The Ontario Securities Commission

OSC Bulletin

August 16, 2002

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

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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

AUGUST 16, 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
Toronto, Ontario
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Derek Brown	—	DB
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Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
H. Lorne Morphy, Q.C.	—	HLM
Robert L. Shirriff, Q.C.	—	RLS

SCHEDULED OSC HEARINGS

August 20/02 2:00 - 4:30 p.m.	**YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman,**
August 19, 21, 22, 26-29/02 9:30 a.m. - 4:30 p.m.	**Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths McBurney & Partners, National Bank Financial**
September 3 & 17/02 2:00 -4:30 p.m.	**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

August 20/02 2:00 p.m.	**Mark Bonham and Bonham & Co. Inc.**
August 21 to 30/02 9:30 a.m.	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 CSA Staff Notice 52-304 and 81-309

CSA STAFF NOTICE 52-304 AND 81-309

APPLICATION OF NATIONAL POLICY STATEMENT 31 *CHANGE OF AUDITOR OF A REPORTING ISSUER* AND NATIONAL INSTRUMENT 81-102 *MUTUAL FUNDS* WHEN A REPORTING ISSUER APPOINTS A NEW AUDITOR AS A RESULT OF ARTHUR ANDERSEN LLP – CANADA CEASING TO PRACTISE PUBLIC ACCOUNTING

Purpose

This Notice sets out staff's views on the application of National Policy Statement 31 *Change of Auditor of a Reporting Issuer* (NP 31) and National Instrument 81-102 *Mutual Funds* (NI 81-102) when a reporting issuer changes its auditor as a result of Arthur Andersen LLP – Canada (Andersen Canada) ceasing to practice public accounting.

Background

On June 3, 2002, Andersen Canada ceased practising public accounting and, with the exception of the Andersen Canada assurance practice in Manitoba, substantially all of the partners and staff of Andersen Canada joined the public accounting practice of Deloitte & Touche LLP. The partners and staff of the Andersen Canada assurance practice in Manitoba joined the public accounting practice of Ernst & Young LLP (Ernst & Young). The cessation of Andersen Canada's public accounting practice created a need for numerous reporting issuers to appoint a new auditor.

NP 31 requires certain reporting when a reporting issuer changes its auditor. Part 4 of NP 31 states that a reporting issuer must prepare a notice of a change in auditor when the reporting issuer's auditor resigns or is terminated.

NI 81-102 requires securityholder approval before a mutual fund changes its auditor.

CSA Staff's Views

When a reporting issuer appoints a new auditor as a result of Andersen Canada ceasing to practice public accounting, CSA staff will not expect compliance with NP 31 when there is in substance a continuation of the same auditor. CSA staff are of the view that this is the case when a reporting issuer appoints as its successor auditor the public accounting firm that has assumed the Andersen Canada partners and staff previously responsible for the audit.

Similarly, when a reporting issuer that is a mutual fund appoints a new auditor as a result of Andersen Canada ceasing to practice public accounting, CSA staff would not consider this to be a change in auditor as contemplated by NI 81-102 when there is in substance a continuation of the same auditor, and therefore would not require securityholder approval to be obtained.

Where a reporting issuer initiated the replacement of Andersen Canada prior to June 3, 2002, staff will expect filings to be made in accordance with NP 31 regardless of the identity of the successor auditor. Similarly, where the reporting issuer is a mutual fund, compliance with the relevant provisions of NI 81-102 will be required. For example, if the reporting issuer's proxy circular had already been sent and filed naming Deloitte & Touche or Ernst & Young as a proposed replacement auditor, or if the audit committee or board of the reporting issuer had already resolved to recommend the appointment of another auditor, independent of the announced transactions between Andersen Canada and Deloitte & Touche or Andersen Canada and Ernst & Young, CSA staff consider that there has been a change of auditor.

CVMQ Ruling

Reporting issuers in **Quebec** should also refer to Commission des valeurs mobilières du Québec ruling #2002-C-0191.

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August 9, 2002.

1.1.3 Amendments to IDA By-law 28, Discretionary Trust Fund - Notice of Commission Approval

**AMENDMENTS TO IDA BY-LAW 28,
DISCRETIONARY TRUST FUND
NOTICE OF COMMISSION APPROVAL**

Amendments to IDA By-law 28, Discretionary Trust Fund, have been approved by the Ontario Securities Commission. 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 amendments are published in Chapter 13 of this Bulletin.

1.1.4 CDS Settlement Services Risk Model Paper - Version 2 – July 9, 2002

THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED – CDS SETTLEMENT SERVICES RISK MODEL PAPER - VERSION 2 – JULY 9, 2002

CDS RELEASES PAPER FOR COMMENT

The Ontario Securities Commission and the Commission des valeurs mobilières du Québec are publishing a short notice to inform market participants of a discussion paper entitled *CDS Settlement Services Risk Model, Version 2, July 9, 2002*, released by The Canadian Depository for Securities Limited (CDS). The notice is published in Chapter 13 of this Bulletin.

1.1.5 OSC Staff Notice 51-708 – Continuous Disclosure Review Program Report – August 2002

OSC STAFF NOTICE 51-708
CONTINUOUS DISCLOSURE REVIEW PROGRAM REPORT – AUGUST 2002

1. Introduction

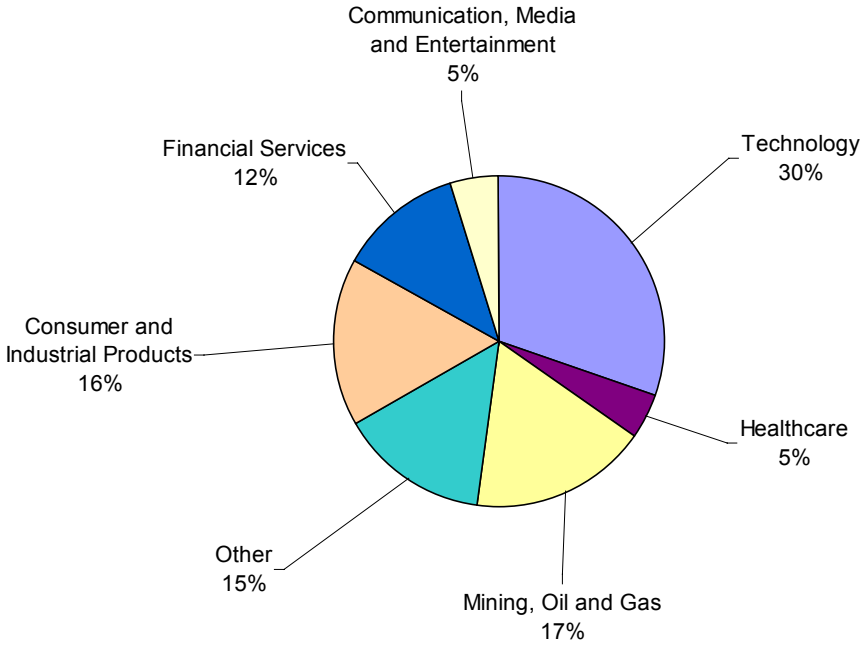
The Continuous Disclosure Team of the Ontario Securities Commission's Corporate Finance Branch intends to issue a report at least annually on the progress of its Continuous Disclosure Review program (the CD Review Program). We described the purpose and scope of the CD Review Program in OSC Staff Notice 51-703, *Implementation of Reporting Issuer Continuous Disclosure Review Program, Corporate Finance Branch.*

This report covers the year ended March 31, 2002. We reported in OSC Staff Notice 51-706 on the results of the CD Review Program for the year ended March 31, 2001. As described in section 3 of this report, the CD team continually reassesses the focus and effectiveness of the CD Review Program.

In addition to the CD Review Program, the CD team is involved in a range of day-to-day activities and policy-making initiatives. These are beyond the scope of this report.

2. Overview Of Activities

In OSC Staff Notice 51-703, we stated that the OSC's goal is to conduct a CD review once every four years on average, for reporting issuers with an Ontario head office. Between April 1, 2001 and March 31, 2002, the Corporate Finance branch completed 517 CD reviews, representing some 29% of active Ontario-based reporting issuers, drawn from the following industries:

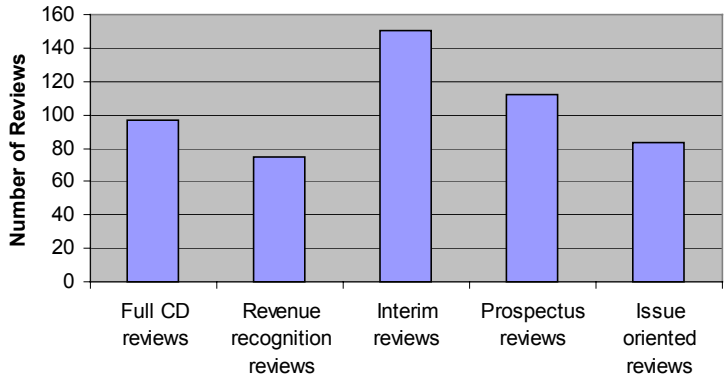


Of these 517 reviews, we carried out 150 as part of a targeted review of interim financial statements and interim management's discussion and analysis. We reported on this initiative in February, 2002 in OSC Staff Notice 52-713 – *Report on Staff's Review of Interim Financial Statements and Interim Management's Discussion and Analysis.* We completed an additional 75 reviews as part of a targeted review of revenue recognition practices. We started this project last year and initially reported on it in February 2001 in OSC Staff Notice 52-701 – *Initial Report on Staff's Review of Revenue Recognition Practices.* A final report on this project is included in section 5(a) of this report.

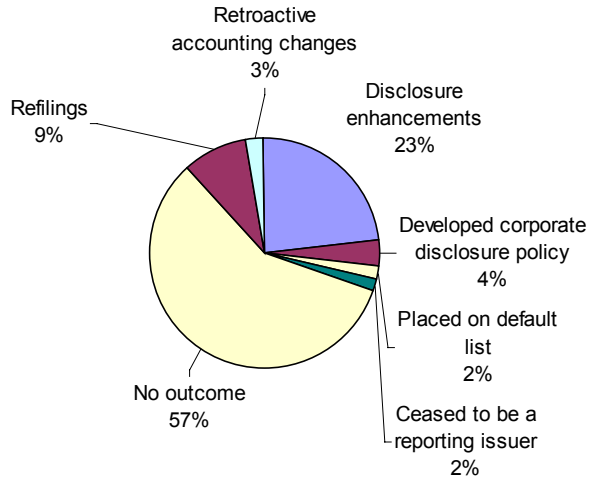
An additional 180 stand-alone CD reviews consisted of 97 full reviews, along with 83 issue-oriented reviews. The issue-oriented reviews responded to items identified through our daily reviews of media reports, investor complaints, as part of a routine application process, or through other sources.

As described in OSC Staff Notice 51-703, we also review a selection of CD materials at the same time as we review certain prospectuses and rights offerings circulars. We carried out 112 CD reviews of this kind during the year.

Our review activities for the year ended March 31, 2002 are summarized in the following table:



The outcomes of our 517 reviews are summarized below. For illustration, each review is counted only once, categorized against what we view as the most significant outcome that resulted from that review.



- 57% of our reviews resulted in no significant changes. This is a slightly lower proportion than last year, but is reasonably encouraging overall. The other 43% of reviews led to a significant "outcome" of one kind or another.

- In 9% of reviews, we identified filings that were so deficient that the issuers were required to refile certain continuous disclosure materials. The vast majority of these related to issues identified in interim financial statements, as discussed in section 5(b). The issues identified include, for example, companies that failed to disclose:

  - an interim balance sheet and/or
  - a comparative balance sheet as at the end of the preceding fiscal year and/or
  - notes to the interim financial statements and/or
  - the correct comparative periods for the income and cash flow statements.

- In 3% of reviews, we found issues that led to accounting changes (typically implemented in the first financial statement filing following the completion of our review.) While there was no definitive pattern to the issues identified, the accounting changes we identified included:

  - **Revenue recognition** – revenue recognized upon installation of a product, (revenue was previously recognized on delivery);

- **Taxation** – inclusion of a tax provision in the quarterly statements, (previously only the annual statements included a tax provision);
- **Income statement** – removal of non-GAAP revenue disclosure from the income statement;
- **Loss classification** – losses on debt venture capital investments classified as a permanent writedown instead of as unrealised losses;
- **Reverse takeover accounting** – changes with respect to valuation of consideration;
- **Cash flow statement** – removal of non-cash items;
- **Discontinued operations** – gross-up of assets and liabilities related to discontinued operations;
- **Taxation** – tax contingency accounted for in the period during which the issue was settled instead of as a prior period adjustment;
- **Acquisition** – accrual for liabilities relating to the acquisition of a mine;
- **Expense allocation** – exploration expenditures allocated between balance sheet and income statement on a quarterly basis instead of on a yearly basis;
- **Taxation** – removal of inappropriate future tax asset;
- **Classification of debt vs. equity** – classification of commitment to issue shares as equity instead of as a liability.

- Overall, companies are clearly more aware of the importance of good disclosure practices. Our reviews of corporate disclosure policies, discussed in section 3, particularly evidence this.
- However, many companies tend towards a minimal approach to disclosure. In 23% of our reviews, the company agreed to enhance its future disclosures in one way or another.

3. Current Focus

Recent major corporate accounting failures have raised a number of issues concerning transparency and disclosure, the adequacy of corporate governance structures, the objectivity of the auditor and the effectiveness of the audit process. As part of our response to these issues, we will carry out a greater number of full reviews of selected issuers during the year to March 31, 2003, concentrating on companies that have a large impact on the capital market. Our recently-announced Continuous Disclosure Advisory Committee (see section 8(d)) will assist us further in continually reassessing our approach.

4. Corporate Disclosure Policies

Following a survey conducted in October 1999 (the survey) to seek information from reporting issuers on disclosure practices, we issued OSC Staff Notice 53-701 - *Staff Report on Corporate Disclosure Survey.* In July 2002, the CSA issued National Policy 51-201 – *Disclosure Standards*. To support these informational and policymaking initiatives, we request information regarding issuers' corporate disclosure policies and practices as part of our CD and prospectus reviews. We also request a copy of the written disclosure policy, if one exists, and provide feedback on areas that do not appear to be addressed by the issuer's written policy. In preparing this report, we reviewed the responses received from 140 issuers to our questions on corporate disclosure practices.

Of the companies reviewed, 41% have formalized written disclosure policies, compared to 29% from the survey performed in 1999.

A further 15% of companies informed us that they are in the process of drafting formal written disclosure policies. In general, the larger the company, the greater the likelihood that they have adopted or are developing a formal policy.

The following findings are based on the 57 companies who provided us with formalized written disclosure policies (the 1999 survey results were based on 170 companies who replied to a survey sent to 400 companies).

(a) Spokesperson(s), committees and disclosure Record

79% (69% in the survey) of companies have defined spokespersons responsible for communicating with the media, investors and analysts.

- 47% of the companies have a committee responsible for the development and implementation of policies, and the committees are also responsible for monitoring compliance with the stated policies.
- 75% have clearly defined materiality standards.
- 39% of the companies have a policy on maintaining a full disclosure record containing all publicly available information about the company for a period of approximately 5 years.

(b) Conference calls

32% (18% in the survey) of companies broadcast their conference calls in an open forum, where interested parties can listen in on the call by telephone or via a webcast on the internet.

- Approximately 42% of the companies have specific policies on how to release earnings information and conduct conference calls.
- Of the companies that have a policy with respect to conference calls, 25% script their calls in advance.
- To avoid selective disclosure of material information, 54% of the companies review the transcript of the call for inadvertent disclosures; their policies state that if selectively disclosed information were discovered, it would be immediately disseminated via news release.
- Approximately 58% of the companies post transcripts of conference calls on their web-sites for varying amounts of time.

(c) Working with analysts

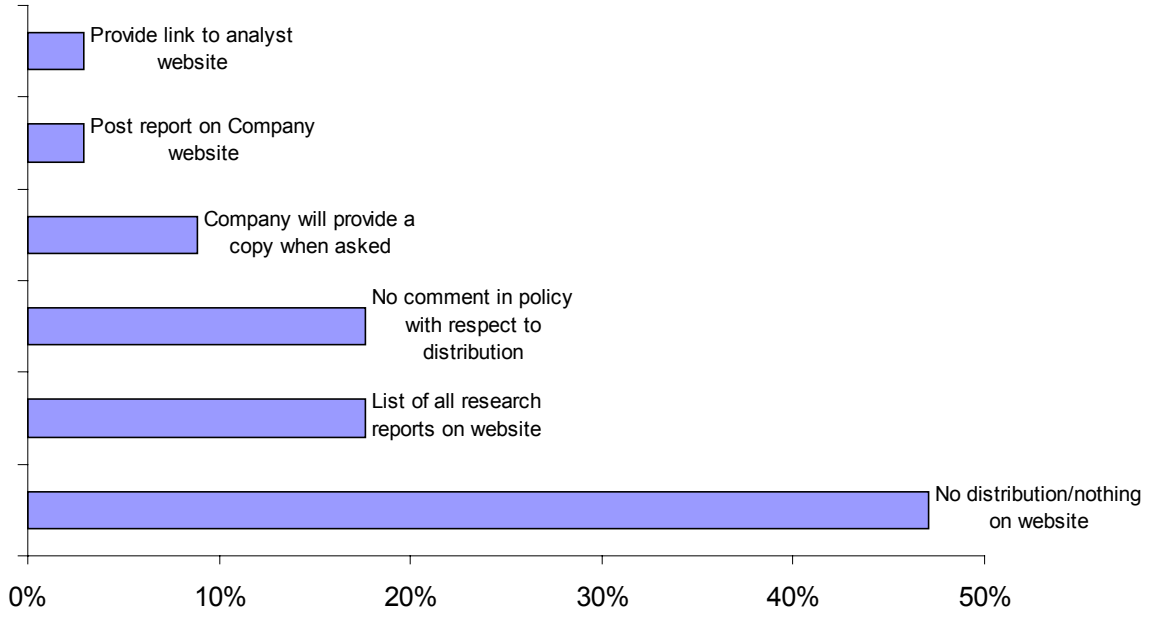
54% of companies (98% in the survey) acknowledge that they do have one-on-one meetings with analysts.

- 68% of the companies have specific policies that govern their meetings and discussions with investors, the media and analysts.
- 68% of the companies conduct meetings with small groups of analysts, investors or media representatives.
- 77% of the companies that participate in small meetings or one-on-one meetings have specific policies stipulating that only non-material information or publicly known information can be discussed in these meetings.
- 62% of the companies review transcripts and notes from meetings for selective disclosure and state that if selective disclosure is uncovered, they will immediately disclose this information publicly.

65% of companies (87% in the survey) will review the reports for factual omissions or errors only.

- 35% of the companies comment on other areas of the report, such as assumptions or earnings projections.
- Most companies that have a policy on working with analysts state that they will not express comfort with respect to analyst reports, nor will they attempt to influence opinions or conclusions. None of the policies specifically stated that they express comfort. In the 1999 survey, 27% reported that they actually express a level of comfort on earnings projections.
- Most policies require that comments are provided either orally or with a disclaimer stating that the report was reviewed for factual accuracy only.

The following summarizes the 34 companies who commented in their policies on how analysts reports are distributed.

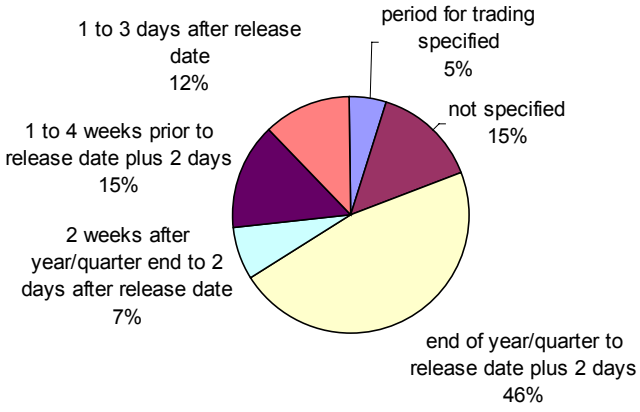


(d) Trading blackouts and quiet periods

72% of the companies have a policy with respect to blackout periods as part of their trading policies.

Blackout periods are specific times when trading by employees may not take place – usually associated with the release of scheduled earnings announcements.

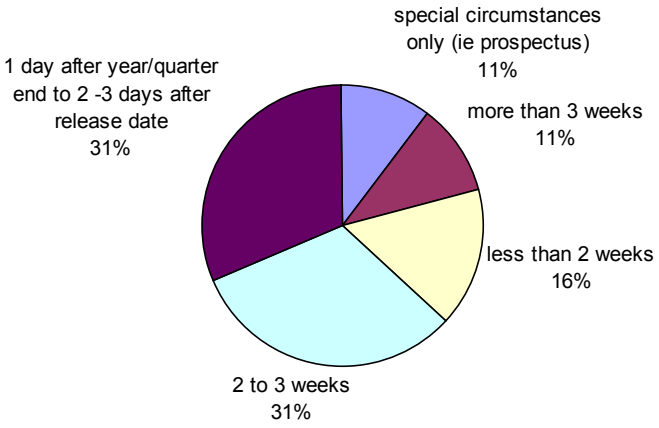
Specific blackout periods:



33% of the companies have specific quiet periods as part of their disclosure policies.

Quiet periods represent a time when company representatives will not comment on the status of the current quarter or year's operations or their expected results, or make any comments as to whether the company will meet, exceed or fall short of any earnings estimates made.

Specific quiet periods:



(e) Next Steps

We will continue to ask issuers about their corporate disclosure policies and to raise awareness of the importance of written disclosure policies and the other best practices set out in NP 51-201. A further report will be issued at a later date.

5. Accounting and Financial Reporting Matters

(a) Final Report on Staff's Review of Revenue Recognition

In March 2001, we issued OSC Staff Notice 52-701 - *Initial Report on Staff's Review of Revenue Recognition*, in which we reported preliminary findings and comments arising from our review of practices of a sample of Canadian reporting issuers. This is our final report on our review.

Of the 75 companies reviewed, one was required to restate and refile its financial statements because of matters relating to reported revenue. 29 companies committed to make enhanced disclosure in the notes to the financial statements or in MD&A. For reasons unrelated to our review, nine of the companies ceased to be reporting issuers during the review period.

We are pleased to have observed that many companies not included in the review also increased their disclosure of revenue recognition policies and related MD&A discussion during 2001. We also identified several companies that announced changes in revenue recognition polices in press releases and analyst conference calls, and either attributed their reasons for making these changes to OSC Staff Notice 52-701 or made reference to it.

(b) Interim Reporting

During the year, we carried out a review of interim financial statements and interim MD&A for the three month period ended March 31, 2001. The objective of our review was to assess compliance by reporting issuers with the requirements of OSC Rule 51-501 - *AIF and MD&A*, OSC Rule 52-501 - *Financial Statements*, and the standard on interim financial statements as set out in section 1751 of the Handbook of the Canadian Institute of Chartered Accountants. These rules and standard apply to reporting issuers with fiscal years beginning on or after January 1, 2001.

The rules were issued to address the poor quality of interim financial reporting in Ontario. They provide guidance on the type of financial and other disclosure that should be included in interim financial statements and interim MD&A. Shortly after the rules were issued, we commenced our review to determine if the guidance provided by the OSC was being followed.

We reported the findings from our review of interim financial statements and interim MD&A in OSC Staff 52-713 - *Report on Staff's Review of Interim Financial Statements and Interim MD&A,* which was issued in February, 2002. Overall, our findings suggested that companies were not as well informed about the rules and standard as we might have expected. Of the 150 issuers chosen for the review, 17 failed to include the minimum components of interim financial statements, or failed to include

the minimum components for the appropriate periods. These 17 issuers were required to refile their interim financial statements. An additional 40 issuers committed to improve disclosure in interim MD&A and notes to the financial statements, in future filings. Additional issuers also re-filed interim financial statements as a result of similar errors identified in the course of our full reviews.

The notice comments on and illustrates the types of issues we encountered. We encourage companies to review the staff notice. We also encourage companies to consult with their advisors, particularly where unusual transactions occur and need to be reported in a timely manner, during the course of the interim period.

(c) Non-GAAP Earnings Measures

The CSA issued *Staff Notice 52-303 - Non-GAAP Earnings Measures* (the Staff Notice) on January 7, 2002 to provide guidance to issuers who publish earnings measures other than those prescribed by GAAP. The Staff Notice outlines common problems and communicates to issuers our expectations when non-GAAP earnings measures are presented.

To assess whether issuers are meeting the expectations set out in the Staff Notice, we reviewed the earnings releases of 137 Ontario-based TSE 300 companies, with the following results:

- 67 (or approximately 49%) companies did not use non-GAAP earnings measures at all in their earnings releases;
- 10 (or approximately 7%) companies used non-GAAP earnings measures in their earnings releases and met substantially all of the expectations set out in the Staff Notice; and,
- 60 (or approximately 44%) companies used non-GAAP earnings measures in their earnings releases but did not meet all of the expectations set out in the Staff Notice.

Companies commonly failed to:

- state explicitly that the non-GAAP earnings measures used in earnings releases had no standardized meaning and were therefore not comparable with measures used by any other companies
- explain the objectives for using non-GAAP earnings measures (i.e. what does the non-GAAP measure mean, and what is it supposed to represent) and why certain items were excluded from those measures
- present the GAAP measures *prominently*. Factors relevant to assessing appropriate prominence include the relative placement of the GAAP and non-GAAP information in the earnings release, the quality of the accompanying analysis and explanation, and the clarity of the release taken as a whole.

We have corresponded with 18 of the 60 companies which caused us particular concern. These companies either did not disclose their GAAP earnings at all, or only provided GAAP-based information in the financial statements attached to the earnings release. We remind issuers that regulatory action might be taken against issuers that disclose information in their earnings releases in a manner considered misleading and therefore potentially harmful to the public interest.

(d) Management Discussion & Analysis

MD&A plays an important role in enabling readers to assess an issuer's past performance, financial position and future prospects. MD&A provides the reader with a historical and prospective analysis of the issuer's business from management's perspective. We assess MD&A against an issuer's financial statements to determine whether management has adequately explained all material events disclosed in the financial statements and whether liquidity and capital resources are described in sufficient detail.

We entered into several discussions during the year regarding issuers' MD&A, obtaining undertakings to provide more meaningful and relevant information on financial condition and results of operations and cash flows. We frequently found that issuers were not adequately discussing:

- short-term and long-term ability to generate adequate amounts of cash;
- known trends or expected fluctuations in liquidity taking into account known demands or commitments;
- commitments for capital expenditures along with the source of funds needed to fulfill the commitments; and
- qualitative and quantitative risk factors that could have an effect on future operations and financial position.

"Boilerplate" comments on (for example) the strength of an issuer's ability to generate superior cash flows, or on its intention to access the public or private equity markets from time to time, do not provide meaningful information on short-term and long-term ability to generate cash and expected fluctuations in liquidity.

Proposed National Instrument 51-102 - *Continuous Disclosure Obligations*, issued for comment in June 2002, will expand the MD&A guidance currently contained in NI 44-101 F2. Much of the enhanced guidance is consistent with recent SEC proposals, addressing the disclosure surrounding liquidity and capital resources, including off-balance sheet arrangements, and critical accounting estimates that impact on financial condition. Many of the proposals are relevant in assessing how to fully comply with current MD&A requirements, and issuers can choose to follow them even before NI 51-102 is adopted. *Management Discussion and Analysis: Guidance on Preparation and Disclosure,* a draft issued for discussion and comment by the Canadian Institute of Chartered Accountants, contains further useful guidance.

(e) Canadian Gold Mining Companies

During the year, we conducted an issue-oriented review of the continuous disclosure provided by gold industry issuers. Our goal for this review was (a) to identify whether the practices adopted by Canadian gold mining companies for recognizing, measuring and disclosing revenues reflect an appropriate application of the standards set out in the CICA Handbook; and (b) to assess practices relating to identification and measurement of asset impairment. We also inquired into the companies' corporate disclosure policies.

We selected 16 Canadian gold mining companies. We did not find any major issues relating to impairment or to the recognition and measurement of revenue. We requested that four of the companies expand their disclosure with respect to their revenue recognition policy note.

Three of the issuers changed their corporate disclosure policies in some way to address our recommendations. Five issuers informed us that they were in the process of completing a formal written policy, and two others initiated a formal policy on our recommendation.

(f) Stock-Based Compensation Plan Disclosures

For various issuers, we noted that many of the disclosures required by EIC 98 - *Stock-Based Compensation Plans - Disclosures,* were not provided. In particular, issuers did not provide adequate descriptions of the plan and did not segregate the exercise prices into meaningful ranges. In all instances, issuers acknowledged the deficiencies and committed to provide the required disclosures in future financial statements. We will assess this area further as part of the CSA's current review of executive compensation disclosure.

(g) Segment Disclosures

We continued to encounter cases where issuers have inappropriately aggregated segments that do not have "similar economic characteristics," and have not followed the guidance set out in *EIC 115 – Segment Disclosures – Application of the Aggregation Criteria in CICA 1701.* In these cases we request that issuers provide to us their analysis of long-term average gross margins and sales trends to support their application of the aggregation criteria. Certain issuers committed during the year to amend their segment disclosures while other files remain open at the time of writing.

(h) Income Taxes

Several issuers did not disclose the information required by CICA Handbook Section 3465 - *Income Taxes* regarding the nature and effect of temporary differences, the major components of income tax expense and a reconciliation of the income tax rate. All issuers contacted committed to provided these disclosures in the future.

Appendix B of Section 1751 - *Interim Financial Statements* discusses the application of Section 3465 to interim financial statements. Paragraph B21 requires that tax losses carried forward should only be used to reduce a provision to the extent that they have not been previously recognized as a tax asset. We entered into discussions with an issuer that failed to record an income tax provision in its interim financial statements on the basis of the availability of tax losses carried forward, even though the losses had previously been reflected as an asset. The issuer restated its interim financial statements, reducing earnings per share by 34%.

(i) Information Circulars

Our full continuous disclosure reviews include reviews of information circulars, where we focus on whether all shareholders have an opportunity to make an informed decision based on timely information. During the year, we entered into several discussions with issuers that led to the amendment of information circulars. In one case, the issuer updated its pro forma financial statements to comply with Canadian GAAP. In another case, the issuer updated the information circular to inform shareholders

that OSC staff was reviewing the accounting for the purchase of a subsidiary and that the information could change depending on the outcome of that review.

One issuer had filed an information circular informing shareholders that the general meeting would be combined with a special meeting to approve a reverse takeover transaction. The circular contained financial statements for the reverse acquiror; however, these statements were prepared on the basis of a foreign GAAP with no reconciliation to Canadian GAAP. OSC Rule 54-501 - *Prospectus Disclosure* requires prospectus level disclosure in circulars when a meeting is being held to consider such an acquisition. This came to our attention only a few days before the meeting date. We ultimately agreed with the issuer that the meeting could continue, but that the approval of the reverse takeover would be conditional on the delivery of additional financial information prepared in accordance with Canadian GAAP, together with a new proxy form allowing shareholders to change their vote within 21 days of receipt of this additional financial information.

(j) Websites

In reviewing websites, we focus on whether all financial information is presented clearly and is consistent with information presented in an issuer's continuous disclosure filings. During the year, we contacted many issuers regarding incomplete or inaccurate information presented on websites. For example, we identified the following problems:

- An issuer presented outdated information and analyst reports. The issuer updated the information and removed the outdated reports.

- An issuer disclosed a 52 week high for their share price of $12.00 instead of the actual high of $1.98. The issuer contacted their service provider to correct a faulty link that caused the error.

- An issuer described the operations of several business for which no disclosure was made in the financial statements and which had little connection to the issuer's own operations. The issuer removed this information from the website.

(k) Material Change Reports

We often encounter cases where financial statement disclosures, press releases or other sources contain disclosure of events that were not correctly reported as material changes at the time that they occurred. In these cases, we obtain commitments from issuers on the steps they will take in the future to ensure that they meet their reporting obligations under section 75 of the Securities Act (Ontario). Every corporate disclosure policy should include guidance on how to determine whether information is material.

(l) Business Combinations and Intangible Assets

As indicated in OSC Staff Notice 52-713, we are focussing on the application of the new *CICA 1581 - Business Combinations*, and *CICA 3062 - Goodwill and Other Intangible Assets*. For companies with a December 31 fiscal year end, the full impact of these standards came into effect for the interim period ended March 31, 2002.

Section 3062 Transition Disclosures

CICA 3062 contains important transition rules to which companies should pay close attention. In particular, issuers should provide clear and complete disclosure of the impact of the transition to the new standard. For example, companies with a December 31 fiscal year end are required within six months of the date that *CICA 3062* is initially applied, i.e., June 30, 2002 to:

- complete the first step of the goodwill impairment test; and

- disclose in their next interim financial statements, which reportable segment(s) might have to recognise an impairment loss, and the period in which that potential loss will be measured.

Where the impairment loss is expected to be material, companies should carefully consider whether this potential impairment represents a material change. If it does, in accordance with Ontario securities law, companies should issue a press release and material change report providing details of the potential impairment.

An example where the first step of the impairment test was not carried out within 6 months of the date of adoption of *CICA 3062* was recently brought to our attention. The issuer acknowledged that *CICA 3062* was not complied with, and consequently, that its interim financial statements on the public record were not presented in accordance with generally accepted accounting principles. The issuer agreed to re-file its interim financial statements, which included disclosure required by *CICA 3062*. In addition, the company also issued a press release and material change report acknowledging the failure to make timely disclosure, as required by Ontario securities law.

Section 1581 – Purchase Price Allocations: Intangible Assets

CICA 1581 requires allocating the cost of purchase in a business combination to all assets acquired and liabilities assumed, including intangible assets other than goodwill that meet the recognition criteria included in *CICA 1581*. Only if an intangible asset does not meet the recognition criteria included in *CICA 1581*, should it be included in the amount recognized as goodwill. Examples of intangible assets to be recognized separately from goodwill are included in the appendix to *CICA 1581*.

We have encountered situations where intangible assets that meet the criteria for recognition apart from goodwill appear to have been acquired in a business combination, but have not been accounted for in accordance with the standard. We will aggressively pursue such deficiencies in financial statements. We recognise that determining the fair value of such intangible assets may require the use of independent professional advisors. However, in our view, when an auditor provides valuation services in allocating the purchase price in a business combination, this causes significant concerns about whether the auditor remains objective.

Section 1581 – Determination of the Purchase Price

When accounting for business combinations effected by issuing shares, *CICA 1581* indicates that the quoted market price of the shares issued is generally used to estimate the fair value of the acquired enterprise. *CICA 1581* also indicates that quoted market prices in active markets, if available, are the best evidence of fair value and are therefore used as the basis for fair value measurement. We have encountered situations where the quoted market price of shares issued to effect a business combination was used in determining the purchase price of the acquisition, when the market for the issuer's shares being issued was inactive or illiquid. Where it cannot be demonstrated that there is an active, liquid market for the shares being issued to effect a business combination, it is inappropriate, in our view, to use the quoted market price of those shares in determining the cost of the purchase. In these instances, the fair value of the assets acquired, the services received or the debt settled should be used. Paragraph 24 of Accounting Guideline 11 provides guidance on this.

6. Resolving continuous disclosure issues

Through the continuous disclosure review process, we identify deficiencies in filings and bring them to the attention of an issuer in a comment letter. The two resulting responsibilities are:

1. the issuer's responsibility to promptly correct the public record; and

2. our responsibility to take action against an issuer that has breached the *Securities Act*.

Issuers that act in good faith and share our objective of resolving outstanding issues for the public interest will find the review process less onerous. They are also more likely to see the matter concluded through the comment letter process without our taking further action.

Correcting the public record

To resolve a deficiency, an issuer may have to restate past filings, make immediate disclosure in a press release, or improve disclosure in future filings. How we resolve a deficiency depends on the nature of the deficiency, the timing of the issuer's filings and the issuer's willingness to correct the deficiency. We encourage issuers to inform us of a problem with their public filings when it comes to their attention.

Regulatory action

While our main concern is to have deficiencies promptly corrected, issuers should not assume that once they have fixed the public record, our involvement is complete and the matter is closed. Even when all the issues have been resolved, we have the responsibility to consider if any further regulatory action is warranted because the issuer has breached the Securities Act. In each particular case, we consider the following questions:

1. How did the issue come to our attention? Did we identify it or did the issuer contact us first?

2. If the issuer contacted us, did they promptly identify the deficiency and fully report it to us?

3. Did the issuer fully co-operate when asked to provide information to us? Did the issuer respond diligently by providing complete responses to our questions?

4. How quickly and effectively did the issuer correct the public record?

5. Did the disclosure surrounding the correction of the public record accurately reflect the circumstances?

6. Was the deficiency an isolated incident or the latest occurrence in the issuer's history of poor disclosure practices?

7. When the deficiency occurred because of a breakdown in the issuer's internal reporting processes, has the issuer taken corrective action to ensure it will not happen again?

8. What actions have been taken by the senior management of the issuer and its Board of Directors and Audit Committee in response to the deficiency?

We may conclude that no further regulatory action is warranted under certain conditions. These decisions are made on a case-by-case basis.

7. Other Continuous Disclosure Matters

(a) Executive Compensation

As a result of the discontinuance of the TSE300 Stock Index, affected issuers should use the S&P/TSX Composite Index as its replacement in preparing the performance graph required by Form 40, *Statement of Executive Compensation.* For more information on how this new index is calculated and which companies are included, consult the Toronto Stock Exchange's website, www.tse.com.

We will issue further guidance on executive compensation reporting matters later in the year, after the completion of the CSA's current project in this area.

(b) SEDAR Profile Information

We remind issuers of their responsibility, as set out in the National Instrument 13-101 - System for Electronic Document Analysis and Retrieval (SEDAR), for maintaining an accurate and current SEDAR filer profile. This continues to be an ongoing problem. For example, documents that are wrongly categorized on SEDAR cause unnecessary difficulty for investors or others that consult the SEDAR record, and in some cases could cause an issuer to be placed on the default list even when a document has been filed within the time period required by the Act. This issue and others were discussed in CSA Staff Notice 13-306 – Guidance for SEDAR Users. We will be verifying the SEDAR profile during CD, prospectus and application reviews.

(c) Defaulting Reporting Issuers

List Of Defaulting Reporting Issuers

We remind issuers that OSC Policy 51-601 - Reporting Issuer Defaults, discusses the guidelines followed and factors considered by the Commission in determining if a reporting issuer is in default. Generally, when an issuer has filed an application to cease to be a reporting issuer that is in process of being reviewed by securities regulators, the issuer will not be shown on the list of defaulting reporting issuers. However, we may vary this approach if it is warranted by the circumstances - for example, if an application has been in progress for a long time due to lack of cooperation by the applicant.

Cease Trade Orders

During the year, we continued our highly proactive approach to monitoring defaults arising on financial statement filing requirements by Ontario-based companies. OSC Policy 57-603 states that when a defaulting reporting issuer satisfies the defined Alternate Information Guidelines, the Commission will generally respond to a default in complying with financial statement filing requirements by imposing a cease trade order only on certain directors, officers and insiders (a management CTO), rather than on trading in the issuer's securities as a whole. We will generally impose a cease trade order on the issuer's securities as a whole (an issuer CTO) only when the default has continued for more than two months.

During the year, CSA Staff Notice 57-301 - *Failing To File Financial Statements on Time - Management Cease Trade Orders,* was issued. This Notice describes the CSA's uniform approach to cease trade orders, and further defines the circumstances in which an issuer CTO is considered appropriate. In general, an issuer CTO is an appropriate response to financial statement filing defaults that are not likely to be rectified within a relatively short time period, and where the circumstances leading to the default are likely to continue. These circumstances include companies that no longer have an active business, are insolvent, or who have lost a majority of their board of directors. CSA Staff Notice 57-301 contains further detail on the "profile" that generally defines a management CTO as the appropriate response to a financial statement filing default.

We generally request that a company fitting the profile should contact its principal regulator at least two weeks before the financial statements are due to be filed and request in writing that the company be subject to a management CTO rather than an issuer CTO. However, even if such a request is not made, we may issue a management CTO rather than an issuer CTO if we believe it is appropriate. In that case, we will name in the CTO the individuals we believe have access to material undisclosed

information. Conversely, we may impose an issuer CTO if the circumstances warrant it, even though a company has requested a management CTO.

During the year to March 31, 2002, approximately 200 issuer CTO's were imposed on Ontario-based companies compared to 28 management CTO's. For approximately half of the management CTO's, the relevant financial statements were still outstanding two months after the due date, and therefore led to issuer CTO's.

Sometimes, companies request an extension to the filing deadlines for various continuous disclosure documents. A company that is granted an extension would not be regarded as a defaulting reporting issuer, and no management CTO's would be issued during the period of the extension. Filing extensions are rarely granted, and the great majority of filing defaults are dealt with as set out in Policy 57-603.

(d) Continuous Disclosure Advisory Committee

In OSC Staff Notice 51-707, we announced the creation of a Continuous Disclosure Advisory Committee (CDAC). The OSC recognizes the importance of receiving regular, informed input from the marketplace, and this Committee represents the latest initiative towards that goal. The Committee will advise us on a range of matters including the planning, implementation and communication of its CD review program, and the impact of policy- and rule-making initiatives related to continuous disclosure area. The CDAC will also serve as a forum to make the CD team aware of emerging issues and to critically assess its procedures. We recently chose the first members of the CDAC and are planning to hold its initial meeting in September.

(e) Mutual Reliance for Continuous Disclosure

Staff of the OSC participate actively on the CSA Continuous Disclosure Mutual Reliance Review System committee. The committee is founded on the goal that all reporting issuers in Canada be treated equitably regardless of their principal regulator. The common approach to cease trade orders set out in CSA Staff Notice 57-301 and described above represents an important step toward this goal.

More recently, the CSA has commenced its first coordinated national issue-oriented CD review project. This project examines how well companies comply with their executive compensation disclosure requirements. A report will be issued later this year. National Instrument 51-102 - *Continuous Disclosure Obligations*, when finalized, will harmonize continuous disclosure requirements among all Canadian jurisdictions and will greatly assist in establishing a common approach toward regulatory review.

Questions may be referred to:

John Hughes
Manager, Continuous Disclosure
Ontario Securities Commission
Phone: (416) 593-3695
E-mail: jhughes@osc.gov.on.ca

1.2 Notices of Hearing

1.2.1 Frank Alan Latam - s. 127

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

AND

IN THE MATTER OF
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

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission, Main Hearing Room, 17th floor, 20 Queen Street West, Toronto, on August 8, 2002, at 1:15 p.m., or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing will be for the Commission to consider whether to approve the proposed settlement of the proceeding entered into between Staff of the Commission and Frank Alan Latam;

BY REASON OF the allegations set out in the Statement of Allegations of Staff of the Commission and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

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

August 7, 2002.

"John Stevenson"

1.2.2 Robert Thomislav Adzija - s. 127

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

AND

IN THE MATTER OF
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

NOTICE OF HEARING
(Section 127)

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AND TAKE NOTICE that the purpose of the hearing will be for the Commission to consider whether to approve the proposed settlement of the proceeding entered into between Staff of the Commission and Robert Thomislav Adzija;

BY REASON OF the allegations set out in the Statement of Allegations of Staff of the Commission and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

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

August 7, 2002.

"John Stevenson"

1.2.3 Todd Michael Johnston - s. 127

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

AND

IN THE MATTER OF
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

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission, Main Hearing Room, 17th floor, 20 Queen Street West, Toronto, on August 8, 2002, at 1:45 p.m., or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing will be for the Commission to consider whether to approve the proposed settlement of the proceeding entered into between Staff of the Commission and Todd Michael Johnston;

BY REASON OF the allegations set out in the Statement of Allegations of Staff of the Commission and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

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

August 7, 2002.

"John Stevenson"

1.2.4 Randall Novak - s. 127

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

AND

IN THE MATTER OF
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

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission, Main Hearing Room, 17th floor, 20 Queen Street West, Toronto, on August 8, 2002, at 2:15 p.m., or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing will be for the Commission to consider whether to approve the proposed settlement of the proceeding entered into between Staff of the Commission and Randall Novak;

BY REASON OF the allegations set out in the Statement of Allegations of Staff of the Commission and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

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

August 7, 2002.

"John Stevenson"

1.2.5 Phoenix Research and Trading Corporation et al. - ss. 127 and 127.1

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, as amended

AND

IN THE MATTER OF
PHOENIX RESEARCH AND TRADING CORPORATION,
RONALD MOCK and STEPHEN DUTHIE

AMENDED NOTICE OF HEARING
(Sections 127 and 127.1)

WHEREAS a Notice of Hearing and Statement of Allegations was issued on June 11, 2002 in which the Notice of Hearing stated that the hearing would be held on a date to be fixed;

AND WHEREAS a date for the hearing has been fixed;

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

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

(a) that the registration of the respondents Phoenix Research and Trading Corporation ("Phoenix Canada") and Ronald Mock ("Mock") be terminated or restricted or that terms and conditions be imposed on the registrations;

(b) that trading in any securities by the respondents Stephen Duthie ("Duthie") and Mock cease permanently or for such period as specified by the Commission;

(c) prohibiting Duthie and Mock from becoming or acting as a director or officer of any issuer permanently or for such period as specified by the Commission;

(d) reprimanding Phoenix Canada, Duthie and Mock;

(e) requiring Phoenix Canada, Duthie and Mock to pay the costs of the Commission's investigation and the hearing; and

(f) encompassing such other terms and conditions as the Commission may deem appropriate.

BY REASON OF the allegations set out in the Statement of Allegations of Staff of the Commission and such additional allegations as Counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

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

July 16, 2002.

"John P. Stevenson"

1.3 News Releases

1.3.1 OSC to Consider Settlements Between Staff and Frank Latam, Robert Adzija, Todd Johnston and Randall Novak

FOR IMMEDIATE RELEASE
August 7, 2002

ONTARIO SECURITIES COMMISSION TO CONSIDER SETTLEMENTS BETWEEN STAFF AND FRANK LATAM, ROBERT ADZIJA, TODD JOHNSTON AND RANDALL NOVAK

TORONTO – On August 8, 2002 commencing at 12:45 p.m., the Ontario Securities Commission will convene four consecutive hearings to consider settlements reached by staff of the commission and each of the respondents, Frank Latam, Robert Adzija, Todd Johnston and Randall Novak (collectively, the "respondents").

During the material time, all the respondents were registered with the commission to trade securities. The respondents sold Saxton securities to Ontario investors. Staff alleges that the respondents participated in illegal distributions of a security and engaged in conduct contrary to the public interest.

The terms of the settlement agreements between staff and each of the respondents are confidential until approved by the commission. Copies of the Notices of Hearings and Statement of Allegations of staff of the commission are available on the commission's website **www.osc.gov.on.ca** or from the commission offices at 20 Queen Street West, 19th Floor, Toronto.

For Media Inquiries: Eric Pelletier
Manager, Media Relations
416-595-8913

Michael Watson
Director, Enforcement Branch
416-593-8156

For Investor Inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.3.2 OSC Approves Settlements Between Staff and Frank Latam, Robert Adzija, Todd Johnston and Randall Novak

FOR IMMEDIATE RELEASE
August 9, 2002

ONTARIO SECURITIES COMMISSION APPROVES SETTLEMENTS BETWEEN STAFF AND FRANK LATAM, ROBERT ADZIJA, TODD JOHNSTON AND RANDALL NOVAK

TORONTO – The Ontario Securities Commission convened hearings yesterday to consider settlements reached by staff of the commission and the respondents Frank Latam, Robert Adzija, Todd Johnston and Randall Novak (collectively, the "respondents"). The commission panel, chaired by Lorne Morphy Q.C., approved all four settlements.

The respondents were registered with the commission to trade securities during all or most of the material time. Currently, only Randall Novak is registered with the commission. The respondents sold Saxton securities to Ontario investors. In so doing, the respondents participated in illegal distributions of securities and engaged in other conduct contrary to Ontario securities law and the public interest.

Frank Latam was reprimanded by the commission. He is prohibited from trading in any securities for eight years except that after one year he may trade securities in his RRSP account.

The Commission reprimanded Robert Adzija and ordered that he cease trading in any securities for four years except that after one year he may trade securities in his RRSP account.

Todd Johnston was reprimanded and is subject to a nine month trading ban.

The Commission suspended Randall Novak's registration for eight months. Mr. Novak must successfully complete the Canadian Securities Course as a term and condition of the reinstatement of his registration. Mr. Novak was reprimanded and paid costs in the amount of $2,500.

Copies of the Notice of Hearing, Statement of Allegations of staff of the commission and Settlement Agreements are available on the Commission's website, **www.osc.gov.on.ca**, or from the Commission offices at 20 Queen Street West, 19th Floor, Toronto.

For Media Inquiries: Eric Pelletier
Manager, Media Relations
416-595-8913

Michael Watson
Director, Enforcement Branch
416-593-8156

For Investor Inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Sentry Select Capital Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief granted to a group of mutual fund trusts from requirement to deliver re-audited annual financial statements.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am. s. 80(b)(iii).

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

AND

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

AND

IN THE MATTER OF
SENTRY SELECT ALTERNATIVE ENERGY FUND
SENTRY SELECT BIOTECHNOLOGY FUND
SENTRY SELECT GLOBAL
FINANCIAL SERVICES FUND
SENTRY SELECT INTERNET TECHNOLOGY FUND
SENTRY SELECT WEALTH MANAGEMENT FUND
SENTRY SELECT WIRELESS COMMUNICATIONS
FUND
(collectively, the "Funds")

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application (the "Application") from Sentry Select Capital Corp. ("Sentry"), the manager of the Funds, on behalf of each of the Funds, for a decision (the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that each of the Funds be exempted from delivering to unitholders re-audited annual financial statements for the year ended December 31, 2001 by Deloitte & Touche LLP ("Deloitte") at the time such statements are filed;

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 Sentry has represented to the Decision Makers that:

1. Sentry is the manager and trustee of the Funds. Sentry is a corporation incorporated under the laws of the Province of Ontario.

2. Each of the Funds is an open-ended mutual fund trust established under the laws of the Province of Ontario.

3. Each of the Funds is a reporting issuer in each of the provinces and territories of Canada and is not in default of any requirements of the Legislation.

4. Arthur Andersen LLP ("Andersen") audited the annual financial statements of the Funds for the year ended December 31, 2001 (the "Initial Statements") and issued its auditors' report thereon. The Initial Statements were filed via SEDAR on May 21, 2002 and mailed to unitholders of the Funds. Pursuant to sections 3.1 and 3.3 of National Instrument 81-101, the Initial Statements were incorporated by reference into the applicable simplified prospectus of the Funds and were provided to unitholders on request.

5. On June 3, 2002, Deloitte announced the completion of "the transaction that will enable over 1,000 Andersen partners and staff to join Deloitte & Touche" and the integration of Andersen people and clients into Deloitte (the "Transaction"). Accordingly, the responsibility to audit the Funds has been transitioned to Deloitte.

6. Each Fund is relying on Staff Notice 43-304, 62-302, and 81-308 of the Canadian Securities Administrators to transition the auditor of the Funds to Deloitte. In connection with the Transaction, each Fund had Deloitte re-audit the annual financial statements of the Fund for the year ended December 31, 2001 and provide its auditors' report thereon (the "Deloitte Statements").

7. Units of each Fund are currently qualified for distribution in each of the provinces and territories of Canada pursuant to a simplified prospectus and annual information form dated July 18, 2001.

8. A renewal simplified prospectus and annual information form were filed prior to the earliest lapse

date in New Brunswick on July 22, 2002 under SEDAR Project #459902.

9. The Funds are to file the Deloitte Statements as "Amendment to Audited Financial Statements Audited Annual Financial Statements" under the existing SEDAR project used by the Funds to file their continuous disclosure documents, including the Initial Statements. Concurrently with the filing of the Deloitte Statements, the Funds propose to file on SEDAR a letter indicating that the Initial Statements are superseded by the Deloitte Statements.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the Decision of each Decision Maker;

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

THE DECISION of the Decision Makers pursuant to the Legislation is that each of the Funds be exempted from delivering to securityholders the Deloitte Statements at the time such statements are filed, provided that

i) the Deloitte Statements are substantially the same as the Initial Statements in all material respects, and

ii) the auditor's report of the Deloitte Statements does not contain any reservation and the report refers to the December 31, 2000 comparative statements as having been audited by other auditors.

August 7, 2002.

"Howard I. Wetston" "Robert L. Shirriff"

2.1.2 Northern Telephone Limited - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO AND QUEBEC

AND

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

AND

IN THE MATTER OF
NORTHERN TELEPHONE LIMITED

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario and Quebec (the "Jurisdictions") has received an application from Northern Telephone Limited (the "Issuer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the Issuer be deemed to have ceased to be a reporting issuer in each of the Jurisdictions;

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

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

1. The Issuer is a corporation incorporated under the *Business Corporations Act* (Ontario) which has resolved to liquidate and wind up its business and affairs.

2. The head office of the Issuer is in New Liskeard, Ontario.

3. The authorized share capital of the Issuer consists of an unlimited number of common shares and an unlimited number of preferred shares.

4. All of the issued and outstanding securities of the Issuer are owned by a single holder, Bell Nordiq Group Inc., an indirect wholly-owned subsidiary of Bell Canada.

5. The Issuer is a reporting issuer in Ontario and in Quebec and, other than its failure to file an annual information form for its 2001 financial year and interim financial statements for the quarter ended March 31, 2002, is not in default of any of the requirements of the Legislation.

6. No securities of the Issuer are listed on any exchange in Canada or elsewhere.

7. The Issuer does not intend to seek public financing by way of an offering of securities.

8. Until April 23, 2002, the Issuer's business was to provide telecommunications services to communities in Northeastern Ontario.

9. On April 23, 2002, in connection with the reorganization of the businesses of the Issuer and Bell Nordiq Group Inc. (formerly Télébec Ltée), the business of the Issuer was transferred to and is now being carried on by Northern Telephone, Limited Partnership, a limited partnership formed under the laws of the Province of Quebec by a limited partnership agreement made as of April 23, 2002. Bell Nordiq Group Inc. is the general partner of Northern Telephone, Limited Partnership.

10. Pursuant to a supplemental indenture made as of April 23, 2002, Northern Telephone, Limited Partnership has assumed the obligations of the Issuer relating to its outstanding senior unsecured debentures Series N, O, P, R, S, T and U (the "Debentures"). The transfer of debt obligations was permitted by the original indentures for the Debentures with the consent of all holders of the Debentures. The written consents of all holders of the Debentures were obtained, and the Issuer no longer has any debt holders.

11. Pursuant to resolutions of the Issuer's board dated February 27, 2002 and April 9, 2002 and a special resolution of its sole shareholder, the liquidation and dissolution of the Issuer was approved and commenced pursuant to the provisions of the *Business Corporations Act* (Ontario).

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

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

THE DECISION of the Decision Makers under the Legislation is that the Issuer be deemed to have ceased to be a reporting issuer under the Legislation in each of the Jurisdictions

August 8, 2002.

"Ralph H. Shay"

2.1.3 Dynamic Mutual Funds Ltd. - MRRS Decision

Headnote

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
BRITISH COLUMBIA AND ONTARIO

AND

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

AND

IN THE MATTER OF
DYNAMIC MUTUAL FUNDS LTD.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia and Ontario (the "Jurisdictions") has received an application (the "Application") from Dynamic Mutual Funds Ltd. (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 each of the Jurisdictions;

2. the Registrant also is registered as an adviser in the categories of "investment counsel" and "portfolio manager" in Ontario;

3. the Registrant's principal business activity is managing mutual funds (the "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 also manages investments through other collective investment vehicles ("Other Funds") currently consisting of a closed-end investment fund that is listed on The Toronto Stock Exchange and five redeemable investment trusts (collectively, the "Pooled Funds");

5. the Registrant also manages investments on a segregated account basis;

6. the Registrant also engages in activities incidental to its principal business activities that currently include marketing the sale of its Mutual Funds and Pooled Funds, servicing "in-house" accounts ("In-house Accounts") for investors ("In-house Investors"), selling its Pooled Funds on a prospectus-exempt basis to accredited investors and other investors and processing redemption orders forwarded directly to the Registrant by clients holding Mutual Funds in "client name" in the Jurisdictions;

7. to the best of the Registrant's knowledge, the In-house Investors currently are comprised exclusively of present or former directors, officers and employees of the Registrant and its affiliates, the members of the board of governors of the Dynamic Mutual Funds, directors, officers, partners and employees of certain service providers of the Registrant and relations and personal holding companies of the foregoing;

8. 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;

9. 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;

10. 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;

11. upon the next general mailing to its account holders and in any event before November 30, 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 10 above;

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

IT IS THE DECISION of the Decision Makers pursuant to the Legislation that, effective May 23, 2001, 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".

July 9, 2002.

"David M. Gilkes"

SCHEDULE "A"

TERMS AND CONDITIONS OF REGISTRATION

OF

DYNAMIC MUTUAL FUNDS LTD.

AS A MUTUAL FUND DEALER

Definitions

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, and, in British Columbia, the *Securities Act*, R.S.B.C. 1996, c. 418;

(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 May 23, 2001;

(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 or a member of a board of governors relating to mutual funds managed by the Registrant or 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) 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 British Columbia, 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 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 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 an other registered dealer if the Registrant is not otherwise permitted to make the purchase or sale pursuant to these terms and conditions;

(l) "Managed Account" means, for the Registrant, an investment portfolio account of a client under which the Registrant, pursuant to a written agreement made between the Registrant and the client, makes investment decisions for the account and has full discretionary authority to trade in securities for the account without obtaining the client's specific consent to the trade;

(m) "Managed Account Trade" means, for the Registrant, a trade to, or on behalf of a Managed Account of the Registrant, where the trade consists of a purchase or redemption, through the Registrant of securities of a mutual fund, that is made on behalf of the Managed Account;

where, in each case,

(i) the Registrant is the portfolio adviser to the mutual fund;

(ii) the mutual fund is managed by the Registrant or an affiliate of the Registrant; and

(iii) either of:

(A) the mutual fund is prospectus-qualified in the jurisdiction where the trade occurs; or

(B) the trade is not subject to the registration and prospectus requirements of the Act;

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

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

(p) "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;

(q) "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;

(r) "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);

(s) "Registrant" means Dynamic Mutual Funds Ltd.;

(t) "Related Party", for a person, means another 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;

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

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

(w) "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

(x) 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.

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 the Ontario Securities Commission Rule 45-503 Trades To Employees, Executives and Consultants and British Columbia Instrument 45-507 Trades to Employees, Executives and Consultants.

For the purposes hereof:

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

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

(aa) "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

(bb) "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;

(cc) a Permitted Client Trade; or

(dd) 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.

2.1.4 Integrated Production Services Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – corporation deemed to have ceased to be a reporting issuer after all of its outstanding securities were acquired by another corporation.

Applicable Alberta Statutory Provisions

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

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA AND ONTARIO

AND

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

AND

IN THE MATTER OF
INTEGRATED PRODUCTION SERVICES LTD.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in Alberta and Ontario (the "Jurisdictions") have received an application from Integrated Production Services Ltd. ("IPS") for a decision under the securities legislation of each of the Jurisdictions (the "Legislation") that IPS be deemed to have ceased to be a reporting issuer under the Legislation;

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

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

3.1 IPS was originally formed on April 5, 2000 by the amalgamation of OTATCO Inc. and Reliance Services Group Ltd. under the *Business Corporations Act* (Alberta);

3.2 on January 1, 2001, IPS amalgamated with two of its wholly-owned subsidiaries. The first amalgamation was that of IPS and Renegade Industries Ltd., the second amalgamation was that of IPS and Rotating Production Services;

3.3 on July 3, 2002, IPS amalgamated with SCF Acquisition Corporation and Genco Pressure Control Limited;

3.4 IPS is a reporting issuer under the Legislation and is not in default of any of the requirements of the Legislation;

3.5 the head office of IPS is located at Calgary, Alberta;

3.6 the authorized share capital of IPS consists of an unlimited number of common shares ("Common Shares"). As at July 11, 2002, there were 25,827,495 Common Shares issued and outstanding;

3.7 the Common Shares were listed on the Toronto Stock Exchange under the stock symbol "IPL", however, the Common Shares were delisted as of July 5, 2002;

3.8 no securities of IPS are listed or quoted on any exchange or market in Canada or elsewhere;

3.9 SCF-IV, L.P. (“SCF”), through its wholly-owned subsidiary SCF Acquisition Corporation, made an offer dated May 25, 2002, to acquire all of the Common Shares that it and its affiliates did not already own (the "Offer") on the basis of Cdn.$3.05 cash for each Common Share. The Offer expired on July 3, 2002, having been accepted by the holders of approximately 95% of the Common Shares subject to the Offer;

3.10 on July 3, 2002, SCF Acquisition Corporation became the sole shareholder of IPS following the compulsory acquisition of all of the Common Shares which had not been acquired by SCF Acquisition Corporation pursuant to the Offer;

3.11 other than the Common Shares and a convertible debenture held by HSBC Capital (Canada) Inc. (“HSBC”), a private equity firm, IPS has no securities, including debt securities, outstanding;

3.12 HSBC has provided written consent to IPS being deemed to have ceased to be a reporting issuer under the Legislation;

3.13 IPS has no present intention of seeking public financing by way of an offering of its securities;

4. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the “Decision”);

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

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

August 2, 2002.

“Patricia M. Johnston”

2.1.5 Paramount Resources Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System - Rule 61-501 - Related party transactions - Valuation and minority approval exemption granted in connection with two-step reorganization where transaction is agreed to by the issuer while the related parties are wholly-owned subsidiaries and completed substantially in accordance with the terms agreed to and as disclosed in a prospectus sent to all shareholders.

Applicable Ontario Rule

Rule 61-501 - Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions, ss. 5.5, 5.7 and 9.1.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO AND QUEBEC

AND

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

AND

IN THE MATTER OF
PARAMOUNT RESOURCES LTD.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario and Quebec (the "Jurisdictions") has received an application from Paramount Resources Ltd. ("PRL" or the "Applicant") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to obtain a formal valuation and to obtain the approval of minority shareholders (collectively, the "Valuation and Minority Approval Requirements") shall not apply in connection with a related party transaction;

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 PRL has represented to the Decision Makers that:

1. PRL is incorporated under the laws of the Province of Alberta and is currently organized and subsisting under the *Business Corporations Act* (Alberta) ("ABCA").

2. The head office of PRL is located in Calgary, Alberta. It is a reporting issuer in both Jurisdictions and is not currently in default of the securities legislation of such Jurisdictions.

3. PRL is authorized to issue an unlimited number of common shares of which there are 59,458,600 outstanding.

4. The common shares have been listed on the Toronto Stock Exchange since 1984.

5. PRL is in the business of petroleum and natural gas exploration and production.

6. Paramount Oil & Gas Ltd. ("POG"), and the immediate family of C. H. Riddell (the "C.H. Riddell Family") exercise control and direction over 29,590,727 common shares of PRL, representing approximately 49.77% of the issued and outstanding shares of PRL. It is anticipated that at the record date for the Dividend (as such term is hereafter defined), the C.H. Riddell Family will also hold vested stock options to purchase 396,000 common shares of PRL.

7. As at December 31, 2001, PRL had in excess of $1 billion worth of assets.

8. On June 28, 2002, PRL created an open-ended mutual fund trust by trust indenture (the "MFT") under the laws of the Province of Alberta.

9. Initially PRL will be the only holder of a nominal number of trust units ("MFT Units") of the MFT.

10. On June 28, 2002, PRL also created a personal trust under a trust indenture (the "CT") under the laws of the Province of Alberta, as a wholly-owned subsidiary of the MFT.

11. Approximately $81 million worth of royalty trust properties (the "Initial Properties") will be transferred from PRL to the CT. The CT and PRL will also enter into an agreement (the "Additional Properties Take-up Agreement") whereby PRL will agree to sell to the CT up to 100% of PRL's interest in an additional $220 million worth of royalty trust properties (the "Additional Properties"). The Initial Properties will be transferred to the CT for consideration consisting of debt of approximately $81 million (the "Initial Indebtedness") incurred by the CT in favour of PRL. The Additional Properties Take-up Agreement will be entered into at that time. At the time of such transfer, both MFT and CT will provide a limited guarantee (the "Guarantee") and related security (the "Guarantee Security") in favour of PRL's bankers.

12. The CT will grant to the MFT, under a royalty agreement, a contractual royalty of 99% of the net revenue from the oil and gas substances produced from the Initial Properties and all after-acquired properties. The CT will receive in exchange consideration (the "Royalty Consideration") of approximately $65 million consisting of approximately $30 million of secured

indebtedness (the “Secured Indebtedness”) and the issuance of MFT Units valued at approximately $35 million. The Royalty Consideration will be paid to PRL as part of a tripartite agreement among PRL, the MFT and the CT. The Initial Indebtedness to PRL will be reduced to approximately $16 million. The Secured Indebtedness will be assigned to PRL’s bankers.

13. The MFT will purchase the remaining $16 million of Initial Indebtedness from PRL in exchange for the issuance to PRL of additional MFT Units valued at approximately $16 million.

14. The $51 million worth of MFT Units held by PRL will be distributed to its shareholders by way of a dividend in kind (the "Dividend"). The Dividend will be qualified by a prospectus of the MFT filed in all jurisdictions in Canada (the "Prospectus"). Based upon the current number of common shares of PRL currently outstanding, PRL shareholders will be entitled to receive one MFT Unit for every 6 common shares of PRL held by them. However, there will be up to 784,000 vested stock options of PRL outstanding at the record date of the Dividend entitling holders thereof to acquire up to an additional 784,000 common shares of PRL. In the event that any or all of those options are exercised on or prior to the record date of the Dividend, the number of common shares necessary to receive one MFT Unit will increase to a maximum of 6.079 common shares of PRL. PRL will issue a press release on the record date of the Dividend giving notice of what this ratio will be.

15. Shortly after the distribution of the Dividend, the MFT will distribute rights (the "Rights") to subscribe for additional MFT Units to the persons who then hold the MFT Units (the "Rights Offering"). The issuance of the Rights will also be qualified by the Prospectus. Each MFT Unit held on the record date for the Rights Offering will entitle the holder to receive three Rights under the Rights Offering, resulting in an aggregate issuance of approximately 9,909,767 MFT Units on the Dividend and approximately 29,729,301 Rights to subscribe for additional MFT Units. Each Right, upon payment of the subscription price, will be exercised for one additional MFT Unit. It is anticipated that if all Rights are exercised, approximately $150 million will be raised under the Rights Offering. The Rights Offering will provide for an additional subscription privilege in accordance with National Instrument 45-101. There will be no stand-by commitment under the Rights Offering. There will be no minimum offering amount under the Rights Offering.

16. The proceeds from the Rights Offering, along with bank financing proposed to be obtained by the MFT, will be used by the CT to acquire the Additional Properties under the Additional Properties Take-up Agreement. The CT, subject to normal conditions of an oil and gas purchase and sale agreement, will be obligated to complete the transaction contemplated by the Additional Properties Take-up Agreement to the extent of the amounts raised under the Rights Offering plus the associated bank financing. If the Rights Offering is fully subscribed and the banks provide the full financing described in their commitment letter, the CT will utilize such proceeds to acquire the full 100% of PRL’s interest in the Additional Properties. If the Rights Offering is not fully subscribed, a reduced percentage working interest in the Additional Properties will be acquired. It is anticipated that the Guarantee and related Guarantee Security will be releasable upon the exercise by POG of all Rights beneficially held by it, provided the proceeds of such exercise are used for the acquisition of a portion of PRL’s interest in the Additional Properties.

17. POG and the members of the C.H. Riddell Family have indicated their intention to subscribe for up to their full pro-rata allotment of MFT Units under the Rights Offering irrespective of whether or not all Rights issued under the Rights Offering are exercised. In addition, POG and the C.H. Riddell Family have indicated that they may exercise the additional subscription privilege under the Rights Offering to acquire further MFT Units under the Rights Offering.

18. The trustee of the CT is a corporation incorporated under the ABCA ("Trustee Company") and is wholly-owned by the MFT. Trustee Company will hold legal title to the assets and properties of the CT on behalf of and for the benefit of the CT and will administer, manage and operate the oil and gas business of the CT. The board of directors of Trustee Company is comprised of 6 directors of which 2 are C.H. Riddell and S.L. Riddell Rose and 4 of which are outside directors. The holders of MFT Units will have the right to elect the board of directors of Trustee Company. It is intended that C.H. Riddell will initially direct the operations of the MFT and the CT for a period of time as the Chairman and Chief Executive Officer of Trustee Company, and S.L. Riddell Rose will initially hold the position of President of Trustee Company. Other than reimbursement of costs and expenses of Trustee Company to administer and operate the CT's oil and gas operations, and to administer MFT’s operations, Trustee Company will receive no fees as trustee of the CT. The directors and officers of Trustee Company will receive compensation which is comparable to that received by peers in public oil and gas corporations of similar size and is anticipated to include salaries, unit incentive options and bonuses based on performance.

19. In order to assess the merits of spinning out the Initial Properties and Additional Properties to the CT and the MFT through the Dividend, the Additional Properties Take-Up Agreement, and the Rights Offering (collectively, the "Transactions"), PRL has established a special committee (the "Special Committee") of independent members of its board of directors.

20. The Special Committee has been granted authority by the board of directors of PRL to assess the Transactions with a view as to whether or not the transactions are in the best interests of PRL and whether or not the transactions are fair, from a financial point of view, to the PRL shareholders. As part of the Special Committee's assessment process, they will receive a fairness opinion from their financial advisors.

21. POG, PRL, the MFT, and the CT are and will be related parties under the Legislation due to POG's and the C.H. Riddell Family's direct and indirect shareholdings in PRL.

22. The consummation of the purchase and sale of the Additional Properties between the CT and PRL pursuant to the Additional Properties Take-up Agreement will be a related party transaction between PRL and the MFT under the Legislation (the "Related Party Transaction").

23. PRL has advised that the 3 primary purposes of the Transactions are: (a) to allow the shareholders of PRL to participate in certain mature income producing oil and gas assets currently held by PRL through a new separate publicly traded entity on which the public markets have generally placed a greater value than for that of traditional publicly traded oil and gas corporations holding similar assets; (b) to allow PRL to minimize income taxes paid on income generated by those mature producing properties; and (c) to allow for the efficient raising of funds to consummate the purchase of the Additional Properties from PRL by PET which will allow PRL to reduce its debt levels. As a result, PRL believes that the completion of the Transactions will enhance shareholder value in a tax effective manner.

24. It is contemplated that the Additional Properties Take-up Agreement will be entered into prior to the payment of the Dividend while the MFT and the CT are both wholly-owned by PRL. It is contemplated, however, that the MFT and the CT will not be wholly-owned by PRL at the time the transfer of the Additional Properties occurs.

25. The oil and gas assets comprising the Additional Properties will have been determined, and agreed to, at the time of the execution of the Additional Properties Take-up Agreement. The purchase price for those Additional Properties under the Additional Properties Take-up Agreement will be based upon the present value before income tax of the proved plus risked probable reserves applicable thereto, discounted by 15%, as derived from an engineering report prepared by PRL's independent engineers, plus adjustments for undeveloped land and ancillary assets.

26. A full description of the material terms of the Transactions, as well as prospectus level disclosure of the MFT, the CT, and the assets comprised in the Initial Properties and the Additional Properties will be contained in the Prospectus.

27. POG is being treated identically to all other shareholders of PRL in respect of the Dividend and the Rights Offering;

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

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

THE DECISION of the Decision Makers under the Legislation is that the Valuation and Minority Approval Requirements shall not apply to the Related Party Transaction, provided that PRL and the MFT comply with all other applicable provisions of the Legislation.

August 12, 2002.

"Ralph H. Shay"

2.1.6 MFC Bancorp Ltd. and Mymetics Corporation - MRRS Decision

Headnote

MRRS – Distribution of shares of a non-reporting issuer as a dividend in specie is not subject to registration and prospectus requirements – de minimis Canadian shareholders.

Applicable Ontario Statutory Provisions

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

Multi Lateral Cited

Multi Lateral Instrument 45-102 Resale of Securities.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUÉBEC, AND
NEWFOUNDLAND AND LABRADOR

AND

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

AND

IN THE MATTER OF
MFC BANCORP LTD. AND
MYMETICS CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, and Newfoundland and Labrador (the "Jurisdictions") has received an application from MFC Bancorp Ltd. (the "Corporation") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement to be registered to trade in a security and the prospectus requirement contained in the Legislation (the "Registration and Prospectus Requirements") shall not apply to the distribution by the Corporation of common shares ("Mymetics Shares") of Mymetics Corporation ("Mymetics") to its shareholders ("MFC Shareholders") resident in Canada as a dividend *in specie* (the "Distribution").

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

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions* or in Québec Commission Notice 14-101;

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

1. the Corporation is organized under the laws of the Yukon Territory, is a reporting issuer in British Columbia, Alberta and Québec and is not in default of any requirement under the Legislation;

2. the Corporation owns companies that operate in the financial services industry, focusing on merchant banking, and provides specialized banking and corporate finance services internationally;

3 the authorized capital of the Corporation consists of an unlimited number of common shares and an unlimited number of Class A Preferred Shares issuable in series;

4. as of July 16, 2002, approximately 14,763,361 common shares (including 1,870,000 shares held by a subsidiary, but excluding shares held by wholly-owned subsidiaries and shares pending cancellation) and no Class A Preferred Shares of the Corporation were outstanding;

5. the Corporation's common shares are quoted for trading on the NASDAQ National Market under the symbol "MXBIF" and on the Frankfurt Stock Exchange under the symbol "MFC GR", and its 8% convertible subordinated bonds due April 1, 2008 are listed for trading on the TSX Venture Exchange under the symbol "MXB.DB.U";

6. Mymetics was incorporated under the laws of the Commonwealth of Pennsylvania in 1994 and was reincorporated under the laws of the State of Delaware in November 1996;

7. Mymetics is not a reporting issuer or equivalent in any Jurisdiction and has no intention of becoming a reporting issuer or the equivalent in any Jurisdiction;

8. the Mymetics Shares are registered with the U.S. Securities and Exchange Commission (the "SEC") under Section 12 of the U.S. *Securities Exchange Act of 1934* and Mymetics has been filing continuous disclosure reports with the SEC since 1995;

9. the Mymetics Shares are quoted for trading on the OTC Bulletin Board in the United States;

10. the authorized capital of Mymetics consists of 80,000,000 Mymetics Shares, par value $0.01 per share, and 5,000,000 preferred shares, par value $0.01 per share;

11. as of July 16, 2002, approximately 34,504,213 Mymetics Shares, and 15,372 preferred shares (which are convertible into 16,393,316 Mymetics Shares) of Mymetics, were outstanding;

12. the Corporation directly or indirectly owns or controls approximately 14,298,293 Mymetics Shares representing approximately 41% of the outstanding Mymetics Shares;

13. under the Distribution, the Corporation intends to distribute approximately 14,025,193 of the Mymetics Shares held by it to MFC Shareholders as a dividend *in specie* on the basis of 0.95 of a Mymetics Share for each outstanding common share of the Corporation; no fractional shares will be issued in connection with the Distribution; the number of Mymetics Shares to be received by MFC Shareholders will be rounded down to the nearest whole share in the event that a shareholder is entitled to a fractional share representing 0.5 or less of a Mymetics Share and will be rounded up to the nearest whole share in the event that a shareholder is entitled to a fractional share representing more than 0.5 of a Mymetics Share;

14. the Distribution will comply with the laws of the Yukon Territory and the State of Delaware, the U.S. *Securities Exchange Act of 1934*, the U.S. *Securities Act of 1933*, and other applicable securities laws of the United States;

15. as of July 16, 2002, of the Corporation's outstanding shares, approximately 14,763,361 shares were entitled to participate in the Distribution, of which approximately 3,025,577 were held by approximately 65 holders of record in Canada as follows:

Province	Number of MFC Shares Held	Number of Holders of Record	Percentage Total Outstanding MFC Shares
British Columbia	1,373,825	6	8.52%
Alberta	3,031	3	0.018%
Manitoba	3,106	4	0.019%
Saskatchewan	1,916	7	0.012%
Ontario	1,583,966	25	9.82%
Quebec	49,606	18	0.308%
Newfoundland	10,127	2	0.063%
	3,025,577	65	18.76%

16. upon completion of the Distribution, holders of Mymetics Shares resident in Canada will hold approximately 9.7% of the total outstanding Mymetics Shares and will represent less than 10% of the holders of Mymetics Shares;

17. Mymetics has filed a registration statement on Form S-1 with the SEC to register the Mymetics Shares to be distributed to MFC Shareholders and the 16,393,316 Mymetics Shares issuable upon conversion of the 15,372 preferred shares of Mymetics; the Corporation will mail the prospectus forming part of the registration statement to MFC Shareholders in Canada;

18. after the Distribution, Mymetics will concurrently send to holders of Mymetics Shares resident in Canada all disclosure materials it sends to holders of Mymetics Shares resident in the United States;

19. the Distribution would be exempt from the Registration and Prospectus Requirements of the Legislation but for the fact that Mymetics is not a reporting issuer or equivalent under the Legislation;

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

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

THE DECISION of the Decision Makers under the Legislation is that the Registration and Prospectus Requirements shall not apply to trades by the Corporation of Mymetics Shares in connection with the Distribution provided that the first trade in Mymetics Shares acquired under this Decision in a Jurisdiction shall be deemed to be a distribution or primary distribution to the public under the Legislation of such Jurisdiction (the "Applicable Legislation") unless:

(a) except in Québec, the conditions in section 2.14(1) of Multilateral Instrument 45-102 *Resale of Securities* are satisfied; or

(b) in Québec, the alienation is made through an exchange, or a market, outside of Canada or to a person or company outside of Canada.

August 7, 2002.

"Noreen Bent"

2.1.7 AIC Investment Services Inc. - s. 5.1 of Rule 31-506

Headnote

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, ss. 2.1 and 3.1.

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

AND

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

AND

IN THE MATTER OF
AIC INVESTMENT SERVICES INC.

DECISION
(Section 5.1 of the Rule)

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

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

AND UPON the Registrant having represented to the Director that:

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

2. AIC Limited, ("AIC"), an affiliate of the Registrant, is the manager of the AIC Group of Funds;

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

4. the securities of the mutual funds managed by AIC are generally sold to the public through other registered dealers;

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

6. 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;

7. upon the next general mailing to holders of accounts held with the Registrant in its capacity as a mutual fund dealer ("Account Holders") and in any event before September 30, 2002, the Registrant shall provide, to any Account Holder that was a client of the Registrant on the date of this Decision, the 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;*

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

IT IS THE DECISION of the Director, pursuant to section 5.1 of the Rule, that, effective the date of this Decision, the Registrant is exempt from the requirements in sections 2.1 and 3.1 of the Rule, provided that the Registrant complies with the terms and conditions on its registration under the Act as a mutual fund dealer set out in the attached Schedule "A", and that the Registrant does not accept new Account Holders from the date of this Decision.

July 25, 2002.

"David M. Gilkes"

SCHEDULE "A"

TERMS AND CONDITIONS OF REGISTRATION

OF

AIC INVESTMENT SERVICES INC.

AS A MUTUAL FUND DEALER

Definitions

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

   (a) "Act" means the Securities Act, R.S.O. 1990, c. S.5, as amended;

   (b) "Adviser" means an adviser as defined in subsection 1(1) of the 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 affiliated entity of the Registrant, where, immediately before the trade, the person or company is shown on the records of the mutual fund or of another 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 is either a client of the Registrant that was not solicited by the Registrant or was an existing client of the Registrant on the date of this Decision;

   (d) "Commission" means the Ontario Securities Commission;

   (e) "Effective Date" means the date of this Decision;

   (f) "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;

   (g) "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;

   (h) "Employee Rule" means Commission Rule 45-503 Trades To Employees, Executives and Consultants;

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

   (j) "Executive", for a Service Provider, means a director, officer or partner of the

Service Provider or of an affiliated entity of the Service Provider;

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

(i) 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; or

(ii) a trade in securities of a mutual fund for which the Registrant would have available to it an exemption from the registration requirements of clause 25(1)(a) of the Act if the Registrant were not a "market intermediary" as such term is defined in section 204 of the Regulation;

(l) "Fund-on-Fund Trade", for the Registrant, 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 counterparty, an affiliated entity of the counterparty or an other person or company, pursuant to an agreement to purchase the securities to effect a hedge of a liability relating to a contract for a specified derivative or swap made between the counterparty and 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 counterparty, affiliated entity or other person or company that acquired the securities pursuant to an agreement to purchase the securities to effect a hedge of a liability relating to a contract for a specified derivative or swap made between the counterparty and 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;

(m) "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 an 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 an other registered dealer if the Registrant is not otherwise permitted to make the purchase or sale pursuant to these terms and conditions;

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

(o) "Permitted Client", for the Registrant, 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 of the Registrant or an affiliated entity of a Service Provider of the Registrant;

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

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

(p) "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 affiliated entity of the Registrant, and the trade consists of:

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

(ii) a redemption, by the person, through the Registrant, of securities of the mutual fund;

(q) "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);

(r) "Registrant" means AIC Investment Services Inc.;

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

(t) "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;

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

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

(w) "Service Provider", for the Registrant, 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 the Employee Rule.

3. For the purposes hereof:

(a) "issue", "niece", "nephew" 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.

2.1.8 Franklin Templeton Investments Corp. - s. 5.1 of Rule 31-506

Headnote

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

AND

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

AND

IN THE MATTER OF
FRANKLIN TEMPLETON INVESTMENTS CORP.

DECISION
(Section 5.1 of the Rule)

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

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

AND UPON the Registrant having represented to the Director that:

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

2. the Registrant is the manager of the Templeton, Franklin, Bissett and Mutual Series mutual funds that it has established and will be the manager of

other mutual funds that it expects to establish in the future;

3. the securities of the mutual funds managed by the Registrant (the "Funds") are generally sold to the public through other registered dealers;

4. currently, the Registrant sells securities of the Funds to clients who were investors in the Bissett American Equity Fund, Bissett Bond Fund, Bissett Canadian Equity Fund, Bissett Dividend Income Fund, Bissett Income Fund (formerly the Bissett Income Trust Fund), Bissett International Equity Fund, Bissett Large Cap Fund, Bissett Microcap Fund, Bissett Money Market Fund, Bissett Multinational Growth Fund, Bissett Retirement Fund, Bissett Small Cap Fund and Bissett American Equity RSP Fund and Bissett Multinational Growth RSP Fund prior to November 30, 2000 and who remain investors in the Funds;

5. the Registrant, as a portfolio manager, also executes trades for its clients in securities of pooled funds sponsored by the Registrant (i.e. mutual funds which are sold pursuant to prospectus exemptions) and prospectused funds to client accounts over which it exercises discretionary investment authority pursuant to investment counseling agreements;

6. the Registrant administers investment accounts for the Funds to facilitate the investment of some or all of their assets in other mutual funds;

7. the Registrant executes trades for employees of the Registrant, its affiliates and service providers;

8. the Registrant executes trades for its own account to permit it to make the initial investments required to establish a new Fund;

9. the Registrant executes for investors in the Funds who hold securities of a Fund in their own name, redemptions respecting a Fund, and transfers from one Fund to another Fund;

10. the Registrant has requested that its registration as a mutual fund dealer permit it to continue to carry on the trading activities referred to in paragraphs 4 to 9 above, without applying for membership in the MFDA;

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

12. 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;

13. 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;*

14. upon the next general mailing to its account holders and in any event before August 30, 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 13, above;

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

IT IS THE DECISION of the Director, pursuant to section 5.1 of the Rule, that, effective May 23, 2001, the Registrant is exempt from the requirements in sections 2.1 and 3.1 of the Rule;

PROVIDED THAT:

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

June 25, 2002.

"David M. Gilkes"

SCHEDULE "A"

TERMS AND CONDITIONS OF REGISTRATION

OF

FRANKLIN TEMPLETON INVESTMENTS CORP.

AS A MUTUAL FUND DEALER

Definitions

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

   (a) "Act" means the *Securities Act*, R.S.O. 1990, c. S.5, as amended;

   (b) "Adviser" means an adviser as defined in subsection 1(1) of the 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 affiliated entity 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 is either a client of the Registrant that was not solicited by the Registrant or was an existing client of the Registrant on the Effective Date;

   (d) "Commission" means the Ontario Securities Commission;

   (e) "Effective Date" means May 23, 2001;

   (f) "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;

   (g) "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;

   (h) "Employee Rule" means Commission Rule 45-503 Trades To Employees, Executives and Consultants;

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

   (j) "Executive", for a Service Provider, means a director, officer or partner of the

Service Provider or of an affiliated entity of the Service Provider;

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

(i) 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; or

(ii) a trade in securities of a mutual fund for which the Registrant would have available to it an exemption from the registration requirements of clause 25(1)(a) of the Act if the Registrant were not a "market intermediary" as such term is defined in section 204 of the Regulation;

(l) "Fund-on-Fund Trade", for the Registrant, 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 counterparty, an affiliated entity of the counterparty or an other person or company, pursuant to an agreement to purchase the securities to effect a hedge of a liability relating to a contract for a specified derivative or swap made between the counterparty and 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 counterparty, affiliated entity or other person or company that acquired the securities pursuant to an agreement to purchase the securities to effect a hedge of a liability relating to a contract for a specified derivative or swap made between the counterparty and 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;

(m) "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 an 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 an other registered dealer if the Registrant is not otherwise permitted to make the purchase or sale pursuant to these terms and conditions;

(n) "Managed Account" means, for the Registrant, an investment portfolio account of a client under which the Registrant, pursuant to a written agreement made between the Registrant and the client, makes investment decisions for the account and has full discretionary authority to trade in securities for the account without obtaining the client's specific consent to the trade;

(o) "Managed Account Trade" means, for the Registrant, a trade to, or on behalf of a Managed Account of the Registrant, where the trade consists of a purchase or redemption, through the Registrant of securities of a mutual fund, that is made on behalf of the Managed Account;

where, in each case,

(i) the Registrant or an affiliate of the Registrant is the portfolio adviser to the mutual fund;

(ii) the mutual fund is managed by the Registrant; and

(iii) either of:

(A) the mutual fund is prospectus-qualified in Ontario; or

(B) the trade is not subject to sections 25 and 53 of the Act;

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

(q) "Permitted Client", for the Registrant, 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 of the Registrant or an affiliated entity of a Service Provider of the Registrant;

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

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

(r) "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 affiliated entity of the Registrant, and the trade consists of:

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

(ii) a redemption, by the person, through the Registrant, of securities of the mutual fund;

(s) "Pooled Fund Rule" means, for the Registrant, a rule or other regulation that relates, in whole or in part, to the distribution of securities of a mutual fund and/or non-redeemable investment fund, other than pursuant to a prospectus for which a receipt has been obtained from the Director, made by the Registrant on or on behalf of a Managed Account, but does not include Rule 45-501 Exempt Distributions;

(t) "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);

(u) "Registrant" means Franklin Templeton Investments Corp.;

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

(w) "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;

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

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

(z) "Service Provider", for the Registrant, 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 the Employee Rule.

3. For the purposes hereof:

(a) "issue", "niece", "nephew" 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 Managed Account Trade, provided that, at the time of the trade, the Registrant is registered under the Act as an adviser in the categories of "investment counsel" and "portfolio manager";

(f) a Permitted Client Trade; or

(g) a Seed Capital Trade;

provided that, in the case of all trades that are only referred to in clauses (a) or (f), the trades are limited and incidental to the principal business of the Registrant, and provided also that paragraph (e) will cease to be in effect one year after the coming into force, subsequent to the date of this Decision, of any Pooled Fund Rule.

2.1.9 Emerging Ventures Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications B Issuer granted relief under National Instrument 43-101 from the requirement that the author of a technical report be a member in good standing of a professional association.

Applicable Ontario Statutory Provision

National Instrument 43-101 Standards of Disclosure for Mineral Projects.

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

AND

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

AND

IN THE MATTER OF
EMERGING VENTURES CORP.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker" and collectively the "Decision Makers") in each of the Provinces of Alberta and Ontario (the "Jurisdictions") has received an application (the "Application") from Emerging Ventures Corp. (the "Corporation") for: (1) an exemption 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) an exemption 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 Alberta Securities Commission is the principal regulator for this application;

AND WHEREAS the Corporation represented to the Decision Makers that:

1. The Corporation's head office is located at 1717 Coleman Street, North Vancouver, British Columbia, V7K 2V7;
2. The Corporation is a reporting issuer in each of Alberta and British Columbia and is not in default of any requirement of the legislation;
3. The Corporation' securities are listed for trading on the TSX Venture Exchange;
4. The Corporation is a capital pool corporation and is currently in the process of completing its qualifying transaction as defined in the Corporate Finance Manual of the TSX Corporate Venture Exchange (the "Qualifying Transaction");
5. The Corporation proposes to complete its Qualifying Transaction by amalgamating with QGX, a corporation incorporated under the laws of Ontario, and operating as a gold mining exploration corporation, primarily focussed on prospective properties in Mongolia;
6. QGX has retained Tom Setterfield to author technical reports required to be filed by the Corporation pursuant to NI 43-101 and to prepare information upon which disclosure of a scientific or technical nature may be based;
7. Tom Setterfield 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; and
8. 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.

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 Tom Setterfield provided that

1. Tom Setterfield 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 Tom Setterfield becomes a member of APGO or is advised that his application for membership to APGO has been denied; and (2) February 1, 2003.

May 29, 2002.

"Agnes Lau"

2.2 Orders

2.2.1 Federal Express Corporation - s. 83

Headnote

Issuer deemed to have ceased to be reporting issuer under the Act.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1), 6(3) and 83.

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

AND

IN THE MATTER OF
FEDERAL EXPRESS CORPORATION

ORDER
(Section 83 of the Act)

WHEREAS the Ontario Securities Commission (the "Commission") has received an application from Federal Express Corporation ("FedEx Express") for an order under section 83 of the Act deeming the Filer to have ceased to be a reporting issuer under the Act;

AND WHEREAS it is being represented to the Commission that:

1. FedEx Express was incorporated on June 24, 1971 under the laws of the State of Delaware and is headquartered in Memphis, Tennessee.

2. FedEx Express became a reporting issuer in December 1987 as a consequence of listing its common stock on the Toronto Stock Exchange, but voluntarily delisted its stock on June 30, 1994. No securities of FedEx Express are listed or quoted on any stock exchange or market in Canada or elsewhere.

3. On January 27, 1998, FedEx Express became a direct wholly owned subsidiary of FedEx Corporation ("FedEx"), which was incorporated in Delaware to serve as the holding company parent of FedEx Express and other operating companies. In the transaction, each share of FedEx Express common stock was automatically converted into one share of FedEx common stock, as a result of which FedEx became the sole stockholder of FedEx Express.

4. FedEx Express has authorized and issued 1000 shares of common stock, par value $.10 per share, all of which are held by FedEx Corporation. There are no other issued and outstanding equity securities of FedEx Express; and there are no registered holders of FedEx Express securities that are resident in Ontario or Canada.

5. FedEx Express does not intend to seek public financing by way of an offering of its securities in Canada.

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

IT IS ORDERED, pursuant to Section 83 of the Act, that FedEx Express is deemed to have ceased to be a reporting issuer under the Act.

August 6, 2002.

"Iva Vranic"

2.2.2 Sentry Select Capital Corp. - ss. 59(2) of Sched. I of Reg.

Headnote

Exemption from the fees otherwise due under section 34 of Schedule I of the Regulation made under the Securities Act on the filing of re-audited annual financial statements by funds.

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, as am., Schedule I, s. 34 and ss. 59(2).

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

AND

IN THE MATTER OF
SENTRY SELECT ALTERNATIVE ENERGY FUND
SENTRY SELECT BIOTECHNOLOGY FUND
SENTRY SELECT GLOBAL
FINANCIAL SERVICES FUND
SENTRY SELECT INTERNET TECHNOLOGY FUND
SENTRY SELECT WEALTH MANAGEMENT FUND
SENTRY SELECT WIRELESS
COMMUNICATIONS FUND
(collectively, the "Funds")

ORDER
(Subsection 59(2) of Schedule I of the
Regulation of the Act (the "Regulation")

WHEREAS the Ontario Securities Commission (the "Decision Maker") has received an application (the "Application") from Sentry Select Capital Corp. ("Sentry"), the manager of the Funds, on behalf of each of the Funds, for an order pursuant to subsection 59(2) of Schedule I of the Regulation exempting the Funds from paying filing fees in connection with the filing of the re-audited annual financial statements for the year ended December 31, otherwise required by section 34 of Schedule I of the Regulation;

AND WHEREAS the Decision Maker has considered the Application and the recommendation of the staff of the Decision Maker;

AND WHEREAS Sentry has represented to the Decision Makers that:

1. Sentry is the manager and trustee of the Funds. Sentry is a corporation incorporated under the laws of the Province of Ontario.

2. Each of the Funds is an open-ended mutual fund trust established under the laws of the Province of Ontario.

3. Each of the Funds is a reporting issuer in each of the provinces and territories of Canada and is not in default of any requirements of the Legislation.

4. Arthur Andersen LLP ("Andersen") audited the annual financial statements of the Funds for the year ended December 31, 2001 (the "Initial Statements") and issued its auditors' report thereon. The Initial Statements were filed via SEDAR on May 21, 2002 and mailed to unitholders of the Funds. Pursuant to sections 3.1 and 3.3 of National Instrument 81-101, the Initial Statements were incorporated by reference into the applicable simplified prospectus of the Funds and were provided to unitholders on request.

5. On June 3, 2002, Deloitte & Touche LLP (the "Deloitte") announced the completion of "the transaction that will enable over 1,000 Andersen partners and staff to join Deloitte & Touche" and the integration of Andersen people and clients into Deloitte (the "Transaction"). Accordingly, the responsibility to audit the Funds has been transitioned to Deloitte.

6. Each Fund is relying on Staff Notice 43-304, 62-302, and 81-308 of the Canadian Securities Administrators to transition the auditor of the Funds to Deloitte. In connection with the Transaction, each Fund had Deloitte re-audit the annual financial statements of the Fund for the year ended December 31, 2001 and provide its auditors' report thereon (the "Deloitte Statements").

7. Units of each Fund are currently qualified for distribution in each of the provinces and territories of Canada pursuant to a simplified prospectus and annual information form dated July 18, 2001.

8. A renewal simplified prospectus and annual information form were filed prior to the earliest lapse date in New Brunswick on July 22, 2002 under SEDAR Project #459902.

9. The Funds are to file the Deloitte Statements as "Amendment to Audited Financial Statements" under the existing SEDAR project used by the Funds to file their continuous disclosure documents, including the Initial Statements. Concurrently with the filing of the Deloitte Statements, the Funds propose to file on SEDAR a letter indicating that the Initial Statements are superseded by the Deloitte Statements.

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

IT IS HEREBY ORDERED by the Decision Maker pursuant to subsection 59(2) of Schedule I of the Regulation that the Funds are exempt from the payment of filing fees under section 34 of Schedule I of the Regulation with respect to the filing of the Deloitte Statements.

August 2, 2002.

"Paul A. Dempsey"

2.2.3 The Learning Library Inc. - ss. 83.1(1)

Headnote

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

Statutes Cited

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

Policies Cited

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

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

AND

IN THE MATTER OF
THE LEARNING LIBRARY INC.

ORDER
(Subsection 83.1(1))

UPON the application (the "Application") of The Learning Library Inc. (the "Corporation") to the Ontario Securities Commission (the "Commission") for an order pursuant to subsection 83.1(1) of the Act deeming the Corporation 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 Corporation having represented to the Commission as follows:

1. The Corporation is a company that is governed by the *Business Corporations Act* (Ontario) and was formed by the amalgamation of Sydenham Capital Inc. ("Sydenham"), E-Amigos.com Inc. and The Learning Library Inc.("Amalco") on May 31, 2002 (the "Amalgamation").

2. The head and registered offices of the Corporation will be located at 555 Richmond Street West, Suite 1100, P.O. Box 214, Toronto, Ontario, M5V 3B1.

3. The authorized capital of Amalco will consist of an unlimited number of common shares, an unlimited number of preferred shares and an unlimited number of special shares, of which 23,000,015 common shares including common shares issuable upon the conversion of the special shares and 2,661,333 preferred shares will be outstanding. An aggregate of 266,666 common

shares of Amalco will be reserved for issuance on the exercise of agents options granted by Sydenham and E-Amigos. A further aggregate of 2,100,015 common shares of Amalco will also be reserved for issuance on the exercise of stock options granted by Sydenham, E-Amigos and Learning Library to its officers, directors, employees and consultants. A further aggregate of 4,950,000 common shares of Amalco will be reserved for issuance on the exercise of share purchase warrants granted by Learning Library and Amalco.

4. Sydenham has been a reporting issuer under the *Securities Act* (Alberta) (the "Alberta Act" since September 12, 2001 after the issuance of a receipt for its initial public offering prospectus, and a reporting issuer under the *Securities Act* (British Columbia) (the "BC Act") since January 8, 2002 due to Sydenham's securities being listed for trading on the TSX Venture Exchange.

5. E-Amigos has been a reporting issuer under the Alberta Act since October 30, 2001 after the issuance of a receipt for its initial public offering prospectus, and a reporting issuer under the BC Act since January 8, 2002 due to E-Amigos' securities being listed for trading on the TSX Venture Exchange.

6. The Corporation will become a reporting issuer under the Alberta Act and the BC Act by virtue of the Amalgamation. The predecessors of the Corporation, Sydenham and E-Amigos, are not in default of any requirements of the BC Act or the Alberta Act.

7. The Corporation is not a reporting issuer or its equivalent under the securities legislation of any jurisdiction in Canada, other than British Columbia and Alberta.

8. Sydenham's common shares were listed on the TSX Venture Exchange from January 8, 2002, and will continue to be listed on the TSX Venture Exchange until the Amalgamation. E-Amigos' common shares were listed on the TSX Venture Exchange from January 15, 2001, and will continue to be listed on the TSX Venture Exchange until the Amalgamation. The Corporation's common shares will be listed on the TSX Venture Exchange upon completion of the Amalgamation. Sydenham and E-Amigos are in compliance with all of the requirements of TSX Venture Exchange.

9. The Corporation will have a "significant connection" to Ontario as its mind and management will be principally located in Ontario and the Corporation will have registered shareholders that are beneficial owners of the common shares of the Corporation who are resident in Ontario and who beneficially own more than 10% of the number of common shares beneficially owned by the registered and beneficial holders of the common shares of the Corporation. David Lowenstein, the proposed President, Chief Executive Officer and a Director of the Corporation, resident of Ontario, will indirectly own 65% of the common shares of Amalco.

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

11. The materials filed by Sydenham and E-Amigos as reporting issuers in the provinces of Alberta and British Columbia are available on the System for Electronic Document Analysis and Retrieval.

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

13. Neither the Corporation nor any of its officers, directors or any of its controlling shareholders has:

    a. been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority;

    b. entered into a settlement agreement with a Canadian securities regulatory authority; or

    c. been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely to be considered important to a reasonable investor making an investment decision.

14. To the knowledge of Sydenham, E-Amigos or any of their respective directors or officers or any of their controlling shareholders, neither Sydenham nor E-Amigos nor any of their respective directors or officers or controlling shareholders is or has been subject to: (i) any known ongoing or concluded investigations by: (a) a Canadian securities regulatory authority, or (b) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

15. None of the directors or officers of the Corporation, nor to the best of the knowledge of

the Corporation, its directors or officers, or any of its controlling shareholders, is or has been at the time of such event a director or officer of any other issuer which is or has been subject to: (i) any cease trade or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years, except for proceedings related to the bankruptcy of S'Piazza Italian Eatery and Marketta, which declared bankruptcy in May 2000, and of which David Lowenstein and Robert E. Masotti were two of five partners in the restaurant and Robert E. Masotti was one of three partners acting as guarantors to the restaurant.

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 Corporation be deemed to be a reporting issuer for the purposes of the Act.

July 25, 2002.

"Margo Paul"

2.2.4 CA-Network Inc. - s. 144

Headnote

Cease-trade order revoked where the issuer has remedied its default in respect of disclosure requirements under the Act.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127(1)2, 127(5), 127(8), 144.

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

AND

IN THE MATTER OF
CA-NETWORK INC.
(the "Company")

ORDER
(Section 144)

WHEREAS the securities of CA-Network Inc. (the "Company") are subject to a Temporary Order of the Director dated April 3, 2002 under paragraph 127(1)2 and subsection 127(5) of the Act extended by the Order of the Director dated March 22, 2002 (collectively referred to as the "Cease Trade Order") directing that trading in the securities of the Company cease;

AND WHEREAS the Company has applied to the Ontario Securities Commission (the "Commission") for 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 by letters patent given December 12, 1967 and is a reporting issuer under the Act.

2. The Company is a reporting issuer in the Province of Ontario since September 15, 1979, the date of proclamation in force of a predecessor to the Act.

3. The authorized capital of the Company consists of an unlimited number of common shares of which 20,766,275 are issued and outstanding as at the date hereof;

4. The Cease Trade Order was issued as a result of the Company's failure to comply with the financial disclosure requirements of the Act;

5. Audited financial statements for the year ended October 31, 2001 (collectively, the "Financial

Statements") and interim financial statements for the three month period ended January 31, 2002, (the "Interim Statements") were not filed in a timely manner with the Commission or sent to the shareholders of the Company because the Company was inactive.

6. The Financial Statements and Interim Statements have been prepared and filed with the Commission on July 4, 2002.

7. The Financial Statements and the Interim Statements were mailed to the shareholders of the Company on July 16, 2002.

8. Except for the Cease Trade Order, the Company is not otherwise in default of any of the requirements of the Act or the Regulation; and

9. The Company has been subject to previous cease trade orders issued by the Commission, in 1987, 1988, 1991 and 2001;

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 revoked.

July 17, 2002.

"John Hughes"

2.2.5 Passion Media Inc. - ss. 83.1(1)

Headnote

Subsection 83.1(1) - issuer deemed to be a reporting issuer in Ontario - issuer has been a reporting issuer in British Columbia since December 27, 2000 and in Alberta since November 28, 2000 - issuer listed and posted for trading on the TSX Venture Exchange - continuous disclosure requirements of British Columbia and Alberta substantially identical to those of Ontario.

Statutes Cited

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

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

AND

IN THE MATTER OF
PASSION MEDIA INC.

ORDER
(Subsection 83.1(1))

UPON the application (the "Application") of Passion Media Inc. (the "Corporation") to the Ontario Securities Commission (the "Commission") for an order pursuant to subsection 83.1(1) of the Act deeming the Corporation 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 Corporation having represented to the Commission as follows:

1. The Corporation was formed by the amalgamation of Silicon Acquisition Inc. ("Silicon") and Passion Media Inc. ("Passion Media") on July 4, 2002 (the "Amalgamation"), pursuant to the *Business Corporations Act* (Ontario);

2. The head office of the Corporation is located at 35 Elmer Avenue, Toronto, Ontario;

3. The Corporation is a multimedia organization dedicated to mainstream adult sexuality. It is currently developing an integrated group of media platforms comprised of an internet community, syndicated radio programs, two digital specialty television networks, and various publishing initiatives to be implemented through royalty arrangements with established publishers;

4. The authorized capital of the Corporation consists of an unlimited number of Class A shares ("Class A Shares") and an unlimited number of Class B shares ("Class B Shares"), of which 16,158,935

Class A Shares and no Class B Shares are outstanding as at July 17, 2002. An aggregate of 1,802,666 Class A Shares are reserved for issuance on the exercise of 1,536,000 options granted by the Corporation immediately following the completion of the Amalgamation and 266,666 options granted by the Corporation in replacement of options granted by Silicon. A further aggregate of 4,464,004 Class A Shares are also reserved for issuance on the exercise of compensation options, warrants, supplier warrants, replacement agent's options and diamond warrants of the Corporation issued pursuant to the Amalgamation in replacement of compensation options, warrants, supplier warrants, replacement agent's options and diamond warrants granted by Passion Media;

5. Silicon has been a reporting issuer under the *Securities Act* (Alberta) (the "Alberta Act") since November 28, 2000, after the issuance of a receipt for its initial public offering prospectus. Silicon has been a reporting issuer under the *Securities Act* (British Columbia) (the "BC Act") since December 27, 2000, as a result of Silicon's securities being listed for trading on the Canadian Venture Exchange Inc. (the "CDNX") (on April 5, 2002, the CDNX was renamed the TSX Venture Exchange (the "TSX Venture"));

6. The Corporation is a reporting issuer under the Alberta Act and the BC Act by virtue of the Amalgamation. The Corporation is not in default of any requirements of the BC Act or the Alberta Act;

7. The Corporation is not a reporting issuer or its equivalent under the securities legislation of any jurisdiction in Canada, other than British Columbia and Alberta;

8. Silicon's common shares were listed on the CDNX from December 27, 2000 until the Amalgamation. The Corporation's Class A Shares are listed on the TSX Venture. The Corporation is in compliance with all of the requirements of the TSX Venture;

9. The Corporation has a significant connection to Ontario for the reasons that greater than 10 per cent of the beneficial and registered shareholders of the Corporation had, as at August 2, 2002, residence in Ontario, and the mind and management of the Corporation are located in Ontario.

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

11. The materials filed by Silicon as reporting issuer in the provinces of Alberta and British Columbia are available on the System for Electronic Document Analysis and Retrieval;

12. There have been no penalties or sanctions imposed against Silicon or Passion Media by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, and neither Silicon nor Passion Media has entered into any settlement agreement with any Canadian securities regulatory authority;

13. Neither Silicon nor any of its officers, directors or any of its controlling shareholders has:

    a. been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority;

    b. entered into a settlement agreement with a Canadian securities regulatory authority; or

    c. been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely to be considered important to a reasonable investor making an investment decision;

14. Neither Passion Media nor any of its officers, directors or any of its controlling shareholders has:

    a. been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority;

    b. entered into a settlement agreement with a Canadian securities regulatory authority; or

    c. been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely to be considered important to a reasonable investor making an investment decision;

15. To the knowledge of Silicon or any of its respective directors or officers or any of its controlling shareholders, neither Silicon nor any of its respective directors, officers or controlling shareholders is or has been subject to: (i) any known ongoing or concluded investigations by: (a) a Canadian securities regulatory authority, or (b) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years;

16. To the knowledge of Passion Media or any of its respective directors or officers or any of its

controlling shareholders, neither Passion Media nor any of its respective directors, officers or controlling shareholders is or has been subject to: (i) any known ongoing or concluded investigations by: (a) a Canadian securities regulatory authority, or (b) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years;

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 Corporation be deemed to be a reporting issuer for the purposes of the Act.

August 8, 2002.

"Iva Vranic"

2.2.6 Zemex Corporation - cl. 104(2)(c)

Headnote

Clause 104(2)(c) – Exemption from issuer bid requirements of Part XX granted to issuer proposing to acquire its shares from a senior employee – exemption in section 93(3)(d) unavailable as "market price" calculated as of date agreement to purchase entered into and not as of date of acquisition – terms of purchase and purchase price binding on employee as of date of agreement – agreement subject to approval by issuer's board of directors - purchase of issuer's shares part of retirement arrangement for employee – terms of arrangement other than purchase of shares entered into for valid business reasons unrelated to purchase and not for the purpose of increasing the consideration payable to employee for shares being purchased by issuer.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 93(3)(d), 95, 96, 97, 98, 100 and 104(2)(c).

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

AND

IN THE MATTER OF
ZEMEX CORPORATION

ORDER
(Clause 104(2)(c) OSA)

UPON the application by Zemex Corporation ("Zemex") to the Ontario Securities Commission (the "Commission") for an order pursuant to clause 104(2)(c) of the OSA exempting Zemex from the requirements of sections 95, 96, 97, 98 and 100 of the OSA (the "Issuer Bid Requirements") with respect to common shares of Zemex (the "Shares") that Zemex proposes to repurchase for cancellation from a current employee;

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

AND UPON Zemex having represented to the Commission as follows:

1. Zemex was established under the *Canada Business Corporations Act* pursuant to a certificate of continuance dated June 5, 1998. The predecessor to Zemex was originally incorporated in 1907 in the state of Maine and eventually reincorporated as Zemex Corporation in the state of Delaware ("Zemex U.S."). Effective January 21, 1999, Zemex completed a reorganization pursuant to which shareholders of Zemex U.S. became shareholders of Zemex and Zemex U.S. merged with Zemex Acquisition Corporation to form

Zemex U.S. Corporation, a wholly-owned subsidiary of Zemex.

2. Zemex is authorized to issue an unlimited number of Shares and an unlimited number of first preference shares, issuable in series. As of July 26, 2002, Zemex had 8,209,792 Shares issued and outstanding.

3. The Shares are listed and posted for trading in Canada on the Toronto Stock Exchange (the "TSX") and in the United States on The New York Stock Exchange (the "NYSE"). Zemex began trading on the TSX in 1999, while its predecessors have been trading on the NYSE since 1939.

4. The percentage of volume of trading of the Shares on the NYSE in the first six months of 2002 represented approximately 95% of the total volume of trading of the Shares on the TSX and NYSE combined.

5. Zemex has been a reporting issuer under the OSA since 1999 and is not on the list of defaulting reporting issuers maintained pursuant to subsection 72(9) of the OSA.

6. As of July 26, 2002, Zemex's market capitalization was in excess of US$50,000,000.

7. Richard L. Lister ("Lister") is President and Chief Executive Officer of Zemex and has held these positions since May 1993. As of July 23, 2002, Lister was the beneficial owner of 534,405 Shares representing approximately 7% of the issued and outstanding Shares.

8. On June 28, 2002 (the "Arrangement Date") the chair of the compensation committee of Zemex (the "Compensation Committee") concluded the terms of a retirement arrangement (the "Arrangement") with Lister, whereby Zemex agreed to, among other things, purchase 340,000 Shares from Lister for cancellation (the "Purchase") for the "market price" of US$6.96 per share, for the aggregate consideration of US$2,366,400. The "market price" was calculated in accordance with section 183 of Ontario Regulation 1015 made under the OSA, and is based on the appropriate closing prices per share on the TSX and converted to US dollars based on the Bank of Canada noon exchange rate of C$1.5110 as of June 27, 2002. The Arrangement's closing was subject to approval by Zemex's board of directors (the "Board").

9. The 340,000 Shares that Zemex intends to repurchase from Lister under the Purchase represent approximately 64% of the total number of Shares beneficially held by Lister, and approximately 4% of the issued and outstanding Shares.

10. The purpose of the Arrangement is to provide Lister with a full retirement package relating to his retiring from Zemex by January 2003 and to reorganize Lister's relationship with Zemex to ensure an efficient transition to a new President and Chief Executive Officer.

11. On June 14, 2002, the Board authorized the Compensation Committee, which is composed of members who are independent of management, to negotiate the final terms of the Arrangement. The Compensation Committee negotiated the Arrangement on behalf of Zemex and has concluded that the Arrangement is in the best interests of Zemex. The Compensation Committee and Lister determined that the specific price of the Shares subject to the Purchase is central to the Arrangement as this price influences the specific terms of the other transactions in the Arrangement.

12. The Arrangement was approved by the Board on July 24, 2002. A majority of the directors of the Board are independent of management. The Arrangement is to close on August 1, 2002 (the "Anticipated Closing Date"), subject to regulatory approval.

13. The Shares subject to the Purchase, once acquired by Zemex on the Anticipated Closing Date, when aggregated with all other Shares acquired by Zemex in reliance on the exemption from the Issuer Bid Requirements provided for in clause 93(3)(d) of the OSA within the 12-month period immediately prior to the Anticipated Closing Date, will not be more than 5 percent of the issued and outstanding Shares at the commencement of such 12-month period.

14. In making the Purchase, Zemex is unable to rely on the exemption from the Issuer Bid Requirements in clause 93(3)(d) of the OSA because the date for calculating "market price" under the Purchase is the Arrangement Date and not the date of acquisition of the Shares under the Purchase, as required under such clause.

15. The "market price" of US$6.96 for the Shares being repurchased under the Purchase was binding on Lister as of the Arrangement Date and the Purchase will occur at that price regardless of any changes in the current "market price" of the Shares.

16. The terms of the Arrangement other than the Purchase were entered into for valid business reasons unrelated to the Purchase and not for the purpose of increasing the consideration payable to Lister for the Shares being repurchased under the Purchase.

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

IT IS ORDERED pursuant to clause 104(2)(c) of the OSA that the Purchase is exempt from the Issuer Bid Requirements.

July 30, 2002.

"Robert W. Korthals" "Howard I. Wetston"

2.2.7 Frank Alan Latam - ss. 127(1) and s. 127.1

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

AND

IN THE MATTER OF
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

ORDER
(Subsection 127(1) and section 127.1)

WHEREAS on September 24, 1998, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") respecting Frank Alan Latam ("Latam") and others;

AND WHEREAS on September 24, 1998, the Commission made a Temporary Order as against Latam and others, such Temporary Order which was extended by Commission Orders dated October 9, 1998 and February 5, 1999 (the "Temporary Order");

AND WHEREAS Latam entered into a Settlement Agreement dated August 6, 2002 (the "Settlement Agreement") in which he agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission and upon hearing submissions from Latam and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order pursuant to subsection 127(1) and section 127.1 of the Act;

IT IS ORDERED THAT:

1. The attached Settlement Agreement is approved;

2. pursuant to subsection 127(1), paragraph 2, trading in any securities by Latam cease for eight years commencing on the date of this Order except that after one year Latam may trade securities for the account of his registered retirement savings plan (as defined in the *Income Tax Act (Canada)*);

3. pursuant to subsection 127(1), paragraph 6, Latam is reprimanded; and

4. the Temporary Order as against Latam no longer has any force or effect.

August 8, 2002.

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

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

AND

IN THE MATTER OF
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

SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND FRANK ALAN LATAM

INTRODUCTION

1. By Notice of Hearing dated September 24, 1998 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider, among other things:

   (a) whether, pursuant to subsection 127(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make an order that the exemptions contained in Ontario securities law do not apply to the respondent Frank Alan Latam ("Latam") permanently or for such time as the Commission may direct; and

   (b) such other orders as the Commission deems appropriate.

2. By Temporary Order dated September 24, 1998, the Commission ordered that trading in securities by Latam cease immediately except for trades in mutual fund securities and trades for his personal account (the "Temporary Order"). The Temporary Order was extended by Commission Orders dated October 9, 1998 and February 4, 1999.

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff of the Commission ("Staff") agrees to recommend settlement of the proceeding respecting Latam initiated by the Notice of Hearing in accordance with the terms and conditions set out below. Latam consents to the making of an order against him in the form attached as Schedule "A" based on the facts set out in Part III of this Settlement Agreement.

III. STATEMENT OF FACTS

Acknowledgement

4. Solely for the purposes of this proceeding, and of any other proceeding commenced by a securities regulatory agency, Staff and Latam agree with the facts set out in paragraphs 5 through 25 of this Settlement Agreement.

Facts

5. Saxton Investment Ltd. ("Saxton") was incorporated on January 13, 1995. The respondent, Allan Eizenga ("Eizenga") was Saxton's registered director. Saxton and Eizenga established numerous offering corporations, as listed below (the "Offering Corporations").

The Saxton Trading Corp.
The Saxton Export Corp.
The Saxton Export (II) Corp.
The Saxton Export (III) Corp.
The Saxton Export (IV) Corp.
The Saxton Export (V) Corp.
The Saxton Export (VI) Corp.
The Saxton Export (VII) Corp.
The Saxton Export (VIII) Corp.
The Saxton Export (IX) Corp.
The Saxton Export (X) Corp.
The Saxton Export (XI) Corp.
The Saxton Export (XII) Corp.
The Saxton Export (XIII) Corp.
The Saxton Export (XIV) Corp.
The Saxton Export (XV) Corp.
The Saxton Export (XVI) Corp.
The Saxton Export (XVII) Corp.
The Saxton Export (XVIII) Corp.
The Saxton Export (XIX) Corp.
The Saxton Export (XX) Corp.
The Saxton Export (XXI) Corp.
The Saxton Export (XXII) Corp.
The Saxton Export (XXIII) Corp.
The Saxton Export (XXIV) Corp.
The Saxton Export (XXV) Corp.
The Saxton Export (XXVI) Corp.
The Saxton Export (XXVII) Corp.
The Saxton Export (XXVIII) Corp.
The Saxton Export (XXIX) Corp.
The Saxton Export (XXX) Corp.
The Saxton Export (XXXI) Corp.
The Saxton Export (XXXII) Corp.
The Saxton Export (XXXIII) Corp.
The Saxton Export (XXXIV) Corp.
The Saxton Export (XXXV) Corp.
The Saxton Export (XXXVI) Corp.
The Saxton Export (XXXVII) Corp.
The Saxton Export (XXXVIII) Corp.

6. Saxton and the Offering Corporations represented to the public that they were investing in businesses in Cuba and other Caribbean companies.

7. On or about October 7, 1998, the Court appointed KPMG Inc. ("KPMG") as the custodian of Saxton's assets. In early 1999, KPMG reported that the Offering Corporations had raised approximately $37 million from investors. All funds invested in the Offering Corporations had been transferred to Saxton. At that time, KPMG held the view that the value of the Saxton assets, at its highest (as reported by related companies), was approximately $5.5 million.

8. Latam became registered with the Commission under the Act to sell mutual fund securities and limited market products in January 1992. He has not been registered with the Commission since December 30, 1998.

9. Between September 1996 and July 1998, Latam sold to Ontario investors securities of one or more of the Offering Corporations (the "Saxton Securities"). Latam sold the Saxton Securities to approximately 113 Ontario investors for a total amount sold of approximately $4.3 million. Latam informs Staff that approximately $1.9 million of the $4.3 million were sales for which Latam split the commissions with the investor (including sales of almost $600,000 to the respondents Larry Ayres and Ron Masschaele).

10. All of the Offering Corporations were incorporated pursuant to the laws of Ontario. Sales of the Saxton Securities constituted trades in securities of an issuer that had not been previously issued.

11. None of the Offering Corporations filed a prospectus with the Commission. By selling the Saxton Securities to his clients, Latam traded in securities, which trades were distributions, without a prospectus being filed or receipted by the Commission and with no available exemption from the prospectus requirements of Ontario securities law.

12. Latam failed to provide his clients with access to substantially the same information concerning the Saxton Securities that a prospectus filed under the Act would provide. Although Latam had Saxton Offering Memoranda available to him, none of his clients received an Offering Memorandum prior to purchasing the Saxton Securities. The only documentation provided by Latam was vague promotional material prepared by Saxton. In some cases, however, Latam introduced his clients to Saxton representatives, including Eizenga, the respondent Luke McGee ("McGee") and Michael Tibollo.

13. Latam told certain clients that they were purchasing a low risk "GIC" or other guaranteed product from Saxton. In fact, investors were purchasing shares in Saxton, such securities which were described in the Offering Memoranda as "speculative".

14. In some cases, Latam told prospective Saxton investors that he had invested several hundred thousand dollars in Saxton. In fact, Latam never purchased any Saxton Securities. He informs Staff, however, that his renewal commissions were not paid to him in cash. Rather, such commissions were accumulating and would be matched by Saxton and converted to founders' shares when the company went public.

15. Latam failed to adequately assess the suitability of his clients' investments in the Saxton Securities. Latam did not have a sufficient understanding of the Saxton products and their purported guarantees to effectively evaluate the risk to his clients in purchasing such Securities.

16. Between 1996 until 1999, Latam worked out of the Integrated Planning offices in St. Thomas. The respondent Richard Fangeat ("Fangeat") ran the Integrated Planning office and held himself out as Latam's Branch Manager. Latam always operated as an independent contractor, however, with his sponsors.

17. Latam failed to inform his sponsoring firms that he was selling the Saxton Securities. In or about the fall of 1997, however, Latam says that Fangeat represented to him that Balanced Planning (their sponsor) had authorized their sales of the Saxton Securities.

18. Latam informs Staff that he relied extensively on the representations of Fangeat and McGee. McGee was Saxton's Vice-President and a lawyer. McGee and Fangeat made several representations to Latam concerning the business and financial state of Saxton, the nature and risk of the Saxton products and the implications of securities law to the distribution of the Saxton Securities.

19. Latam relied on McGee's and Fangeat's representations with no independent inquiry and without the requisite knowledge and experience upon which to properly judge the veracity of their statements. Among other things, Latam never reviewed any Saxton financial statements. Moreover, Latam's earlier experience with Fangeat militated against significant reliance on Fangeat.

20. Latam received commissions of approximately $185,000 on the sales described in paragraph 9 above. Latam had also been promised founders' shares when Saxton went public in lieu of renewal or trailer fees.

21. Latam sold Saxton Securities to at least one client after he was shown (in April 1998) documents which strongly indicated that Eizenga had used Saxton funds for his personal residence.

22. In early October 1997, Latam was contacted by an investigator in the Commission's Corporate Relations Branch respecting a client compliant. Among other things, the complaint related to Latam's sale of the Saxton Securities. Latam responded to the Commission's inquiries in early December, 1997. Although Latam did not hear from the Commission again until September 1998 (when the Commission issued the Temporary Order), Latam sold the Saxton Securities throughout November and December 1997 and continued to sell them until June 1998.

23. Latam's conduct in selling the Saxton Securities was contrary to Ontario securities law and the public interest.

24. Latam encouraged his clients Larry Ayres and Ron Masschaele to became salespeople of the Saxton Securities.

25. Latam co-operated with the Commission's investigation respecting the sale of Saxton Securities.

IV. TERMS OF SETTLEMENT

26. Latam agrees to the following terms of settlement:

(a) the making of an order:

(i) approving this settlement;

(ii) that trading in any securities by Latam cease for 8 years with the exception that, after one year from the date of the approval of this settlement, Latam is permitted to trade securities for the account of his registered retirement savings plan (as defined in the *Income Tax Act (Canada)*;

(iii) reprimanding Latam; and

(iv) that the Temporary Order no longer has any force or effect; and

(b) Latam will undertake to the Commission that he will not apply to the Commission for registration for 8 years; and

(c) within one year prior to applying to the Commission for registration Latam will successfully complete the Canadian

Securities Course and Conduct and Practices Handbook Course.

V. STAFF COMMITMENT

27. If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Latam in relation to the facts set out in Part III of this Settlement Agreement.

VI. APPROVAL OF SETTLEMENT

28. Approval of the settlement set out in this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for August 8, 2002, or such other date as may be agreed to by Staff and Latam (the "Settlement Hearing"). Latam will attend in person at the Settlement Hearing.

29. Counsel for Staff or Latam may refer to any part, or all, of this Settlement Agreement at the Settlement Hearing. Staff and Latam agree that this Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing.

30. If this settlement is approved by the Commission, Latam agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act.

31. Staff and Latam agree that if this settlement is approved by the Commission, they will not make any public statement inconsistent with this Settlement Agreement.

32. If, for any reason whatsoever, this settlement is not approved by the Commission, or an order in the form attached as Schedule "A" is not made by the Commission:

    (a) this Settlement Agreement and its terms, including all discussions and negotiations between Staff and Latam leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff and Latam;

    (b) Staff and Latam shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by this Agreement or the settlement discussions/negotiations;

    (c) the terms of this Settlement Agreement will not be referred to in any subsequent proceeding, or disclosed to any person, except with the written consent of Staff and Latam or as may be required by law; and

    (d) Latam agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement, the settlement discussions/negotiations or the process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF SETTLEMENT AGREEMENT

33. Except as permitted under paragraph 29 above, this Settlement Agreement and its terms will be treated as confidential by Staff and Latam until approved by the Commission, and forever, if for any reason whatsoever this settlement is not approved by the Commission, except with the consent of Staff and Latam, or as may be required by law.

34. Any obligations of confidentiality shall terminate upon approval of this settlement by the Commission.

VIII. EXECUTION OF SETTLEMENT AGREEMENT

35. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

36. A facsimile copy of any signature shall be as effective as an original signature.

August 6, 2002.

"Frank Alan Latam"
Frank Alan Latam

August 6, 2002.

"Michael Watson"
Staff of the Ontario Securities Commission
Per: Michael Watson

2.2.8 Robert Thomislav Adzija - ss. 127(1) and s. 127.1

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

AND

**IN THE MATTER OF
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**

**ORDER
(Subsection 127(1) and section 127.1)**

WHEREAS on September 24, 1998, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") respecting Robert Thomislav Adzija ("Adzija") and others;

AND WHEREAS on September 24, 1998, the Commission made a Temporary Order as against Adzija and others, such Temporary Order which was extended by Commission Orders dated October 9, 1998 and February 5, 1999 (the "Temporary Order");

AND WHEREAS Adzija entered into a Settlement Agreement dated August 6, 2002 (the "Settlement Agreement") in which he agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission and upon hearing submissions from Adzija and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order pursuant to subsection 127(1) and section 127.1 of the Act;

IT IS ORDERED THAT:

1. the attached Settlement Agreement is approved;

2. pursuant to subsection 127(1), paragraph 2, trading in any securities by Adzija cease for four years commencing on the date of this Order except that after one year Adzija may trade securities for the account of his registered retirement savings plan (as defined in the *Income Tax Act (Canada)*);

3. pursuant to subsection 127(1), paragraph 6, Adzija is reprimanded; and

4. the Temporary Order as against Adzija no longer has any force or effect.

August 8, 2002.

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

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

AND

**IN THE MATTER OF
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**

**SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND ROBERT THOMISLAV ADZIJA**

I. INTRODUCTION

1. By Notice of Hearing dated September 24, 1998 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider, among other things:

   (a) whether, pursuant to subsection 127(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make an order that the exemptions contained in Ontario securities law do not apply to the respondent Robert Thomislav Adzija ("Adzija") permanently or for such time as the Commission may direct; and

   (b) such other orders as the Commission deems appropriate.

2. By Temporary Order dated September 24, 1998, the Commission ordered that trading in securities by Adzija cease immediately except for trades in mutual fund securities and trades for his personal account (the "Temporary Order"). The Temporary Order was extended by Commission Orders dated October 9, 1998 and February 4, 1999.

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff of the Commission ("Staff") agrees to recommend settlement of the proceeding respecting Adzija initiated by the Notice of Hearing in accordance with the terms and conditions set out below. Adzija consents to the making of an order against him in the form attached as Schedule "A" based on the facts set out in Part III of this Settlement Agreement.

III. STATEMENT OF FACTS

Acknowledgement

4. Solely for the purposes of this proceeding, and of any other proceeding commenced by a securities regulatory agency, Staff and Adzija agree with the facts set out in paragraphs 5 through 20 of this Settlement Agreement.

Facts

5. Saxton Investment Ltd. ("Saxton") was incorporated on January 13, 1995. The respondent Allan Eizenga ("Eizenga") was Saxton's registered director. Saxton and Eizenga established numerous offering corporations, as listed below (the "Offering Corporations").

   The Saxton Trading Corp.
   The Saxton Export Corp.
   The Saxton Export (II) Corp.
   The Saxton Export (III) Corp.
   The Saxton Export (IV) Corp.
   The Saxton Export (V) Corp.
   The Saxton Export (VI) Corp.
   The Saxton Export (VII) Corp.
   The Saxton Export (VIII) Corp.
   The Saxton Export (IX) Corp.
   The Saxton Export (X) Corp.
   The Saxton Export (XI) Corp.
   The Saxton Export (XII) Corp.
   The Saxton Export (XIII) Corp.
   The Saxton Export (XIV) Corp.
   The Saxton Export (XV) Corp.
   The Saxton Export (XVI) Corp.
   The Saxton Export (XVII) Corp.
   The Saxton Export (XVIII) Corp.
   The Saxton Export (XIX) Corp.
   The Saxton Export (XX) Corp.
   The Saxton Export (XXI) Corp.
   The Saxton Export (XXII) Corp.
   The Saxton Export (XXIII) Corp.
   The Saxton Export (XXIV) Corp.
   The Saxton Export (XXV) Corp.
   The Saxton Export (XXVI) Corp.
   The Saxton Export (XXVII) Corp.
   The Saxton Export (XXVIII) Corp.
   The Saxton Export (XXIX) Corp.
   The Saxton Export (XXX) Corp.
   The Saxton Export (XXXI) Corp.
   The Saxton Export (XXXII) Corp.
   The Saxton Export (XXXIII) Corp.
   The Saxton Export (XXXIV) Corp.
   The Saxton Export (XXXV) Corp.
   The Saxton Export (XXXVI) Corp.
   The Saxton Export (XXXVII) Corp.
   The Saxton Export (XXXVIII) Corp.

6. Saxton and the Offering Corporations represented to the public that they were investing in businesses in Cuba and other Caribbean companies.

7. On or about October 7, 1998, the Court appointed KPMG Inc. ("KPMG") as the custodian of Saxton's assets. In early 1999, KPMG reported that the Offering Corporations had raised approximately $37 million from investors. All funds invested in the Offering Corporations had been transferred to Saxton. At that time, KPMG held the view that the value of the Saxton assets, at its highest (as reported by related companies), was approximately $5.5 million.

8. Adzija became registered with the Commission under the Act to sell mutual fund securities and limited market products in September 1996. Adzija has not been registered since September, 2001.

9. Between March 1996 and July 1998, Adzija sold to Ontario investors securities of one or more of the Offering Corporations (the "Saxton Securities"). Adzija sold the Saxton Securities to approximately 60 Ontario investors for a total amount sold of approximately $2,963,790. Many of these investors were members of a small community in the St. Thomas area.

10. All of the Offering Corporations were incorporated pursuant to the laws of Ontario. Adzija's sales of the Saxton Securities constituted trades in securities of an issuer that had not been previously issued.

11. None of the Offering Corporations filed a prospectus with the Commission. By selling the Saxton Securities to his clients, Adzija traded in securities, which trades were distributions, without a prospectus being filed or receipted by the Commission and with no exemption from the prospectus requirements of Ontario securities law being available.

12. Adzija failed to provide his clients with access to substantially the same information concerning the Saxton Securities that a prospectus filed under the Act would provide. Although clients who purchased Saxton's "Equity Dividend Account" product were provided with an Offering Memorandum, such Memorandum provided little information about Saxton other than the geographic location in which the company conducted business. Adzija did not supplement this information for clients. The only documentation provided by Adzija to clients purchasing Saxton's "GIC" or "Fixed Dividend Account" products was vague promotional material prepared by Saxton.

13. With respect to certain sales of the Saxton securities, Adzija traded in securities without being registered with the Commission and with no exemption from the registration requirements being available to him.

14. Adzija failed to adequately assess the suitability of his clients' investments in the Saxton Securities. He did not have a sufficient understanding of the Saxton products to effectively evaluate the risk to his clients in purchasing the Saxton Securities.

15. Adzija failed to inform his sponsoring firm that he was selling the Saxton Securities. Adzija informs Staff that at no time did a compliance officer representing his sponsoring firm visit him, review his files or discuss any of the products he sold. Further, in or about the fall of 1997, the respondent Rick Fangeat ("Fangeat") informed Adzija (who shared the same sponsor) that they were authorized to sell the Saxton Securities.

16. Adzija received commissions of approximately $148,000 on the sales described in paragraph 9 above.

17. Adzija's conduct in selling the Saxton Securities was contrary to Ontario securities law and the public interest.

18. Adzija informs Staff that, since he had little experience in the securities industry, he relied heavily on Fangeat. Fangeat was Adzija's Branch Manager and "mentor". Fangeat had over 20 years' experience in the investment and insurance industries. Fangeat endorsed and recommended the Saxton Securities to Adzija as suitable for a conservative investor. Adzija informs Staff that he was not aware until 1997 that Fangeat held a position with Saxton.

19. Adzija invested $160,000 in the Saxton Securities. Adzija informs Staff that he sold his parents Saxton Securities worth approximately $265,000. Adzija and his parents invested after he had sold the Saxton Securities to other clients.

20. Adzija co-operated with the Commission's investigation respecting the sale of Saxton Securities.

IV. TERMS OF SETTLEMENT

21. Adzija agrees to the following terms of settlement:

(a) the making of an order:

(i) approving this settlement;

(ii) that trading in any securities by Adzija cease for 4 years with the exception that, after one year from the date of the approval of this settlement, Adzija is permitted to trade securities for the account of his registered retirement savings plan (as defined in the *Income Tax Act (Canada)*);

(iii) reprimanding Adzija; and

(iv) that the Temporary Order no longer has any force or effect;

(b) Adzija will undertake to the Commission that:

(i) he will not apply to the Commission for registration for 4 years; and

(ii) within one year prior to applying to the Commission for registration Adzija will successfully complete the Canadian Securities Course and Conduct and Practices Handbook Course.

V. STAFF COMMITMENT

22. If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Adzija in relation to the facts set out in Part III of this Settlement Agreement.

VI. APPROVAL OF SETTLEMENT

23. Approval of the settlement set out in this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for August 8, 2002 , or such other date as may be agreed to by Staff and Adzija (the "Settlement Hearing"). Adzija will attend in person at the Settlement Hearing.

24. Counsel for Staff or Adzija may refer to any part, or all, of this Settlement Agreement at the Settlement Hearing. Staff and Adzija agree that this Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing.

25. If this settlement is approved by the Commission, Adzija agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act.

26. Staff and Adzija agree that if this settlement is approved by the Commission, they will not make any public statement inconsistent with this Settlement Agreement.

27. If, for any reason whatsoever, this settlement is not approved by the Commission, or an order in the form attached as Schedule "A" is not made by the Commission:

(a) this Settlement Agreement and its terms, including all discussions and negotiations between Staff and Adzija leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff and Adzija;

(b) Staff and Adzija shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by this Agreement or the settlement discussions/negotiations;

(c) the terms of this Settlement Agreement will not be referred to in any subsequent proceeding, or disclosed to any person, except with the written consent of Staff and Adzija or as may be required by law; and

(d) Adzija agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement, the settlement discussions/negotiations or the process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF SETTLEMENT AGREEMENT

28. Except as permitted under paragraph 24 above, this Settlement Agreement and its terms will be treated as confidential by Staff and Adzija until approved by the Commission, and forever, if for any reason whatsoever this settlement is not approved by the Commission, except with the consent of Staff and Adzija, or as may be required by law.

29. Any obligations of confidentiality shall terminate upon approval of this settlement by the Commission.

VIII. EXECUTION OF SETTLEMENT AGREEMENT

30. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

31. A facsimile copy of any signature shall be as effective as an original signature.

August 6, 2002.

"Robert Thomislav Adzija"
Robert Thomislav Adzija

August 6, 2002.

"Michael Watson"
Staff of the Ontario Securities Commission
Per: Michael Watson

2.2.9 Todd Michael Johnston - ss. 127(1) and s. 127.1

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

AND

**IN THE MATTER OF
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**

**ORDER
(Subsection 127(1) and section 127.1)**

WHEREAS on September 24, 1998, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") respecting Todd Michael Johnston ("Johnston") and others;

AND WHEREAS on September 24, 1998, the Commission made a Temporary Order as against Johnston and others, such Temporary Order which was extended by Commission Orders dated October 9, 1998 and February 5, 1999 (the "Temporary Order");

AND WHEREAS Johnston entered into a Settlement Agreement executed July 26, 2002 and August 2, 2002 (the "Settlement Agreement") in which he agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission and upon hearing submissions from Johnston and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order pursuant to subsection 127(1) and section 127.1 of the Act;

IT IS ORDERED THAT:

1. the attached Settlement Agreement is approved;

2. pursuant to subsection 127(1), paragraph 2, trading in any securities by Johnston cease for 9 months commencing on the date of this Order;

3. pursuant to subsection 127(1), paragraph 6, Johnston is reprimanded; and

4. the Temporary Order as against Johnston no longer has any force or effect.

August 8, 2002.

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

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

AND

IN THE MATTER OF
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

SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND TODD MICHAEL JOHNSTON

I. INTRODUCTION

1. By Notice of Hearing dated September 24, 1998 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider, among other things:

   (a) whether, pursuant to subsection 127(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make an order that the exemptions contained in Ontario securities law do not apply to the respondent Todd Michael Johnston ("Johnston") permanently or for such time as the Commission may direct; and

   (b) such other orders as the Commission deems appropriate.

2. By Temporary Order dated September 24, 1998, the Commission ordered that trading in securities by Johnston cease immediately except for trades in mutual fund securities and trades for his personal account (the "Temporary Order"). The Temporary Order was extended by Commission Orders dated October 9, 1998 and February 4, 1999.

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff of the Commission ("Staff") agrees to recommend settlement of the proceeding respecting Johnston initiated by the Notice of Hearing in accordance with the terms and conditions set out below. Johnston consents to the making of an order against him in the form attached as Schedule "A" based on the facts set out in Part III of this Settlement Agreement.

III. STATEMENT OF FACTS

Acknowledgement

4. Solely for the purposes of this proceeding, and of any other proceeding commenced by a securities regulatory agency, Staff and Johnston agree with the facts set out in paragraphs 5 through 18 of this Settlement Agreement.

Facts

5. Saxton Investment Ltd. ("Saxton") was incorporated on January 13, 1995. The respondent Allan Eizenga ("Eizenga") was Saxton's registered director. Saxton and Eizenga established numerous offering corporations, as listed below (the "Offering Corporations").

   The Saxton Trading Corp.
   The Saxton Export Corp.
   The Saxton Export (II) Corp.
   The Saxton Export (III) Corp.
   The Saxton Export (IV) Corp.
   The Saxton Export (V) Corp.
   The Saxton Export (VI) Corp.
   The Saxton Export (VII) Corp.
   The Saxton Export (VIII) Corp.
   The Saxton Export (IX) Corp.
   The Saxton Export (X) Corp.
   The Saxton Export (XI) Corp.
   The Saxton Export (XII) Corp.
   The Saxton Export (XIII) Corp.
   The Saxton Export (XIV) Corp.
   The Saxton Export (XV) Corp.
   The Saxton Export (XVI) Corp.
   The Saxton Export (XVII) Corp.
   The Saxton Export (XVIII) Corp.
   The Saxton Export (XIX) Corp.
   The Saxton Export (XX) Corp.
   The Saxton Export (XXI) Corp.
   The Saxton Export (XXII) Corp.
   The Saxton Export (XXIII) Corp.
   The Saxton Export (XXIV) Corp.
   The Saxton Export (XXV) Corp.
   The Saxton Export (XXVI) Corp.
   The Saxton Export (XXVII) Corp.
   The Saxton Export (XXVIII) Corp.
   The Saxton Export (XXIX) Corp.
   The Saxton Export (XXX) Corp.
   The Saxton Export (XXXI) Corp.
   The Saxton Export (XXXII) Corp.
   The Saxton Export (XXXIII) Corp.
   The Saxton Export (XXXIV) Corp.
   The Saxton Export (XXXV) Corp.
   The Saxton Export (XXXVI) Corp.
   The Saxton Export (XXXVII) Corp.
   The Saxton Export (XXXVIII) Corp.

6. Saxton and the Offering Corporations represented to the public that they were investing in businesses in Cuba and other Caribbean companies.

7. On or about October 7, 1998, the Court appointed KPMG Inc. ("KPMG") as the custodian of Saxton's assets. In early 1999, KPMG reported that the Offering Corporations had raised approximately $37 million from investors. All funds invested in the Offering Corporations had been transferred to Saxton. At that time, KPMG held the view that the value of the Saxton assets, at its highest (as reported by related companies), was approximately $5.5 million.

8. Johnston became registered with the Commission under the Act to sell mutual fund securities in January 1997. As of June 23, 1998, Johnston was registered with the Commission to sell limited market products. Johnston has not been registered since January 20, 2001.

9. Between December 1996 and June 1998, Johnston sold to Ontario investors securities of one or more of the Offering Corporations (the "Saxton Securities"). Johnston sold the Saxton Securities to 3 Ontario investors for a total amount sold of approximately $311,900. With respect to the third investor, Johnston recommended against buying the Saxton Securities. Notwithstanding this recommendation, Johnston's client choose to purchase approximately $150,000 of the Securities.

10. When Johnston made his first sale of the Saxton Securities, he was not registered with the Commission. Johnston was registered to sell only mutual fund securities when he made his second sale of the Saxton Securities.

11. All of the Offering Corporations were incorporated pursuant to the laws of Ontario. Johnston's sales of the Saxton Securities constituted trades in securities of an issuer that had not been previously issued.

12. None of the Offering Corporations filed a prospectus with the Commission. By selling the Saxton Securities to his clients, Johnston traded in securities, which trades were distributions, without a prospectus being filed or receipted by the Commission and with no exemption from the prospectus requirements of Ontario securities law being available.

13. With respect to his first sale of Saxton securities, Johnston traded in securities without being registered with the Commission and with no exemption from the registration requirements being available to him.

14. Johnston received commissions of approximately $15,600 on the sales described in paragraph 9 above.

15. Although Johnston informed his clients that an investment in the Saxton Securities was speculative, he failed to adequately assess the suitability of his clients' investments in such Securities. Moreover, in one case, Johnston advised a retired client to invest the majority of his portfolio in the Saxton Securities.

16. Johnston failed to inform his sponsoring firm that he was selling the Saxton Securities.

17. Johnston's conduct in selling the Saxton Securities was contrary to Ontario securities law and the public interest.

18. Johnston co-operated with the Commission's investigation respecting the sale of Saxton Securities.

IV. TERMS OF SETTLEMENT

19. Johnston agrees to the following terms of settlement:

(a) the making of an order:

(i) approving this settlement;

(v) that trading in any securities by Johnston cease for nine months;

(vi) reprimanding Johnston; and

(vii) that the Temporary Order no longer has any force or effect.

(b) Johnston will undertake to the Commission that within six months of applying to the Commission for registration he will successfully complete the Canadian Securities Course and the Conduct and Practices Handbook Course.

V. STAFF COMMITMENT

20. If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Johnston in relation to the facts set out in Part III of this Settlement Agreement.

VI. APPROVAL OF SETTLEMENT

21. Approval of the settlement set out in this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for August 8, 2002, or such other date as may be agreed to by Staff and Johnston (the "Settlement Hearing"). Johnston will attend in person at the Settlement Hearing.

22. Counsel for Staff or Johnston may refer to any part, or all, of this Settlement Agreement at the Settlement Hearing. Staff and Johnston agree

that this Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing.

23. If this settlement is approved by the Commission, Johnston agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act.

24. Staff and Johnston agree that if this settlement is approved by the Commission, they will not make any public statement inconsistent with this Settlement Agreement.

25. If, for any reason whatsoever, this settlement is not approved by the Commission, or an order in the form attached as Schedule "A" is not made by the Commission:

    (a) this Settlement Agreement and its terms, including all discussions and negotiations between Staff and Johnston leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff and Johnston;

    (b) Staff and Johnston shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by this Agreement or the settlement discussions/negotiations;

    (c) the terms of this Settlement Agreement will not be referred to in any subsequent proceeding, or disclosed to any person, except with the written consent of Staff and Johnston or as may be required by law; and

    (d) Johnston agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement, the settlement discussions/negotiations or the process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF SETTLEMENT AGREEMENT

26. Except as permitted under paragraph 22 above, this Settlement Agreement and its terms will be treated as confidential by Staff and Johnston until approved by the Commission, and forever, if for any reason whatsoever this settlement is not approved by the Commission, except with the consent of Staff and Johnston, or as may be required by law.

27. Any obligations of confidentiality shall terminate upon approval of this settlement by the Commission.

VIII. EXECUTION OF SETTLEMENT AGREEMENT

28. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

29. A facsimile copy of any signature shall be as effective as an original signature.

July 26, 2002.

"Todd Michael Johnston"
Todd Michael Johnston

August 2, 2002.

"Michael Watson"
Staff of the Ontario Securities Commission
Per: Michael Watson

2.2.10 Randall Novak - ss. 127(1) and s. 127.1

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

AND

IN THE MATTER OF
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

ORDER
(Subsection 127(1) and section 127.1)

WHEREAS on September 24, 1998, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") respecting Randall Novak ("Novak") and others;

AND WHEREAS on September 24, 1998, the Commission made a Temporary Order as against Novak and others, such Temporary Order which was extended by Commission Orders dated October 9, 1998 and February 5, 1999 (the "Temporary Order");

AND WHEREAS Novak entered into a Settlement Agreement executed August 2, 2002 and August 6, 2002 (the "Settlement Agreement") in which he agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission and upon hearing submissions from Novak and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order pursuant to subsection 127(1) and section 127.1 of the Act;

IT IS ORDERED THAT:

1. the attached Settlement Agreement is approved;

2. pursuant to subsection 127(1), paragraph 1, Novak's registration with the Commission is suspended for 8 months commencing on the date of this Order;

3. pursuant to subsection 127(1), paragraph 2, trading in any securities by Novak cease for 8 months commencing on the date of this Order;

4. pursuant to subsection 127(1), paragraph 2, Novak must successfully complete the Canadian Securities Course in order for his registration to be reinstated following the suspension;

5. pursuant to subsection 127(1), paragraph 6, Novak is reprimanded;

6. the Temporary Order as against Novak no longer has any force or effect; and

7. pursuant to section 127.1, Novak will pay costs to the Commission in the amount of $2,500.

August 8, 2002.

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

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

AND

IN THE MATTER OF
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

SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND RANDALL NOVAK

I. INTRODUCTION

1. By Notice of Hearing dated September 24, 1998 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider, among other things:

   (a) whether, pursuant to subsection 127(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make an order that the exemptions contained in Ontario securities law do not apply to the respondent Randall Novak ("Novak") permanently or for such time as the Commission may direct; and

   (b) such other orders as the Commission deems appropriate.

2. By Temporary Order dated September 24, 1998, the Commission ordered that trading in securities by Novak cease immediately except for trades in mutual fund securities and trades for his personal account (the "Temporary Order"). The Temporary Order was extended by Commission Orders dated October 9, 1998 and February 4, 1999.

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff of the Commission ("Staff") agrees to recommend settlement of the proceeding respecting Novak initiated by the Notice of Hearing in accordance with the terms and conditions set out below. Novak consents to the making of an order against him in the form attached as Schedule "A" based on the facts set out in Part III of this Settlement Agreement.

III. STATEMENT OF FACTS

Acknowledgement

4. Solely for the purposes of this proceeding, and of any other proceeding commenced by a securities regulatory agency, Staff and Novak agree with the facts set out in paragraphs 5 through 18 of this Settlement Agreement.

Facts

5. Saxton Investment Ltd. ("Saxton") was incorporated on January 13, 1995. The respondent Allan Eizenga ("Eizenga") was Saxton's registered director. Saxton and Eizenga established numerous offering corporations, as listed below (the "Offering Corporations").

   The Saxton Trading Corp.
   The Saxton Export Corp.
   The Saxton Export (II) Corp.
   The Saxton Export (III) Corp.
   The Saxton Export (IV) Corp.
   The Saxton Export (V) Corp.
   The Saxton Export (VI) Corp.
   The Saxton Export (VII) Corp.
   The Saxton Export (VIII) Corp.
   The Saxton Export (IX) Corp.
   The Saxton Export (X) Corp.
   The Saxton Export (XI) Corp.
   The Saxton Export (XII) Corp.
   The Saxton Export (XIII) Corp.
   The Saxton Export (XIV) Corp.
   The Saxton Export (XV) Corp.
   The Saxton Export (XVI) Corp.
   The Saxton Export (XVII) Corp.
   The Saxton Export (XVIII) Corp.
   The Saxton Export (XIX) Corp.
   The Saxton Export (XX) Corp.
   The Saxton Export (XXI) Corp.
   The Saxton Export (XXII) Corp.
   The Saxton Export (XXIII) Corp.
   The Saxton Export (XXIV) Corp.
   The Saxton Export (XXV) Corp.
   The Saxton Export (XXVI) Corp.
   The Saxton Export (XXVII) Corp.
   The Saxton Export (XXVIII) Corp.
   The Saxton Export (XXIX) Corp.
   The Saxton Export (XXX) Corp.
   The Saxton Export (XXXI) Corp.
   The Saxton Export (XXXII) Corp.
   The Saxton Export (XXXIII) Corp.
   The Saxton Export (XXXIV) Corp.
   The Saxton Export (XXXV) Corp.
   The Saxton Export (XXXVI) Corp.
   The Saxton Export (XXXVII) Corp.
   The Saxton Export (XXXVIII) Corp.

6. Saxton and the Offering Corporations represented to the public that they were investing in businesses in Cuba and other Caribbean companies.

7. On or about October 7, 1998, the Court appointed KPMG Inc. ("KPMG") as the custodian of Saxton's assets. In early 1999, KPMG reported that the Offering Corporations had raised approximately $37 million from investors. All funds invested in the Offering Corporations had been transferred to Saxton. At that time, KPMG held the view that the value of the Saxton assets, at its highest (as reported by related companies), was approximately $5.5 million.

8. Novak became registered with the Commission under the Act to sell mutual fund securities and limited market products in July 1994.

9. Between July 1996 and May 1998, Novak sold to Ontario investors securities of one or more of the Offering Corporations (the "Saxton Securities"). Novak sold the Saxton Securities to 33 Ontario investors for a total amount sold of approximately $1,030,000.

10. All of the Offering Corporations were incorporated pursuant to the laws of Ontario. Novak's sales of the Saxton Securities constituted trades in securities of an issuer that had not been previously issued.

11. None of the Offering Corporations filed a prospectus with the Commission. By selling the Saxton Securities to his clients, Novak traded in securities, which trades were distributions, without a prospectus being filed or receipted by the Commission and with no available exemption from the prospectus requirements of Ontario securities law.

12. Novak failed to provide his clients with access to substantially the same information concerning the Saxton Securities that a prospectus filed under the Act would provide. None of his clients received an Offering Memorandum prior to purchasing the Saxton Securities. The only documentation provided to clients by Novak was vague promotional material prepared by Saxton.

13. Novak failed to inform his sponsoring firm that he was selling the Saxton Securities.

14. Novak failed to adequately assess the suitability of his clients' investments in the Saxton Securities. Among other things, he did not have a sufficient understanding of the Saxton products to evaluate effectively the risk to his clients in purchasing the Saxton Securities.

15. Novak received commissions of approximately $50,000 on the sales described in paragraph 9 above. He was promised by Saxton, and expected to receive, on-going trailer fees on such sales.

16. Novak's conduct was contrary to Ontario securities law and the public interest.

17. Novak informs Staff that:

    (a) prior to selling the Saxton Securities, he met with the respondent Luke McGee ("McGee"). McGee was part of the Saxton management and a lawyer by training. McGee represented to Novak that the investment products offered by Saxton were exempt from the prospectus and registration requirements under the Act*;*

    (b) he believed Saxton operated a legitimate, profitable business. In this regard, Novak relied on the representations of McGee and other Saxton principals concerning the nature and financial stability of Saxton's business and the nature and quality of the investment products offered by Saxton. Novak, however, never reviewed any Saxton financial statements and never made inquiries of any one independent of Saxton; and

    (c) he invested approximately $41,000 in the Saxton Securities.

18. Novak co-operated with the Commission's investigation respecting the sale of Saxton Securities.

IV. TERMS OF SETTLEMENT

19. Novak agrees to the following terms of settlement:

    (a) the making of an order:

        (i) approving this settlement;

        (ii) suspending Novak's registration with the Commission for eight months;

        (iii) that trading in any securities by Novak cease for eight months;

        (iv) that Novak must successfully complete the Canadian Securities Course in order for his registration to be reinstated following the suspension;

        (v) reprimanding Novak;

        (vi) that the Temporary Order no longer has any force or effect; and

(vii) that Novak will pay costs to the Commission in the amount of $2,500.

V. STAFF COMMITMENT

20. If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Novak in relation to the facts set out in Part III of this Settlement Agreement.

VI. APPROVAL OF SETTLEMENT

21. Approval of the settlement set out in this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for August 8, 2002, or such other date as may be agreed to by Staff and Novak (the "Settlement Hearing"). Novak will attend in person at the Settlement Hearing.

22. Counsel for Staff or Novak may refer to any part, or all, of this Settlement Agreement at the Settlement Hearing. Staff and Novak agree that this Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing.

23. If this settlement is approved by the Commission, Novak agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act.

24. Staff and Novak agree that if this settlement is approved by the Commission, they will not make any public statement inconsistent with this Settlement Agreement.

25. If, for any reason whatsoever, this settlement is not approved by the Commission, or an order in the form attached as Schedule "A" is not made by the Commission:

(a) this Settlement Agreement and its terms, including all discussions and negotiations between Staff and Novak leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff and Novak;

(b) Staff and Novak shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by this Agreement or the settlement discussions/negotiations;

(c) the terms of this Settlement Agreement will not be referred to in any subsequent proceeding, or disclosed to any person, except with the written consent of Staff and Novak or as may be required by law; and

(d) Novak agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement, the settlement discussions/negotiations or the process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF SETTLEMENT AGREEMENT

26. Except as permitted under paragraph 22 above, this Settlement Agreement and its terms will be treated as confidential by Staff and Novak until approved by the Commission, and forever, if for any reason whatsoever this settlement is not approved by the Commission, except with the consent of Staff and Novak, or as may be required by law.

27. Any obligations of confidentiality shall terminate upon approval of this settlement by the Commission.

VIII. EXECUTION OF SETTLEMENT AGREEMENT

28. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

29. A facsimile copy of any signature shall be as effective as an original signature.

August 2, 2002.

"Randall Novak"
Randall Novak

August 6, 2002.

"Michael Watson"
Staff of the Ontario Securities Commission
Per: Michael Watson

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
Wastecorp. International Investments Inc.	08 Aug 02	20 Aug 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
25-Jul-2002	Deloitte & Touche Inc.	2011285 Ontario Inc. - Shares	2,300,000.00	2,300,000.00
31-May-2002	Elliott & Page;Royal Bank of Canada	Asbury Automotive Group, Inc. - Notes	1,929,250.00	7.00
15-Jul-2002	Ontario Municipal Employees Retirement Board	Carlyle Management Group Partners, L.P. - Limited Partnership Units	23,077,500.00	1.00
31-May-2002	Canada Pension Plan Investment Board	Carlyle Venture Partners II, L.P. - Limited Partnership Interest	92,310,000.00	1.00
30-Apr-2002	Polar Securities;Inc.	Centurytel - Units	124,496.00	124,496.00
18-Jul-2002	A. Braga	Discovery Biotech Inc. - Common Shares	9,000.00	3,000.00
18-Jul-2002	Alan Madge	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
18-Jul-2002	Allan Wong	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
18-Jul-2002	Brian Bickerton	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
18-Jul-2002	Carl Coville	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
18-Jul-2002	Chirs McPhail	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
18-Jul-2002	Chris Bagley	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
18-Jul-2002	Claude Turpin Jr.	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
18-Jul-2002	Clive R. Lacey	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00

18-Jul-2002	Dave Repol	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
18-Jul-2002	David Visser	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
18-Jul-2002	Del Lampkin	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
18-Jul-2002	Garry Dietz Jr.	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
18-Jul-2002	Georgette Comeau	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
18-Jul-2002	Harry & C. Gillespie	Discovery Biotech Inc. - Common Shares	7,500.00	2,500.00
18-Jul-2002	James Thorton	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
18-Jul-2002	Jan Read	Discovery Biotech Inc. - Common Shares	4,500.00	1,500.00
18-Jul-2002	Jason Bellin & Bruno Savini	Discovery Biotech Inc. - Common Shares	4,500.00	1,500.00
18-Jul-2002	John A. Smith	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
18-Jul-2002	John Max	Discovery Biotech Inc. - Common Shares	9,000.00	3,000.00
18-Jul-2002	L & M Foodmarket (Ont.) Ltd.	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
18-Jul-2002	Leo Klein	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
18-Jul-2002	Marc Beehler	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
18-Jul-2002	Mario Molinaro	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
18-Jul-2002	Michael Connolly	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
18-Jul-2002	Michael Connolly	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
18-Jul-2002	Miriam J. Newton	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
18-Jul-2002	Nadeem M. Shaikh	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
18-Jul-2002	Neal Smith	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
18-Jul-2002	Patricia Oland	Discovery Biotech Inc. - Common Shares	1,500.00	500.00

18-Jul-2002	Peter Allen	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
18-Jul-2002	Richard G. Sayers	Discovery Biotech Inc. - Common Shares	22,500.00	7,500.00
18-Jul-2002	Susan Asquith	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
18-Jul-2002	5 Purchasers	FNX Mining Company Inc. - Flow-Through Shares	5,700,000.00	950,000.00
29-Apr-2002	Elliot & Page Ltd.;Royal Bank Investment Mgmt.	JohnsonDiversey, Inc. - Notes	1,182,300.00	6.00
25-Jul-2002	Sprott Asset Management Inc.	Kimber Resources Inc. - Units	225,000.00	500,000.00
01-Oct-2001	N/A	Lawrence Technology Venture Fund - Limited Partnership Units	22,000,000.00	22,000.00
26-Jul-2002	340268 Ontario Limited	Pacific & Western Credit Corp. - Debentures	1,200,000.00	1.00
03-Jun-2002	6 Purchasers	Plumtree Software, Inc. - Common Shares	453,775.00	34,500.00
18-Jul-2002	Orbitz LLC	Points International Ltd. - Common Share Purchase Warrant	1.00	1,000,000.00
18-Jul-2002	Orbitz LLC	Points International Ltd. - Common Shares	62,500.00	250,000.00
24-Jul-2002	9 Purchasers	Powell River Energy Inc. - Mortgage	42,500,000.00	1.00
17-Jul-2002	Lillie Cocunato	QI Systems Inc. - Units	12,000.00	24,000.00
17-Jul-2002	14 Purchasers	Queenston Mining Inc. - Flow-Through Shares	2,600,000.00	3,250,000.00
17-Jul-2002	19 Purchasers	Queenston Mining Inc. - Units	2,500,000.00	3,125,000.00
19-Jul-2002	Newmont Mining Corporation of Canada Limited	Queenston Mining Inc. - Units	868,500.00	1,085,625.00
31-Jul-2002	Ontario Teachers' Pension Plan Board	RIII Funding, Ltd. - Shares	23,805,500.00	15,000.00
12-Jul-2002	The Trustees of the September 5;1984 Rogers Ownership Trust	Rogers Investments Limited - Shares	28,800,000.00	2,400,000.00
30-Jul-2002	The Toronto-Dominion Bank Royal Bank of Canada	Skylon Global High Yield Trust - Units	37,300,000.00	1,600,000.00
02-Jul-2002	15 Purchasers	Stealth Minerals Limited - Common Shares	360,000.00	3,600,000.00
24-Jul-2002	Peter Allan Hiron	Texalta Petroleum Ltd. - Common Shares	8,000.00	50,000.00

01-Dec-2001 to 30-Jun-2002	16 Purchasers	The Gluskin Sheff Fund - Units	5,200,480.00	65,611.00
01-Nov-2001 to 30-Jun-2002	20 Purchasers	The GS+A Premium Income Fund - Units	5,483,037.00	51,591.00
01-Mar-2002 to 30-Jun-2002	15 Purchasers	The GS+A Value Fund - Units	3,699,618.00	35,495.00
07-Jun-2002	W.D. Latimer Co. Limited	Tribute Minerals Inc. - Common Shares	10,000.00	50,000.00
31-May-2002	Aberdeen Holdings Ltd.	Tribute Minerals Inc. - Units	300,000.00	100,000.00
25-Jul-2002	Clairvest Equity Partners Limited Partnership	Van-Rob Stampings Inc. - Shares	1,000,000.00	1,000,000.00
25-Jul-2002	Clairvest Equity Partners Limited Partnership	Van-Rob Stampings Inc. - Shares	1,000,000.00	1,000,000.00
25-Jul-2002	Clairvest Equity Partners Limited Partnership	Van-Rob Stampings Inc. - Shares	1,000,000.00	1,000,000.00
25-Jul-2002	Clairvest Equity Partners Limited Partnership	Van-Rob Stampings Inc. - Shares	13,000,000.00	13,000,000.00
26-Jul-2002	N/A	Wellco Energy Services Trust - Special Warrants	58,500.00	130,000.00
11-Jun-2002	Undercurrent Holdings Ltd.	Xperius, Inc. - Common Shares	417.00	266,667.00
01-Mar-2002 to 19-Jul-2002	7 Purchasers	ZBx Corp. - Common Shares	311.00	3,111,999.00
01-Mar-2002 to 19-Jul-2002	7 Purchasers	ZBx Corp. - Common Shares	84,300.00	3,111,999.00
01-Mar-2002 to 19-Jul-2002	9 Purchasers	ZBx Corp. - Units	338,005.00	450,674.00
01-Mar-2002 to 19-Jul-2002	9 Purchasers	ZBx Corp. - Units	338,005.00	450,674.00

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
The Catherine and Maxwell Meighen Foundation	Canadian General Investments, Limited - Common Shares	307,800.00
Viceroy Resource Corporation	Channel Resources Ltd. - Common Shares	7,076,850.00
John H. Kruzick	DRC Resoures Corporation - Common Shares	404,900.00
Glen R. Estill	EMJ Data Systems Ltd. - Common Shares	9,334.00
James M. Brady	Hornby Bay Exploration Limited - Common Shares	1,200,000.00
Kalimantan Investment Corporation	Kalimantan Gold Corporation Limited - Common Shares	500,000.00
The Catherine and Maxwell Meighen Foundation	Third Canadian General Investment Trust Limited - Common Shares	126,800.00
Ketcham Investments, Inc.	West Fraser Timber Co. Ltd. - Common Shares	22,450.00
Tysa Investments, Inc.	West Fraser Timber Co. Ltd. - Common Shares	16,312.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
CIBC U.S. Dollar Managed Balanced Portfolio
CIBC U.S. Dollar Managed Growth Portfolio
CIBC U.S. Dollar Managed Income Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated August 7th, 2002
Mutual Reliance Review System Receipt dated August 8th, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
CIBC Securities Inc.
Promoter(s):
Canadian Imperial Bank of Commerce
Project #470333

Issuer Name:
Diversified Investment Grade Income Trust, Series 1
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated August 8th, 2002
Mutual Reliance Review System Receipt dated August 9th, 2002
Offering Price and Description:
Maximum: $ <*> (<*> Redeemable Units)
@ $25.00 per Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Promoter(s):
National Bank Financial Inc.
Project #470607

Issuer Name:
Ethical US Special Equity Fund
Ethical International Equity Fund
Ethical Global Growth Fund
Ethical European Equity Fund
Ethical RSP European Equity Fund
Ethical RSP International Equity Fund
Ethical Canadian Dividend Fund
Principal Regulator - British Columbia
Type and Date:
Preliminary Simplified Prospectus dated August 9th, 2002
Mutual Reliance Review System Receipt dated August 9th, 2002
Offering Price and Description:
Class A Units
Underwriter(s) or Distributor(s):
Credential Asset Management Inc.
Promoter(s):
-
Project #470953

Issuer Name:
Harbour Sector Fund
Signature High Income Sector Fund
Signature Select Canadian Sector Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated August 12th, 2002
Mutual Reliance Review System Receipt dated August 13th, 2002
Offering Price and Description:
(Sector T Shares)
Underwriter(s) or Distributor(s):
Promoter(s):
CI Mutual Funds Inc.
Project #471171

Issuer Name:
Investors Global Natural Resources Class
Investors Global Infrastructure Class
Investors Global Consumer Companies Class
Managed Yield Class
Investors Mergers & Acquisitions Class
Investors Global e.Commerce Class
Investors Global Health Care Class
Investors Global Science & Technology Class
Investors Global Financial Services Class
IG Mackenzie Universal Emerging Markets Class
IG Mackenzie Ivy European Class
IG AGF Asian Growth Class
Investors Latin American Growth Class
Investors Pan Asian Growth Class
Investors European Mid-Cap Growth Class

Investors European Growth Class
Investors Japanese Growth Class
Investors Pacific International Class
Investors North American Growth Class
IG Mackenzie Ivy Foreign Equity Class
IG AGF International Equity Class
IG FI Global Equity Class
IG Templeton International Equity Class
Investors International Small Cap Class
Investors Global Class
IG Goldman Sachs U.S. Equity Class
IG Janus American Equity Class
IG AGF U.S. Growth Class
IG FI U.S. Equity Class
Investors U.S. Small Cap Class
Investors U.S. Opportunities Class
Investors U.S. Large Cap Growth Class
Investors U.S. Large Cap Value Class
IG Mackenzie Select Managers Canada Class
IG AGF Canadian Growth Class
IG AGF Canadian Diversified Growth Class
IG FI Canadian Equity Class
IG Sceptre Canadian Equity Class
IG Beutel Goodman Canadian Equity Class
Investors Canadian Small Cap Class
Investors Canadian Small Cap Growth Class
Investors Quebec Enterprise Class
Investors Summa Class
Investors Canadian Enterprise Class
Investors Canadian Large Cap Value Class
Investors Canadian Equity Class
Principal Regulator - Manitoba
Type and Date:
Preliminary Simplified Prospectus dated August 7th, 2002
Mutual Reliance Review System Receipt dated August 9th, 2002
Offering Price and Description:
Offering Series A and B Shares
Underwriter(s) or Distributor(s):
Investors Group Financial Services Inc.
Les Services Investors Limitee
Promoter(s):
-
Project #470498

Issuer Name:
TransForce Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated August 8th, 2002
Mutual Reliance Review System Receipt dated August 12th, 2002
Offering Price and Description:
$ * - * Trust Units @ $* per Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Desjardins Securities Inc.
TD Securities Inc.
Sprott Securities Inc.
Promoter(s):
Transforce Inc.
Project #471088

Issuer Name:
Viracocha Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated August 6th, 2002
Mutual Reliance Review System Receipt dated August 9th, 2002
Offering Price and Description:
$7,000,000 - 7,000,000 Common Shares Issuable upon the Exercise of Special Warrants
@ $1.00 per Special Warrant
Underwriter(s) or Distributor(s):
Griffiths McBurney & Partners
Promoter(s):
Robert Zakersky
Shawn Kirkpatrick
Robert Jepson
Greg Fisher
Sean Monaghan
Project #470919

Issuer Name:
CI Value Trust Sector Fund
(Formerly CI American Sector Fund)
CI Value Trust RSP Fund
(Formerly CI American RSP Fund)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated August 7th, 2002 to the Amended and Restated Simplified Prospectus and Annual Information Form dated May 16th, 2002, amending and restating the Simplified Prospectus and Annual Information Form dated December 31st, 2001
Mutual Reliance Review System Receipt dated 13th day of August, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Mutual Funds Inc.
Project #405314

Issuer Name:
Ensemble Conservative Equity Portfolio
Ensemble Moderate Equity Portfolio
Ensemble Aggressive Equity Portfolio
Ensemble Conservative Equity RSP Portfolio
Ensemble Moderate Equity RSP Portfolio
Ensemble Aggressive Equity RSP Portfolio
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated August 1st, 2002 to Simplified Prospectus and Annual Information Form
dated February 11th, 2002
Mutual Reliance Review System Receipt dated 9th day of August, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
ING Investment Management, Inc.
Promoter(s):
-
Project #413161

Issuer Name:
Mackenzie Universal Select Managers Far East Capital Class
(Series A, B, F, I, M, O and R Shares)
Mackenzie Universal Growth Trends Capital Class
(Series A, F, I, M, O and R Shares)
Mackenzie Universal World Emerging Growth Capital Class
(Series A, F, I, M and O Shares)
Mackenzie Universal Global Ethics Capital Class
(Series A, F, I, O and R Shares)
Principal Regulator - Ontario
Type and Date:
Amendment #4 dated July 29th, 2002 to Simplified Prospectus dated October 25th, 2001 and Amendment #5 dated July 29th, 2002 to Annual Information Form dated October 25th, 2001
Mutual Reliance Review System Receipt dated 6th day of August, 2002
Offering Price and Description:
Underwriter(s) or Distributor(s):
Mackenzie Financial Corporation
Promoter(s):
-
Project #382865

Issuer Name:
Shell Canada Limited
Principal Regulator - Alberta
Type and Date:
Amendment #1 dated August 9th, 2002 to Short Form Shelf Prospectus dated December 18th, 2001
Mutual Reliance Review System Receipt dated 9th day of August, 2002
Offering Price and Description:
Increase the aggregate principal amount from Cdn. $500,000,000 to Cdn. $1,000,000,000.
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #408960

Issuer Name:
Cubacan Exploration Inc.
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated August 2nd, 2002
Mutual Reliance Review System Receipt dated 7th day of August, 2002
Offering Price and Description:
Maximum Offering is 40,605,066 Units to raise $2,436,304; Minimum Offering is 10,000,000 Units to raise $600,000 @ Two Rights and $0.06 per Unit
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #458152

Issuer Name:
Tiberon Minerals Ltd.
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated August 6th, 2002
Mutual Reliance Review System Receipt dated 8th day of August, 2002
Offering Price and Description:
$4,300,000.00 - 2,150,000 Common Shares and 1,075,000 Warrants issuable upon the exercise of 2,150,000 Special Warrants @$2.00 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
-
Project #453726

Issuer Name:
CIBC Canadian T-Bill Fund
CIBC Premium Canadian T-Bill Fund
CIBC Money Market Fund
CIBC U.S Dollar Money Market Fund
CIBC High Yield Cash Fund
CIBC Mortgage Fund
CIBC Canadian Bond Fund
CIBC Monthly Income Fund
CIBC Global Bond Fund
CIBC Balanced Fund
CIBC Dividend Fund
CIBC Core Canadian Equity Fund
Canadian Imperial Equity Fund
CIBC Capital Appreciation Fund
CIBC Canadian Small Companies Fund
CIBC Canadian Emerging Companies Fund
CIBC U.S. Small Companies Fund
CIBC Global Equity Fund
CIBC European Equity Fund
CIBC Japanese Equity Fund
CIBC Emerging Economies Fund
CIBC Far East Prosperity Fund
CIBC Latin American Fund
CIBC International Small Companies Fund
CIBC Financial Companies Fund
CIBC Canadian Resources Fund
CIBC Energy Fund
CIBC Canadian Real Estate Fund
CIBC Precious Metals Fund
CIBC North American Demographics Fund
CIBC Global Technology Fund
CIBC Canadian Short-Term Bond Index Fund
CIBC Canadian Bond Index Fund
CIBC Global Bond Index Fund
CIBC Canadian Index Fund
CIBC U.S. Equity Index Fund
CIBC U.S. Index RRSP Fund
CIBC International Index Fund
CIBC International Index RRSP Fund
CIBC European Index Fund
CIBC European Index RRSP Fund
CIBC Japanese Index RRSP Fund
CIBC Emerging Markets Index Fund
CIBC Asia Pacific Index Fund
CIBC Nasdaq Index Fund
CIBC Nasdaq Index RRSP Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated August 9th, 2002
Mutual Reliance Review System Receipt dated 13th day of August, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC Securities Inc.
Promoter(s):
Canadian Imperial Bank of Commerce
Project #432357

Issuer Name:
MacDougall, MacDougall & MacTier International Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated August 9th, 2002
Mutual Reliance Review System Receipt dated 9th day of August, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
MacDougall, MacDougall & MacTier Inc.
Promoter(s):
MacDougall, MacDougall & MacTier Inc.
Project #467138

Issuer Name:
Mackenzie Ivy RSP Global Balanced Fund
Mackenzie Universal RSP Growth Trends Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated July 29th, 2002
Mutual Reliance Review System Receipt dated 6th day of August, 2002
Offering Price and Description:
(Series A, F, I and O Units)
Underwriter(s) or Distributor(s):
Mackenzie Financial Corporation
Promoter(s):
Mackenzie Financial Corporation
Project #464013

Issuer Name:
GWLIM Corporate Bond Fund
GWLIM Equity/Bond Fund
GWLIM Canadian Growth Fund
GWLIM Canadian Mid Cap Fund
GWLIM US Mid Cap Fund
GWLIM Emerging Industries Fund
GWLIM Ethics Fund
Janus American Equity Fund
Janus Global Equity Fund
LLIM Canadian Bond Fund
LLIM Income Plus Fund
LLIM Balanced Strategic Growth Fund
LLIM Canadian Diversified Equity Fund
LLIM Canadian Growth Sectors Fund
LLIM US Equity Fund
LLIM US Growth Sectors Fund
Templeton Canadian Equity Fund
Templeton International Equity Fund
Conservative Folio Fund
Moderate Folio Fund
Balanced Folio Fund
Advanced Folio Fund
Aggressive Folio Fund
Fixed Income Folio Fund
Canadian Equity Folio Fund
Global Equity Folio Fund
Mackenzie MAXXUM Income Fund
Mackenzie MAXXUM Canadian Balanced Fund
Mackenzie MAXXUM Dividend Fund
Mackenzie MAXXUM Canadian Equity Growth Fund
Mackenzie Ivy European Fund
(Formerly Scudder Greater Europe Fund)
Mackenzie Universal Canadian Resource Fund
Mackenzie Universal Precious Metals Fund
Mackenzie Universal Select Managers Canada Fund
Mackenzie Universal American Growth Fund
(Formerly Scudder US Growth and Income Fund)
Mackenzie Universal Select Managers Far East Capital Class
(of Mackenzie Financial Capital Corporation)
Mackenzie Universal World Emerging Growth Capital Class
(of Mackenzie Financial Capital Corporation)
(Quadrus Series and H Series Securities)
Janus RSP American Equity Fund
Janus RSP Global Equity Fund
(Series A Securities)
Mackenzie MAXXUM Money Market Fund
(Quadrus Series, H Series and Premium Series Securities)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated July 31st, 2002
Mutual Reliance Review System Receipt dated 8th day of August, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Quadrus Investment Services Ltd.
Quadrus Investment Services Inc.
Mackenzie Financial Corporation
Promoter(s):
Mackenzie Financial Corporation
Project #463679

Issuer Name:
Sentry Select Alternative Energy Fund
Sentry Select Biotechnology Fund
Sentry Select Global Financial Services Fund
Sentry Select Internet Technology Fund
Sentry Select Wealth Management Fund
Sentry Select Wireless Communications Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated July 19th, 2002
Mutual Reliance Review System Receipt dated 7th day of August, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
Sentry Select Capital Corp.
Promoter(s):
Project #459902

Issuer Name:
Trimark Interest Fund
(Series SC and Series DSC Units)
AIM Canada Money Market Fund
(Series A Units)
Trimark Government Income Fund
(Series A and Series F Units)
Trimark Canadian Bond Fund
(Series A and Series F Units)
Trimark Advantage Bond Fund
(Series A and Series F Units)
Trimark U.S. Money Market Fund
(Series SC and Series DSC Units)
AIM Short-Term Income Class of AIM Global Fund Inc.
(Series A, Series B and Series F Shares)
Trimark Global High Yield Bond Fund
(Series A, Series F and Series I Units)
Trimark Income Growth Fund
(Series SC, Series DSC and Series F Units)
Trimark Select Balanced Fund
(Series A and Series F Units)

AIM Canadian Balanced Fund
(Series A and Series F Units)
Trimark Global Balanced Fund
(Series A, Series F and Series I Units)
AIM Canada Income Class of AIM Canada Fund Inc.
(Series A and Series F Shares)
Trimark Canadian Fund
(Series SC, Series DSC and Series F Units)
Trimark Canadian Endeavour Fund
(Series A and Series F Units)
Trimark Select Canadian Growth Fund
(Series A and Series F Units)
AIM Canadian First Class of AIM Canada Fund Inc.
(Series A and Series F Shares)
Trimark Enterprise Fund
(Series A and Series F Units)
AIM Canadian Premier Fund
(Series A and Series F Units)
AIM Canadian Premier Class of AIM Canada Fund Inc.
(Series A and Series F Shares)
AIM Canadian Leaders Fund
(Series A Units)
Trimark Canadian Small Companies Fund
(Series A and Series F Units)
Trimark Enterprise Small Cap Fund
(Series A and Series F Units)
Trimark U.S. Companies Fund
(Series A, Series F and Series I Units)
Trimark U.S. Companies Class of AIM Global Fund Inc.
(Series A and Series F Shares)
AIM American Growth Fund
(Series A, Series F and Series I Units)
AIM American Mid Cap Growth Class of AIM Global Fund Inc.
(Series A Shares)
AIM American Aggressive Growth Fund
(Series A Units)
Trimark Fund
(Series SC, Series DSC, Series F and Series I Units)
Trimark Select Growth Fund
(Series A, Series F and Series I Units)
Trimark Select Growth Class of AIM Global Fund Inc.
(Series A and Series F Shares)
Trimark International Companies Fund
(Series A, Series F and Series I Units)
AIM International Growth Class of AIM Global Fund Inc.
(Series A, Series F and Series I Shares)
AIM Global Theme Class of AIM Global Fund Inc.
(Series A, Series F and Series I Shares)
Trimark Global Endeavour Fund
(Series A, Series F and Series I Units)
AIM Global Aggressive Growth Class of AIM Global Fund Inc.
(Series A and Series I Shares)
Trimark Europlus Fund
(Series A, Series F and Series I Units)
AIM European Growth Fund
(Series A and Series I Units)
AIM European Growth Class of AIM Global Fund Inc.
(Series A and Series F Shares)
AIM Indo-Pacific Fund
(Series A, Series F and Series I Units)
AIM Global Financial Services Class of AIM Global Fund Inc.
(Series A, Series F and Series I Shares)
Trimark Canadian Resources Fund
(Series A and Series F Units)
AIM Global Energy Class of AIM Global Fund Inc.
(Series A Shares)
AIM Dent Demographic Trends Class of AIM Global Fund Inc.
(Series A, Series F and Series I Shares)
AIM Global Sector Managers Class of AIM Global Fund Inc.
(Series A, Series F and Series I Shares)
Trimark Discovery Fund
(Series A, Series F and Series I Units)
AIM Global Health Sciences Fund
(Series A and Series I Units)
AIM Global Health Sciences Class of AIM Global Fund Inc.
(Series A and Series F Shares)
AIM Global Telecommunications Class of AIM Global Fund Inc.
(Series A, Series F and Series I Shares)
AIM Global Technology Fund
(Series A and Series I Units)
AIM Global Technology Class of AIM Global Fund Inc.
(Series A and Series F Shares)
Trimark RSP Global High Yield Bond Fund
(Series A and Series F Units)
Trimark RSP Global Balanced Fund
(Series A and Series F Units)
Trimark RSP U.S. Companies Fund
(Series A and Series F Units)
AIM RSP American Growth Fund
(Series A and Series F Units)
Trimark RSP Select Growth Fund
(Series A and Series F Units)
Trimark RSP International Companies Fund
(Series A and Series F Units)
AIM RSP International Growth Fund
(Series A and Series F Units)
AIM RSP Global Theme Fund
(Series A and Series F Units)
Trimark RSP Global Endeavour Fund
(Series A and Series F Units)
AIM RSP Global Aggressive Growth Fund
(Series A Units)
Trimark RSP Europlus Fund
(Series A and Series F Units)
AIM RSP European Growth Fund
(Series A and Series F Units)
AIM RSP Indo-Pacific Fund
(Series A and Series F Units)
AIM RSP Global Financial Services Fund
(Series A and Series F Units)
AIM RSP Dent Demographic Trends Fund
(Series A and Series F Units)
AIM RSP Global Sector Managers Fund
(Series A and Series F Units)
Trimark RSP Discovery Fund
(Series A and Series F Units)
AIM RSP Global Health Sciences Fund
(Series A and Series F Units)
AIM RSP Global Telecommunications Fund
(Series A and Series F Units)

AIM RSP Global Technology Fund
(Series A and Series F Units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated August 9th, 2002
Mutual Reliance Review System Receipt dated 12th day of August, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
AIM Funds Management Inc.
AIM Funds Group Canada Inc.
Promoter(s):
AIM Funds Management Inc.
Project #462491

Issuer Name:
Trimark U.S. Small Companies Class
(Series A, Series F and Series I Shares)
Trimark Global Endeavour Class
Trimark Global Balanced Class
(Series A and Series F Shares)
of AIM Global Fund Inc.
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated August 9th, 2002
Mutual Reliance Review System Receipt dated 12th day of August, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
AIM Funds Management Inc.
Promoter(s):
AIM Funds Management Inc.
Project #464709

Issuer Name:
CAE Inc.
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Short Form Prospectus dated July 3rd, 2002
Withdrawn on 7th day of August, 2002
Offering Price and Description:
Cdn$ * - 27,000,000 Common Shares @ $ * per Common Share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
Credit Suisse First Boston Canada Inc.
Goldman Sachs Canada Inc.
RBC Dominion Securities Inc.
Societe General Securities Inc.
Dundee Securities Corporation
Raymond James Ltd.
Promoter(s):
-
Project #463511

Issuer Name:
Network Natural Gas Company Ltd.
Principal Jurisdiction - Alberta
Type and Date:
Preliminary Prospectus dated June 6th, 2002
Withdrawn on 7th day of August, 2002
Offering Price and Description:
$28,000,000 to $60,000,000 - 2.8 to 6 Million Flow Through Common Shares @$11.00 per Investment Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Yorkton Securities Inc.
Jennings Capital Inc.
Octagon Capital Corporation
Peters & Co. Limited
Promoter(s):
NCI Management Ltd.
Project #458114

Issuer Name:
Network Natural Gas Income Trust
Principal Jurisdiction - Alberta
Type and Date:
Preliminary Prospectus dated June 6th, 2002
Withdrawn on 7th day of August, 2002
Offering Price and Description:
$28,000,000 to $60,000,000 - 2.8 to 6 Million Flow Through Common Shares @$11.00 per Investment Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Yorkton Securities Inc.
Jennings Capital Inc.
Octagon Capital Corporation
Peters & Co. Limited
Promoter(s):
NCI Management Ltd.
Project #458133

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Hahn Investment Stewards & Company Inc. Attention: Wilfred John Hahn PO Box 903 Smithville ON L0R 2A0	Investment Counsel & Portfolio Manager	Jul 9/02
New Registration	Goodman & Company (Bermuda) Limited Attention: Derek Hedley Buntain 4th Floor, Jardine House 33 Reid Street Hamilton, Bermuda	International Adviser Investment Counsel & Portfolio Manager	Jun 14/02
New Registration	Philadelphia International Advisors, LP Attention: Andrew Bevan Williams 1650 Market Street Suite 1200 Philadelphia PA 19103 USA	International Adviser Investment Counsel & Portfolio Manager	May 09/02
New Registration	Venbridge Inc. Attention: Robert Douglas Hunter Scotia Plaza, Suite 5800 40 King Street West Toronto ON M5H 3Z7	Limited Market Dealer	Aug 09/02
New Registration	Hottinger Asset Management Canada Inc. Attention: Werner Joller 26 Wellington Street East 7th Floor Toronto ON M5E 1S2	Limited Market Dealer Investment Counsel & Portfolio Manager	Aug 09/02
New Registration	Frank Russell Securities Inc. Attention: Carol Sands 1 First Canadian Place Suite 5900 100 King Street West Toronto ON M5X 1E4	International Dealer	Aug 08/02
New Registration	Hendrickson Financial Inc. Attention: Harland Reese Hendrickson #205, 8704-51 Avenue Edmonton AB T6E 5E8	Extra Provincial Adviser Investment Counsel & Portfolio Manager	Aug 14/02
Change of Name	Questrade Inc. Attention: Gary Miskin Suite 203 5001 Yonge Street Toronto ON M2N 6P6	From: Quest Capital Group Ltd. To: Questrade Inc.	Jul 16/02

Voluntary Surrender of Registration	Northern Investors Inc. Attention: Raoul Noel Tsakok 789 West Pender Street Suite 900 Vancouver BC V6C 1H2	Extra Provincial Investment Counsel & Portfolio Manager	Aug 09/02

Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 IDA By-Law 28 - Discretionary Trust Fund

INVESTMENT DEALERS ASSOCIATION OF CANADA
BY-LAW 28 - DISCRETIONARY TRUST FUND

I OVERVIEW

A -- Current Rules

By-law 28 currently calls for (1) the funds held in the Discretionary Trust Fund ("DTF") to be held in an account that is separate from the general funds of the Association and (2) that cheques drawn on the DTF be signed by any two of the Chair, Vice-Chair and President. These requirements reflect the fundamental reason for the DTF, which remained unchanged over the years - that is, to cover the initial payment to the Canadian Investor Protection Fund ("CIPF") in the case of the bankruptcy of any IDA Member within its prime audit jurisdiction.

B -- The Issue

The proposed amendment would eliminate both of the above requirements, which are no longer necessary because the CIPF Board of Governors eliminated the Association's liability for the initial payment to the CIPF, as at January 1, 2002.

The DTF would continue to operate at the discretion of the Board of Directors as an internally restricted fund, the Discretionary Fund ("DF").

C -- Objective

The objective of the rule change is to reduce administrative complexities and costs by simplifying the Association's cash management process.

D -- Effect of Proposed Rules

- The DF funds would be commingled with the general funds of the Association.
- Signing requirements for the DF would be in accordance with the Association's general signing authority.

II DETAILED ANALYSIS

A -- Relevant History

The fund was set up in 1968 after the bankruptcy of Meggeson, Goss & Co. The IDA made good the losses of this company's clients and to do so, had to assess all its Members. By-Law 28 was enacted, pending the establishment of a national contingency fund, to establish the DTF in the event of the insolvency or other inability of any Member to meet its financial obligations to the public. The Board of Directors (then the National Executive Committee) was authorized to make payments out of the DTF in such amounts and to such creditors of the Member as the Board in its discretion determined.

After the CIPF (then the National Contingency Fund) was established in 1969, By-law 28 was amended to authorize payments to replenish the CIPF and to meet its financial obligations to the public.

In 1999 By-law 28 was amended to authorize additional types of payments, including the payment of public members of IDA Hearing Panels.

Against the backdrop of the elimination of any requirement for the IDA to replenish the CIPF, the IDA Executive Committee approved the following on March 6, 2002:

- Authorization for payments to be made from the DTF for special non-recurring projects that (1) benefit the public and/or (2) generally benefit Canadian Capital Markets, as determined by the Board of Directors or Executive Committee.
- The elimination, in principle, of the requirement to keep DTF funds separate from the Association's general funds.

B -- Public Interest Issues

There is no negative impact on the public.

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

An assessment of the effectiveness of the proposed rules in addressing the issues discussed above.

C -- Process

Sources of this issue and the groups and committees that reviewed or approved the proposal have been described above.

IV SOURCES

IDA By-law 28

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

The Association has determined that the entry into force of the proposed amendments is housekeeping in nature. As a result, a determination has been made that these proposed rule amendments need not be published for comment.

INVESTMENT DEALERS ASSOCIATION OF CANADA

AMENDMENT TO BY-LAW NO. 28 - DISCRETIONARY TRUST FUND

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:

By-law No. 28, Discretionary Trust Fund, is amended as follows:

1. Throughout the By-laws, Regulations, Forms, and Policies of the Association, the term "Discretionary Trust Fund" is repealed and replaced with the term "Discretionary Fund".

2. By-law No. 28.1 is amended by replacing the words "There shall be a separate trust fund (the "Discretionary Trust Fund")" with the words "There shall be a Discretionary Fund".

3. By-law No. 28.2 is amended by:

   (a) replacing the words "held or deposited in one or more separate trust accounts" with the words "held or deposited in one or more accounts"; and

   (b) deleting the sentence "Notwithstanding By-law 15.5, cheques drawn on such trust accounts shall be signed by any two of the Chair, the Vice-Chair and the President".

4. By-law No. 28.3 is amended by replacing the words "capital employed in the business" with the words "financial statement capital".

5. By-law No. 28.4 is amended by:

   (a) adding new paragraph 28.4(e) prior to existing paragraph 28.4(e) as follows: "To make payments for special non-recurring projects that (1) benefit the public and/or (2) generally benefit Canadian Capital Markets, as determined by the Board of Directors or Executive Committee"; and
   (b) renumbering existing paragraph 28.4(e) to 28.4(f)

PASSED AND ENACTED BY THE Board of Directors this 10th day of April 2002, to be effective on a date to be determined by Association staff.

13.1.2 CDS Settlement Services Risk Model Paper - Version 2 – July 9, 2002

THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED – CDS SETTLEMENT SERVICES RISK MODEL PAPER - VERSION 2 – JULY 9, 2002

CDS RELEASES PAPER FOR COMMENT

The Canadian Depository for Securities Limited (CDS), Canada's national securities depository, clearing and settlement organization, is in the process of developing and implementing a new unitary system for the custody, clearance and settlement of securities transactions in the Canadian capital markets. This system (System X) is being based on CDS' existing Debt Clearing System (DCS) and will replace CDS' Securities Settlement Service (SSS), which currently processes equity securities.

CDS released in July a second revised version of a paper that reviews all the existing and proposed elements relating to the management of financial risk in CDS' clearing and settlement services in the new System X environment. The paper describes that System X will adopt the existing DCS Risk Model with modifications that are necessary to address the inclusion of equities processing, enhanced netting systems and U.S. dollar settlements.

The CDS discussion paper, *CDS Settlement Services Risk Model, Version 2, July 9, 2002*, is available, in English, on CDS' website at www.cds.ca.

To implement System X and the new risk model, CDS is undertaking major revisions to its rules, which the Ontario Securities Commission and the Commission des valeurs mobilières du Québec will be reviewing for regulatory approval/non-disapproval purposes.

For further information contact:

Cindy Petlock
Manager, Market Regulation
Capital Markets
Ontario Securities Commission
Phone: (416) 593-8257
Fax: (416) 593-8240
e-mail: cpetlock@osc.gov.on.ca

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Jacinthe Bouffard
Manager, SROs and Labour-Sponsored Funds Department
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Commission des valeurs mobilières du Québec
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e-mail: monique.viranyi@cvmq.com

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Chapter 25

Other Information

25.1 Exemptions

25.1.1 Pursuit Financial Services Corporation - ss. 59(2) of Sched. 1 to Reg. 1015 and s. 5.1 of Rule 31-506

Headnote

Section 5.1 – OSC Rule 31-506 – exemption to mutual fund dealer from the requirement to be a member of the Mutual Fund Dealers Association of Canada – exemption for a limited period of time.

Applicable Ontario Securities Commission Rule

Rule 31-506 - SRO Membership - Mutual Fund Dealers.

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

AND

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION RULE 31-506
SRO MEMBERSHIP B MUTUAL FUND DEALERS
(the "Rule")

AND

IN THE MATTER OF
PURSUIT FINANCIAL SERVICES CORPORATION

EXEMPTION

(Section 59(2) of Schedule 1 to Ontario Regulation 1015)
(Section 5.1 of the Rule)

UPON the Director having received an application (the "Application") from Pursuit Financial Services Corporation ("Pursuit") seeking a decision pursuant to section 5.1 of the Rule, to exempt Pursuit from the application of section 2.1 of the Rule, which required Pursuit to be a member of the Mutual Fund Dealers Association of Canada (the "MFDA") by July 2, 2002 on the condition that Pursuit is a member of the MFDA by December 1, 2002;

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

AND UPON Pursuit having represented to the Director that:

1. Pursuit is registered under the Act as a mutual fund dealer and has its head office in Ontario;

2. Pursuit filed a membership application (the "MFDA Application") with the MFDA;

3. Pursuit has complied with all requests by the MFDA for information and/or documents pertaining to its MFDA Application;

4. There is one issue that remains unresolved between Pursuit and the MFDA in respect of Pursuit's MFDA Application, but Pursuit has submitted an action plan to the Commission to resolve that issue in a timely manner;

5. Pursuit is not, to its knowledge, in breach of any requirements of the Act or the regulations or rules made thereunder; and

6. Pursuit was not a member of the MFDA by July 2, 2002.

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

IT IS THE DECISION of the Director, pursuant to section 5.1 of the Rule, that Pursuit is exempt from the requirement of section 2.1 of the Rule on the condition that from and after December 1, 2002, so long as Pursuit is registered as a mutual fund dealer under the Act, it is a member of the MFDA.

July 19, 2002.

"David M. Gilkes"

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