

The Ontario Securities Commission

# OSC Bulletin

April 26, 2002

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

**The Ontario Securities Commission**

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# Chapter 1

## Notices / News Releases

### 1.1 Notices

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

APRIL 26, 2002

#### CURRENT PROCEEDINGS

BEFORE

#### ONTARIO SECURITIES COMMISSION

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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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#### THE COMMISSIONERS

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

### SCHEDULED OSC HEARINGS

April 29 & 30/02 9:30 a.m. - 4:30 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

May 1, 3, 6 & 7, 30 Mitchell, David R. Peterson, Michael D. & 31/02 Schmidt, Lawrence D. Wilder, Griffiths 9:30 a.m. - 4:30 p.m. McBurney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)

May 2/02 9:00 a.m. - 3:30 p.m. s.127

May 28/02 2:00 p.m. K. Daniels/M. Code/J. Naster/I. Smith in attendance for staff.

Panel: HIW / DB / RWD

May 29/02 9 a.m. - 12:00 p.m.

June 3, 24, 26 & 27/02 9:30 a.m.

June 10/02 1 p.m. - 4 p.m.

June 11 & 25/02 2:00 - 4:30 p.m.

June 17/02 10:30 a.m. - 4:30 p.m.

June 18/02 9:00 - 3:00 p.m.

June 19/02 9:30 - 4:30 p.m.

August 6 & 20/02 2:00 - 4:30 p.m.

August 7, 8, 12 - 15, 19, 21, 22, 26-29/02 9:30 a.m. - 4:30 p.m.

September 3 & 17/02 2:00 -4:30 p.m.

September 6, 10,  
12, 13, 24, 26 &  
27/02  
9:30 a.m. - 4:30  
p.m.

August 20/02  
2:00 p.m.

**Mark Bonham and Bonham & Co. Inc.**

s. 127

August 21 to 31/02  
9:30 a.m.

M. Kennedy in attendance for staff

Panel: PMM / KDA / HPH

May 1 - 3/02  
10:00 a.m.

James Frederick Pincock

s. 127

J. Superina in attendance for staff

Panel: PMM / HLM

May 6/02  
10:00 a.m.

Teodosio Vincent Pangia, Agostino  
Capista and Dallas/North Group Inc.

S. 127

Y. Chisholm in attendance for Staff

Panel: PMM

May 13 - 17/02  
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: PMM / KDA / MTM

May 21/02  
10:00 a.m.

Lydia Diamond Explorations of Canada  
Ltd., Jurgen von Anhalt, Emilia von  
Anhalt and Fran Harvie

s. 127 and 127.1

M. Britton in attendance for Staff

Panel: TBA

June 12/02  
9:30 a.m.

Livent Inc., Garth H. Drabinsky, Myron I.  
Gottlieb, Gordon Eckstein and Robert  
Topol

s. 127

J. Superina in attendance for Staff

Panel: HIW

June 17, 18, 19,  
20, 21, 24 & 26/02  
10:00 a.m.

Brian K. Costello

s. 127

June 25  
2:00 - 4:00 p.m.

H. Corbett in attendance for Staff

Panel: PMM

July 8 - 12/02  
July 15 - 19/02  
10:00 a.m. -

### 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**

**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**

**Global Privacy Management Trust and  
Robert Cranston**

**Irvine James Dyck**

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

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

**Offshore Marketing Alliance and Warren  
English**

**Philip Services Corporation**

**Rampart Securities Inc.**

**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 TSX - Amendments to Corporate Governance  
Policy - Request for Comments**

**THE TORONTO STOCK EXCHANGE -  
AMENDMENTS TO CORPORATE GOVERNANCE  
POLICY**

**REQUEST FOR COMMENTS**

A request for comments on the amendments to the Corporate Governance Policy of the Toronto Stock Exchange is published in Chapter 13 of the Bulletin.

1.2 Press Releases

1.2.1 **CARP and the Ontario Securities Commission  
present: Protect Yourself Against Fraud: FREE  
Seminar**

**For Immediate Release  
April 23, 2002**

**CARP AND THE ONTARIO SECURITIES COMMISSION  
PRESENT:**

**PROTECT YOURSELF AGAINST FRAUD: FREE  
SEMINAR**

**April 24, 2002 Metro Hall 1:30pm**

April 23, 2002 - CARP, Canada's Association for the Fifty-Plus is working in partnership with the Ontario Securities Commission, the Ontario Provincial Police Anti-Rackets team and the Toronto Police Fraud Squad to educate seniors about fraud. Speakers will discuss the latest frauds and scams targeting seniors, including investment fraud, identity theft, mail fraud, telephone fraud and home improvement scams. Admission is free, and light refreshments will be served.

Carolyn Davis, an Investigator in the Enforcement Branch of the Ontario Securities Commission, will speak about the role of the OSC in investor protection and securities regulation, and common investment scams. Learn the red flags to watch for to safeguard your money. OSC Investor Education Kits will be available at the seminar.

Staff Sergeant Barry Elliott, who runs the Ontario Provincial Police Anti-Rackets Phonebusters program, will discuss identity theft: what it is, how it works and what you can do to prevent it. Identity theft affects people of all ages, all educational levels, and all professions. Learn how to minimize your risk of becoming a victim.

Detective Constable Ron Kearns, of the Toronto Police Fraud Squad – Project Senior will give an overview of Fraud Squad outreach and investigative activities. Of the common frauds and scams affecting seniors, many have the same characteristic red flags. Learn what you can do to protect yourself.

For reservations, please call 1-866-544-5554 Toll Free. For more information please contact:

CARP (416) 363-8748  
Ontario Securities Commission (416) 593-8314  
PhoneBusters 1-888-495-8501  
Toronto Police Fraud Squad, Project Senior (416) 808-7319

For media inquiries please contact Perry Quinton, Investor Education Officer, OSC at (416) 593-2348 or Judy Cutler, Director of Communication, CARP at (416) 363-8748 x.241

## Chapter 2

# Decisions, Orders and Rulings

## 2.1 Decisions

### 2.1.1 Tommy Hilfiger Corporation - MRRS Decision

#### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from registration and prospectus requirements for trades involving employees and former employees pursuant to an employee stock option plan.

#### Applicable Ontario Statutory Provisions

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

#### Applicable Ontario Rules

Rule 45-503 - Trades to Employees, Executives and Consultants (1998), 21 OSCB 117

Multilateral Instrument 45-102 - Resale of Securities (2001), 24 O.S.C.B. 7030.

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

**AND**

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

**AND**

**IN THE MATTER OF  
TOMMY HILFIGER CORPORATION  
MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta, and British Columbia (the "Jurisdictions") has received an application from Tommy Hilfiger Corporation ("THC" or the "Company") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that (i) the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements") (collectively, the "Registration and Prospectus Requirements") will not apply to certain trades in securities of THC made in connection with the THC 2001 Stock Plan (the "Plan"); (ii) the Registration Requirements will not apply to first trades of shares

acquired under the Plan executed on an exchange or market outside of Canada; and (iii) the requirements contained in the Legislation relating to the delivery of an offer and issuer bid circular and any notices of change or variation thereto, minimum deposit periods and withdrawal rights, take-up and payment for securities tendered to an issuer bid, disclosure, restrictions upon purchases of securities, financing, identical consideration, collateral benefits, and form filing (the "Issuer Bid Requirements") will not apply to certain acquisitions by the Company of shares pursuant to the Plan in each of the Jurisdictions;

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

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

1. THC is a corporation organized under the laws of the British Virgin Islands, is not a reporting issuer or the equivalent under the Legislation and has no present intention of becoming a reporting issuer or the equivalent under the Legislation;
2. The authorized share capital of THC consists of 150,000,000 shares with a par value of \$0.01 per share (the "Shares") of which 89,492,507 are issued and outstanding and 5,000,000 preference shares with a par value of \$0.01 per preference share of which none are issued and outstanding;
3. THC is subject to the requirements of the Securities Exchange Act of 1934, as amended, of the United States ("U.S."), including the reporting requirements thereof;
4. Subject to adjustment as described in the Plan, the total number of Shares that may be delivered pursuant to awards under the Plan will not exceed 3,500,000;
5. The purpose of the Plan is to aid the Company and its affiliates (collectively, the "THC Companies") in securing and retaining employees ("Employees") of outstanding ability and to motivate such Employees to exert their best efforts on behalf of the THC Companies by providing incentives through the granting of stock options ("Options"), stock appreciation rights ("SAR"s), restricted shares, unrestricted shares, awards (valued in reference to or based upon Shares or factors that influence the value of Shares) and dividend equivalents (collectively, the "Awards");

6. Shares offered under the Plan are registered with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, of the United States;
7. The Shares are listed for trading on the New York Stock Exchange ("NYSE") under the symbol "TOM";
8. Under the Plan, THC may grant Awards to any Employee or member (each a "Director") of the board of directors of THC (the "Board") or of any THC Company;
9. Awards are not transferable otherwise than by will or the laws of intestacy or by an optionee to a member of the optionee's immediate family which is defined in the Plan as a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, or in-law (the "Immediate Family");
10. THC or the THC Companies will identify Employees or Directors to be granted Awards under the Plan, including such persons resident in the Jurisdictions (the "Canadian Service Providers"). As of January 11, 2001, there are approximately 6, 8 and 131 Canadian Service Providers resident in Alberta, British Columbia and Ontario, respectively, eligible to participate in the Plan;
11. THC intends to engage the services of an agent(s) (the "Agent") in connection with the administration and operation of the Plan. The current Agent under the Plan is Salomon Smith Barney Inc. ("SSB");
12. The current Agent is, and any additional or replacement Agent will be, either a corporation registered under applicable United States securities or banking legislation or a registrant in the Jurisdictions;
13. SSB is not a registrant in any of the Jurisdictions (except as an International Dealer in Ontario) and, if replaced, the replacement Agent is not expected to be a registrant in any of the Jurisdictions;
14. The Agent's role in the Plan will involve various administrative functions and may include: (i) holding Shares on behalf of participants; (ii) facilitating Award exercises (including cashless exercises and stock swap exercises) under the Plan; (iii) maintaining accounts on behalf of participants under the Plan; and (iv) facilitating the resale of Shares acquired under the Plan through the NYSE;
15. Participation in the Plan by Canadian Service Providers is voluntary and such persons are not induced to participate in the Plan or to exercise their Awards by expectation of employment or continued employment with the THC Companies;
16. A committee appointed by the Board of THC (the "Committee") will establish procedures governing the exercise of Options and other Awards that are capable of being exercised. Generally, in order to exercise an Option (or other Award), the option holder must submit to the Agent a written notice of exercise identifying the Option (or other Award) and the number of Shares being exercised, and deliver full payment for the Shares underlying the Options (or other Award) to THC. The Award exercise price may be paid in cash or where permitted by the Committee by way of a stock swap exercise or cashless exercise or by such other method permitted by the Committee from time to time;
17. Following the termination of a Canadian Service Provider's relationship with the THC Companies, a former Canadian Service Provider, a beneficiary of an Award or Shares by will or the laws of intestacy and their legal representatives, or an Immediate Family member (where the Award has been transferred by a Canadian Service Provider to an Immediate Family member) (collectively, "Non-Employee Participants") may continue to have rights in respect of such Shares and Awards ("Post-Termination Rights"). Post-Termination Rights may include, among other things, the right of a Non-Employee Participant to exercise an Award for a specified period and the right to sell Shares acquired under the Plan through the Agent;
18. A copy of the U.S. prospectus relating to the Plan will be delivered to each Canadian Service Provider who is granted an Award under the Plan. The annual reports, proxy materials and other materials THC is required to file with the SEC, will be provided to persons who acquire Shares under the Plan in the same manner as the documents are provided to U.S. shareholders;
19. Canadian Service Providers and Non-Employee Participants who wish to sell Shares acquired under the Plan, may do so through the Agent;
20. At the time of any grant of Awards under the Plan, holders of Shares whose last address as shown on the books of THC was in Canada will not hold more than 10% of the outstanding Shares and will not represent in number more than 10% of the total number of holders of Shares;
21. Because there is no market for the Shares in Canada and none is expected to develop, any resale of the Shares acquired under the Plan will be effected through the facilities of, and in accordance with the rules and laws applicable to, a stock exchange or organized market outside of

- Canada on which the Shares may be listed or quoted for trading;
22. The Legislation of certain Jurisdictions does not contain exemptions from the Registration and Prospectus Requirements for Award exercises by Canadian Service Providers and Non-Employee Participants through the Agent where the Agent is not a registrant;
23. Where the Agent sells Shares on behalf of Canadian Service Providers, or Non-Employee Participants, none of the Canadian Service Providers, Non-Employee Participants or the Agent is able to rely on the exemption from the Registration Requirements contained in the Legislation of certain Jurisdictions to effect such sales;
24. The Legislation of certain Jurisdictions deems any trade in Shares acquired under the Plan to be a distribution unless, among other things, THC is a reporting issuer and has been a reporting issuer for a prescribed period of time preceding the trade;
25. The exemptions in the Legislation from the Issuer Bid Requirements are not available for certain acquisitions by the Company of its Shares from Canadian Service Providers or Non-Employee Participants in accordance with the terms of the Plan, since acquisitions relating to stock-swap exercises may occur at a price that is not calculated in accordance with the "market price", as that term is defined in the Legislation; under the Plan, the Company will acquire such tendered Shares at their fair market value, as determined in accordance with the Plan;

- (b) the first trade by Canadian Service Providers or Non-Employee Participants in Shares acquired pursuant to this Decision, including first trades effected through the Agent, will not be subject to the Registration Requirements, provided such first trade is executed through a stock exchange or market outside of Canada; and
- (c) the Issuer Bid Requirements of the Legislation will not apply to the acquisition by THC of Shares or Awards from Canadian Service Providers or Non-Employee Participants in connection with stock-swap exercises, made in connection with the provisions of the Plan.

April 15, 2002.

"M.T. McLeod"

"H. Lorne Morphy"

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

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

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

- (a) the Registration Requirements and Prospectus Requirements will not apply to any trade or distribution of Awards or Shares made in connection with the Plan, including trades or distributions involving THC, the THC Companies, the Agent, Canadian Service Providers or Non-Employee Participants, provided that the first trade in Shares acquired under the Plan pursuant to this Decision will be deemed to be a distribution under the Legislation unless the conditions in subsection 2.14(1) of Multilateral Instrument 45-102 *Resale of Securities* are satisfied;

**2.1.2 CanBaikal Resources Inc. - MRRS Decision**

**Headnote**

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

**Applicable Alberta Statutory Provisions**

Securities Act, R.S.A., 2000, c.S-4, section 153

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

**AND**

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

**AND**

**IN THE MATTER OF  
CANBAIKAL RESOURCES INC.**

**MRRS DECISION DOCUMENT**

1. **WHEREAS** the local securities authority or regulator (the "Decision Maker") in Alberta and Ontario (the "Jurisdictions") has received an application from CanBaikal Resources Inc. ("CanBaikal") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that CanBaikal be deemed to have ceased to be a reporting issuer under the Legislation;
2. **AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Alberta Securities Commission is the principal regulator for this application;
3. **AND WHEREAS** CanBaikal has represented to the Decision Makers that:
  - 3.1 CanBaikal is incorporated under the laws of the Province of Alberta;
  - 3.2 CanBaikal's head office is located in Calgary, Alberta;
  - 3.3 CanBaikal is a reporting issuer in the Jurisdictions;
  - 3.4 CanBaikal is not in default of any of the requirements of the Legislation;
  - 3.5 under an offer to purchase dated December 21, 2002, C.B. Acquisition Ltd., an indirect wholly-owned subsidiary of Novation Trading Limited ("NTL"), made an offer to purchase all of the

outstanding securities of CanBaikal for cash consideration of Cdn \$.038 per share (the "Offer"), which was followed by a compulsory acquisition (the "Compulsory Acquisition") under the provisions of the ABCA;

- 3.6 the Compulsory Acquisition was completed on January 28, 2002;
- 3.7 as a result of the Offer and the Compulsory Acquisition, CanBaikal's sole shareholder is C.B. Acquisition Ltd. which is itself an indirect wholly-owned subsidiary of Novation Trading Limited;
- 3.8 the authorized capital of CanBaikal both prior to the Offer and following the completion of the compulsory acquisition consists of an unlimited number of common shares ("Common Shares") and an unlimited number of Preferred Shares;
- 3.9 prior to the Offer, there were 27,351,116 common shares on an undiluted basis only of CanBaikal issued and outstanding. No Preferred Shares were issued or outstanding. In addition to the undiluted figure, directors, officers and employees of CanBaikal held outstanding options to purchase an aggregate of 1,830,000 pursuant to the stock option plan maintained by CanBaikal. In addition, holders of convertible debentures had rights to convert the outstanding amounts thereunder into 562,000 common shares. Following completion of the Compulsory Acquisition, there are 27,018,888 shares of CanBaikal issued and outstanding, all of which are owned by C.B Acquisition Ltd.;
- 3.10 other than the Common Shares, CanBaikal has no securities, including debt securities, outstanding;
- 3.11 CanBaikal does not have any securities listed or traded on any exchange or market in Canada; and
- 3.12 CanBaikal does not intend to seek public financing by way of an offering of its securities;
4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

6. **AND WHEREAS** the Decision of the Decision Makers, under the Legislation, is that CanBaikal is deemed to have ceased to be a reporting issuer under the Legislation.

March 22, 2002.

“Patricia M. Johnston”

### 2.1.3 Future Shop Ltd. - MRRS Decision

#### Headnote

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

#### Applicable Ontario Statutory Provisions

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

**IN THE MATTER OF  
THE SECURITIES LEGISLATION  
OF ALBERTA, 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  
FUTURE SHOP LTD.**

#### MRRS DECISION DOCUMENT

**WHEREAS** the securities regulatory authority or regulator (each, a "**Decision Maker**" and collectively, the "**Decision Makers**") in each of Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the "**Jurisdictions**") have received an application from Future Shop Ltd. (the "**Applicant**") for a decision pursuant to the securities legislation of the Jurisdictions (the "**Legislation**") that the Applicant be deemed to have ceased to be a reporting issuer under the Legislation;

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

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

1. Future Shop Ltd. ("**Pre-Amalco**") was incorporated under the laws of the province of British Columbia as 271560 British Columbia Ltd. on December 2, 1983, was continued as a federal company under the *Canada Business Corporations Act* (the "**CBCA**") on June 11, 1993 and was continued as a Nova Scotia company under the *Companies Act* (Nova Scotia) on November 5, 2001. Pre-Amalco amalgamated with 3061196 Nova Scotia Limited ("**NS Limited**") on December 2, 2001 to form the Applicant.

2. The Applicant is a reporting issuer in each of the Jurisdictions.
3. The Applicant's registered office is located in the province of Nova Scotia.
4. The authorized capital of the Applicant consists of 1,000,000,000 common shares (the "**Common Shares**").
5. 200 Common Shares are issued and outstanding and are owned by Future Shop Acquisition Inc. (the "**Offeror**"), a wholly-owned subsidiary of Best Buy Co., Inc.
6. As a result of the formal offer (the "**Offer**") dated August 23, 2001 made by the Offeror to acquire all of the issued and outstanding common shares in the share capital of Pre-Amalco, and the subsequent compulsory acquisition procedures under the CBCA completed on November 4, 2001, all of the issued and outstanding common shares in the share capital of Pre-Amalco were owned by the Offeror on November 4, 2001.
7. On November 26, 2001, the Offeror transferred all of the outstanding common shares in the share capital of Pre-Amalco to NS Limited pursuant to the terms and conditions of a share transfer agreement of same date.
8. As a result of the transactions described in paragraphs 6 and 7, Pre-Amalco became a wholly-owned subsidiary of NS Limited on November 26, 2001.
9. As a result of the amalgamation of Pre-Amalco with NS Limited on December 2, 2001, the Applicant became a wholly-owned subsidiary of the Offeror on that date.
10. The common shares in the share capital of Pre-Amalco were delisted from trading on The Toronto Stock Exchange on November 5, 2001. The Common Shares are not listed for trading on any securities market or exchange.
11. No securities are outstanding in the capital of the Applicant, including debt securities, other than the Common Shares and bank indebtedness from a Canadian chartered bank.
12. The Applicant does not currently intend to seek public financing by way of an issue of securities.
13. Other than its failure to file interim financial statements for the nine months ended September 30, 2001, the Applicant is not in default of any of the requirements of the Legislation.

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

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

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

February 28, 2002.

"H. Leslie O'Brien"

**2.1.4 Hewlett-Packard Company - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is currently not a reporting issuer in any Canadian jurisdiction - upon completion of reorganization and merger, issuer will be a reporting issuer in Québec - *de minimis* number of shareholders in Canada - relief from prospectus requirements provided for trade in shares of issuer provided that trade occurs through an exchange or market outside of Canada, or to a person or company outside of Canada

**Applicable Ontario Statutory Provisions**

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

**Multilateral Instruments Cited**

Multilateral Instruments 45-102 Resale of Securities (2001), 24 OSCB 5522, s.2.14

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

**AND**

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

**AND**

**IN THE MATTER OF  
HEWLETT-PACKARD COMPANY**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker", and collectively, the "Decision Makers") in each of Alberta, British Columbia, Newfoundland and Labrador, Nova Scotia, Ontario and Saskatchewan (the "Jurisdictions") has received an application (the "Application") from Hewlett-Packard Company ("HP" or the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements") shall not apply to certain first trades in common shares in the capital of HP (the "HP Common Shares");

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

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

1. HP is a corporation incorporated under the laws of Delaware and is not currently a reporting issuer in any province or territory of Canada. HP is subject to the reporting requirements of the U.S. Securities Exchange Act of 1933, as amended (the "1933 Act"), and the U.S. Securities Exchange Act of 1934, as amended (the "1934 Act"). The Common Shares are listed and posted for trading on the New York Stock Exchange (the "NYSE") and the Pacific Exchange.
2. The authorized share capital of HP consists of 9,600,000,000 HP Common Shares with a par value of US\$0.01 each and 300,000,000 shares of preferred stock with a par value of US\$0.01 each. As at January 28, 2002, there were 1,941,391,000 HP Common Shares and no preferred stock of HP issued and outstanding.
3. Compaq Computer Corporation ("Compaq") is a corporation incorporated under the laws of the state of Delaware and is subject to the reporting requirements of the 1933 Act and the 1934 Act. It is not a reporting issuer or its equivalent in any province or territory of Canada except Québec.
4. In 1998, Compaq merged with Digital Equipment Corporation, which was then a reporting issuer in Québec. As a consequence of this merger, Compaq became a reporting issuer in Québec pursuant to subsection 68(4) of the *Securities Act* (Québec) ("the QSA"). On January 14, 2000 Compaq obtained from the Commission des valeurs mobilières du Québec (the "CVMQ") an exemption from continuous disclosure requirements in Title III of the QSA which governs reporting issuers in Québec (decision no. 2000-C-0029). As a condition of the CVMQ Exemption, Compaq provides disclosure to Compaq shareholders resident in Québec in accordance with the reporting requirements of the 1933 Act and the 1934 Act.
5. The authorized share capital of Compaq consists of 3,000,000,000 shares of common stock with a par value of US\$0.01 per share ("Compaq Common Shares") and 10,000,000 shares of preferred stock with a par value of US\$0.01. As of January 28, 2002, there were 1,704,636,432 Compaq Common Shares and no preferred stock of Compaq issued and outstanding.
6. Indigo N.V. ("Indigo") is a corporation incorporated under the laws of The Netherlands and is not a reporting issuer or its equivalent in any province or territory in Canada and has no present intention of becoming a reporting issuer or its equivalent in any province or territory in Canada.

7. The authorized share capital of Indigo consists of 240,000,000 common shares with a par value of NLG 0.04 per share ("Indigo Common Shares"). As of September 5, 2001, there were 113,676,895 issued and outstanding Indigo Common Shares. Indigo is subject to the reporting requirements of the 1933 Act and the 1934 Act.
8. HP and Compaq have agreed that, subject to certain conditions, HP will acquire Compaq pursuant to an Agreement and Plan of Reorganization, dated as of September 4, 2001 (the "Merger").
9. Pursuant to the terms of the Merger and the applicable provisions of Delaware corporations law, upon filing the Certificate of Merger with the Secretary of State of the State of Delaware, all issued and outstanding Compaq Common Shares will be automatically converted into HP Common Shares. Holders of Compaq Common Shares will receive 0.6325 of a HP Common Share in exchange for each Compaq Common Share held.
10. Following the Merger, HP will become a reporting issuer in Québec pursuant to subsection 68(4) of the QSA. HP has no present intention of becoming a reporting issuer in any other province or territory of Canada. Immediately upon completion of the Merger, there will be approximately 168 holders of HP securities resident in Québec holding less than 0.009% percent of then outstanding HP Common Shares.
11. HP and Indigo have agreed pursuant to an Offer Agreement dated as of September 6, 2001 that, subject to certain conditions, HP will acquire Indigo by way of an exchange offer for the Indigo Common Shares (the "Indigo Offer").
12. Pursuant to the terms of the Indigo Offer, all issued and outstanding Indigo Common Shares tendered to the offer will be exchanged for HP Common Shares or HP Common Shares and a non-transferable contingent value right that will entitle its holder to a contingent cash payment in 2005 if certain conditions set out in the Indigo Offer are satisfied.
13. Pursuant to the applicable provisions of the Legislation, the distribution of HP Common Shares to holders of Compaq Common Shares pursuant to the Merger, and the distribution of HP Common Shares to holders of Indigo Common Shares pursuant to the Indigo Offer, will be exempt from the Prospectus Requirements.
14. The first trade of HP Common Shares so distributed, if made through the facilities of the New York Stock Exchange, would be exempt from the Prospectus Requirements pursuant to the exemption provided for in section 2.14 of Multilateral Instrument 45-102 but for the fact that

HP will be deemed to be a reporting issuer in Québec upon completion of the Merger.

15. Holders of HP Common Shares resident in Canada will be concurrently provided with the same continuous disclosure materials regarding HP as those holders of HP Common Shares who are resident in the United States.

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

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

**THE DECISION** of the Decision Makers pursuant to the Legislation is that the first trade in HP Common Shares issued to holders of Compaq Common Shares pursuant to the Merger or to holders of Indigo Common Shares pursuant to the Indigo Offer shall not be subject to the Prospectus Requirements provided that:

- (i) after giving effect to the issuance of such HP Common Shares, and any other HP Common Shares that were issued at the same time or as part of the same distribution, residents of Canada will:
  - (a) not own directly or indirectly more than ten percent (10%) of the outstanding HP Common Shares; and
  - (b) not represent in number more than ten percent (10%) of the total number of owners directly or indirectly of outstanding HP Common Shares; and
- (ii) such first trade is made through an exchange or a market outside of Canada, or to a person or company outside of Canada.

April 18, 2002.

"Theresa McLeod"

"Lorne Morphy"

**2.1.5 Aventis S.A. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – relief from prospectus requirements granted in respect of trades in units of an employee savings fund made pursuant to a leveraged offering by French issuer, provided that all sales of such units pursuant to the leveraged offering be made through a registrant – relief from registration and prospectus requirements granted in respect of trades in units of an employee savings fund made pursuant to a classic offering by French issuer -- relief from registration and prospectus requirements upon the redemption of such units for shares of the issuer – relief from the registration and prospectus requirements granted in respect of first trade of such shares where such trade is made through the facilities of a stock exchange outside of Canada – relief granted to the manager of the Fund from the adviser registration requirement

**Applicable Ontario Statutory Provisions**

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

**Applicable Ontario Regulations**

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

**Applicable Rules**

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

OSC Policy 4.8 - Non Resident Advisers

Multilateral Instrument 45-102 - Resale of Securities

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,  
MANITOBA, ONTARIO, QUÉBEC, NEW BRUNSWICK,  
NEWFOUNDLAND  
AND LABRADOR, AND NOVA SCOTIA**

**AND**

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

**AND**

**IN THE MATTER OF  
AVENTIS S.A.**

**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, Newfoundland and Labrador, and Nova Scotia, (collectively, the "Jurisdictions") has received an application from Aventis S.A. (the "Filer") for a decision pursuant to the securities legislation (the "Legislation") of the Jurisdictions that:

- (i) the requirements contained in the Legislation to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements") shall not apply to certain trades in units (the "Units") of two French employee savings funds (fonds communs de placement d'entreprise or "FCPEs"), the Aventis Shares Fund (the "Classic Fund") and the Aventis Performance 2002 Fund (the "Leveraged Fund" and, together with the Classic Fund, the "Funds") made pursuant to the Employee Share Offering (as defined below) to or with Qualifying Employees (as defined below) resident in the Jurisdictions who elect to participate (the "Canadian Participants") in the Employee Share Offering;
- (ii) the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") shall not apply to certain trades in Units of the Classic Fund made pursuant to the Employee Share Offering to Canadian Participants;
- (iii) the Registration and Prospectus Requirements shall not apply to the transfer of ordinary shares (the "Shares") of the Filer by the Funds to Canadian Participants upon the redemption of Units by Canadian Participants, nor to the issuance of Units of the Classic Fund to holders of Leveraged Fund Units upon the transfer of the assets of the Leveraged Fund to the Classic Fund;
- (iv) the Registration and Prospectus Requirements shall not apply to the first trade in Shares acquired by Canadian Participants under the Employee Share Offering, where such trade is made through the facilities of a stock exchange outside of Canada; and
- (v) the manager of the Funds, Interépargne (the "Manager") shall be exempt from the requirements contained in the Legislation to be registered as an adviser (the "Adviser Registration Requirements") to the extent that its activities in relation to the Employee Share Offering require compliance with the Adviser Registration Requirements.

**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 is a corporation formed under the laws of France. The Filer is not and has no intention of becoming a reporting issuer (or equivalent) under the Legislation. The Shares of the Filer are listed on the Deutsche Börse, Euronext Paris and the New York Stock Exchange.
2. The Filer carries on business in Canada through the following affiliated companies: Aventis Pharma Inc., Aventis Pharma Services Inc., Aventis Pasteur Limited, Aventis Behring Canada, Inc and Dermik Laboratories Canada Inc. (the "Canadian Affiliates", together with the Filer and other affiliates of the Filer, the "Aventis Group"). Each of the Canadian Affiliates is a direct or indirect controlled subsidiary of the Filer and is not, and has no intention of becoming, a reporting issuer (or equivalent) under the Legislation.
3. The Filer has established a worldwide stock purchase plan for employees of the Aventis Group (the "Employee Share Offering") which is comprised of two plans: (i) an offering of Shares to be subscribed through the Classic Fund (the "Classic Plan") and (ii) an offering of Shares to be subscribed through the Leveraged Fund (the "Leveraged Plan").
4. Only persons who are permanent employees of a member of the Aventis Group at the time of the Employee Share Offering (the "Qualifying Employees") are eligible to participate in the Employee Share Offering.
5. The Filer has previously been granted exemptive relief in connection with a very similar employee share offering involving a classic and a leveraged plan by MRRS decision of the Decision Makers, in decisions dated November 29, 2001 and March 20, 2001.
6. The Funds are established for the purpose of implementing the Employee Share Offering. The Funds are not and have no intention of becoming reporting issuers (or equivalent) under the Legislation.
7. The Funds are collective shareholding vehicles of a type commonly used in France for the conservation or custodianship of shares held by employee investors. Only Qualifying Employees will be allowed to hold Units of the Funds, and such holdings will be in amounts proportionate to their respective investments in the Funds.
8. Under French law, all Units of either Fund acquired in the Employee Share Offering will be subject to a hold period (the "Hold Period") of approximately five years, subject to certain exceptions (such as an earlier release on death, permanent disability, termination of employment or retirement).
9. In the event of an early unwind resulting from the Canadian Participant exercising one of the exceptions to the Hold Period prescribed by French law, a Canadian Participant may redeem Units (a) in the Classic Fund in consideration for the underlying Shares or (b) in the Leveraged Fund according to the Redemption Formula (described below) but using the market value of the shares at the time of unwind to measure the Appreciation Amount (described below), if any, equal to the then-market value of the Shares held by the applicable Fund, to be settled by delivery of such number of Shares equal to such amount.
10. At the end of the Hold Period, Canadian Participants who wish to redeem their Units may redeem their Units (a) in the Classic Fund in consideration for the underlying Shares or (b) in the Leveraged Fund according to the Redemption Formula (described below), to be settled by delivery of such number of Shares equal to such amount.
11. After the end of the Hold Period and after any redemptions made at that time, the Leveraged Fund will be dissolved and the assets (including Shares) in the Leveraged Fund which Canadian Participants wish to keep invested will be transferred to and held by the Classic Fund. Those Canadian Participants will receive equivalent Units in the Classic Fund.
12. At any time following the end of the Hold Period, Canadian Participants may redeem their Units through the Classic Fund.
13. Under the Classic Plan, Canadian Participants will purchase Units in the Classic Fund, and the Classic Fund will subscribe for an equivalent number of Shares. The purchase price for each Unit will be calculated as the average of the closing price of the Shares on the 20 trading days preceding board approval of the Employee Share Offering (the "Reference Price"), less a 15% discount. Dividends paid on the Shares held in the Classic Fund will be capitalized and investors will be credited with additional Units or fractions of Units.
14. Under the Leveraged Plan, Canadian Participants will purchase Units in the Leveraged Fund, and the Leveraged Fund will then subscribe for Shares using the Employee Contribution (as described below) and certain financing made available by a

major European bank, Deutsche Bank A.G. ("Deutsche Bank").

15. As with the Classic Plan, Canadian Participants in the Leveraged Plan Offering enjoy the benefit of a 15% discount in the Reference Price. Under the Leveraged Plan, the Canadian Participants effectively receive a share appreciation entitlement in the increase in value, if any, of the Shares financed by the Deutsche Bank Contribution (described below).

16. Participation in the Leveraged Plan represents an opportunity for Qualifying Employees potentially to obtain significantly higher gains than would be available through participation in the Classic Plan, by virtue of the Qualifying Employee's indirect participation in a financing arrangement involving a swap agreement (the "Swap Agreement") between the Leveraged Fund and Deutsche Bank. In economic terms, the Swap Agreement effectively involves the following exchange of payments: for each Share which may be purchased by the Qualifying Employee's contribution (the "Employee Contribution") under the Leveraged Plan at the Reference Price less the 15% discount, Deutsche Bank will lend to the Fund (on behalf of the Canadian Participant) an amount sufficient to enable the Fund (on behalf of the Canadian Participant) to purchase an additional nine Shares (the "Deutsche Bank Contribution") at the Reference Price less the 15% discount.

17. At the time the Canadian Participant's obligations under the Swap Agreement are settled (the "Settlement Date") (expected to be at the end of the Hold Period, but an early unwind may result from the Canadian Participant satisfying one of the exceptions to the Hold Period prescribed by French law) the Canadian Participant will, for each Unit held by the Canadian Participant, be entitled to retain from the proceeds of the ten Shares then held by the Fund (on behalf of the Canadian Participant), an amount equal to:

- (a) the current value of one Share (that would have been purchased by the Employee Contribution); and
- (b) approximately 50% of the amount of the appreciation in value, if any, of the nine Shares purchased by the Deutsche Bank Contribution above the Reference Price for such nine Shares (that is, approximately 50% of any increase in the value of such shares over the Reference Price) (the "Appreciation Amount").

At the Settlement Date, the Leveraged Fund, on behalf of the Canadian Participant, will be required to remit an amount equal to the balance of the proceeds of the ten Shares then owned or

deemed to be owned by such Canadian Participant to Deutsche Bank. This payment obligation may be satisfied by the transfer of Shares to Deutsche Bank by the Leveraged Fund.

18. Canadian Participants who wish to retain all their Shares at the end of the Hold Period, (i.e. the Shares subscribed to by the Leveraged Fund with their Employee Contribution and the corresponding Deutsche Bank Contribution) may elect to pay to the Leveraged Fund an amount equal to the amount due to Deutsche Bank under the Swap Agreement in respect of such Canadian Participant's investment.

19. Under French law, the Funds, as FCPEs, have limited liability. The risk statement provided to Canadian Participants will confirm that, under no circumstances, will a Canadian Participant in the Leveraged Plan be liable to any of the Leveraged Fund, Deutsche Bank or the Filer for any amounts in excess of his or her Employee Contribution under the Leveraged Plan.

20. For Canadian federal income tax purposes, the Units acquired by Canadian Participants under the Leveraged Plan will represent a pro rata ownership interest by the Canadian Participants in the Shares held by the Fund, together with the Fund's rights and obligations under the Swap Agreement, and any other assets which may be held by the Fund, which status will be confirmed in the offering documents provided to Canadian Participants.

21. During the term of the Swap Agreement, dividends paid on the Shares held in the Leveraged Fund will be remitted to the Leveraged Fund, and the Leveraged Fund will remit an equivalent amount to Deutsche Bank as partial consideration for the obligations assumed by Deutsche Bank under the Swap Agreement.

22. For Canadian federal income tax purposes, the Canadian Participants will be deemed to receive all dividends paid on the Shares financed by either the Employee Contribution or the Deutsche Bank Contribution, at the time such dividends are paid to the Leveraged Fund, notwithstanding the actual non-receipt of the dividends by the Canadian Participants. Consequently, Canadian Participants will be required to fund the tax liabilities associated with the dividends without recourse to the actual dividends.

23. The declaration of dividends on the Shares remains at the sole discretion of the board of directors of the Filer. The Filer has not made any commitment to Deutsche Bank as to any minimum payment in respect of dividends.

24. To respond to the fact that, at the time of the initial investment decision relating to participation in the

- Leveraged Plan, Canadian Participants will be unable to quantify their potential income tax liability resulting from such participation, the Filer will enter into an indemnity agreement (the "Tax Indemnity Agreement") with each Canadian Participant.
25. Pursuant to the Tax Indemnity Agreement, the Filer will indemnify Canadian Participants in the Leveraged Plan Offering for all tax costs to the Canadian Participants associated with the payment of dividends in excess of a specified amount per Share during the Hold Period such that, in all cases, a Canadian Participant will, at the time of the original investment decision, be able to quantify, with certainty, his or her maximum tax liability in connection with dividends received by the Leveraged Fund on his or her behalf under the Leveraged Plan.
26. At the time the Canadian Participant's obligations under the Swap Agreement are settled (expected to occur on the Settlement Date at the end of the Hold Period), the Canadian Participant will realize a capital gain (or capital loss) by virtue of having participated in the Swap Agreement to the extent that amounts received by the Leveraged Fund, on behalf of the Canadian Participant, from Deutsche Bank exceed (or are less than) amounts paid by the Leveraged Fund, on behalf of the Canadian Participant to Deutsche Bank. To the extent that dividends on Shares that are deemed to have been received by a Canadian Participant are paid by the Fund on behalf of the Canadian Participant to Deutsche Bank, such payments will reduce the amount of any capital gain (or increase the amount of any capital loss) to the Canadian Participant under the Swap Agreement. Capital losses (gains) realized by a Canadian Participant under the Swap Agreement may be offset against (reduced by) any capital gains (losses) realized by the Canadian Participant on a disposition of the Shares, in accordance with the rules and conditions under the *Income Tax Act* (Canada) or comparable provincial legislation (as applicable).
27. The Swap Agreement will terminate at the end of the Hold Period. After the final swap payments are made, the Canadian Participant may elect to redeem the Leveraged Fund Units in consideration for a payment of an amount equal to the value of the Canadian Participant's Employee Contribution and the Canadian Participant's portion of the Appreciation Amount, if any, to be settled by delivery of such number of Shares equal to such amount (the "Redemption Formula"). Following these redemptions, all assets (including Shares) remaining in the Leveraged Fund will be transferred to the Classic Fund. New Units of the Classic Fund will be issued to the applicable Canadian Participants in recognition of the assets transferred to the Classic Fund. The Canadian Participants may redeem the new Units whenever they wish.
28. The Manager is an asset management company governed by the laws of France. The Manager is registered with the French Commission des Opérations de Bourse (the "COB") to manage French investment funds and complies with the rules of the COB. The Manager is not and has no intention of becoming a reporting issuer (or equivalent) under the Legislation.
29. The Manager may, for the Fund's account, acquire, sell or exchange all securities in the portfolio of each Fund (the "Portfolios"). The Classic Fund's Portfolio will consist of Shares and, from time to time, cash in respect of dividends paid on the Shares. The Leveraged Fund's Portfolio will consist of Shares and the Swap Agreement. Either Portfolio may include cash or cash equivalents which the Funds may hold pending investments in Shares. The Manager's Portfolio management activities in connection with the Employee Share Offering and the Funds are limited to purchasing Shares from the Filer using the Employee Contribution and the Deutsche Bank Contribution, fulfilling redemption requests, and such activities as may be necessary to give effect to the Swap Agreement.
30. Any redemption charges will be charged to the holder of the Units and will accrue to the relevant Fund. All management charges relating to a Fund will be paid by the Filer.
31. The Manager is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of each Fund.
32. Shares issued in the Employee Share Offering will be deposited in the relevant Fund through Natexis Banques Populaires (the "Depositary"), a French commercial bank subject to French banking legislation.
33. Under French law, the Depositary must be selected by the Manager from among a limited number of companies identified on a list by the French Minister of the Economy, and its appointment must be approved by the COB.
- The Depositary carries out orders to purchase, trade and sell securities in the Portfolio and takes all necessary action to allow the Funds to exercise the rights relating to the securities held in their respective Portfolios.
34. The Qualifying Employees resident in Canada will not be induced to participate in the Employee Share Offering by expectation of employment or continued employment.

35. The total amount invested by a Canadian Participant in the Employee Share Offering, including the Canadian Participant's investment in the Classic Plan and the Leveraged Plan, may not exceed 25% of his or her gross annual compensation, although a lower limit may be established by the Canadian Affiliates.
36. None of the Filer, the Manager, the Canadian Affiliates or any of their employees, agents or representatives will provide investment advice to the Qualifying Employees with respect to an investment in the Units.
37. The Filer has retained a registrant registered as a broker/investment dealer under the Legislation of each Jurisdiction (the "Registrant") in connection with the Leveraged Plan to provide advisory services to those Canadian Participants who express interest in the Leveraged Plan, to assist them in making a determination, in accordance with industry practices, as to whether an investment in the Leveraged Plan is suitable for each Canadian Participant based on his or her particular financial circumstances. The Registrant will establish accounts for, and will receive the initial account statements from the Leveraged Fund on behalf of, each Canadian Participant.
38. Units of the Leveraged Fund will be issued to Canadian Participants solely through the Registrant. The Units will be evidenced by account statements issued by the Leveraged Fund.
39. The Canadian Participants will receive an information package in the French or English language, at their option, that will include:
- (a) a summary of the terms of the Employee Share Offering,
  - (b) a tax notice relating to the relevant Funds containing a description of the Canadian income tax consequences of purchasing and holding the Shares and Units in the Funds, and of any anticipated tax consequences associated with the issue to Canadian Participants of Units in the Classic Fund in connection with the transfer of assets from the Leveraged Fund to the Classic Fund after the Hold Period, and
  - (c) a risk statement which will describe certain risks associated with an investment in Units pursuant to the Leveraged Plan and confirm certain of the income tax consequences of purchasing and holding Units in the Leveraged Fund.
40. Upon request, Canadian Participants will be entitled to receive copies of the Filer's annual report on Form 20-F filed with the United States Securities and Exchange Commission (the "SEC") and/or the French *Document de Référence* filed with the COB. In addition, a copy of the *Note d'Opération* which will be filed with the COB in respect of the Employee Share Offering will be made available to Canadian Participants upon request.
41. Copies of all continuous disclosure materials relating to the Filer which are furnished to shareholders generally will be furnished to those Canadian Participants who subscribe for Units in the Funds. Canadian Participants will also receive information about restrictions on the sale of Shares received under the Employee Share Offering.
42. The Filer will provide contractual rights of action to those Canadian Participants who participate in the Leveraged Plan if the offering documents provided to the Canadian Participants contain a material misrepresentation in respect of the Leveraged Plan Offering.
43. It is not expected that there will be any market for the Units or Shares in Canada.
44. There are approximately 1,718 Qualifying Employees resident in Canada, in the provinces of Ontario (1,055), Québec (564), Saskatchewan (6), British Columbia (32), Alberta (27), Newfoundland (3), New Brunswick (5), Nova Scotia (13) and Manitoba (13), who represent in the aggregate less than 5.0% of the number of Qualifying Employees worldwide.
45. As of the date hereof and after giving effect to the Employee Share Offering, Canadian residents do not and will not beneficially own (which term, for the purposes of this paragraph, is deemed to include all Shares held by the Funds on behalf of Canadian Participants) more than 10 per cent of the Shares and do not and will not represent in number more than 10 per cent of the total number of holders of the Shares as shown on the books of the Filer.

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

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

The Decision of the Decision Makers under the Legislation is that:

- (a) the Prospectus Requirements shall not apply to trades of the Units of the Leveraged Fund to the Canadian Participants pursuant to the Employee Share Offering, provided that all trades that are sales in a Jurisdiction are made through a dealer that is registered as a broker/investment dealer in the Jurisdiction, and the first trade in such Units acquired by Canadian Participants pursuant to this Decision, in a Jurisdiction, shall be deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction;
- (b) the Registration and Prospectus Requirements shall not apply to trades in Units of the Classic Fund to the Canadian Participants pursuant to the Employee Share Offering, provided that the first trade in such Units acquired by Canadian Participants pursuant to this Decision, in a Jurisdiction, shall be deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction;
- (c) the Registration and Prospectus Requirements shall not apply to:
- (i) trades of Shares by the Funds to the Canadian Participants upon the redemption of Units by Canadian Participants pursuant to the Employee Share Offering; and
  - (ii) the issuance of Units of the Classic Fund to holders of Leveraged Fund Units upon the transfer of the assets of the Leveraged Fund to the Classic Fund;
- provided that, the first trade in any such Shares or Units acquired by a Canadian Participant pursuant to this Decision, in a Jurisdiction, shall be deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction;
- (d) the Registration and Prospectus Requirements shall not apply to the first trade in any Shares acquired by a Canadian Participant under the Employee Share Offering provided that such trade is:
- (i) made through a person or company who/which is appropriately licensed to carry on business as a broker/dealer (or the equivalent) under the applicable securities legislation in the foreign jurisdiction where the trade is executed; and
  - (ii) executed through the facilities of a stock exchange outside of Canada; and
- (e) the Manager shall be exempt from the Adviser Registration Requirements, where applicable, in order to carry out the activities described in paragraphs 29 and 31 hereof.

April 18, 2002.

"Theresa McLeod"

"H.Lorne Morphy"

**2.1.6 Instinet Corporation and Instinet Canada Limited - NI 21-101 Marketplace Operation, NI 23-101 Trading Rules - MRRS Decision**

**Headnote**

Exemption pursuant to section 15.1 of National Instrument 21-201 Marketplace Operation and section 12.1 of National Instrument 23-101 Trading Rules from the requirement to comply with National Instrument 21-101 and National Instrument 23-101 until May 1, 2002.

**IN THE MATTER OF**  
**NATIONAL INSTRUMENT 21-101 MARKETPLACE OPERATION**  
**AND NATIONAL INSTRUMENT 23-101 TRADING RULES**  
**AND**  
**IN THE MATTER OF**  
**THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS**  
**AND**  
**IN THE MATTER OF INSTINET CORPORATION**  
**AND**  
**IN THE MATTER OF INSTINET CANADA LIMITED**  
**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces British Columbia, Alberta, Manitoba, Ontario and Québec (the "Jurisdictions") has received an application from Instinet Corporation ("Instinet US") and Instinet Canada Limited ("ICL") for decisions under section 15.1 of National Instrument 21-101 Marketplace Operation ("NI 21-101") and section 12.1 of National Instrument 23-101 Trading Rules ("NI 23-101" together with NI 21-101, the "ATS Rules") that the requirement to comply with the ATS Rules will not apply to Instinet US until May 1, 2002, and Part 8 of NI 23-101 will not apply to ICL so long as ICL remains a participating organization of The Toronto Stock Exchange ("TSE");

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

**AND WHEREAS** Instinet US and ICL have represented to the Decision Makers that:

1. Instinet US is registered in Ontario as an international dealer and in British Columbia as a securities dealer;

2. ICL is a participating organization of The Toronto Stock Exchange ("TSE") and a member of the Investment Dealers Association of Canada ("IDA");
3. Instinet US is a corporation organized under the laws of Delaware, United States;
4. Instinet US and ICL operate an alternative trading system (the "Instinet ATS") to facilitate trading of equity securities between institutional investors and investment dealers in the Jurisdictions;
5. prior to the introduction of the ATS Rules, Instinet US and ICL operate the Instinet ATS in the Jurisdictions either in reliance on registrations in the case of Ontario and British Columbia or in reliance on available registration exemptions in the other Jurisdictions;
6. Instinet US and ICL have agreed to a realignment (the "Instinet Realignment") of their business so that ICL becomes the operator in Canada of the Instinet ATS system and will need to take certain steps to effect the Instinet Realignment;
7. Instinet US needs a period of relief from the requirements of the ATS Rules to continue to operate the Instinet ATS pending the implementation of the Instinet Realignment;
8. ICL has applied to the Pacific, Quebec District and Prairie District Councils of the IDA to become a member thereof and has applied, or will apply, to be registered as an investment dealer in each of the Jurisdictions;
9. in British Columbia, Instinet US restricts its clients to such categories of clients as are permitted under its international dealer registration in Ontario;
10. during any period of relief from the the ATS Rules Instinet US will continue to operate the Instinet ATS in the Jurisdictions either subject to the terms and conditions of its registration in those Jurisdictions where it is registered or in reliance on available registration exemptions in those Jurisdictions where it is not registered;
11. upon implementation of the Instinet Realignment, ICL will be subject to the requirements of the TSE and Instinet US will cease to operate the Instinet ATS in the Jurisdictions; and
12. as a member of the TSE, ICL is exempt from the requirements of NI 21-101 but it is not exempt from Part 8 of NI 23-101;

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

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the ATS Rules 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 Instinet US shall be exempt from the requirements of the ATS Rules until May 1, 2002;

**AND THE DECISION OF THE** Decision Makers is that ICL shall be exempt from the requirements of Part 8 of NI 23-101 for so long as ICL remains a participating organization of the TSE.

April 19, 2002.

“David M. Gilkes”

## 2.1.7 Mark’s Work Wearhouse Ltd. - MRRS Decision

### Headnote

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

### Applicable Ontario Statutory Provisions

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

**IN THE MATTER OF  
THE SECURITIES LEGISLATION  
OF ALBERTA, 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  
MARK’S WORK WEARHOUSE LTD.**

**MRRS DECISION DOCUMENT**

1. **WHEREAS** the local securities regulatory authority or regulator (the “Decision Maker”) in Alberta, Saskatchewan, Ontario, Québec, Nova Scotia, and Newfoundland and Labrador (the “Jurisdictions”) has received an application (the “Application”) from Mark’s Work Wearhouse Ltd. (“Mark’s”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that Mark’s be deemed to have ceased to be a reporting issuer under the Legislation;
2. **AND WHEREAS** under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Alberta Securities Commission is the principal regulator for this application;
3. **AND WHEREAS** Mark’s has represented to the Decision Makers that:
  - 3.1 Mark’s was formed by an amalgamation under the *Business Corporations Act* (Alberta) (the “ABCA”) on October 3, 1987;
  - 3.2 Mark’s is a reporting issuer in the Jurisdictions and became a reporting issuer in Alberta on April 22, 1981 by receiving a receipt for a prospectus;
  - 3.3 Mark’s is not in default of any of the requirements of the Legislation;

- 3.4 Mark's head office is located at #30, 1035-64th Ave. S.E., Calgary, Alberta T2H 2J7; securities of Mark's listed or quoted on any exchange or market;
- 3.5 the authorized share capital of Mark's consists of an unlimited number of common shares (the "Common Shares") and 100 million first preferred shares, issuable in series, of which there are 26,508,209 Common Shares outstanding; 3.13 other than the outstanding Common Shares, there are no securities of Mark's, including debt securities, outstanding;
- 3.6 on December 27, 2001, CTC Acquisition Limited ("CTC"), a wholly-owned subsidiary of Canadian Tire Corporation, Limited, made an offer to purchase all of the outstanding Common Shares (the "Offer"); 3.14 Mark's does not intend to seek public financing by way of an offering of its securities;
- 3.7 on February 1, 2002, CTC took up, accepted for payment and commenced payment of 26,050,615 Common Shares pursuant to the Offer, representing approximately 98.3% of the outstanding Common Shares; 4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
- 3.8 on February 5, 2002, under the provisions of the statutory right of compulsory acquisition (the "Compulsory Acquisition") provided by Part 16 of the ABCA, CTC mailed a Notice of Compulsory Acquisition to each of the shareholders of Mark's who had not accepted the Offer ("Dissenting Offerees"); 5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
- 3.9 in accordance with Part 16 of the ABCA, Mark's deposited with Computershare Trust Company of Canada ("Computershare"), the depository, the funds that Mark's would have had to pay in respect of the Common Shares not tendered to the Offer and directed Computershare to hold in trust and to deliver such funds to Dissenting Offerees in accordance with Part 16 of the ABCA; 6. **THE DECISION** of the Decision Makers under the Legislation is that Mark's is deemed to have ceased to be a reporting issuer under the Legislation.
- 3.10 on February 5, 2002, Mark's directed Computershare to cancel the share certificates of Dissenting Offerees and to issue a share certificate in the name of CTC in respect of the Common Shares of the Dissenting Offerees;
- 3.11 as a result of the Offer and Compulsory Acquisition, CTC now holds all of the outstanding Common Shares and is the sole security holder of Mark's;
- 3.12 the Common Shares were delisted from The Toronto Stock Exchange on February 6, 2002 and there are no

April 11, 2002

"Patricia M. Johnston"

**2.1.8 Biomarin Pharmaceutical Inc. et al. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - relief granted from the registration and prospectus requirements for trades in connection with an arrangement between a Canadian non-reporting issuer, and a US issuer reporting under the 1934 Act in the United States

**Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c.S.5, as am., 25, 53, 72(5), 74(1), 75, 77, 78, 79, 80(b)(iii), 81, 85, 86, 88(2), 107, 108, 109 and 121(2).

**Regulations Cited**

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

**Applicable Ontario Rules**

Rule 45-501 - Exempt Distributions.

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA AND ONTARIO**

**AND**

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

**AND**

**IN THE MATTER OF  
BIOMARIN PHARMACEUTICAL INC.,  
BIOMARIN HOLDINGS (NOVA SCOTIA) COMPANY,  
BIOMARIN DELIVERY CANADA INC.  
AND SYNAPSE TECHNOLOGIES INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia and Ontario (the "Jurisdictions") has received an application from BioMarin Pharmaceutical Inc. ("BioMarin"), BioMarin Holdings (Nova Scotia) Company ("BioMarin Nova Scotia"), BioMarin Delivery Canada Inc. ("BioMarin Subco") and Synapse Technologies Inc. ("Synapse") (collectively, the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security and to file a preliminary prospectus and a prospectus and receive receipts therefor prior to distributing a security (the "Registration and Prospectus Requirements") shall not apply to certain trades of securities in connection with the proposed plan of arrangement (the "Arrangement")

whereby BioMarin Subco, an indirect wholly-owned subsidiary of BioMarin, will acquire all of the issued and outstanding securities of Synapse (the "Transaction") pursuant to a second amended and restated agreement for plan of arrangement (the "Arrangement Agreement") made as of February 4, 2002, between BioMarin, BioMarin Subco and Synapse;

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

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

1. BioMarin's principal executive office is in Novato, California;
2. BioMarin's authorized capital is (i) 1,000,000 shares of preferred stock, par value \$0.001 per share, and (ii) 75,000,000 shares of common stock, US\$0.001 par value (the "BioMarin Common Shares"); as of February 15, 2002, there were no shares of preferred stock and 52,442,902 BioMarin Common Shares issued and outstanding;
3. the BioMarin Common Shares trade on the Nasdaq National Market and the SWX Swiss Exchange; BioMarin will apply, as required, to the Nasdaq National Market and the SWX Swiss Exchange to list the additional BioMarin Common Shares issuable in connection with the Transaction;
4. BioMarin is currently subject to the reporting requirements of the *United States Securities Exchange Act of 1934*, and is not a reporting issuer in any province or territory of Canada, will not become a reporting issuer by virtue of the Transaction and does not intend to become a reporting issuer in any province or territory of Canada after the completion of the Transaction;
5. BioMarin Nova Scotia is an indirect wholly-owned subsidiary of BioMarin which was incorporated under the laws of Nova Scotia on December 21, 2001; BioMarin Nova Scotia's only material asset upon completion of the Transaction will be the issued and outstanding common shares of BioMarin Subco;
6. BioMarin Subco is a direct subsidiary of BioMarin Nova Scotia and an indirect subsidiary of BioMarin and was incorporated under the laws of Canada on February 4, 2002;
7. BioMarin Subco was incorporated to acquire all of the common shares of Synapse (the "Synapse Common Shares") and all of the preferred shares, Series 1 of Synapse (the "Synapse Preferred Shares") under the Arrangement;

8. Synapse was formed to license technology from the University of British Columbia and has its principal executive office in Vancouver, British Columbia;
9. Synapse's authorized share capital is an unlimited number of Synapse Common Shares and an unlimited number of preferred shares issuable in series, of which 2,000,000 Synapse Preferred Shares are authorized; as at February 20, 2002, there were 10,849,222 Synapse Common Shares and 1,252,666 Synapse Preferred Shares outstanding; at the anticipated completion date of the Transaction (the "Effective Time"), there will be 11,177,859 Synapse Common Shares, 1,252,666 Synapse Preferred Shares, 1,000,324 vested Synapse options (the "Synapse Options") and 359,854 Synapse warrants (the "Synapse Warrants") outstanding;
10. Synapse is not a reporting issuer in any province or territory of Canada and the securities of Synapse do not trade on any stock exchange;
11. under the Arrangement Agreement, BioMarin Subco will acquire all of the outstanding Synapse Common Shares and Synapse Preferred Shares in exchange for BioMarin Common Shares and class A preferred shares of BioMarin Subco (the "Exchangeable Shares"); the Arrangement will take place under the *Canada Business Corporations Act*, in accordance with the provisions of the *Canada Business Corporations Act*, Synapse will make an application to the Supreme Court of British Columbia (the "Court") and all matters relating to the Arrangement will be subject to the orders of the Court;
12. on March 12, 2002, a special meeting (the "Meeting") of the holders of Synapse Common Shares and Synapse Preferred Shares (together, the "Shareholders") will be held in accordance with the interim order of the Court granted February 14, 2002; at the Meeting, the Shareholders will be asked, among other things, to pass a special resolution approving the Arrangement;
13. in connection with the Meeting, Synapse mailed to each Shareholder on February 18, 2002 (i) a notice of Meeting, (ii) a form of proxy, (iii) the text of the special resolution approving the Arrangement, and (iv) an information circular containing prospectus-level disclosure regarding the Transaction, BioMarin, each Shareholder's dissent rights, the Arrangement and the characteristics of the BioMarin Common Shares and the Exchangeable Shares;
14. under the terms of the Arrangement, at the Effective Time:
  - (a) each outstanding Synapse Common Share held by a Shareholder (other than Synapse Common Shares held by a Shareholder who exercises its dissent rights) will be transferred to BioMarin Subco in consideration for BioMarin Common Shares in accordance with the applicable exchange ratio and one Exchangeable Share;
  - (b) each outstanding Synapse Preferred Share held by a Shareholder (other than Synapse Preferred Shares held by a Shareholder who exercises its dissent rights) will be transferred to BioMarin Subco in consideration for BioMarin Common Shares in accordance with the applicable exchange ratios and one Exchangeable Share;
  - (c) each Synapse Option will be exchanged for an option (the "BioMarin Options") to purchase BioMarin Common Shares in accordance with the applicable exchange ratio;
  - (d) each Synapse Warrant will be exchanged for a warrant (the "BioMarin Warrants") to purchase BioMarin Common Shares in accordance with the applicable exchange ratio; and
  - (e) all of the issued and outstanding Synapse Common Shares and Synapse Preferred Shares held by BioMarin Subco will be transferred to BioMarin Pharmaceutical Delivery Nova Scotia Company, an unlimited liability company incorporated under the *Companies Act* (Nova Scotia) and an indirect wholly-owned subsidiary of BioMarin, in consideration for one Series A preferred share and a non-interest bearing demand promissory note in the amount of \$15,914,751;
15. each Exchangeable Share will be subject to redemption either automatically by BioMarin Subco, or upon the occurrence of certain triggering events, or by BioMarin Nova Scotia upon exercise of the Redemption Call Right (as hereinafter defined) over the Exchangeable Shares; the redemption price or redemption call price will be payable in cash or in BioMarin Common Shares, at BioMarin's sole discretion;
16. in connection with the Transaction, BioMarin will enter into a support agreement (the "Support Agreement") to enable or permit each of BioMarin Nova Scotia and BioMarin Subco to perform its obligations with respect to redemption of the Exchangeable Shares;

17. the Exchangeable Shares are non-voting and the holders of Exchangeable Shares are not entitled to receive any dividend payable by BioMarin Subco and are not entitled to participate in any distribution of the assets or property of BioMarin Subco;
18. the Exchangeable Shares are not exchangeable at the option of the holders, but will be redeemable by BioMarin Subco on the earlier of: (i) the date which is 10 years from the Effective Date, and (ii) the date on which the sum of the Redemption Prices (as hereinafter defined) paid by BioMarin Subco and the Redemption Call Purchase Prices (as hereinafter defined) paid by BioMarin Nova Scotia is not less than \$8,000,000 (the "Automatic Redemption Date") for an amount per share equal to \$0.0001 (the "Automatic Redemption Price"); subject to the Redemption Call Right of BioMarin Nova Scotia, BioMarin Subco will, on the date (the "Redemption Date") which is 30 days following the date of certain specified triggering events, redeem a certain specified portion of the then outstanding Exchangeable Shares for the amounts (in each case, a "Redemption Price") equal to the lesser of: (i) \$8,000,000 less the sum of all Redemption Prices and Redemption Call Purchase Prices payable by BioMarin Subco and BioMarin Nova Scotia, respectively, prior to such triggering events, and (ii) a specified amount corresponding to such triggering event;
19. payment of the Automatic Redemption Price or the Redemption Price, as the case may be, for such Exchangeable Shares will be made by (i) a cheque in the amount of such holder's proportionate part of the Automatic Redemption Price or the Redemption Price, as the case may be, or (ii) certificates representing that number of BioMarin Common Shares equal to the amount of the proportionate part of the Automatic Redemption Price or Redemption Price payable to such holder divided by the Current Market Price (as defined in the provisions attaching to the Exchangeable Shares) on the Automatic Redemption Date or the Redemption Date, as the case may be, registered in the name of the holder;
20. BioMarin Nova Scotia will have the overriding right (the "Redemption Call Right"), notwithstanding the proposed redemption of Exchangeable Shares by BioMarin Subco, to purchase from all of the holders of Exchangeable Shares (other than any holder of Exchangeable Shares which is an affiliate of BioMarin) to be redeemed on a Redemption Date, all of the Exchangeable Shares held by each such holder to be redeemed on such date on payment by BioMarin Nova Scotia to the holders of an amount equal to the Redemption Price (the "Redemption Call Purchase Price"); in the event of the exercise of the Redemption Call Right by BioMarin Nova Scotia, each holder will be obligated to sell all the Exchangeable Shares held by the holder to be redeemed to BioMarin Subco on such Redemption Date on payment by BioMarin Nova Scotia to such holder of the holder's proportionate part of the Redemption Call Purchase Price;
21. for the purposes of completing the purchase of Exchangeable Shares under the Redemption Call Right, BioMarin Nova Scotia will deposit with BioMarin Subco, on or before the Redemption Date at BioMarin Nova Scotia's sole election, either (i) a cheque in the amount of the Redemption Call Purchase Price, or (ii) certificates representing the aggregate number of BioMarin Common Shares equal to the total Redemption Call Purchase Price divided by the Current Market Price on the Redemption Date; such consideration will be delivered to the holder of Exchangeable Shares by BioMarin Subco on behalf of BioMarin Nova Scotia;
22. the steps under the Transaction and the attributes of the Exchangeable Shares involve or may involve a number of trades or possible trades of securities (collectively, the "Trades"); there may be no registration and prospectus exemptions available under the Legislation for certain of the Trades;
23. the fundamental investment decision to be made by a Shareholder is made at the time of the Meeting, when such holder votes in favour of the special resolution approving the Arrangement; as a result of this decision, a holder receives BioMarin Common Shares and Exchangeable Shares in exchange for its Synapse Common Shares and Synapse Preferred Shares, all subsequent exchanges are in furtherance of the holder's initial investment decision to acquire BioMarin Common Shares and Exchangeable Shares on the closing of the Transaction;
24. immediately after the Effective Time, approximately 53,328,176 BioMarin Common Shares will be issued and outstanding and will be held by approximately 2,069 stockholders; of such shares, 12,623,636 (23.7%) will be held by 41 (1.98%) Canadian residents; of the shares held by Canadian residents, 11,367,617 (90.05%) will be held by Glyko Biomedical Ltd. ("Glyko") and 364,000 (2.88%) will be held by IBEX Technologies Inc., current stockholders of BioMarin;
25. BioMarin has announced that it has signed a definitive agreement to acquire all of the issued and outstanding shares of Glyko in consideration for 11,367,617 BioMarin Common Shares to be delivered to the shareholders of Glyko; subsequent to the transaction with Glyko and following the Effective Time, 1,494,739 (1.98%) of the issued and outstanding BioMarin Common

Shares will be held by 208 (8.61%) Canadian residents;

**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 the Registration and Prospectus Requirements shall not apply to the Trades provided that the first trade in BioMarin Common Shares acquired under the Transaction shall be a distribution under the Legislation unless such trade is executed through the facilities of a stock exchange or market outside of Canada or to a person or Company outside Canada.

March 19, 2002.

"Brenda Leong"

## 2.1.9 BMO Nesbitt Burns Inc. - MRRS Decision

### Headnote

Mutual Reliance Review System - investment dealer permitted to send statement of account to certain clients on a quarterly basis, but only in respect of transactions made on behalf of these clients that consists of the purchase of units of mutual funds or GICs by periodic deductions of funds from the client's payroll or by pre-authorized payments, subject to certain terms and conditions.

### Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as amended, s. 36.

### Applicable Ontario Regulations

Regulation made under the *Securities Act*, R.R.O. 1990, Reg. 1015, as amended s. 123.

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF BRITISH  
COLUMBIA,  
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  
BMO NESBITT BURNS INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application from BMO Nesbitt Burns Inc. ("Nesbitt") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the provision (the "Monthly Statement Requirement") contained in the Legislation that requires a dealer to send a statement of account to each client at the end of each month in which the client has effected a transaction, where there is a debit or credit balance or securities held, shall not apply to Nesbitt in respect of transactions made on behalf of a BMO Group Plan Client (as defined below) that consists of the purchase of units of mutual funds or GICs (as defined below) by periodic deductions of funds from the BMO Group Plan Client's payroll or by pre-authorized payments, subject to certain terms and conditions;

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

1. Nesbitt was incorporated under the laws of Canada with its head office located in Toronto, Ontario.
2. Nesbitt is an indirect, majority-owned subsidiary of the Bank of Montreal (“BMO”) and is registered under the Legislation as a dealer in the categories of “broker” and “investment dealer” (or its equivalent) and is a member of the Investment Dealers Association of Canada (the “IDA”) and the Toronto Stock Exchange.
3. Nesbitt currently uses the Retail Information System and Automatic Data Processing system (collectively, the “RIS/ADP System”) to record all client transactions and security positions.
4. Nesbitt proposes to use the Consolidated Funds Management system (the “CFM System”) owned and maintained by its parent, BMO, for trading accounts opened by Nesbitt in connection with BMO Mutual Funds Group RRSP/RESP/Savings Plans (“BMO Group Plans”) where the account holder (the “BMO Group Plan Client”) authorizes periodic deductions of funds from the BMO Group Plan Client’s payroll or by pre-authorized payments and directs that such funds be used to purchase units of mutual funds and/or guaranteed investment certificates that are issued by a financial institution and can be sold on an exempt basis or pursuant to a limited market dealer registration (or its equivalent under the Legislation) (“GICs”).
5. The RIS/ADP and the CFM Systems are the record-keeping systems that store client information, record client transactions and security positions, and generate the necessary statements of account and trade confirmations.
6. Clients of Nesbitt that invest in mutual funds or GICs through a BMO Group Plan are able to access account overviews (including a listing of current security holdings and the value of such holdings) and details of transactions that have occurred in the last two weeks (including the date of the transaction, the type and amount of the security involved and the value of such transaction)(collectively, the “Account Details”) at any time, without a fee, via telephone using an interactive voice response system (the “Interactive Voice Response System”). The Interactive Voice Response System also allows clients to request, at any time, that Account Details be sent via facsimile.

7. If Nesbitt were registered as a dealer in the categories of “mutual fund dealer” and “limited market dealer” (or its equivalent in the Jurisdictions), was a member of the Mutual Fund Dealers Association, held client accounts in nominee name and carried on the same activities as those stated in paragraph 4 above, it would only be required to send statements of account to BMO Group Plan Clients quarterly.

**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 Monthly Statement Requirement contained in the Legislation shall not apply to Nesbitt in respect of transactions made on behalf of a BMO Group Plan Client that consists of the purchase of units of mutual funds or GICs by periodic deductions of funds from the BMO Group Plan Client’s payroll or by pre-authorized payments, **PROVIDED THAT:**

1. Nesbitt sends a quarterly statement of account to the BMO Group Plan Client for the relevant quarter, which sets out the same information that is required under the Legislation for the Monthly Statement Requirement; and
2. Account Details remain accessible to BMO Group Plan Clients, free of charge, at any time, through the Interactive Voice Response System.

February 21, 2002

“David M. Gilkes”

**2.1.10 Anchor Securities Limited - Exemption s. 4.1**

**Headnote**

Rule 31-507 - Section 4.1 - variation of director's decision providing registrant with an extension of time in which to become a SRO member-registrant agrees to terms and conditions regarding time frame to become a member of the IDA and consequences of not obtaining such membership within the time frame.

**Statute Cited**

Securities Act, R.S.O. 1990, c. S.5., as am., s. 21.1.

**Rule Cited**

OSC Rule 31-507 "SRO Membership - Securities Dealers and Brokers" (2000) 23 O.S.C.B. 5657, ss. 1.1(1), 2.2 and 4.1.

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

**AND**

**IN THE MATTER OF  
ONTARIO SECURITIES RULE 31-507  
SRO MEMBERSHIP- SECURITIES DEALERS AND  
BROKERS (the "Rule")**

**AND**

**IN THE MATTER OF  
ANCHOR SECURITIES LIMITED**

**EXEMPTION  
(Section 4.1 of the Rule)**

**WHEREAS** Anchor Securities Limited ("Anchor") received a decision (the "Original Decision") on November 26, 2001 from the Director, pursuant to section 4.1 of the Rule, which exempted Anchor from the requirement of the Rule to be a member of a self-regulatory organization ("SRO") recognized by the Ontario Securities Commission (the "Commission") under section 21.1 of the Act ("Recognized SRO") until April 11, 2002, subject to terms and conditions attached to the Original Decision (Schedule "A");

**AND WHEREAS** Anchor has applied (the "Application") to the Director to have the exemption in the Original Decision extended;

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

**AND UPON** Anchor having represented to the Director that:

1. Anchor is registered as a dealer in the category of "securities dealer" under the Act.

2. Anchor submitted a membership application to the IDA on or about December 11, 2001.
3. At the time of the granting of the Original Decision, Anchor was required to obtain membership in the Investment Dealers Association of Canada (the "IDA"), a Recognized SRO, by April 11, 2002.
4. Certain terms and conditions attached to the Original Decision have not been achieved.
5. Anchor requires the exemption under the Original Decision be extended in order to obtain confirmation from the IDA that responses to date from Anchor to the IDA have been satisfactory and to respond to any further deficiencies and obtain IDA membership.

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

**IT IS THE DECISION** of the Director, pursuant to section 4.1 of the Rule, that, effective April 11, 2002, if no Event of Default occurs on or before June 14, 2002, the exemption provided in the Original Decision will terminate on June 14, 2002 and that paragraph 7 of Schedule "A" be revoked and the following substituted:

"7. No later than June 1, 2002, Anchor shall have satisfied, to the satisfaction of the IDA, all requirements for membership in the IDA and shall have received such membership no later than June 14, 2002. A confirmation that Anchor has received IDA membership shall be sent by Anchor to the Senior Accountant no later than June 14, 2002. In the event that staff of the IDA is unavailable to provide such confirmation, Anchor shall have filed with the Commission, to the attention of the Senior Accountant, a certificate executed by a Senior Officer of Anchor, which represents such satisfaction and explains why staff of the IDA is unavailable to give such confirmation."

April 23, 2002

"David M. Gilkes"

**2.1.11 Allied Oil & Gas Corp. - MRRS Decision**

**Headnote**

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

**Applicable Alberta Statutory Provisions**

Securities Act, R.S.A., 2000, c. S-4, s. 153

**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  
ALLIED OIL & GAS CORP.**

**MRRS DECISION DOCUMENT**

1. **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 Allied Oil & Gas Corp. ("Allied" or the "Corporation") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that Allied be deemed to have ceased to be a reporting issuer under the Legislation;
2. **AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Alberta Securities Commission is the principal regulator for this application;
3. **AND WHEREAS** Allied has represented to the Decision Makers that:
  - 3.1 Allied was incorporated pursuant to the Business Corporations Act (Alberta) (the "ABCA") on February 27, 1998 as Allied Petroleum Inc. On May 29, 1998 the Corporation completed its initial public offering of common shares (the "Common Shares") pursuant to a prospectus dated May 19, 1998.
  - 3.2 the Common Shares commenced trading on the Canadian Venture Exchange (then The Alberta Stock

Exchange) (the "CDNX") on August 18, 1998 under the symbol "APX";

- 3.3 on October 20, 1998, the Corporation's Articles were amended to consolidate its issued and outstanding Common Shares on the basis of one new Common Share for each two Common Shares formerly issued and outstanding and to change the name of the Corporation to Allied Consolidated Energy Inc. On April 19, 1999, the Corporation's Articles were further amended to consolidate the Corporation's share capital on the basis of one new Common Share for each five Common Shares formerly issued and outstanding and to change the name of the Corporation to Allied Oil & Gas Corp;
- 3.4 the Common Shares were listed and posted for trading on The Toronto Stock Exchange (the "TSE") under the symbol "AOG" on October 2, 2000. The Common Shares were subsequently de-listed from the CDNX;
- 3.5 the registered office of Allied is located at 4500 Bankers Hall East, 855 - 2nd Street S.W., Calgary, Alberta T2P 4K7;
- 3.6 Allied is a reporting issuer under the Legislation, and is not in default of any requirement thereunder;
- 3.7 by way of an Offer to Purchase and Circular dated October 19, 2001 (as amended by a Notice of Extension dated November 26, 2001), 942235 Alberta Ltd. ("Acquisitionco"), an indirect wholly-owned subsidiary of The City of Medicine Hat (the "City"), made an offer to purchase all of the issued and outstanding Common Shares (the "Offer");
- 3.8 pursuant to the Offer, Acquisitionco acquired 17,774,129 Common Shares, representing approximately 79% of the outstanding Common Shares;
- 3.9 at a special meeting of Allied shareholders (the "Shareholders") held on January 28, 2002, the Shareholders approved, by special resolution, the amalgamation of Allied and Acquisitionco (the "Amalgamation"). As a result of the Amalgamation, Allied Oil & Gas Corp. ("Amalco") was formed pursuant to a Certificate of Amalgamation dated January 28, 2002;
- 3.10 pursuant to the Amalgamation each issued and outstanding Common Share

(other than those held by Acquisitionco) was converted into one Class B Redeemable Preferred Share (the "Redeemable Preferred Shares") of Amalco. Each Redeemable Preferred Share was immediately redeemed for \$2.65 in cash;

- 3.11 as a result of a series of transactions effected after the Amalgamation, Amalco became a wholly-owned subsidiary of the City on January 31, 2002;
- 3.12 Amalco is now authorized to issue an unlimited number of Common Shares and, an unlimited number of preferred shares (the "Preferred Shares");
- 3.13 as at March 12, 2002, the issued and outstanding securities of Amalco consisted of one Common Share and 5,981 Preferred Shares, all of which are owned by the City;
- 3.14 the Common Shares were delisted by the TSE at the close of trading on February 1, 2002;
- 3.15 other than the outstanding Common Share and the outstanding Preferred Shares, Amalco has no securities, including debt securities, outstanding;
- 3.16 Amalco does not intend to seek public financing by way of an offering of its securities.
4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
6. **AND WHEREAS** the Decision of the Decision Makers pursuant to the Legislation is that Amalco is deemed to have ceased to be a reporting issuer under the Legislation as of the date of this Decision.

April 15, 2002.

"Patricia M. Johnston"

## 2.1.12 British Group Realty Corporation - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer has two beneficial security holders - issuer deemed to have ceased to be 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 AND QUEBEC

AND

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

AND

### IN THE MATTER OF BRITISH GROUP REALTY CORPORATION

### MRRS DECISION DOCUMENT

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

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

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

- (a) The Filer is a reporting issuer in British Columbia, Alberta, Saskatchewan, Ontario and Québec (the "Jurisdictions") and has its head office in Surrey, British Columbia.
- (b) British Group Realty Corporation, a predecessor company to the Filer ("Old British Group") was incorporated on May 1, 1987 pursuant to the British Columbia Company Act (the "BCCA").
- (c) Old British Group became a reporting issuer in each of the Provinces of British Columbia, Alberta, Saskatchewan and Ontario in or about July 1988 and

subsequently became a reporting issuer in the province of Québec.

- (d) On February 1, 2002, Old British Group amalgamated with J. Block Acquisition Co. Ltd. (the "Amalgamation") under the BCCA and continued as the Filer.
- (e) The authorized share capital of the Filer consists of 10,000,000 Common Shares (the "Common Shares") without par value, of which 2,440,912 Common Shares are outstanding, and 10,000,000 Redeemable Preference Shares (the "Redeemable Preference Shares") without par value, of which no Redeemable Preference Shares are outstanding. All of the issued and outstanding Common Shares are beneficially owned by J. Block Investment Ltd. and Mr. John Block (together the "Principal Shareholders").
- (f) Pursuant to the Amalgamation, shareholders of Old British Group other than the Principal Shareholders received 1 Redeemable Preference Share of the Filer for each common share of Old British Group held. All Redeemable Preference Shares of the Filer were redeemed pursuant to the share rights attached thereto and the Amalgamation Agreement on February 8, 2002 at the price of \$1.80 per share. All outstanding options to acquire Old British Group shares were surrendered and cancelled.
- (g) As a result of the Amalgamation and the subsequent redemption, the Principal Shareholders beneficially own all of the Filer's securities.
- (h) The common shares of Old British Group were delisted from the Canadian Venture Exchange on February 26, 2002 and no securities of the Filer are listed or traded on any exchange or market in Canada or elsewhere.
- (i) Other than the Common Shares, the Filer has no securities, including debt securities, outstanding.
- (j) The Filer does not intend to seek public financing by way of an issue of securities.
- (k) To the best of its knowledge, the Filer is not in default of any requirement of the Legislation other than: (i) its failure to file an annual information form for the year ended September 30, 2001 and interim financial statements for the quarter ended December 31, 2001; and (ii) any

defaults waived by the Decision Maker in Quebec under the securities legislation of Quebec.

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

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

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

April 18, 2002.

"John Hughes"

**2.1.13 Brompton VIP Income Trust - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - open-end investment trust exempt from prospectus and registration requirements in connection with issuance of units to existing unit holders pursuant to distribution reinvestment plan whereby distributions of income are reinvested in additional units of the trust, subject to certain conditions - first trade in additional units deemed a distribution unless made in compliance with MI 45-102.

**Applicable Ontario Statutory Provisions**

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

**Multilateral Instrument Cited**

Multilateral Instrument 45-102 Resale of Securities (2001), 24 OSCB 5522.

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

**AND**

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

**AND**

**IN THE MATTER OF  
BROMPTON VIP INCOME TRUST**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and Northwest Territories (the "Jurisdictions") has received an application from Brompton VIP Income Trust (the "Trust") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirement contained in the Legislation to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and a final prospectus (the "Registration and Prospectus Requirements") shall not apply to certain trades in units of the Trust pursuant to a distribution reinvestment plan (the "Plan");

**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 Trust has represented to the Decision Makers that:

1. The Trust is an unincorporated closed-end investment trust established under the laws of the Province of Ontario by an amended and restated declaration of trust dated January 29, 2002.
2. The beneficial interests in the Trust are divided into a single class of limited voting units (the "Units"). The Trust is authorized to issue an unlimited number of Units of which 9,875,000 Units were issued and outstanding as of March 19, 2002. Each Unit represents a Unitholder's proportionate undivided beneficial interest in the Trust.
3. The Trust became a reporting issuer or the equivalent thereof in each province and territory in Canada upon obtaining a receipt for its final prospectus dated January 29, 2002 (the "Prospectus"). As of the date hereof, the Trust is not in default of any requirements under the Legislation.
4. The Trust is not a "mutual fund" as defined in the Legislation because the holders of Units ("Unitholders") are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets of the Trust as contemplated in the definition of "mutual fund" contained in the Legislation.
5. The Units are listed and posted for trading on The Toronto Stock Exchange under the symbol "VIP.UN".
6. The investment objectives of the Trust are to:
  - (i) provide Unitholders with a high level of income through receipt of monthly distributions in a tax efficient manner initially targeted to yield approximately 0.8125% per month or 9.75% per annum based on the Offering Price;
  - (ii) enhance performance by reducing the risk of investing in income funds, high yield debt and other high income yielding investments, through diversification, careful selection and active management of the Trust's assets; and
  - (iii) preserve the Net Asset Value of the Trust over the life of the Trust.
7. The Trust currently intends to make cash distributions of distributable income ("Distributions") on the tenth business day of each

month (each a "Distribution Date") to Unitholders of record on the last business day of the immediately preceding calendar month with the first Distribution to be made in May, 2003.

the Net Asset Value per Trust Unit on the relevant Distribution Date and (ii) 95% of the Market Price on the relevant Distribution Date.

8. The Trust intends to establish the Plan pursuant to which Unitholders may, at their option, invest Distributions paid on their Units in additional Units ("Plan Units"). The Plan will not be available to Unitholders who are not Canadian residents.
9. Distributions due to participants who opt to participate in the Plan ("Plan Participants") will be paid to Computershare Trust Company of Canada in its capacity as agent under the Plan (in such capacity, the "Plan Agent") and applied to purchase Plan Units. Plan Units purchased under the Plan will be purchased by the Plan Agent directly from the Trust or in the market in the following manner:
  - (a) if the weighted average trading price on the TSE (or such other stock exchange on which the Units are listed, if the Units are no longer listed on the TSE) for the 10 trading days immediately preceding the relevant Distribution Date, plus applicable commissions and brokerage charges, (the "Market Price") is less than the Net Asset Value per Trust Unit (as determined in accordance with the Plan Agreement) on the Distribution Date, the Plan Agent shall apply the Distribution either to purchase Plan Units in the market or from treasury in accordance with subparagraph (c) below;
  - (b) if the Market Price is equal to or greater than the Net Asset Value per Unit on the relevant Distribution Date, the Plan Agent shall apply the Distribution to purchase Plan Units from the Trust through the issue of new Trust Units at a purchase price equal to the higher of (i) the Net Asset Value per Unit on the relevant Distribution Date and (ii) 95% of the Market Price on the relevant Distribution Date;
  - (c) purchases of Plan Units made by the Trust in the market pursuant to subparagraph (a) above will be made by the Plan Agent on an orderly basis during the 10 trading day period following the Distribution Date and the price paid for those Plan Units will not exceed 115% of the Market Price of the Trust Units on the relevant Distribution Date. On the expiry of such 10 day period, the unused part, if any, of the Distributions attributable to the Plan Participants will be used to purchase Plan Units from the Trust at a purchase price equal to the higher of (i)
10. The Plan Agent will be purchasing Plan Units only in accordance with the mechanisms described in the Plan and, accordingly, there is no opportunity for a Plan Participant or the Plan Agent to speculate on changes in the Net Asset Value per Unit.
11. The Trust will invest in the assets with the objective of providing Unitholders with a high level of sustainable income as well as a cost-effective method of reducing the risk of investing in such securities. Accordingly, the Net Asset Value per Unit should be less volatile than that of a typical equity fund, and the potential for significant changes in the Net Asset Value per Unit over short periods of time is moderate.
12. The amount of Distributions that may be reinvested in Plan Units issued from treasury is small relative to the Unitholders' equity in the Trust. The potential for dilution arising from the issuance of Plan Units by the Trust at the Net Asset Value per Unit on a Distribution Date is not significant.
13. The Plan is open to participation by all Unitholders (other than Unitholders who are non-residents of Canada) so that such Unitholders can ensure protection against potential dilution, albeit insignificant, by electing to participate in the Plan.
14. No commissions, service charges or brokerage fees will be payable by Plan Participants in connection with the Plan.
15. Pursuant to the Plan, Plan Participants may also make cash payments ("Optional Cash Payments") which will be invested in Units by the Plan Agent. Any Plan Participant may invest a minimum of \$100 per Optional Cash Payment with a maximum \$20,000 per calendar year per Plan Participant. Optional Cash Payments will be invested on the same basis as Distributions. Optional Cash Payments must be received by the Plan Agent at least five business days prior to a Distribution Date. Optional Cash Payments received less than five business days prior to a Distribution Date will be held by the Plan Agent until the next Distribution Date.
16. Plan Units purchased under the Plan will be registered in the name of the Canadian Depository for Securities Limited ("CDS") and credited to the account of the participant in the CDS depository service (the "CDS Participant") through whom a Unitholder holds Trust Units.

17. Each Unitholder must elect to participate in the Plan on a monthly basis through the applicable CDS Participant and will not be required to participate in the Plan in respect of any particular Distribution unless a Unitholder has specifically elected to do so. The Trust has the right to amend, suspend or terminate the Plan at any time, provided that such action shall not have a retroactive effect which would prejudice the interests of the Plan Participants. All Plan Participants will be sent notice of any such amendment, suspension or termination via the applicable CDS Participant.
18. The distribution of the Plan Units by the Trust pursuant to the Plan cannot be made in reliance on certain registration and prospectus exemptions contained in the Legislation as the Plan involves the reinvestment of income distributed by the Trust and not the reinvestment of dividends or interest of the Trust.
19. The distribution of the Plan Units by the Trust pursuant to the Plan cannot be made in reliance on registration and prospectus exemptions contained in the Legislation for distribution reinvestment plans of mutual funds, as the Trust is not a "mutual fund" as defined in the Legislation.

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

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

**THE DECISION** of the Decision Makers pursuant to the Legislation is that the trades in Plan Units by the Trust to the Plan Participants pursuant to the Plan shall not be subject to the Registration and Prospectus Requirements of the Legislation provided that:

- (a) at the time of the trade the Trust is a reporting issuer or the equivalent under the Legislation and is not in default of any requirements of the Legislation;
- (b) no sales charge is payable in respect of the distributions;
- (c) the Trust has caused to be sent to the person or company to whom the Plan Units are traded, not more than 12 months before the trade, a statement describing:
  - (i) their right to elect to participate in the Plan on a monthly basis to receive Plan Units instead of cash on the making of a

- distribution of income by the Trust; and
- (ii) instructions on how to exercise the election referred to in (i);
- (d) in the financial year during which the trade takes place, the aggregate number of Plan Units issued pursuant to the Cash Payment Option of the Plan before the trade plus the aggregate number of Plan Units issued in the trade, shall not exceed 2% of the aggregate number of Units outstanding at the commencement of that financial year (or for financial year 2002, outstanding on March 19, 2002);
- (e) except in Québec, the first trade in Plan Units acquired pursuant to this Decision in a Jurisdiction shall be deemed a distribution or primary distribution to the public under the Legislation unless the conditions set out in paragraphs 1 through 5 of subsection 2.6(3) of MI 45-102 are satisfied;
- (f) in Québec, the first trade (alienation) in Plan Units acquired pursuant to this Decision will be deemed to be a distribution or a primary distribution to the public unless:
  - (i) at the time of the first trade, the Trust is and has been a reporting issuer in Quebec for the four months preceding the trade;
  - (ii) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the alienation;
  - (iii) no extraordinary commission or other consideration is paid in respect of the alienation;
  - (iv) if the seller of the securities is an insider of the Trust, the seller has no reasonable grounds to believe that the Trust is in default of any requirement of securities legislation; and
- (g) disclosure of the distribution of the Plan Units to Plan Participants is made to the relevant Jurisdictions by providing the particulars of the date of the distribution of such Plan Units, the number of such Plan Units and the purchase price paid or to be paid for such Plan Units in:

- (a) an information circular or take-over bid circular filed in accordance with the Legislation; or
- (b) a letter with the Decision Maker in the relevant Jurisdiction by a person or company certifying that the person or company has knowledge of the facts contained in the letter,

when the Trust distributes such Plan Units for the first time and thereafter, not less frequently than annually, unless the aggregate number of Plan Units so traded in any month exceeds 1% of the Units outstanding at the beginning of a month in which the Plan Units were traded, in which case a separate report shall be filed in each relevant Jurisdiction in respect of that month within ten days of the end of such month.

April 23, 2002.

"Theresa McLeod"

" Lorne Morphy"

**2.1.14 Retirement Residences Real Estate Investment Trust and CPL Long Term Care Real Estate Investment Trust - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - relief from registration, prospectus and issuer bid requirements and applicable fees granted for trades in connection with a business combination involving real estate investment trusts - relief from prohibition on collateral benefits granted in connection with concurrent take-over bid in respect of agreements to appoint certain persons to offeror's board of trustees and to provide transitional insurance coverage, where agreements are made for reasons other than to increase the value of the consideration paid to the affected unitholders.

**Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 74(1), 95, 96, 97, 98, 100 and 104(2)(a).

**Applicable Ontario Rule**

Rule 45-501 Exempt Distributions, s. 2.8.

**Multilateral Instruments Cited**

MI 45-102 Resale of Securities, ss. 2.6 and 2.8.

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

**AND**

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

**AND**

**IN THE MATTER OF  
RETIREMENT RESIDENCES REAL ESTATE  
INVESTMENT TRUST  
AND CPL LONG TERM CARE REAL ESTATE  
INVESTMENT TRUST**

**MRRS DECISION DOCUMENT**

**WHEREAS** the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Manitoba, Saskatchewan, Ontario, Quebec, Nova Scotia, Newfoundland, Prince Edward Island, New Brunswick the Northwest Territories, Nunavut, and the Yukon Territory (the "Jurisdictions") has received an application from Retirement Residences Real

Estate Investment Trust (“Retirement REIT”) and CPL Long Term Care Real Estate Investment Trust (“CPL REIT”, and together with Retirement REIT, the “Applicants”) for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that:

- (a) the registration and prospectus requirements contained in the Legislation shall not apply to the proposed distribution of trust units of Retirement REIT to unitholders of CPL REIT;
- (b) the issuance of trust units of Retirement REIT to CPL REIT pursuant to an acquisition agreement between CPL REIT and Retirement REIT dated February 12, 2002 (the “Agreement”) shall be exempt from the applicable fee requirements of the Legislation;
- (c) the acquisition of trust units of Retirement REIT by Retirement REIT pursuant to the Agreement shall be exempt from the provisions in the Legislation relating to delivery of an offer and issuer bid circular and any notices of change or variation thereto, minimum deposit periods and withdrawal rights, take-up of and payment for securities tendered to an issuer bid, disclosure, restrictions upon purchases of securities, identical consideration and collateral benefits (collectively, the “Issuer Bid Requirements”); and
- (d) the provision in the Legislation that prohibits an offeror who makes or intends to make a take-over bid and any person acting jointly or in concert with the offeror from entering into any collateral agreement, commitment or understanding with any holder or beneficial owner of securities of the offeree issuer that has the effect of providing to the holder or owner a consideration of greater value than that offered to other holders of the same class of securities (the “Prohibition on Collateral Agreements”) shall not apply to the Transitional Arrangements (as defined below);

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

**AND WHEREAS** the Applicants have represented to the Decision Makers as follows:

- 1. Retirement REIT has made an offer to purchase all of the issued and outstanding trust units of CPL

REIT by way of take-over bid (the “Bid”) and merger transaction (the “Transaction”).

- 2. Retirement REIT is an unincorporated “closed-end” investment trust governed by the laws of the Province of Ontario and constituted pursuant to an amended and restated declaration of trust dated as of March 31, 2001, with its principal executive office in the City of Toronto, in the Province of Ontario.
- 3. Retirement REIT is, and has been since April 11, 2001, a reporting issuer or equivalent in each of the Jurisdictions where the Legislation contemplates such status, and is a qualifying issuer within the meaning of Multilateral Instrument 45-102 (“MI 45-102”).
- 4. The outstanding trust units of Retirement REIT (“Retirement REIT Units”) are listed and posted on The Toronto Stock Exchange (the “TSE”) under the symbol “RRR.UN”.
- 5. Retirement REIT is not on a list of defaulting issuers maintained by any Decision Maker pursuant to the Legislation.
- 6. CPL REIT is an unincorporated “closed-end” investment trust governed by the laws of the Province of Ontario and constituted pursuant to an amended and restated declaration of trust dated as of March 9, 2000, with its principal executive office in the City of Toronto, in the Province of Ontario.
- 7. CPL REIT is a reporting issuer or equivalent in each of the Jurisdictions where the Legislation contemplates such status and is a qualifying issuer for purposes of MI 45-102.
- 8. The outstanding trust units of CPL REIT (“CPL REIT Units”) are listed and posted on the TSE under the symbol “CPL.UN”.
- 9. As at February 12, 2002, the issued capital of CPL REIT consisted of 24,634,862 trust units.
- 10. CPL REIT is not on a list of defaulting issuers maintained by any Decision Maker pursuant to the Legislation.
- 11. Retirement REIT, through a subsidiary entity, is the advisor and manager of CPL REIT, pursuant to which Retirement REIT, among other things, advises CPL REIT on major decisions (including, without limitation, proposed acquisitions) and provides overall guidance and supervision of management, administration, regulatory compliance and marketing on behalf of CPL REIT and/or its operating subsidiaries.

12. Certain trustees, officers and senior officers of CPL REIT are also trustees, officers and/or senior officers of Retirement REIT.
13. The Bid and the Transaction (the terms and structure of which are codified in the Agreement) form the principal parts of a proposed series of transactions which have been designed to result (if implemented) in, among other things, Retirement REIT acquiring substantially all of the assets, and assuming certain of the liabilities, of CPL REIT, and Retirement REIT being the sole holder of CPL REIT Units, with holders of CPL REIT Units, directly or indirectly, exchanging those units for Retirement REIT Units. Each CPL REIT unitholder will have the right to choose whether to exchange his, her or its CPL REIT Units directly for Retirement REIT Units by depositing CPL REIT Units pursuant to the Bid, a taxable disposition, or to have his, her or its CPL REIT Units exchanged (on a tax- deferred "rollover" basis) by way of a redemption by CPL REIT of its units where the redemption price will be satisfied by the distribution by CPL REIT of Retirement REIT Units issued to it in connection with the asset purchase.
14. The Bid is for not more than 14,000,000 of the issued and outstanding CPL REIT Units, on the basis of 1.20 Retirement REIT Units (collectively, the "Bid Payment Units") for each CPL REIT Unit (the "Exchange Ratio"). Under the Transaction, each CPL REIT unitholder who does not tender under the Bid as at the time of completion of the Transaction will receive Retirement REIT Units (collectively, the "Transfer Payment Units") from CPL REIT upon redemption of his or her CPL REIT Units based on the Exchange Ratio.
15. The Applicants mailed on or about March 1, 2002, among other things, a take-over bid circular and trustees' circular relating to the Bid and a management information circular relating to the Transaction (the "Documents") to holders of CPL REIT Units, which Documents contain prospectus-level disclosure regarding the business and affairs of Retirement REIT, including pro forma financial information giving effect to the Bid and the Transaction. The Documents also contain detailed descriptions of the Bid and the Transaction, including a notice of a meeting of CPL REIT unitholders (the "Special Meeting") to consider and, if deemed advisable, approve the Transaction and a formal valuation, prepared in accordance with Commission Rule 61-501, of the subject matter of the proposed transactions (i.e. the CPL REIT Units and assets and the Retirement REIT Units). The Special Meeting took place on April 8, 2002 and requisite unitholder approval was obtained. The Bid, under which CPL REIT unitholder approval is a condition, will expire, subject to extension, on or about April 23, 2002, and, if all conditions of the Bid and the Transaction (they are parallel) have at that time been satisfied or waived it is anticipated that the Transaction would be closed on or about April 30, 2002.
16. Retirement REIT mailed, on or about March 1, 2002, an information circular, a notice of a meeting of Retirement REIT (the "Retirement REIT Special Meeting") to consider and, if deemed advisable, approve the Transaction, and a formal valuation of the subject matter of the proposed transactions (i.e. the CPL REIT Units and assets and the Retirement REIT Units). The Retirement REIT Special Meeting took place on April 8, 2002 and requisite shareholder approval was obtained.
17. The Transaction will be carried out in accordance with the requirements contained in section 132.2 of the *Income Tax Act* (Canada) ("ITA Qualifying Exchange Requirements") in order to permit the effective exchange of CPL REIT Units for Transfer Payment Units to occur on a tax-deferred "rollover" basis.
18. The sequence of steps under the Transaction will be as follows:
- (a) Retirement REIT acquires substantially all of CPL REIT's assets, assumes certain liabilities and issues Transfer Payment Units based on the Exchange Ratio and the number of CPL REIT Units remaining outstanding following the take-up of CPL REIT Units pursuant to the Bid; and
  - (b) in accordance with the ITA Qualifying Exchange Requirements, in the second step, the CPL REIT Units will be redeemed, with the consideration therefor to be the Transfer Payment Units. To the extent that CPL REIT unitholders become entitled to fractional Transfer Payment Units, such fractional units will be sold in the open market on their behalf and the proceeds of such sale paid to them forthwith. All Transfer Payment Units, which are received by Retirement REIT (as a CPL REIT unitholder as a result of it having previously taken up and paid for CPL REIT Units under the Bid), will be cancelled by Retirement REIT.
19. In order to ensure compliance with the ITA Qualifying Exchange Requirements, the take-up of CPL REIT Units under the Bid would occur after approval of the Transaction at the Special Meeting but prior to effecting the Transaction. The Transaction (including the distribution of Transfer Payment Units to CPL REIT Unitholders upon the redemption of the outstanding CPL REIT Units) will be completed as soon as possible following the issuance of Bid Payment Units under the Bid

so as to provide the most consistent treatment possible to all CPL REIT Unitholders, whether they are exchanging CPL REIT Units for Retirement REIT Units under the Bid or as a result of the Transaction.

20. The Agreement provides for, among other things, the following (collectively, the "Transitional Arrangements"):

(a) certain of the CPL REIT trustees to be added to the Retirement REIT board of trustees at closing (the "Board Changes"); and

(b) trailing fidelity insurance for trustees and officers of CPL REIT, on terms consistent with pre-transaction coverage (the "Insurance Provision").

21. Each of the proposed Transitional Arrangements are for commercial reasons entirely unrelated to providing any CPL REIT unitholder with consideration of greater value. Specifically, the Board Changes would be intended to reflect continuity of representation of CPL REIT minority unitholders, and the Insurance Provision as proposed is a customary element in transactions of the nature to ensure that executives are not exposed to liability where they would not otherwise have been as a consequence of the transaction.

22. The compensation of the CPL REIT trustees who are added to the Retirement REIT board of trustees (the "CPL REIT Trustees") will be commensurate with that paid to other Retirement REIT trustees, and is comparable (and depending upon the frequency of meetings possibly lower) than the compensation that they currently are entitled to receive from CPL REIT. The Insurance Provision will be economically equivalent (as to deductible and coverage type) and less advantageous than (as to coverage limit) existing coverage for CPL REIT trustees. All of the CPL REIT trustees hold CPL REIT Units.

23. There are no exemptions under the Legislation to exempt the distribution of the Transfer Payment Units by CPL REIT to its unitholders from the prospectus and registration requirements contained in the Legislation.

24. As a real estate investment trust, rather than a corporation, Retirement REIT cannot complete the acquisition of the CPL REIT Units not deposited to the Bid on a tax-deferred "roll-over" basis (i.e. the Transaction) by way of amalgamation, arrangement or other statutory mechanism available to corporations.

25. Any issuance by Retirement REIT of Transfer Payment Units to CPL REIT is exempt from the

prospectus and (except in the case of the first trades) registration requirements contained in the securities legislation of Ontario by virtue of the "accredited investor" exemption (the "Accredited Investor Exemption") contained in the securities legislation of Ontario and would require payment of the applicable fees as set out in the securities legislation of Ontario.

26. The acquisition by Retirement REIT of units of Retirement REIT pursuant to the Transaction may be an issuer bid, and the acquisition of CPL REIT units pursuant to the Bid might be an indirect issuer bid, for which there are no exemptions available from the Issuer Bid Requirements.

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

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

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

1. the registration and prospectus requirements contained in the Legislation shall not apply to the distribution by CPL REIT of the Transfer Payment Units to the unitholders of CPL REIT in connection with the Transaction, provided that the first trade in any trust unit acquired pursuant to this Decision shall be a distribution or a primary distribution to the public under the Legislation of the Jurisdiction in which the trade takes place unless:

(i) except in Quebec,

(a) the conditions in subsections (3) or (4) of Section 2.6 of Multilateral Instrument 45-102 ("MI 45-102") are satisfied; or

(b) where such first trade is a control distribution as such term is defined in MI 45-102, such trade is made in compliance with Section 2.8 of MI45-102;

(ii) in Québec, to the extent that there is no exemption available from the registration requirements and the prospectus requirements in respect of any of the trades acquired pursuant to this Decision, the trades are not subject to the registration requirements and the prospectus requirements, provided that the issuer is and has been a reporting issuer in Québec in good standing for the twelve months immediately preceding the trades; and no unusual effort is made to

prepare the market or to create a demand for the trust units;

2. the issuance by Retirement REIT of Transfer Payment Units to CPL REIT under the Accredited Investor Exemption contained in the Legislation is exempt from the applicable fee requirements of the Legislation;
3. the acquisition by Retirement REIT of units of Retirement REIT pursuant to the Transaction and the indirect acquisition of units of Retirement REIT units pursuant to the Bid are exempt from the Issuer Bid Requirements; and
4. the Transitional Arrangements are made for purposes other than to increase the value of the consideration paid to the CPL REIT Trustees and may be entered into notwithstanding the Prohibition on Collateral Agreements.

April 23, 2002.

“Theresa McLeod”

“Lorne Morphy”

**2.2 Orders**

**2.2.1 Seamark Asset Management Ltd. - s.147**

**Headnote**

Section 147 - relief from requirement to pay fees in connection with trades in money market pooled fund units which are exempt from prospectus and registration requirements provided fees calculated on based on net sales are filed.

**Statute Cited**

Securities Act, R.S.O. 1990, c.S.5 as am., ss. 147.

**Applicable Ontario Rule**

OSC Rule 45-501, s.2.3, 2.12, 7.3(1).

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

**AND**

**IN THE MATTER OF  
SEAMARK ASSET MANAGEMENT LTD.**

**ORDER  
(Section 147 of the Act)**

**UPON** the application (the "Application") of SEAMARK Asset Management Ltd. (the "Applicant"), the manager of six existing pooled funds including the SEAMARK Pooled Money Market Fund and any additional pooled fund which may be added from time to time (individually, a "Fund" and collectively, the "Funds"), to the Ontario Securities Commission (the "Commission") for an order pursuant to Section 147 of the Act that any money market fund established by the Applicant (a "Money Market Fund") not be subject to the requirement to pay the private placement fee prescribed by Subsection 7.3(1) of Ontario Securities Commission Rule 45-501 entitled "Exempt Distributions" ("OSC Rule 45-501");

**AND UPON** the Applicant having represented to the Commission that:

1. The Applicant is registered under the regulation to the Act as an adviser.
2. The Applicant has established six open-ended, pooled investment trusts. Each Fund is governed by a general trust agreement and was established by a separate regulation by the Applicant and CIBC Mellon Trust Company, the former trustee of the Funds. State Street Trust Company Canada ("State Street") is currently the trustee of the Funds. Additional Funds, which will be governed by the general trust agreement, may be

established by regulation by the Applicant and State Street from time to time as part of the Funds to better service the Applicant's clients.

3. The Applicant is or will be the manager, principal distributor and promoter of each Fund. State Street is or will be the trustee, custodian, registrar and transfer agent of each Fund.
4. Each Fund is or will be a "mutual fund in Ontario" as defined in subsection 1(1) of the Act and as such is required to comply with the relevant provisions of the Act with respect to the preparation, mailing to unitholders and filing of interim and annual financial statements with the Commission.
5. None of the Funds intends to become a reporting issuer, as such term is defined in the Act, and Units of the Funds will not be listed on any stock exchange.
6. Units of each Fund will be distributed on a continuous basis to (i) persons in Ontario in reliance on the exemption set out in Subsection 2.12 of OSC Rule 45-501 and to (ii) persons who qualify as an "accredited investor" as such term is defined in OSC Rule 45-501.
7. The minimum initial investment in a Fund by a resident of Ontario shall not be less than \$150,000.
8. Following such initial investment, it is proposed that unitholders of a Fund be able to purchase additional Units ("Additional Units") of the Fund in increments of less than \$150,000, provided that at the time of such subsequent acquisition the investor holds Units of the Fund with an aggregate acquisition cost or aggregate net asset value of not less than \$150,000.
9. The Applicant uses qualified agents and dealers where necessary to assist it in selling Units of the Funds to prospective purchasers in Ontario.
10. An investor will be provided with a copy of the confidential offering memorandum of the Funds (the "Offering Memorandum") prior to the investor's investment in a Fund. The Offering Memorandum describes the investment objectives and restrictions of each Fund, how Units may be purchased and redeemed, the risks involved, certain tax considerations and all applicable fees and expenses, including the statutory right of action prescribed by the Act. In addition, unitholders of a Fund will be provided with a quarterly statement setting out the number and the value of the Units they hold in the Fund, any transactions they have made since the last report they received and any other relevant information.

11. The fiscal year-end of each Fund is currently December 31st.
12. The Seamark Pooled Money Market Fund is and each Money Market Fund established by the Applicant will be a "money market fund" as defined in section 1.1 of National Instrument 81-102, except that Units of the Money Market Fund will not be qualified for distribution pursuant to a simplified prospectus.

**AND UPON** considering the Application and the recommendations of staff of the Commission;

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

**IT IS ORDERED** pursuant to Section 147 of the Act that the requirement to remit the private placement fee prescribed by Subsection 7.3(1) of OSC Rule 45-501 with respect to the sale of Units and Additional Units of a Money Market Fund shall not apply, provided the Money Market Fund remits to the Commission, in accordance with either Subsection 7.5(8) or Section 7.7 of OSC Rule 45-501 a fee equal to 0.02% times the net sales of Units and Additional Units of the Money Market Fund in Ontario during a financial year, where net sales is the amount calculated by the following formula:

$$X-Y$$

where

"X" is the aggregate gross proceeds realized from the distribution of Units of the Money Market Fund in Ontario during the year, and

"Y" is the aggregate of the redemption and repurchase prices paid to redeem or repurchase Units of the Money Market Fund held by persons in Ontario during the year.

April 19, 2002.

"Howard I. Wetston"

"Theresa McLeod"

## Chapter 3

# Reasons: Decisions, Orders and Rulings

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## Chapter 4

# Cease Trading Orders

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

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
Franchisemaster Technologies Inc.	08 Apr 02	19 Apr 02	19 Apr 02	
Krystal Bond Inc.	12 Apr 02	24 Apr 02	24 Apr 02	
Leader Industries Inc.	22 Apr 02	03 May 02		
Stox.com Inc.	08 Apr 02	19 Apr 02	19 Apr 02	

### 4.2.1 Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Sirit Technologies Inc.	23 Apr 02	06 May 02			
World Wise Technologies Inc.	19 Feb 02	04 Mar 02	04 Mar 02	24 Apr 02	

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**Chapter 5**  
**Rules and Policies**

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## Chapter 6

# Request for Comments

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## Chapter 7

# Insider Reporting

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This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see [www.carswell.com](http://www.carswell.com)).

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

To obtain Insider Reporting information, please visit the SEDI website ([www.sedi.ca](http://www.sedi.ca)).

## Chapter 8

# Notice of Exempt Financings

### Exempt Financings

The Ontario Securities Commission reminds issuers and other parties relying on exemptions that they are responsible for the completeness, accuracy, and timely filing of Forms 45-501F1 and 45-501F2, and any other relevant form, pursuant to section 27 of the *Securities Act* and OSC Rule 45-501 ("Exempt Distributions").

#### REPORTS OF TRADES SUBMITTED ON FORM 45-501F1

<u>Transaction Date</u>	<u>Purchaser</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount num</u>
03-Apr-2002	Longitude Fund Limited Partnership	1517666 Ontario Inc. - Preferred Shares	1,000,000.00	347,222.00
03-Apr-2002	3 Purchasers	3914399 Canada Inc. - Common Shares	9,600,000.00	9,600,000.00
26-Mar-2002	Venture Coaches Fund LP	3977633 Canada Inc. - Debentures	187,501.00	187,501.00
09-Apr-2002	5 Purchasers	AADCO Automotive Inc. - Units	1,900,000.00	1,900,000.00
01-Apr-2002	5 Purchasers	ABC American -Value Fund - Units	970,000.00	138,664.00
01-Apr-2002	10 Purchasers	ABC Fundamental - Value Fund - Units	2,491,111.00	142,761.00
22-Mar-2002	Paul Banner	AIM American Outlook Fund - Units	55,210.00	5,521.00
28-Feb-2002	Alternum Capital	Alternum Capital - Global Health Sciences Hedge Fund - Limited Partnership Units	1,536.00	3.00
28-Feb-2002	Derek Ham	Alternum Capital - North American Value Hedge Fund - Limited Partnership Units	100,420.00	199.00
04-Jan-2002	3 Purchasers	Arrow Global Multimanager II Fund - Units	424,667.00	424,667.00
3/28/02 29-Mar-2002	David Munro	Arrow Global RSP Multimanager Fund - Trust Units	25,000.00	2,507.00
13-Mar-2002	Bonham & Co. Inc. and Laketon Investment Management	Asbury - Common Shares	140,250.00	8,500.00
27-Mar-2002	1397225 Ontario Limited	Ashmore Local Currency Debt Portfolio - Units	39,832,500.00	1,734,208.00

**Notice of Exempt Financings**

01-Aug-2001	14 Purchasers	AssetMetrix Inc. - Common Shares	573,631.00	637,262.00
8/31/01				
03-Apr-2002	TVX Gold Inc.	Aurizon Mines Ltd. - Common Shares	1.00	150,979.00
22-Feb-2002	Gail D. Drury	BPI American Opportunities Fund - Units	50,000.00	417.00
01-Mar-2002	Fundex Investments Inc.	BPI American Opportunities Fund - Units	25,000.00	209.00
22-Feb-2002	Marcus Pachul and Brian Gray	BPI Global Opportunitites III Fund - Units	184,633.00	1,965.00
08-Apr-2002 Common Shares	GeneVest Inc.	Brownstone Resources Inc. -	485,000.00	1,940,000.00
12-Apr-2002	Pat Coyne	Canadian Golden Dragon Resources Ltd. - Common Shares	2,500.00	12,500.00
10-Apr-2002	Alidan Investments Ltd. and Martin Simon	Canmine Resources Corporation - Units	93,000.00	310,000.00
12-Apr-2002	1316829 Ontario Inc.	Caraustar Design Tubes, Inc. - Exchangeable Shares	2,338,972.00	141,194.00
03-Apr-2002	4 Purchasers	Central Fund of Canada Limited - Shares	24,923,076.00	4,153,846.00
01-Mar-2002	63 Purchasers	GOV&V Balanced Fund - Units	1,410,660.00	108,354.00
3/31/02				
10-Apr-2002	Northern Rivers Innovation Fund L.P.	CHK Wireless Technologies Inc. - Units	35,000.00	87,500.00
01-Apr-2002	Northfield Capital Corporation	Cimatec Environmental Engineering Inc. - Warrants	0.00	249,057.00
05-Apr-2002	7 Purchasers	Cytovax Biotechnologies Inc. - Common Shares	3,250,073.00	1,181,845.00
05-Apr-2002	3 Purchasers	DB Mortgage Investment Corporation #1 - Common Shares	475,000.00	475.00
31-Mar-2002	Bob Mitchell	Deans Knight Equity Growth Fund - Trust Units	150,000.00	118.00
28-Mar-2002	Gennova Capital Corp.	Delta Systems Inc. - Common Shares	667,000.00	667,000.00
04-Apr-2002	Cheryl Hackett and Wajde	Diversinet Corp. - Units Darwish	84,455.00	88,334.00
11-Apr-2002	John Lydall	Doublestar Resources Ltd. - Units	30,000.00	100,000.00
05-Apr-2002	Fiducie Desjardins	DR Residential Mortgage Trust - Notes	10,000,000.00	10,000,000.00

**Notice of Exempt Financings**

26-Mar-2002	N/A	DR Residential Mortgage Trust - Notes	5,000,000.00	5,000,000.00
03-Apr-2002	N/A	DR Residential Mortgage Trust - Notes	25,000,000.00	25,000,000.00
31-Mar-2002	3 Purchasers	Enercon Technologies, Inc. - Common Shares	80,040.00	142,930.00
05-Apr-2002	Robert J. Pritchard and Bradley N. Ross	Esponsive Communications Corporation - Debentures	163,334.00	163,334.00
11-Apr-2002	1447768 Ontario Inc.	Excalibur Limited Partnership - Limited Partnership Units	239,769.00	1.00
11-Apr-2002	Gulu Thadani	Excalibur Limited Partnership - Limited Partnership Units	3,196,930.00	13.00
02-Jan-2001	28 Purchasers	Foyston, Gordon & Payne Inc. - Units	6,355,143.00	341,358.00
11/2/01				
27-Mar-2002	18 Purchasers	Gabriel Resources Ltd. - Common Shares	39,984,350.00	11,424,100.00
05-Apr-2002	6 Purchasers	General Hydrogen Corporation - Common Shares	5,068,455.00	850,002.00
05-Apr-2002	Deutsche Bank AG	Great Lakes Power Limited - Bonds	20,019,200.00	20,019,200.00
27-Feb-2002	12 Purchasers	Hunter Amenities International Ltd. - Preferred Shares	2,625,000.00	1,050,000.00
4/2/02				
03-Apr-2002	Covington Fund I Inc.	Impath Networks Inc. - Preferred Shares	850,000.00	53,094.00
03-Apr-2002	Covington Fund I Inc. and Bell Canada	Impath Networks Inc. - Preferred Shares	2,206,466.00	2,206,466.00
02-Apr-2002	13 Purchasers	IMI International Medical Innovations Inc. - Common Shares	3,550,000.00	710,000.00
11-Apr-2002	19 Purchasers	Intermap Technologies Corporation - Special Warrants	7,338,092.00	1,834,523.00
16-Apr-2002	3 Purchasers	J. C. Clark Loyalist Preservation Trust - Units	172,000.00	1,720.00
15-Mar-2002	Frank Richmond and Iain Davies	J. C. Clark Preservation Trust I - Units	126,000.00	1,389.00
4/2/02				
09-Apr-2002	David Sharpless	KBSH Private - Global Leading Companies Fund - Units	1,007,000.00	100,700.00
15-Apr-2002	John Wallace	KBSH Private - Money Market Fund - Units	804,000.00	80,400.00
05-Apr-2002	Jacqueline Ameye	KBSH Private - Money Market Fund - Units	160,000.00	16,000.00
04-Apr-2002	David Sharpless	KBSH Private - Money Market Fund - Units	1,007,087.00	100,708.00

**Notice of Exempt Financings**

08-Apr-2002	5 Purchasers	Kinbauri Gold Corp. - Units	115,000.00	460,000.00
31-Mar-2002	5 Purchasers	Kingwest Avenue Portfolio - Units	682,900.00	32,887.00
22-Feb-2002	4 Purchasers	Landmark Global Opportunities Fund - Units	173,143.00	1,726.00
22-Feb-2002	20 Purchasers	Landmark Global Opportunities Fund - Units	1,251,190.00	11,574.00
01-Mar-2002	6 Purchasers	Landmark Global Opportunities Fund - Units	307,414.00	2,875.00
22-Feb-2002	6 Purchasers	Landmark Global Opportunities RSP Fund - Units	241,311.00	2,405.00
01-Mar-2002	7 Purchasers	Landmark Global Opportunities RSP Fund - Units	286,469.00	2,888.00
30-Mar-2002	7 Purchasers	Lingo Media Inc. - Units	370,000.00	3,700,000.00
08-Apr-2002	11 Purchasers	Lydia Diamond Explorations of Canada Ltd. - Common Shares	535,000.00	535,000.00
16-Apr-2002	3 Purchasers	Metrus South Properties Limited - Bonds	86,760,000.00	86,760,000.00
02-Apr-2002	5 Purchasers	Minefinders Corporation Ltd. - Common Shares	2,592,100.00	1,127,000.00
26-Mar-2002	Gowlings Canada Inc.	Musicrypt Inc. - Common Shares	6,113.00	4,075.00
26-Mar-2002	Mavrix Enterprise Fund	Musicrypt Inc. - Units	50,250.00	33,500.00
03-Dec-2001	3 Purchasers	Musicrypt Inc. - Units	225,000.00	150,000.00
28-Jun-2001	Asen Vitko	Musicrypt Inc. - Units	25,000.00	16,667.00
12-Mar-2002	4 Purchasers	Network Planning Systems (N.P.S.) Inc. - Common Shares	150,000.00	720,808.00
21-Mar-2002	7 Purchasers	Paladin Labs Inc. - Special Warrants	6,493,250.00	683,500.00
03-Apr-2002	400743 Canada Inc. and Tallwood I L.P.	Peleton Photonic Systems Inc. - Common Shares	1,165,036.00	6,724,597.00
31-Mar-2002	N/A	Performance Market Neutral Fund - Limited Partnership Units	200,000.00	164.00
12-Apr-2002	Medcan Health Management Inc.	Person to Person Health Systems Inc. - Common Shares	162,500.00	650,000.00
26-Mar-2002	4 Purchasers	Plurion Systems Limited - Common Shares	1,306,250.00	475,000.00
28-Jan-2002	18 Purchasers	RBC Global Investment Management Inc. - Units	506,017,082.00	26,577,273.00
3/27/02				
01-Apr-2002	John Kutkevicius	Response Biomedical Corp. - Units	99,000.00	180,000.00

**Notice of Exempt Financings**

03-Apr-2002	The Bank of Nova Scotia	Ripplewood Partners II, L.P. - Limited Partnership Units	23,833,500.00	23,833,500.00
04-Apr-2002	BTG International Limited	SAMSys Technologies Inc. - Common Shares	8,800,000.00	8,000,000.00
28-Mar-2002	2 Purchasers	Seabridge Resources Inc. - Debentures	800,000.00	1.00
25-Mar-2002	N/A	Sonomax Hearing Healthcare Inc. - Common Shares	112,500.00	236,843.00
4/3/02 04-Apr-2002	9 Purchasers	Stealth Minerals Limited - Common Shares	240,000.00	1,600,000.00
11-Apr-2002	Sprott Asset Management Inc.	TCEnet Inc. - Units	200,000.00	400,000.00
01-Apr-2002	Ruth Smith	The Champlain Fund - Units	25,000.00	25,000.00
22-Mar-2002	Scott Biluk	The KBSH Goodwood Canadian Long/Short Fund - Units	300,000.00	29,489.00
01-Apr-2002	4 Purchasers	The McElvaine Investment Limited Partnership - Trust Units	325,000.00	10.00
01-Apr-2002	11 Purchasers	The McElvaine Investment Trust - Trust Units	722,807.00	39,367.00
27-Mar-2002	9 Purchasers	The Prospectus Group Inc. - Units	160,000.00	640,000.00
28-Mar-2002	John Phillips	The Upper Circle Canadian Equity Fund - Units	159,000.00	15,900.00
28-Mar-2002	Barry Cowan	The Upper Circle Canadian Equity Fund - Units	100,000.00	10,000.00
26-Mar-2002	Cathy Phillips	The Upper Circle Canadian Equity Fund - Units	238,000.00	23,800.00
26-Mar-2002	Martin Meller	The Upper Circle Canadian Equity Fund - Units	51,840.00	5,184.00
26-Mar-2002	Fred Bergman	The Upper Circle Canadian Equity Fund - Units	50,000.00	5,000.00
26-Mar-2002	T. Heggum Allen	The Upper Circle Canadian Equity Fund - Units	100,000.00	10,000.00
26-Mar-2002	Eileen Bergman	The Upper Circle Canadian Equity Fund - Units	73,000.00	7,300.00
22-Mar-2002	10 Purchasers	Travelers Property Casualty Corp. - Common Shares	35,731,963.00	1,225,000.00
22-Feb-2002	8 Purchasers	Trident Global Opportunities Fund - Units	429,800.00	4,042.00
01-Mar-2002	CIBC World Markets and	Trident Global Opportunities Investor Company Fund - Units	103,914.00	979.00

**Notice of Exempt Financings**

14-Mar-2002	3 Purchasers	Truact Corporation - Common Shares	695,100.00	488,970.00
31-Mar-2002	BMO ITF Trevor Thom	Vertex Balanced Fund - Trust Units	25,000.00	2,135.00
31-Mar-2002	Rob Massaar	Vertex Fund - Trust Units	75,000.00	2,625.00
02-Apr-2002	Major Communications Inc. and Normand Major	VP Group Media Limited - Units	60,000.00	300,000.00
02-Apr-2002	Sprott Securities Inc.	Wescam Inc. - Common Shares	635,000.00	100,000.00
09-Apr-2002	Jens Mayer and S. Gretchen Ross	Wolfden Resources Inc. - Special Warrants	130,025.00	371,500.00
25-Mar-2002	CHUM Limited	YOUtv Inc. - Common Shares	1,681,427.00	168,818.00

**REPORTS MADE UNDER SUBSECTION 2.7(1) OF MULTILATERAL INSTRUMENT 45-102 RESALE OF SECURITIES WITH RESPECT TO AN ISSUER THAT HAS CEASED TO BE A PRIVATE COMPANY OR PRIVATE ISSUER - FORM 45-102F1**

<u>Issuer</u>	<u>Date the Company Ceased to be a Private Company or Private Issuer</u>
ViXS Systems Inc.	10/15/01

**NOTICE OF INTENTION TO DISTRIBUTE SECURITIES AND ACCOMPANYING DECLARATION UNDER SECTION 2.8 OF MULTILATERAL INSTRUMENT 45-102 RESALE OF SECURITIES - FORM 45-102F3**

<u>Seller</u>	<u>Security</u>	<u>Amount num</u>
Terrier Investments Limited	Brampton Brick Limited - Shares	50,000.00
Xenolith Gold Limited	Kookaburra Resources Ltd. - Common Shares	1,893,700.00
Susan M. S. Gastle	Microbix Biosystems Inc. - Common Shares	235,000.00
William J. Gastle	Microbix Biosystems Inc. - Common Shares	495,000.00

**Chapter 9**  
**Legislation**

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THERE IS NO MATERIAL FOR THIS CHAPTER IN THIS ISSUE

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## Chapter 11

# IPOs, New Issues and Secondary Financings

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**Issuer Name:**

Biomira Inc.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Shelf Prospectus dated April 19th, 2002

Mutual Reliance Review System Receipt dated April 19th, 2002

**Offering Price and Description:**

US\$150,000,000 - Common Shares  
Preferred Shares  
Debt Securities  
Warrants

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #438534**

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**Issuer Name:**

Bonavista Petroleum Ltd.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated April 19th, 2002  
Mutual Reliance Review System Receipt dated April 19th, 2002

**Offering Price and Description:**

\$80,000,000 - 2,500,000 Common Shares @ \$32.00 per  
Common Share

**Underwriter(s) or Distributor(s):**

Peters & Co. Limited  
FirstEnergy Capital Corp.  
Yorkton Securities Inc.  
RBC Dominion Securities Inc.  
TD Securities Inc.  
BMO Nesbitt Burns Inc.  
CIBC World Markets Inc.  
Merrill Lynch Canada Inc.  
Sprott Securities Inc.

**Promoter(s):**

-

**Project #438412**

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**Issuer Name:**

Capital Desjardins Inc.  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Prospectus dated April 19th, 2002  
Mutual Reliance Review System Receipt dated April 19th, 2002

**Offering Price and Description:**

\$ \* -  
\$ \* \* % Series B Senior Notes due 2012  
To be dated as of the date of issue  
\$ \* \* % Series C Senior Notes due 2017  
To be dated as of the date of issue

**Underwriter(s) or Distributor(s):**

BMO Nesbitt Burns Inc.  
CIBC World Markets Inc.  
Desjardins Securities Inc.  
RBC Dominion Securities Inc.  
Scotia Capital Inc.  
TD Securities Inc.  
Merrill Lynch Canada Inc.  
National Bank Financial Inc.  
Laurentian Bank Securities Inc.

**Promoter(s):**

-

**Project #438325**

---

**Issuer Name:**

Crescent Point Energy Ltd.  
Principal Regulator - Alberta

**Type and Date:**

Amended and Restated Preliminary Prospectus dated April 19<sup>th</sup>, 2002

Mutual Reliance Review System Receipt dated April 22nd, 2002

**Offering Price and Description:**

11,478,291 Class A Shares Issuable upon the Exercise of  
Special Warrants

**Underwriter(s) or Distributor(s):**

Griffiths McBurney & Partners  
Firstenergy Capital Corp.  
National Bank Financial Inc.  
Haywood Securities Inc.  
Octagon Capital Corporation  
Yorkton Securities Inc.  
Thomson Kernaghan & Co. Limited

**Promoter(s):**

Paul Colborne

**Project #431912**

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**Issuer Name:**

Merrill Lynch Canada Finance Company  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Shelf Prospectus dated April 24th, 2002

Mutual Reliance Review System Receipt dated April 24th, 2002

**Offering Price and Description:**

\$2,000,000,000 - Medium Term Notes (Unsecured)

**Underwriter(s) or Distributor(s):**

Merrill Lynch Canada Inc.  
BMO Nesbitt Burns Inc.  
CIBC World Markets Inc.  
HSBC Securities (Canada) Inc.  
Laurentian Bank Securities Inc.  
National Bank Financial Inc.  
RBC Dominion Securities Inc.  
Scotia Capital Inc.  
TD Securities Inc.

**Promoter(s):**

-

**Project #439682**

---

**Issuer Name:**

Northern Property Real Estate Investment Trust  
Principal Regulator - Alberta

**Type and Date:**

Amended and Restated Preliminary Prospectus dated April 18th, 2002

Mutual Reliance Review System Receipt dated April 19th, 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.

**Promoter(s):**

URBCO Inc.

**Project #436474**

---

**Issuer Name:**

Procyon BioPharma Inc.  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Short Form Prospectus dated April 22nd, 2002  
Mutual Reliance Review System Receipt dated April 22nd, 2002

**Offering Price and Description:**

\$5,550,020 - 3,827,600 Common Shares and 1,913,800  
Common Shares Purchase Warrants  
Offered in Units, each consisting of one Common Share  
and one-half of one Common Share  
Purchase Warrant

**Underwriter(s) or Distributor(s):**

Dundee Securities Corporation  
Research Capital Corporation  
Yorkton Securities Inc.  
Desjardins Securities Inc.

**Promoter(s):**

-

**Project #439004**

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**Issuer Name:**

Qwest Energy Income Development Limited Partnership  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Prospectus dated April 17th, 2002  
Mutual Reliance Review System Receipt dated April 17th, 2002

**Offering Price and Description:**

\$2,000,000 to \$25,000,000 - 80,000 to 1,000,000 Units  
@\$25.00 per Unit

A minimum purchase : 100 Units

**Underwriter(s) or Distributor(s):**

Canaccord Capital Corporation  
TD Securities Inc.  
Dundee Securities Corporation  
Research Capital Corporation  
Alara Securities Inc.  
Wellington West Capital Inc.

**Promoter(s):**

Qwest Energy Corp.

**Project #437657**

**Project #346579**

---

**Issuer Name:**

Swiss Water Decaffeinated Coffee Income Fund  
Principal Regulator - British Columbia

**Type and Date:**

Amended and Restated Preliminary Prospectus dated April 17th, 2002

Mutual Reliance Review System Receipt dated April 18th, 2002

**Offering Price and Description:**

\$ \* - \* Units

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.

Scotia Capital Inc.

Raymond James Ltd.

**Promoter(s):**

Tri Guys Decaffeinated Coffee Inc.

Project #434098

---

**Issuer Name:**

Legend Money Market Pool

Legend Bond Pool

Legend Global Income Pool

Legend Canadian Dividend Pool

Legend Canadian Equity Pool

Legend U.S. Equity Pool

Legend G7 Equity Pool

Legend Global Equity Pool

Principal Regulator - Quebec

**Type and Date:**

Amendment #1 dated April 22nd, 2002 to Simplified Prospectus and Annual Information Form dated December 17th, 2002

Mutual Reliance Review System Receipt dated 24<sup>th</sup> day of April, 2002

**Offering Price and Description:**

Mutual Fund Securities Net Asset Value

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Standard Life Mutual Funds Ltd.

Project #402130

---

**Issuer Name:**

Standard Life Money Market Fund

Standard Life Bond Fund

Standard Life International Bond Fund

Standard Life Canadian Dividend Fund

Standard Life Equity Fund

Standard Life U.S. Equity Fund

Standard Life Canadian Healthcare & Technology Fund

Principal Regulator - Quebec

**Type and Date:**

Amendment #1 dated April 22, 2002 to Simplified Prospectus and Annual Information Form dated May 23rd, 2001

Mutual Reliance Review System Receipt dated 24<sup>th</sup> day of April, 2002

**Offering Price and Description:**

Mutual Fund Securities Net Asset Value

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

Project #346579

---

**Issuer Name:**

RESOLUTE GROWTH FUND

Principal Regulator - Ontario

**Type and Date:**

Amendment #2 dated April 12th, 2002 to Simplified Prospectus and Annual Information Form dated July 30th, 2001

Mutual Reliance Review System Receipt dated 19<sup>th</sup> day of April, 2002

**Offering Price and Description:**

Mutual Fund Securities Net Asset Value

**Underwriter(s) or Distributor(s):**

Thomson Kernaghan & Co. Ltd.

**Promoter(s):**

Resolute Funds Limited

Project #368270

---

**Issuer Name:**

Bank of Nova Scotia, The

Scotiabank Capital Trust

Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated April 23<sup>rd</sup>, 2002

Mutual Reliance Review System Receipt dated 23<sup>rd</sup> day of April, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Scotia Capital Inc.

**Promoter(s):**

The Bank of Nova Scotia

Project #432266

---

**Issuer Name:**

Corridor Resources Inc.

**Type and Date:**

Final Prospectus dated April 18th, 2002

Receipt dated 19<sup>th</sup> day of April, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Jennings Capital Inc.

**Promoter(s):**

-

**Project #425049**

---

**Issuer Name:**

Goldcorp Inc.

Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated April 23rd, 2002

Mutual Reliance Review System Receipt dated 23<sup>rd</sup> day of April, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Griffiths McBurney & Partners

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

Merrill Lynch Canada Inc.

National Bank Financial Inc.

RBC Dominion Securities Inc.

Sprott Securities Inc.

**Promoter(s):**

-

**Project #436517**

---

**Issuer Name:**

NORANDA INCOME FUND

Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated April 18th, 2002

Mutual Reliance Review System Receipt dated 19<sup>th</sup> day of April, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.

Scotia Capital Inc.

RBC Dominion Securities Inc.

TD Securities Inc.

BMO Nesbitt Burns Inc.

National Bank Financial Inc.

Trilon Securities Corporation

**Promoter(s):**

Noranda Inc.

**Project #428322**

---

**Issuer Name:**

PRT Forest Regeneration Income Fund

Principal Regulator - British Columbia

**Type and Date:**

Final Prospectus dated April 17th, 2002

Mutual Reliance Review System Receipt dated 17<sup>th</sup> day of April, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.

Raymond James Ltd.

**Promoter(s):**

-

**Project #428530**

---

**Issuer Name:**

Scotiabank Capital Trust

Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated April 23rd, 2002

Mutual Reliance Review System Receipt dated 23<sup>rd</sup> day of April, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Scotia Capital Inc.

**Promoter(s):**

The Bank of Nova Scotia

**Project #432244**

---

**Issuer Name:**

Alimentation Couche-Tard Inc.

Principal Regulator - Quebec

**Type and Date:**

Final Short Form Prospectus dated April 18th, 2002

Mutual Reliance Review System Receipt dated April 18th, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

National Bank Financial Inc.

Scotia Capital Inc.

**Promoter(s):**

-

**Project #435863**

---

**Issuer Name:**

CHC Helicopter Corporation  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated April 18th, 2002  
Mutual Reliance Review System Receipt dated 19<sup>th</sup> day of  
April, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Scotia Capital Inc.  
CIBC World Markets Inc.  
Sprott Securities Inc.  
National Bank Financial Inc.  
Griffiths McBurney & Partners  
Octagon Capital Corporation  
Yorkton Securities Inc.  
Beacon Securities Limited

**Promoter(s):**

-

**Project #435439**

---

**Issuer Name:**

Ketch Energy Ltd.  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated April 19th, 2002  
Mutual Reliance Review System Receipt dated 19<sup>th</sup> day  
April, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Griffiths McBurney & Partners  
TD Securities Inc.  
BMO Nesbitt Burns Inc.  
FirstEnergy Capital Corp.  
National Bank Financial Inc.  
Yorkton Securities Inc.  
Sprott Securities Inc.  
Salman Partners Inc.

**Promoter(s):**

-

**Project #435920**

---

**Issuer Name:**

DALSA CORPORATION  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated April 23rd, 2002  
Mutual Reliance Review System Receipt dated 24<sup>th</sup> day of  
April, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Yorkton Securities Inc.  
CIBC World Markets Inc.  
Acumen Capital Finance Partners Limited

**Promoter(s):**

-

**Project #435857**

---

**Issuer Name:**

RIOCAN REAL ESTATE INVESTMENT TRUST  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated April 19th, 2002  
Mutual Reliance Review System Receipt dated 22<sup>nd</sup> day of  
April, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.  
RBC Dominion Securities Inc.  
BMO Nesbitt Burns Inc.  
National Bank Financial Inc.  
Scotia Capital Inc.  
TD Securities Inc.  
Raymond James Ltd.

**Promoter(s):**

-

**Project #436430**

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**Issuer Name:**

Gloucester Credit Card Trust  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated April 18th, 2002  
Mutual Reliance Review System Receipt dated 18<sup>th</sup> day of  
April, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

RBC Dominion Securities Inc.  
TD Securities Inc.  
BMO Nesbitt Burns Inc.  
CIBC World Markets Inc.  
Scotia Capital Inc.

**Promoter(s):**

MBNA Canada Bank

**Project #434125**

---

**Issuer Name:**

Royal Group Technologies Limited  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Shelf Prospectus dated April 19th, 2002  
Mutual Reliance Review System Receipt dated 22<sup>nd</sup> day of  
April, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

RBC Dominion Securities Inc.  
TD Securities Inc.  
Scotia Capital Inc.  
CIBC World Markets Inc.

**Promoter(s):**

-

**Project #433550**

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**Issuer Name:**

Trojan Technologies Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated April 22nd, 2002  
Mutual Reliance Review System Receipt dated 22<sup>nd</sup> day of  
April, 2002

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Canaccord Capital Corporation  
Paradigm Capital Inc.  
Research Capital Corporation

**Promoter(s):**

-

**Project #436130**

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**Issuer Name:**

Beanstalk Capital Corporation  
Principal Jurisdiction - British Columbia

**Type and Date:**

Preliminary Prospectus dated September 28th, 2001  
Withdrawn on April 10th, 2002

**Offering Price and Description:**

\$250,000 to \$1,000,000 - 714,286 to 2,857,143 Common  
Shares @ \$0.35 per Common Share

**Underwriter(s) or Distributor(s):**

Raymond James Ltd.

**Promoter(s):**

James O'Rourke  
**Project #391734**

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**Issuer Name:**

AIC Total Yield Corporate Class

Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form  
dated April 19th, 2002  
Mutual Reliance Review System Receipt dated 24<sup>th</sup> day of  
April, 2002

**Offering Price and Description:**

(Mutual Fund Shares and Series F Shares)

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #413320**

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**Issuer Name:**

Emerald U.S. Market Index Fund  
Emerald Global Government Bond Index Fund  
Emerald International Equity Index Fund  
Emerald Canadian Short Term Investment Fund  
Emerald Canadian Equity Index Fund  
Emerald Canadian Bond Index Fund  
Emerald Balanced Fund

Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form  
dated April 15th, 2002  
Mutual Reliance Review System Receipt dated 24<sup>th</sup> day of  
April, 2002

**Offering Price and Description:**

(Class A Units and Class B Units)

**Underwriter(s) or Distributor(s):**

TD Asset Management Inc.

**Promoter(s):**

-

**Project #421301**

## Chapter 12

# Registrations

### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Kingsway Capital of Canada Inc. Attention: Douglas Clive Betts 8 King Street West Suite 801 Toronto ON M5L 1B5	Limited Market Dealer	Apr 22/02
New Registration	Peak Securities Inc. Attention: Camille Chouinard 2000 Mansfield Suite 1005 Montreal QC H3A 2Z7	Investment Dealer Equities	Apr 19/02
New Registration	Conning Asset Management Company c/o Osler, Hoskin & Harcourt LLP Attention: J. Mark Deslauriers Box 50, 1 First Canadian Place Toronto ON M5X 1B8	International Adviser Investment Counsel & Portfolio Manager	Apr 22/02
New Registration	Thornburg Investment Management, Inc. Attention: Brian John McMahon 119 East Marcy Street Suite 202 Santa Fe NM 87501 USA	International Adviser Investment Counsel & Portfolio Manager	Apr 23/02
New Registration	Foresters Securities (Canada) Inc. Attention: Neil William Russell 789 Don Mills Rd. Toronto ON M3C 1T9	Mutual Fund Dealer	Apr 24/02
Change in Category (Categories)	B.E.S.T. Investment Counsel Limited Attention: John Michael Anthony Richardson 65 Queen Street West Suite 501 Toronto ON M5H 2M5	From: Investment Counsel & Portfolio Manager  To: Limited Market Dealer Investment Counsel & Portfolio Manager	Apr 22/02
Change of Name	Marketaxess Corporation c/o Cartan Limited Attention: Amer M. Chaudhry Toronto-Dominion Bank Tower Toronto-Dominion Centre, Suite 4700 Toronto ON M9W 3V6	From: Trading Edge Inc.  To: Marketaxess Corporation	Feb 28/02

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## Chapter 13

# SRO Notices and Disciplinary Proceedings

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### 13.1.1 Discipline Penalties Imposed on Gerry Le Ramos - Violation of IDA By-law 29.1

*Contact:*

Aleksander Popovic  
Vice-President, Enforcement Department  
(416) 943-6904

**BULLETIN # 2987**

April 19, 2002

Jeffrey Kehoe  
Director, Enforcement Litigation  
(416) 943-6996

### DISCIPLINE

#### DISCIPLINE PENALTIES IMPOSED ON GERRY LE RAMOS VIOLATION OF BY-LAW 29.1

**Person  
Disciplined**

The Ontario District Council of the Investment Dealers Association of Canada ("the Association") has imposed discipline penalties on Gerry Le Ramos, at the relevant time a registered representative with RBC Dominion Securities Inc., a Member of the Association.

**By-laws,  
Regulations,  
Policies  
Violated**

On April 15, 2002, the Ontario District Council considered, reviewed, and accepted a Settlement Agreement negotiated between Mr. Le Ramos and Staff of the Enforcement Department of the Association.

Pursuant to the Settlement Agreement, Mr. Le Ramos admitted to the following conduct:

1. That on or about February 26, 1997, he facilitated a loan between two clients without the knowledge, consent or authorization of his member employer, and thereby engaged in business conduct or practice unbecoming a registered representative or detrimental to the public interest, contrary to By-law 29.1.
2. On or about June 9, 1997, he solicited a personal loan from a client without the knowledge, consent or authorization of his member employer, and thereby engaged in business conduct or practice unbecoming a registered representative or detrimental to the public interest, contrary to By-law 29.1.

**Penalty  
Assessed**

The discipline penalty assessed against Mr. Le Ramos is as follows:

1. A fine in the amount of \$7,500 payable to the Association by certified cheque forthwith;
2. concurrently, as a condition of his re-approval in any capacity with a Member of the Association, re-writing and passing the examination based on the Conduct and Practices Handbook for security industry professionals, administered by the Canadian Securities Institute without six (6) months following the effective date of the Settlement Agreement;
3. concurrently, as a condition of his re-approval in any capacity with a Member of the Association, filing with the Association monthly supervision reports for a period of 12 months following any re-approval;
4. concurrently, a prohibition on his re-approval on any capacity until such as the fine and costs are paid in full; and

5. concurrently, a condition of continued approval that in the event that he fails to comply with any of these discipline penalties within the time prescribed, the Ontario District Council may upon application by the Senior Vice President, Member Regulation and without further notice to the Respondent, suspend his approval until the penalties are complied with.

Further, Mr. Le Ramos is required to pay the Association's costs of the investigation and prosecution of this matter in the amount of \$5,000.

**Summary  
of Facts**

Mr. Le Ramos was at all material times a registered representative with RBC Dominion Securities Inc. ("RBC") at its North York, Ontario branch. He worked as a registered representative with RBC from the time of his first registration in January 1997 until RBC dismissed him at the beginning of December 1997.

Among Mr. Ramos' first clients were Mr. G.A. and Mrs. A.A. They were a married couple, and neighbours of Mr. Ramos and his family. In February 1997, a friend of the Ramos family, Mr. O.A., who was also a client of Mr. Ramos, approached Mr. Ramos and indicated that he needed an RRSP loan. Mr. Ramos then approached Mrs. A. and asked if she would be willing to make the loan. She agreed and a promissory note was prepared by Mr. Ramos. The loan was payable on demand with no re-payment schedule. However, it was agreed that Mr. O.A. would pay Mrs. A.A. \$700 interest in consideration of the loan. Mr. Ramos did not notify RBC that he had facilitated this loan. Consequently, he did not have his employers consent to engage in what amounted to outside business activity.

In June 1997, Mr. Ramos approached Mr. O.A. and asked for a personal loan. Mr. O.A. agreed and authorized Mr. Ramos to withdraw \$14,600 from his RRSP account for this purpose. The loan agreement was not reduced to writing. However, it was the arrangement between Mr. Ramos and Mr. O.A. that Mr. Ramos would repay Mr. O.A.'s loan to Mrs. A.A. whenever she demanded payment. In other words, by loaning this money to Mr. Ramos, it was Mr. O.A.'s expectation that when Mrs. A.A. demanded repayment of the original loan, Mr. Ramos would be responsible for paying that money to Mrs. A.A. As with the case with the first loan agreement, Mr. Ramos did not disclose to his employer that he solicited a personal loan from a client.

In October 1997, Mr. G.A. passed away. Several weeks after Mr. A.'s death, Mr. Ramos met with Mrs. A. and advised her that she should look at her late husband's account as losses had been incurred. Early in December 1997, Mrs. A.A. met with Mr. Ramos and his branch manager at RBC to discuss the status of her late husband's investments. At that time, Mrs. A.A. also demanded repayment of the loan made to O.A. It was only at this time that Mr. Ramos advised his superiors at RBC that he had facilitated the loan between Mrs. A.A. and Mr. O.A. Shortly thereafter, Mr. Ramos parents delivered a cheque payable to Mrs. A.A. representing the outstanding principal on her loan to Mr. O.A. plus interest. The same day, RBC terminated Mr. Ramos' employment.

Mr. Ramos has not been employed in the securities industry in a registered capacity since his termination by RBC.

Kenneth A. Nason  
Association Secretary

13.1.2 Discipline Pursuant to IDA By-law 20 - Gerry Le Ramos Settlement Agreement

Bulletin No. 2987

**IN THE MATTER OF  
DISCIPLINE PURSUANT TO BY-LAW 20  
OF THE INVESTMENT DEALERS ASSOCIATION OF  
CANADA**

**Re: Gerry Le Ramos**

**SETTLEMENT AGREEMENT**

**I. INTRODUCTION**

1. The staff ("Staff") of the Investment Dealers Association of Canada ("the Association") has conducted an investigation (the "Investigation") into the conduct of Gerry Le Ramos ("the Respondent").
2. The Investigation discloses matters for which the District Council of the Association ("the District Council") may penalize the Respondent by imposing discipline penalties.

**II. JOINT SETTLEMENT RECOMMENDATION**

3. Staff and the Respondent consent and agree to the settlement of these matters by way of this Settlement Agreement in accordance with By-law 20.25.
4. This Settlement Agreement is subject to its acceptance, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council in accordance with By-law 20.26.
5. Staff and the Respondent jointly recommend that the District Council accept this Settlement Agreement.
6. If at any time prior to the acceptance of this Settlement Agreement, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council, there are new facts or issues of substantial concern in the view of Staff regarding the facts or issues set out in Section III of this Settlement Agreement, Staff will be entitled to withdraw this Settlement Agreement from consideration by the District Council.

**III. STATEMENT OF FACTS**

**(i) Acknowledgement**

7. Staff and the Respondent agree with the facts set out in this Section III and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

**(ii) Background**

8. The Respondent commenced his employment with RBC Dominion Securities Inc. ("RBC") on October 15, 1996, and was enrolled in a 90-day training program to January 15, 1997. The Respondent received approval from the Association to act as a Registered Representative ("RR") on January 27, 1997. He was then subject to a six-month period of supervision and reporting. At all material times, the Respondent was employed at the North York branch of RBC.
9. On November 21, 1996, G. A. and A.A. opened a joint account with RBC at its North York branch. G. A. and A.A. were neighbours of the Respondent and his family, and the Respondent solicited this account. They were novice investors, married, and in their early 50s.

**(iii) Personal Financial Dealings with Clients**

10. In February 1997, O.A., a client of the Respondent at RBC and an acquaintance of the A.s and a close friend of the Ramos family, told him he required a loan of \$14,100.00 for his RRSP contribution which was then due. The Respondent asked A.A. if she would be willing to make the loan and she indicated she was willing. A promissory note was prepared by the Respondent. The loan was payable on demand with no repayment schedule. However, it was agreed that O.A. would pay A.A. \$700 interest. The Respondent did not request or receive any commission or fee from the loan, directly or indirectly.
11. As O.A. was out of the country at the time that the loan was arranged, the Respondent received a cheque from A. A. made payable to the Respondent in the amount of \$14,100. The Respondent deposited the cheque to his personal bank account on February 26, 1997. On February 28, 1997, a cheque in the amount of \$14,100 was written from the Respondent's personal bank account and deposited to O.A.'s RRSP account at RBC in accordance with A.A.'s intentions and O.A.'s instructions.
12. Some months later in June 1997, the Respondent asked O.A. for a personal loan. O.A. agreed and

on June 9, 1997, O.A. authorized the Respondent to withdraw \$14,600 from his RRSP account for this purpose. After withholding tax, withdrawal fees, and GST on the transaction, the net withdrawal from O.A.'s account was \$11,658.60. On June 23, 1997, the sum of \$11,658.60 was deposited into the Respondent's personal bank account. No documentation was prepared to memorialize this loan by O.A. to the Respondent. O.A. did not intend this withdrawal to repay A.A. However, it was the arrangement between the Respondent and O.A. that the Respondent would pay O.A.'s loan to A.A. whenever she demanded payment.

13. The Respondent was not aware of any requirement that he notify and obtain the consent of RBC to facilitate a loan between clients. Consequently, the Respondent did not disclose to RBC the loan facilitated between O.A. and A.A. until asked by RBC.
14. Similarly, the Respondent did not disclose to RBC the personal loan from O.A. to the Respondent. The relationship between O.A. and the Respondent and his family was a very close one going back to the early 1980's. Given the avuncular relationship the Respondent enjoyed with O.A., the Respondent did not think he was required to notify RBC that he had taken a personal loan from a client.
15. On August 8, 1997, \$3,000 was deposited to A.A.'s RBC account. The origin of this deposit is not clear. However, it was understood by the Respondent, O.A., and A.A. that this deposit represented partial payment of the loan to O.A.
16. On October 18, 1997, G. A passed away. Several weeks after G.A.'s death, the Respondent met with A.A. and advised her that she should look at her late husband's account since there were losses.
17. On or about December 2, 1997, A.A. met with the Respondent and Mr. Reilly, the Respondent's branch manager to discuss the poor performance of her late husband's investments and claim restitution. A. A. also demanded the repayment of the loan made to O.A.. It was at this time that Respondent advised his superiors at RBC that he had facilitated the loan between A. A. and O.A.
18. On December 3, 1997, the Respondent's parents delivered a cheque payable to A.A. in the sum of \$11,800, representing the outstanding principal on A.A.'s loan to O.A. (\$11,100), and interest (\$700).
19. Immediately following this payment, the Respondent's employment with RBC was terminated.

#### **IV. CONTRAVENTIONS**

20. On or about February 26, 1997, Gerry Le Ramos, while a Registered representative of a Member of the Association, facilitated a loan between two clients, namely A.A. and O.A. without the knowledge, consent or authorization of his Member employer, and thereby engaged in business conduct or practice unbecoming a Registered Representative or detrimental to the public interest, contrary to By-law 29.1.
21. On or about June 9, 1997, Gerry Le Ramos, while a Registered Representative of a Member of the Association, solicited a personal loan from a client, namely O.A., without the knowledge, consent or authorization of his Member employer, and thereby engaged in business conduct or practice unbecoming a Registered Representative or detrimental to the public interest, contrary to By-law 29.1.

#### **V. ADMISSION OF CONTRAVENTIONS AND FUTURE COMPLIANCE**

22. The Respondent admits the contravention of the Statutes or Regulations thereto, By-laws, Regulations, Rulings or Policies of the Association noted in Section IV of this Settlement Agreement. In the future, the Respondent shall comply with these and all By-laws, Regulations, Rulings and Policies of the Association.

#### **VI. DISCIPLINE PENALTIES**

23. The Respondent accepts the imposition of discipline penalties by the Association pursuant to this Settlement Agreement as follows:
  - a) for the Contraventions set out in Section IV above, a fine in the amount of \$7,500.00 payable to the Association by certified cheque forthwith;
  - b) for the Contraventions as set out in Section IV, concurrent, as a condition of his re-approval in any capacity with a member of the Association, re-writing and passing the examination based on the Conduct and Practices Handbook for Securities Industry Professionals, administered by the Canadian Securities Institute within six (6) months following the effective date of this Settlement Agreement;
  - c) for the Contraventions as set out in Section IV, concurrent, as a condition of his re-approval in any capacity with a Member of the Association, filing with the Association monthly supervision reports for a period of 12 months following any re-approval;

- d) for the Contraventions set out in Section IV, concurrent, a prohibition on his re-approval in any capacity until such time as the fine, and costs herein are paid in full;
- e) for the Contraventions set out in Section IV, concurrent, a condition of continued approval that in the event the Respondent fails to comply with any of these discipline penalties within the time prescribed, the District Council may upon application by the Senior Vice President, Member Regulation and without further notice to the respondent suspend the approval of the Respondent until the penalties are complied with.

**VII. ASSOCIATION COSTS**

- 24. The Respondent shall pay the Association's costs of this proceeding in the amount of \$5,000.00 payable to the Association by post-dated personal cheques dated May 31, 2002, June 30, 2002, July 31, 2002, August 31, 2002, and September 30, 2002 in the amount of \$1,000.00 each.

**VIII. EFFECTIVE DATE**

- 25. This Settlement Agreement shall become effective and binding upon the Respondent and Staff in accordance with its terms as of the date of:
  - (a) its acceptance; or
  - (b) the imposition of a lesser penalty or less onerous terms; or
  - (c) the imposition, with the consent of the Respondent, of a penalty or terms, more onerous, by the District Council.

**IX. WAIVER**

If this Settlement Agreement becomes effective and binding, the Respondent hereby waives his right to a hearing under the Association By-laws in respect of the matters described herein and further waives any right of appeal or review which may be available under such By-laws or any applicable legislation.

**X. STAFF COMMITMENT**

- 26. If this Settlement Agreement becomes effective and binding, Staff will not proceed with disciplinary proceedings under Association By-laws in relation to the facts set out in Section III of the Settlement Agreement.

**XI. PUBLIC NOTICE OF DISCIPLINE PENALTY**

- 27. If this Settlement Agreement becomes effective and binding:

- (a) the Respondent shall be deemed to have been penalized by the District Council for the purpose of giving written notice to the public thereof by publication in an Association Bulletin and by delivery of the notice to the media, the securities regulators and such other persons, organizations or corporations, as required by Association By-laws and any applicable Securities Commission requirements; and
- (b) the Settlement Agreement and the Association Bulletin shall remain on file and shall be disclosed to members of the public upon request.

**XII. ACCEPTANCE OR REJECTION OF SETTLEMENT AGREEMENT**

- 28. If the District Council rejects this Settlement Agreement:
  - a) the provisions of By-laws 20.10 to 20.24, inclusive, shall apply, provided that no member of the District Council rejecting this Settlement Agreement shall participate in any hearing conducted by the District Council with respect to the same matters which are the subject of the Settlement Agreement; and
  - b) the negotiations relating thereto shall be without prejudice and may not be used as evidence or referred to in any hearing.

**AGREED TO** by Staff at the City of Toronto, in the Province of Ontario, this "12<sup>th</sup>" day of April 2002.

<b>"Jeffrey Kehoe"</b> Witness	<b>"Kenneth J. Kelertas"</b> Enforcement Counsel on behalf of the Staff of the Investment Dealers Association of Canada
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**AGREED TO** by the Respondent at "Toronto", in the Province of Ontario, this "15<sup>th</sup>" day of "April" 2002.

<b>"John O'Sullivan"</b> Witness	<b>"GERRY LE RAMOS"</b> Respondent
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**ACCEPTED BY** the Ontario District Council of the Investment Dealers Association of Canada, at the City of Toronto, in the Province of Ontario, this "15<sup>th</sup>" day of April 2002.

Investment Dealers Association of Canada  
(Ontario District Council)

Per: Hon. "Fred Kaufman", Chairperson

Per: "David Kerr", Industry Member

Per: "Brad Doney", Industry Member

**13.1.3 TSX Request for Comments - Corporate Governance Policy - Proposed New Disclosure Requirement and Amended Guidelines**

**Toronto Stock Exchange**

**REQUEST FOR COMMENTS**

**CORPORATE GOVERNANCE POLICY - PROPOSED  
NEW DISCLOSURE REQUIREMENT  
and AMENDED GUIDELINES**

On March 26, 2002 the Board of Directors of the Toronto Stock Exchange (the "TSX") approved amendments of the corporate governance disclosure guidelines (the "Amended Guidelines") applicable to TSX listed issuers. These amendments are in response to recommendations contained in the final report of the Joint Committee on Corporate Governance published in November 2001.

The Amended Guidelines will be effective upon OSC approval following public notice and comment. Comments should be in writing and delivered by May 31, 2002 to:

Robert M. Fabes  
Vice President, Advisory Affairs  
Issuer Services  
Toronto Stock Exchange  
The Exchange Tower  
130 King Street West  
Toronto, Ontario M5X 1J2  
Fax: (416) 947-4547  
Email: robert.fabes@tse.com

A copy should also be provided to the:

Manager  
Market Regulation  
Capital Markets  
Ontario Securities Commission  
20 Queen Street West  
Toronto, Ontario M5H 3S8

Comments will be publicly available unless confidentiality is requested.

**OVERVIEW**

In July 2000, the Toronto Stock Exchange (the "TSX"), the TSX Venture Exchange and the Canadian Institute of Chartered Accountants mandated the Joint Committee on Corporate Governance (the "JCCG") to review the state of corporate governance practices in Canada and recommend changes that will assure the ongoing development of Canadian corporate governance standards as among the best in the world. The JCCG tabled its preliminary report in March 2001 and, following extensive comments from various stakeholders, issued its final report in November 2001 (the "JCCG Report").

## SUMMARY

The JCCG Report contains 15 recommendations, the majority of which propose modifications to the existing TSX Corporate Governance Guidelines (the "Guidelines") introduced in 1995. In response, the TSX is proposing that certain amendments be made to the Guidelines. Other recommendations of the JCCG will be reflected in Practice Notes to the Guidelines. The TSX has also amended the disclosure requirements in the TSX Company Manual, principally by consolidating sections 473 and 475.

## BACKGROUND

The TSX has been a leader in the movement to improve the quality of corporate governance of Canadian corporations. In 1994, the TSX sponsored the committee that published the report "Where Were the Directors?". That report recommended the disclosure requirements set out in Sections 473 to 475 of the TSX Company Manual.

In 1999, the TSX and the Institute of Corporate Directors (ICD) produced a governance scorecard of Canadian companies, published in the report entitled "Five Years to the Dey", based on the Guidelines adopted in 1995. The objective was to assess the extent to which the corporate governance practices of public companies reflect the Guidelines, and to identify opportunities for the TSX and ICD to support sound practices.

Shortly thereafter, the committee that wrote the 1994 report held a reunion in the spring of 1999. The conclusion of that reunion was that, although significant improvement had occurred in the quality of governance of Canadian corporations, the response of Canadian corporations to the governance initiatives was more formal than substantive and that the corporate sector in Canada had not yet achieved a "culture of governance".

This led to the appointment of the JCCG in July 2000 with the mandate to suggest improvements to the corporate governance regime in Canada. The TSX and the TSX Venture Exchange sponsored this initiative, along with the CICA, in line with the leadership role it has played in the promotion of sound corporate governance in Canada. The TSX continues to be in a strong position to impact and influence corporate governance initiatives in Canada.

In preparing the amended Guidelines, the corporate governance disclosure regimes of stock exchanges in United States, Australia and the United Kingdom were reviewed. This review revealed that the corporate governance regime of the TSX compares favourably to those of NYSE, NASDAQ, ASX and LSE.

## TSX RESPONSE TO JCCG RECOMMENDATIONS

The TSX response to the JCCG Recommendations is consistent with the TSX approach to corporate governance, which rests on the following principles:

- Each issuer must have the flexibility to develop its own approach to corporate governance.

- The role of the TSX is to provide a framework for issuers to disclose their corporate governance practices in order for the market to reward or sanction them.
- The development of a corporate governance culture goes beyond the Guidelines and requires a shared commitment and concentrated effort by boards, management and major institutional shareholders of every issuer.

The TSX has generally accepted all of the themes underlying the recommendations of the JCCG, with the exception of the independent board leader as a listing requirement. The TSX has adopted these themes by way of amending the Guidelines and the addition of practice notes to the Guidelines.

Two central recommendations of the JCCG were specifically addressed. First, the JCCG recommends in Recommendation 3 that the appointment of an independent board leader (IBL) be a condition of listing. The JCCG recommended that each board appoint an IBL who would be the chair if the chair is not the CEO. The IBL would be responsible for ensuring the board actually carries out its responsibilities, e.g. assessing the effectiveness of the board. The theory behind this JCCG recommendation is that someone on the board should be made accountable for ensuring the board and its committees execute their governance responsibilities.

While agreeing with the general theme, the appointment of an IBL is not being made a condition of listing. The TSX's mandate in respect of corporate governance is to require disclosure of corporate governance systems rather than legislate corporate governance standards. As an alternative achieving the same objective, Guideline 12 relating to the functioning of the board independently of management has been amended to clarify the obligation of the chair or lead director to ensure that the board, board committees and directors discharge their obligations under the corporation's governance system.

Recommendation 8 of the JCCG requested that the TSX review and revise the definition of significant shareholder so that the intent of the existing guideline is met when a de facto control block exists that represents less than a majority of the voting shares. The definition of significant shareholder in Guideline 2 currently uses the bright line test of "a majority of the votes for the election of the board of directors". This test was chosen intentionally to eliminate uncertainty and to avoid requiring the board to carry out an investigation to ascertain whether a particular shareholder can elect a majority of the directors. In addition, because the definition of "significant" or "controlling" shareholder proposed by the JCCG may vary from the definition under laws regulating certain industries, such a standard for corporate governance purposes could raise issues of consistency. After careful consideration, the standard contained in Guideline 2 remains unchanged.

Finally, the general acceptance in the marketplace of the current structure and language of the Guidelines was considered in amending the Guidelines.

### **SPECIFIC CHANGES**

The Guidelines have been amended to:

1. Reflect the JCCG recommendations in four changes to the Guidelines:
  - the role of the board in adopting a strategic planning process;
  - the role of the chair or other director to ensure the board functions independently of management;
  - the introduction of financial literacy and accounting expertise requirements for audit committee members; and
  - to conform to current practice, reference to the executive committee has been deleted from Guideline 9.
2. Add "Practice Notes" to the Guidelines. These Practice Notes will provide useful guidance to issuers on corporate governance. This represents a practical way to support the underlying principles of several of the Recommendations. The Practice Notes will be beneficial to listed issuers and provide a strong foundation to the TSX's annual review initiative detailed below.
3. Revise the disclosure requirements in the TSX Company Manual for greater clarity, principally by integrating sections 473 and 475 and removing section 472. Over the years, the TSX has received many comments to the effect that the instructions found in Section 473 (Disclosure Requirement) and Section 475 (Complete Disclosure) were somewhat confusing. This measure will further clarify the existing obligation of each listed issuer to disclose its corporate governance system and, where its system differs from the Guidelines, to disclose the reasons for the difference.
4. Have the Guidelines apply to non-corporate issuers. The amended language in Section 473 (Disclosure Requirements) requires listed issuers which are not business corporations, such as trusts and partnerships, to disclose their governance systems with reference to the Guidelines to the extent the Guidelines are applicable to their form of organization.

The amended Guidelines, together with the relevant Practice Notes, and marked to show changes from the current Guidelines, are set out in Appendix A.

The TSX agrees with the JCCG that the development of good corporate governance is an ongoing process that is important to review periodically. Accordingly, the TSX has initiated a formal annual review of corporate governance disclosure practices of TSX listed issuers. The summary of

such a review will be made available to listed issuers on an annual basis.

### **PUBLIC INTEREST ASSESSMENT**

The proposed amendments to the Guidelines are more reflective of market and investor expectations of appropriate corporate governance practices. The amended Guidelines, with the addition of the Practice Notes, will facilitate issuer's disclosure of their practices and assist them in meeting these expectations. Consequently, the TSX believes that these amendments are in the best interests of the capital markets of Ontario. Given the importance of corporate governance practices in today's capital markets, the TSX believes that public comment on the amended Guidelines is warranted. As a result, the amendments to the Guidelines will therefore only become effective following public notice, a comment period and the approval of the OSC. It is anticipated that disclosure in accordance with the amended Guidelines will be mandatory for TSX issuers with a year-end on or after December 31, 2002.

BY ORDER OF THE BOARD OF DIRECTORS

LEONARD P. PETRILLO  
VICE PRESIDENT, GENERAL  
COUNSEL AND SECRETARY

**APPENDIX A**  
**Revised Guidelines with Practice Notes**

**TSX COMPANY MANUAL**

**M. CORPORATE GOVERNANCE**

**Introduction**

**Sec. 472**

~~The Exchange's guidelines for effective corporate governance are drawn from the report entitled "Where Were the Directors?" that was issued in December 1994 by the Toronto Stock Exchange Committee on Corporate Governance in Canada. The Exchange subsequently adopted the disclosure requirement set out in Section 473, below, which has been in place since 1995.~~

**Disclosure Requirements**

**Sec. 472**

For the purposes of sections 472 and 473:

"company" includes a corporation, trust, partnership or other form of business organization;

"corporation" means a company incorporated under a business corporation act or similar legislation;

"inside director" means a director who is a member of management;

"outside director" means a director who is not a member of management;

"related director" means a director who is not an unrelated director or is a member of management.;

"significant shareholder" means a shareholder with the ability to exercise a majority of the votes for the election of the board of directors; and

"unrelated director" means a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the company, other than interests and relationships arising from shareholding.

Every listed corporation incorporated in Canada or a province of Canada shall make full and complete disclosure of its system of corporate governance on an annual basis in its annual report or information circular. The disclosure shall be made with reference to each of the guidelines set out in Section 473 and where the corporation's system is different from any of the guidelines, each difference and the reason for the difference shall be clearly disclosed. Every listed company which is not a corporation shall also make full and complete disclosure of its system of governance on an annual basis in its annual filing. The disclosure shall be appropriate to the listed company's form of business

organization and shall, to the extent applicable, refer to the established guidelines set out in Section 473.

In addition to disclosures of its system of governance, every listed company shall disclose, in general terms, the operation of its system of governance.

**Guidelines**

**Sec. 473**

The following are the guidelines for effective corporate governance:

- (1) The board of directors of every corporation should explicitly assume responsibility for the stewardship of the corporation<sup>1.1</sup> and, as part of the overall stewardship responsibility, should assume responsibility for the following matters:
  - (a) adoption of a strategic planning process and approval of a strategic plan which takes into account, among other things, the opportunities and risks of the business;
  - (b) the identification of the principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks;
  - (c) succession planning, including appointing, training and monitoring senior management;
  - (d) a communication policy for the corporation<sup>1.2</sup>; and
  - (e) the integrity of the corporation's internal control and management information systems.

<sup>1.1</sup> Practice Note: In order to help boards discharge appropriately their stewardship responsibility, boards should adopt a formal mandate setting out their responsibilities. Such mandates can also be used in conducting regular assessments of board effectiveness referred to in Guideline 5. In describing the responsibilities of the board, it would be appropriate for the corporation to describe:

- the decisions requiring prior approval of the board;
- measures for receiving shareholder feedback; and
- the board's expectations of management.

<sup>1.2</sup> Practice Note: In assuming responsibility for the communication policy of the corporation, the board should ensure that the policy: (i) addresses how the corporation interacts with analysts and the public; (ii) contains measures for the corporation to avoid selective disclosure; and (iii) is reviewed annually.

(2) The board of directors of every corporation should be constituted with a majority of individuals who qualify as unrelated directors. ~~An unrelated director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholding. A related director is a director who is not an unrelated director. If the corporation has a significant shareholder, in addition to a majority of unrelated directors, the board should include a number of directors who do not have interests in or relationships with either the corporation or the significant shareholder and which fairly reflects the investment in the corporation by shareholders other than the significant shareholder. A significant shareholder is a shareholder with the ability to exercise a majority of the votes for the election of the board of directors.~~

(3) The application of the definition of "unrelated director" to the circumstances of each individual director should be the responsibility of the board which will be required to disclose on an annual basis whether the board has a majority of unrelated directors or, in the case of a corporation with a significant shareholder, whether the board is constituted with the appropriate number of directors which are not related to either the corporation or the significant shareholder. ~~Management directors are related directors. The board will also be required to disclose on an annual basis the analysis of the application of the principles supporting this conclusion.~~<sup>3.1</sup>

<sup>3.1</sup> Practice Note: Relevant points of discussion in making this analysis include:  
 - composition of the board;  
 - whether the board has a majority of unrelated directors and the basis of this analysis; and  
 - if the corporation has a significant shareholder, whether the corporation satisfies the requirement for fairly reflecting the investment of minority shareholders in the corporation and the basis for this analysis.

(4) The board of directors of every corporation should appoint a committee of directors composed exclusively of outside, i.e., non-management, directors, a majority of whom are unrelated directors, with the responsibility for proposing to the full board new nominees to the board<sup>4.1</sup> and for assessing directors on an ongoing basis.

<sup>4.1</sup> Practice Note: The full board should engage in a disciplined process to determine, in light of the opportunities and risks facing the corporation, what competencies, skills and personal qualities it

should seek in new board members in order to add value to the corporation. The results of such a discussion provide a framework for the work of those directors charged with developing lists of candidates. Prospective candidates, once identified, can be approached by the chair of the board, the chair of the nominating committee or another director appointed by the board to be responsible for recruiting directors, with or without the CEO, to explore their interest in joining the board.

(5) Every board of directors should implement a process to be carried out by the nominating committee or other appropriate committee for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors.<sup>5.1</sup>

<sup>5.1</sup> Practice Note: In describing the process for assessing board, committee and director effectiveness, identify which director or committee of the board has responsibility for these assessments and how frequently these assessments are made.

(6) Every corporation, as an integral element of the process for appointing new directors, should provide an orientation and education program for new recruits to the board.<sup>6.1</sup>

<sup>6.1</sup> Practice Note: Boards should ensure that prospective candidates fully understand the role of the board, the role of the committees of the board and the contribution individual directors are expected to make, including in particular, the commitment of time and energy that the corporation expects of its directors.

(7) Every board of directors should examine its size and, with a view to determining the impact of the number upon effectiveness, undertake, where appropriate, a program to establish a board size ~~reduce the number of directors to a number which facilitates more~~ effective decision-making.

(8) The board of directors should review the adequacy and form of the compensation of directors and ensure the compensation realistically reflects the responsibilities and risk involved in being an effective director.

(9) ~~Subject to Guideline 13, c~~ Committees of the board of directors should generally be composed of outside directors, a majority of whom are unrelated directors, although some board committees, ~~such as the executive committee,~~ may include one or more inside directors.

(10) Every board of directors should expressly assume responsibility for, or assign to a committee of directors the general responsibility for, developing the corporation's approach to governance issues.

This committee would, ~~among amongst~~ other things, be responsible for the corporation's response to these governance guidelines.

- (11) The board of directors, together with the CEO, should develop position descriptions for the board and for the CEO, including the definition of the limits to management's responsibilities. In addition, the board should approve or develop the corporate objectives which the CEO is responsible for meeting and assess the CEO against these objectives.<sup>11.1</sup>

<sup>11.1</sup> *Practice Note: The board or a committee of the board should assess the CEO, and if a committee conducts the assessment, the results should be reported to the board.*

- (12) Every board of directors should implement structures and procedures which have in place appropriate structures and procedures to ensure that the board can function independently of management. An appropriate structure would be to (i) appoint a chair of the board who is not a member of management with responsibility to ensure the board discharges its responsibilities or (ii) ~~adopt alternate means such as assigning~~ assign this responsibility to a committee of the board or to a an outside director, sometimes referred to as the "lead director". ~~Appropriate measures may~~The chair or lead director should ensure that the board carries out its responsibilities effectively which will involve the board meeting on a regular basis without management present ~~or~~ and may involve expressly assigning the responsibility for administering the board's relationship to management to a committee of the board.<sup>12.1</sup>

<sup>12.1</sup> *Practice Note: Discuss board effectiveness, management of the board and liaison between the board and management in describing the mandates of the board, committees of the board and of the chair of the board. If the board does not have a chair separate from management, it is essential that the corporation discuss the structures and processes that are in place to facilitate the functioning of the board independently of management. In addition, to ensure the board carries out its responsibilities:*

- the chair or lead director should ensure the board understands the boundaries between board and management responsibilities;
- prospective candidates should fully understand the role of the board and the contribution they are expected to make; and
- the board should address its responsibilities under the governance system.

- (13) The audit committee of every board of directors should be composed only of unrelated outside directors. All of the members of the audit committee should be financially literate and at least one member should have accounting or related financial expertise. Each board shall determine the definition of and criteria for "financial literacy" and "accounting or related financial expertise".<sup>13.1</sup> The board should adopt a charter for the audit committee which sets out ~~the~~ roles and responsibilities of the audit committee which should be specifically defined so as to provide appropriate guidance to audit committee members as to their duties<sup>13.2</sup>. The audit committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate<sup>13.3</sup>. The audit committee duties should include oversight responsibility for management reporting on internal control. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to ensure that management has done so.

<sup>13.1</sup> *Practice Note: An acceptable definition of "financial literacy" is the ability to read and understand a balance sheet, an income statement and a cash flow statement. An acceptable definition of "accounting or related financial expertise" is the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles.*

<sup>13.2</sup> *Practice Note: The audit committee charter should set out explicitly the role and responsibility of the audit committee with respect to:*

- its relationship with and expectation of the external auditors including the establishment of the independence of the external auditor;
- its relationship with and expectation of the internal auditor function;
- its oversight of internal control;
- disclosure of financial and related information; and
- any other matters that the audit committee feels are important to its mandate or that the board chooses to delegate to it.

*The audit committee charter should specify that the external auditor is ultimately accountable to the board of directors and the audit committee as representatives of shareholders.*

*The board of directors should review and reassess the adequacy of the audit committee charter on an annual basis.*

<sup>13.3</sup> *Practice Note: The audit committee should discuss with the auditor the quality and not just the*

acceptability of the corporation's accounting principles. The audit committee should implement structures and procedures to ensure that it meets the auditors on a regular basis in the absence of management.

- (14) The board of directors should implement a system which enables an individual director to engage an outside adviser at the expense of the company in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the board.

### **Complete Disclosure**

#### **Sec. 475**

~~The disclosure regarding a company's system of corporate governance relative to each of the guidelines set out in Section 474 should be complete. While the disclosure regarding each guideline may be relatively brief it should address at least the following points:~~

~~mandate of the board, which should set forth duties and objectives;~~

~~the composition of the board, whether the board has a majority of unrelated directors and the basis for this analysis; if the company has a significant shareholder, whether the company satisfies the requirement for fairly reflecting the investment of minority shareholders in the corporation and the basis for this analysis;~~

~~if the board does not have a chair separate from management, the structures and processes which are in place to facilitate the functioning of the board independently of management;~~

~~description of the board committees, their mandates and their activities;~~

~~description of decisions requiring prior approval by the board;~~

~~procedures in place for recruiting new directors and other performance enhancing measures, such as assessment of board performance;~~

~~measures for receiving shareholder feedback and measures for dealing with shareholder concerns; and~~

~~the board's expectations of management.~~

## Chapter 25

# Other Information

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### 25.1 Approvals

#### 25.1.1 Canso Fund Management Ltd. - Loan and Trust Corporations Act - cl. 213(3)(b)

##### Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act - application for approval to act as trustee.

##### Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990 c.L.25, as am., clause 213(3)(b).

##### Rules Cited

Ontario Securities Commission Approval 81-901, Approval of Trustees of Mutual Fund Trusts (1997), 20 O.S.C.B. 200.

April 19, 2002

Borden Ladner Gervais LLP

##### Attention: Michael R. Holder

Dear Sirs/Mesdames:

**Re:** Application by Canso Fund Management Ltd. (the "Applicant") for approval to act as trustee of Canso Fund, Canso Global Investment Fund, Canso North Star Fund, Canso High Yield Fund, Canso Corporate Securities Fund (together, the "Existing Funds") and also certain other mutual funds to be established by the Applicant from time to time and offered pursuant to prospectus exemption (the "Future Funds" and together with the Existing Funds, the "Funds")

Further to the application dated April 10, 2002 (the "Application") filed on behalf of the Applicant, and based on the facts set out in the Application, pursuant to the authority conferred on the Ontario Securities Commission (the "Commission") in clause 213(3)(b) of the Loan and Trust Corporations Act (Ontario), the Commission approves the proposal that the Applicant act as trustee of the Funds which it manages.

"Howard I. Weston"

"Theresa McLeod"

**Other Information**

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**25.1.2 Securities**

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**TRANSFER WITHIN ESCROW**

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<u>COMPANY NAME</u>	<u>DATE</u>	<u>FROM</u>	<u>TO</u>	<u>NO. AND TYPE OF SHARES</u>
Claim Lake Resources Inc.	April 19, 2002	Marilyn Ksynduk	Ulrich Kretschmar	31,259 Common shares

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