(b) whether the nature of the evidence is appropriate for the hearing format, including whether credibility is an issue and the extent to which the facts are in dispute;

(c) the extent to which the matters in dispute are questions of law;

(d) the convenience of the parties;

(e) the cost, efficiency and timeliness of the proceedings;

(f) avoidance of unnecessary length or delay;

(g) ensuring a fair and understandable process;

(h) the desirability or necessity of public participation or public access to the Hearing Panel's process; and

(i) any other consideration which may be taken into account in accordance with applicable legislation.

5.2 Notice of Objection

(1) A party who objects to a hearing being held as an electronic or as a written hearing shall file and serve on all other parties a Notice of Objection within 5 days after receiving the Notice of Hearing.

(2) Despite subsection (1), a party may not object to the Hearing Panel conducting an electronic hearing to deal with procedural matters.

5.3 Contents of Notice of Objection

A Notice of Objection shall be in writing and shall:

(a) state whether the holding of an electronic or written hearing is likely to cause the party significant prejudice;

(b) set out reasons for the objection; and

(c) state all facts upon which the party relies and provide the evidence on which the party relies in relation to the objection.

5.4 Procedure When Objection Made

If the Hearing Panel receives a Notice of Objection, the Hearing Panel shall:

(a) accept the objection, cancel the form of hearing and either schedule an oral hearing or, with consent of the parties, schedule a written hearing or an electronic hearing as the case may be;

(b) if permitted by applicable law, reject the objection provided the Hearing Panel is satisfied that there will not be significant prejudice to the objecting party, inform every other party that they are not required to respond to the Notice of Objection and proceed with the form of hearing specified in the Notice of Hearing; or

(c) notify all other parties that they may respond to the Notice of Objection by serving on ever other party and filing a written response in such form and within such time as is directed by the Hearing Panel and, after considering the objection and all responses, proceed with the form of hearing specified in the Notice of Hearing, schedule an oral hearing, or, with consent of the parties, schedule a written hearing or an electronic hearing as the case may be.

5.5 Converting Type of Hearing

(1) Subject to any applicable statutory requirements, the Hearing Panel may continue:

(a) a written or electronic hearing as an oral hearing;

(b) an oral or written hearing as an electronic hearing; or

(c) an oral or electronic hearing as a written hearing, unless a party objects.

(2) If the Hearing Panel decides to convert the type of hearing that was specified in the Notice of Hearing, the Hearing Panel shall notify the parties of its decision and may supply directions as to the holding of that hearing and any procedures for such hearing.

Part 6 - Motions

6.1 Notice of Motion

Where a party intends to bring a motion before the Hearing Panel at a hearing, written notice shall be served on all other parties and filed with the Hearing Panel at least 5 days before the day the motion is to be heard.

6.2 Contents of Notice of Motion

The Notice of Motion must contain the relief sought, the grounds for the motion and the evidence to be relied upon.

6.3 Hearing Date for Notice of Motion

Except when a motion is to be heard on a scheduled hearing date or is to be argued in writing, the party bringing the motion shall, before serving the Notice of Motion, file a copy of the Notice of Motion with the Secretary and obtain a date for the Hearing Panel to hear the motion.

Part 7 - Pre-Hearing Conferences

7.1 Order for a Pre-hearing Conference

At any time prior to a hearing, the Hearing Panel on its own initiative, or at the request of one or more of the parties, may order the parties to attend a pre-hearing conference.

7.2 Composition of the Hearing Panel at the Pre-hearing Conference

(1) A pre-hearing conference shall be held before the chairman of the Hearing Panel and any other member of the Hearing Panel who may be required to assist the chairman.

(2) The members of the Hearing Panel presiding at the pre-hearing conference shall not preside at the hearing of the proceeding unless all parties consent in writing or on the record;

7.3 Issues to be Considered

At a pre-hearing conference the Hearing Panel may consider any appropriate issue, including:

(a) the settlement of any or all of the issues;

(b) the identification and simplification of the issues;

(c) the disclosure of documents;

(d) facts or evidence that may be agreed upon;

(e) evidence to be admitted on consent;

(f) the identification of any preliminary objections;

(g) procedural issues including the dates by which any steps in the hearing are to be taken or begun, the estimated duration of the hearing, and the date that the hearing will begin; and

(h) any other issue that may assist in the just and most expeditious disposition of the hearing.

7.4 Notice of Pre-hearing Conference

(1) Notice to Parties and Others - The Secretary shall give notice of any pre-hearing conference to the parties and to such other persons as the Hearing Panel directs.

(2) Contents of Notice -The notice of any pre-hearing conference must include:

(a) the date, time, place and purpose of the pre-hearing conference;

(b) whether parties are required to exchange or file documents or pre-hearing submissions in accordance with section 7.5 and, if so, the issues to be addressed and the date by which the documents or pre-hearing submissions must be exchanged and filed;

(c) whether parties are required to attend in person, and

(i) if so, that they may be represented by counsel or agent, or

(ii) if not, that their counsel or agent must be given authority to make agreements and undertakings on their behalf respecting the matters to be addressed at the pre-hearing conference;

(d) a statement that if a party does not attend in person or by counsel or an agent at the pre-hearing conference, the Hearing Panel may proceed in the absence of that party; and

(e) a statement that the Hearing Panel presiding at the pre-hearing conference may make orders with respect to the conduct of the proceeding which will be binding on all parties.

7.5 Exchange of Documents

The Hearing Panel designated to preside at the pre-hearing conference may:

(a) order the parties to exchange or file by a specified date documents or pre-hearing submissions; and

(b) set the issues to be addressed in the pre-hearing submissions and at the pre-hearing conference.

7.6 Oral, Written or Electronic

A pre-hearing conference may be held in person, in writing or electronically as the Hearing Panel may direct.

7.7 Inaccessible to the Public

(1) Pre-hearing Conference - A pre-hearing conference shall be held in the absence of the public unless the Hearing Panel directs that it be open to the public.

(2) Documents and Submissions - Any pre-hearing documents or pre-hearing submissions ordered under section 7.5 shall not be disclosed to the public.

7.8 Settlement of Issues

If the settlement of any issues is discussed at a pre-hearing conference:

(a) statements made without prejudice at a pre-hearing conference may not be communicated to the hearing panel;

(b) (b) an agreement to settle any or all of the issues binds the parties to the agreement but is subject to approval by such other panel of the Hearing Panel as is assigned to consider the settlement; and

(c) all agreements, orders and decisions which dispose of a proceeding as it affects any party shall be made available to the public unless the Hearing Panel directs otherwise.

7.9 Orders, Agreements, Undertakings

(1) **Preparation of Memorandum** - Any orders, agreements and undertakings made at a pre-hearing conference shall be recorded in a memorandum prepared by or under the direction of the members of the Hearing Panel presiding at the pre-hearing conference.

(2) **Provision of Copies** - Copies of this memorandum shall be provided to the parties and to the members of the Hearing Panel presiding at the hearing of the matter and to such other persons as the members of the Hearing Panel presiding at the pre-hearing conference direct.

(3) **Binding Effect** - Any orders, agreements and undertakings in the memorandum shall govern the conduct of the hearing and are binding upon the parties at the hearing unless otherwise ordered by the Hearing Panel.

7.10 No Communication to Hearing Panel

Other than any orders, agreements and undertakings recorded in a memorandum prepared in accordance with section 7.9, no information about the pre-hearing conference shall be disclosed to the members of the Hearing Panel who preside at the hearing unless all parties consent in writing or on the record.

Part 8 - Disclosure

8.1 Requirement to Disclose

(1) **Documents and Other Things** - Each party to a hearing shall, as soon as practicable after service of the Notice of Hearing, and in any case no later than 10 days before the day upon which the hearing is scheduled to commence:

(a) deliver to every other party copies of all documents that the party intends to refer to or tender as evidence at the hearing; and

(b) make available for inspection by every other party anything other than a document that the party intends to refer to or tender as evidence at the hearing.

(2) **By Order of Hearing Panel** - At any stage in a hearing, the Hearing Panel may order a party to provide to another party any other disclosure that the Hearing Panel considers appropriate within a time period and on terms and conditions as specified by the Hearing Panel.

8.2 Failure to Make Disclosure

If a party fails to make a disclosure of a document or thing in compliance with section 8.1, the party may not refer to the document or thing or tender it as evidence at the hearing without the consent of the Hearing Panel on such terms and conditions as the Hearing Panel considers just.

8.3 Witness Lists and Statements

(1) **Provision of Witness Lists and Statements** – Subject to section 8.4, a party to a hearing shall, as soon as practicable after service of the Notice of Hearing, and in any case no later than 10 days before the day upon which the hearing is scheduled to commence, provide to every other party:

(a) a list of the witnesses the party intend to call to give evidence at the hearing; and

(b) in respect of each witness named on the list, either:

(i) a witness statement signed by the witness, or

(ii) a summary of the anticipated evidence that the witness is expected to give at the hearing.

(2) **Contents of Witness Statements** - A witness statement or summary of the anticipated evidence that the witness is expected to give at the hearing must contain:

(a) the substance of the evidence of the witness;

(b) a reference to all documents, if any, that the witness will refer to; and

(c) the name and address of the witness, or in the alternative, the name of a person through whom the witness can be contacted.

(3) **Failure to Provide Witness List or Statement**

If a party fails to include a witness in the witness list or provide a witness list or a witness statement or a summary of the anticipated evidence as required by subsection (1), the party may not call the witness at the hearing without the consent of the Hearing Panel on such terms and conditions as the Hearing Panel considers just.

(4) **Incomplete Witness Statement**

A party may not call a witness to testify to matters not disclosed in the witness statement or summary of the anticipated evidence as required by subsection (2), without the consent of the Hearing Panel on such terms and conditions as the Hearing Panel considers just.

8.4 Expert Witness

(1) **Notice of Intent to Call Expert** - A party that intends to call an expert witness at the hearing shall, at least 30 days before the day upon which the hearing is scheduled to commence, inform the other parties of the intent to call the expert witness and the issue on which the expert will be giving evidence.

(2) **Provision of Expert's Report** - A party that intends to refer to or to tender as evidence a report prepared by an expert witness at a hearing shall, at least 15 days before the day upon which the hearing is scheduled to commence, provide to every other party a copy of the report signed by the expert containing:

(a) the name, address and qualifications of the expert;

(b) the substance of the anticipated evidence of the expert; and

(c) a list of all the documents, if any, to which the expert will refer.

(3) **Failure to Advise of Intent to Call Expert** - A party that fails to comply with subsection (1) may not call the expert as a witness without the consent of the Hearing Panel on such terms and conditions as the Hearing Panel considers just.

(4) **Failure to Provide Expert's Report** - A party that fails to comply with subsection (2) may not refer to or tender as evidence the expert's report without the consent of the Hearing Panel on such terms and conditions as the Hearing Panel considers just.

Part 9 – Conduct of Hearing

9.1 Particular Practice and Procedure for Oral Hearing

(1) A person served with a Notice of Hearing shall, within 20 days from the date of service, serve on the Market Regulator a Reply signed by the person or by an individual authorized to sign on behalf of the person that specifically denies, with the particulars of the supporting facts and arguments, any or all of the facts alleged or the conclusions drawn by the Market Regulator as set out in the Statement of Allegations.

(2) The Hearing Panel may accept as having been proven any facts alleged or conclusions drawn by the Market Regulator in the Statement of Allegations that are not specifically denied, with the particulars of the supporting facts and arguments, in the Reply.

(3) A person served with a Notice of Hearing is entitled at an oral hearing of the matter:

(a) to attend and be heard in person;

(b) to be represented by counsel or an agent;

(c) to call and examine witnesses and to present arguments and submissions; and

(d) to conduct cross-examinations of witnesses at the hearing reasonably required for a full and fair disclosure of the facts in relation to which they have given evidence.

9.2 Particular Practice and Procedure for Written Hearing

(1) **Submissions and Supporting Documents** - The applicant shall, within 7 days after receiving notice of the written hearing, file and serve on all other parties its written submissions setting out,

(a) the grounds upon which the request for the remedy or order is made;

(b) a statement of the facts relied on in support of the remedy or order requested;

(c) the evidence relied on in support of the remedy or order requested; and

(d) any law relied on in support of the remedy or order requested.

(2) **Additional Information** - The Hearing Panel may require the applicant to provide further information, and this information must be supplied to every other party.

(3) **Response** - A party may respond to the submissions of the applicant by filing and serving on every other party a written response within 5 days after the submissions and supporting documents of the applicant are served on the party which response shall set out the submissions of the responding party relating to the matter before the Hearing Panel and be accompanied by a statement of the facts and any evidence and any law relied on in support of the response.

(4) **Reply to Response** - The applicant may reply to a response by filing and serving on every other party a written reply within 5 days after a response from a party is served on the applicant which reply to the response must set out the position of the applicant to the response and be accompanied by any additional facts, evidence and law that the applicant relies on in support of the reply.

(5) **Questions and Answers** - If a written hearing involves evidentiary issues, the Hearing Panel may direct that,

(a) the applicant and any responding party may ask such questions of the other as are reasonably necessary for the purpose of clarification of the other's evidence by filing and serving on every other party written questions within such time as is directed by the Hearing Panel; and

(b) the party to whom the questions are directed shall file and serve on every other party written answers to such questions within such time as is directed by the Hearing Panel.

(6) **Evidence** - The evidence must:

(a) be in writing, or when electronic transmission is permitted, it must be in the form directed by the Hearing Panel;

(b) identify the person giving the evidence and be in certified form or in affidavit form; and

(c) include all documents and things a party is relying on to support the remedy or order requested or the response or to otherwise support the position a party is taking in the hearing.

(7) **No Oral Examination** - Unless ordered by the Hearing Panel, there will be no oral examination.

(8) **Presentation of Witness** - If a party requests, the Hearing Panel may order that a party present a witness to be examined or cross-examined upon such conditions as the Hearing Panel directs.

9.3 Particular Practice and Procedures for Electronic Hearing

The Hearing Panel may, in deciding that a hearing will be held electronically, impose conditions including specifying the party responsible for making the necessary arrangements for the electronic hearing and requiring that a party requesting an electronic hearing pay all or part of the cost of providing the facilities necessary for the conduct of the hearing electronically.

9.4 Failure of Defendant to Reply, Attend or Participate

If a person served with a Notice of Hearing fails to:

(a) in the case of an oral hearing, serve a Reply in accordance with section 9.1;

(b) in the case of written hearing, serve a Response in accordance with section 9.2 or

(c) attend or participate at the hearing specified in the Notice of Hearing,

the Market Regulator may proceed with the hearing on the matter on the date and at the time and place set out in the Notice of Hearing without further notice to and in absence of the person, and the Hearing Panel may, if permitted by law, accept the facts alleged or the conclusions drawn by the Market Regulator in the Statement of Allegations as having been proven by the Market Regulator and the Hearing Panel may impose any one or more of the penalties or remedies authorized by the Rules and assess expenses as authorized by the Rules.

9.5 Order for Particulars or Amendment

At any time in a hearing, the Hearing Panel may order:

(a) any party to provide to any other party such particulars as the Hearing Panel considers necessary for a full and satisfactory understanding of the subject of the hearing; and

(b) after providing parties an opportunity to make submissions, that the Statement of Allegations be amended in accordance with the evidence introduced at the hearing.

9.6 Disposition

(1) The Hearing Panel shall give its final decision and order, if any, in a hearing in writing and shall give reasons in writing.

(2) The Hearing Panel shall send to each party to the hearing a copy of its final decision and order, if any, including the reasons therefore if any have been given by any method of service permitted under section 1.4.

(3) The disposition of the matter shall be included in the permanent record of the Market Regulator in respect of the person that is the subject of the hearing.

(4) The Market Regulator shall publish, as soon as practicable, a summary of the decision and order, including:

(a) the Requirement contravened or alleged to be contravened;

(b) the facts; and

(c) the disposition of the matter, including any penalty or remedy imposed and any expenses assessed; and

(d) a statement that any person may obtain or inspect a copy of the decision and order of the Hearing Panel.

(5) The Market Regulator shall publish, as soon as practicable, the decision and order of the Hearing Panel and this obligation may be satisfied by the posting of the decision and order to any website maintained by the Market Regulator.

Part 10 – Hearing Committee and Hearing Panels

10.1 Composition of Hearing Committee

(1) On the date that a marketplace retains the Market Regulator to be its regulation service provider and every third annual anniversary thereafter, each marketplace that has retained the Market Regulator to be its regulation service provider shall be entitled to nominate 20 persons to be a member of the Hearing Committee in each jurisdiction in which the marketplace is:

(a) in the case of an Exchange or QTRS, recognized or exempt from recognition as an Exchange or QTRS in accordance with applicable securities legislation; and

(b) in the case of an ATS, registered in accordance with applicable securities legislation.

(2) Of the persons nominated by a marketplace in each jurisdiction, at least:

(a) one-third shall be members in good standing of the Law Society of that jurisdiction or persons retired from membership of the Law Society of that jurisdiction in good standing; and

(b) two-thirds shall be directors, officers, partners or employees of a Participant or an Access Person of the marketplace or former directors, officers, partners or employees of a Participant or an Access Person.

(3) A committee of the Board comprised solely of independent members of the Board shall:

(a) review each person nominated for membership on the Hearing Committee and in such review shall consider general knowledge of business practices and securities legislation, experience, regulatory background, availability for hearings, reputation, ability to conduct hearings in either French or English, jurisdictions in which the person would be entitled to serve; and

(b) appoint to the Hearing Committee those persons which it considers to be suitable.

(4) Each person appointed to the Hearing Committee shall serve for a term of three years from the date of their appointment provided that, if the person is serving on a Hearing Panel at the

expiration of the three-year term, the term of that person shall be automatically extended until the completion of the proceeding then before the Hearing Panel.

(5) If the Market Regulator ceases to be the regulation service provider for a marketplace every member of the Hearing Committee nominated by that marketplace shall be automatically removed from the Hearing Committee effective as of the date that the Market Regulator ceased to be the regulation service provider for the marketplace provided that, if the person is serving on a Hearing Panel on that date, the term of that person shall be automatically extended until the completion of the proceeding then before the Hearing Panel.

10.2 Selection of Hearing Panel

(1) Upon the issuance of a Notice of Hearing, the Secretary shall select a Hearing Panel from the members of the Hearing Committee for the jurisdiction in which the hearing will be held comprised of:

(a) one member of the Hearing Committee who is or was a member of the Law Society for that jurisdiction and this person shall act as chair of the Hearing Panel; and

(b) two members of the Hearing Committee, at least one of whom shall be a current or former director, officer, partner or employee of a Participant or an Access Person.

(2) If any member of a Hearing Panel is unable to continue to be a member of the Hearing Panel in accordance with subsection 7.2(2), the Secretary shall select a replacement for such person such that the composition of the Hearing Panel shall be as provided in subsection (1).

(3) The Secretary shall not select any person to be a member of a Hearing Panel who is precluded from acting in such capacity by reason of:

(a) subsection (2) of Rule 10.6;

(b) subsection 7.2(2) of this Policy;

(c) any statutory requirement applicable to the jurisdiction in which the hearing will be held; or

(d) any requirement in the recognition order or registration under applicable securities legislation of the relevant marketplace.

13.1.4 Disciplinary Hearing in the Matter of Joseph John Genovese - IDA

NEWS RELEASE
For immediate release

For further information, please contact:
Alex Popovic
Vice-President, Enforcement
(416) 943-6904 or apopovic@ida.ca

Jeff Kehoe
Director, Litigation
(416) 943-6996 or jkehoe@ida.ca

NOTICE TO PUBLIC:
DISCIPLINARY HEARING

IN THE MATTER OF
JOSEPH JOHN GENOVESE

February 11, 2002 (Toronto, Ontario) - The Investment Dealers Association of Canada announced today that the disciplinary hearing before the Ontario District Council, held on January 18, 2002 in respect of matters for which Joseph John Genovese may be disciplined by the Association, has been adjourned.

A continuation has been scheduled to commence at 9:00 a.m. on April 8th, 2002 at 121 King Street West, 17th Floor, Boardroom A, Toronto, Ontario. The hearing is open to the public except as may be required for the protection of confidential matters. Copies of the Decision of the District Council will be made available.

The hearing relates to allegations that while a Registered Representative at First Marathon Securities Limited, Mr. Genovese recommended and carried out transactions for the account of a client that were unsuitable given the client's personal circumstances and stated investment objectives, and that while a Registered Representative at Nesbitt Burns Inc. he failed to ensure that account documentation in respect of two of his clients accurately reflected their personal circumstances and investment objectives, and recommended and carried out transactions for their accounts that were unsuitable given the clients' personal circumstances and stated investment objectives.

The Investment Dealers Association of Canada is the national self-regulatory organization and representative of the securities industry. The Association's role is to foster fair, efficient and competitive capital markets by encouraging participation in the savings and investment process and by ensuring the integrity of the marketplace. The IDA enforces rules and regulations regarding the sales, business and financial practices of its Member firms. Investigating complaints and disciplining Members are part of the IDA's regulatory role.

Chapter 25

Other Information

THERE IS NO MATERIAL FOR THIS CHAPTER

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