The Ontario Securities Commission

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

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

JULY 5, 2002

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
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20 Queen Street West
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Robert W. Korthals	**C**	RWK
Mary Theresa McLeod	**C**	MTM
H. Lorne Morphy, Q.C.	**C**	HLM
Robert L. Shirriff, Q.C.	**C**	RLS

SCHEDULED OSC HEARINGS

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.	**YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths McBurney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)** s. 127
September 6, 10, 12, 13, 24, 26 & 27/02 9:30 a.m. - 4:30 p.m.	K. Daniels/M. Code/J. Naster/I. Smith in attendance for staff. Panel: HIW / DB / RWD
July 8/02 9:30 a.m.	**Mark Edward Valentine** s. 127 M. Kennedy in attendance for Staff Panel: HIW / DB / RWD
July 11/02 10:00 a.m.	**Piergiorgio Donnini** s. 127 J. Superina in attendance for Staff Panel: PMM / KDA / HPH
August 20/02 2:00 p.m. August 21 to 30/02 9:30 a.m.	**Mark Bonham and Bonham & Co. Inc.** s. 127 M. Kennedy in attendance for staff Panel: PMM / KDA / HPH
September 16 - 20/02 10:00 a.m.	**James Pincock** s. 127 J. Superina in attendance for Staff Panel: HLM

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 OSC Notice 45-704, OSC Small Business Advisory Committee

ONTARIO SECURITIES COMMISSION NOTICE 45-704

OSC SMALL BUSINESS ADVISORY COMMITTEE

The Ontario Securities Commission is establishing a Small Business Advisory Committee (the SBAC).

In June 1994, the Commission established an industry task force, known as the Task Force on Small Business Financing, to make recommendations about the Ontario legislative and regulatory framework governing the raising of capital by small and medium-sized enterprises. The Task Force issued its final report in October 1996.

On November 30, 2001, revised OSC Rule 45-501 *Exempt Distributions* (the Rule) came into force. The Rule implements many of the recommendations of the Task Force relating to the regulation of private placement financing.

Recognizing the critical role played by the Task Force's industry participants in the development of the new exempt market regime, the Commission is establishing the SBAC. The SBAC will provide ongoing advice to the Commission and Commission staff on the securities regulatory issues facing small and medium-sized businesses in Ontario. It is expected that the SBAC will advise staff on any issues arising from the implementation of the Rule and will also serve as a forum for continuing communication between the Commission and small business.

The SBAC will be composed of approximately ten individual volunteers. The SBAC will meet approximately four times a year, mostly in teleconference, and members will serve two-year terms. Members are expected to have extensive knowledge of small business issues and a strong interest in securities regulatory policy as it relates to small business financing. As such, familiarity with securities regulation would be helpful.

The SBAC will be chaired by a Commission staff representative who will serve a two-year term. The initial chair will be Margo Paul.

Representatives of small businesses, industry associations, law and accounting firms and other interested persons are invited to apply in writing for membership on the SBAC indicating their areas of practice and relevant experience. Interested parties should submit their application by August 31, 2002. Applications and any queries regarding this Notice may be forwarded to:

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

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Enerflex Systems Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Offeror granted relief from the requirement to include the consent of former auditor to the inclusion of an auditors' report on the offeror's financial statements which are incorporated by reference in a take-over bid circular, because the auditor was no longer engaged in the practice of public accounting in Canada.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O., 1990, c. S.5, as amended, s. 104(2)(c).

Applicable Ontario Regulations

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as amended, s. 196.

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

AND

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

AND

IN THE MATTER OF
ENERFLEX SYSTEMS INC.

MRRS DECISION

1. WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta and Ontario (the "Jurisdictions") has received an application from Enerflex Systems Inc. (the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the Filer be exempt from the requirement in the Legislation to include a consent of the Filer's former auditors, Arthur Andersen LLP, to the incorporation by reference of the auditors' report of Arthur Andersen LLP on the financial statements of the Filer for the years ended December 31, 2000 and December 31, 2001 (the "Consent Requirement") in a take-over bid circular (the "Circular") in connection with a proposed share exchange take-over bid (the "Bid") for all of the outstanding common shares of EnSource Energy Services Inc. ("Ensource");

2. AND WHEREAS pursuant to the Mutual Reliance Review System (the "System"), the Alberta Securities Commission is the principal regulator (the "Principal Regulator") for this application;

3. AND WHEREAS it was represented by the Filer to the Decision Makers that:

   3.1 the Filer is a reporting issuer in all of the provinces of Canada, its common shares are listed on The Toronto Stock Exchange ("TSX"), it is qualified to file a short form prospectus in accordance with the requirements of National Instrument 44-101 ("NI 44-101"), and its head office is located in Calgary, Alberta;

   3.2 EnSource is a reporting issuer in Alberta, British Columbia and Ontario, its common shares are listed on the TSX, and its head office is located in Calgary, Alberta;

   3.3 on May 28, 2002, the Filer and EnSource entered into a pre-acquisition agreement under which the Filer agreed to purchase all of the issued and outstanding common shares of EnSource on the basis of 0.26 of a common share of the Filer for each EnSource share;

   3.4 Enerflex and EnSource announced the proposed transaction after the close of markets on May 28, 2002;

   3.5 under the terms of the pre-acquisition agreement, the Filer is required to mail to EnSource shareholders a takeover bid circular (the "Circular") on or before June 12, 2002;

   3.6 on June 3, 2002, Arthur Andersen LLP resigned as auditor of the Filer and advised the Filer that it would be unable to provide a consent to the inclusion of its audit report in the Circular;

   3.7 on June 10, 2002, the Filer appointed Deloitte & Touche LLP as auditor;

3.8 in the absence of a consent from Arthur Andersen LLP, the Filer proposes to include in the Circular the disclosure set out in Appendix A;

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

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

6. THE DECISION of the Decision Makers in the Jurisdictions pursuant to the Legislation is that the Filer is exempt from the Consent Requirement in connection with the Bid.

June 12, 2002.

"Glenda A Campbell" "Eric T. Spink"

APPENDIX A

Arthur Andersen LLP has advised Enerflex that it is no longer engaged in the practice of public accounting in Canada. Accordingly, Enerflex is unable to obtain the consent of Arthur Andersen LLP with respect to the incorporation by reference in the Circular of the auditors' report of Arthur Andersen LLP on the financial statements as at and for the years ended December 31, 2001 and 2000.

Generally, in accordance with applicable securities legislation, holders of securities may only exercise a statutory right of action against a person or company that has prepared a report, opinion or statement that is included in a take-over bid circular if that person or company has filed a consent in respect of such report, opinion or statement and such right of action may only be exercised in respect of the report, opinion or statement that has been made by such person or company. As a result, the absence of a consent from Arthur Andersen LLP to the inclusion in the Circular of their auditors' report may limit the statutory right of action of EnSource Shareholders against Arthur Andersen LLP. Enerflex is not aware of the extent to which there may be assets available, if any, to satisfy any judgment against Arthur Andersen LLP.

2.1.2 COMPASS Income Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Closed-end investment trust exempt from the prospectus and registration requirements in connection with issuance of trust units to existing unitholders pursuant to a distribution reinvestment plan whereby distributions of income are reinvested in additional units of the trust or whereby unitholders may directly purchase additional units of the trust, each subject to certain conditions - first trade relief provided, subject to certain conditions.

Applicable Ontario Statutory Provisions

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

Applicable Ontario Rules

Rule 45-502 - Dividend or Interest Reinvestment and Stock Dividend Plans.

Applicable Instruments

Multilateral Instrument 45-102 - Resale of Securities - section 2.6(4).

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

AND

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

AND

IN THE MATTER OF
COMPASS INCOME FUND

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 and Yukon (the "Jurisdictions") has received an application from COMPASS Income Fund (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 the distribution or resale of 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 a declaration of trust dated as of March 27, 2002, as amended and restated.

2. The Trust is not considered to be 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" in the Legislation.

3. The Trust became a reporting issuer or the equivalent thereof in the Jurisdictions on March 28, 2002 upon obtaining a receipt for its final prospectus dated March 27, 2002 (the "Prospectus"). As of the date hereof, the Trust is not in default of any requirements under the Legislation.

4. The beneficial interests in the Trust are divided into a single class of voting units (the "Units"). The Trust is authorized to issue an unlimited number of Units. Each Unit represents a Unitholder's proportionate undivided beneficial interest in the Trust. As of April 16, 2002, 13,500,000 Units were issued and outstanding.

5. The Units are listed and posted for trading on The Toronto Stock Exchange (the "TSE") under the symbol "CMZ.UN".

6. The Trust currently intends to make cash distributions ("distributions") of distributable income to Unitholders of record on the day on which the Trust declares a distribution to be payable (each a "Declaration Date"), and such distributions will be payable on a day which is on or before the last business day of the month following a Declaration Date (each a "Distribution Date").

7. The Trust has adopted the Plan which, subject to obtaining all necessary regulatory approvals, will permit distributions to be automatically reinvested, at the election of each Unitholder, to purchase additional Units ("Plan Units") pursuant to the Plan and in accordance with a distribution reinvestment plan agency agreement entered into by the Trust, Middlefield COMPASS Management Limited in its

capacity as manager of the Trust (in such capacity, the "Manager") and MFL Management Limited in its capacity as agent under the Plan (in such capacity, the "Plan Agent"). The Plan will not be available to Unitholders who are not residents of Canada for the purposes of the *Income Tax Act* (Canada).

8. Pursuant to the terms of the Plan, a Unitholder will be able to elect to become a participant in the Plan by notifying the Manager, or by causing the Manager to be notified, in writing, of the Unitholder's decision to participate in the Plan.

9. Distributions due to participants in the Plan ("Plan Participants") will be paid to the Plan Agent and applied to purchase Plan Units. Plan Units purchased under the Plan will be purchased by the Plan Agent in the market or directly from the Trust in the following manner:

   (a) after each Distribution Date, purchases of Plan Units shall be made in the market at the market price of Units on The Toronto Stock Exchange (or such other exchange or market on which Units are then listed) plus applicable commissions and brokerage charges (collectively, the "Market Price"). Such market purchases shall be made during the 15 business days next following the relevant Distribution Date, on any business day when the Market Price per Unit is less than the net asset value of the Trust ("Net Asset Value") per Unit determined as at such Distribution Date. Upon the expiration of the 15 business day period, the remainder (if any) of the amount paid to the Plan Agent for the benefit of Plan Participants shall be applied to a purchase of Plan Units from the Trust on the 16th business day after the Distribution Date at a price equal to the Net Asset Value per Unit as at the Distribution Date, provided that if the Net Asset Value per Unit as at the Distribution Date is less than 95% of the Market Price per Unit on the Distribution Date, then the Plan Units will be purchased from the Trust at a price equal to 95% of the Market Price per Unit as at the Distribution Date; and

   (b) the Plan Units purchased in the market or from the Trust shall be allocated by the Plan Agent on a *pro rata* basis to the Plan Participants.

10. The Plan also allows Plan Participants to make optional cash payments ("Optional Cash Payments") which will be used by the Plan Agent to purchase Plan Units. A Plan Participant must invest a minimum of $100 per Optional Cash Payment. Optional Cash Payments will be used by the Plan Agent to purchase Plan Units on the same basis as distributions as described above. The aggregate number of Plan Units that may be purchased with Optional Cash Payments in a calendar year will be limited to 2% of the outstanding Units at the commencement of that calendar year, provided that for the 2002 calendar year, the number of Plan Units that may be purchased with Optional Cash Payments will be limited to 2% of the outstanding Units immediately following the Closing of the initial public offering of Units pursuant to the Prospectus. The Plan Agent may limit the maximum amount of Optional Cash Payments in any calendar year to ensure that the 2% limit is not exceeded.

11. Optional Cash Payments, along with a Plan Participant's notice of his or her intention to make an Optional Cash Payment, must be received by the Plan Agent on or before 5:00 p.m. (Toronto time) on the day which is at least five business days prior to a Distribution Date, in order to be invested in Plan Units immediately following such Distribution Date. Optional Cash Payments and/or notices received less than five business days prior to a Distribution Date will result in the Plan Agent holding (without interest) the Optional Cash Payment and using the same to purchase Plan Units after the second Distribution Date following the date of receipt of the Optional Cash Payment.

12. The Plan Agent will purchase Plan Units only in accordance with mechanics described in the Plan and, accordingly, there is no opportunity for a Plan Participant or the Plan Agent to speculate on Net Asset Value per Unit.

13. The Plan is open for participation by all Unitholders (other than non-residents of Canada), so that such Unitholders can ensure protection against potential dilution, albeit insignificant, by electing to participate in the Plan.

14. Plan Units purchased under the Plan will be registered in the name of the Plan Agent, as agent for the Plan Participants.

15. A Plan Participant may terminate his or her participation in the Plan by providing, or by causing to be provided, at least ten business days' prior written notice to the Manager and, such notice, if actually received no later than ten business days prior to the next Declaration Date, will have effect beginning with the distribution to be made with respect to such Declaration Date. Thereafter, distributions payable to such Unitholder will be in cash.

16. The Manager reserves the right to suspend or terminate the Plan at any time in its sole discretion, in which case Plan Participants and the Plan Agent will be sent written notice thereof. In

particular, the Manager may, on behalf of the Trust, terminate the Plan in its sole discretion, upon not less than 30 days' prior written notice to the Plan Participants and the Plan Agent.

17. The Manager may amend or modify the Plan at any time in its sole discretion, provided that it obtains the prior approval of the TSE (if Units are then listed thereon) and provided further that if, in the Manager's reasonable opinion: (i) the amendment or notification is material to Plan Participants, then at least 30 days' prior written notice thereof is given to Plan Participants and the Plan Agent; and (ii) the amendment or modification is not material to Plan Participants, then notice thereof may be given to Plan Participants and the Plan Agent after effecting the amendment or modification. The Manager may also, in consultation with the Plan Agent, adopt additional rules and regulations to facilitate the administration of the Plan.

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, in Jurisdictions other than the province of Alberta, the Plan involves the reinvestment of distributable income distributed by the Trust and not the reinvestment of dividends or interest of the Trust and, with respect to Alberta, because participation in the Plan is not available to all Unitholders.

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 considered to be a "mutual fund" as defined in the Legislation because the 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 a portion of the net assets of the Trust.

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 of Plan Units 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 of Plan Units from treasury;

(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 withdraw from the Plan and to make an election to receive cash instead of Plan Units on the making of a distribution by the Trust; and

(ii) instructions on how to exercise the right referred to in (i);

(d) in the calendar year during which the trade takes place, the aggregate number of Plan Units issued pursuant to the Optional Cash Payments shall not exceed 2% of the aggregate number of Units outstanding at the commencement of that calendar year (or for the 2002 calendar year, outstanding at the closing of the Trust's initial public offering of Units pursuant to the Prospectus);

(e) except in Québec, the first trade or resale of Plan Units acquired pursuant to the Plan in a Jurisdiction shall be deemed a distribution or primary distribution to the public under the Legislation unless the conditions in paragraphs 2 through 5 of subsection 2.6(4) of Multilateral Instrument 45-102 are satisfied;

(f) in Québec, the first trade (alienation) of Plan Units acquired pursuant to the Plan in a Jurisdiction shall be deemed a distribution or primary distribution to the public unless:

i. at the time of the first trade the Trust is a reporting issuer in Québec and is not in default of any of the requirements of securities legislation in Québec;

ii. no unusual effort is made to prepare the market or to create a demand for the Plan Units;

iii. no extraordinary commission or consideration is paid to a person or company other than the vendor of the Plan Units in respect of the trade; and

iv. the vendor of the Plan Units, if in a special relationship with the Trust, has no reasonable grounds to believe that the Trust is in default of any requirement of the securities legislation in Québec; and

(g) disclosure of the distribution of the Plan Units 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:

(i) an information circular or take-over bid circular filed in accordance with the Legislation; or

(ii) a letter filed 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.

June 25, 2002.

"Harold P. Hands" "Lorne Morphy"

2.1.3 General Electric Capital Corporation and GE Capital Canada Funding Company - MRRS Decision

Headnote

Mutual Reliance Review System for Exemption Relief Applications - Subsidiary of U.S. corporation where U.S. parent is credit supporter exempt from GAAP reconciliation requirements and eligiblity requirements of NI 44-101 and AIF requirement - Financing subsidiary further exempt from interim and annual financial statement requirements (including MD&A requirements), material change requirements, proxy requirements and insider reporting requirements - Relief subject to conditions, including filing, under issuer's SEDAR profile, of documents filed by the credit support of the issuer with the Securities and Exchange Commission.

Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 75, 80(b)(iii), 77, 78, 107, 108, 109 and 121(2)(a)(ii).

National Instruments Cited

National Instrument 44-101 Short Form Prospectus Distributions.
National Instrument 44-102 Shelf Distributions.
National Instrument 71-101 Multijurisdictional Disclosure System.

Ontario Rules Cited

Rule 51-501 AIF and MD&A.

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

AND

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

AND

IN THE MATTER OF
GENERAL ELECTRIC CAPITAL CORPORATION AND
GE CAPITAL CANADA FUNDING COMPANY

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Makers” or the “Commissions”) in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec and Saskatchewan (collectively, the “Jurisdictions”) has

received an application (the "Application") from General Electric Capital Corporation ("GE Capital") and its indirect wholly-owned subsidiary, GE Capital Canada Funding Company (the "Issuer", and together with GE Capital, the "Applicants") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

A. the Applicants be exempted from the following requirements contained in the Legislation:

(i) the requirements in section 2.5(1) of National Instrument 44-101 ("NI 44-101") that a person or company guaranteeing non-convertible debt issued by an issuer be a reporting issuer with a 12-month reporting history in a Canadian province or territory and have a current annual information form (an "AIF") (the "Eligibility Requirement") in order to permit the Issuer to issue non-convertible debt securities, in particular medium term notes (the "Notes"), with an approved rating (as defined in NI 44-101) which will be fully and unconditionally guaranteed by GE Capital (the issue of the Notes being referred to as the "Offering");

(ii) the requirement in NI 44-101 that the short form prospectus filed by the Issuer in connection with the Offering include a reconciliation (the "Reconciliation Requirement") to Canadian generally accepted accounting principles ("GAAP") of the consolidated financial statements of GE Capital included in or incorporated by reference into the prospectus which have been prepared in accordance with foreign GAAP and that, where such financial statements are audited in accordance with foreign generally accepted auditing standards ("GAAS"), the Issuer provide a statement by the auditor disclosing any material differences in the auditor's report and confirming that the auditing standards of the foreign jurisdiction are substantially similar to Canadian GAAS;

(iii) the requirement in NI 44-101 and under the Legislation of Ontario (Ontario Securities Commission Rule 51-501), Quebec (section 159 of the Regulation to the Securities Act (Quebec)) and Saskatchewan (Saskatchewan Instrument 51-501) that the Issuer have a current AIF and file renewal AIFs (the "AIF Requirement") with the Commissions;

(iv) the requirement that the Issuer file with the Commissions and send, where applicable, to its securityholders audited annual financial statements or annual reports, where applicable, including without limitation management's discussion and analysis thereon (the "Annual Financial Statement Requirement");

(v) the requirement that the Issuer file with the Commissions and send, where applicable, to its securityholders unaudited interim financial statements, including without limitation management's discussion and analysis thereon (the "Interim Financial Statement Requirement");

(vi) the requirement that the Issuer issue and file with the Commissions press releases and file material change reports (the "Material Change Requirement");

(vii) the requirement that the insiders of the Issuer file with the Commissions insider reports (the "Insider Reporting Requirement"); and

(viii) the requirement that the Issuer comply with the proxy and proxy solicitation requirements, including filing an information circular or report in lieu thereof (the "Proxy Requirement" and together with the Annual Financial Statement Requirement, the Interim Financial Statement Requirement, the Material Change Requirement and the Insider Reporting Requirement, the "Continuous Disclosure and Reporting Requirements"); and

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

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

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

1. GE Capital was incorporated in 1943 in the State of New York under the provisions of the New York Banking Law relating to investment companies, as successor to General Electric Contracts Corporation, which was formed in 1932. Until 1987, the name of GE Capital was General Electric Credit Corporation. GE Capital was reincorporated in 2001 in the State of Delaware.

2. All outstanding common stock of GE Capital is owned by General Electric Capital Services, Inc., the common stock of which is in turn wholly owned directly or indirectly by General Electric Company

("GEC"). GEC is a diversified industrial company whose common stock is listed and posted for trading on the facilities of the New York Stock Exchange.

3. GE Capital provides a variety of consumer services, mid-market financing, specialized financing, specialty insurance, equipment management and other specialized services to businesses and individuals around the world. As at December 31, 2001, GE Capital had total assets of more than US$381 billion.

4. GE Capital is not a reporting issuer or the equivalent in any of the Jurisdictions.

5. GE Capital has been a reporting company under the United States Securities Exchange Act of 1934, as amended (the "1934 Act"), for more than 15 years.

6. GE Capital has filed with the United States Securities and Exchange Commission (the "SEC") all filings required to be made with the SEC under the 1934 Act during the last 12 months.

7. GE Capital's outstanding long term debt is rated "AAA" by both Standard & Poor's and Moody's Investors Services. As at December 31, 2001, GE Capital had more than US$75 billion in long term debt outstanding. GE Capital also had more than $110 billion outstanding in the commercial paper markets as at December 31, 2001.

8. The Issuer was incorporated as an unlimited liability company under the laws of Nova Scotia on September 17, 1998 and is an indirect wholly-owned subsidiary of GE Capital. The head office of the Issuer is in Mississauga, Ontario.

9. The Issuer is not currently a reporting issuer in any of the Jurisdictions.

10. The Issuer's primary business is to obtain financing in public markets to fund the operations of affiliated companies in Canada, and will have no other operations. As at December 31, 2001, the Issuer had more than $8.9 billion in non-convertible debt securities outstanding (the "Existing Debt"). The Existing Debt was issued in the Eurobond market and the Canadian commercial paper market and has been fully and unconditionally guaranteed by GE Capital.

11. GE Capital satisfies the criteria set forth in paragraph 3.1(a) of National Instrument 71-101 ("NI 71-101") and is eligible to use the multi-jurisdictional disclosure system ("MJDS"), as set out in NI 71-101, for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure.

12. Except for the fact that the Issuer is not incorporated under United States law, the Offering would comply with the alternative eligibility criteria for offerings of non-convertible debt having an approved rating under the MJDS as set forth in Section 3.2 of NI 71-101.

13. The Issuer is ineligible to issue the Notes by way of a prospectus in the form of a short form prospectus under NI 44-101 as neither the Issuer nor GE Capital, as credit supporter for the payments to be made by the Issuer under the Notes, is a reporting issuer in any province or territory of Canada, and GE Capital does not itself have a current AIF.

14. As a result of the Offering, the Issuer will become a reporting issuer or the equivalent under the Legislation and would therefore be subject to the AIF Requirement and the Continuous Disclosure and Reporting Requirements unless the relief requested herein is granted.

15. In connection with the Offering:

(i) prior to filing a preliminary short form prospectus for the Offering:

(a) GE Capital will file with the Commissions an AIF in the form of GE Capital's annual report on Form 10-K for the year ended December 31, 2001 (the "GE Capital Form 10-K"), in electronic format through SEDAR (as defined in National Instrument 13-101) under a SEDAR profile to be created for the Issuer; and

(b) GE Capital will file with the Commissions, in electronic format through SEDAR under a SEDAR profile to be created for the Issuer, the documents that GE Capital has filed under the 1934 Act during the last year being, as of the date hereof, an annual report on Form 10-K for the year ended December 31, 2001 and quarterly reports on Form 10-Q for the periods ending September 30, 2001, June 30, 2001 and March 31, 2001;

(ii) the prospectus will be prepared pursuant to the short form prospectus requirements contained in NI 44-101 and will comply with the requirements set out in Form 44-101F3 of NI 44-101 with the disclosure required by item 12 (documents incorporated by reference) of

Form 44-101F3 of NI 44-101 being addressed by incorporating by reference GE Capital's public disclosure documents, including the GE Capital Form 10-K and with the disclosure required by item 7 (earnings coverage ratios) of Form 44-101F3 of NI 44-101 being addressed by disclosure with respect to GE Capital in accordance with United States requirements;

(iii) the prospectus will include or incorporate by reference all material disclosure concerning the Issuer;

(iv) the prospectus will incorporate by reference the GE Capital Form 10-K (as filed under the 1934 Act) together with all Form 10-Qs and Form 8-Ks of GE Capital filed under the 1934 Act in respect of the financial year following the year that is the subject of the GE Capital Form 10-K, as would be required were GE Capital to file a registration statement on Form S-4 in the United States, and will incorporate by reference any documents of the foregoing type filed after the date of the prospectus and prior to termination of the Offering and will state that purchasers of the Notes will not receive separate continuous disclosure information regarding the Issuer;

(v) the consolidated annual and interim financial statements of GE Capital that will be included in or incorporated by reference into the short form prospectus are prepared in accordance with U.S. GAAP and otherwise comply with the requirements of U.S. law, and in the case of audited annual financial statements, such financial statements are audited in accordance with U.S. GAAS;

(vi) GE Capital will fully and unconditionally guarantee the payments to be made by the Issuer as stipulated in the terms of the Notes or in an agreement governing the rights of holders of Notes (the "Noteholders") such that the Noteholders shall be entitled to receive payment from GE Capital within 15 days of any failure by the Issuer to make a payment as stipulated;

(vii) the Notes will have an approved rating;

(viii) the Notes will rank pari passu to the Existing Debt;

(ix) GE Capital will sign the prospectus as credit supporter; and

(x) GE Capital will undertake to file with the Commissions, in electronic format through SEDAR under a SEDAR profile to be created for the Issuer, all documents that it files under Sections 13 (other than sections 13(d), (f) and (g) which relate, inter alia, to holdings by GE Capital of securities of other public companies) and 15(d) of the 1934 Act, together with the appropriate filing fees, until such time as the Notes are no longer outstanding.

16. In the circumstances, were GE Capital to have effected the Offering of the Notes under the MJDS it would be unnecessary for it to reconcile to Canadian GAAP its financial statements included in or incorporated by reference into the short form prospectus in connection with the issuance of the Notes.

17. Part 7 of NI 44-101 and Item 20.1 of Form 44-101F3 of NI 44-101 require the reconciliation to Canadian GAAP of financial statements prepared in accordance with foreign GAAP that are included in a short form prospectus.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Applicants be exempted from the Eligibility Requirement and the Reconciliation Requirement in connection with the Offering provided that:

(i) each of the Issuer and GE Capital complies with paragraph 15 above;

(ii) the Issuer complies with all of the filing requirements and procedures set out in NI 44-101 except as varied by the Decision or as permitted by National Instrument 44-102;

(iii) GE Capital remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of the Issuer; and

(iv) GE Capital continues to satisfy the criteria set forth in paragraph 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purposes of distributing approved rating non-convertible debt in Canada based on compliance with United States

prospectus requirements with certain additional Canadian disclosure.

THE FURTHER DECISION of the Decision Makers pursuant to the Legislation is that, in connection with the Offering, the AIF Requirement shall not apply to the Issuer, provided that (i) GE Capital complies with the AIF requirements of NI 44-101 as if it is the issuer; and (ii) the Applicants comply with all of the conditions in the Decisions above and below.

June 21, 2002.

"Margo Paul"

THE FURTHER DECISION of the Decision Makers pursuant to the Legislation is that, in connection with the Offering:

A. the Annual Financial Statement Requirement shall not apply to the Issuer, provided that (i) the Issuer files with the Commissions the annual reports on Form 10-K filed by GE Capital with the SEC within one business day after they are filed with the SEC; and (ii) such documents are provided to Noteholders whose last address as shown on the books of the Issuer is in Canada in the manner and at the time required by applicable United States law;

B. the Interim Financial Statement Requirement shall not apply to the Issuer, provided that (i) the Issuer files with the Commissions the quarterly reports on Form 10-Q filed by GE Capital with the SEC within one business day after they are filed with the SEC; and (ii) such documents are provided to Noteholders whose last address as shown on the books of the Issuer is in Canada in the manner and at the time required by applicable United States law;

C. the Material Change Requirement shall not apply to the Issuer, provided that (i) the Issuer files with the Commissions the mandatory reports on Form 8-K (including press releases) filed by GE Capital with the SEC forthwith after the earlier of the date the report is filed with the SEC and the date it is required to be filed with the SEC; (ii) GE Capital forthwith issues in each Jurisdiction and the Issuer files with the Commissions any press release that discloses material information and which is required to be issued in connection with the mandatory Form 8-K requirements applicable to GE Capital; and (iii) if there is a material change in respect of the business, operations or capital of the Issuer that is not a material change in respect of GE Capital, the Issuer will comply with the requirements of the Legislation to issue a press release and file a material change report notwithstanding that the change may not be material in respect of GE Capital;

D. the Insider Reporting Requirement shall not apply to insiders of the Issuer, provided that such insiders file with the SEC on a timely basis the reports, if any, required to be filed with the SEC pursuant to section 16(a) of the 1934 Act and the rules and regulations thereunder; and

E. the Proxy Requirements shall not apply to the Issuer, provided that (i) GE Capital complies with the requirements of the 1934 Act and the rules and regulations thereunder relating to proxy statements, proxies and proxy solicitations in connection with any meetings of its noteholders (if any); (ii) the Issuer files with the Commissions the materials relating to any such meeting filed by GE Capital with the SEC within one business day after they are filed by GE Capital with the SEC; and (iii) such documents are provided to Noteholders whose last address as shown on the books of the Issuer is in Canada in the manner, at the time and if required by applicable United States law;

for so long as (i) GE Capital maintains an approved rating in respect of the Notes; (ii) GE Capital maintains direct or indirect beneficial ownership of all of the issued and outstanding voting securities of the Issuer; (iii) GE Capital maintains a class of securities registered pursuant to section 12(b) or 12(g) of the 1934 Act or is required to file reports under Section 15(d) of the 1934 Act; (iv) GE Capital continues to satisfy the criteria set forth in paragraph 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure; (v) the Issuer carries on no other business than that set out in paragraph 10 of the Decision; (vi) GE Capital continues to fully and unconditionally guarantee the Notes as to the payments required to be made by the Issuer to the Noteholders; (vii) the Issuer does not issue additional securities other than (a) the Notes, debt securities ranking pari passu to the Notes, any debentures issued in connection with the security granted by the Issuer to the Noteholders or the holders of the Existing Debt or debt ranking pari passu with the Notes, or (b) to GE Capital or to, direct or indirect, wholly-owned subsidiaries of GE Capital; and (viii) if notes debt securities ranking pari passu with the Notes are hereinafter issued by the Issuer, GE Capital shall fully and unconditionally guarantee such debt securities as to the payments required to be made by the Issuer to holders of such notes or debt securities.

THE FURTHER DECISION of the Decision Makers pursuant to the Legislation is that the Application and the Decision shall be held in confidence by the Decision Makers until the earlier of the date that the preliminary prospectus is filed in connection with the Offering and July 31, 2002.

June 21, 2002.

"Paul M. Moore" "H. Lorne Morphy"

2.1.4 FNX Mining Company Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from the requirement that the author of a technical report be a member of a "professional association" in order to be considered a "qualified person".

National Instruments Cited

National Instrument 43-101 – Standards of Disclosure for Mineral Projects, 2001 24 OSCB 303, ss. 1.2, 2.1, 5.1 and 9.1.

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
FNX MINING COMPANY INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker" and collectively the "Decision Makers") in each of Alberta and Ontario (the "Jurisdictions") has received an application (the "Application") from FNX Mining Company Inc. (the "Corporation" for a decision under the securities legislation of the Jurisdictions (the "Legislation") that: (1) the Corporation is exempt from the requirement contained in National Instrument 43-101 ("NI 43-101") that the author of a technical report or other information upon which disclosure of a scientific or technical nature is based be a member in good standing of a professional association in order for the author to be considered a "qualified person" as defined in NI 43-101 (the "Membership Qualification Requirement"); and (2) the Corporation is exempt from the requirement contained in the Legislation to pay a fee in connection with the Application (the "Application Fee Requirement");

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

AND WHEREAS the Corporation represented to the Decision Makers that:

1. The Corporation was incorporated under the laws of the province of Ontario on June 26, 1984. The Corporation's head office is located at Suite 300, 347 Bay Street, Toronto, Ontario, M5H 2R7.
2. The Corporation is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any requirement of the Legislation.
3. The Corporation's securities are listed for trading on the Toronto Stock Exchange under the symbol "FNX".
4. The business of the Corporation consists of all phases of mineral exploration with a particular emphasis given to the search for economic deposits of base metals on its properties which are principally located in Ontario.
5. The Corporation has retained Dr. James M. Patterson to author technical reports required to be filed by the Corporation pursuant to NI 43-101 and to prepare information upon which the Corporation's disclosure of a scientific or technical nature may be based.
6. Dr. James M. Patterson is a member of the Association of Geoscientists of Ontario ("AGO"). AGO was a "professional association" as defined in NI 43-101 until February 1, 2002.
7. AGO is being replaced in Ontario by the Association of Professional Geoscientists of Ontario ("APGO"). APGO is a "professional association" as defined in NI 43-101.
8. Dr. James M. Patterson has applied to become a member of APGO and would be a "qualified person" as defined in NI 43-101 except only for not yet being a member in good standing of a "professional association".

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

THE DECISION of the Decision Makers under the Legislation is that the Corporation is exempt from the Membership Qualification Requirement and the Application Fee Requirement in connection with technical reports or other information prepared by Dr. James M. Patterson provided that:

1. Dr. James M. Patterson complies with all other elements of the definition of "qualified person" in NI 43-101; and

2. the relief granted in this Decision shall terminate on the earlier of: (1) the date Dr. James M. Patterson becomes a member of APGO or is advised that his application for membership to APGO has been denied; and (2) February 1, 2003.

June 27, 2002.

"Margo Paul"

2.1.5 African Rainbow Minerals Gold Limited and RBC Dominion Securities Inc. - MRRS Decision

Headnote

Mutual Reliance Review System - National Instrument 43-101. South African issuer selling securities via a private placement is granted relief granted from requirements in Parts 2, 3, 4, 5, 6 and 8 of NI 43-101 on the following two grounds:

(i) after the offering the issuer would have a *de minimis* presence in Canada; and

(ii) the inclusion of two representations stating that:

(a) in the opinion of a qualified person the definitions and standards of the South African code for Reporting of Mineral Resources and Mineral Reserves (SAMREC Code) are substantively similar to the definitions and standards of the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM Standards") which are recognized by the Canadian regulatory authorities and contained in National Instrument 43-101 - Standards for Disclosure of Mineral Projects; and

(b) a reconciliation of the reserves and resources between the SAMREC Code and the CIM Standards does not provide a materially different result."

Rules Cited

National Instrument 43-101. Standard of Disclosure for Mineral Projects s. 9.1.

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

AND

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

AND

IN THE MATTER OF
AFRICAN RAINBOW MINERALS GOLD LIMITED AND
RBC DOMINION SECURITIES INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "**Decision Maker**") in each of British Columbia, Manitoba, Ontario and Québec (the "**Jurisdictions**") has received an application from African

Rainbow Minerals Gold Limited (the "**Issuer**" or "**ARMgold**") and RBC Dominion Securities Inc. (the "**Dealer**") (and collectively with the Issuer, the "**Applicants**") for a decision pursuant to subsection 9.1(1) of National Instrument 43-101 ("**NI 43-101**") that the Applicants be exempt from Parts 2, 3, 4, 5, 6 and 8 of NI 43-101 in connection with: (i) the disclosure made in connection with; and (ii) the offering memorandum (the "**Offering Memorandum**") prepared by the Issuer for the Canadian Offering (defined below);

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

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

1. The Issuer is a company incorporated pursuant to the laws of the Republic of South Africa ("**South Africa**") with its head office in Johannesburg, South Africa. The Issuer is a mining company which owns gold mines in South Africa. In 2001, the Issuer was the fifth largest gold producer in South Africa with an annual gold production of approximately 520,000 ounces;

2. The Issuer is not a reporting issuer or its equivalent in any of the Jurisdictions, nor are any of its securities listed or posted for trading on any stock exchange in Canada. The Issuer has no present intention of becoming a reporting issuer or its equivalent in any of the Jurisdictions or of becoming listed in Canada;

3. The authorized capital of the Issuer consists of ordinary shares (the "**Ordinary Shares**"), of which approximately 68,000,000 Ordinary Shares were issued and outstanding as of April 9, 2002;

4. As of April 26, 2002, there were no registered or beneficial holders of ARMgold Ordinary Shares in Canada;

5. The Issuer intends to offer for subscription newly issued Ordinary Shares and its majority shareholder, African Rainbow Minerals & Exploration Investments (Proprietary) Limited, intends to offer for sale Ordinary Shares held by it in an initial offering by way of private placement (collectively, the "**Offering**") having an aggregate value of approximately 1.4 billion Rand and, in that regard, is currently in the process of preparing a prospectus (the "**Prospectus**") to be filed with and approved by the JSE Securities Exchange, South Africa (the "**JSE**") in Johannesburg, South Africa and the Registrar of Companies in South Africa, pursuant to which the Issuer intends to become listed on the JSE;

6. Approximately 40% of the Offering will be offered to purchasers resident in South Africa and approximately 60% of the Offering will be offered to purchasers resident outside of South Africa (the "**International Purchasers**"), including an offering to purchasers resident in the Jurisdictions (the "**Canadian Offering**"), the United States, Australia and Europe (collectively, the Canadian Offering and the offering to purchasers in the United States, Australia and Europe being referred to as the "**International Offering**"). The Shares offered pursuant to the International Offering will be offered on a private placement basis by the Dealer (or affiliates of the Dealer);

7. The Applicants anticipate that up to 25% of the Offering may be made in Canada;

8. Pursuant to the listing and disclosure requirements of the JSE, the South African dealer has submitted a draft of the Prospectus for approval to the JSE and the Dealer has been advised by the South African dealer that the draft of the Prospectus complies (and the Prospectus will comply) with the listings requirements of the JSE (the "**Listings Requirements**");

9. Pursuant to the Listings Requirements, the Prospectus will contain, in full, a Competent Persons' Report (the "**CPR**") of the mining assets of ARMgold dated March 1, 2002. The reserve and resource calculations in the CPR were prepared in accordance with the South African Code for Reporting of Mineral Resources and Mineral Reserves (the "**SAMREC Code**"). Similar to NI 43-101, the Listing Requirements prescribe the form and content of the disclosure required in the CPR in connection with the scientific and technical information to be provided in respect of mineral projects;

10. The CPR will be prepared by, amongst others, Dr. Michael Harley, MSAIMM, Ph.D. and Mr. H.G. Waldeck, Pr. Eng. MSAIMM, both employees of Steffen, Robertson and Kirsten (South Africa) (Proprietary) Limited ("**SRK**"), each of whom is a member of South African Institute of Mining and Metallurgy, and by Dr. Iestyn Humphreys, AM.I.Min.AIME, Ph.D. an employee of Steffen, Robertson and Kirsten (UK) Limited.

11. In connection with the International Offering, the Issuer will distribute the Offering Memorandum containing the Prospectus and any additional disclosure required in the Jurisdictions and included in the International Offering. In particular, the Offering Memorandum will contain disclosure required under Canadian securities laws applicable in the Jurisdictions relating to, among other things, prospectus and registration exemptions, statutory rights of action and exchange rate information;

12. The Issuer will file the Offering Memorandum in each of the Jurisdictions within 10 days of the closing of the Offering;

13. The Offering Memorandum will contain the following cautionary statement (the "**Cautionary Statement**"):

> "The scientific and technical information contained in the attached Prospectus, including that in the Competent Persons' Report, was prepared in compliance with the South African Code for Reporting Mineral Resources and Mineral Reserves (the "SAMREC Code") and the Listing Requirements. In the opinion of the Competent Person: (i) the definitions and standards of the SAMREC Code are substantively similar to the definitions and standards of the Canadian Institute of Mining, Metallurgy and Petroleum (the "**CIM Standards**") which are recognized by the Canadian regulatory authorities and contained in National Instrument 43-101 - *Standards for Disclosure of Mineral Projects;* and (ii) a reconciliation of the reserves and resources between the SAMREC Code and the CIM Standards does not provide a materially different result."

14. Upon completion of the Offering, residents of Canada will beneficially hold less than 10% of the issued and outstanding Ordinary Shares.

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

AND WHEREAS each of the Decision Makers is satisfied that the test contained in NI 43-101 that provides the Decision Maker with the jurisdiction to make the decision has been met;

THE DECISION of the Decision Makers pursuant to subsection 9.1(1) of NI 43-101 is that Parts 2, 3, 4, 5, 6 and 8 of NI 43-101 will not apply to the Applicants in connection with (i) the disclosure made in connection with; and (ii) the Offering Memorandum prepared by the Issuer for the Canadian Offering provided that the disclosure of resources and reserves in the Offering Memorandum includes:

(i) the Cautionary Statement; and

(ii) a reference to this Decision.

May 10th, 2002.

"Margo Paul"

2.1.6 CRS II Preferred NT Trust - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF
CRS II PREFERRED NT TRUST

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application from CRS II Preferred NT Trust (the "Trust") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the Trust be deemed to have ceased to be a reporting issuer under the provisions of the Legislation;

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 CIBC World Markets Inc., as trustee of the Trust, has represented to the Decision Makers that:

1. The Trust is an unincorporated mutual fund trust constituted under the laws of the Province of Ontario pursuant to a Declaration of Trust dated June 22, 1994 as amended and restated on August 18, 1994.

2. The Trust filed a prospectus dated August 18, 1994 qualifying for distribution to the public 3,360,000 senior dividend units (the "Senior Dividend Units") of the Trust and became a reporting issuer in each of the Jurisdictions on that date.

3. The Trust is not in default of any of the requirements of the Legislation.

4. The authorized unit capital of the Trust consists of an unlimited number of Senior Dividend Units, 100 senior voting units (the "Senior Voting Units"), 100 Class A voting units and 100 Class B non-voting units.

5. The Trust redeemed all of its issued and outstanding Senior Dividend Units on February 28, 2002.

6. The Senior Dividend Units were de-listed from the Toronto Stock Exchange and no securities of the Trust are listed or quoted on any stock exchange or market in Canada or elsewhere.

7. As of the date hereof, 100 Senior Voting Units are issued and outstanding, all of which are beneficially owned by CIBC World Markets Inc.

8. The Trust has no other securities, including debt securities, outstanding.

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

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Trust is deemed to have ceased to be a reporting issuer under the provisions of the Legislation in the Jurisdictions.

June 25, 2002.

"Margo Paul"

2.1.7 UEX Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief from the site visit requirement for a report to be used in connection with a prospectus offering and to be filed on first becoming a reporting issuer, provided that a site visit is done as soon as is practicable.

Applicable Ontario Provisions

National Instrument 43-101 Standards of Disclosure for Mineral Projects, ss. 4.1(1), 4.2(1)1, 6.2 and 9.1.

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

AND

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

AND

IN THE MATTER OF
UEX CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, Ontario and Nova Scotia (the "Jurisdictions") has received an application from UEX Corporation (the "Filer") for a decision under National Instrument 43-101 Standards of Disclosure for Mineral Projects (the "Instrument") that the requirement that at least one qualified person preparing or supervising the preparation of a technical report inspect the properties that are the subject of the technical report (the "Personal Inspection Requirement") will not apply to the Filer in respect of a technical report prepared in connection with the Filer's final prospectus and to be filed upon the Filer first becoming a reporting issuer in certain of the Jurisdictions;

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

AND WHEREAS the Filer has represented to the Decision Makers that

1. the Filer was incorporated under the laws of Canada on October 2, 2001 and has its head office in Vancouver, British Columbia;

2. the Filer currently has no operating properties or operating revenues;

3. the Filer was formed for the purpose of implementing a plan of arrangement (the "Plan") with Pioneer Metals Corporation ("Pioneer");

4. upon implementation of the Plan, Pioneer will transfer to the Filer its uranium exploration properties which include the Riou Lake, Black Lake and Serendipity Lakes properties in the Athabasca Basin area of Northern Saskatchewan (collectively, the "Riou Lake Project"); once the Plan is completed, shareholders of Pioneer will also become shareholders of the Filer; immediately following implementation of the Plan, Cameco Corporation will transfer to the Filer its Hidden Bay uranium exploration property also located in the Athabasca Basin area of Northern Saskatchewan (the "Hidden Bay Property") in exchange for common shares of the Filer;

5. a detailed description of the Plan is set out in the Management Information Circular of Pioneer dated November 27, 2001 available on SEDAR; following implementation of the Plan, the Filer will be engaged in the further exploration of the Riou Lake Project and the Hidden Bay Property and the acquisition and exploration of additional properties;

6. the Filer's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares, of which one common share is issued and outstanding as of May 13, 2002;

7. the Filer is not currently a reporting issuer in any jurisdiction of Canada; upon implementation of the Plan, the Filer will become a reporting issuer in British Columbia, Alberta, Ontario and Nova Scotia (the "Reporting Issuer Jurisdictions");

8. on March 20, 2002, the Filer filed a preliminary prospectus and technical reports in the Jurisdictions for a proposed public offering of its common shares (the "Offering");

9. technical reports were completed for the Riou Lake Project and for the Hidden Bay Property; the technical reports were prepared by David A. Rhys who is a "qualified person" as defined in the Instrument;

10. Mr. Rhys personally inspected the Hidden Bay Property; Mr. Rhys did not complete a personal inspection of the properties comprising the Riou Lake Project as required by the Instrument;

11. Mr. Rhys has extensive geological experience in the Athabasca Basin through his work as a consultant to Cameco Corporation from 1998 to 2001; during that time he became very familiar with the region, through his work on uranium deposits and prospects in different parts of the area;

12. the final prospectus will contain disclosure of a scientific or technical nature that is based upon the technical report for the Riou Lake Project (the "Riou Lake Report");

13. the Instrument requires that, upon first becoming a reporting issuer in a Canadian jurisdiction, an issuer must file with the regulator in that Canadian jurisdiction a current technical report for each property material to the issuer;

14. access to the Riou Lake Project at this time of year is very limited due to winter conditions and spring break-up;

15. the Riou Lake Project has had limited exploration work on it and no deposit has been discovered and no resource has been defined to date; and

16. there is sufficient data available on the Riou Lake Project, prepared by unrelated third party sources, for the preparation of a technical report by a qualified person without a property inspection;

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 Instrument that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers is that the Filer is exempt from the Personal Inspection Requirement in respect of the Riou Lake Report for use to support the disclosure in the final prospectus and for filing with the Reporting Issuer Jurisdictions upon the Filer first becoming a reporting issuer, provided that:

1. a personal inspection of the Riou Lake Project is done by the qualified person, namely, Mr. Rhys, who prepared the Riou Lake Report as soon as is practicable and the certificate to the Riou Lake Report is updated and re-filed with the Decision Makers; and

2. the final prospectus and the Riou Lake Report include a statement that a personal inspection has not been conducted by the qualified person, as defined in the Instrument, the reasons why a personal inspection was not conducted, and that relief will be requested from, or has been granted by, the Decision Makers from the Personal Inspection Requirement.

June 25, 2002.

"Derek E. Patterson"

2.1.8 Working Ventures Investment Services Inc. - MRRS Decision

Headnote

MRRS Decision

Exemptive relief for a mutual fund dealer from the requirement to become a member of the Mutual Fund Dealers Association.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am s. 25.

Applicable Ontario Securities Commission Rule

Rule 31-506 - SRO Membership - Mutual Fund Dealers, s. 2.1.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO AND SASKATCHEWAN

AND

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

AND

IN THE MATTER OF
WORKING VENTURES INVESTMENT SERVICES INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in both of the provinces of Ontario and Saskatchewan (the "Jurisdictions") has received an application (the "Application") from Working Ventures Investment Services Inc. (the "Registrant") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the Registrant not be required to file an application to become a member of the Mutual Fund Dealers Association of Canada (the "MFDA") and to become a member of the MFDA.

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 it has been represented by the Registrant to the Decision Makers that:

1. the Registrant is a corporation subsisting under the laws of the Province of Ontario and is registered as a dealer in the category of mutual fund dealer in both of the Jurisdictions;

2. the Registrant also is registered under the Legislation as an adviser in the category of investment counsel/portfolio manager in Ontario;

3. the Registrant's principal business activity is managing mutual funds, the securities of which are qualified for sale to the public in some or all of the provinces and territories of Canada pursuant to prospectuses for which receipts have been issued by the relevant Canadian securities administrators;

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

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

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

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

7. upon the next general mailing to its account holders and in any event before August 31, 2002, the Registrant shall provide, to any client that was a client of the Registrant on the effective date of this Decision, the prominent written notice referred to in paragraph 7, above;

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

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

IT IS THE DECISION of the Decision Makers pursuant to the Legislation that the Registrant not be required to file an application to become a member of the MFDA and to become a member of the MFDA;

PROVIDED THAT:

The Registrant complies with the terms and conditions on its registration under the Legislation as a mutual fund dealer set out in the attached Schedule "A".

June 27, 2002.

"David M. Gilkes"

Schedule "A"

TERMS AND CONDITIONS OF REGISTRATION OF WORKING VENTURES INVESTMENT SERVICES INC.

AS A MUTUAL FUND DEALER

Definitions

1. For the purposes hereof, unless the context otherwise requires:

(a) "Act" means, in Ontario, the *Securities Act*, R.S.O. 1990, c.S5, as amended; in Saskatchewan, *The Securities Act, 1988*, S.S. 1988, c.S-42.2, as amended;

(b) "Adviser" means an adviser as defined in the applicable Act;

(c) "Client Name Trade" means, for the Registrant, a trade to, or on behalf of, a person or company, in securities of a mutual fund, that is managed by the Registrant or an affiliate of the Registrant, where, immediately before the trade, the person or company, is shown on the records of the mutual fund or of an other mutual fund managed by the Registrant or an affiliate of the Registrant as the holder of securities of such mutual fund, and the trade consists of:

(A) a purchase, by the person or company, through the Registrant, of securities of the mutual fund; or

(B) a redemption, by the person or company, through the Registrant, of securities of the mutual fund;

and where, the person or company

(C) is a client of the Registrant that was not solicited by the Registrant; or

(D) was an existing client of the Registrant on the Effective Date;

(d) "Effective Date" means the date of the MRRS Decision Document;

(e) "Employee", for the Registrant, means:

(A) an employee of the Registrant;

(B) an employee of an affiliated entity of the Registrant; or

(C) an individual that is engaged to provide, on a *bona fide* basis, consulting, technical, management or other services to the Registrant or to an affiliated entity of the Registrant, under a written contract between the Registrant or the affiliated entity and the individual or a consultant company or consultant partnership of the individual, and, in the reasonable opinion of the Registrant, the individual spends or will spend a significant amount of time and attention on the affairs and business of the Registrant or an affiliated entity of the Registrant;

(f) "Employee", for a Service Provider, means an employee of the Service Provider or an affiliated entity of the Service Provider, provided that, at the relevant time, in the reasonable opinion of the Registrant, the employee spends or will spend, a significant amount of time and attention on the affairs and business of:

(A) the Registrant or an affiliated entity of the Registrant; or

(B) a mutual fund managed by the Registrant or an affiliated entity of the Registrant;

(g) "Executive", for the Registrant, means a director, officer or partner of the Registrant or of an affiliated entity of the Registrant;

(h) "Executive", for a Service Provider, means a director, officer or partner of the Service Provider or of an affiliated entity of the Service Provider;

(i) "Exempt Trade", for the Registrant, means:

(i) in Ontario and Saskatchewan, a trade in securities of a mutual fund that is made between a person or company and an underwriter acting as purchaser or between or among underwriters;

(ii) in Ontario, a trade in securities of a mutual fund for which the Registrant would have available to it an exemption from the registration requirements of the Act if the Registrant were not a "market intermediary" as such term is defined in section 204 of the Ontario Regulation;

(iii) in Saskatchewan, a trade in securities of a mutual fund for which the Registrant would have available to it an exemption from the registration requirements of the Act; or

(iv) a trade in securities of a mutual fund for which the Registrant has received a discretionary exemption from the registration requirements of the Act;

(j) "Fund-on-Fund Trade" means a trade that consists of:

(i) a purchase, through the Registrant, of securities of a mutual fund that is made by another mutual fund;

(ii) a purchase, through the Registrant, of securities of a mutual fund that is made by a person or company where the person or company, an affiliated entity of the person or company, or an other person or company is, or will become, the counterparty in a specified derivative or swap with another mutual fund; or

(iii) a sale, through the Registrant, of securities of a mutual fund that is made by another mutual fund where the party purchasing the securities is:

(A) a mutual fund managed by the Registrant or an affiliated entity of the Registrant; or

(B) a person or company that acquired the securities where the person or company, an affiliated entity of the person or company, or an other person or company is, or was, the counterparty in a specified derivative or swap with another mutual fund; and

where, in each case, at least one of the referenced mutual funds is a mutual fund that is managed by either the Registrant or an affiliated entity of the Registrant;

(k) "In Furtherance Trade" means, for the Registrant, a trade by the Registrant that consists of any act, advertisement, or solicitation, directly or indirectly in furtherance of any other trade in securities of a mutual fund, where the other trade consists of:

(i) a purchase or sale of securities of a mutual fund that is managed by the Registrant or an affiliated entity of the Registrant; or

(ii) a purchase or sale of securities of a mutual fund where the Registrant acts as the principal distributor of the mutual fund;

and where, in each case, the purchase or sale is made by or through another registered dealer if the Registrant is not otherwise permitted to make the purchase or sale pursuant to these terms and conditions;

(l) "Mutual Fund Instrument" means National Instrument 81-102 Mutual Funds, as amended;

(m) "Ontario Regulation" means R.R.O. 1990, Reg. 1015, as amended, made under the Ontario Act;

(n) "Permitted Client" means a person or company that is a client of the Registrant, and that is, or was at the time the person or company became a client of the Registrant:

(i) an Executive or Employee of the Registrant;

(ii) a Related Party of an Executive or Employee of the Registrant;

(iii) a Service Provider or an affiliated entity of a Service Provider;

(iv) an Executive or Employee of a Service Provider; or

(v) a Related Party of an Executive or Employee of a Service Provider;

(o) "Permitted Client Trade" means, for the Registrant, a trade to a person who is a Permitted Client or who represents to the Registrant that he or she is a person included in the definition of Permitted Client, in securities of a mutual fund that is managed by the Registrant or an affiliate of the Registrant, and the trade consists of a purchase or redemption, by the person, through the Registrant, of securities of the mutual fund;

(p) "Registered Plan" means a registered pension plan, deferred profit sharing plan, registered retirement savings plan, registered retirement income fund, registered education savings plan or other deferred income plan registered under the Income Tax Act (Canada);

(q) "Registrant" means Working Ventures Investment Services Inc.;

(r) "Related Party", for a person, means an other person who is:

(i) the spouse of the person;

(ii) the issue of:

(A) the person,

(B) the spouse of the person, or

(C) the spouse of any person that is the issue of a person referred to in subparagraphs (A) or (B) above;

(iii) the parent, grandparent or sibling of the person, or the spouse of any of them;

(iv) the issue of any person referred to in paragraph (iii) above; or

(v) a Registered Plan established by, or for the exclusive benefit of, one, some or all of the foregoing;

(vi) a trust where one or more of the trustees is a person referred to above and the beneficiaries of the trust are restricted to one, some, or all of the foregoing;

(vii) a corporation where all the issued and outstanding shares of the corporation are owned by one, some, or all of the foregoing;

(s) "securities", for a mutual fund, means shares or units of the mutual fund;

(t) "Seed Capital Trade" means a trade in securities of a mutual fund made to a person or company referred to in any of subparagraphs 3.1(1)(a)(i) to 3.1(1)(a)(iii) of the Mutual Fund Instrument; and

(u) "Service Provider" means:

(i) a person or company that provides or has provided professional, consulting, technical, management or other services to the Registrant or an affiliated entity of the Registrant;

(ii) an Adviser to a mutual fund that is managed by the Registrant or an affiliated entity of the Registrant; or

(iii) a person or company that provides or has provided professional, consulting, technical, management or other services to a mutual fund that is managed by the Registrant or an affiliated entity of the Registrant.

2. For the purposes hereof, a person or company is considered to be an "affiliated entity" of an other person or company if the person or company would be an affiliated entity of that other person or company for the purposes of Ontario Securities Commission Rule 45-503 Trades To Employees, Executives and Consultants.

3. For the purposes hereof:

(a) "issue" and "sibling" includes any person having such relationship through adoption, whether legally or in fact;

(b) "parent" and "grandparent" includes a parent or grandparent through adoption, whether legally or in fact;

(c) "registered dealer" means a person or company that is registered under the Act as a dealer in a category that permits the person or company to act as dealer for the subject trade; and

(d) "spouse", for an Employee or Executive, means a person who, at the relevant time, is the spouse of the Employee or Executive.

4. Any terms that are not specifically defined above shall, unless the context otherwise requires, have the meaning:

(a) specifically ascribed to such term in the Mutual Fund Instrument; or

(b) if no meaning is specifically ascribed to such term in the Mutual Fund Instrument, the same meaning the term would have for the purposes of the Act.

Restricted Registration

Permitted Activities

5. The registration of the Registrant as a mutual fund dealer under the Act shall be for the purposes only of trading by the Registrant in securities of a mutual fund where the trade consists of:

(a) a Client Name Trade;

(b) an Exempt Trade;

(c) a Fund-on-Fund Trade;

(d) an In Furtherance Trade;

(e) a Permitted Client Trade; or

(f) a Seed Capital Trade;

provided that, in the case of all trades that are only referred to in clauses (a) or (e), the trades are limited and incidental to the principal business of the Registrant.

2.2 Orders

2.2.1 Turbosonic Technologies, Inc. and Turbosonic Canada, Inc. - s. 144

Headnote

Variation of a 1997 ruling that extends relief from the registration and prospectus requirements to certain trades upon the exchange of previously issued exchangeable shares that will occur after the original relief technically expires.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 144.

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

AND

IN THE MATTER OF
TURBOSONIC TECHNOLOGIES, INC. AND
TURBOSONIC CANADA, INC.

ORDER
(Section 144)

UPON the application of Turbosonic Technologies, Inc. ("Turbosonic U.S.") and Turbosonic Canada, Inc. ("Turbosonic Canada") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 144 of the Act that the ruling (the "Original Ruling") dated August 22, 1997 in favour of Turbotak Technologies Inc., Sonic Canada, Inc. and Sonic Environment Systems, Inc. be varied so that the requirements contained in sections 25 and 53 of the Act to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Registration and Prospectus Requirements") shall not apply, subject to certain terms and conditions, to any trades after June 30, 2002 of common shares of Turbosonic U.S. to holders of exchangeable shares of Turbosonic Canada ("Exchangeable Shares") upon the exchange (either automatic or otherwise) of such holder's Exchangeable Shares;

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

AND UPON Turbosonic U.S. and Turbosonic Canada having represented to the Commission as follows:

1. Pursuant to the Original Ruling, certain trades in securities to be made in connection with a plan of arrangement (the "Plan of Arrangement") involving Turbotak Technologies Inc., Sonic Canada, Inc. and Sonic Environment Systems, Inc., including trades of common shares of Turbosonic U.S. to holders of Exchangeable Shares upon the exchange (either automatic or otherwise) of such holder's Exchangeable Shares, were exempted from the Registration and Prospectus Requirements, subject to certain terms and conditions.

2. The Plan of Arrangement was implemented upon the receipt of the final order of the Ontario Court (General Division) dated August 26, 1997 and the filing of articles of arrangement on August 30, 1997. Pursuant to the articles of arrangement, Sonic Canada, Inc. changed its name to Turbosonic Canada, Inc. By certificate of amendment dated August 27, 1997, and pursuant to the laws of the state of Delaware, Sonic Environmental System, Inc. changed its name to Turbosonic Technologies, Inc.

3. Of the 8,119,589 Exchangeable Shares originally issued to Ontario residents pursuant to the Plan of Arrangement, 4,594,720 have not been exchanged as of June 20, 2002. This represents approximately 56% of the issued and outstanding Exchangeable Shares (with the balance of the Exchangeable Shares being held by Turbosonic U.S., post-exchange) and represents approximately 44%, on an exchanged basis, of the issued and outstanding common shares of Turbosonic U.S. The Exchangeable Shares (other than those held by Turbosonic U.S. following exchanges to date) are held by 25 different shareholders, of which several are directly or indirectly controlled by others. These 25 shareholders represent less than 2% of the common shareholders of Turbosonic U.S.

4. The Original Ruling contained a representation in paragraph 23 that the Automatic Redemption Date (as defined therein) in respect of the Exchangeable Shares is June 30, 2002. By virtue of this representation and the use of the defined term "Automatic Redemption Date" in the Original Ruling, certain of the relief granted in the Original Ruling automatically expires as of June 30, 2002.

5. On June 20, 2002, the boards of directors of each of Turbosonic Canada and Turbosonic U.S. on June 20 determined that it would be appropriate extend the Automatic Redemption Date of the Exchangeable Shares from June 30, 2002 to June 30, 2007 and approved the filing of articles of amendment for Turbosonic Canada to give effect to such extension. The filing of such articles of amendment was also approved by the shareholders of Turbosonic Canada in accordance with applicable laws at a meeting of the shareholders of Turbosonic Canada held on June 20, 2002. U.S. counsel to Turbosonic U.S. has advised management of Turbosonic U.S. that there are no substantive U.S. securities laws issues raised by the proposed extension of the Automatic Redemption Date.

6. After June 30, 2002, no exemption from the Registration and Prospectus Requirements will be available for any trades of common shares of Turbosonic U.S. to holders of Exchangeable Shares upon the exchange (automatic or otherwise) of such holder's Exchangeable Shares.

7. Turbosonic Canada was incorporated under the laws of the province of Ontario on July 11, 1997 in order to facilitate the Plan of Arrangement. Turbosonic Canada is not, and has no present intention of becoming, a reporting issuer under the Act. The authorized share capital of Turbosonic Canada consists of an unlimited number of common shares, of which 100 common shares have been issued and are held by Turbosonic U.S., and an unlimited number of Exchangeable Shares, of which 8,119,589 are issued and are held as set out in paragraph 3 above. The Exchangeable Shares are not listed for trading on any stock exchange or quoted on any quotation and trade reporting system.

8. Turbosonic U.S. is subject to the reporting requirements of the United States Securities Exchange Act of 1934, as amended, (the "Exchange Act"). Turbosonic U.S. is not, and has no present intention of becoming, a reporting issuer under the Act or under the securities legislation of any other jurisdiction in Canada. Management of Turbosonic U.S. estimates that, taking into account shares held in street name, there are between 1,500 and 3,000 Turbosonic U.S. shareholders, most of whom are resident in the United States or Europe. Turbosonic U.S. shares trade on the OTC Bulletin Board Service operated by the National Association of Securities Dealers, Inc. in the United States.

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

IT IS ORDERED that the Original Ruling be varied so that the Registration and Prospectus Requirements shall not apply to any trades of common shares of Turbosonic U.S. made after June 30, 2002 to holders of Exchangeable Shares upon the exchange (either automatic or otherwise) of such holder's Exchangeable Shares, provided that the first trade of any such common shares of Turbosonic U.S. acquired pursuant to this order shall be deemed to be a distribution unless the conditions of subsection (1)(a) and (c) of section 2.14 of Multilateral Instrument 45-102 are satisfied.

June 25, 2002.

"H. Lorne Morphy" "Robert L. Shirriff"

2.2.2 NTEX Incorporated - s. 144

Headnote

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

Statutes Cited

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

Notices Cited

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

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

AND

IN THE MATTER OF
NTEX INCORPORATED
(the "Company")

ORDER
(Section 144)

WHEREAS the securities of the Company are subject to a cease trade order issued by the Director dated June 12, 2002 (the "Cease Trade Order") which extended a temporary cease trade order issued by the Director dated May 31, 2002;

AND WHEREAS the Company has applied to the Ontario Securities Commission (the "Commission") for a partial revocation of the Cease Trade Order pursuant to section 144 of the Act;

AND UPON the Company having represented to the Commission that:

1. The Company is a corporation incorporated under the laws of Ontario on September 29, 1975 and is a reporting issuer under the Act, the *Securities Act* (British Columbia) and the *Securities Act* (Alberta).

2. The authorized capital of the Company consists of unlimited number of common shares (the "Common Shares") and an unlimited number of Series A, B, C and D preference shares (the "Preference Shares") of which 14,808,365 Common Shares, 4,200 Series A Preference Shares, 50,000 Series B Preference Shares and 1,968 Series D Preference Shares are issued and outstanding. The Notes (as defined below) are the only outstanding debt securities of the Company. Other than the Common Shares, Series A Preference Shares, Series B Preference

Shares, Series D Preference Shares and the Notes, there are no other securities of the Company outstanding.

3. The Common Shares of the Company were suspended from listing on the Toronto Stock Exchange on April 18, 2002 for failure to meet its continuing listing requirements.

4. The Cease Trade Order was issued as a result of the Company's failure to file and deliver its annual financial statements for the year ended December 31, 2001 and its interim financial statements for the period ended March 31, 2002 (collectively, the "Financial Statements").

5. The Company is also subject to a cease trade order of the British Columbia Securities Commission (the "BCSC") dated May 31, 2002 and the Alberta Securities Commission (the "ASC") dated June 7, 2002. The Company has concurrently applied to the BCSC and the ASC for a partial revocation of the BCSC and the ASC cease trade orders.

6. Other than its failure to file the Financial Statements, the Company is not in default of any of the requirements of the Act.

7. In connection with its May 2001 plan of compromise and arrangement under the *Companies Creditor Arrangement Act* (Canada), the Company issued the following notes to holders of its previously issued 11 1/2% senior notes due 2006 and 1% junior subordinated notes due 2030:

   (a) US$6,440,040 principal amount of 15 1/2% Senior Notes due 2006 (the "Senior Notes");

   (b) US$29,337,960 principal amount of 1% Junior Series A Subordinated Notes due 2030 (the "Junior A Notes"); and

   (c) US$21,766,414 principal amount of 1% Junior Series B Subordinated Notes due 2030 (the "Junior B Notes");

   (collectively referred to as the "Notes").

8. Based on information available to the Company, every holder of Junior A Notes and of Junior B Notes is also a holder of Senior Notes. However, not every holder of Senior Notes holds both Junior A Notes and Junior B Notes.

9. Each series of Notes is governed by the terms of separate trust indentures among the Company and Computershare Trust Company of Canada dated as of June 1, 2001. The Notes are not convertible into any other securities or series of securities of the Company. Certificates representing the Notes are held by the Depository Trust Company. Management of the Company believes that the Notes are owned by fewer than 25 beneficial owners.

10. After obtaining the approval of its shareholders and holders of its Senior Notes, on March 31, 2002, the Company completed a restructuring (the "Restructuring") which resulted in a transfer of 75% of its equity interest in Camtx Corporation ("Camtx"), the Company's principal operating subsidiary at the time, and certain other assets (including loans receivable from Camtx) in settlement of the Company's obligations to senior secured creditors and their assignees. As part of the Restructuring, all guarantees by Camtx and its subsidiaries in respect of the Senior Notes were released.

11. As a result of the Restructuring, effective May 31, 2002, the assets of the Company consisted primarily of a 25% interest (or 3,750,000 common shares) in Camtx and its liabilities consist primarily of its obligations under the Notes. The only liabilities of the Company (which have not been assumed by Camtx) in addition to its liabilities in respect of the Notes are trade payables not exceeding $10,000.

12. The Company believes that on a liquidation basis, any consideration which may be offered for the 25% interest in the shares of Camtx held by the Company would be nominal and that the realizable market value of a sale of its 25% interest in Camtx would therefore generate proceeds significantly lower than the principal amount outstanding under the Senior Notes.

13. In its information summary dated February 25, 2002 (the "Information Summary") prepared and delivered to all holders of Notes in connection with the Restructuring and in its management information circular dated February 15, 2002 prepared and delivered to its shareholders in connection with a special meeting of shareholders to approve the Restructuring, the Company disclosed that it would consider the feasibility of distributing all or part of its remaining 25% equity interest in Camtx to holders of Senior Notes in exchange for their Notes.

14. The Company mailed to the holders of Senior Notes an offer (the "Offer") dated May 15, 2002 to purchase all of the Notes on the basis of 5.82 common shares of Camtx for each US$10 principal amount of Senior Notes tendered. Holders of Senior Notes are also required to tender any Junior A Notes and/or Junior B Notes they may hold to accept the Offer.

15. The Offer is not an issuer bid within the meaning of the Act as it is an offer to acquire debt securities of the Company (which are not convertible into other securities).

16. The Company does not have the resources to have the financial statements for the year ended December 31, 2001 or subsequent periods prepared or audited.

17. None of the Notes are held by insiders of the Company.

18. The Offer clearly indicates that financial statements of the Company for periods subsequent to September 30, 2001 are not available.

19. Camtx is a "closely-held issuer" within the meaning of Rule 45-501 of the Ontario Securities Commission and a "private issuer" within the meaning of Multilateral Instrument 45-103 of the ASC and BCSC.

20. The Offer provides that shares of Camtx will only be issued to:

    (i) residents of Canada if they are (A) resident of Ontario, Alberta or British Columbia and are "accredited investors" within the meaning of Rule 45-501 of the Commission or Multilateral Instrument 45-103 or (B) other purchasers recognized by applicable securities regulatory authorities as being able to acquire the shares of Camtx pursuant to an exemption from the prospectus requirements of applicable Canadian securities laws;

    (ii) U.S. persons if they are institutional "accredited investors" as defined in Regulation D under the *Securities Act of 1933*; and

    (iii) non-U.S. persons outside the United States in reliance upon Regulation S under the *Securities Act of 1933*.

21. The Company believes that the Offer is in the interest of the holders of Senior Notes and will result in an orderly and efficient distribution of its remaining assets to its creditors.

22. In the event that a partial revocation of the Cease Trade Order is not granted, bankruptcy or other liquidation proceedings would have to be instituted to liquidate the assets of the Company for the benefit of the holders of Notes, resulting in a more time-consuming and expensive process and a lower realization of the Company's assets by holders of the Senior Notes than could otherwise be achieved by completing the transaction contemplated by the Offer.

23. The distribution by the Company of its 25% equity interest in Camtx would not involve a trade in the securities of the Company were it to occur in the context of bankruptcy or other liquidation proceedings (rather than under the Offer).

24. Disclosure of the assets and liabilities of the Company were provided to holders of Notes in the Information Summary. There has been no material change in the assets and liabilities of the Company since the date of the Information Summary.

25. The decision by a holder of Senior Notes with respect to whether or not to tender to the Offer is voluntary.

AND UPON considering the application and the recommendation of the 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 under section 144 of the Act that the Cease Trade Order be and is hereby partially revoked solely to permit the following trades:

1. the tender of the Notes to the Company by holders of Senior Notes pursuant to the Offer; and

2. the purchase by the Company of all Notes tendered by holders of Senior Notes pursuant to the Offer.

June 25, 2002.

"H. Lorne Morphy" "R.L. Shirriff"

2.2.3 Arlington Securities Inc. and Samuel Arthur Brian Milne

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

AND

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

ORDER

WHEREAS the Ontario Securities Commission has concluded that the Respondents have conducted themselves in a manner that is contrary to the public interest;

IT IS ORDERED that pursuant to S. 127(1) and S. 127.1 of the Ontario Securities Act that:

Arlington Securities Inc.

1. Arlington Securities Inc. shall be reprimanded.

2. Arlington Securities Inc. registration shall be terminated.

3. Arlington Securities Inc. shall permanently not have the benefit of any exemptions contained in Ontario securities law.

Samuel Arthur Brian Milne

1. Mr. Milne shall be reprimanded.

2. Mr. Milne shall cease trading in securities for three (3) years from the date of this Order.

3. Mr. Milne shall not have available for a period of three (3) years from the date of this Order any exemptions contained in Ontario securities law.

4. Mr. Milne shall resign for a period of three (3) years from the date of this Order one or more positions which he may hold as an officer or director of any issuer.

5. Mr. Milne shall for a period of three (3) years from the date of this Order not become or act as an officer or director of an issuer.

6. Mr. Milne will pay costs of the investigation in the amount of $5,000.

June 25, 2002.

"Howard I. Wetston" "H. Lorne Morphy" "Robert W. Davis"

2.2.4 RBC Funds Inc. - ss. 59(1) of Sched. I of Reg. 1015

Headnote

Exemption from the fees otherwise due under subsection 14(1) of Schedule I of the Regulation made under the Securities Act on the distribution of units made by underlying funds arising in the context of fund-on-fund structures.

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, as am., Schedule I, ss. 14(1) and 59(1).

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

AND

IN THE MATTER OF
THE REGULATION UNDER THE SECURITIES ACT,
R.R.0. 1990, REGULATION 1015, AS AMENDED
(the "Regulation")

AND

IN THE MATTER OF
RBC FUNDS INC.

ORDER
(Subsection 59(1) of Schedule I of the Regulation)

UPON the application of RBC Funds Inc. ("RBC FI") the manager of Royal Select Income Portfolio, Royal Select Balanced Portfolio, Royal Select Growth Portfolio, Royal Select Choices Income Portfolio, Royal Select Choices Balanced Portfolio, Royal Select Choices Growth Portfolio, Royal Select Choices Aggressive Growth Portfolio and other similar mutual funds managed by RBC FI from time to time (collectively, the "Top Funds", individually, a "Top Fund") to the Ontario Securities Commission (the "Commission") for an order pursuant to subsection 59(1) of Schedule I of the Regulation exempting Royal Mortgage Fund, Royal Bond Fund, Royal Monthly Income Fund, Royal Global Bond Fund, Royal Dividend Fund, Royal Canadian Equity Fund, Royal Canadian Growth Fund, Royal U.S. Equity Fund, Royal U.S. RSP Index Fund, O'Shaughnessy U.S. Value Fund, Royal U.S. Mid-Cap Equity Fund, Royal Life Science and Technology Fund, Royal International Equity Fund, Royal International RSP Index Fund, Royal European Growth Fund, Royal Asian Growth Fund and such other mutual funds managed by RBC FI from time to time (collectively, the "Underlying Funds, individually, an "Underlying Fund") from paying duplicate filing fees on an annual basis in respect of the distribution of units of the Underlying Funds to the Top Funds and on the reinvestment of distributions of such units.

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

AND UPON RBC FI having represented to the Commission that:

1. RBC FI is, or will be, the manager of the Top Funds and the Underlying Funds.

2. Each of the Top Funds and the Underlying Funds is or will be an open-end mutual fund trust established under the laws of the province of Ontario. Units of each of the Top Funds and Underlying Funds are or will be qualified for distribution in each of the provinces and territories of Canada under simplified prospectuses and annual information forms filed with and accepted by those jurisdictions.

3. Each of the Top Funds and the Underlying Funds is or will be a reporting issuer in each of the provinces and territories of Canada and is not or will not be in default of any requirements of the securities legislation or regulations applicable in those jurisdictions at the time it relies on the relief granted under this Order.

4. As part of its investment strategy, each Top Fund invests or will invest its assets directly in units of Underlying Funds (the "Fund-on-Fund Investments").

5. Applicable securities regulatory approvals for the Fund-on-Fund Investments and the Top Funds' investment strategies have or will have been obtained.

6. Annually, each of the Top Funds is or will be required to pay filing fees to the Commission in respect of the distribution of its units in Ontario pursuant to section 14 of Schedule I of the Regulation and will similarly be required to pay fees in respect of the distribution of its units in other relevant Canadian jurisdictions pursuant to applicable securities legislation in each of those jurisdictions.

7. Annually, each of the Underlying Funds is or will be required to pay filing fees in respect of the distribution of its units in Ontario, including the distribution of units to the Top Funds, pursuant to section 14 of Schedule I of the Regulation and will similarly be required to pay fees in respect of the distribution of its units in other relevant Canadian jurisdictions pursuant to the applicable securities legislation in each of those jurisdictions.

8. A duplication of filing fees pursuant to section 14 of Schedule I of the Regulation may result when (a) assets of a Top Fund are invested in units of the applicable Underlying Fund, and (b) a distribution is paid by an Underlying Fund on units of the Underlying Fund purchased by the applicable Top Fund which are reinvested in additional units of the Underlying Fund (the "Reinvested Securities") on behalf of a Top Fund.

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

IT IS ORDERED by the Commission pursuant to subsection 59(1) of Schedule I of the Regulation that the Underlying Funds are exempt from the payment of duplicate filing fees on an annual basis pursuant to section 14 of Schedule I of the Regulation in respect of the distribution of units of the Underlying Funds to the Top Funds and distribution of the Reinvested Securities, provided that each Underlying Fund shall include in its notice filed under subsection 14(4) of Schedule I of the Regulation a statement of the aggregate gross proceeds realized in Ontario as a result of the issuance by the Underlying Funds of units to the Top Funds and Reinvested Securities, together with a calculation of the fees that would have been payable in the absence of this Order.

June 28, 2002.

“Robert W. Korthals” “Harold P. Hands”

2.2.5 Raymond James Ltd. et al. - s. 144

Headnote

Partial revocation of a cease trade order pursuant to section 144 of the Act granted to a registered dealer to purchase securities from an institutional client for nominal consideration.

Statutes Cited

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

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

AND

IN THE MATTER OF
RAYMOND JAMES LTD.

AND

GREAT-WEST LIFE ASSURANCE COMPANY

AND

DYNASTY MOTORCAR CORPORATION

ORDER
(Section 144)

WHEREAS the securities of Dynasty Motorcar Corporation (Dynasty) are subject to an order of the Director dated December 12, 2001 (the Cease Trade Order) pursuant to section 127 of the Act, extending a Temporary Order of the Director made on November 30, 2001, ordering that trading in securities of Dynasty cease;

AND WHEREAS Raymond James Ltd. (the Applicant) has made an application to the Commission pursuant to section 144 of the Act for a partial revocation of the Cease Trade Order to permit Great-West Life Assurance Company (Great-West Life) to sell 125,000 Common Shares of Dynasty (the Common Shares) for the purpose of removing the Common Shares from its inventory;

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

AND UPON the Applicant having represented that:

1. Raymond James Ltd is registered as an investment dealer in Ontario under the Act.

2. Dynasty was originally incorporated under the name of Enerex Resources Ltd under the laws of British Columbia on July 25, 1977 and changed its name to its current name on June 2, 2000.

3. Dynasty is a reporting issuer or equivalent in Ontario, British Columbia, Alberta and Manitoba.

4. Dynasty's common shares are listed for trading on the TSX Venture Exchange and are currently subject to the Cease Trade Order.

5. The Cease Trade Order was issued because Dynasty failed to file an interim financial statement for the nine-month period ended August 31 on or before November 30, 2001.

6. Dynasty is also subject to a cease trade order of the Alberta Securities Commission dated December 21, 2001 and the British Columbia Securities Commission dated November 22, 2001. Raymond James has concurrently applied to the ASC and BCSC for a partial revocation of their orders.

7. Great-West Life is a client of Raymond James and purchased the Common Shares under a prospectus dated March 15, 2001 that was filed by Dynasty and receipted by the Ontario Securities Commission.

8. Raymond James has agreed to purchase the Common Shares from Great-West Life for $6,250 (the Purchase Price), solely for the purpose of allowing Great-West Life to remove the Common Shares from its inventory of securities held. In addition, the Applicant has agreed with Great-West Life that it divide equally with Great-West Life the proceeds of any subsequent sale of the Common Shares by the Applicant which exceed the Purchase Price.

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

IT IS ORDERED, pursuant to section 144 of the Act, that the Cease Trade Order be partially revoked solely to permit Great-West Life to sell the Common Shares to the Applicant.

June 28, 2002.

"Iva Vranic"

2.2.6 TigerTel Communications Inc. - s. 12.1 of Rule 45-503

Headnote

Relief to permit shorter restricted periods and seasoning periods reflected in Multilateral Instrument 45-102 Resale of Securities to be applicable to stock options to distributed to issuer's employees, directors, senior officers and consultants under Rule 45-503 Trades to Employees, Executives and Consultants.

Rules

Multilateral Instrument 45-102 Resale of Securities.
Rule 45-503 Trades to Employees, Executives and Consultants.

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

AND

ONTARIO SECURITIES COMMISSION RULE 45-503 – TRADES TO EMPLOYEES, EXECUTIVES AND CONSULTANTS
("Rule 45-503")

AND

IN THE MATTER OF
TIGERTEL COMMUNICATIONS INC.

ORDER
(Section 12.1 of Rule 45-503)

UPON the application of TigerTel Communications Inc. ("TigerTel") to the Director (the "Director") of the Ontario Securities Commission for an order pursuant to section 12.1 of Rule 45-503 exempting TigerTel from Part 9 of Rule 45-503;

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

AND UPON TigerTel having represented to the Director as follows:

1. TigerTel was created by amalgamation under the provisions of the *Canada Business Corporations Act* on May 1, 2002.

2. TigerTel carries on the business of providing outsourced communications and customer relations services. TigerTel's head office is located at #220-2560 Matheson Boulevard East, Mississauga, Ontario.

3. TigerTel employs approximately 436 people, approximately 20% of whom are located in Ontario. A significant portion of TigerTel's outstanding shares are, to the best of TigerTel's knowledge, owned by persons resident in Ontario.

4. TigerTel is a reporting issuer in British Columbia and Alberta and has, by virtue of the reporting issuer status of one of TigerTel's predecessors, been a reporting issuer in those provinces for more than 12 months. The continuous disclosure materials filed by TigerTel as a reporting issuer in the provinces of British Columbia and Alberta are available on the System for Electronic Document Analysis and Retrieval. TigerTel is not a reporting issuer in Ontario.

5. The Board of Directors of TigerTel has adopted a Stock Option Plan (the "Plan") pursuant to which stock options may be granted to TigerTel's employees, directors, senior officers and consultants. The Plan has not yet been approved by the shareholders of TigerTel. TigerTel has, however, granted stock options under the Plan to persons in British Columbia, Alberta, Manitoba, Ontario, Quebec and Nova Scotia, but they may not be exercised unless and until the Plan is approved by the shareholders of TigerTel. The TSX Venture Exchange accepted the Plan on May 3, 2002.

6. Pursuant to Multilateral Instrument 45-102 ("MI45-102"), common shares of TigerTel ("Common Shares") issued pursuant to the exercise of stock options granted under the Plan are not subject to a "hold period" in British Columbia, Alberta, Manitoba and Nova Scotia.

7. Pursuant to Part 9 of Rule 45-503, Common Shares issued pursuant to the exercise of stock options granted under the Plan are subject to an indefinite "hold period" in Ontario.

AND WHEREAS the Director is satisfied that it would not be prejudicial to the public interest to grant the relief requested;

IT IS HEREBY ORDERED pursuant to section 12.1 of Rule 45-503 that:

(a) the first trade in a security of TigerTel distributed to a person or company, other than an associated consultant or investor consultant of TigerTel (as such terms are defined in Rule 45-503), under the exemption from the requirement of section 53 of the Act in section 2.2, 3.1, 3.2, 3.3, 5.1 or 8.1 of Rule 45-503, shall be exempt from the requirements set out in subsection 9.1(1) of Rule 45-503, provided that such first trade is subject to section 2.6 of MI 45-102;

(b) the first trade in a security of TigerTel distributed to an associated consultant or investor consultant of TigerTel under the

exemption from the requirement of section 53 of the Act in section 2.2, 5.1 or 8.1 of Rule 45-503, shall be exempt from the requirements set out in subsection 9.1(2) of Rule 45-503, provided that

(i) the first trade in such security is subject to section 2.5 of MI 45-102; and

(ii) if the security distributed under the exemption from the requirement of section 53 of the Act in section 2.2, 5.1 or 8.1 of Rule 45-503 is a convertible security, exchangeable security or multiple convertible security (as such terms are defined in subsections 1.1(a), (b) and (g) of the proposed *Amendments to Ontario Securities Commission Rule 45-503 Trades to Employees, Executives and Consultants* (2001) 24 OSCB 5569 (the "Proposed Amendments")), the first trade of the underlying security (as defined in subsection 1.1(h) of the Proposed Amendments) is subject to section 2.5 of MI 45-102.

June 27, 2002.

"Iva Vranic"

2.2.7 Consolidated Envirowaste Industries Inc. - ss. 83.1(1)

Headnote

Reporting issuer in Alberta and British Columbia that is listed on the TSX Venture Exchange deemed to be a reporting issuer in Ontario.

Statutes Cited

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

Policies Cited

Policy 12-602 Deeming an Issuer from Certain Other Canadian Jurisdictions to be a Reporting Issuer in Ontario (2001) 24 OSCB 1531.

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

AND

IN THE MATTER OF
CONSOLIDATED ENVIROWASTE INDUSTRIES INC.

ORDER
(Subsection 83.1(1))

UPON the application of Consolidated Envirowaste Industries Inc. (the "Company") for an order pursuant to subsection 83.1(1) of the Act deeming the Company to be a reporting issuer for the purposes of Ontario securities law;

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

AND UPON the Company representing to the Commission as follows:

1. the Company was incorporated under the *Company Act* (British Columbia) on September 1, 1983;

2. the head office of the Company is located in Abbotsford, British Columbia;

3. the Company has been a reporting issuer under the *Securities Act* (British Columbia) (the "BC Act") since January 23, 1986 and the *Securities Act* (Alberta) (the "Alberta Act") since July 1, 2001, and is not in default of any of the requirements of either the BC Act or the Alberta Act;

4. the common shares of the Company became listed on the Vancouver Stock Exchange on May 5, 1986 and continues to trade on the TSX Venture Exchange under the symbol "CWD"; the Company is not in default of any requirements of the TSX Venture Exchange;

5. the Company is not a reporting issuer under the securities legislation of any other jurisdiction in Canada;

6. the authorized capital of the Company consists of 50,000,000 common shares without par value, of which 9,913,799 common shares are issued and outstanding as of May 1, 2002;

7. approximately 21.7% of the total issued common shares of the Company are registered to shareholder whose last address on the Company's register of shareholders was in Ontario, as at July 17, 2001;

8. the continuous disclosure requirements of the BC Act and the Alberta Act are substantially the same as the requirements under Ontario securities law;

9. the continuous disclosure materials filed by the Company under the BC Act and the Alberta Act is comparable to the material that would have been filed in Ontario had the Company been a reporting issuer in Ontario;

10. the continuous disclosure materials filed by the Company under the BC Act since July, 1997 and under the Alberta Act since July 1, 2001 are available on the System Electronic Document Analysis and Retrieval;

11. there have not been any penalties or sanctions imposed against the Company by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority and no settlement agreements have been entered into by the Company;

12. there have not been any penalties or sanctions imposed against any of the Company's officers, directors or significant shareholders within the last 10 years by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, nor has any of them entered into any settlement agreement with a Canadian securities regulatory authority, nor have they been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision;

13. neither the Company nor any of its officers, directors, nor significant shareholders, has been subject to any known ongoing or concluded investigations by a Canadian securities regulatory authority, or by a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years; and

14. none of the officers or directors or significant shareholders of the Company, within the past 10 years, is or has been at the time of such event, an officer or director of any other issuer which is or has been subject to any cease trade or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days; or any bankruptcy or insolvency proceedings or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee;

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

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

July 2, 2002.

"Margo Paul"

2.3 Rulings

2.3.1 Hygeia Corporation (Ontario) et al. - ss. 74(1)

Headnote

Application for registration and prospectus relief in connection with certain future trades in securities arising out of recent reorganization of closely held Ontario issuer to become operating subsidiary of U.S.-based holding company. As a result of use of exchangeable share structure, discretionary relief believed to be necessary for certain future trades resulting from the Reorganization. Relief granted subject to resale restriction that first trade in a security acquired pursuant to Ruling deemed to be a distribution unless conditions in subsections (3) or (4) of section 2.6 of Multilateral Instrument 45-102 are satisfied.

Statutes Cited

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

Instrument Cited

Multilateral Instrument 45-102 - Resale of Securities.

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

AND

IN THE MATTER OF
HYGEIA CORPORATION (ONTARIO),
HYGEIA HOLDINGS COMPANY (NOVA SCOTIA) AND
HYGEIA CORPORATION (DELAWARE)

RULING
(Subsection 74(1))

UPON the application of Hygeia Corporation (Ontario) ("Hygeia Ontario"), Hygeia Holdings Company (Nova Scotia) ("Hygeia Holdings") and Hygeia Corporation (Delaware) ("Hygeia", and collectively with Hygeia Ontario and Hygeia Holdings, the "Applicants") to the Ontario Securities Commission (the "Commission") for a ruling, pursuant to subsection 74(1) of the Act, that certain future trades in securities arising out of the recent reorganization of Hygeia Ontario shall not be subject to sections 25 or 53 of the Act (the "Reorganization");

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

AND UPON the Applicants having represented to the Commission as follows:

1. Hygeia Ontario is a company incorporated under the Ontario *Business Corporations Act*. Hygeia Ontario carries on business as a preferred provider organization for hospitals and insurance companies.

2. The authorized capital of Hygeia Ontario consists of an unlimited number of common shares (the "Hygeia Ontario Common Shares") and an unlimited number of preference shares. Immediately prior to the Reorganization (described below), Hygeia Ontario had 13 shareholders. As at October 31, 2001, there were issued and outstanding (i) 8,463,714 Hygeia Ontario Common Shares; and (ii) options to purchase 551,020 Hygeia Ontario Common Shares ("Hygeia Ontario Options") held by officers, directors, employees and consultants of Hygeia Ontario.

3. Hygeia Ontario is not a reporting issuer in Ontario or in any other jurisdiction, and none of its securities are listed or posted for trading on any exchange.

4. Hygeia is a corporation existing under the laws of the State of Delaware. Hygeia's authorized capital consists of common stock and preferred stock. Hygeia has the authority to issue fifty million shares of common stock ("Common Stock"), par value $0.001 per share, and one million shares of preferred stock, par value $0.001 per share. Hygeia is also authorized to issue a series of preferred stock designated as "Series A Preferred Stock", par value $0.001 per share, which consists of one of the one million shares of preferred stock which Hygeia is authorized to issue (the "Hygeia Special Voting Share").

5. None of the shares of Hygeia are or will be listed or posted for trading on any exchange. Hygeia is not a reporting issuer in any jurisdiction. Hygeia is not currently subject to the reporting requirements of the United States Securities Exchange Act of 1934, as amended.

6. Hygeia Holdings is a corporation organized under the laws of the Province of Nova Scotia. Hygeia Holdings is a private company and is not a reporting issuer in any jurisdiction. The authorized capital of Hygeia Holdings consists of a billion common shares. As a result of the Reorganization (described below), Hygeia owns all of the issued and outstanding shares of Hygeia Holdings, and Hygeia Holdings owns all of the outstanding Hygeia Ontario Common Shares.

7. In 2001, Hygeia Ontario determined it to be in the best interests of its shareholders if it reorganized its shareholdings so that it became an indirect wholly-owned subsidiary of Hygeia (the "Reorganization").

8. In connection with the proposed Reorganization, Hygeia mailed an information circular for information purposes on August 24, 2001 to each holder of Hygeia Ontario Common Shares containing a detailed description of the Reorganization and the characteristics of the Exchangeable Shares.

9. Shareholders of Hygeia and Hygeia Ontario approved the Reorganization at respective shareholders' meetings held on September 5, 2001. In connection with the Reorganization, shareholders of Hygeia Ontario ("Hygeia Ontario Shareholders") approved articles of amendment of Hygeia Ontario (the "Articles") which were filed and became effective on January 1, 2002.

10. Effective January 1, 2002, all of the issued and outstanding Hygeia Ontario Common Shares held by the Hygeia Ontario Shareholders were exchanged for non-voting exchangeable shares in the capital of Hygeia Ontario (the "Exchangeable Shares"). Immediately following the Reorganization, all existing options of Hygeia Ontario were cancelled and replaced by equivalent options (the "Replacement Options") for shares of common stock of Hygeia.

11. The Exchangeable Shares, together with an exchangeable share support agreement entered into at closing among Hygeia, Hygeia Holdings and Hygeia Ontario (the "Support Agreement") and a voting and exchange trust agreement entered into at closing among Hygeia, Hygeia Holdings, Hygeia Ontario and a trustee (the "Voting Trust and Exchange Agreement"), all as described below, provide holders thereof with a security of Hygeia Ontario having economic rights which are, as nearly as practicable, equivalent to those of the common shares of Hygeia.

12. The Exchangeable Shares rank prior to the common shares of Hygeia Ontario with respect to the payment of dividends and the distribution of assets in the event of a liquidation, dissolution or winding-up of Hygeia Ontario to the extent described below.

13. The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares (the "Exchangeable Share Provisions") provide that each Exchangeable Share entitles the holder to dividends from Hygeia Ontario payable at the same time as, and equivalent to, each dividend paid by Hygeia on the common shares of Hygeia. Subject to the overriding call right of Hygeia Holdings (or Hygeia) described below, on the liquidation, dissolution or winding-up of Hygeia Ontario, a holder of Exchangeable Shares is entitled to receive from Hygeia Ontario for each Exchangeable Share held an amount equal to the current market price of a common share of Hygeia, to be satisfied by delivery of one common share of Hygeia, together with all declared and unpaid dividends on each such Exchangeable Share held by the holder on any dividend record date prior to the date of liquidation, dissolution or winding-up (such aggregate amount, the "Liquidation Price"). Upon a proposed liquidation, dissolution or winding-up of Hygeia Ontario, Hygeia Holdings (or Hygeia) will have an overriding call right (the "Liquidation Call Right") to purchase all of the outstanding Exchangeable Shares from the holders thereof (other than Hygeia or its affiliates) for a price per share equal to the Liquidation Price.

14. The Exchangeable Shares are non-voting (except as required by the Exchangeable Share Provisions or by applicable law) and are retractable at the option of the holder at any time. Subject to the overriding call right of Hygeia Holdings (or Hygeia) described below, upon retraction the holder will be entitled to receive from Hygeia Ontario for each Exchangeable Share retracted an amount equal to the current market price of a common share of Hygeia, to be satisfied by delivery of one common share of Hygeia, together with, on the designated payment date therefor, all declared and unpaid dividends on each such retracted Exchangeable Share held by the holder on any dividend record date prior to the date of retraction (such aggregate amount, the "Retraction Price"). Upon being notified by Hygeia Ontario of a proposed retraction of Exchangeable Shares, Hygeia Holdings (or Hygeia) will have an overriding call right (the "Retraction Call Right") to purchase from the holder all of the Exchangeable Shares that are the subject of the retraction notice for a price per share equal to the Retraction Price.

15. Subject to the overriding call right of Hygeia Holdings (or Hygeia) described below, Hygeia Ontario may redeem all the Exchangeable Shares then outstanding at any time on or after the date which is ten years from the Effective Date (the "Redemption Date"). The board of directors may accelerate the Redemption Date in certain circumstances which are set out in the Exchangeable Share Provisions. Upon such redemption, a holder will be entitled to receive from Hygeia Ontario for each Exchangeable Share redeemed an amount equal to the current market price of a common share of Hygeia, to be satisfied by the delivery of one common share of Hygeia, together with all declared and unpaid dividends on each such redeemed Exchangeable Share held by the holder on any dividend record date prior to the date of redemption (such aggregate amount, the "Redemption Price"). Upon being notified by Hygeia Ontario of a proposed redemption of Exchangeable Shares, Hygeia Holdings (or Hygeia) will have an overriding call right (the "Redemption Call Right") to purchase from the holders all of the outstanding Exchangeable Shares (other than Hygeia or its affiliates) for a price per share equal to the Redemption Price.

16. Under the Voting Trust and Exchange Agreement, Hygeia has granted to the Trustee under the Voting Trust and Exchange Agreement (the "Trustee") for the benefit of the holders of the Exchangeable Shares a put right (the "Optional

Exchange Right"), exercisable upon the insolvency of Hygeia Ontario, to require Hygeia Holdings (or Hygeia) to purchase from a holder of Exchangeable Shares all or any part of his or her Exchangeable Shares. The purchase price for each Exchangeable Share purchased by Hygeia Holdings (or Hygeia) will be an amount equal to the current market price of a common share of Hygeia, to be satisfied by delivery to the Trustee, on behalf of the holder, of one common share of Hygeia, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on such Exchangeable Share held by such holder on any dividend record date prior to the closing of the purchase and sale.

17. Under the Voting Trust and Exchange Agreement, upon the liquidation, dissolution or winding-up of Hygeia, Hygeia Holdings (or Hygeia) will be required to purchase each outstanding Exchangeable Share, and each holder will be required to sell all of his or her Exchangeable Shares, (such purchase and sale obligations are hereafter referred to as the "Automatic Exchange Right") for a purchase price per share equal to the current market price of a common share of Hygeia, to be satisfied by the delivery to the Trustee, on behalf of the holder, of one common share of Hygeia, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each such Exchangeable Share held by such holder on any dividend record date prior to the closing of the purchase and sale.

18. Under the Voting Trust and Exchange Agreement, Hygeia issued and deposited with the Trustee the Hygeia Special Voting Share which entitles the holder to an equivalent number of votes at meetings of the holders of common shares of Hygeia equal to the number of Exchangeable Shares outstanding from time to time. The Trustee holds the Hygeia Special Voting Share for and on behalf of the holders of Exchangeable Shares. The Trustee, as holder of record of the Hygeia Special Voting Share is entitled to all of the voting rights including the right to consent to vote in person or by proxy the Hygeia Special Voting Share, on any matter, question, or proposition whatsoever that may properly come before the common shareholders of Hygeia. The Trustee may exercise the voting rights only on the basis of instructions received from the holders of Exchangeable Shares who shall be entitled to instruct the Trustee as to the voting thereof. The Trustee holds the Hygeia Special Voting Share and any other properties that may become the subject of the trust for the exclusive benefit of the holders of Exchangeable Shares. In this manner, the holders of Exchangeable Shares holding the Exchangeable Shares will be entitled to exercise the votes they would have received as shareholders of Hygeia as if they had been issued shares of Hygeia pursuant to the Reorganization.

19. Contemporaneously with the closing of the Reorganization, Hygeia, Hygeia Holdings and Hygeia Ontario entered into the Support Agreement which provides that Hygeia will not declare or pay any dividend on the common shares of Hygeia unless Hygeia Ontario simultaneously declares and pays an equivalent dividend on the Exchangeable Shares, and that Hygeia will ensure that Hygeia Ontario and Hygeia Holdings will be able to honour the redemption and retraction rights and dissolution entitlements that are attributes of the Exchangeable Shares under the Exchangeable Share Provisions and the related redemption, retraction and liquidation call rights described above.

20. The Support Agreement also provides that, without the prior approval of the holders of the Exchangeable Shares, actions such as distributions of stock dividends, options, rights and warrants for the purchase of securities or other assets, subdivisions, reclassifications, reorganizations and other changes cannot be taken in respect of the common shares generally without the same or an economically equivalent action being taken in respect of the Exchangeable Shares.

21. As a result of the Reorganization, Hygeia indirectly owns all of the issued and outstanding common shares of Hygeia Ontario.

22. The Applicants were entitled to rely on and have relied on existing statutory exemptions for the various trades of securities made in connection with the Reorganization. However, as a result of the use of an exchangeable share structure, the Applicants believe that discretionary relief may be necessary for certain future trades resulting from the Reorganization.

23. The future trades and possible future trades in securities resulting from the Reorganization are the following:

    (a) the issuance and intra-group transfers of common shares of Hygeia and related issuances of shares of Hygeia affiliates in consideration therefor, all by and between Hygeia and its affiliates, from time to time to enable common shares of Hygeia to be delivered to a holder of Exchangeable Shares, and the subsequent delivery thereof to such holder, upon: (i) a holder's retraction of Exchangeable Shares; (ii) the exercise of the Retraction Call Right; (iii) the redemption of the Exchangeable Shares by Hygeia Ontario; (iv) the exercise of the Redemption Call Right; (v) the

liquidation, dissolution or winding-up of Hygeia Ontario; and (vi) the exercise of the Liquidation Call Right;

(b) the transfer of Exchangeable Shares by the holder to Hygeia Ontario, Hygeia or Hygeia Holdings, as applicable, upon: (i) the holder's retraction of Exchangeable Shares; (ii) the exercise of its Retraction Call Right; (iii) the redemption of the Exchangeable Shares by Hygeia Ontario; (iv) the exercise of the Redemption Call Right; (v) the liquidation, dissolution or winding-up of Hygeia Ontario; and (vi) the exercise of the Liquidation Call Right;

(c) the issuance and delivery of common shares of Hygeia by Hygeia or Hygeia Holdings to each other and to a holder of Exchangeable Shares upon the exercise of the Optional Exchange Right or the Automatic Exchange Right;

(d) the transfer to Hygeia of the Hygeia Special Voting Share by the Trustee upon the exchange, by any means, of all Exchangeable Shares for common shares of Hygeia;

(e) the transfer of Exchangeable Shares by a holder to Hygeia or Hygeia Holdings upon the Trustee's exercise of the Optional Exchange Right or the occurrence of the Automatic Exchange Right; and

(f) the issuance and delivery of common shares by Hygeia upon the exercise of the Replacement Options of Hygeia by the holders thereof (collectively, the "Future Trades").

AND WHEREAS the Commission is satisfied that to do so would not be prejudicial to the public interest;

IT IS RULED, pursuant to subsection 74(1) of the Act, that sections 25 and 53 of the Act shall not apply to the Future Trades, provided that the first trade in a security acquired pursuant to this Ruling shall be deemed a distribution unless the conditions in subsections (3) or (4) of section 2.6 of Multilateral Instrument 45-102 are satisfied.

June 25, 2002.

"H. Lorne Morphy" "R.L. Shirriff"

2.3.2 Burgundy Asset Management Ltd. - ss. 74(1)

Headnote

Pursuant to subsection 74(1) of the Act, a ruling, subject to terms and conditions, that the dealer registration requirements in section 25 of the Act do not apply to the Registrant and its representatives in connection with (a) trades by the Registrant of units of mutual funds managed and promoted by the Registrant to clients for whom the Registrant has fully managed accounts governed by the terms of an investment management agreement, and (b) wholesaling and marketing activities carried on by the Registrant in respect of the mutual funds, to the extent that such activities constitute acts in furtherance of a trade.

Statues Cited

Securities Act, R.S.O. 1990, c. S.5, as amended s. 25, 74(1).

Rules Cited

National Instrument 81-102 Mutual Funds.
Ontario Securities Commission Rule 31-506 - SRO Membership - Mutual Fund Dealers.
Ontario Securities Commission Rule 45-501 Exempt Distributions.

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

AND

IN THE MATTER OF BURGUNDY ASSET MANAGEMENT LTD.

RULING (Subsection 74(1))

UPON the application (the **Application**) of Burgundy Asset Management Ltd. (the **Registrant**) to the Ontario Securities Commission (the **Commission**) for a ruling pursuant to subsection 74(1) of the Act that the requirements of section 25 of the Act to be registered as a dealer shall not apply to the Registrant or to the officers and employees of the Registrant acting on its behalf in respect of certain activities relating to mutual funds of which the Registrant is or an affiliate of the Registrant is or becomes the manager (the **Mutual Funds**);

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

AND UPON the Registrant having represented to the Commission and to the Director that:

1. The Registrant is a corporation governed by the *Ontario Business Corporations Act.*

2. The Registrant is registered under the Act as an adviser in the categories of investment counsel and portfolio manager and as a dealer in the categories of mutual fund dealer and limited market dealer.

3. The requested relief is required in Ontario only and no similar application has been filed in any other jurisdiction.

4. The Registrant offers investment management services to high net worth individuals, pension funds, endowment funds, foundations and institutions (**Client(s)**) under the terms of written investment counsel agreements with each Client that grant the Registrant full discretionary authority over the Client's account (each a **Managed Account**).

5. The Registrant is the sponsor, manager and portfolio manager of a group of 6 Mutual Funds that are distributed under exemptions from the prospectus requirements of the Act and 14 Mutual Funds which are prospectus-qualified pursuant to National Instrument 81-102 – *Mutual Funds* (**NI 81-102**) and may in the future be the manager of additional Mutual Funds.

6. Incidental to its principal business of portfolio management, the Registrant wishes to distribute shares or units of the Mutual Funds to Managed Accounts. Except as provided for in paragraph 8 of this Order the Registrant will not distribute shares or units of the Mutual Funds to persons for whom it does not have Managed Accounts.

7. The Registrant also wishes to conduct marketing and wholesaling activities in respect of the Mutual Funds. "Marketing or Wholesaling Activities" means, for the Registrant, a trade by the Registrant that consists of any act, advertisement, or solicitation, directly or indirectly, in furtherance of another trade in securities of a Mutual Fund, where the other trade consists of:

   (i) a purchase or sale of securities of a Mutual Fund; or

   (ii) a purchase or sale of securities of a mutual fund in respect of which the Registrant acts as the "principal distributor" of the mutual fund for the purposes of NI 81-102;

   and where, the purchase or sale is, in each case, made by or through another dealer that is registered under the Act where the trade is made in a category that permits it to act as a dealer for such trade.

8. Without the relief requested the Registrant would require continued registration as a mutual fund dealer in order to (a) distribute shares or units of prospectus-qualified Mutual Funds to investors for whom the Registrant has Managed Accounts who are not "accredited investors" pursuant to Rule 45-501 – *Exempt Distributions*, and (b) conduct Marketing and Wholesaling Activities in respect of the Mutual Funds.

9. Without the relief requested, the Registrant would be subject to Rule 31-506 *SRO Membership – Mutual Fund Dealers* which requires mutual fund dealers to apply for and maintain membership in the Mutual Fund Dealers Association of Canada (the **MFDA**).

10. The effect of the MFDA's membership rules is to preclude a mutual fund dealer such as the Registrant from conducting its principal business of acting as an investment counsel and accepting discretionary portfolio management mandates.

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

IT IS RULED pursuant to subsection 74(1) of the Act that the requirements in section 25 of the Act shall not apply to trades in shares or units of Mutual Funds made by the Registrant, through its officers and employees acting on its behalf (each, a **Registrant Representative**), to Managed Accounts,

PROVIDED THAT:

(A) the Registrant is, at the time of the trade, registered under the Act as an adviser in the categories of "investment counsel" and "portfolio manager" and as a dealer in the category of "limited market dealer";

(B) the trade is made on behalf of the Registrant by a Registrant Representative who is, at the time of the trade, either (i) registered under the Act to act on behalf of the Registrant as an adviser in the categories of investment counsel and portfolio manager, or (ii) acting under the direction of such a person and is himself or herself registered under the Act to trade on behalf of the Registrant pursuant to its limited market dealer registration; and

(C) this Order shall terminate one year after the coming into force, subsequent to the date of this Order, of a rule or other regulation under the Act that relates, in whole or part, to any trading by persons or companies that are registered under the Act as portfolio managers (or the equivalent), in securities of a mutual fund, to an account of a client, in respect of which the person or company has full

discretionary authority to trade in securities for the account, without obtaining the specific consent of the client to the trade, but does not include any rule or regulation that is specifically identified by the Commission as not applicable for these purposes.

AND, IT IS RULED pursuant to subsection 74(1) of the Act that the requirement in section 25 of the Act shall not apply to trades that consist of Marketing or Wholesaling Activities in respect of shares or units of Mutual Funds made by the Registrant through Registrant Representatives,

PROVIDED THAT , in the case of each such trade, the Registrant is, at the time of the trade, registered under the Act as a dealer in the category of limited market dealer and the Registrant Representative that makes the trade on behalf of the Registrant is, at the time of the trade, registered under the Act to trade on behalf of the Registrant pursuant to its limited market dealer registration.

June 28, 2002.

“Robert W. Korthals” “Harold P. Hands”

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 Reasons for Decision

3.1.1 Arlington Securities Inc. and Samuel Arthur Brian Milne

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

AND

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

HEARING DATE: February 4, 13 and June 4, 2002

BEFORE:	H. I. Wetston, Q.C.	- Vice-Chair
	H. L. Morphy, Q.C.	- Commissioner
	R. W. Davis, FCA	- Commissioner
COUNSEL:	M. Britton	- For the Staff of the Ontario Securities Commission
	Unrepresented	- For Arlington Securities Inc. and Samuel Arthur Brian Milne

REASONS FOR DECISION

Background

The Respondent, Arlington Securities Inc. was registered under Ontario securities law as a securities dealer. The Respondent Samuel Arthur Brian Milne was registered under Ontario securities law as an officer of Arlington. Mr. Milne is the President, Secretary, Compliance Officer, Branch Supervisor, and a director of Arlington. Mr. Milne is also a 51% owner of Arlington.

The Notice of Hearing was issued on October 11, 2001. The hearing was held on February 4 and 13, 2002. At the conclusion of the hearing the decision was reserved. The Commission requested on March 22, 2002 additional submissions with respect to the following four questions:

1. Can trading records in and of themselves be used as a basis for determining whether mark-ups are excessive?

2. Is the answer to Question 1 the same for companies that are in the quoted market as for companies in the reported market?

3. Staff submitted that there was little risk to Arlington in the sale of the securities at issue. Is the risk any different if the security is held in inventory for a period of time as opposed to being drawn down from options?

4. The trading records demonstrate that there were other dealers participating in the companies at issue. There is no evidence to suggest that these companies sold at prices other than between the bid and ask. In order to find conduct contrary to the public interest in these circumstances, is it necessary that there be evidence of inappropriate conduct?

Additional submissions on the four questions were made on June 4, 2002.

Mr. Milne represented himself and Arlington at the hearing. He and a friend, Mr. Peake, shared responsibility for making submissions to the Panel.

During the period from 1996 to 2000, all of Arlington's business consisted of principal trading. All of Arlington's revenues were based on principal transactions and 92% of its revenues were derived from eight issuers, namely, Allegiance Equity Corporation ("Allegiance"), Beverly Glen Capital Corp (later known as Phonetime Inc.)("Phonetime"), Biogenetic Technologies Inc. ("Biogenetic"), GoldMint Explorations Ltd. (later known as Caspian Oil Tools Limited)("Caspian"), HPB Investments Inc. ("HPB"), Miltec Technology Inc. ("Miltec"), Ungava Minerals Corp. ("Ungava"); and Wavetech Networks Inc., ("Wavetech"). Stock of each of the eight companies was traded through the Canadian Dealing Network ("CDN") and, in the case of stock traded after October 2, 2000, through the Canadian Venture Exchange ("CDNX").

During the period from October 1, 1997 to December 31, 1999, Arlington purchased 166,650 shares of Allegiance at an average cost of $0.48 per share.

During this time, Arlington sold substantially all of its shares to its clients at an average price of $1.19 per share, generating a gross profit of approximately $0.4 million which was a mark-up of approximately 147%. As of September 19, 2001 the ask/bid for Allegiance shares was $.22/$.36.

During the period from January 28, 1998 to November 24, 1998, Arlington purchased 1,031,250 shares of Beverly at $0.65 per share. On or about December 12, 1997, Arlington commenced selling securities in Beverly to its clients at $1.70 per share. From approximately December 12, 1997 to December 31, 1999, Arlington sold substantially all of its shares to its clients at an average

price of $1.27 per share, generating a gross profit of approximately $1.3 million which was a mark-up of approximately 245%. This issue last traded on April 4, 2001 at $0.05.

During the period from December 1, 1995 to April 30, 1999, Arlington purchased 2,842,006 shares of Biogenetic at an average price of $0.56 per share. During the period from December 1, 1995 to April 30, 1999, Arlington sold substantially all of its shares to its own clients at an average price of $1.38 per share, generating a gross profit of approximately $2.3 million which was an average mark-up of 147%.

During the relevant time period, Arlington acquired 4,795,467 shares of Caspian (then known as GoldMint) at an average price of $0.36 per share. On or about August 8, 1996, Arlington commenced selling securities in GoldMint to its clients at $1.20 per share. Arlington sold substantially all of its shares to its clients at an average price of $1.18 per share, generating a gross profit of approximately $4.2 million which was at a mark-up of approximately 228%. GoldMint last traded on the CDN on February 2, 1999, at a price of $0.05 per share. It has not traded since that date.

During the period from May 1, 1999 to December 31, 1999, Arlington purchased 1,237,705 shares of HPB at an average price of $0.31 per share. On or about May 12, 1999 Arlington commenced selling securities to its clients at a price of $1.25 per share. During the period from May 1, 1999 to December 31, 1999, Arlington sold substantially all of its shares to its own clients at an average price of $1.31 per share, generating a gross profit of approximately $1.2 million which was a mark-up of approximately 318%. HPB last traded on October 13, 2000 at a price of $.01 per share.

During the period from September 1, 1998 to December 31, 1999, Arlington purchased 1,869,036 shares of Miltec at an average price of $0.27 per share. On or about October 21, 1998, Arlington commenced selling securities in Miltec at $1.00 per share. During the period from September 1, 1998 to December 31, 1999, Arlington sold substantially all of its shares to its clients at an average price of $1.18 per share, generating a gross profit of approximately $2.1 million which was a mark-up of approximately 338%. The last trade in Miltec shares prior to the cease trade order referred to above in paragraph 31, was on May 17, 2000, at $0.15 per share.

During the period from October 1, 1996 to December 31, 1999, Arlington purchased 727,884 shares of Ungava at an average price of $0.65 per share. During the period from October 1, 1996 to December 31, 1999, Arlington sold substantially all of its shares to its clients at an average price of $1.82 per share, generating a gross profit of approximately $0.8 million which was a mark-up of approximately 179%. The last trade of Ungava shares was on December 15, 2000 at a price of $0.125 per share.

During the period from March 1, 1999 to December 31, 1999, Arlington purchased 1,172,200 shares of Wavetech at an average price of $0.37 per share. During the period from March 1, 1999 to December 31, 1999, Arlington sold substantially all of its shares to its own clients at an average price of $1.54 per share, generating a gross profit of approximately $1.5 million which was a mark-up of approximately 319%. Wavetech last traded on February 15, 2001 at a price of $0.20 per share.

Arlington either held stock of these companies in its inventory or held options to acquire stock in them. In respect of several of the eight issuers, Arlington exercised options to acquire stock in them immediately prior to the commencement of principal trading in the stock with its clients.

The approximate percentages of trading in each of the companies that was accounted for by Arlington were as follows: Miltec Technology: 22%, HPB Investments: 21%, Wavetech Networks: 26%, Beverly Glen Capital: 17.5%, Goldmint Explorations: 59%, Ungava Minerals: 20%, Biogenetic Technologies: 72% and Allegiance Equity Corp: 39%. It is evident that in varying percentages, other dealers participated in each of these issuers. The gross profit generated on the trades during the relevant period by Arlington was over $13 million.

It is clear that five of the eight issuers had a market maker (Beverly Glen Capital, Goldmint Explorations, Ungava Minerals, Biogenetic Technologies and Allegiance Equity Corp.). According to Mr. Milne, Miltec Technology, HPB Investments and Wavetech Networks had indicated market makers. Every quoted CDN security is required to have at least one market maker.

On February 15, 2002 the prices of the shares of the companies that are still in operation ranged from one cent to twenty cents.

Staffs' Submissions

Staff submitted that the mark-ups in this case were excessive, that is, unjustifiably large. They adopt this position despite the absence of any policy or rule that determines excessiveness. Staff do not contend that the mark-ups were excessive because there were at times equal to or greater than mark-ups in three previous approved settlement agreements involving penny stock dealers (Gordon Daly, Gordon-Daly Grenadier Securities (August 9, 2000), A.C. MacPherson and Co. Inc. (April 6, 2000) and Price-Warner Securities Ltd. (August 3, 2000)). Staff do submit that in all the circumstances herein; the relationship of the parties, the nature of Arlington's business and the degree of risk involved, the mark-ups were excessive and therefore contrary to the public interest.

It was submitted that the privilege to be registered to sell securities carries obligations to act fairly in dealing with clients. This obligation is contained in rule 31-505, subsection 2.1(1) and 2.2(2). Arlington sold from a principal position and had an enhanced obligation to deal fairly, honestly and in good faith with their clients.

It was submitted that there is an inherent conflict between Arlington's business and the interests of its clients. While it is expected that losses will be incurred in the sale of speculative securities, it is submitted here that Arlington profited at the expense of its clients. It is further submitted that these losses flow, in this case, from the inherent conflict between the registrant and its clients.

Arlington accumulated, at modest prices, large quantities of shares either in inventory or by way of option agreements. It sold to its clients at high mark-ups which parallel the selling campaign. Prior to that trading was light. There was no real market for these stocks and, at the end of the promotion cycle, the prices fell to little or nothing.

Staff concede that high-risk can justify high mark-ups. However, the modest acquisition costs and the use of option agreements minimize Arlington's risk. Staff further contend that the respondent, Mr. Milne, authorized, permitted or acquiesced in the conduct of Arlington and thereby acted contrary to the public interest.

The Respondents' Submissions

Mr. Milne argued that there was no rule, policy statement or guidelines that indicated when mark-ups were excessive and therefore, it is not possible for a securities dealer to determine what level of mark-up would be excessive. He stated that it was difficult for registrants to govern their behaviour in the absence of greater certainty. It would be unfair to sanction him given this regulatory vacuum.

Mr. Peake submitted that Arlington was not the only dealer trading stocks of the eight issuers and that in fact there were many other dealers involved, and Arlington was not necessarily dominant. It was also submitted that Staffs' evidence was insufficient to establish that there was "no real market" for these shares and that once the campaign ended the prices collapsed.

Mr. Milne submitted that contrary to Staffs' position share prices "could" have gone up but called no evidence to support that assertion.

In response to Staffs' allegations, it was argued that at no time was Arlington in a position of conflict of interest with its clients since it did not act as a market maker. Moreover it was contended that there was no conflict in selling from a principal position. It was submitted that the prices at which Arlington sold stocks were determined independently by market forces and therefore Arlington could not be accused of "pumping up" stock prices. Furthermore, he submitted that according to CDN policy, in place at the time, Arlington was required to sell the stock to the public at a price between the bid and ask quoted by the market maker for an undisclosed number of board lots. Mr. Milne submitted that Arlington was independent of the market maker and always sold to clients between the market makers bid/ask.

Finally, it was contended that the settlement agreements reached between Commission staff and the other penny stock dealers were not binding on others. Moreover, Mr. Milne submitted that these settlements could be distinguished because there were conflicts of interest since the dealers appear to have also acted as market makers. He maintained that even if they were persuasive, the first one was reached on April 6, 2000. This was well after the relevant time at issue in this matter and thus it would be unfair to sanction the respondents retroactively on that basis.

The Respondents called no evidence other than recalling Staffs' only witness Mr. Cottrell, a senior staff forensic accountant.

The CDN

The CDN was established in 1991 to assume responsibility for over-the-counter equities trading in Ontario. It was a quotation and trade reporting system. Generally, over-the-counter equities markets involved junior issuers that do not have the secondary trading market liquidity required to sustain an order driven continuous auction securities market. Consequently, market makers are key players in the operation of an over-the-counter trading system. The intent is that investors should be able to buy or sell that security at the market maker's quoted bid and ask prices.

While CDN was a dealer market, only a registered dealer approved by CDN as a market maker for a particular security could post bid and ask price quotations on the CDN system for that quoted security. Other registered dealers using the CDN system and buying or selling as principal or agent directly and not through a market maker had to have regard to the market maker's posted bid and ask price quotations.

The CDN quotation and trade reporting system was governed by Part VI of the General Regulation to the *Securities Act* and CDN's published policy. The CDN Policy provided additional requirements and clarification in respect of matters covered by the Regulation and governed CDN's market operations.

Market makers applied to make a market in a particular security and their responsibility was to ensure that there will be a minimum level of liquidity for that security. However markets provided by approved market makers only had to be for at least one board lot. The CDN policy did not attempt to regulate the prices (commissions or mark-ups) that dealers may agree upon with their clients in CDN trades confirmed as principal. However, the dealer did have an obligation to charge a customer a commission or service charge which was fair and reasonable in all the circumstances.

All CDN trading took place by or through securities dealers. Individual investors bought or sold from securities dealers who either buy or sell as principal or agent. As indicated earlier, only a registered dealer approved by CDN as a market maker for a particular security could post bid and ask price quotations on the CDN system for that quoted security. Other registered dealers using the CDN system in buying or selling as principal or agent directly and not through a market maker must have regard to the market makers posted bid and ask price quotations for the purpose

of meeting their obligations to obtain the best available price for their clients.

We have considered a number of Commission decisions including *Marchment & Mackay* (1999) 22 OSCB 4705; *E.A. Manning* (1995) 18 OSCB 5317 and the three settlement agreements (referred to above) involving activity on the CDN. These decisions reveal that the main activity generally followed a similar pattern. Trading in the stock of an issuer was typically dominated by dealers who were not members of the Investment Dealer's Association. All dealers are now required to be members of the IDA. A dealer generally had options on the stock of the issuer(s) it traded in and drew them down as needed based on the sales activity. The trading activity was comprised almost exclusively of dealers selling stock as principal. A securities dealer would sell its inventoried stock at large mark-ups from its purchase price under the option agreements. Most of the trading activity was one-way, meaning that the selling securities dealer(s) sold stock to the public, but there was little or no trading activity from such public purchasers to any other dealer or among the public purchasers or any other secondary market purchaser. When securities dealers ran out of inventory, the market price of the security in question would collapse, as virtually the entire "market" demand for the stock was that generated by the sales of the securities dealers.

Analysis

The fundamental obligation of a registrant, whether as principal or agent, is to deal fairly, honestly and in good faith with its clients. This general duty is imposed by OSC Rule 31-105 Conditions of Registration. In addition, among other things, a registrant must disclose if selling from a principal position, its commissions and the risk associated with the purchase. Staff called no clients regarding the manner of the respondents' dealings with their clients. They only called Mr. Cottrell, a senior forensic accountant in the Enforcement Branch. The Respondents called no evidence (except recalling Mr. Cottrell) and introduced no evidence.

Rule 31-505 is as follows:

> 2.1 General Duties
>
> (1) A registered dealer or adviser shall deal fairly, honestly and in good faith with its clients.
>
> (2) A registered salesperson, officer or partner of a registered dealer or a registered officer or partner of a registered adviser shall deal fairly, honestly and in good faith with his or her clients.

As indicated previously, the Commission has approved settlements in other high mark-up cases. In Reasons for the Order in A.C. MacPherson, supra, the Commission found that dealers engaging in principal trades with their clients have an enhanced obligation flowing from their obligation to deal fairly, honestly and in good faith. These agreements provide some guidance to the Commission in assessing similar conduct which is alleged to be in violation of the public interest.

In this matter, the dealer was selling to clients from a principal position. In cases where there are excessive or high mark-ups our core regulatory concern is abusive sales practice. A marketplace conflict can occur where the interests of the seller are pitted against those of the buyer. Obviously selling activities in such an environment have become the focus of enforcement activity in recent years since unbridled business self-interest can conflict with the best interests of a firm's clients. While client diligence may be the best protection against potentially abusive sales practices, the nature of the relationship between a dealer as principal and a client in the OTC market can raise particular concerns.

Mr. Cottrell has been the primary investigator into the activities of ten penny stock dealers since July, 1999, including the Respondents. We accept Mr. Cottrell's evidence that, prior to the extensive selling during the relevant periods, these stocks traded lightly. Arlington sold these stocks to its clients at large mark-ups, from 146% to 338%. While other dealers were involved, in various percentages, this fact does not minimize Arlington's obligation to sell to clients in a fair manner. It is clear that once the selling cycle was complete, the prices of the securities collapsed.

In aggregate, the winner in these transactions was Arlington ($13.2 million gross profit) while the losers were its clients. This is not the market operating freely without conflict but rather registrants acting in their own self-interests not their clients. Moreover, we accept that there was little risk to Arlington since its acquisition costs were modest and option agreements were utilized.

While it would be preferable if there was a rule or policy with respect to high mark-ups, the fact that there is not, is not a justification for excessive mark-ups. After all we are not considering mark-ups of 5 or 10 or even 20%. Rather we are considering mark-ups of up to 338%. We agree with the opinion expressed in *In the Matter of Goldmack Securities Inc.*, [1966] OSCB 14 at p. 1920:

> "In Ontario the practice has not been to regulate the conduct of the affairs of registrants. The principle adopted has been that there is an implied standard of ethics which applies to all registrants, and it is the responsibility of each to know and observe this standard. This approach permits some leniency and discretion...It may at times, in particular situations, place a registrant in the position where he has to determine

> personally what is wrong without any specific guidelines. In such a situation he must apply the general ethical philosophy for the conduct of the securities business. The fact that no specific rule prohibits an act cannot be the test."

As indicated by Justice Iacobucci in Committee for Equal Treatment of Asbestos Minority Shareholders vs Ontario Securities Commission [2001] 2 S.C.R. 132 (SCC), The OSC has under S. 127, a broad discretion to intervene in Ontario capital markets if it is in the public interest to do so. The purpose of the sanctions are preventive, protective and prospective in nature. We must, on the basis of past conduct, prevent future conduct detrimental to the integrity of the capital markets.

It is apparent that Arlington places considerable reliance on the fact that it always sold shares to clients between the quoted bid and ask posted by the market maker. Moreover, Arlington never acted as a market maker. We have reviewed the trading records and conclude that the role of the market maker was not significant and rarely intervened to protect the price. Market makers need not reveal their board lots and need only quote a minimum board lot. It is our opinion that the trading in the shares herein was dominated by the stock promoters of which Arlington was one.

In conclusion, in all the circumstances of this case, i.e., the relationship of the parties, the nature of Arlington's business and the degree of risk involved we find that the mark-ups were "unjustifiably large". Principal trades are not unusual or necessarily problematic. However, Arlington's business and the interests of its clients were at odds. Arlington profited from the sale of speculative securities to the detriment of its clients who lost in the purchase of such securities.

Arlington failed to deal fairly, honestly and in good faith with its clients. It has not acted in the best interests of its clients and has acted contrary to the public interest. The Respondent, Mr. Milne, authorized, permitted or acquiesced in the conduct of Arlington and accordingly acted contrary to the public interest.

The following sanctions shall be imposed:

Arlington Securities Inc.

1. Arlington Securities Inc. shall be reprimanded.

2. Arlington Securities Inc. registration shall be terminated.

3. Arlington Securities Inc. shall permanently not have the benefit of any exemptions contained in Ontario securities law.

Samuel Arthur Brian Milne

1. Mr. Milne shall be reprimanded.

2. Mr. Milne shall cease trading in securities for three (3) years from the date of this Order.

3. Mr. Milne shall not have available for a period of three (3) years from the date of this Order any exemptions contained in Ontario securities law.

4. Mr. Milne shall resign for a period of three (3) years from the date of this Order one of more positions which he may hold as an officer or director of any issuer.

5. Mr. Milne shall for a period of three (3) years from the date of this Order not become or act as an officer or director of an issuer.

6. Mr. Milne shall pay costs of the investigation in the amount of $5,000.

June 25, 2002.

"Howard I. Wetston" "H. Lorne Morphy"
"Robert W. Davis"

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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 Lapse/Expire
Canadian Blackhawk Energy Inc.	21 June 02	03 July 02	03 July 02	
FT Capital Ltd.	18 June 02	28 June 02	28 June 02	
Gemstone X.Change Corp., The	21 June 02	03 July 02	03 July 02	
Magellan Real Estate Investment Fund Limited Partnership	18 June 02	28 June 02	28 June 02	
Para-Tech Energy Services Inc.	19 June 02	28 June 02	28 June 02	
Perial Ltd.	26 June 02	08 July 02		
Sextant Entertainment Group Inc.	25 June 02	05 July 02		
Standard Mining Corporation	19 June 02	28 June 02		03 July 02
TCT Logistics Inc.	24 June 02	05 July 02		
Triangulum Corporation	21 June 02	03 July 02	03 July 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
GenSci Regeneration Sciences Inc.	28 May 02	10 June 02	10 June 02		
Goldpark China Limited	24 May 02	06 June 02	06 June 02		
Greentree Gas & Oil Ltd.	24 May 02	06 June 02	06 June 02		
Intelligent Web Technologies Inc. (formerly cs-live.com inc.)	28 May 02	10 June 02	10 June02		
Merchant Capital Group Incorporated	23 May 02	05 June 02	05 June 02		
Petrolex Energy Corporation	28 May 02	10 June 02	10 June 02		
Systech Retail Systems Inc.	27 June 02	10 July 02			
Visa Gold Explorations Inc.	28 May 02	10 June 02	10 June 02		
Vision SCMS Inc.	23 May 02	05 June 02	05 June 02		

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

Exempt Financings

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

REPORTS OF TRADES SUBMITTED ON FORM 45-501F1

Transaction Date	Purchaser	Security	Total Purchase Price ($)	Number of Securities
13-Jun-2002	Credit Risk Advisors	Advanced Medical Optics, Inc. - Notes	769,700.00	500.00
05-Jun-2002	George Lucuik	Amerigo Resources Ltd. - Common Shares	6,000.00	30,000.00
14-Jun-2002	Gregory K. Steers	Anaconda Uranium Corporation - Common Shares	90,000.00	1,800,000.00
06-Jun-2002	James and Sylvia McGovern	Arrow Global Multi-Strategy II Fund - Trust Units	151,560.00	1,504.00
31-May-2002	Judith Novick;James McGovern	Arrow Global RSP Multimanager Fund - Units	60,054.93	6,130.00
06-Jun-2002 to 07-Jun-02	8 purchaser	Arrow Milford Capital Fund - Trust Units	357,912.50	2,371.00
31-May-2002	Gus Costa	Arrow WF Asia Fund - Trust Units	25,000.00	2,051.00
01-Jun-2002	Gulu Thadani	Artemis Partners II, L.P. - Limited Liability Interest	1,531,900.00	1.00
12-Jun-2002	OPG Ventures Inc.	Bowman Power Limited - Shares	4,519,188.70	133,333.00
22-May-2002	Silicon Valley Bank	Certicom Corp. - Warrants	0.00	16,000.00
06-Dec-2001	Afrah Gouda	Chesbar Resources Inc. - Units	684,500.00	3,422,500.00
06-May-2002	CHIP Five Limited Partnership	CHIP Master Term Trust - Notes	75,000,000.00	1.00
06-May-2002	CHIP Mortgage Trust	CHIP Master Term Trust - Notes	75,000,000.00	1.00
20-Jun-2002	Marotta Enterprises Inc.	Ciro Porretta - Common Shares	360,000.00	423,530.00
06-Apr-2002	Annette Oelbaum 281610S	Cranston, Gaskin, O'Reilly & Vernon - Units	49,069.00	12,179.00

06-Apr-2002	Linda Baines - 281051S	Cranston, Gaskin, O'Reilly & Vernon - Units	619,258.00	48,432.00
06-Apr-2002	Neil Vosburgh	Cranston, Gaskin, O'Reilly & Vernon - Units	153,555.00	11,142.00
06-Apr-2002	D. James Slattery	Cranston, Gaskin, O'Reilly & Vernon - Units	607,566.00	4,755.00
14-Jun-2002	T.A.L. Investment Counsel Ltd	Credit Suisse First Boston Corporation - Notes	3,091,200.00	2,000,000.00
10-Jun-2002	Gordon R.P. Bongard	Darnley Bay Resources Limited - Common Shares	15,000.00	100,000.00
20-Jun-2002	Glen a Weaver	Darnley Bay Resources Limited - Common Shares	9,300.00	62,000.00
14-Jun-2002	John Hupfield	Discoverware Inc. - Common Shares	1,500.00	500.00
14-Jun-2002	Dr. John R. Pikula	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
14-Jun-2002	Peter Hafichuk	Discovery Biotech Inc. - Common Shares	7,500.00	2,500.00
14-Jun-2002	Richard G;Sayers	Discovery Biotech Inc. - Common Shares	31,500.00	10,500.00
14-Jun-2002	Robin Lane	Discovery Biotech Inc. - Common Shares	4,500.00	1,500.00
14-Jun-2002	John B. Fitzgerald	Discovery Biotech Inc. - Common Shares	15,000.00	5,000.00
14-Jun-2002	John Grant	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
14-Jun-2002	John Warren	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
14-Jun-2002	Ken Chu	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
14-Jun-2002	Margaret Newlove	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
14-Jun-2002	Marie Jeanne S. Steward	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
14-Jun-2002	Marquis Charrette	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
14-Jun-2002	Michael B. Herbert	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
14-Jun-2002	Mike Kuntz	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
14-Jun-2002	Muhammed Haque	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00

14-Jun-2002	Patrick Choback	Discovery Biotech Inc. - Common Shares	3,000.00	1000.00
14-Jun-2002	Peter Allen	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
14-Jun-2002	Pierre Lamonth	Discovery Biotech Inc. - Common Shares	4,500.00	1,500.00
14-Jun-2002	Raymond G. Elgie	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
14-Jun-2002	Raymond Koening	Discovery Biotech Inc. - Common Shares	4,500.00	1,500.00
14-Jun-2002	Raymond Switzer	Discovery Biotech Inc. - Common Shares	9,000.00	3,000.00
14-Jun-2002	Rick McDowell	Discovery Biotech Inc. - Common Shares	4,500.00	1,500.00
14-Jun-2002	Sharon Lamonth	Discovery Biotech Inc. - Common Shares	4,500.00	1,500.00
14-Jun-2002	Sheridan & Norma Lytle	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
14-Jun-2002	Simon Mucalov	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
14-Jun-2002	Terry Polkinghorne	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
14-Jun-2002	Wayne D. Luchak	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
14-Jun-2002	William Robinson	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
14-Jun-2002	William Smith	Discovery Biotech Inc. - Common Shares	1,500.00	5,000.00
14-Jun-2002	William Willoughby	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
06-Jun-2002	Synergy Asset Management Inc.	Dynatec Corporation - Common Shares	11,800,810.00	16,858,300.00
19-Jun-2002	Ken Fenwick;Don Leishman	East West Resource Corporation - Common Shares	14,000.00	100,000.00
19-Jun-2002	Costy Bumbu;James A. Martin	East West Resource Corporation - Common Shares	7,000.00	50,000.00
06-Dec-2001	Canada Pension Plan Investment Board	EdgeStone Capital venture C0-Investment Fund-B, L.P. - Limited Partnership Units	30,000,000.00	3,000.00
06-Dec-2001	Canada Pension Plan Investment Board	EdgeStone Capital venture C0-Investment Fund-B, L.P. - Units	80.00	80.00

06-Dec-2001	Canada Pension Plan Investment Board	EdgeStone Capital Venture Co-Investment Fund-A, L.P. - Limited Partnership Units	100,000,000.00	10,000.00
06-Dec-2001	Canada Pension Plan Investment Board	EdgeStone Capital Venture Co-Investment Fund-A, L.P. - Limited Partnership Units	80.00	80.00
06-Dec-2001	Canada Pension Plan Investment Board	EdgeStone Capital Venture Fund of Funds GP, L.P. - Limited Partnership Units	80.00	80.00
06-Dec-2001	Canada Pension Plan Investment Board	EdgeStone Capital Venture Fund of Funds, L.P. - Limited Partnership Units	100,000,000.00	10,000.00
30-May-2002	Epic Limited Partnership	European Goldfield Ltd. - Units	6,795,000.00	1,490,000.00
20-Jun-2002	U.A. 527 (6) Corp.	Fusion Oakville Resturant Limited Partnership - Units	450,000.00	3.00
06-Dec-2001	2 purchaser	Fusion Whitby Limited Partnership - Notes	2,100,000.00	14.00
18-Jun-2002	Don Simpson;Enrico Paolone	Golden Tag Resources Ltd. - Common Shares	40,000.00	100,000.00
13-Jun-2002	CI Canadian Income Fund	HSBC Bank Canada - Debentures	69,350,000.00	69,350,000.00
10-Jun-2002	William R. Kerr	iPerformance Fund Inc. - Common Shares	355,000.00	355,000.00
13-Jun-2002	Mike Partipilo	Intracoastal System Engineering Corporation - Warrants	19,500.00	150,000.00
31-May-2002	Watt Carmichael Inc.	Liberty Mineral Exploration Inc. - Common Shares	157,500.00	1,050,000.00
11-Jun-2002	The VenGrowth II Investment Fund Inc.	Longview Solutions Inc. - Common Shares	500,000.00	151,515.00
06-May-2002	Craig Allardyce	Mavrix Fund Managment Inc. - Common Shares	19,950.00	13,300.00
31-Mar-2002	Mary E. Abraham	Medsurge Medical Produts Corp - Special Warrants	6,000.00	40,000.00
22-May-2002	Ontario Teachers Pension Plan Board	Morgan staley & Co. Incorporated - Common Shares	1,220,000.00	20,000.00
31-May-2002	Canada Pension Plan Investment Board	MPM Bio Ventures III-QP, L.P. - Limited Partnership Interest	114,562,500.00	1.00
07-Jun-2002	Michael Shell	Musicrypt Inc. - Common Shares	65,000.00	43,334.00
31-May-2002	Lentequip Inc.	Performance Market Neutral Fund - Limited Partnership Units	500,000.00	392.00
06-Jun-2002	8 purchasers	Phoenix Matachewan Mines Inc. - Special Warrants	310,000.00	1,550,000.00

04-Feb-2002	Dundee Securities Corporation	Polaris Minerals Corporation - Units	10,000.00	12,500.00
06-Mar-2002	3649831 Canada Inc.	Quellos Strategic Partners II, Ltd. - Shares	8,401,800.00	5,500.00
12-Jun-2002	Royal Bank of Canada	RBC Capital Trust - Special Trust Securities	175,000,000.00	175,000,000.00
14-Jun-2002	Hugh Agro	Roca Mines Inc. - Warrants	33,000.00	330,000.00
29-Apr-2002	Griffiths McBurney & Partners	Royal Laser Tech Corp. - Warrants	0.00	100,000.00
13-Jun-2002	Royal Precious Metals Fund	Royal Precious Metals Fund - Units	3,333,000.00	999,990.00
01-Jun-2002	Discovery Helicopters Inc.	Sprott Offshore Fund, Ltd. - Common Shares	620,368.00	1.00
18-Jun-2002	3 purchaser	Sprucegrove Investment Management Ltd. - Units	15,350,000.00	937,069.00
05-Feb-2002	Elizabeth McGill	Strandhill Limited Partnership - Units	933,508.00	54,975.00
14-Jun-2002	The Vengrowth Investment Fund Inc.	Synamics Inc. - Notes	1,856,000.00	2.00
20-Jun-2002	Canada Life Mortgage One Services Ltd.	The Great-West Life Assurance Company - Bonds	40,000,000.00	40,000,000.00
31-May-2002	Thomas G. Macmillan	The McElvaine Investment Trust - Units	1,142,460.59	58,808.00
17-May-2002	Lawrence & Company Inc.	TLContact.com, Inc. - Notes	11,568.00	2.00
17-May-2002	James Fleck	TLContact.com, Inc. - Preferred Shares	488,940.80	391,358.00
09-Apr-2002	5 purchaser	Unisphere Waste Conversion Ltd. - Common Shares	1,300,000.00	1,040,000.00
20-Jun-2002	1401798 Ontario Limited	Viventia Biotech inc. - Convertible Debentures	18,000,000.00	6,000,000.00
31-May-2002	5 purchaser	webHancer Corp. - Notes	902,028.82	902,029.00
31-May-2002	3 purchaser	webHancer Corp. - Preferred Shares	951,944.00	6,994,496.00
31-May-2002	Mr. Fors Pahapill	WATT Energy Limited Partnership - Units	2,211,000.00	2,211.00
31-May-2002	Queen's University Pension Plan	Wellington Management Portfolios (Canada) - Units	4,300,000.00	555,556.00
13-Jun-2002	Jayvee & Co	Xplore Technologies Corp. - Common Shares	1,970,000.00	1,970,000.00
14-Jun-2002	11 purchaser	Xplore Technologies Corp. - Common Shares	2,710,000.00	2,710,000.00

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

Seller	Security	Number of Securities
John Buhler	Buhler Industries Inc. - Common Shares	722,600.00
Discovery Capital Corporation	CardioComm Solutions Inc. - Common Shares	1,500,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
AIC American Leaders Fund
AIC RSP American Leaders Fund
AIC Money Market Fund
AIC U.S. Money Market Fund
AIC 2025 Managed Portfolio
AIC RSP 2025 Managed Portfolio
AIC 2020 Managed Portfolio
AIC RSP 2020 Managed Portfolio
AIC 2015 Managed Portfolio
AIC RSP 2015 Managed Portfolio
AIC 2010 Managed Portfolio
AIC RSP 2010 Managed Portfolio
AIC Retirement Income Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated June 26th, 2002
Mutual Reliance Review System Receipt dated June 27th, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
AIC Limited
Project #461981

Issuer Name:
Cartier & Partners Growth RSP Portfolio
Cartier & Partners Growth Portfolio
Cartier & Partners Equity Portfolio
Cartier & Partners Balanced Portfolio
Cartier & Partners Balanced RSP Portfolio
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectus dated June 27th, 2002
Mutual Reliance Review System Receipt dated June 28th, 2002
Offering Price and Description:
Offering Class A and F Units
Underwriter(s) or Distributor(s):
Cartier Partners Securities Inc.
Promoter(s):
Cartier Mutual Funds Inc.
Project #462495

Issuer Name:
First Calgary Petroleums Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 28th, 2002
Mutual Reliance Review System Receipt dated June 28th, 2002
Offering Price and Description:
Minimum $ * (* Common Shares)
Maximum $ * (* Common Shares)
@ $* per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Haywood Securities Inc.
Promoter(s):
-
Project #462682

Issuer Name:
FNX Mining Company Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 28th, 2002
Mutual Reliance Review System Receipt dated June 28th, 2002
Offering Price and Description:
$25,000,000 - 5,000,000 Common Shares @$5.00 per Common Share
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
BMO Nesbitt Burns Inc.
Griffiths McBurney & Partners
Promoter(s):
-
Project #462663

Issuer Name:
Golden Star Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated July 1st, 2002
Mutual Reliance Review System Receipt dated July 2nd, 2002
Offering Price and Description:
$Cdn $ * - 14,000,000 Units @ $ * per Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
BMO Nesbitt Burns Inc.
Promoter(s):
-
Project #459431

Issuer Name:
NAV Split Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated June 26th, 2002
Mutual Reliance Review System Receipt dated June 27th, 2002
Offering Price and Description:
$ * - * Equity Shares and * Preferred Shares
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
Scotia Capital Inc.
Bieber Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Yorkton Securities Inc.
Promoter(s):
Splitshare Management Inc.
Canadian Income Fund Group Inc.
Project #462222

Issuer Name:
Newmont Mining Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary MJDS Prospectus dated June 25th, 2002
Mutual Reliance Review System Receipt dated June 26th, 2002
Offering Price and Description:
US$1,000,000,000 - Common Stock, Preferred Stock, Warrants to Purchase Common Stock,
Senior Debt Securities guaranteed and Warrants to purchase Debt Securities.
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #461809

Issuer Name:
Power Financial Corporation
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated June 28th, 2002
Mutual Reliance Review System Receipt dated June 28th, 2002
Offering Price and Description:
$150,000,000 - (6,000,000 Shares) 5.90% Non-Cumulative First Preferred Shares, series F
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
National Bank Financial Inc.
Promoter(s):
-
Project #462613

Issuer Name:
Tesma International Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated July 2nd, 2002
Mutual Reliance Review System Receipt dated July 2nd, 2002
Offering Price and Description:
$100,177,500 - 2,850,000 Class A Subordinate Voting Shares @ $35.15 per Class A
Subordinate Voting Share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
TD Securities Inc.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #463088

Issuer Name:
Zim Corporation
Type and Date:
Preliminary Prospectus dated June 24th, 2002
Receipt dated June 26th, 2002
Offering Price and Description:
5,163,500 Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Blake Batson
Dr. Michael Cowpland
Project #461912

Issuer Name:
AGF Canadian Balanced Fund
AGF Emerging Markets Value Fund
AGF International Stock Class
AGF International Value Fund
AGF Multimanager Class
AGF RSP International Value Fund
AGF RSP Multimanager Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated June 20th, 2002 to Simplified Prospectus and Annual Information Form dated March 21st, 2002
Mutual Reliance Review System Receipt dated 26th day of June, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
AGF Funds Inc.
Promoter(s):
Mutual Fund Securities Net Asset Value
Project #423733

Issuer Name:
EnerVest FTS Limited Partnership 2002
Principal Regulator - Alberta
Type and Date:
Amendment #1 dated June 24th, 2002 to Prospectus dated May 23rd, 2002
Mutual Reliance Review System Receipt dated 26th day of June, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Research Capital Corporation
Promoter(s):
EnerVest 2002 General Partner Corp.
EnerVest Resource Management Ltd.
Project #441861

Issuer Name:
TD Balanced Fund
TD International Growth Fund (e-Series units and Institutional Series units)
Principal Regulator - Ontario
Type and Date:
Amended and Restated Simplified Prospectus dated June 17th, 2002 amending and restating the Simplified Prospectus dated October 19th, 2001 and Amendment # 4 dated June 17th, 2002 to Simplified Prospectus and Annual Information Form dated October 19th, 2001
Mutual Reliance Review System Receipt dated 27th day of June, 2002
Offering Price and Description:
Underwriter(s) or Distributor(s):
TD Investment Services Inc.
TD Asset Management Inc.
Promoter(s):
TD Asset Management Inc.
Project #383561

Issuer Name:
Medx Health Corp.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated June 21st, 2002
Mutual Reliance Review System Receipt dated 27th day of June, 2002
Offering Price and Description:
$2,000,000.00 - Maximum 4,000,000 units offered under prospectus @$0.50 per Unit
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Promoter(s):
Philip W. Passy
Project #419866

Issuer Name:
NCE Flow-Through (2002-1) Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated June 26th, 2002
Mutual Reliance Review System Receipt dated 27th day of June, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Yorkton Securities Inc.
FirstEnergy Capital Corp.
Griffiths McBurney & Partners
Jory Capital Inc.
Research Capital Corporation
Wellington West Capital Inc.
Promoter(s):
Petro Assets Inc.
Project #448997

Issuer Name:
Skylon Global Capital Yield Trust
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated June 26th, 2002
Mutual Reliance Review System Receipt dated 27th day of June, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
Yorkton Securities Inc.
Promoter(s):
Skylon Advisors Inc.
Skylon Capital Corp.
Project #447034

Issuer Name:
Triple G Systems Group, Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated June 26th, 2002
Mutual Reliance Review System Receipt dated 26th day of June, 2002
Offering Price and Description:
$8,140,500.00 - 3,015,000 Common Shares Issuable Upon the Exercise of 3,015,000 Special Warrants @$2.70 per Special Warrant
Underwriter(s) or Distributor(s):
Yorkton Securities Inc.
Research Capital Corporation
Promoter(s):
F. Lee Green
Project #458935

Issuer Name:
CP Ships Limited
Principal Regulator - Alberta
Type and Date:
Final Short Form MJDS PREP Prospectus dated June 27th, 2002
Mutual Reliance Review System Receipt dated 27th day of June, 2002
Offering Price and Description:
C$*.* - 8,500,000 Common Shares @C$*.*
Underwriter(s) or Distributor(s):
Morgan Stanley Canada Limited
Salomon Smith Barney Canada Inc.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #454640

Issuer Name:
DPL Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated June 27th, 2002
Mutual Reliance Review System Receipt dated 27th day of June, 2002
Offering Price and Description:
$ ((% RECEIVABLES-BACKED SENIOR NOTES, SERIES 2002-2; $ ((% RECEIVABLES-BACKED SUBORDINATED NOTES, SERIES 2002-2; EXPECTED FINAL PAYMENT DATE July 25th, 2005
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Scotia Capital Inc.
Merrill Lynch Canada Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Desjardins Securities Inc.
Laurentian Bank Securities Inc.
Promoter(s):
National Bank of Canada
Project #460737

Issuer Name:
DPL Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated June 27th, 2002
Mutual Reliance Review System Receipt dated 27th day of June, 2002
Offering Price and Description:
$ ((% RECEIVABLES-BACKED SENIOR NOTES, SERIES 2002-2; $ ((% RECEIVABLES-BACKED SUBORDINATED NOTES, SERIES 2002-2; EXPECTED FINAL PAYMENT DATE July 25th, 2007
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Scotia Capital Inc.
Merrill Lynch Canada Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Desjardins Securities Inc.
Laurentian Bank Securities Inc.
Promoter(s):
National Bank of Canada
Project #460735

Issuer Name:
DPL Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated June 27th, 2002
Mutual Reliance Review System Receipt dated 27th day of June, 2002
Offering Price and Description:
$ ((% RECEIVABLES-BACKED SENIOR NOTES, SERIES 2002-2; $ ((% RECEIVABLES-BACKED SUBORDINATED NOTES, SERIES 2002-2; EXPECTED FINAL PAYMENT DATE July 25th, 2007
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Scotia Capital Inc.
Merrill Lynch Canada Inc.
Promoter(s):
National Bank Of Canada
Project #460743

Issuer Name:
General Motors Acceptance Corporation of Canada, Limited
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated June 28th, 2002
Mutual Reliance Review System Receipt dated 28th day of June 28, 2002
Offering Price and Description:
$8,500,000,000.00 - Debt Securities Unconditionally guaranteed as to principal and interest by General Motors Acceptance Corporation, a Delaware Corporation
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #459567

Issuer Name:
Brandes Canadian Money Market Fund
(Class A Units)
Brandes Canadian Balanced Fund
Brandes Canadian Equity Fund
Brandes U.S. Small Cap Equity Fund
Brandes U.S. Equity Fund
Brandes Emerging Markets Equity Fund
Brandes Global Small Cap Equity Fund
Brandes Global Equity Fund
Brandes International Equity Fund
(Class A, F and I Units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated June 24th, 2002
Mutual Reliance Review System Receipt dated 26th day of June, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Brandes Investments Partners & Co.
Project #445277

Issuer Name:
Credential Select High Growth Portfolio
Credential Select Growth Portfolio
Credential Select Balanced Portfolio
Credential Growth Portfolio
Credential Equity Portfolio
Credential Balanced Portfolio
Principal Regulator - British Columbia
Type and Date:
Final Simplified Prospectus and Annual Information Form dated June 27th, 2002
Mutual Reliance Review System Receipt dated 27th day of June, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
Credential Asset Management Inc.
Promoter(s):
Ethical Funds Inc.
Project #452645

Issuer Name:
Ethical Global Equity Fund
Ethical Canadian Equity Fund
Ethical RSP Global Equity Fund
Ethical RSP North American Equity Fund
Ethical Special Equity Fund
Ethical Pacific Rim Fund
Ethical Global Bond Fund
Ethical North American Equity Fund
Ethical Balanced Fund
Ethical Income Fund
Ethical Money Market Fund
Ethical Growth Fund
Principal Regulator - British Columbia
Type and Date:
Final Simplified Prospectus and Annual Information Form dated June 24th, 2002
Mutual Reliance Review System Receipt dated 25th day of June, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
Credential Asset Management Inc.
Promoter(s):
-
Project #449060

Issuer Name:
Mavrix American Growth Fund
Mavrix Canadian Strategic Equity Fund (formerly, Mavrix Canadian Value Fund)
Mavrix Diversified Fund (formerly, Mavrix Balanced Fund)
Mavrix Dividend & Income Fund (formerly, Mavrix Income Fund)
Mavrix Enterprise Fund
Mavrix Explorer Fund
Mavrix Global Fund
Mavrix Growth Fund
Mavrix Money Market Fund
Mavrix Sierra Equity Fund (formerly, Mavrix Sustainable Development Fund)
Mavrix Strategic Bond Fund (formerly, Mavrix Strategic Fixed Income Fund)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated June 27th, 2002
Mutual Reliance Review System Receipt dated 28th day of June, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
Mutual Fund Securities Net Asset Value
Promoter(s):
Mavrix Fund Management Inc.
Project #451456

Issuer Name:
The GS+A RRSP Fund
Type and Date:
Final Simplified Prospectus and Annual Information Form dated June 24th, 2002
Receipt dated June 26th, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
Gluskin Sheff & Associates Inc.
Promoter(s):
-
Project #452563

Issuer Name:
NHC Communications Inc.
Principal Jurisdiction - Quebec
Type and Date:
Preliminary Short Form Prospectus dated July 26th, 2001
Withdrawn on June 28th, 2002
Offering Price and Description:
$18,000,000 - Rights to Subscribe for up to 10,000,000 Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #376402

Issuer Name:
Ventax Robotics Corporation
Type and Date:
Preliminary Prospectus dated January 31st, 2002
Closed on June 25th, 2002
Offering Price and Description:
$3,500,000 - 2,800,000 Units (Upon the exercise of an equal number of Special Warrants) (Each Unit is composed of One Common Share and One-half of One Common Share Purchase Warrant)
@ $1.25 per Special Warrant
Underwriter(s) or Distributor(s):
Standard Securities Capital Corporation
Promoter(s):
Hans Armin Ohlmann
Project #418934

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Connor, Clark & Lunn Arrowstreet Capital Ltd. Attention: Dennis Stephen Perry 1 First Canadian Place 100 King Street West Suite 5700 Toronto ON M5X 1E3	Limited Market Dealer	Jun 26/02
New Registration	Private Financial Research Corporation Attention: Lawrence Sydney Rosen #3825 - 66 Wellington Street West Toronto ON M5K 1A1	Securities Adviser	Jun 28/02
New Registration	CANDEAL.CA Inc. Attention: Jayson Russell Horner 33 Yonge Street Suite 900 Toronto ON M5E 1G4	Investment Dealer Equities	Jul 02/02
New Registration	One O'Brien Neufeld Financial Corporation Attention: Renata Neufeld 111 Richmond Street West Suite 401 Toronto ON M5H 2G4	Limited Market Dealer	Jul 03/02
Change in Category (Categories)	McLean Budden Limited/McLean Budden Limitee Attention: Robert Bruce Murray 145 King Street West Suite 2525 Toronto ON M5H 1J8	From: Mutual Fund Dealer Limited Market Dealer Investment Counsel & Portfolio Manager To: Limited Market Dealer Investment Counsel & Portfolio Manager	Jul 02/02

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 Proposed IDA By-law 29.6A, Referral Arrangements

INVESTMENT DEALERS ASSOCIATION OF CANADA

BY-LAW 29.6A REFERRAL ARRANGEMENTS

I. OVERVIEW

On January 17, 2001 the Board of Directors of the Association approved a proposed by-law which would have permitted Member firms that receive commissions on the sale of securities to pay referral fees to or split commissions with other Members or financial services entities.

After proposed By-law 29.6A was submitted to the Canadian Securities Administrators (the "CSA"), a number of Member firms queried the restriction in the By-law on the parties that could enter into referral arrangements. Consequently, the IDA formally withdrew the By-law from CSA consideration in order to revise it and re-submit it to the Board of Directors and then the CSA for approval.

A – Current Rules

Currently, the Association has no clear by-laws or regulations addressing the use of referral arrangements or commission splitting.

B – The Issue

The CSA Distribution Structures Committee issued a Position Paper (the "Paper") which concluded that referral arrangements would be permitted "only between dealers or between dealers and entities that are licensed or registered under some other regulatory system that is acceptable for the purpose of referral arrangements ("acceptable entity")."

As a result of the CSA addressing this issue, the IDA determined that it was necessary to respond with an appropriate By-law on the matter that substantially mirrored the CSA's position on referral arrangements and commission splitting.

The By-law drafted by the IDA was approved by the Compliance and Legal Section and input was received from the Retail Sales Committee and District Councils. The By-law was approved by the Board of Directors on January 17, 2001 and was submitted to the CSA immediately thereafter. It was published for comment in the OSC Bulletin on February 2, 2001.

The IDA received a number of questions from Members as to other kinds of arrangements that would not be allowed under the restriction contemplated in the Paper. For example, some Members have referral arrangements with affinity groups, such as fraternal and charitable organizations, under which a portion of the commissions paid by a client referred by the group will be paid to the referring organization. Another Member has several referral arrangements with off-shore affiliates, which would not fall within the definition of "financial services entity" or "regulated entity".

The IDA does not see the benefit in prohibiting such arrangements. Consequently, proposed By-law 29.6A has been revised to permit referral fees and commission splitting without restrictions as to the parties that may enter into such arrangements.

C – Objective

The proposed By-law will clearly set out what types of referral arrangements will be permitted and what Members are required to disclose to their clients regarding these arrangements.

D – Effect of Proposed By-law

The proposed By-law will be simple and effective. It will clearly outline provisions for the use of referral arrangements that will provide protection and understanding for clients while ensuring that the permitted referral arrangements satisfy the business needs of Member firms.

Currently, Members are confused as to what types of referral arrangements are permitted. Some jurisdictions have legislation on this matter and some do not. Some Members abide by the requirements in the Paper and some do not. A clear and comprehensive by-law will allow for consistency and transparency in the industry.

II. DETAILED ANALYSIS

A – Present Rules, Relevant History and Proposed By-law

Analysis of CSA Paper and Rationale

The Paper noted three areas of concern with regard to referral fees and commission splitting:

(a) persons that lack the appropriate proficiency or registration may be acting in furtherance of trades in securities or may be giving advice regarding securities;

(b) conflicts of interest may not be disclosed adequately to clients prior to entering into transactions; and

(c) clients may be confused as to the entity with which they are dealing.

With respect to item (b) above, the disclosure requirements outlined in the Paper appear to us to adequately address client knowledge of conflicts of interest. We cannot see how a restriction on eligible parties affects this concern one way or another.

With respect to item (c) above, the issue of client confusion over the party he or she is dealing with appears to us to be well covered in both the required disclosure and in all other aspects of opening and operating an account at a dealer, including the account opening documents, the various disclosures provided at the time of account opening and the names appearing on the confirmations and monthly statements.

As a result, the main issue that therefore needs to be addressed concerns the argument that referral arrangements may constitute acts in furtherance of a trade.

Analysis of Argument: Acting in Furtherance of a Trade

Any consideration of the issue of whether or not referral fees and commission splitting should be permitted between Members and non-regulated entities must begin with an examination of the regulatory objectives of securities legislation which require the registration of persons who trade in securities. In broad terms, the goal is consumer protection. Registration is intended to protect the public and prevent them from being defrauded by ensuring that persons who trade in securities are honest, competent and of good reputation with an additional objective of promoting investors' confidence in the securities markets. In order to achieve these goals, it is essential that persons trading in securities understand the nature of the securities being sold and their obligations to their customers.

Registration imposes on registrants obligations to comply with certain criteria designed to achieve these objectives, including criminal checks, demonstrated proficiency as evidenced by the completion of certain approved courses and tests, bonding and contingency fund requirements and compliance with know your client, suitability and supervisory standards. It also subjects the registrant to the direct or indirect supervision of the regulatory authority.

None of the objectives of securities legislation or the rules of self-regulatory organizations are compromised by permitting the payment of referral fees or splitting of commissions, if the person receiving the payment is in fact not doing anything in connection with trading in securities other than making referrals or providing names of possible investors. These activities are not ones that should trigger an obligation to be registered despite the very broad language of Canadian securities legislation with respect to what constitutes a "trade". We believe that such payments should be allowed for the reasons discussed below.

Registerable Activities

The current discussion hinges on the wide definition of "trade", which can include any act if it can be connected to the trade, however remote. If the discussion continues to use the definition of "trade" as a starting place, it will always be necessary to draw a line "in the sand" with respect to whether a particular action should be considered to be within the definition of a trade. The words must be given some sensible boundaries. In arriving at these boundaries legislative intention should be examined, namely the protection of consumers and the integrity of the capital markets. It is not appropriate to determine that activities that on one reading might be considered to be trades but which pose no threat to either consumers or markets are not in fact trades.

For example, an advertising agency might prepare an advertising campaign for a dealer, designed purely to generate new business for the dealer. Writing advertising copy, publishing advertising materials and conducting consumer research designed to determine the most effective advertising campaign or the most effective target audience could fit within a broad construction of an "act in furtherance of a trade" although the advertising agency has no contact with investors. Although not typical, compensation paid for the advertising could be based on the volume of business generated as a result of the campaign. Advertising agency services do not currently require registration under securities legislation. Similar controversies have arisen in respect of investment advice, which is educational or newsworthy and does not require registration, and advice directed to individual investors, which requires registration.

It is not difficult to imagine other situations that would also be caught. Provision of any services which would further a trade in securities, could be seen as an act in furtherance of a trade. Such services could include the providing of telephone lines, the renting of office space, the printing of marketing materials as all such services are used in connection with the business of the dealer; however it seems illogical and unnecessary to require registration of persons who provide those services. By the same token, providing information consisting of the names of persons who might be interested in trading in securities is in one view an act in furtherance of a trade. However, the Association is of the view that this position interprets the definition of a trade more broadly than any policy considerations would require.

If an activity, no matter how slight, that has any connection with a trade in securities is an act in furtherance of a trade, there could be wholesale registration of persons who are not engaged in conduct that would seem to require registration. It should be necessary to look at the actual activities undertaken by the parties in question, as a broad reading of "an act in furtherance of a trade" could result in an unwarranted intrusion into the business of dealers and others, where there is no evidence of risk to investors. If actual trades in securities are done through a registered entity, although there might be a technical breach given the broad ambit of the definition of a trade, no policy objective

is served by requiring registration of the party in technical breach.

We question what public policy goal is achieved by requiring registration to make referrals or effect introductions. It should be necessary to look at the specific activities of the party, which receives the referral fee or shares in commissions. In the Association's view, the fact that a particular action, for example, an introduction, was part of an on-going relationship between a registrant and the referring party, and that compensation was paid for the referral, should not necessarily mean that the line has been crossed. The activities, which result in the payment of a referral fee or the splitting of a commission, may have only a tenuous connection with the activities for which requiring registration is appropriate. The real question must always be whether the introducing party provided services for which registration is required, i.e. made recommendations, provided any advice, promoted any securities, elicited any information required by a dealer to comply with suitability obligations or handled any funds or securities. If none of these activities have occurred, it is difficult to see what would be achieved by requiring registration.

Policing Concerns

A concern with anything other than a very broad view of what constitutes a "trade" are the policing problems a more restrictive reading might create. The argument is that the possibility of receipt of commissions may make it impossible to adequately supervise persons to ensure that no registerable activities are in fact being performed by the unregistered persons, as the temptation of their receipt may encourage or induce those persons to not examine too closely their activities. However, it is always necessary to ensure that a line is not crossed between activities requiring registration and those that do not. The fact that compensation might motivate persons to step over the line between registerable and non registerable activities is not sufficiently compelling to force registration and the question of enforcement is not sufficient justification for banning practices which should not on policy grounds require registration.

Although a consequence of not requiring registration is that none of the attendant obligations are imposed, if an individual is not in fact performing any activities for which the registration should be required, that should not be an issue. There are ways short of requiring registration to protect the interests of investors in the context of referral fees and commission splitting, by regulating these arrangements. For example, the BC Securities Commission addresses this issue through a disclosure obligation on a registrant, which is an appropriate response to the concerns about investor protection.

Compensation Should not be Determinative

If payment is prohibited because its receipt alone triggers a requirement to register, the effect could be to impose registration on parties who are not really engaged in the securities business in any ordinary sense. It is the view of the Association that receipt of a referral fee or share of a commission should not be determinative of whether a registerable activity has taken place. Rather, it is part of the evidence to be weighed in determining whether someone has actually been trading in securities.

If for example, creating a mailing list is not an activity that requires registration then selling that list should also not trigger a registration requirement. If selling the list for a flat fee is permitted, it is difficult to see the policy rationale for concluding that selling the list for a share of income earned by a dealer as a result of use of the list should not be permitted. If providing a list of names does not trigger a requirement to register – then providing the same list and receiving compensation based on business generated through the use of that list should not change the characterization of the activities performed.

Proposed By-law 29.6A

As result of the arguments outlined above, the Association has proposed a revised By-law on referral arrangements that would remove the previous restrictions on the parties that may enter into such arrangements.

The proposed By-law will permit referral arrangements and commission splitting between Member firms or between Member firms and Persons. The definition of "Person" in By-law 1 of the Association and in securities legislation is similar in that it includes an individual, partnership unincorporated organization, corporation and trustee.

However, despite the removal of the above restriction, these arrangements must satisfy certain conditions. These conditions, as set out in the previous version of the By-law, include the requirement that there be a written agreement governing the payment of referral fees between parties. In addition, all forms of compensation under these arrangements must be recorded in the books and records of the Member. Lastly, written disclosure must be made to the client of these arrangements and the disclosure must include certain items.

The proposed By-law broadly outlines the parties that may be involved in referral arrangements and the types of compensation that may be paid within these arrangements. Clarification is also provided to exclude from the definition of referral arrangements payments to or from a third party provider not involved in securities related business.

B – Issues and Alternatives Considered

As discussed above, a previous version of By-law 29.6A paralleled the provisions contained in the Paper with respect to the specific entities that were permitted to enter into referral arrangements.

C – Comparison with Similar Provisions

Canadian Requirements

The Mutual Fund Dealers Association currently has in place Rule 2.4.2 Referral Arrangements, which is based upon the Paper. However, as a result of the issues

outlined above, the MFDA is now considering a similar submission to the CSA to permit other parties to enter into referral arrangements with mutual fund dealers.

In British Columbia, it appears that referral fees are permitted with non-regulated entities. BC Policy 31-601 Registration Requirements contains section 4.3 dealing specifically with referral fees and commission splitting. It requires, in part, that a registrant must disclose to a client the fact that the registrant receives from, or pays to another person a fee or other compensation for referral of the client.

Section 53 of the British Columbia Securities Commission Rules also permits referral fees or compensation to or from another "person".

Thus, as the Policy and section 53 of the Rules permit a referral arrangement with a "person", the BC legislation clearly contemplates that payment may be made to or from persons who are not registrants, especially as it provides that disclosure of commission splitting is not required in the case of payment to other registrants.

As in the Association's proposed By-law, the Policy states that consideration should be given as to whether, with respect to a non-registrant, the underlying activity for which the payment is being made constitutes trading. If in doubt, the Policy states, registrants are encouraged to contact the Director, Capital Markets Regulation. However, while this matter should be considered, the Policy clearly does not prohibit such an arrangement.

In Québec, the commission des valeurs mobilières du Québec has Policy Q-9, which specifically permits a dealer to share a commission with a market intermediary who referred a client to the dealer provided the sharing is in accordance with an agreement between the market intermediary and the dealer. The market intermediary need not be a registrant under the *Securities Act* (Québec). The interest of investors are protected by requiring that the first time that a dealer proposed to enter into commission splitting or a referral fee agreement with the market intermediary, the CVMQ must be given 30 days' notice in advance of the signing of the agreement in order that it can determine whether or not the proposed arrangements involves selling methods that might be prejudicial to investor's interests, cause conflicts of interest or prevent the dealer from complying with the terms of its registrations. Record keeping, notice to clients and method of payment requirements designed to ensure that there is no prejudice to a client by such payments are also imposed.

United States Requirements

In the United States, the issue of referral fees and commission splitting has been under consideration for some time.

The Securities and Exchange Commission has issued a number of no action letters indicating that registrations are not required in some cases, permitting payment of the fees to unregistered persons. The SEC has also approved a number of networking arrangements between brokers or dealers and financial institutions in which payment to the financial institution could be a share of the commissions generated.

The National Association of Securities Dealers first published a draft amendment to its rules of fair practice which would have generally prohibited the payment of any referral fee in connection with the referral of potential customers for brokerage services, although fixed fees would have been permitted on an occasional basis.[1] The 1989 draft rule was never finalized.

In March 1997 the NASD issued a Notice to Members[2] requesting comments on a new proposed rule which, if implemented, would prohibit a member from making any payment of cash or non-cash compensation to a non-NASD member. This draft rule was eventually withdrawn.

However, under NASD Regulation 2420 Dealing with Non-Members, an interpretation was issued entitled "NASD-M-CR IM 2420-2 Continuing Commissions Policy". Under this interpretation, the Board of Governors held that it was permissible to have the payment of continuing commissions to registered representatives after they ceased to be employed by a member of the Association (or payment to their widows or other beneficiaries) provided bona fide contracts call for such payment. Furthermore, an individual dealer may enter into a bona fide contract with another dealer to take over and service his or her accounts and, after he or she ceases to be a member, to pay to him or to his widow or other beneficiary continuing commissions generated on such accounts.

The above Rule is the only one that the NASD currently has in place. The system relied upon in the United States with respect to permitted referral arrangements is, in fact, unclear, not transparent and not always consistent. IDA staff had to seek out NASD and SEC staff to come to a comprehensive understanding of the system.

In the March 1997 Notice to Members, the NASD stated that it has consistently taken the position in published interpretations that it is improper for a Member or person associated with a Member to make payments of "finders" or referral fees to third parties who introduce or refer customers to the firm, unless the recipient of the fee is registered as a representative of an NASD Member firm.

The Notice went on to state that on an informal basis, the NASD has permitted "one-time" fees not tied to the completion of a transaction or the opening of an account. The NASD believe that in certain situations a person is acting on behalf of a Member and therefore should be registered (i.e. the finder repeatedly refers prospective customers to the Member; direct transaction-based compensation is paid to the finder, etc.). The NASD relied on Rule 2420 for this position. This Rule, among other things, prohibits the payment of selling concessions, discounts and other allowance to any registered broker-dealer that is a non-Member of the NASD. The Rule has

1 NASD Notice to Members 89-3.

2 NASD Notice to Members 97-11.

also been interpreted to apply equally to entities that are not registered but are required to be registered under the Exchange Act. However, the Rule has been interpreted as *not* applying to entities that are not registered and are not required to be registered under the Exchange Act.

The NASD informed the IDA that when the individual in question is not registered, the NASD defers to the SEC to determine whether the individual should be registered as a broker-dealer.

The 1997 NASD Notice stated that the SEC often issues no-action letters stating that someone is not required to be registered and thus the Member firm's payment of commissions to such a person would not violate Rule 2420. This exemption is usually conditioned upon representations that the "finder" will have no involvement in negotiations, will not discuss details or make recommendations regarding securities transactions and will not receive transaction-based compensation. Discussions with the NASD indicate that the SEC issues these no-action letters with great frequency to get around the prohibition.

In addition, the SEC has granted relief from the broker-dealer registration provisions for banks, savings and loan institutions, credit unions and foreign broker-dealers that receive commission from registered entities. Therefore, Members may split commissions with these entities, subject to certain restrictions:

1) the "split" trade must be executed and supervised by SEC and NASD registered broker-dealers;

2) employees of the non-member entity may only engage in clerical and ministerial activities in soliciting or effecting these securities transactions;

3) non-member employees may not receive on-going transaction based fees;

4) there is a preclusion against splitting of commissions on fixed-price offerings unless certain conditions are met; and

5) there is a preclusion against splitting commissions on "load" mutual funds for purchases made by the splitting entity's own account(s).

With respect to affinity arrangements, there is some discussion of the SEC's stance in an article entitled, "The 'Finder's' Exception from Federal Broker-Dealer Registration" by John Polanin, Jr. formerly Branch Chief, Office of Chief Counsel, Division of Market Regulation, Securities and Exchange Commission. Polanin states that these groups have been good sources of new retail customers for broker-dealers. He cites that in one set of affinity groups, they were permitted to send new account application forms to their members, which could be returned by direct mail to the broker dealer. Polanin goes on to state, "once again, despite the fact that these organizations and groups received a share of the commissions generated by members' securities transactions, the staff took no-action positions."

The rules of the Association for Investment Management and Research provide that all consideration or benefits received or delivered to others by a member for recommending services must be disclosed to clients. Compliance with these rules requires written disclosure of all referral fee arrangements, including the nature of and estimated dollar value or any consideration. The stated intention of the rule is to ensure that clients can evaluate the impartiality of the advice given and evaluate the costs of services.

Australian Requirements

Policy Statement 120 of the Australian Securities and Investments Commission (the "ASIC") outlines that referral arrangements are an integral part of current market practices. It goes on to state that persons who provide various financial and related services (such as credit unions, accountants, solicitors, trustees, life insurance companies and agents) often refer their clients to licensees for advisory and dealing services.

Consequently, Policy Statement 120 provides that a person who makes a referral within the guidelines set out in the Policy Statement will not be carrying out a dealing or investment advice activity. Therefore, the ASIC considers that such a person does not have to hold a proper authority from the licensee to whom referrals are made. This is because that person is not acting as a representative when making mere referrals to the licensee.

The Policy Statement defines "mere referrals" as when "a person does nothing more than merely introduce a potential advisor to a licensee and does this merely as an incidental part of their other business." As a result, if a person discusses the merits of investing in securities or actually induces or attempts to induce the other person to enter into any securities transaction, the ASIC is of view that they are not making a mere referral.

The Policy Statement provides that the fees may be a referral or spotter's fee, a share of a commission, an entitlement to rent or cross referrals of clients (i.e. clients of a licensee are referred for accounting or legal services). However, the ASIC makes a distinction with respect to situations where "a referring party and a licensee may have arrangements to share the profits from the securities or investment advice business generated through the referrals (as opposed to the payment of a discrete referral fee)." These types of situations would include a partnership or some other type of joint venture where the referring party carries on business with a licensee. In these cases, the referring party must hold a proper authority from the licensee if such arrangements are in place because they are more involved in the conduct of the securities or investment advice business of the licensee (i.e. by promoting the service of the licensee to clients) rather than just making a mere referral.

In cases of mere referrals, the ASIC believes such arrangements are permissible based "upon the reasoning that when a person does an act which does not involve a function of dealing in or advising on securities, the

regulatory protection under the licensing requirements is not needed." The ASIC considers that the person making the referral "is not carrying out a dealing or an investment advice activity."

The ASIC states in the Policy Statement that when referrals are made, the licensee to whom the referrals are made must disclose details of any benefits (i.e. commissions or fees) payable to the referring party.

In the ASIC's Practice Note 17 entitled Referrals to Securities Advisers, the ASIC states that the details of the above disclosure would include the actual amount which has been paid or is payable and the percentage of any commission which is payable once the referred party uses the services of the licensee.

United Kingdom Requirements

In the U.K., the Financial Services Authority does not have specific rules governing or prohibiting referral fees or commission splitting. However, COB 5.7.3R under the Conduct of Business Sourcebook provides for the general duty to disclose any fees received or charged.

D – Systems Impact of Rule

There will be no impact on systems.

E – Best Interests of the Capital Markets

The Association has determined that the public interest By-law is in the best interests of the capital markets by providing clear and straight forward rules on who may enter into referral arrangements and what information must be disclosed to the client. It satisfies regulatory concerns of securities regulators by ensuring that issues such as client confusion and disclosure of potential conflicts are adequately addressed.

F – Public Interest Objective

The Association believes that the proposed amendment is in the public interest in that it standardizes industry practice with respect to the use and availability of referral arrangements. Furthermore, the proposed amendment assists in the protection of the investing public by ensuring that clients know who is responsible for certain activities and in bringing potential conflicts of interest to the attention of the client.

III. COMMENTARY

A – Filing in Another Jurisdiction

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

B – Effectiveness

This proposed amendment is simple and effective.

C – Process

The proposed amendment was approved by the Compliance and Legal Section.

IV. SOURCES

CSA Distribution Structures Committee: Position Paper, August 1999.

Mutual Fund Dealers Association, proposed Rule No. 2 – Business Conduct.

NASD Notice to Members 89-3 and 97-11.
NASD-M-CR IM 2420-2 Continuing Commissions Policy.

NASD Rule 2420 Dealing with Non-Members.

NASD-GRI Frequently Asked Interpretive Questions About NASD Rules and Regulations With Responses From Its Office Of General Counsel.

NASD Guide to Rule Interpretations (May 1994).

British Columbia Securities Commsion Policy 31-601 Registration Requirements.
British Columbia Securities Commission Rule 53 Disclosure of Referral Fees and Commission Splitting.

Commission des valeurs mobilières du Québec Policy Q-9 Dealers, Advisers and Representatives, Division VI – Sharing of Commission.

J. Polanin, Jr., "The 'Finder's' Exception from Federal Broker-Dealer Registration" (1991) 40 Catholic University Law Review 787.

The Standards of Practice Handbook, Association for Investment Management and Research.

Australian Securities and Investments Commission Policy Statement 120 – Investment Advisory Services Mere Referrals and Other Excluded Activities.

Australian Securities and Investments Commission Practice Note 17 Referrals to Securities Advisers.

Financial Services Authority – Conduct of Business Sourcebook, COB 5.7.3.R.

V. OSC REQUIREMENT TO PUBLISH FOR COMMENT

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

The Association has determined that the entry into force of the proposed amendment would be in the public interest. Comments are sought on the proposed amendment. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the

attention of the Michelle Alexander, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager, Document Management, Market Operations, Ontario Securities Commission, 20 Queen Street West, Toronto, Ontario, M5H 3S8.

Questions may be referred to:
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INVESTMENT DEALERS ASSOCIATION OF CANADA

REFERRAL ARRANGEMENTS
BY-LAW 29.6A

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

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

"29.6A.

(1) For the purposes of By-law 29.6A:

(a) "**referral arrangement**" means an agreement whereby a Member earns or pays a fee for the referral of a client to or from another Member or Person.

(b) The fee earned or paid in relation to the referral arrangement may be a flat fee, may be contingent and based on commissions or fees earned, or may be based on the value of assets transferred.

(c) A referral arrangement does not include any payment to or from a third party service provider where the services do not constitute securities related business.

(2) A referral arrangement shall be permitted if:

(a) prior to implementation, a written agreement exists governing the referral arrangement between the Members or between the Member and the Person;

(b) for greater certainty, the written agreement referred to in subparagraph (1)(a) shall be entered into in the name of the Member and not in the name of an approved person of the Member;

(c) all fees or other forms of compensation paid as part of the referral arrangement to or by the Member are recorded in the books and records of the Member;

(d) written disclosure is made to the client of any referral arrangement prior to any transactions taking place;

(e) the disclosure referred to in sub paragraph (1)(d) shall include:

(i) a clear definition of how the referral fee is calculated in order to assist the client in a determination of the exact dollar amount payable,

(ii) the reason for the payment,

(iii) the name of the parties receiving and paying the fee, and

(iv) a statement that it is illegal for the party receiving the fee to trade or advise in respect of securities if it is not duly licensed or registered under applicable securities legislation to provide such advice; and

(f) the Member has received instructions directly from the client and shall not receive instructions or advice regarding client transactions from the party receiving the fee."

PASSED AND ENACTED BY THE Board of Directors this 17th day of June 2002, to be effective on a date to be determined by Association staff.

13.1.2 Proposed IDA Policy No. 11, Analyst Standards

INVESTMENT DEALERS ASSOCIATION OF CANADA

PROPOSED POLICY NO. 11 ANALYST STANDARDS

I OVERVIEW

A -- Current Rules

Currently, there are no comprehensive by-laws, regulations or policies that apply directly to research analysts. Analysts are subject to the same rules that other dealer employees are subject to, but analysts are not required to be registered. Many Member firms have established their own internal polices with respect to standards that analysts must follow, but no uniform rules exist. As serious conflicts of interest can arise, uniform rules need to be established to protect individuals who rely on analyst recommendations and furthermore, to inspire investor confidence.

B -- The Issue

It is the position of the Investment Dealers Association of Canada (" the Association") that in order to maintain the integrity of the market place, rules need to be established to reduce the potential for conflicts of interest and to maintain the highest standards of ethical behavior. It is the position of the Association that in order to achieve this goal, analysts must be subject to certain standards which are designed to enable them to work in an environment where serious conflicts of interest are common and where such conflicts are managed or avoided in order to maintain the independence of research.

As such, the Association has drafted proposed Policy No. 11 to address conflicts faced by analysts.

C -- Objective

The proposed Policy is designed to improve investor confidence in the marketplace by setting higher standards of practice among analysts. In order to achieve these standards disclosure and supervisory requirements are necessary.

The proposed rules will also help increase transparency in the marketplace which in turn will increase investor awareness of situations that may pose conflicts of interest.

D -- Effect of Proposed Rules

The proposed Policy will have a significant impact on the current market structure and a minimal impact on the cost of compliance to Member firms.

It is the position of the Association that the proposed Policy will have a positive impact on the current market structure. One main objective of the proposed Policy is to improve investor confidence by setting higher standards among analysts. Generally, markets that inspire investor

confidence tend to attract higher trading volumes, which leads to greater liquidity.

The proposal attempts to balance the benefits against additional costs. As the majority of the proposal focuses on disclosure, it is the position of the Association that there will not be significant costs borne by Member firms.

II DETAILED ANALYSIS

A -- Present Rules, Relevant History and Proposed Policy

Relevant History

The Securities Industry Committee on Analyst Standards ("the Committee") was established in September 1999 by the Association, Toronto Stock Exchange, and the predecessors of the Canadian Venture Exchange. The Committee was struck in response to the many questions and concerns raised about the role that analysts play in promoting stocks in the marketplace.

The mandate of the Committee was to review the practices and activities of analysts, review the standards of conduct and supervision of analysts, report on securities industry standards governing the conduct and supervision of analysts and to make recommendations in order to preserve the integrity of the capital markets.

The Committee suggested changes to both the standards of practice for analysts and the standards of supervision for analysts within the Canadian marketplace.

Impetus for Proposed Policy No. 11

The basis for proposed Policy No. 11 arose from the recommendations of the Committee. The proposed Policy adopts the recommendations of the Committee with respect to supervision and disclosure requirements in an attempt to ensure investors have enough information to understand the basis for an analyst's recommendations and to be aware if analysts are in a position of conflict.

Prohibitions

The proposed Policy strictly prohibits Members from issuing a research report prepared by an analyst if the analyst serves as an officer, director or employee of the issuer or serves in any advisory capacity to the issuer, as this is a direct conflict of interest. The proposed Policy also prohibits Members from paying any bonus, salary or other form of compensation to an analyst that is directly based upon a specific investment banking service transaction.

Members may not offer favorable research, specific ratings or specific price targets, or threaten to change any of these as consideration or inducement for the receipt of business or compensation. Such behavior may be considered 'conduct unbecoming' but this provision makes the prohibition explicit.

Disclosure Requirements

The proposed Policy requires that every research report issued in the name of the Member disclose any information regarding its business with, or relationship to, any issuer which is the subject of the report which might indicate a potential conflict of interest on the part of the Member or the analyst. Business relationships that do not create conflicts, such as the operation of a normal securities account, would not have to be disclosed.

In the event that a Member distributes research reports prepared by an independent third party under the third party name, the Member must disclose any information regarding its business with, or relationship to, any issuer which is the subject of the report which might indicate a potential conflict of interest on the part of the Member or the analyst. The Member must also disclose their rating system and how each recommendation fits within the system as well as the Member firms' policies regarding the dissemination of research.

Other disclosure requirements include whether the analyst who prepared the report received compensation based on the Member's investment banking revenues in the previous twelve months.

Policy and Procedure Requirements

Members are required to develop and enforce conflict of interest polices and procedures and to have these polices and procedures approved and filed with the Association.

Member firms must have policies and procedures in place regarding employee trading of listed securities based on knowledge of or in anticipation of the distribution of a research report, a new recommendation or a change in a recommendation relating to a security that could have an effect on the price of the security. Member firms must have policies and procedures in place to prevent and detect such trading by employees.

Member must also ensure that no analyst effects a trade in a security of an issuer or a derivative security whose value depends principally on the value of the security on which the analyst has an outstanding recommendation without the prior approval of a designated partner, director or officer.

The proposed Policy also requires Members to have policies in place to ensure that recommendations made in research reports are not influenced by the investment banking department or by the issuer. This requirement will help ensure that research analysts' views and recommendations are not swayed by the business interests of the Member's investment bankers, or subject to the approval of the issuer.

Guidelines

The Association has included a number of guidelines that Members must comply with where practicable, when

establishing conflict of interest policies and procedures to help minimize the conflicts faced by analysts.

It is important that Members distinguish between information provided by the issuer or others and the analyst's own opinion. This is important in that it will help investors to understand the basis for the recommendation. Furthermore, where an analyst relies on a report or study by a third party expert, this information should be disclosed along with the name of the third party.

Other disclosures include whether the analyst has viewed the operations of an issuer, and whether any payments were received by the analyst.

Members should maintain and publish current financial estimates and recommendations on securities they follow and revisit them following the release of material information by the issuer or the occurrence of other events. Furthermore, Members should publish notice of their intention to suspend or discontinue coverage of an issuer.

Additional best practices that should be followed include making research widely available to all clients at the same time by publishing research on Member's websites or by other means, setting price targets, publishing the percentage of recommendations that fall into categories of specific technical terminology adopted by the Member, using specific technical terminology, and obtaining an annual certification from the head of the research department and chief executive officer which states that their analysts are familiar with and have complied with the Association for Investment Management and Research ("AIMR") code of ethics.

Other guidelines include requiring analyst employees to obtain the Chartered Financial Analyst ("CFA") designation or other appropriate qualifications, having the persons responsible for reviewing research obtain their CFA or other appropriate qualifications, requiring the head of research (or the analyst where there is no head of research) to report to a senior officer who is not the head of the investment banking department, and not providing research on an issuer where the supervisory analyst serves as an officer or director of the issuer.

Public Appearances

When an analyst makes public comments with respect to an issuer, reference must be made to the existence of a full research report where one exists or to the fact that such a report does not exist.

Furthermore, where an analyst is interviewed with respect to an issuer the guidelines suggest that reference be made to the existence of any relevant research report where one exists.

The definitions in Policy No. 11 of associated party, pro group and pro group holdings are also defined in the conflicts of interest rule and are subject to amendment under Policy No. 11 in the event that the definitions are amended under the conflicts of interest rule.

B -- Issues and Alternatives Considered

A number of alternatives were considered by the Committee including disclosure, registration, regulation and prohibition. The Committee determined that a need for balance was required. The final result to which the Association agreed was to propose changes to support a vibrant capital market and command confidence of investors. The recommendations put forth by the Committee and the recommendations adopted by the Association, favor mandatory disclosure and prohibition of certain activities where serious conflicts of interest cannot be managed by disclosure requirements.

C -- Comparison with Similar Provisions

The National Association of Securities Dealers Inc. ("the NASD") has filed with the Securities and Exchange Commission ("the SEC") proposed rule change 2711 ("Rule 2711") to address research analyst conflicts of interest.

The NASD has worked closely with the New York Stock Exchange ("the NYSE") to develop the proposed rules in order to address conflicts of interest that can arise when research analysts make recommendations in research reports and in public appearances.

Rule 2711 contains numerous prohibitions designed to minimize potential conflicts. Proposed Policy No. 11 permits some of these prohibited activities but requires very strict disclosure practices. It was the position of the Committee and agreed with by the Association that there is a need for balance. As such, Policy No. 11 was developed favoring mandatory disclosure over more intrusive responses. Where serious conflicts of interest could not be managed by disclosure, prohibition of the conflicts has been established.

Rule 2711 and IDA Proposed Policy No. 11 contain numerous disclosure and supervisory requirements. Differences exist with respect to disclosure requirements. For instance, proposed Policy No. 11 requires disclosure if any class of the issuer's securities, whether long or short, in the aggregate exceed 5% of the outstanding securities of that class, as at a specified date or the latest month end are held by the Pro Group of the Member. The NASD Rule requires disclosure if, as of five business days before publication of the report, the Member or affiliate beneficially owns 1% or more of any class of common equity securities of the subject company.

Rule 2711 requires disclosure in research reports if the research analyst or a member of the research analyst's household serves as an officer, director or advisory board member of the subject company. Proposed Policy No. 11 prohibits a Member from issuing a research report prepared by an analyst employed by the Member if the analyst serves as an officer, director or employee of the issuer or serves in any advisory capacity to the issuer. It is the position of the Association that the risks of conflict are too high and therefore the prohibition is required.

Rule 2711 contains restrictions on the relationship between the investment banking department of a member and the research department. The Rule states that no analyst may be subject to the supervision and control of any employee of the member's investment banking department. The NASD Rule focuses on investment personnel reviewing reports before publication. Review of reports may only be done to verify factual accuracy of information or to review the report for any potential conflicts of interest. Rule 2711 also prohibits submitting the report to the subject company for review prior to publication subject to certain exceptions. Proposed Policy No. 11 requires Member firms to determine their own policies and procedures to minimize these types of conflicts. The proposed Policy states that the policies and procedures must ensure that recommendations in research reports are not influenced by the investment banking department or the issuer. As such the policies and procedures adopted by each Member firm can be tailored to their specific business. However, it is a requirement that all policies and procedures be filed with and approved by the Association.

Rule 2711 prohibits the issuance of research on a company for specified periods of time before and after a member has acted as manager or co-manager of an initial public offering ("IPO") or a secondary offering for a subject company (forty calendar days following the date of the offering for an IPO and ten calendar days following the date of the offering for a secondary offering). IDA proposed Policy No. 11 does not prohibit this but requires Members to disclose in any research report prepared in the name of the Member whether the firm has acted as an underwriter or adviser for the issuer during the preceding twenty-four months preceding the date of publication of the research report or recommendation.

Rule 2711 prohibits analysts from investing in shares of any security before the issuer's initial public offering if the issuer is principally engaged in the same type of business as companies the analyst follows. After the IPO certain time periods exist before trading in such securities are permitted. Proposed Policy No. 11 does not contain such a restriction. Both the Committee and the Joint Securities Committee on Conflicts of Interest considered this matter and concluded that appropriate disclosure is adequate. We are in agreement with this conclusion. Proposed Policy No. 11 requires disclosure of the Pro Group's interest when selling such security as well as disclosure of the analyst's holdings in such an issuer.

Proposed Policy No. 11 contains a number of disclosure requirements not provided for in Rule 2711. For instance, proposed Policy No. 11 requires disclosure of whether the Member, any partner, director, or officer of the Member or any analyst involved in the preparation of a report on the issuer received remuneration or other benefit from the issuer for services. Policy No. 11 also requires disclosure of the names of any officer, director or employee or the Member who is an officer, director or employee of the issuer, or who serves in any advisory capacity to the issuer. Other requirements under proposed Policy No. 11 include disclosure of the Member's policies and procedures regarding dissemination of research and certain disclosures if third party research is used.

Rule 2711 and proposed policy No. 11 both prohibit members from offering favorable research, a specific price target, or threatening to change research, a rating or a price target to a company as consideration or inducement for the receipt of business or compensation.

Rule 2711 and Proposed Policy No. 11 both contain a prohibition with respect to compensation. The rules prohibit paying research analysts any bonus, salary or other form of compensation based upon a specific investment banking service transaction. Other compensation requirements under Rule 2711 include disclosure if the Member or its affiliates received compensation from the subject company within twelve months before or reasonably expects to receive compensation from the subject company within three months following publication of the report. Proposed Policy No. 11 requires disclosure if the Member firm provided investment banking services to the issuer during the twenty-four months preceding the date of publication of the research report or recommendation.

Rule 2711 and proposed Policy No. 11 both require disclosure if the analyst received compensation based upon the Member's investment banking revenues.

With respect to supervisory procedures, Rule 2711 requires Members to adopt and implement written supervisory procedures designed to ensure that the member and its employees comply. The Rule also requires that a senior officer attest annually that is has adopted and implemented the procedures. Proposed Policy No. 11 requires Member's to develop and enforce conflict of interest polices and procedures. Members are required to have the policies and procedures approved and filed with the Association.

D -- Systems Impact of Rule

There are no systems issues associated with the proposed Policy.

E -- Best Interests of the Capital Markets

The Association is of the view that the proposed rule will strengthen market integrity which in turn leads to investor confidence and as such is in the best interest of the capital markets.

F -- Public Interest Objective

The Association believes that the proposed Policy is in the public interest in that it will facilitate an efficient, fair and competitive secondary market. This will be accomplished by increasing investor confidence.

Furthermore, the disclosure requirements will help prevent fraudulent and manipulative acts and will assist in the protection of the investing public.

In addition, the proposal will help standardize industry practices where necessary for the purpose of investor protection.

III COMMENTARY

A -- Filing in Other Jurisdictions

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

B – Effectiveness

The Association believes that the proposed Policy adopts the least intrusive options, favoring mandatory disclosure over more intrusive responses. Where such conflicts of interest could not be managed, outright prohibition has been suggested.

It is the position of the Association that every effort has been made to balance the benefits to clients against the additional costs associated with the proposal. The increased disclosure requirements and increased supervision aspects of the proposed Policy have been carefully designed and tailored to address both investor confidence and investor protection raised by the potential for conflicts of interest.

C -- Process

The Analyst Standards Committee approved the proposed Policy.

IV SOURCES

Setting Analyst Standards: Recommendations for the Supervision and Practice of Canadian Securities Industry Analysts (Crawford Report).

National Association of Securities Dealers Proposed Rule Regarding Research Analyst Conflicts of Interest.

The Code of Ethics and Standards of Professional Conduct of the Association for Investment Management and Research (AIMR).

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

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

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

Questions may be referred to:
Deborah L. Wise
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Regulatory Policy
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INVESTMENT DEALERS ASSOCIATION OF CANADA

POLICY NO. 11
ANALYST DISCLOSURE REQUIREMENTS

Introduction

This Policy establishes standards that analysts must follow when publishing research reports or making recommendations. These standards represent the minimum requirements necessary to ensure that Members have in place procedures to minimize potential conflicts of interest.

These standards are based on the recommendations of the Securities Industry Committee on Analyst Standards with input from both industry and non-industry groups.

Definitions

“advisory capacity” means providing advice to an issuer in return for remuneration, other than advice with respect to trading and related services.

“analyst” means any employee or agent of a Member who is held out to the public as an analyst or whose responsibilities to the Member include the preparation of any written report for distribution to clients or prospective clients of the Member which includes a recommendation with respect to a security. For greater clarity, “analyst” does not include a third party individual or firm from which the Member purchases or otherwise acquires reports issued in the name of the third party for distribution to the Member’s clients.

"associated party" means, if used to indicate a relationship with a person or company

(a) a trust or estate in which

(i) that person or company has a substantial beneficial interest, unless that trust or estate is managed under discretionary authority by a person or company that is not a member of any pro group of which the first mentioned person or company is a member, or

(ii) that person or company serves as trustee or in a similar capacity;

(b) an issuer in respect of which that person or company beneficially owns or controls, directly or indirectly, voting securities carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the issuer; or

(c) a relative, including the spouse, of that person, or a relative of that person's spouse, if

(i) the relative has the same home as that person, and

(ii) the person has discretionary authority over the securities held by the relative.

“investment banking service” includes, without limitation, acting as an underwriter in an offering for the issuer; acting as a financial adviser in a merger or acquisition; providing venture capital, lines of credit, or serving as a placement agent for the issuer.

“pro group” means a group comprised of a Member and all of the following persons or companies:

(a) any employee or agent of the Member;

(b) any partner, officer or director of the Member;

(c) any affiliate of the Member; and

(d) any associated party of any person or company described in paragraphs (a) through (c).

"pro group holdings" means the aggregate of all shares of each class of voting or equity securities, listed or quoted on a Canadian exchange or over-the-counter market, in which the pro group holds a beneficial ownership interest, including all shares which the pro group has a right to acquire, whether conditional or not, but does not include securities owned by the pro group in the course of a distribution under an underwritten offering.

A Member may exclude from the Member's pro group reporting requirements:

(a) the holdings of an affiliate or associated party of the Member, provided that

(i) the affiliate or associated party engages in a distinct business or investment activity separately from the business and investment activities of the Member,

(ii) the affiliate or associated party has a separate corporate and reporting structure,

(iii) there are adequate controls on information flowing between the Member and the affiliate or associated party, and

(iv) the Member maintains a list of such exempted affiliates and/or associated parties; or

(b) the holdings of individuals outside the Member that are (in the aggregate) both less than 10,000 shares and of a market value of less than $25,000.

However, the Association may, for the purposes of a particular calculation, include the holdings of a person that would otherwise be excluded from the Member's pro group holdings or exclude the holdings of a person that would otherwise be included in the Member's pro group holdings.

"research report" means any written or electronic communication that the Member has distributed or will distribute to its clients or the general public, which contains an analyst's recommendation concerning the purchase, sale or holding of a security.

"remuneration" means any good, service or other benefit, monetary or otherwise, that could be provided to or received by an analyst.

"supervisory analyst" means an officer of the Member designated as being responsible for research.

Standards

1. Each Member shall have conflict of interest policies and procedures, in order to minimize conflicts faced by analysts. All such policies must be approved by and filed with the Association.

2. Each Member shall disclose in any research report:

   (a) any information regarding its business with or its or its agents' relationships to any issuer which is the subject of the report which might reasonably be expected to indicate a potential conflict of interest on the part of the Member or the analyst in making a recommendation with regard to the issuer. Such information includes, but is not limited to:

      (i) the pro group holdings, whether long or short, as at the date of the report or the latest month end (which ever the Member finds more practical), where the holdings exceed 5% of the outstanding securities of any class of the issuer's securities,

      (ii) whether the analyst responsible for the report or recommendation or any individuals directly involved in the preparation of the report hold or are short any of the issuer's securities directly or through derivatives,

      (iii) whether the Member, any partner, director or officer of a Member or any analyst involved in the preparation of a report on the issuer has, during the preceding 24 months provided services to the issuer for remuneration,

      (iv) whether the Member firm has provided investment banking services for the issuer during the 24 months preceding the date of publication of the research report or recommendation, and

      (v) the name of any officer, director or employee of the Member who is an officer, director or employee of the issuer, or who serves in any advisory capacity to the issuer;

   (b) the Member's system for rating investment opportunities and how each recommendation fits within the system; and

   (c) its policies and procedures regarding the dissemination of research.

   A Member may comply with subsections (b) and (c) by disclosing such information in the report or by disclosing in the report where such information can be obtained. Furthermore, all of the above information must be disclosed prominently, whether the report is printed or disseminated electronically.

3. Where a brief public comment is made about an issuer, a reference must be made to the existence of the full report where the above disclosure has been made, if one exists, or it must be disclosed that such a report does not exist.

4. Where a Member distributes a research report prepared by an independent third party to its clients under the third party name, the Member must disclose any items which would be required to be disclosed under section 2 of Policy No. 11 had the report been issued in the Member's name. This Section does not apply to research reports issued by Members of the National Association of Securities Dealers Regulation ("NASDR") or other regulators approved by the Association.

5. No Member shall issue a research report prepared by an analyst if the analyst serves as an officer, director or employee of the issuer or serves in any advisory capacity to the issuer.

6. Any Member that distributes research reports to clients or prospective clients in its own name must disclose its research dissemination policies and procedures on its website or by other means.

7. Each Member who distributes research reports to clients or prospective clients shall have policies and procedures reasonably designed to prevent and detect any trading by its employees resulting in an increase, a decrease, or liquidation of a position in a listed security, or a derivative security based principally on a listed security, with knowledge of or in anticipation of the distribution

of a research report, a new recommendation or a change in a recommendation relating to a security that could reasonably be expected to have an effect on the price of the security.

8. Members must ensure that no analyst effects a trade in a security of an issuer, or a derivative security whose value depends principally on the value of a security of an issuer, regarding which the analyst has an outstanding recommendation, without the previous written approval of a designated partner, officer or director of the Member. No approval should be given to allow an analyst to make a trade that is contrary to the analyst's current recommendation, unless special circumstances exist.

9. Members must disclose in research reports if in the previous twelve months the analyst responsible for preparing the report received compensation based upon the Member's investment banking revenues.

10. No Member may pay any bonus, salary or other form of compensation to an analyst that is directly based upon one or more specific investment banking services transactions.

11. Each Member shall have policies and procedures in place to ensure that recommendations in research reports are not influenced by the investment banking department or the issuer. Correction of factual errors is not such influence.

12. No Member may directly or indirectly offer favorable research, a specific rating or a specific price target, or threaten to change research, a rating or a price target to a company as consideration or inducement for the receipt of business or compensation.

Guidelines

In addition to the above requirements, when establishing policies and procedures as referred to under section 1 of Policy No. 11, Members must comply with the following best practices, where practicable:

1. Members should distinguish clearly in each research report between information provided by the issuer or obtained elsewhere and the analyst's own assumptions and opinions.

2. Members should disclose in their research reports and recommendations reliance by the analyst upon any report or study by third party experts other than the analyst responsible for the report. Where there is such reliance, the name of the third party experts should be disclosed.

3. Members should disclose in their research reports if and to what extent the analyst has viewed the material operations of an issuer, in circumstances where such visits would assist in the analysis of the issuer's operations and would be material to the report. Members should disclose whether there has been payment or reimbursement by the issuer of the analyst's travel expenses for such visits.

4. Members should disclose on their websites or otherwise, quarterly to the public the percentage of their recommendations that fall into each category of their recommendation terminology.

5. Members should adopt standards of research coverage that include, at a minimum, the obligation to maintain and publish current financial estimates and recommendations on securities followed, and to revisit such estimates and recommendations within a reasonable time following the release of material information by an issuer or the occurrence of other relevant events. Members should publish notice of their intention to suspend or discontinue coverage of an issuer.

6. Analysts should, when interviewed about individual issuers, refer to the existence of any relevant research report containing the disclosure in section 2 of Policy No. 11.

7. Members should set price targets for recommended transactions, where practicable, and with the appropriate disclosure.

8. Members should, in each research report using technical terminology, use the specific technical terminology that is required by the relevant industry, professional association or regulatory authority or in the absence of required terminology use technical terminology that is customarily in use. Where necessary, for full understanding, a glossary should be included.

9. A Member should make its research reports widely available through its websites or by other means for all of its clients whom the Member has determined are entitled to receive such research reports at the same time.

10. Persons responsible for reviewing research in accordance with By-law 29.7 should, where possible and reasonable, have attained the Chartered Financial Analyst designation or other appropriate qualifications including industry experience.

11. Members should require their analyst employees to obtain the Chartered Financial Analyst designation or other appropriate qualifications.

12. Members must obtain an annual certification from the head of the research department and chief executive officer which states that their analysts are familiar with and have complied with the AIMR Code of Ethics and Standards of Professional

Conduct (or the Canadian equivalent) whether they are members of AIMR or not.

13. Members should require that the head of the research department, or in small firms where there is no head, then the analyst or analysts, report to a senior officer who is not the head of the investment banking department.

14. Where a supervisory analyst serves as an officer or director of an issuer, then the Member should not provide research on the issuer.

PASSED AND ENACTED BY THE Board of Directors this 17th day of June 2002, to be effective on a date to be determined by Association staff.

13.1.3 Notice of OSC Approval of Amendments to IDA By-law 16, Elimination of the Top 20 Report

AMENDMENT TO IDA BY-LAW 16
ELIMINATION OF THE TOP 20 REPORT

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved amendments to IDA By-law 16 regarding the elimination of the Top 20 Report. In addition, the Saskatchewan Securities Commission approved, the Alberta Securities Commission did not disapprove and the British Columbia Securities Commission did not object to these amendments. The purpose of the amendments is to eliminate the requirement that IDA member firms file the Top 20 report of the ten largest client accounts (either cash or margin) and the ten largest inventory positions. A copy and description of these amendments were published on April 19, 2002 at (2002) 25 OSCB 2317. No comments were received.

13.1.4 Proposed Amendment to IDA Regulation 100 to Specifically Address the Capital and Margin Requirements for Capital Trust Securities

INVESTMENT DEALERS ASSOCIATION OF CANADA

PROPOSED REGULATION AMENDMENT TO SPECIFICALLY ADDRESS THE CAPITAL AND MARGIN REQUIREMENTS FOR CAPITAL TRUST SECURITIES

I Overview

Regulation 100 of the Association's Rule Book sets out the capital and margin requirements to be used by a Member firm for security and other positions[3] held in it's inventory and the accounts of it's customers. These requirements do not currently consider the unique features of capital trust securities and, as a result, require that capital trust securities be margined as any other non-debt security. The proposed amendment seeks to establish a specific rule setting out the capital and margin requirements for capital trust securities.

II Analysis

A Current Rule(s)

Capital trust securities are being issued both as listed and unlisted securities. As a result, the general rules relating to the margining of listed and unlisted securities (other than bonds and debentures), as set out in Regulations 100.2(f)(i) and 100.2(f)(ii), apply. These rules effectively require that a security with a unit price of greater than $2.00 be margined at 50%[4], unless the security or a related junior security of the same issuer qualifies for inclusion on the the List of Securities Eligible for Reduced Margin ("LSERM"). However, because a "special purpose vehicle" issues capital trust securities[5], they must qualify on their own under the current rules in order to be margined at a rate of less than 50%[6].

B The Issue(s)

Under the current rules most capital trust securities have a margin rate of 50%. This rate is seen as being too high in relation to the overall risk of loss as a capital trust security:

- is considered to be regulatory capital[7] of a related financial institution;
- provides the holder a return based on the performance of an underlying portfolio of low risk[8] assets; and
- is convertible at a future date or upon default into preferred shares of a related financial institution.

Based on this, it has been determined that the market risk associated with a capital trust security is no greater than the market risk associated with holding preferred shares issued by the related financial institution. As a result, the margin rate assigned to a particular capital trust security should be no greater than the margin rate used for capital related issuances of the financial institution.

C Proposed Rule Amendment

The proposed regulation amendment would permit any security considered to be regulatory capital of a financial institution issuer to qualify for a 25% margin rate for Member firm positions and a 30% margin rate for customer account positions, provided that at least one issue of the financial institution is included on the LSERM. This will allow the securities of one issuer, in this case the special purpose vehicle issuing the capital trust securities, to be margined on the same basis as another issuer, the related financial institution, on the basis that it qualifies as capital of the financial institution. The proposal also seeks to limit this ability by defining the phrase "regulatory capital of an issuer" to mean the "Tier 1 capital of a financial institution that is under the regulatory oversight of the Office of the Superintendent of Financial Institutions of Canada". A copy of the proposed board resolution and a black-line copy of IDA Regulation 100.12(a) are enclosed as Attachments #1 and #2 respectively.

D Objective(s)

The objective of the proposed regulation amendment is to establish specific capital and margin requirements for capital trust securities that are reflective of their market risk. It is believed this objective is achieved by allowing these securities the same margin treatment as any other issue that qualifies as regulatory capital for an individual financial

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3 Other positions addressed by the capital and margin requirements include commodity positions and derivative positions relating to securities and commodities.

4 Unlisted securities issued by insurance companies licensed in Canada, Canadian banks and Canadian trust companies are eligible for the same margin treatment as listed securities. As a result, as current issues of capital trust securities qualify for a margin rate of no higher than 50%.

5 In the guidance issued by the Office of the Superintendent of Financial Institutions, the term "special purpose vehicle" is defined to be "a consolidated non-operating entity whose primary purpose is to raise capital".

6 As at March 31, 2002, 3 of the 13 capital trust security issues qualified on their own for inclusion on the LSERM allowing them to be margined at a rate of 25% for Member firm positions and 30% for customer account positions.

7 In all cases, all other capital related issuances of these related financial institutions qualify for a margin rate of 25% for Member firm positions and 30% for customer account positions.

8 All capital trust securities issued to date are backed by a portfolio of mortgage loans.

institution, provided the financial institution is under the regulatory oversight of the Office of the Superintendent of Financial Institutions.

E Effect of Proposed Rule Amendment

Market Structure

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

Competitive Environment

As there was approximately $7 billion worth of capital trust securities outstanding as at March 31, 2002, the effect of this proposed amendment to capital and margin requirement, will be material. However, since reduced capital and margin requirements will be available to all Member firms and their customers it is felt that this proposed amendment will have no competitive environment effects.

F Comparison with Similar Provisions in Other Jurisdictions

Normally comparisons are made with similar rules in the United States and the United Kingdom. However, as capital trust securities are unique to Canada there are no comparable rules in the United States and the United Kingdom.

It is however relevant to note that there is guidance issued by the Office of the Superintendent of Financial Institutions setting out which innovative instruments, including capital trust securities, may be considered to be Tier 1 capital. This guidance also places limits on innovative instruments as a percentage of Tier 1 capital.

G Purpose(s) of Proposal (public interest objective)

According to subparagraph 14(c) of the IDA's Order of Recognition as a self-regulatory organization, the IDA shall, where requested, provide in respect of a proposed rule change "a concise statement of its nature, purposes (having regard to paragraph 13 above) and effects, including possible effects on market structure and competition". Statements have been made elsewhere as to the nature, objective and effects of the proposed amendment. The purpose of this proposal is:

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

In this instance, it is standard industry practice to establish margin rates for securities based on their demonstrated market risk. The proposed amendment seeks to establish specific margin requirements for capital trust securities to be in line with this practice.

III Commentary

A Filing in Another Jurisdiction

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

B Effectiveness

It is believed that adoption of the proposed amendment will result in the setting of margin rates for capital trust securities that are more in line with their actual risk of loss.

C Process

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

IV Sources

IDA Regulation 100.2(f)(i)
IDA Regulation 100.2(f)(ii)
IDA Regulation 100.2(f)(iv)
IDA Regulation 100.12(a)
OSFI Interim Appendix to Guideline A-2, "Principles Governing Inclusion of Innovative Instruments in Tier 1 Capital", August 2001

V OSC Requirement to Publish for Comment

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

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

Questions may be referred to:

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

INVESTMENT DEALERS ASSOCIATION OF CANADA

CAPITAL TRUST SECURITIES

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

1. Regulation 100.12(a) is amended by deleting the period at the end of paragraph (iv) and adding a semi-colon and the word "or".

2. Regulation 100.12(a) is amended by adding the following words after paragraph (iv):

   "(v) securities that are classified as regulatory capital of an issuer any of whose securities qualify under item (i)."

3. Regulation 100.12(a) is amended by adding the following words at the end of the subsection:

   "For the purpose of this Regulation 100.12(a), the phrase "regulatory capital of an issuer" means Tier 1 capital of a financial institution that is under the regulatory oversight of the Office of the Superintendent of Financial Institutions of Canada."

PASSED AND ENACTED BY THE Board of Directors this 17th day of June 2002, to be effective on a date to be determined by Association staff.

13.1.5 Proposed Amendment to IDA Regulation 200, Minimum Records

INVESTMENT DEALERS ASSOCIATION OF CANADA

REGULATION 200, MINIMUM RECORDS

I. OVERVIEW

A Current Rules

IDA Regulation 200.1(c) requires, in part, that statements be sent to customers on at least the following basis: monthly for all customers in whose account there was an entry during the month and a dollar balance or a security position and quarterly for all customers having a dollar balance or security position (including securities held in safekeeping).

B The Issue

IDA Regulations require that a monthly statement be sent to all customers where an entry has been made in their account during the month. This would therefore include regular dividend and interest payments.

However, subsection 39(1) of the Rules made under the *Securities Act* (Alberta), subsection 38(1) of the Rules made under the *Securities Act* (British Columbia), subsection 40(1) of the Regulations of the *Securities Act* (Nova Scotia), subsection 123(1) of the Regulations made under the *Securities Act* (Ontario), and subsection 34(1) of the Regulations made under the *Securities Act* (Saskatchewan) (collectively, "the Rules and Regulations") only require a monthly statement of account where the client has effected a *transaction*. Some of the Rules and Regulations even explicitly exclude the receipt of interest or dividends. There is an additional requirement under Section 162 of the Regulations made under the Securities Act (Quebec), where the Member must send a monthly statement where the Member has modified the balance of securities or cash in the customer's account.

Consequently, the IDA requirement is much more stringent than the requirements under the Rules and Regulations, which only require the sending of monthly statements to those customers who have effected a transaction, and does not require a monthly statement be sent for regular dividend and interest payments.

As a result of the IDA's more onerous provision Member firms are faced with unnecessary compliance and transactional costs and customers receive additional statements that are neither particularly useful nor informative.

C Objective

The objective of the proposed amendment is to not require the preparation and sending of monthly statements resulting from the recording of relatively immaterial entries in a customer's account.

In addition, the language relating to the preparation of quarterly statements will be revised to include clearer language that mirrors more closely the language contained in the Rules and Regulations.

D Effect of Proposed Rule

The Association believes that implementing the proposed changes would have no effect on market structure or other rules. It will however, reduce Member firms' operational costs and improve efficiency.

II. DETAILED ANALYSIS

A Present Rules, Relevant History and Proposed Rule

The requirements under the Rules and Regulations apply where a "client has effected a transaction" or where the "registered dealer records a transaction, other than the receipt of interest or dividends". The securities commissions have determined that monthly statements that simply record dividend and interest payments are inexpedient, yet Member firms are faced with unnecessary costs from both a transactional and compliance perspective as a result of having to prepare and send monthly statements more frequently.

It is proposed that IDA Regulation 200.1(c) be amended to delete the reference to "entry" and more accurately reflect the requirements of the Rules and Regulations. Monthly statements should only be sent to those clients who have effected a transaction in their account.

In addition, it is proposed that the language in Regulation 200.1(c) pertaining to quarterly statements be revised to ensure greater clarity and consistency with the language set out in the Rules and Regulations.

B Issues and Alternatives Considered

There were no alternatives considered.

C Comparison with Similar Provisions

The proposed rule amendment is based upon the Rules and Regulations of the Securities Acts of Alberta, British Columbia, Nova Scotia, Ontario, Quebec and Saskatchewan.

D Systems Impact of Rule

Systems changes are estimated to be relatively minor. Members may elect not to change their systems.

E Best Interest of the Capital Markets

The Association has determined that the public interest rule is not detrimental to the best interest of the capital markets.

F Public Interest Objective

The Association believes that the proposed amendment is in the public interest in that it will facilitate an efficient, fair and competitive secondary market. The proposal is designed to standardize industry practices without impacting on investor protection. The proposal does not permit unfair discrimination among customers, issuers, brokers, dealers, Member firms or others.

III. COMMENTARY

A Filing In Another Jurisdiction

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

B Effectiveness

This proposed amendment is simple and effective.

C Process

The proposed amendment was approved by the FAS Statistics Review Subcommittee and input was received from the Financial Administrators Section.

IV. SOURCES

IDA Regulation 200.1(c).

Section 39 of the Rules made under the *Securities Act* (Alberta).

Section 38 of the Rules made under the *Securities Act* (British Columbia).

Section 40 of the Regulations of the *Securities Act* (Nova Scotia).

Section 123 of the Regulations made under the *Securities Act* (Ontario).

Section 162 of the Regulations made under the Securities Act (Quebec).

Section 34 of the Regulations made under the *Securities Act* (Saskatchewan).

V. OSC REQUIREMENT TO PUBLISH FOR COMMENT

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

The Association has determined that the entry into force of the proposed amendments would be in the public interest. Comments are sought on the proposed amendment. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the

attention of the Keith Rose, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

Keith Rose
Vice President
Investment Dealers Association of Canada
(416) 943 – 6907

INVESTMENT DEALERS ASSOCIATION OF CANADA

MINIMUM RECORDS

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

1. The paragraph following Regulation 200.1(c) is amended by replacing the words “there was an entry during the month and a dollar balance or a security position, an unexpired and unexercised commodity futures contract option or open commodity futures contract at the month end” with the words “the customer has effected a transaction, or the Member has modified the balance of securities or cash in the customer's account, unless the entries refer to dividends or interest”.

2. The paragraph following Regulation 200.1 (c) is amended by replacing the words “a dollar balance or security position” with the words “any debit or credit balance or securities or exchange contracts “.

3. The paragraph following Regulation 200.1(c) is amended by adding the following words immediately following the word “safekeeping”:

   “or in segregation” .

PASSED AND ENACTED BY THE Board of Directors this 17th day of June, 2002, to be effective on a date to be determined by Association staff.

13.1.6 TSX Request for Comments - Cross Interference Exempt Marker

REQUEST FOR COMMENTS
CROSS INTERFERENCE EXEMPT MARKER

At present, all intentional crosses entered into the Exchange's continuous market by a Participating Organization ("PO") are subject to interference (i.e. orders in the TSX Book (the "Book") from the same firm will trade in time priority with the cross volume). While this interference assists PO's in meeting their in-house client priority obligations, it often inhibits PO's from executing previously agreed upon contingent trades and orders in the Special Trading Session at the last sale price (market-on-close orders). Accordingly, PO's have requested relief from this interference in certain narrow trading orders.

On March 26th, 2002, the Board of Directors of The Toronto Stock Exchange Inc. ("TSX" or the "Exchange") approved amendments to the Rules of the Exchange to implement the use of a "cross interference exempt marker" (the "Proposed Marker") for two specific categories of orders when entered as part of an intentional cross:

(i) a Special Trading Session ("STS") order (i.e. an order placed by a PO on behalf of a client for execution in the Special Trading Session at the last sale price); and

(ii) an order (e.g. to sell) placed by a PO on behalf of a client for one security which is contingent on the execution of a second order (e.g. to buy) placed by the same client for an offsetting volume of a related security.

Intentional crosses marked with the Proposed Marker that meet the prescribed requirements will be exempt from interference from same-firm orders in the Book and will be exempt from the in-house client priority rule, subject to approval by Market Regulation Services Inc. ("RS").

The Proposed Marker will ensure that contingent trades and STS orders can be executed without interference. Crosses that do not use the Proposed Marker and that are not otherwise exempt from interference will continue to be interfered with. The use of the Proposed Marker should reduce trading barriers and costs for market participants.

The text of the proposed amendments to the Rules of the Exchange is set out in Appendix "A" attached hereto. The amendments will be effective upon approval by the Ontario Securities Commission (the "Commission") following public notice and comment. Comments on the proposed amendments should be delivered within 30 days of the date of this notice to:

Leonard P. Petrillo
Vice President,
General Counsel and Secretary
The Toronto Stock Exchange Inc.
The Exchange Tower
2 First Canadian Place
Toronto, Ontario M5X 1J2
Fax: (416) 947-4461
e-mail: leonard.petrillo@tsx.ca

A copy should also be provided to:

Cindy Petlock
Manager, Market Regulation
Ontario Securities Commission
Suite 1904, Box 55
20 Queen Street West
Toronto, Ontario M5H 3S8
Fax: (416) 593-8240
e-mail: cpetlock@osc.gov.on.ca

CROSS INTERFERENCE EXEMPT MARKER

Background

Currently, with the exception of internal crosses and intentional crosses with an unattributed order on both sides, all intentional crosses submitted by a PO are subject to interference from orders entered in the Book by the same PO, according to time priority. In addition, the in-house client priority rule set out in Rule 5.3 of the Universal Market Integrity Rules for Canadian Marketplaces ("UMIR") requires the PO to give priority to client orders over principal and non-client orders subject to certain

limited exceptions. The interference with orders mandated by the allocation rule and the client priority rule has raised issues for POs seeking to enter a cross in order to fill two types of orders submitted by their clients. These are:

- an STS order; and
- an order (e.g. to sell) placed by PO on behalf of a client for one security which is contingent on the execution of an offsetting order (e.g. to buy) placed by PO on behalf of the same client for a related security (a "contingency order").

The issues encountered by POs in each of these cases are described in greater detail below.

Special Trading Session Orders

As noted above, currently, most orders placed by a PO, including those placed during the Special Trading Session, are subject to interference from orders from that firm that are already in the Book. While this is generally consistent with the allocation algorithm in the Regular Session, this interference has raised issues for POs in connection with the execution of crosses in the Special Trading Session to fulfill a client's STS order that the PO has guaranteed. In addition to displacing better bids or offers, a PO is required to displace all same-firm orders in the Book at the last sale price prior to executing a cross to fulfill the client's STS order. POs have expressed concern that this interference with crosses in the Special Trading Session creates a significant risk to them which cannot be quantified or managed in advance, as it is not possible to predict the orders at last sale under a PO's broker number that will remain after the close or orders that will be entered just prior to the close.

For example, a client requests a PO to guarantee to sell to the client 100,000 ABC shares at the closing price and the PO agrees. The PO begins hedging its exposure during the trading day. By the close, the PO has purchased 75,000 ABC shares at various prices (and typically may short sell the remaining 25,000 shares), with an average purchase price of $29.10 per share and culminating in a final purchase at $29.25 per share. In fulfilling its agreement with the client, the PO will attempt to cross 100,000 ABC shares in the Special Trading Session at the closing price of $29.25 per share. However a same-firm offer was entered in the Book for 100,000 ABC shares shortly before the PO submitted the cross. According to current allocation rules, the Booked order will interfere with the cross, filling the client's STS order but leaving the PO long 75,000 ABC shares which will be difficult to offload at a favourable price, even though the STS order was agreed to well in advance of the client offer entered in the Book just before close under the PO's broker number.

The Exchange has reviewed this problem and is of the view that crosses executed in the Special Trading Session to fulfill a client's STS order placed during the Regular Session should be exempt from interference from same firm orders in the Book, provided that client orders entered in the Book prior to the time the PO agreed to guarantee the STS order continue to have priority over orders that are not client orders. A PO, however, will still be required to displace better bids or offers. The Exchange believes that allowing crosses to execute without interference will reduce volatility at the end of the trading day as the risk to the PO in building its position to fulfill a client's STS order will be reduced. In addition, the Exchange expects that the need for the proposed exemption will be mitigated following the implementation of the Exchange's proposed market-on-close system as the market will be better able to provide sufficient liquidity to fill client orders.

Contingent Orders for Related Securities

In addition to an intentional cross submitted by a PO to fill a client's STS order, the Exchange has determined that a cross submitted to fill a client's order for a security and a second contingent cross submitted to fulfil a client's order for a related security (as such term is defined in Appendix "A"), should each be exempt from interference from same-firm orders in the Book. The Exchange believes that this category of orders should be treated differently from other orders on account of the following unique characteristics:

- Although the client places orders for two separate trades, these trades are contingent on each other by virtue of the fact that the two securities are related. For example, a client wishes to sell 500 common shares of a company and, at the same time, purchase an offsetting volume of preferred shares of the same company, but will not proceed with either transaction unless it can proceed with both.
- In addition to requiring that the sale of one security offset in terms of volume the purchase of the other, the client will also set minimum requirements for the price at which it is willing to buy and sell the two securities. However, the primary consideration for the client will be the spread between the bid price of one security and the ask price of the other, rather than the price of each of the securities independently.

Occasionally, these types of contingent orders can be executed in the Regular Session without any involvement of the PO. For example, a client of Broker 02 wants to buy 500 shares of ABC common and sell its 500 shares of ABC preferred, a related security. As the ABC preferred shares are priced higher than the ABC common shares, the client expects to end up in a net

credit position following execution of the two trades and the client will not proceed with the trades unless the gain to the client is at least $1 per share. The current market for ABC common and preferred shares is as follows:

ABC Common:

Broker #	Bid Size	Bid Price	Ask Price	Ask Size	Broker #
02	2000	23.00	25.00	5000	02

ABC Preferred:

Broker #	Bid Size	Bid Price	Ask Price	Ask Size	Broker #
02	7000	26.00	26.50	2000	02

In this example, the client can buy 500 shares of ABC common at $25.00 per share and can sell 500 shares of ABC preferred at $26.00 per share. In this circumstance, the client's requirements can be met through the operation of the normal allocation rules.

Similarly, during the Regular Session, a PO can sometimes fill the client's contingent orders at an agreed upon price without the need for an exemption from the allocation rules. For example, assume now that the client requires a net credit of $1.10 per share. Using the above example and assuming Broker 02 agrees to execute the two trades for the client at a $1.10 net credit per share, Broker 02 could submit a cross in order to sell its client 500 shares of ABC common at $24.95 per share, and another cross to buy from the client 500 shares of ABC preferred at $26.05 per share. Based on the normal allocation rules, both crosses will execute free of interference from orders in the Book as the PO has, on both counts, offered price improvement over same-firm orders in the Book.

In certain circumstances during the Regular Session, however, a client's requirements cannot be met through execution against orders in the Book and the allocation rules do not permit the PO to fill the client's orders. For example, a client of Broker 02 wants to buy 500 shares of ABC common and sell its 500 shares of ABC preferred for a minimum of $1.00 net credit per share. The current market for ABC common and preferred shares is as follows:

ABC Common:

Broker #	Bid Size	Bid Price	Ask Price	Ask Size	Broker #
85	2000	22.00	27.00	5000	79

ABC Preferred:

Broker #	Bid Size	Bid Price	Ask Price	Ask Size	Broker #
02	7000	24.99	25.00	200	02
85	100	24.00	25.10	1000	09

In this scenario, the Booked orders cannot fill the client's orders unless the client is prepared to end up in a net debit position. Broker 02 is prepared to meet its client's terms, provided that it is able to hedge its position by maintaining equal volume in each of the two trades. However, the regular allocation rules would not permit Broker 02 to offer its client terms that would enable the client to end up with $1.00 net credit per share while maintaining equal volume for the PO in each of the two trades. In order to offer price improvement and meet the $1.00 net credit per share requirement, the PO would need to sell ABC common shares to the client at either $23.99 or $24.00 per share, provided that it could also buy the ABC preferred from the client at $24.99 or $25.00 per share. However, a cross at either of these two prices would be interfered with by orders in the Book. If a cross were submitted to purchase the client's ABC preferred shares at $24.99 per share, the Broker 02 bid in the Book would interfere to fill the client's incoming order, thereby leaving Broker 02's inventory out of balance. If a cross were submitted to purchase the client's ABC preferred shares at $25.00 per share, the Broker 02 order in the Book to sell ABC preferred at $25.00 per share will interfere and match with the PO's side of the cross and take priority over the incoming client order. Therefore, in either case, the cross would not be submitted and the client would be unable to complete its contingent trades. In this rare scenario during the Regular Session, the Exchange believes that the crosses submitted by Broker 02 should be exempt from interference from same firm orders in the Book.

The limitations imposed by the allocation rules are more significant during the Special Trading Session, where the PO is limited to executing client orders at the last sale price. For example, a client of Broker 02 wants to buy 500 shares of ABC common and sell its 500 shares of ABC preferred for a minimum of $1.00 net credit per share. The market for ABC common and preferred shares in the Special Trading Session is as follows:

ABC Common:

Broker #	Bid Size	Bid Price	Ask Price	Ask Size	Broker #
02	2000	23.00	25.00	5000	02
Last sale on ABC common $25.00					

ABC Preferred:

Broker #	Bid Size	Bid Price	Ask Price	Ask Size	Broker #
02	7000	25.00	26.50	200	02
Last sale on ABC preferred $26.00					

In the above scenario, there is an order in the Book to sell ABC common at $25.00 per share (the last sale price) but there is no order to buy the preferred shares at $26.00 per share. Assume now that Broker 02 is willing to step in and submit crosses to sell to its client ABC common shares at $25.00 per share and buy its client's ABC preferred shares at $26.00 per share, provided that it is able to hedge its position by maintaining equal volume in each of the two trades. The proposed cross would be interfered with as there is a same-firm order in the Book to sell ABC common at $25.00 per share, leaving the PO's inventory out of balance. Therefore, the cross would not be submitted and the client would be unable to complete its contingent trades. In this scenario, the Exchange believes that the crosses submitted by Broker 02 should be exempt from interference from same firm orders in the Book.

Discussion of Rule Amendments

The implementation of the Proposed Marker will require amendments to Rule 4-802 which deals with the allocation of orders.

A. Amendment to Rule 4-802

The Exchange proposes to add new language to Rule 4-802 to provide that in addition to orders that are part of an internal cross and unattributed orders that are part of an intentional cross, the following types of orders will be exempt from interference from same firm-orders in the Book:

- An order that is part of an intentional cross entered by a PO to fill a client's STS order that was placed during the Regular Session.
- An order that is part of an intentional cross entered by a PO to fill a client's order to buy or sell, as the case may be, a particular security where the PO has also entered a second intentional cross to fill that same client's order to buy or sell, as the case may be, an equivalent volume of a related security, provided that:
  - o the execution of the order for the particular security and the execution of the order for the related security are each contingent on the execution of the order to buy or sell, as the case may be, an equivalent volume of the other; and
  - o the order is exempt from interference only to the extent that there are no offsetting orders entered in the Book, at least one of which is an order entered by the same PO, which can fill both the client's order for the particular security, in whole or in part, and an equivalent volume of the client's order for the related security. Orders in the Book will only be considered to be offsetting orders if the related security spread on execution of the clients' orders against orders in the Book is equal to or more beneficial than the related security spread offered by the PO for the contingent cross arrangement.

B. Amendment to Rule 1-101(2)

In connection with the proposed amendments to Rule 4-802, the Exchange proposes to add definitions of "Special Trading Session order", "related security", "equivalent volume", "exempt related security cross" and "related security spread" to Rule 1-101(2).

Implementation

The Exchange proposes to require use of the Proposed Marker both for attributed and unattributed intentional crosses, even though crosses entered with an unattributed order on both sides would be exempt from interference in any event.

Public Interest

Participating Organizations of the Exchange have consistently reiterated their need to provide clients with efficient and reliable order execution capabilities. The Exchange believes that the proposed amendments to the Rules of the Exchange will facilitate the execution of client orders in two narrow circumstances where the current allocation rules do not provide for adequate execution, while at the same time causing the minimum amount of disruption to the current allocation and priority of orders. In addition, the Exchange expects that the use of the Proposed Marker for STS orders will provide a means to reduce market volatility prior to the close.

The Exchange has also considered that with the implementation of the attribution choices feature by the Exchange, a cross entered with unattributed orders on both sides is exempt from system interference throughout the trading day, including during the Special Trading Session.

The Exchange believes that the transparency of orders is essential to the effective operation of the Canadian capital markets and is committed to ensuring that the priority rules applicable to attributed orders are fair, effective and respond to the needs of the marketplace. For the reasons set out above, the Exchange believes that the proposed amendments are in the best interests of the Canadian capital markets.

Currently, Rule 5.3 of UMIR (the "Client Priority Rule") requires that a PO give priority to client orders over principal and non-client orders subject to certain limited exceptions. Where an intentional cross is submitted by a PO to fulfill a client's STS order or to fulfill a client's orders for contingent related securities, one side of the cross is likely to be an order that is not a client order. Accordingly, orders marked with the Proposed Marker will need to be exempt from the Client Priority Rule. The Exchange has applied to RS for an exemption from the Client Priority Rule for orders marked with the Proposed Marker.

The Exchange believes that under the terms of the protocol between the Exchange and the Commission, the proposed amendments to the Rules would be considered "public interest" in nature. The amendments would, therefore, only become effective following public notice, a comment period and the approval of the Commission.

Questions

Questions concerning this notice should be directed to Leonard P. Petrillo, Vice President, General Counsel and Secretary, at (416) 947-4514.

Appendix "A"

THE RULES

OF

THE TORONTO STOCK EXCHANGE INC.

The Rules of The Toronto Stock Exchange are hereby amended as follows:

1. Rule 1-101(2) shall be amended to add the following definitions:

"equivalent volume" with respect to a security that is sold means the amount of that security that must be sold to exactly offset the purchase of an amount of a related security and with respect to a security that is purchased means the amount of that security that must be purchased in order to exactly offset the sale of an amount of a related security.

"exempt related security cross" means an intentional cross entered by a Participating Organization in order to fill a client's order to buy or sell, as the case may be, a particular security where the Participating Organization has also entered a second intentional cross to fill that same client's order to buy or sell, as the case may be, an equivalent volume of a related security in respect of the particular security, provided that the execution of the order for the particular security and the execution of the order for the related security are each contingent on the execution of the order to buy or sell, as the case may be, an equivalent volume of the other.

"related security" means in respect of a particular security:

a. a security which is convertible or exchangeable into the particular security;

b. a security into which the particular security is convertible or exchangeable;

c. a derivative instrument for which the particular security is the underlying interest;

d. a derivative instrument for which the market price varies materially with the market price of the particular security; and

e. if the particular security is a derivative instrument, a security which is the underlying interest of the derivative instrument or a significant component of an index which is the underlying interest of the derivative instrument.

"related security spread" means the difference between the bid price for one security and the ask price for the related security.

"Special Trading Session order" means an order to buy or sell a security in the Special Trading Session.

2. Rule 4-802 shall be repealed and the following substituted:

Rule 4-802 – "Allocation of Trades"

(1) An order that is entered for execution on the Exchange may execute without interference from any order in the Book if the order is:

a. part of an internal cross;

b. an unattributed order that is part of an intentional cross;

c. part of an intentional cross entered by a Participating Organization in order to fill a client's Special Trading Session order that was placed during the Regular Session; or

d. part of an exempt related security cross, provided that the order is exempt from interference only to the extent that there are no offsetting orders entered in the Book, at least one of which is an order entered by the same Participating Organization, which can fill both the client's order for the particular security, in whole or in part, and an equivalent volume of the

client's order for the related security. Orders in the Book will only be considered to be offsetting orders if the related security spread on execution of the clients' orders against orders in the Book is equal to or more beneficial than the related security spread offered by the Participating Organization for the contingent cross arrangement.

(2) Subject to subsection (1), an intentional cross is executed without interference from orders in the Book, other than orders entered in the Book by the same Participating Organization according to time priority, provided that the order in the Book is not an unattributed order.

(3) A tradeable order that is entered in the Book shall be executed on allocation in the following sequence:

a. to offsetting orders entered in the Book by the Participating Organization that entered the tradeable order according to the time of entry of the offsetting order in the Book, provided that neither the tradeable order nor the offsetting order is an unattributed order; then

b. to offsetting orders in the Book according to the time of entry of the offsetting order in the Book; then

c. to the Responsible Registered Trader if the tradeable order is eligible for a Minimum Guaranteed Fill.

THIS RULE AMENDMENT MADE this 26th day of March, 2002, to be effective upon approval of the Ontario Securities Commission, following public notice and comment.

"Wayne Fox"
Wayne C. Fox, Chair

"Leonard Petrillo"
Leonard P. Petrillo, Secretary

13.1.7 IDA Settlement Hearing - Anthony Petriccione

NEWS RELEASE
For immediate release

NOTICE TO PUBLIC: SETTLEMENT HEARING

IN THE MATTER OF ANTHONY PETRICCIONE

July 2, 2002 (Toronto, Ontario) – The Investment Dealers Association of Canada announced today that a hearing date has been set for the presentation, review and consideration of a Settlement Agreement by the Ontario District Council of the Association.

The Settlement Agreement is between Staff of the Association and Anthony Petriccione and relates to matters for which he may be disciplined by the Association.

The proceeding is scheduled to commence at 9:30 a.m. on July 24th, 2002 at the offices of Atchison & Denman Court Reporting Services Ltd. located at 155 University Avenue, Suite 302, Toronto, Ontario. The proceeding is open to the public except as may be required for the protection of confidential matters.

If the Ontario District Council determines that discipline penalties are to be imposed on Anthony Petriccione, the Association will issue an Association Bulletin giving notice of the discipline penalties assessed, the regulatory violation(s) committed, and a summary of the facts. Copies of the Association Bulletin and Settlement Agreement will be made available.

The Investment Dealers Association of Canada is the national self-regulatory organization and representative of the securities industry. The Association's role is to foster fair, efficient and competitive capital markets by encouraging participation in the savings and investment process and by ensuring the integrity of the marketplace. The IDA enforces rules and regulations regarding the sales, business and financial practices of its Member firms. Investigating complaints and disciplining Members are part of the IDA's regulatory role.

For further information, please contact:

Alex Popovic
Vice-President, Enforcement
(416) 943-6904 or apopovic@ida.ca

Jeff Kehoe
Director, Enforcement Litigation
(416) 943-6996 or jkehoe@ida.ca

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Chapter 25

Other Information

25.1 Consents

25.1.1 Prairie Capital Inc. - ss. 4(b) of Reg. 289/00

Headnote

Consent given to an OBCA corporation to continue under the laws of Canada.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s.181.
Securities Act, R.S.O. 1990, c. S.5, as am.
Canada Business Corporations Act (Canada), R.S.C. 1985, c. C-44, as am.

Regulations Cited

Regulation made under the Business Corporation Act, Ont. Reg. 289/00, ss. 4(b).

IN THE MATTER OF
ONT. REG. 289/00 (THE "REGULATION")
MADE UNDER THE BUSINESS CORPORATION ACT
R.S.O. 1990 C. B16 (THE "OBCA")

AND

IN THE MATTER OF
PRAIRIE CAPITAL INC.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of Prairie Capital Inc. ("Prairie") to the Ontario Securities Commission (the "Commission") requesting a consent from the Commission for Prairie to continue in another jurisdiction pursuant to subsection 4(b) of the Regulation;

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

AND UPON Prairie having represented to the Commission that:

1. Prairie is proposing to submit an application to the Director under the *Business Corporations Act* (Ontario) (the "OBCA") pursuant to section 181 of the OBCA (the "Application for Continuance") for authorization to continue as a corporation under the *Canada Business Corporations Act* (the "CBCA").

2. Pursuant to subsection 4(b) of the Regulation, where a corporation is an offering corporation, the Application for Continuance must be accompanied by a consent from the Commission.

3. Prairie was incorporated under the provisions of the OBCA on February 16, 1962. The registered office of Prairie is located at 67 Yonge Street, Suite 1101, Toronto, Ontario, M5E 1J8. The administrative office of Prairie is located at 177 Lombard Avenue, Suite 706, Winnipeg, Manitoba, R3B 0W5.

4. As at March 31, 2002, the authorized share capital of Prairie is comprised of

   (a) 2,000,000 Prairie Class A Shares, none of which are issued and outstanding;

   (b) 500,000 Prairie Class B Shares, of which 500,000 are issued and outstanding;

   (c) 1,000,000 Prairie Class C Shares, issuable in series, the first series of which consists of 300,000 Class C Shares, Series A, of which there were 4,700 Prairie Class C Shares issued and outstanding but all of which will be redeemed on or about July 12, 2002;

   (d) an unlimited number of Prairie Class D Shares, issuable in series, the first series of which consists of 7,500,000 Prairie Class D Shares, Series A, of which there were 7,500,000 Prairie Class D Shares issued and outstanding; and

   (e) an unlimited amount of common shares, of which there were 19,293,660 Prairie Common Shares issued and outstanding (collectively "Prairie Shares").

   None of the outstanding Prairie Shares are listed on a stock exchange or quotation system.

5. Prairie is an offering corporation under the OBCA and is a reporting issuer under the *Securities Act*, R.S.O. 1990, c. s. 5, as amended (the "Act"). Prairie is also a reporting issuer under the securities legislation of the province of Quebec.

6. Coastal Group Inc. ("Coastal") is an offering corporation under the CBCA and is a reporting issuer under the Act and in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Newfoundland.

7. Prairie intends to amalgamate with Coastal and the resulting corporation ("Amalco") intends to remain a reporting issuer in Ontario and in the other jurisdictions in which Coastal is a reporting issuer.

8. Prairie is not in default under any provision of the Act or the regulations of the Act, nor under the securities legislation of any other jurisdiction where it is a reporting issuer.

9. Prairie is not a party to any proceeding under the Act nor, to the best of its knowledge, information and belief, any pending proceeding under the Act.

10. Prairie's Application for Continuance is to be approved by the holders of Prairie Common Shares and Prairie Class B Shares, voting together and by special resolution at the Annual and Special Meeting of shareholders of Prairie (the "Meeting") to be held on July 15, 2002.

11. Pursuant to the Section 185 of the OBCA, all holders of record of Prairie Common Shares and Prairie Class B Shares as of the record date for the Meeting are entitled to dissent rights with respect to the Application for Continuance (the "Dissent Rights").

12. The management information circular dated June 10, 2002 provided to all shareholders in connection with the Meeting, advises the holders of Prairie Common Shares and Prairie Class B Shares of their Dissent Rights.

13. The principal reason for the Application for Continuance is to enable its amalgamation with Coastal in order to form Amalco.

14. Other than the difference in director residency requirements, the material rights, duties and obligations of a corporation governed by the CBCA are substantially similar to those of a corporation governed by the OBCA.

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

THE COMMISSION HEREBY CONSENTS to the continuance of Prairie as a corporation under the *Canada Business Corporation Act.*

July 2, 2002.

"Robert W. Davis" "Derek Brown"

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