**The Ontario Securities Commission**

# OSC Bulletin

October 11, 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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# Chapter 1

# Notices / News Releases

## 1.1 Notices

### 1.1.1 Current Proceedings Before The Ontario Securities Commission

**OCTOBER 11, 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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THE COMMISSIONERS

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|---|---|---|
| David A. Brown, Q.C., Chair | — | DAB |
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| Howard I. Wetston, Q.C., Vice-Chair | — | HIW |
| Kerry D. Adams, FCA | — | KDA |
| Derek Brown | — | DB |
| Robert W. Davis, FCA | — | RWD |
| Harold P. Hands | — | HPH |
| Robert W. Korthals | — | RWK |
| Mary Theresa McLeod | — | MTM |
| H. Lorne Morphy, Q.C. | — | HLM |
| Robert L. Shirriff, Q.C. | — | RLS |

**SCHEDULED OSC HEARINGS**

| | |
|---|---|
| October 11, 2002<br>8:00 a.m. - 3:30 p.m. | **Lydia Diamond Explorations of Canada, Jurgen von Anhalt, Emilia von Anhalt** |
| October 15, 2002<br>2:00 p.m. - 6:30 p.m. | s. 127<br>M. Britton in attendance for Staff |
| October 16, 2002<br>8:00 a.m. - 2:30p.m. | Panel: PMM / HLM / MTM |
| October 21 - 25, 2002<br>10:00 a.m. | **Malcolm Robert Bruce Kyle & Derivative Services Inc.**<br>S. 8(4) and 21.7<br>J. Superina in attendance for Staff<br>Panel: HLM / RLS |
| October 28 to November 8, 2002<br>10:00 a.m. | **Teodosio Vincent Pangia, Agostino Capista and Dallas/North Group Inc.**<br>s. 127<br>Y. Chisholm in attendance for Staff |
| November 11 to December 6, 2002<br>10:00 a.m. | **Brian Costello**<br>s. 127<br>H. Corbett in attendance for Staff<br>Panel: PMM / KDA / MTM |
| November 18 to December 4, 2002<br>10:00 a.m. | **Michael Goselin, Irvine Dyck, Donald Mccrory and Roger Chiasson**<br>s. 127<br>T. Pratt in attendance for Staff<br>Panel: HLM |

| | |
|---|---|
| November 18 & 25, 2002<br>9:00 a.m. - 12:00 p.m.<br><br>November 19, 2002<br>9:00 a.m. - 3:00 p.m.<br><br>November 20 - 22, 27 - 29, 2002<br>9:30 a.m. - 4:30 p.m. | **YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths McBurney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)**<br><br>s.127<br><br>K. Daniels/M. Code/J. Naster/I. Smith in attendance for staff.<br><br>Panel: HIW / DB / RWD |
| March 24, 25, 26 & 27, 2003<br><br>10:00 a.m. | **Edwards Securities Inc., David Gerald Edwards, David Frederick Johnson, Clansman 98 Investments Inc. and Douglas G. Murdock**<br><br>s. 127<br><br>A. Clark in attendance for Staff<br><br>Panel: PMM |

**ADJOURNED SINE DIE**

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

**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**

### 1.1.2 CSA Staff Notice 31-306 National Registration Database (NRD)

**CANADIAN SECURITIES ADMINISTRATORS' STAFF NOTICE 31-306**

**NATIONAL REGISTRATION DATABASE (NRD)**

**NRD to Launch March 31, 2003**

The Canadian Securities Administrators have decided not to launch the National Registration Database on November 25, 2002 in order to improve the functionality of the system. The launch of NRD is now scheduled for Monday, March 31, 2003. Beginning on that date, NRD will be available for the filing of registration information as required under Multilateral Instrument 31-102 National Registration Database.

Please refer your questions to any of:

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October 11, 2002.

## 1.3 News Releases

### 1.3.1 OSC Proceeding in Respect of Livent Inc. et al. Adjourned to November 1, 2002

**FOR IMMEDIATE RELEASE**
**October 3, 2002**

**OSC PROCEEDING IN RESPECT OF**
**LIVENT INC. ET AL**
**ADJOURNED TO NOVEMBER 1, 2002**

**TORONTO –** The hearing before the Ontario Securities Commission (the "Commission") in respect of Livent Inc., Garth H. Drabinsky, Myron I. Gottlieb, Gordon Eckstein and Robert Topol scheduled for October 4, 2002, is adjourned to November 1, 2002 commencing at 9:30 a.m., on the consent of the parties, and in accordance with the terms of the Order of the Commission made October 2, 2002.

Copies of the Notice of Hearing issued on July 3, 2001 and Statement of Allegations, and the Order of the Commission made on October 2, 2002, are available at **www.osc.gov.on.ca** or from the Commission, 19th Floor, 20 Queen Street West, Toronto, Ontario.

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Michael Watson
Director, Enforcement Branch
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**For Investor Inquiries:** OSC Contact Centre
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1-877-785-1555 (Toll Free)

### 1.3.2 OSC Proposes New Relationship Between Investors and Advisers – Launches Leading Edge Web Site for Consultations on New Policy

**FOR IMMEDIATE RELEASE**
**October 8, 2002**

**OSC PROPOSES NEW RELATIONSHIP BETWEEN**
**INVESTORS AND ADVISERS –**
**LAUNCHES LEADING EDGE WEB SITE FOR**
**CONSULTATIONS ON NEW POLICY**

**TORONTO –** Changing market conditions, heightened investor expectations and pressures on the financial services industry are driving the need to change the relationship between investors and their advisers, says the Ontario Securities Commission (OSC). The new relationship, described in a proposed *Fair Dealing Model*, was released today by the OSC for comment.

"Investors who count on corporations and the investment industry to protect their retirement savings need to trust the system for a fair deal," said David Brown, OSC Chair. "Securities regulations in Ontario have focussed on products and transactions for more than thirty years. We are proposing a new approach, focussed on the relationship between investors and their service providers. By requiring clients and service providers to clarify their relationships, we can apply standards consistently across a variety of services, service providers and financial instruments to allow investors to have confidence in the management of their investments," added Brown.

*The Fair Dealing Model* presented today focuses on three basic relationship models:

1. The Managed-For-You relationship puts primary responsibility on the adviser.
   - Investors surrender control of their accounts to expert managers who do not consult with them trade-by-trade.
   - The managers who have a trustee level of fiduciary duty, are responsible for deep knowledge of their clients and their circumstances.
   - The portfolio policy agreed to in the Fair Dealing Document becomes their marching orders.
   - Compensation is typically fee-based.
2. In the Advisory Relationship, responsibility is shared between the adviser and investor.
   - Both parties must agree to all trades.
   - The adviser has a responsibility to educate the client about investment basics, to learn the client's needs,

resources and tolerance for uncertain outcomes.

- The investor has a responsibility to provide adequate information to the adviser.

- There can be a variety of ways the adviser is compensated, subject to mutual agreement.

3. The Self-Managed relationship puts primary responsibility on the investor.

- Investors take complete responsibility for all trades and the impact on their portfolios.

- The provider has no responsibility to know the client's circumstances or align investment decisions with tolerance for uncertainty.

- But it is required to be truthful, to reveal potential biases in the information it provides, to make its compensation structure transparent and to stand behind the technical reliability of the trading technology and tools it may offer.

Under the *Fair Dealing Model*, an advisor can only have one type of relationship with a client at one time, but an investor could have relationships with several advisors, to benefit from differing investment strategies. For example, a more conservative investor may entrust the majority of his or her portfolio to an advisor under a "Managed for you" relationship, and also set up a self-managed account with another broker under an "advisory" relationship.

The OSC is consulting on the proposed *Fair Dealing Model* by issuing a report for comment by industry experts. As well, to solicit feedback from investors and front-line investment industry staff, the OSC unveiled a cutting edge interactive web site that uses the latest animation software to bring client-advisor interactions to "virtual life". The three streams of advice are illustrated, allowing investors to explore onscreen the relationship they would be most comfortable having with their adviser. The site also gives advisers tangible examples of how they could deliver services under the new model. Engaging virtual characters demonstrate how clients in the three streams would be introduced to the firm, examine compensation schemes and identify rights and responsibilities, among other actions.

"We know of one web site, for a luxury high-performance car, that uses the technology we unleashed to deliver the *Fair Dealing* web site," said Julia Dublin, Senior Legal Counsel at the OSC. "However, we are not aware of any other government or agency that has launched a similarly advanced e-government initiative. Flash MX video animation and audio, coupled with Cold Fusion features, deliver a truly interactive site that draws viewers into the material. Add the quirky characters developed for the site and you have a definite first for a securities regulatory body," concluded Dublin.

The *Fair Dealing Model* requires the adviser or institution to provide educational opportunities to the investor. "We provide generic online documents that investment firms could easily apply as they deploy *Fair Dealing* principles throughout their client business," added Dublin. These include model "Inform Your Client" documents about the basics of equities, mutual funds and bonds as well as the fundamentals of investment risk. A sample online *Fair Dealing Document* is also supplied to support the transition to a better understanding between investors and their advisers. "This is win-win: on the one hand, investors can better understand what services they can expect to receive and the fees they can expect to pay. On the other hand, advisers can gain increased clarity in the level of service their clients expect and in the investments they should be making," concluded Dublin.

Designed to provoke thoughtful responses from its constituencies, the site will test a fresh approach to public involvement. Go to **http://www.fairdealingmodel.com** or **http://www.osc.gov.on.ca/** to bring the *Fair Dealing Model* to life on your screen.

Comments on the *Fair Dealing Model* are requested by December 31, 2002.

Ron Sloan and Steve Slutsky, principals of Interactive Innovation, designed the site, including the scenario animations, interactive Fair Dealing Document, feedback strategy and multimedia conceptualizations. Electramedia did the Flash design and development as well as ColdFusionMX server work. They also host the site and provide their own content management capability.

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# Chapter 2

# Decisions, Orders and Rulings

## 2.1 Decisions

### 2.1.1 Ryan Energy Technologies Inc. and Nabors Industries Ltd. - MRRS Decision

**Headnote**

MRRS – Rule 54-501 – Relief from the requirement to reconcile to Canadian GAAP financial statements included in an information circular which are prepared in accordance with U.S. GAAP; relief from the requirement to restate those parts of MD&A that are prepared based on financial statements prepared in accordance with U.S. GAAP if that MD&A would record differently if was based on financial statements prepared in accordance with Canadian GAPP.

**Ontario Rule Cited**

Rule 54-501 Prospectus Disclosure in Certain Information Circulars (2000), 23 OSCB 8519, section 3.1.
Rule 41-501 General Prospectus Requirements (2000), 23 OSCB 761, sections 9.1, 9.4.
Rule 41-501F1 subsection 8.5(2).

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

**AND**

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

**AND**

**IN THE MATTER OF**
**RYAN ENERGY TECHNOLOGIES INC.**

**AND**

**IN THE MATTER OF**
**NABORS INDUSTRIES LTD.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Makers") in each of British Columbia, Alberta, Ontario and Quebec (the "Jurisdictions") has received an application from Ryan Energy Technologies Inc. (the "Applicant" or "Ryan") for a decision (the "Decision") under the securities legislation of the Jurisdictions (the "Legislation"), that the Applicant be exempt from the following requirements with respect to Nabors Industries Ltd. ("Nabors") in the management information circular (the "Circular") to be sent to Ryan's Securityholders (as defined below):

(a) the requirement that historical financial statements of Nabors prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP") be accompanied by a note to explain and quantify the effect of material differences between Canadian generally accepted accounting principles ("Canadian GAAP") and U.S. GAAP that relate to measurements and provide a reconciliation of such financial statements to Canadian GAAP;

(b) the requirement that Nabors auditor's report disclose any material differences in the form and content of its auditor's report as compared to a Canadian auditor's report and confirming that the auditing standards applied are substantially equivalent to Canadian GAAP; and

(c) the requirement that Nabors management's discussion and analysis of operating results and financial position ("Nabors MD&A") provide a restatement of those parts of the Nabors MD&A that would read differently if the Nabors MD&A were based on statements prepared in accordance with Canadian GAAP and the requirement that the Nabors MD&A provide a cross-reference to the notes in the financial statements that reconcile the differences between U.S. GAAP and Canadian GAAP;

(collectively, the "GAAP Reconciliation Requirements").

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

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

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

1. In connection with the proposed combination of Nabors and Ryan (the "Transaction") pursuant to an arrangement agreement (the "Arrangement Agreement") dated August 12, 2002 between Nabors and Ryan, Ryan intends to mail the Circular to Ryan Securityholders (as defined below) on or about September 10, 2002, which Circular will seek, among other things, Ryan Securityholder approval of the Arrangement. Subject to satisfying all closing conditions (including obtaining the requisite Ryan Securityholders' approval and regulatory approvals), the parties anticipate that the Transaction will be completed on or about October 9, 2002 (the "Closing Date").

2. The Transaction is to be effected pursuant to the Arrangement, which will be carried out under section 193 of the Business Corporations Act (Alberta) ("ABCA"). The effect of the Arrangement will be to provide holders (the "Ryan Shareholders") of common shares of Ryan ("Ryan Common Shares") (other than Ryan Common Shares held by dissenting shareholders (the "Dissenting Shareholders") or by Nabors) with cash or exchangeable shares (the "Exchangeable Shares") of Nabors Exchangeco (Canada) Inc. (TSX, NBX.U) ("Nabors Exchangeco"), a wholly-owned Canadian subsidiary of Nabors, in exchange for their Ryan Common Shares. Under the terms of the Arrangement Agreement, the value of the Exchangeable Shares will be determined based on the weighted average trading price of the Nabors common stock on the American Stock Exchange for the three consecutive trading days ending on the third business day prior to the date of the meeting of Ryan Shareholders and optionholders to approve the Arrangement. The number of Exchangeable Shares to be received for each Ryan Common Share pursuant to this formula will be announced prior to the Ryan shareholder meeting (the "Exchange Ratio"). The Ryan Common Shares will be transferred to and acquired by Nabors Exchangeco, which is an indirect wholly-owned subsidiary of Nabors, such that upon completion of the Transaction, Nabors will own indirectly all of the Ryan Common Shares.

3. Nabors is an exempted company formed under the laws of Bermuda on December 11, 2001. Nabors' registered offices are located at Whitepark House, White Park Road, Bridgetown, Barbados. Nabors is the successor to Nabors Industries, Inc., a Delaware corporation (Nabors Delaware) for financial and securities law purposes in the United States. Effective June 24, 2002, Nabors became the successor to Nabors Delaware following a corporate reorganization. The reorganization was accomplished through the merger of an indirect, newly formed Delaware subsidiary owned by Nabors into Nabors Delaware. Nabors Delaware was the surviving company in the merger and became a wholly-owned, indirect subsidiary of Nabors. Upon consummation of the merger, all outstanding shares of Nabors Delaware common stock automatically converted into the right to receive Nabors common shares, with the result that the shareholders of Nabors Delaware on the date of the merger became the shareholders of Nabors. Nabors and its subsidiaries continue to conduct the businesses previously conducted by Nabors Delaware and its subsidiaries. The reorganization has been accounted for as a reorganization of entities under common control, and accordingly, it did not result in any changes to the consolidated amounts of assets, liabilities and stockholders' equity.

4. As of August 12, 2002, Nabors' authorized share capital was US$425,000, which consists of 425,000,000 shares of stock, par value U.S.$0.001 per share, of which 400,000,000 are common shares ("Nabors Common Shares") and 25,000,000 are preferred shares. The Nabors Common Shares are fully participating voting shares. As of July 31, 2002, there were 144,429,630 Nabors Common Shares and one preferred share issued and outstanding. As of August 20, 2002, out of a total of 2,299 total registered holders of Nabors Common Shares, 15 holders were resident in Canada, holding 878,274 Nabors Common Shares in aggregate, representing approximately 0.608% of the total number of issued and outstanding Nabors Common Shares as at that date. In addition, there are six registered holders of Exchangeable Shares holding 662,064 Exchangeable Shares; five of these holders are resident in Canada and hold 504,587 Exchangeable Shares.

5. As of July 31, 2002, there were up to a maximum of approximately 50,000,000 Nabors Common Shares reserved for issuance pursuant to Nabors stock option plans or upon exchange or conversion of outstanding Nabors debt securities or warrants or previously issued Exchangeable Shares. Of the 819 Nabors optionholders, 38 are resident in Canada.

6. The Nabors Common Shares are listed on the American Stock Exchange (the "AMEX") under the symbol "NBR".

7. Nabors is currently subject to the *United States Securities Exchange Act of 1934*,as amended (the "Exchange Act"). Nabors is not and does not intend to become a "reporting issuer" or the equivalent in any province or territory of Canada. To the extent that, as a result of the consummation of the Transaction. Nabors would, pursuant to the securities laws of any jurisdiction in Canada, be deemed to be a reporting issuer or the equivalent, Nabors will seek and expects to

obtain orders deeming it not be to be a reporting issuer or the equivalent in such jurisdictions.

8. Ryan was incorporated under the laws of the Province of Alberta on January 22, 1993 under the name "Adesso Corporation". On March 15, 1994, Ryan acquired all of the issued and outstanding shares of Ryan Energy Technologies Inc., a private Alberta company, which was incorporated on October 30, 1991. On April 1, 1994, Ryan amalgamated with Ryan Energy Technologies Inc. under the ABCA and continued under the name "Ryan Energy Technologies Inc." On January 1, 1999, Ryan amalgamated with its wholly owned subsidiary 747253 Alberta Ltd. and continued under the name "Ryan Energy Technologies Inc.".

9. Ryan's authorized capital, consists of an unlimited number of Ryan Common Shares. As of August 12, 2002, 22,716,848 Ryan Common Shares were issued and outstanding.

10. As of August 20, 2002, there were 46 registered Ryan Shareholders in Canada holding 16,084,874 Ryan Common Shares, representing approximately 70.8% of the total number of issued and outstanding Ryan Common Shares.

11. As of August 12, 2002, up to a maximum of 517,600 Ryan Common Shares may be issued pursuant to outstanding in-the-money Options; and up to a maximum of 1,737,050 Shares may be issued pursuant to outstanding Options that are not in-the-money (collectively the "Ryan Options"), all of which Ryan Options were held by residents in Canada, except for 920,220 options.

12. The Ryan Common Shares are listed on the Toronto Stock Exchange (the "TSX") under the symbol "RYN".

13. Ryan is a "reporting issuer" or the equivalent in British Columbia, Alberta, Manitoba, Ontario and Quebec.

14. Ryan is not currently eligible to file under National instrument 44-101 - "Short Form Prospectus Distributions".

15. Prior to the Special Meeting (as defined below), Ryan will apply under section 193 of the ABCA for an interim order (the "Interim Order") of the Court of Queen's Bench of Alberta (the "Court") which order will specify, among other things, certain procedures and requirements to be followed in connection with the calling and holding of the Special Meeting and the completion of the Arrangement.

16. A special meeting (the "Special Meeting") of the Ryan Shareholders and the holders of Ryan Options ("Ryan Optionholders") (together with Ryan Shareholders, the "Ryan Securityholders") is anticipated to be held on or about October 8, 2002 at which Ryan will seek the requisite Ryan Securityholder approval (which, pursuant to the Interim Order, is expected to be 66 2/3% of the votes attached to the Ryan Common Shares and Ryan Options, voting as one class, represented at the Special Meeting) for the special resolution approving the Arrangement.

17. In connection with the Special Meeting and pursuant to the Interim Order, Ryan will mail on or about October 8, 2002 to each Ryan Securityholder (i) a notice of special meeting, (ii) a form of proxy, (iii) the Circular, and (iv) a letter of transmittal and election form by which Ryan Shareholders will be entitled to elect the consideration to be received in exchange for their Ryan Common Shares. The Circular will be prepared in accordance with OSC Rule 54-501, except with respect to any relief granted therefrom, and will contain disclosure of the Transaction and the business and affairs of each of Nabors and Ryan.

18. It is proposed that the Circular will contain the following financial statements:

    (a) audited consolidated financial statements of Nabors for each of the three fiscal years ended December 31, 2001, 2000 and 1999, together with balance sheets as at the end of such periods and the auditor's reports thereon, and unaudited consolidated financial statements for the six months ended June 30, 2002, 2001 and 2000, all in accordance with U.S. GAAP; and

    (b) audited consolidated statements of earnings and retained earnings and consolidated statements of cash flows of Ryan for each of the three fiscal years ended December 31, 2001, 2000 and 1999, together with balance sheets as at December 31, 2001 and 2000 and the auditor's reports thereon, and unaudited consolidated statements of earnings and retained earnings and consolidated statements of cash flows for the six months ended June 30, 2002, 2001 and 2000, together with the balance sheet as at June 30, 2002, all in accordance with Canadian GAAP.

19. Following approval by the Ryan Securityholders of the special resolution approving the Arrangement, receipt of all required consents and regulatory approvals and issuance by the Court of a favourable final order, and subject to the satisfaction of all other closing conditions specified in the Arrangement Agreement, Ryan will effect the Arrangement by filing Articles of Arrangement.

20. It is expected that upon consummation of the Arrangement or shortly thereafter the Ryan Common Shares will be delisted from the TSX.

21. Nabors is mailing an application to the AMEX in order that the Nabors Common Shares issued pursuant to the Arrangement be listed for trading on the AMEX.

22. Upon completion of the Arrangement, assuming that all the Ryan Shareholders elect to exchange their Ryan Common Shares for Nabors Common Shares issuable pursuant to the Arrangement, and assuming an Exchange Ratio of 0.0360 (based on the closing price of Nabors Common Shares on August 20, 2002, and based on the Bank of Canada noon exchange rate for U.S. dollars on that date of Cdn $1.5715 per U.S. $1.00), it is expected that beneficial holders of Nabors Common Shares resident in Canada (calculated based upon the number of registered Ryan Shareholders and registered holders of both Nabors Common Shares and Exchangeable Shares who are resident Canadians as of the above-mentioned dates) will hold Exchangeable Shares or Nabors Common Shares representing approximately 1.35% of the issued and outstanding Nabors Common Shares (including Nabors Common Shares issuable on conversion of the Exchangeable Shares).

23. If Nabors becomes a reporting issuer in any of the Jurisdictions, it will be able to satisfy its continuous disclosure obligations using financial statements prepared in accordance with U.S. GAAP by relying on Part 15 of National Instrument 71-101 - The Multijurisdictional Disclosure System.

**AND WHEREAS** under the System, this MRSS 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 under the Legislation that the GAAP Reconciliation Requirements shall not apply in connection with the disclosure pertaining to Nabors in the Circular.

September 13, 2002.

"Agnes Lau"

### 2.1.2 Centrinity Inc. - MRRS Decision

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – National Instrument 54-101 – Exemption granted from requirement of section 2.1(b) to set record date at least 30 days prior to shareholders meeting – Record date set 28 days before meeting – Notice of record date published in the financial press prior to 30 days before the meeting.

**Applicable Ontario Rules**

National Instrument 54-101Communication with Beneficial Owners of Securities of a Reporting Issuer – section 2.1(b) and 9.2.

**IN THE MATTER OF**
**NATIONAL INSTRUMENT 54-101**

**AND**

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

**AND**

**IN THE MATTER OF**
**CENTRINITY INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** an application (the "Application") has been received by the securities regulatory authority or regulator (the "Decision Makers") in each of British Columbia, Alberta, and Ontario from Open Text Corporation ("Open Text"), Centrinity Inc. ("Centrinity"), and 3801853 Canada Inc., a direct wholly-owned subsidiary of Open Text ("Subco"), for a decision pursuant to National Instrument 54-101 ("NI 54-101") that, in connection with the proposed amalgamation (the "Amalgamation") of Centrinity and Subco pursuant to which Open Text would become the sole owner of all of the outstanding shares of the amalgamated corporation, Centrinity be exempt from the requirement to establish a record date for the special meeting of shareholders of Centrinity to vote upon the Amalgamation (the "Special Meeting") not less than 30 days before the date of the Special Meeting in accordance with Section 2.1(b) of NI 54-101 (the "Record Date Requirement");

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

**AND WHEREAS** Open Text, Centrinity, and Subco have represented to the Decision Makers that:

1. Open Text is a corporation amalgamated under the *Business Corporations Act* (Ontario). The

common shares in the capital of Open Text are listed and posted for trading on the Toronto Stock Exchange (the "TSX") and the Nasdaq National Market. Open Text is a reporting issuer in each province of Canada.

2. Centrinity is a corporation continued under the *Canada Business Corporations Act* (the "CBCA"). The Class A common shares in the capital of Centrinity (the "Centrinity Shares") are listed and posted for trading on the TSX. Centrinity is a reporting issuer in British Columbia, Alberta and Ontario.

3. Subco is a corporation incorporated under the CBCA and is a direct wholly-owned subsidiary of Open Text. Subco is not a reporting issuer in any province of Canada. Subco will be used for the sole purpose of effecting the Amalgamation.

4. Pursuant to a merger agreement dated as of September 19, 2002 (the "Merger Agreement") between Open Text, Subco, and Centrinity, Open Text intends to acquire all of the issued and outstanding Centrinity Shares, including Centrinity Shares issuable upon the exercise of outstanding stock options, pursuant to the Amalgamation.

5. On September 19, 2002, Open Text and Centrinity issued a joint press release announcing the entering into of the Merger Agreement and the proposed Amalgamation, which included reference to the Amalgamation being conditional on approval of Centrinity Shareholders.

6. The Amalgamation will result in each holder of Centrinity Shares (a "Centrinity Shareholder") receiving one redeemable preferred share in the capital of the corporation ("Amalco") to be formed by the Amalgamation (the "Preferred Shares") for each Centrinity Share. Pursuant to the Amalgamation, Open Text will receive common shares in the capital Amalco in exchange for its shares of Subco. On the second business day following completion of the Amalgamation, each Preferred Share will be redeemed for Cdn. $1.26 in cash (the "Redemption"). Upon completion of the Redemption, Open Text will own all of the shares of Amalco.

7. The Special Meeting will be held on November 1, 2002 (the "Meeting Date") in accordance with the terms of the Merger Agreement.

8. In connection with the Special Meeting and in accordance with Section 134(1)(c) of the CBCA and Section 43(2) of the Regulations made under the CBCA, the board of directors of Centrinity have set October 4, 2002 as the record date for entitlement to receive notice of and to vote at the Special Meeting (the "Record Date").

9. Pursuant to Section 134(3) of the CBCA and Section 43(3) of the Regulations made under the CBCA, Centrinity provided notice of the Record Date by publishing advertisements in the *National Post* on September 26, 2002 and September 27, 2002. Centrinity also provided written notice to the TSX on September 26, 2002.

10. In accordance with Section 2.20 of NI 54-101, Centrinity will deliver the Circular in bulk to mailing agents and mail to each Centrinity Shareholder on October 7, 2002 (i) a notice of the Special Meeting; (ii) a form of proxy; and (iii) a management proxy circular.

11. Centrinity and Open Text wish to expedite the Amalgamation by holding the Special Meeting on November 1, 2002 in order to meet their respective business objectives and because it is considered to be in the best interests of their respective shareholders to do so.

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

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in NI 54-101 that provides the Decision Maker with the jurisdiction to make the Decision has been met;

**THE DECISION** of the Decision Makers under NI 54-101 is that, in connection with the Special Meeting, Centrinity shall be exempt from the Record Date Requirement provided that:

(i) the Record Date is established at a date 28 days before the Meeting Date; and

(ii) Centrinity complies with all other provisions of NI 54-101 applicable to the Special Meeting.

October 2, 2002.

"Margo Paul"

### 2.1.3 AIM Mutual Fund Dealer Inc. - Decision - s. 5.1 of Rule 31-506

**Headnote**

Section 5.1 of Rule 31-506 SRO Membership - Mutual Fund Dealers - mutual fund dealer exempted, subject to conditions, from the requirements of the Rule that it file an application and prescribed fees with the Mutual Fund Dealers Association of Canada - mutual fund dealer will conduct limited mutual fund dealer activities only - mutual fund dealer subject to terms and conditions of registration.

**Statute Cited**

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

**Rule Cited**

Rule 31-506 SRO Membership - Mutual Fund Dealers, ss. 2.1, 3.1, 5.1.

**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**
**AIM MUTUAL FUND DEALER INC.**

**DECISION**
**(Section 5.1 of the Rule)**

**UPON** The Director having received an application (the "Application") from AIM Mutual Fund Dealer Inc. ("AMFDI") for a decision, pursuant to section 5.1 of the Rule, exempting AMFDI from the membership and filing requirements in sections 2.1 and 3.3 of the Rule;

**UPON** considering the Application and the recommendation of staff of the Ontario Securities Commission (the "Commission");

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

1. AMFDI is a corporation incorporated under the laws of the province of Ontario;

2. AMFDI has applied to the Commission for registration as mutual fund dealer;

3. AMFDI and AIM Funds Management Inc. ("AIM") are each wholly owned by AIM Canada Holdings Inc. which, in turn, is indirectly wholly owned by AMVESCAP PLC. As such, AMFDI and AIM are affiliated companies under the *Securities Act* (Ontario) (the "Act");

4. AIM's principal business activity is managing mutual funds (the "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;

5. It is intended that the principal business of AMFDI will be to assist AIM by undertaking the ancillary mutual fund dealer activities relating to the Funds that AIM is currently registered to undertake without membership in the Mutual Fund Dealers Association of Canada (the "MFDA") in Ontario pursuant to an exemption from the MFDA membership requirements under the Act. AIM wishes to transfer its ancillary mutual fund dealer activities in Ontario to AMFDI to increase administrative efficiencies and reduce fees;

6. AIM obtained an MRRS Decision Document exempting it from the requirements to become a member of the MFDA in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario on January 23, 2002. AIM obtained a similar Order from the province of Nova Scotia on June 21, 2002;

7. Other than as described in this Order and any schedules attached hereto, AMFDI will not sell the Funds directly to the public. Securities of the Funds sold to the public are sold through participating dealers and brokers;

8. It is intended that AMFDI's activities as a mutual fund dealer will be restricted to servicing, and acting as the mutual fund dealer of record in respect of, the purchase and sale of securities of the Funds by the following types of parties and accounts, all of which shall be consistent with the Permitted Activities listed in Appendix A:

   (a) accounts held by current and former employees, officers and directors of AIM (including its predecessor companies) or an entity which provides or previously provided services to AIM ("Employees and Service Providers"), as well as individuals connected to Employees and Service Providers ("Connected Individuals"). Connected Individuals include individuals in a special relationship with Employees and Service Providers such as spouses of Employees and Service Providers, and the children, parents, grandparents, nieces, nephews and siblings of either Employees and Service Providers or their spouses, as well as people who are closely

associated with the founders of predecessors of AIM;

(b) accounts for third parties who purchase and hold securities of the Funds as portfolio investments of "fund-on-fund" products. Such arrangements involve the sale of securities of an underlying Fund to a top third party fund. Under these arrangements, AMFDI may be the mutual fund dealer of record in the purchase and sale of securities of the Fund or the mutual fund dealer of record may be a mutual fund dealer who is an affiliate of the purchasing third party;

(c) accounts in connection with products commonly known as RSP clone funds. Such arrangements involve:

(i) the direct acquisition and sale by the top RSP clone Fund of securities of the underlying Fund;

(ii) the sale of securities of the underlying Fund to a counterparty under a derivatives contract entered into by the top RSP clone Fund or to affiliates of such counterparty; or

(iii) both (i) and (ii).

In connection with the transactions described under (ii) above, AMFDI may be the mutual fund dealer of record in the purchase and sale of securities of the underlying Fund or the mutual fund dealer of record may be a mutual fund dealer who is an affiliate of the purchasing third party;

(d) accounts of institutional investors held by insurance companies which purchase securities of certain Funds for their segregated funds, pooled funds and other similar products;

(e) accounts for certain defined contribution and defined benefits pension plans (the "Pension Accounts"). Following the amalgamation of AIM with Trimark Investment Management Inc. on August 1, 2000, AIM transferred the majority of the Pension Accounts to other companies, but has not yet been able to transfer the remaining Pension Accounts without adversely affecting the holders of the accounts. AIM does not, and AMFDI will not, pursue new Pension Accounts; and

(f) accounts which hold the initial capital provided by persons permitted to make initial investments in a new mutual fund that AIM promotes as identified in section 3.1 of National Instrument 81-102 ;

9. In connection with its application for registration as a mutual fund dealer, AMFDI must obtain membership in the MFDA by filing the appropriate application and fee or obtain an exemption from such requirements;

10. Registration of AMFDI as a member in the MFDA is not appropriate due to the limited nature of AMFDI's proposed mutual fund dealer activities and its affiliation with AIM, the manager of the Funds;

11. AMFDI will obtain and maintain its registration as a mutual fund dealer and will comply with applicable securities legislation and rules;

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

13. Any person or company that becomes a client of AMFDI as a result of the transfer of ancillary mutual fund dealer activities from AIM that is contemplated in paragraph 5, above, will receive prompt and prominent written notice from AMFDI 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. Any other person or company will, before they are accepted as a client of AMFDI, receive from AMFDI 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 AMFDI is exempt from the requirements in sections 2.1 and 3.3 of the Rule;

**PROVIDED THAT** AMFDI complies with the terms and conditions on its registration as a mutual fund dealer under the Act set out in the attached Appendix "A".

October 3, 2002.

"David M. Gilkes"

**APPENDIX "A"**
**TERMS AND CONDITIONS OF REGISTRATION**
**OF AIM MUTUAL FUND DEALER 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 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:

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

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

      and where, the person or company:

      (iii) is a client of the Registrant or an affiliate of the Registrant that was not solicited by the Registrant or an affiliate of the Registrant; or

      (iv) was an existing client of the Registrant or an affiliate of the Registrant on the Effective Date;

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

   (e) "Effective Date" means October 4, 2002;

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

      (i) an employee of the Registrant;

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

(iii) 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:

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

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

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

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

(j) "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) any other trade 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 Regulation; or

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

(k) "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;

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

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

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

(i) an Executive or Employee of the Registrant or an affiliate of the Registrant;

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

(iii) a Service Provider of the Registrant or an affiliate of the Registrant, or an affiliated entity of a Service Provider of the Registrant or an affiliate of the Registrant;

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

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

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

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

(q) "Registrant" means AIM Mutual Fund Dealer Inc.;

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

(s) "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;

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

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

(v) "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 "affiliate" or an "affiliated entity" of an other person or company if the person or company would be an affiliated entity of that other person or company for the purposes of Ontario Securities Commission Rule 45-503 Trades To Employees, Executives and Consultants and, in any event, for the purposes hereof, for the Registrant, AIM Funds Management Inc. is an "affiliate" or an "affiliated entity" of the Registrant.

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.

### 2.1.4 Novartis Corporation - MRRS Decision

**Headnote**

MRRS - registration and prospectus relief for issuance of securities by foreign issuer to Canadian employees and related trades under option and incentive plans - issuer bid relief for foreign issuer in connection with acquisition of shares under option and incentive plans.

**Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1), 35(1)(12)(iii), 35(1)(17), 53(1), 72(1)(f)(iii), 72(1)(k), 74(1), 89(1), 93(3)(d) and 104(2).

**Applicable Ontario Regulation**

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 183(1) and 203.1(1).

**Applicable Ontario Rule**

OSC Rule 45-503 - Trades to Employees, Executives and Consultants - ss. 2.2, 2.4, 3.3 and 3.5.

**Applicable Instrument**

Multilateral Instrument 45-102 -6 Resale of Securities - s. 2.14(1).

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

**AND**

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

**AND**

**IN THE MATTER OF**
**NOVARTIS CORPORATION**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Makers") in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Nova Scotia, New Brunswick and Newfoundland and Labrador (the "Jurisdictions") has received an application from Novartis Corporation ("Novartis US") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that: (i) the requirement contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements") shall not apply to certain trades to be made in stock options ("Stock Options"), stock appreciation rights ("SARs") and American Depositary Shares of Novartis AG (or such other authorized shares of stock of Novartis AG as may from time to time be authorized for use under the Plan (defined below)) ("ADSs") made in connection with the Novartis US 2001 Stock Incentive Plan for North American Employees (the "Plan"), including first trades and (ii) the requirements contained in the Legislation relating to the delivery of an offer and issuer bid circular and any notices of change or variation thereto, minimum deposit periods and withdrawal rights, taking up and paying for securities tendered to an issuer bid, disclosure, restrictions upon purchases of securities, bid financing, identical consideration and collateral benefits together with the requirement to file a reporting form within 10 days of an exempt issuer bid and payment of a related fee (the "Issuer Bid Requirements") shall not apply to certain acquisitions of ADSs by Novartis US pursuant to the Plan;

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

**AND WHEREAS** Novartis US has represented to the Decision Makers that:

1. Novartis US is a wholly-owned subsidiary of Novartis AG. Novartis US is incorporated under the laws of New York and is not a "reporting issuer" or its equivalent under the Legislation in any of the Jurisdictions.

2. Novartis AG is a public company incorporated under the laws of Switzerland. Novartis AG is subject to the requirements of Swiss law and is not a "reporting issuer" or its equivalent under the Legislation in any of the Jurisdictions.

3. Novartis AG's authorized capital consists of 2,885,204,680 ordinary shares (the "Shares"). As at January 1, 2002, there were 2,885,204,680 Shares issued and outstanding, excluding the Novartis AG ADSs. The Shares are traded on the SWX Swiss Exchange. The ADSs of Novartis AG are listed on the New York Stock Exchange ("NYSE"). As at March 11, 2002 there were 105,161,125 ADSs issued and outstanding. One ADS represents one Share.

4. As at July 31, 2002, persons or companies whose last address as shown on the books on Novartis AG was in the Jurisdictions and who held ADSs represented less than one percent of the total number of holders of ADSs, and such persons held ADSs representing less than one percent of the total number of outstanding ADSs.

5. Novartis AG carries on business in Canada through subsidiaries including Novartis Pharmaceuticals Canada Inc., and may carry on

business through additional Canadian subsidiaries (collectively, the "Canadian Subsidiaries").

6. There are approximately 284 employees of the Canadian Subsidiaries eligible or expected to participate in the Plan, of which 103 employees are resident in Ontario, 18 are resident in Alberta, 18 are resident in British Columbia, 8 are resident in Manitoba, 2 are resident in Newfoundland and Labrador, 3 are resident in New Brunswick, 9 are resident in Nova Scotia, 119 are resident in Québec, and 4 are resident in Saskatchewan. A separate application has been filed with the Commission des valeurs mobilières du Québec ("CVMQ") seeking discretionary relief from certain requirements of the *Securities Act* (Québec) and CVMQ Policy Statement Q-3 with respect to the Plan, as these requirements are materially different from the requirements of the Jurisdictions.

7. The Board of Directors of Novartis US (the "Board") has established the Plan, which will include participation by employees, directors and Consultants (as defined below) of the Canadian Subsidiaries.

8. The purpose of the Plan is to attract able persons to enter and remain in the employ or in a consulting relationship with Novartis US and its Canadian affiliates and U.S. subsidiaries, and to provide a means whereby they can acquire and own ADSs, or be paid incentive compensation based on the value of the ADSs.

9. The Plan will be administered by the Policy Committee of the Board, or such other committee that the Board may appoint to administer the Plan (the "Plan Committee"), which will determine all issues relating to eligibility and the terms and provisions of any right to receive awards under the Plan. The Plan Committee will designate individuals eligible to participate in the Plan. Participants must be either regularly employed by Novartis US or a subsidiary of Novartis AG and must make a significant contribution to the financial results of such person's employer, a director of Novartis US or a subsidiary of Novartis AG, or a consultant to Novartis US or a subsidiary of Novartis AG (a "Consultant"), who, in each case, is employed or in the service of Novartis US or a subsidiary of Novartis AG in the United States or Canada (an "Eligible Participant").

10. The Plan authorizes the following type of awards: (i) Incentive Stock Options; (ii) Non-qualified Stock Options; (iii) SARs and (iv) Restricted Stock Awards, or any combination of the foregoing. It is currently anticipated that Eligible Participants in Canada will only be granted Non-qualified Stock Options and/or SARs independent of Stock Options. It is not anticipated that more than 1% of the outstanding ADSs may be granted to any one person under the Plan.

11. The maximum number of ADSs that may be issued under the Plan is fixed at 20,000,000, including those available to Eligible Participants. The ADSs to be issued under the Plan will be registered with the Securities and Exchange Commission under the Securities Act of 1933.

12. Participation in the Plan by employees and directors is voluntary and participants will not be induced to participate in the Plan by expectation of employment or appointment or continued employment or appointment with Novartis US, a Canadian Subsidiary or any of their affiliates. Participation in the Plan by Consultants is also voluntary, and Consultants will not be induced to participate in the Plan by expectation of the Consultant, the Consultant's consulting company or partnership being engaged or continuing to be engaged with Novartis US, a Canadian Subsidiary or any of their affiliates as a consultant.

13. Consultants to a Canadian Subsidiary who are eligible to participate in the Plan will be persons or companies engaged to provide bona fide consulting, technical, management or other services to a Canadian Subsidiary under a written contract with a Canadian Subsidiary and who are required to spend a significant amount of time and attention on the affairs and business of the Canadian Subsidiary.

14. Under the Plan, the Stock Options and SARs will vest and become exerciseable in accordance with the schedule established by the Plan Committee and as set forth in an award agreement between a Canadian Subsidiary and an Eligible Participant (an "Award Agreement"). The Plan Committee also fixes the period at which Stock Options and SARs will expire. The maximum option period after which Stock Options or SARs expire is 10 years. Except as stated otherwise in an Award Agreement or in the excise of the Plan Committee's discretion, all outstanding Stock Options and SARs will become exercisable upon a change of control as defined in the Plan.

15. The exercise price of a Stock Option will be set by the Plan Committee at the time of grant and is expected to be equal to or greater than the "fair market value" of the underlying ADSs on the date of grant of the Stock Option. As long as ADSs are listed for trading on the NYSE, "fair market value" will be the mean between the high and low sales prices reported on the NYSE for the previous date on which a sale was reported (the "Fair Market Value").

16. The exercise price of a SAR (the "Strike Price") will be set by the Plan Committee at the time of the grant. If a SAR is granted in tandem with a

Stock Option, only one of the Stock Option or the SAR may be exercised. If a SAR is granted together with a Stock Option, the exercise price will be the same as that of the related Stock Option. If a SAR is granted independently of a Stock Option, the exercise price will be at least the Fair Market Value of an ADS at the grant date.

17. When a SAR is exercised, the Canadian Subsidiary will pay the holder an amount equal to the number of ADSs subject to the SAR multiplied by the excess, if any, of the Fair Market Value of the ADS on the exercise date over the Strike Price. It is expected the Canadian Subsidiary would pay this amount in cash, although the Plan also permits payment in ADSs or a combination of cash and ADSs.

18. ADSs delivered upon the exercise of Stock Options may be paid for in (i) cash, (ii) by tendering previously issued ADSs (the "Payment-in-Kind Program") valued at Fair Market Value, or, in the discretion of the Plan Committee, either (i) in other property having a Fair Market Value equal to the exercise price, or (ii) through a cash-less exercise program ("Cash-less Program") whereby the exercise price of a Stock Option is satisfied upon the sale of ADSs underlying the Stock Option, by delivering a copy of irrevocable instructions to a stock broker to deliver promptly an amount of sale or loan proceeds sufficient to pay the exercise price.

19. A Plan Agent (defined below) can deliver ADSs to Eligible Participants exercising awards under the Plan. ADSs may be authorized and unissued ADSs or ADSs held in treasury of Novartis AG, or held by a member of the Novartis AG group or may be purchased on the open market or by private purchase.

20. The Canadian Subsidiaries have the right to deduct from all awards cash and/or ADSs, valued at Fair Market Value on the date of payment, in an amount necessary to satisfy any tax withholding obligation, and may permit the Eligible Participants to satisfy any tax withholding obligation on the exercise of Plan awards by tendering ADSs having a Fair Market Value equal to the tax obligation.

21. The Plan Committee may permit the voluntary surrender of Stock Options and corresponding SARs, if any, conditioned upon the granting to the Eligible Participant of a new Stock Option, or require such voluntary surrender as a condition precedent to the grant of a new Stock Option.

22. Awards and Award Agreements are subject to equitable adjustment or substitution as determined by the Plan Committee as to the number, price or kind of share subject to the award in the event of changes in the outstanding ADSs or capital structure of Novartis AG, changes in applicable law or circumstances resulting in substantial dilution or enlargement of rights under the Plan, or other events which warrant adjustment. In certain circumstances specified in the Plan relating to mergers, reorganizations or similar events, awards may be cancelled and Eligible Participants will be paid, in cash, the value of such awards based upon the price per ADS received or to be received by shareholders of Novartis AG in the events.

23. Novartis US uses the services of an agent in connection with the administration and operation of the Plan (the "Plan Agent"). The role of the Plan Agent may include: (a) assisting with the general administration of the Plan and providing certain record keeping services; (b) facilitating option exercises (including the Cash-less Program and the Payment-in-Kind Program) under the Plan; (c) maintaining accounts on behalf of participants under the Plan; (d) holding ADSs on behalf of participants; and (e) facilitating the resale of ADSs acquired under the Plan through the NYSE. Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") has been appointed by Novartis US to act as an agent for the Plan. Merrill Lynch is, and any additional or replacement agent will be, a corporation registered under applicable U.S. securities or banking legislation to provide services under the Plan. The Plan Agent is not, and no additional or replacement agent is expected to be, registered to conduct retail trades in any of the Jurisdictions.

24. In certain circumstances, former employees, directors or Consultants of a Canadian Subsidiary (a "Former Participant") may exercise Stock Options or SARs for a limited time following the termination of employment by reason of disability, retirement, termination without cause or with the written approval of the Plan Committee.

25. Under the Plan, the Stock Options and SARs may be assigned or transferred to a designated beneficiary upon the death of an Eligible Participant, or, in the absence of a designated beneficiary by will or the laws of descent and distribution, or, in the discretion of the Plan Committee, to other persons or entities as set out in an Award Agreement (all such persons collectively, the "Permitted Transferees").

26. In connection with the implementation of the Plan, the Eligible Participants will receive a document specifying the main terms and conditions of the Plan as well as the Award Agreement. All disclosure material relating to Novartis AG furnished to participants in the Plan resident in the United States will be furnished contemporaneously and in the same manner to Eligible Participants in the Jurisdictions who receive ADSs under the Plan, including through electronic communications.

27. The Legislation of all the Jurisdictions does not contain exemptions from the Prospectus and Registration Requirements for all the intended trades under the Plan, including trades made through the Plan Agent.

28. The exemptions in the Legislation from the Issuer Bid Requirements may not available for all acquisitions of ADSs under the Plan, since such acquisitions of ADSs may be made from persons other than employees or former employees, such as a Permitted Transferee, and acquisitions may occur at a price that is not calculated in accordance with the "market price," as that term is defined in the Legislation.

29. There is presently no market in any of the Jurisdictions for the ADSs and no such market is expected to develop in any of the Jurisdictions. Any resale of the ADSs by an Eligible Participant will be effected through the facilities of, and in accordance with the rules applicable to, a stock exchange or market outside of Canada on which the ADSs may be listed or quoted for trading.

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

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

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

(a) the Registration Requirements and Prospectus Requirements shall not apply to any trade or distribution of Stock Options, SARs or ADSs made in connection with the Plan, including trades and distributions involving Novartis US, Novartis AG, the Canadian Subsidiaries and their affiliates, Eligible Participants, Former Participants, or Permitted Transferees, including trades carried out with or through the Plan Agent, provided that the first trade in ADSs acquired through the Plan pursuant to this Decision will be deemed a distribution or primary distribution to the public under the Legislation unless the conditions in subsection 2.14(1) of Multilateral Instrument 45-102 Resale of Securities are satisfied;

(b) the first trade in ADSs acquired under the Plan by an Eligible Participant, a Former Participant, or a Permitted Transferee or a Plan Agent acting on behalf or for the benefit of any of the foregoing persons shall not be subject to the Registration Requirements, provided that such trade is executed on a stock exchange or market outside of Canada; and

(c) The Issuer Bid Requirements do not apply to the acquisition by Novartis US of ADSs from an Eligible Participant, a Former Participant, or a Permitted Transferee, or a Plan Agent acting on behalf or for the benefit of any of the foregoing persons in accordance with the provisions of the Plan.

October 1, 2002.

"Howard I. Wetston" "H. Lorne Morphy"

### 2.1.5 PricewaterhouseCoopers LLP - MRRS Decision

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – Relief from registration and prospectus requirements granted in connection with the distribution of securities made in connection with the Canadian aspects of the sale of the management consulting and technology services businesses of an accounting firm to a foreign reporting issuer. Relief from the payment of certain duplicative fees.

**Applicable Ontario Statutes**

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

**Applicable Ontario Regulations**

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., s. 59(1).

**Applicable Multilateral Instruments**

Multilateral Instrument 45-102 Resale of Securities.

**IN THE MATTER OF**
**THE SECURITIES LEGISLATION OF**
**BRITISH COLUMBIA, ALBERTA, ONTARIO,**
**QUEBEC, NEW BRUNSWICK AND**
**NOVA SCOTIA**

**AND**

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

**AND**

**IN THE MATTER OF**
**PRICEWATERHOUSECOOPERS LLP,**
**PWC CONSULTING,**
**INTERNATIONAL BUSINESS MACHINES**
**CORPORATION AND**
**IBM ACQUISITION II INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Ontario, Québec, New Brunswick and Nova Scotia (the "Jurisdictions") has received an application from PricewaterhouseCoopers LLP ("PwC LLP"), PwC Consulting ("PwCC"), International Business Machines Corporation ("IBM") and IBM Acquisition II Inc. ("CanadaCo") (collectively the "Applicants") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

(a) the requirements contained in the Legislation to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Registration and Prospectus Requirements") shall not apply to certain trades of securities made in connection with the Canadian aspects of the proposed global sale (the "Global Sale") to IBM and its subsidiaries of a substantial part of the management consulting and technology services businesses (the "Consulting Business") currently carried on by the worldwide member firms of PricewaterhouseCoopers International Limited ("PwC");

(b) the Registration and Prospectus Requirements shall not apply to certain trades of securities made in connection with the exchange for IBM Shares (as defined below) of Exchangeable Shares (as defined below) issued under the Canadian portion of the Global Sale (the "Canadian Rollup and Sale"); and

(c) the requirement of the Legislation of the province of Ontario to pay a fee in connection with the trade of any securities made in reliance on this Decision (as defined below) shall only apply to certain of the trades comprising the Canadian Rollup and Sale;

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

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

1. PwC LLP is a limited liability partnership formed under the laws of Ontario which provides audit, chartered accountancy and certain other related services in Canada and has approximately 420 partners.

2. PwCC is a partnership formed under the laws of Ontario which acts as agent for Management CS LP ("MCSLP") in providing services of the Consulting Business in Canada (the "Canadian Consulting Business"). MCSLP is a limited partnership formed under the laws of Ontario which holds the Canadian Consulting Business. PwC Company ("Sub"), an unlimited liability company incorporated under the laws of Nova Scotia, is a general partner of MCSLP. Sub is a wholly-owned subsidiary of PwC LLP. The limited

partners of MCSLP are PwC LLP, PwCA (as defined below) and PwCC.

3. PricewaterhouseCoopers Associates ("PwCA") is a partnership formed under the laws of Ontario and has approximately 120 partners. Such partners are resident in each of the Jurisdictions other than Nova Scotia. PwCA provides consulting services to PwC LLP and MCSLP.

4. PricewaterhouseCoopers Associates 2002 ("NewPwCA") is a partnership formed under the laws of Ontario pursuant to a partnership agreement dated June 1, 2002.

5. IBM is a corporation incorporated under the laws of the State of New York. IBM common shares (the "IBM Shares") are listed on the New York Stock Exchange, the Chicago Stock Exchange and the Pacific Stock Exchange. IBM is a reporting issuer in the provinces of Ontario and Québec and has no present intention of becoming a reporting issuer or the equivalent in any of the other Jurisdictions.

6. CanadaCo is a corporation incorporated under the laws of Canada for the purposes of the Canadian Rollup and Sale. At Closing, the authorized share capital of CanadaCo will include an unlimited number of common shares and an unlimited number of Exchangeable Shares (as defined below) having the attributes described below, and may include an unlimited number of senior and junior preference shares issuable in series. CanadaCo is an indirect wholly-owned subsidiary of IBM.

7. 3065718 Nova Scotia Company ("Call Right PurchaseCo") is an unlimited liability company incorporated under the laws of Nova Scotia for the purposes of holding all of the common shares of CanadaCo and participating in the transactions described herein. Call Right PurchaseCo is an indirect wholly-owned subsidiary of IBM.

8. Other than as set out in paragraph 5, the entities described above are not, and have no intention of becoming, reporting issuers or the equivalent in any of the Jurisdictions. IBM has no intention of listing and posting for trading the IBM Shares on a recognized Canadian stock exchange.

9. The Canadian Rollup and Sale will initially involve a reorganization of certain Canadian PwC member firms in order to facilitate the sale of the Canadian Consulting Business to CanadaCo. As a part of this reorganization, immediately before completion of the sale of the Canadian Consulting Business to CanadaCo described below ("Closing"), PwCC will withdraw as a limited partner of MCSLP and PwCA will be wound up. The property of PwCA, including its limited partnership interests in MCSLP, will be distributed to its partners. Immediately thereafter those partners of PwCA who will not become employees of a Canadian subsidiary of IBM immediately following Closing, will transfer their limited partnership interests in MCSLP to NewPwCA. As a result, the limited partnership interests in MCSLP will then be held by PwC LLP, NewPwCA and those partners of PwCA who will become employees of a Canadian subsidiary of IBM immediately following closing (the "PwCA Consulting Partners"). In addition, as part of the reorganization, certain wholly-owned subsidiaries of MCSLP which carry on part of the Canadian Consulting Business (the "Transferred Subsidiaries") will be transferred from MSCLP to either PwC LLP alone or to both PwC LLP and New PwCA.

10. Upon completion of the foregoing preliminary reorganization, the following steps of the Canadian Rollup and Sale will occur sequentially on the Closing date:

    (a) The limited partners of MCSLP, namely PwC LLP, NewPwCA and the PwCA Consulting Partners, will transfer their respective limited partnership interests in MCSLP to Sub in consideration of common shares of Sub ("Sub Shares");

    (b) Certain partners of PwC LLP will receive a distribution of Sub Shares from PwC LLP. These partners of PwC LLP will also become employees of a Canadian subsidiary of IBM immediately following the Closing and together with the PwCA Consulting Partners are referred to herein as the "Canadian Consulting Partners". There are approximately 76 Canadian Consulting Partners who are resident in the provinces of British Columbia, Alberta, Ontario and Québec;

    (c) PwC LLP, NewPwCA and the individual Canadian Consulting Partners will sell their Sub Shares (and in the case of PwC LLP and NewPwCA, the shares of any Transferred Subsidiaries) to CanadaCo. In consideration, Canadian Consulting Partners will be entitled to elect to receive either IBM Shares, shares of CanadaCo (the "Exchangeable Shares") which are economically equivalent to, and may be exchanged for, IBM Shares, or a combination thereof. The sale of Sub Shares in consideration for Exchangeable Shares will permit the Canadian Consulting Partners to take advantage of certain tax deferral provisions under the *Income Tax Act* (Canada). In the case of PwC LLP and NewPwCA, the consideration received on the sale will consist of cash (or debt that

will be converted to cash). The Canadian Rollup and Sale may also include the sale to CanadaCo or an affiliate of certain interests held by PwC LLP in connection with the PwC global business process outsourcing business.

11. The issuance of the Exchangeable Shares will result in the creation, pursuant to the terms of the Exchangeable Shares and the various agreements relating thereto, of rights on the part of IBM and Call Right PurchaseCo to acquire Exchangeable Shares in certain circumstances and rights on the part of the holders of Exchangeable Shares to cause such shares to be purchased by IBM or Call Right PurchaseCo in certain circumstances.

12. The Exchangeable Shares will be retractable at any time at the option of the holder on a one-for-one basis for IBM Shares, subject to the overriding call right of Call Right PurchaseCo to purchase the retracted Exchangeable Shares in consideration of IBM Shares on a one-for-one basis (the "PurchaseCo Call Right"). The Exchangeable Shares will be redeemable at the option of CanadaCo in specified circumstances in consideration of IBM Shares on a one-for-one basis, subject to the PurchaseCo Call Right. In certain other circumstances (including on a liquidation, dissolution or insolvency of CanadaCo or the liquidation or dissolution of IBM), IBM will be required to purchase or may be required by the holders of Exchangeable Shares to purchase Exchangeable Shares on a one-for-one basis for IBM Shares, subject to the PurchaseCo Call Right. IBM or Call Right PurchaseCo will also have a call right to acquire the Exchangeable Shares in consideration of IBM Shares, on a one-for-one basis, if there has been a change in Canadian tax law that allows substantially all of the Canadian resident holders of Exchangeable Shares who hold such shares as capital property to exchange such shares for IBM Shares on a tax deferred basis.

13. The holders of Exchangeable Shares will be entitled to receive dividends and other distributions from CanadaCo, on a per share basis, in amounts (or property in the case of non-cash dividends or distributions) which are equivalent to, and which are payable at the same time as, dividends and distributions that are declared and paid on the IBM Shares.

14. The Exchangeable Shares will not have any voting rights, except as required by law and in other limited circumstances. There will not be any voting rights in IBM provided to holders of Exchangeable Shares. The information provided to partners in connection with the Partner Vote referred to in paragraph 17 below included a description of these limited voting rights. Assuming the maximum consideration to which Canadian Consulting Partners may become entitled and that all of such consideration is taken in Exchangeable Shares, the percentage vote which Canadian Consulting Partners would be entitled to cast at a meeting of holders of IBM Shares would be less than 0.03% if the holders of Exchangeable Shares were entitled to equivalent voting rights in IBM. Implementing procedures to permit the holders of Exchangeable Shares to vote at meetings of IBM shareholders and the costs of administering such mechanics on an ongoing basis are excessive in relation to the *de minimis* number of votes that holders of Exchangeable Shares would have.

15. IBM, CanadaCo and Call Right PurchaseCo will enter into a support agreement in which, among other things, IBM will covenant to ensure that CanadaCo satisfies the terms of the Exchangeable Shares, to ensure that Call Right PurchaseCo is able to satisfy its obligations under the various call rights and to provide for adjustments to maintain the economic equivalence of the Exchangeable Shares to IBM Shares in the event of certain actions, such as the subdivision, consolidation or reclassification of the IBM Shares or the distribution of stock dividends, bonus shares, options, rights or warrants in respect of the IBM Shares. In addition, IBM will enter into an exchange rights agreement with the holders of Exchangeable Shares that will provide for various exchange rights and obligations of IBM.

16. The Exchangeable Shares will not be listed on any stock exchange. IBM and the Canadian Consulting Partners will enter into Redemption and Non-Competition Agreements which will impose certain restrictions on the ability of Canadian Consulting Partners to transfer the Exchangeable Shares and IBM Shares (including IBM Shares received on the exchange of Exchangeable Shares) for a period of up to five years following Closing.

17. The PwC member firms in Canada held a vote of their partners (the "Partner Vote") with respect to the Canadian Rollup and Sale and over 90% of the partners eligible to vote approved the Canadian Rollup and Sale and related transactions. Prior to the Partner Vote, detailed information with respect to the Global Sale and the Canadian Rollup and Sale (including some of IBM's most recent SEC filings) was made available to the partners, including Canadian Consulting Partners. Such information contained certain financial statements relating to the Consulting Business that were not audited or reported on by an independent auditor and were prepared generally in accordance with U.S. generally accepted accounting principles

("GAAP"), without any reconciliation to Canadian GAAP.

18. On completion of the Canadian Rollup and Sale, it is anticipated that residents of Canada will own directly or indirectly less than 0.3% of the outstanding IBM Shares and represent in number less than 4% of the total number of owners directly or indirectly of IBM Shares.

19. Holders of Exchangeable Shares will be concurrently provided with all of the disclosure materials provided by IBM to holders of IBM Shares resident in Canada.

20. There is presently no intention to have IBM Shares qualified for sale to the public in Canada. The IBM Shares will be issued pursuant to various exemptions from registration under U.S. securities law and accordingly they will not be freely tradeable in the United States for a period of up to two years after completion of the Canadian Rollup and Sale.

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

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

**THE DECISION** of the Decision Makers pursuant to the Legislation is that the Registration and Prospectus Requirements shall not apply to any trades of securities made in connection with the various steps involved in the Canadian Rollup and Sale as described in paragraphs 9, 10, 11 and 12 above, including any trades made in connection with the issuance of IBM Shares and Exchangeable Shares under the Canadian Rollup and Sale and in connection with the exchange for IBM Shares of the Exchangeable Shares issued under the Canadian Rollup and Sale, provided that the first trade in IBM Shares or Exchangeable Shares: (i) issued in connection with the Canadian Rollup and Sale; or (ii) acquired by Canadian Consulting Partners on the exchange of Exchangeable Shares, will be deemed a distribution or a primary distribution to the public under the Legislation of each Jurisdiction unless:

(a) the issuer of the relevant securities is and has been a reporting issuer in a Jurisdiction for the 12 months immediately preceding the trade;

(b) except in Québec, such trade is not a "control distribution" as defined in Multilateral Instrument 45-102 *Resale of Securities*;

(c) no unusual effort is made to prepare the market or to create a demand for the shares that are the subject of such trade;

(d) no extraordinary commission or other consideration is paid in respect of such trade; and

(e) if the selling security holder is an insider or officer of the issuer of the relevant securities, such selling security holder has no reasonable grounds to believe that the issuer is in default of the Legislation.

**AND THE FURTHER DECISION** of the Decision Maker in Ontario is that no fee shall be payable pursuant to the Legislation of Ontario in connection with the trade of any securities made in reliance on this Decision Document except for the trade of IBM Shares and Exchangeable Shares to Canadian Consulting Partners as described in paragraph 10(c) above.

September 27, 2002.

"Howard I. Wetston" "H. Lorne Morphy"

### 2.1.6 General Motors Corporation and HEC Holdings, Inc. - MRRS Decision

**Headnote**

MRRS for Exemptive Relief Applications – First trade relief granted for first trades in securities acquired under an arrangement, subject to certain conditions.

**Applicable Ontario Statutory Provisions**

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

**IN THE MATTER OF**
**THE SECURITIES LEGISLATION OF**
**BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, ONTARIO, QUEBEC, NEWFOUNDLAND AND LABRADOR, NOVA SCOTIA, THE YUKON TERRITORY, THE NORTHWEST TERRITORIES AND NUNAVUT**

**AND**

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

**AND**

**IN THE MATTER OF**
**GENERAL MOTORS CORPORATION AND HEC HOLDINGS, INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Quebec and the Yukon Territory (together, the "Distribution Relief Jurisdictions") has received an application from General Motors Corporation ("GM") and HEC Holdings, Inc. ("Hughes Holdings") for a decision under the securities legislation (the "Legislation") of each of the Distribution Relief Jurisdictions that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements") in respect of such security shall not apply to trades to holders of GM common stock and EchoStar Communications Corporation ("EchoStar") Class A common stock in connection with the transactions described below, subject to certain conditions;

**AND WHEREAS** the Decision Maker in each of British Columbia, Alberta, Saskatchewan, Ontario, Newfoundland and Labrador, Nova Scotia, the Yukon Territory, the Northwest Territories and Nunavut (collectively, the "Resale Relief Jurisdictions") has received an application from GM and Hughes Holdings for a decision under the Legislation of each of the Resale Relief Jurisdictions that the first trade in a security acquired pursuant to the transactions described below shall not be a distribution;

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

**AND WHEREAS** GM and Hughes Holdings have represented to the Decision Makers that:

1. GM is a corporation incorporated under the laws of the State of Delaware and has its principal executive offices located in Detroit, Michigan. GM is primarily engaged in the automotive industry and, through its wholly owned subsidiary, Hughes Electronics Corporation ("Hughes"), the telecommunications industries. GM is the world's largest manufacturer of automotive vehicles. GM also has financing and insurance operations and, to a lesser extent, is engaged in other industries.

2. GM currently has two classes of common stock outstanding: common stock, $1-2/3 par value per share ("GM $1-2/3 par value common stock") and Class H common stock, $0.10 par value per share ("GM Class H common stock"). GM Class H common stock is a "tracking stock" of GM designed to provide holders with financial returns based on the financial performance of Hughes.

3. GM $1-2/3 par value common stock is listed on The Toronto Stock Exchange under the symbol "GM". GM Class H common stock is not listed on any Canadian stock exchange. GM $1-2/3 par value common stock and GM Class H common stock are listed on exchanges outside of Canada, including the New York Stock Exchange ("NYSE"), on which such stocks are listed under the symbols "GM" and "GMH", respectively.

4. As of April 1, 2002, based on GM's stock transfer records, there were approximately:

   (a) 877,778,848 shares of GM Class H common stock outstanding worldwide;

   (b) 214,009 shares of GM Class H common stock outstanding and held directly by residents of Canada, representing approximately 0.024% of the total outstanding shares of GM Class H common stock;

   (c) 560,120,773 shares of GM $1-2/3 par value common stock outstanding worldwide; and

   (d) 928,010 shares of GM $1-2/3 par value common stock outstanding and held directly by residents of Canada, representing approximately 0.166% of the total outstanding shares of GM $1-2/3 par value common stock.

5. GM is a reporting issuer in the provinces of Ontario and Québec and is a "foreign issuer (SEDAR)", as defined in National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR). GM is not a reporting issuer in any other province or territory of Canada and has no present intention of becoming a reporting issuer in any of these jurisdictions.

6. GM is subject to the requirements of the United States Securities Exchange Act of 1934 (the "1934 Act").

7. Hughes is a corporation incorporated under the laws of the State of Delaware and has its principal executive offices located in El Segundo, California. Hughes is a leading global provider of digital entertainment, information and communications services and satellite-based private business networks. Hughes is currently a wholly owned subsidiary of GM.

8. Hughes Holdings is a corporation incorporated under the laws of the State of Delaware. Hughes Holdings, which is currently a wholly owned subsidiary of GM, has not yet conducted any significant activities other than those relating to its formation, matters relating to the Transactions (as defined below) and the preparation of documents filed publicly with the United States Securities and Exchange Commission (the "SEC") and related matters. At the time of the consummation of the Transactions, Hughes Holdings will hold all of the outstanding stock of Hughes and will be the company that is separated from GM and merged with EchoStar.

9. Hughes Holdings, which will be the surviving corporation following the Merger (as defined below), will be authorized to issue Class C common stock, $0.01 par value per share ("Hughes Holdings Class C common stock") as well as Class A common stock, $0.01 par value per share ("New EchoStar Class A common stock") and Class B common stock, $0.01 par value per share ("New EchoStar Class B common stock"). As described below, the Hughes Holdings Class C common stock will be issued prior to the Merger, while the New EchoStar Class A common stock and New EchoStar Class B common stock will be issued by Hughes Holdings in connection with the Merger.

10. Hughes Holdings is not a reporting issuer in any Canadian province or territory, but will become a reporting issuer solely in the Province of Quebec as a result of the Transactions.

11. EchoStar is a corporation incorporated under the laws of the State of Nevada and has its principal executive offices located in Littleton, Colorado. EchoStar operates two business units: the Dish Network and EchoStar Technologies Corporation. The Dish Network is a direct broadcast satellite subscription television service in the United States. EchoStar Technologies Corporation is a supplier of direct broadcast satellite equipment to the Dish Network and international satellite service providers and is engaged in other satellite services.

12. EchoStar currently has two classes of common stock outstanding: Class A common stock, $0.01 par value per share ("EchoStar Class A common stock") and Class B common stock, $0.01 par value per share ("EchoStar Class B common stock"). Neither class of common stock of EchoStar is listed on any exchange in Canada. EchoStar Class A common stock is quoted on the Nasdaq Stock Market ("Nasdaq") under the symbol "DISH". EchoStar Class B common stock is not listed on any exchange or quoted on any market.

13. As of April 1, 2002, based on EchoStar's stock transfer records, there were approximately:

    (a) 241,380,025 shares of EchoStar Class A common stock outstanding worldwide;

    (b) 3,260 shares of EchoStar Class A common stock outstanding and held directly by residents of Canada, representing approximately 0.001% of the total outstanding shares of EchoStar Class A common stock; and

    (c) 238,435,208 shares of EchoStar Class B common stock outstanding, all of which are held by a single stockholder that is not resident in Canada.

14. EchoStar is not a reporting issuer in any Canadian province or territory and has no present intention of becoming a reporting issuer.

15. GM, Hughes and EchoStar have announced plans to enter into a series of transactions (the "Transactions") that would result in the separation of the business of Hughes from GM and the merger of the Hughes business with EchoStar.

16. There are two principal purposes of the Transactions. First, the Transactions are expected to better position the businesses of Hughes and EchoStar to compete in the multi-channel video programming distribution market and, overall, in the telecommunications industry. Second, the Transactions are expected to provide significant liquidity and value to GM and its common stockholders.

17. Pursuant to the Transactions, GM will amend its restated certificate of incorporation to, among other things, make the GM Class H common stock

redeemable in exchange for shares of Hughes Holdings Class C common stock.

18. Prior to the Split-Off (as defined below), GM will contribute all of the outstanding stock of Hughes to Hughes Holdings. Hughes Holdings will then issue to GM shares of Hughes Holdings Class C common stock. This will result in Hughes Holdings becoming the parent company of Hughes.

19. In order to split-off the Hughes business (the "Split-Off"), GM will distribute to each holder of GM Class H common stock one share of Hughes Holdings Class C common stock in exchange for and in redemption of each share of GM Class H common stock the holder owns (the "Hughes Holdings Distribution"). As a result, all outstanding shares of GM Class H common stock will be redeemed and cancelled.

20. In connection with the Transactions, GM may receive a number of shares of Hughes Holdings Class C common stock. The number of shares, if any, that GM will retain after the Transactions will be based on its retained economic interest in Hughes at the time of the Split-Off. In addition, to the extent required in order to maintain the tax-free status of the Split-Off to GM and its stockholders, GM may distribute to the GM $1-2/3 par value common stockholders a number of shares of Hughes Holdings Class C common stock (which would otherwise be retained by GM) (the "$1-2/3 Distribution").

21. After the Hughes Holdings Distribution, there will be no shares of GM Class H common stock outstanding, and assuming GM common stockholder approval of a further amendment to GM's restated certificate of incorporation, GM's restated certificate of incorporation will be further amended to eliminate all provisions related to this class of stock. After the Transactions, GM $1-2/3 par value common stock will remain outstanding and will be GM's only class of common stock.

22. Immediately after the Split-Off, Hughes Holdings will merge with EchoStar, with Hughes Holdings as the surviving corporation (the "Merger"). Hughes Holdings will be renamed EchoStar Communications Corporation ("New EchoStar"). As a result of the Merger, Hughes will become a wholly owned subsidiary of New EchoStar.

23. Pursuant to the Merger, each outstanding share of Hughes Holdings Class C common stock will remain outstanding as a share of Class C common stock of New EchoStar ("New EchoStar Class C common stock") and will remain unchanged.

24. Each holder of EchoStar Class A common stock will receive approximately 1.3699 shares of New EchoStar Class A common stock for each share of EchoStar Class A common stock the holder owns, or cash in lieu of fractional shares of New EchoStar Class A common stock that the holder would otherwise receive (the "New EchoStar Class A Distribution").

25. The holder of EchoStar Class B common stock will receive approximately 1.3699 shares of New EchoStar Class B common stock (collectively with the New EchoStar Class A common stock and the New EchoStar Class C common stock, the "New EchoStar common stock") for each share of EchoStar Class B common stock the holder owns, or cash in lieu of fractional shares of New EchoStar Class B common stock that the holder would otherwise receive.

26. Application will be made to list or quote the New EchoStar Class A common stock and the New EchoStar Class C common stock on either the NYSE or the Nasdaq. Such stock will not be listed on any exchange or quoted on any market in Canada. New EchoStar Class B common stock will not be distributed in Canada and will not be listed on any stock exchange or quoted on any market. Accordingly, no market for the New EchoStar common stock is expected to develop in Canada.

27. Hughes Holdings (to be renamed New EchoStar) will not be a reporting issuer in any province or territory of Canada except Quebec on the date of the Hughes Holdings Distribution, the $1-2/3 Distribution, if any, or the New EchoStar Class A Distribution (collectively, the "Distribution Dates").

28. At the Distribution Dates, after giving effect to the distribution of Hughes Holdings Class C common stock (which will remain outstanding as New EchoStar Class C common stock) and the issuance of New EchoStar Class A common stock, residents in Canada will not own, directly or indirectly, more than 10 percent of the outstanding shares of either of these classes of stock and will not represent in number more than 10 percent of the total number of owners, directly or indirectly, of shares of either of these classes of stock.

29. The amendments to GM's restated certificate of incorporation in connection with the Split-Off require the approval of GM stockholders. In addition, GM is asking its stockholders to ratify the Split-Off and Merger, which ratification is a condition to the completion of the Transactions.

30. The Transactions will be carried out in accordance with applicable U.S. federal securities laws and U.S. state corporate laws. GM common stockholder approval of the Transactions will be obtained under such laws, and GM common stockholders resident in Canada will have the benefit of any rights and remedies in respect of

the consent solicitation statement/information statement/prospectus and related materials furnished in respect of the Transactions as are available under applicable U.S. laws.

31. Holders of GM $1-2/3 par value common stock, GM Class H common stock and EchoStar Class A common stock resident in Canada will be furnished with a combined consent solicitation statement/information statement/prospectus and all other materials mailed to GM and EchoStar common stockholders in the United States (except to the extent that such other materials are of relevance only to U.S. residents or U.S. citizens), as applicable, that provide detailed information about the Transactions.

32. Following the Transactions, all continuous disclosure materials relating to New EchoStar that are furnished to its Class A and Class C common stockholders generally will also be furnished to registered New EchoStar Class A and Class C common stockholders resident in Canada.

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

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

**THE DECISION** of the Decision Makers in each of the Distribution Relief Jurisdictions under the Legislation of such jurisdictions is that trades made in connection with the Hughes Holdings Distribution, the $1-2/3 Distribution, if any, and the New EchoStar Class A Distribution shall be exempt from the Registration Requirements and Prospectus Requirements of the Legislation of such jurisdictions;

**AND THE DECISION** of the Decision Makers in each of the Resale Relief Jurisdictions under the Legislation of such jurisdictions is that the first trade in the shares of New EchoStar Class C common stock and New EchoStar Class A common stock acquired pursuant to the distributions referred to above shall not be subject to the Prospectus Requirements of the Legislation of such jurisdictions, provided that:

(a) after giving effect to the issuance of the shares of New EchoStar Class C common stock, and any other shares of New EchoStar Class C common stock that are issued at the same time or as part of the same distribution, residents of Canada will:

(i) not own directly or indirectly more than ten percent (10%) of the outstanding shares of New EchoStar Class C common stock; and

(ii) not represent in number more than ten percent (10%) of the total number of owners directly or indirectly of outstanding shares of New EchoStar Class C common stock; and

(iii) New EchoStar was not a reporting issuer in any jurisdiction other than Quebec at the distribution date; and

(b) after giving effect to the issuance of the shares of New EchoStar Class A common stock, and any other shares of New EchoStar Class A common stock that are issued at the same time or as part of the same distribution, residents of Canada will:

(i) not own directly or indirectly more than ten percent (10%) of the outstanding shares of New EchoStar Class A common stock; and

(ii) not represent in number more than ten percent (10%) of the total number of owners directly or indirectly of outstanding shares of New EchoStar Class A common stock; and

(iii) New EchoStar was not a reporting issuer in any jurisdiction other than Quebec at the distribution date; and

(c) such first trade is made through an exchange or a market outside of Canada, or to a person or company outside of Canada.

September 11, 2002.

"Jean-François Bernier"

### 2.1.7 Dreco Energy Services Ltd. - MRRS Decision

**Headnote**

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

**Applicable Ontario Statutory Provisions**

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

**IN THE MATTER OF**
**THE SECURITIES LEGISLATION OF**
**ALBERTA, ONTARIO AND NOVA SCOTIA**

**AND**

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

**AND**

**IN THE MATTER OF**
**DRECO ENERGY SERVICES LTD.**

**MRRS DECISION DOCUMENT**

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of, Alberta, Ontario and Nova Scotia (collectively, the "Jurisdictions") has received an application from Dreco Energy Services Ltd. (the "Applicant") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the Applicant be declared to no longer be a reporting issuer under the Legislation;

2. AND WHEREAS pursuant to section 3.2 of National Policy 12-201 - Mutual Reliance Review System for Exemptive Relief Applications (the "National Policy"), the Alberta Securities Commission is the principal regulator for this application;

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

   3.1 the Applicant was incorporated under the laws of the Province of Alberta on August 27, 1980;

   3.2 the Applicant is a wholly-owned subsidiary of National-Oilwell, Inc. (“National-Oilwell”), and its registered office is located in Edmonton, Alberta;

   3.3 the Applicant is engaged in the business of manufacturing oilfield equipment used by the worldwide petroleum exploration and production industry;

   3.4 the Applicant is a reporting issuer in the Provinces of Alberta, British Columbia, Ontario and Nova Scotia and is not in default of its obligations as a reporting issuer in such jurisdictions;

   3.5 on September 25, 1997, a plan of arrangement under Section 186 of the *Business Corporations Act* (Alberta) was put in place (the “Plan”). Under the Plan, all of the then common shares of the Applicant were exchanged for either common stock of National-Oilwell or exchangeable shares of the Applicant (the “Exchangeable Shares”). The Exchangeable Shares are convertible on a one-for-one basis for common stock of National-Oilwell. Until September 25, 2002, the Exchangeable Shares traded on The Toronto Stock Exchange;

   3.6 the Applicant does not have any public debt securities outstanding nor any other securities outstanding;

   3.7 in accordance with the terms of the Plan, the Exchangeable Shares were automatically redeemed on the fifth anniversary of the date of the Plan, being September 25, 2002. On September 25, 2002, holders of the Exchangeable Shares were given common stock of National-Oilwell in exchange for the Exchangeable Shares;

   3.8 the Exchangeable Shares were delisted from The Toronto Stock Exchange on September 25, 2002;

   3.9 the Applicant does not intend to seek public financing by way of an offering of its securities;

4. AND WHEREAS under the National Policy, 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 Maker under the Legislation is that the Applicant is declared to be no longer a reporting issuer under the Legislation as of the date of this Decision Document.

October 2, 2002.

“Patricia M. Johnston”

### 2.1.8 Wittke Inc. and Federal Signal Corporation - MRRS Decision

**Headnote**

Mutual Reliance Review System for Exemptive Relief Application B relief granted from the requirement to reconcile to Canadian GAAP certain financial statements included in an information circular that were prepared in accordance with U.S. GAAP.

**Ontario Rule Cited**

OSC Rule 54-501 - Prospectus Disclosure, s. 3.1.

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

**AND**

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

**AND**

**IN THE MATTER OF**
**WITTKE INC.**

**AND**

**IN THE MATTER OF**
**FEDERAL SIGNAL CORPORATION**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario and Québec (the "Jurisdictions") has received an application from Wittke Inc. ("Wittke") and Federal Signal Corporation ("FSC" and., together with Wittke, the "Applicant") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation:

(a) that the historical financial statements of FSC (the "FSC Financial Statements"), which are prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"), be accompanied by a note to explain and quantify the effect of material differences between Canadian generally accepted accounting principles ("Canadian GAAP") and U.S. GAAP that relate to measurements and provide a reconciliation of such financial statements to Canadian GAAP or otherwise provide disclosure consistent with Canadian GAAP requirements to the extent not already reflected in the FSC Financial Statements;

(b) that the foreign auditor's report accompanying the FSC Financial Statements be accompanied by a statement from the auditor of FSC disclosing any material differences in the form and content of its auditor's report as compared to a Canadian auditor's report and confirming that the auditing standards applied are substantially equivalent to Canadian generally accepted auditing standards;

(c) to provide a restatement of those parts of the management's discussion and analysis of financial condition and results of operations for the FSC Financial Statements (the "FSC MD&A") that would read differently if the FSC MD&A were based on financial statements prepared in accordance with Canadian GAAP; and

(d) that the FSC MD&A and the selected consolidated financial information required in connection therewith provide a cross-reference to the notes to the FSC Financial Statements containing a reconciliation of the FSC Financial Statements to Canadian GAAP.

(collectively, the "GAAP Reconciliation Requirements") shall not apply to the Applicant with respect to disclosure pertaining to FSC in the management information circular of Wittke (the "Circular") to be sent to the shareholders of Wittke in connection with a proposed transaction pursuant to which 984069 Alberta Ltd. ("Subco"), an indirect wholly-owned subsidiary of FSC, will, subject to the satisfaction of certain conditions, acquire all of the issued and outstanding common shares ("Wittke Shares") of Wittke by way of an arrangement (the "Arrangement") under section 193 of the *Business Corporations Act* (Alberta) (the "ABCA") involving Wittke, its shareholders (the "Securityholders") and optionholders, FSC and Subco;

**AND WHEREAS** under the Mutual Reliance Review System for Exemptive Relief Applications (the "System") created pursuant to National Policy 12-201, the Alberta Securities Commission is the principal regulator for this application;

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

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

1. Wittke is incorporated under the ABCA and maintains its head office in Calgary, Alberta.

2. The authorized capital of Wittke consists of an unlimited number of Wittke Shares and an unlimited number of preferred shares, issuable in series. As of the close of business on August 14, 2002, 7,757,089 Wittke Shares and no preferred shares were issued and outstanding. The Wittke Shares are fully participating voting shares.

3. As of July 31, 2002, options ("Wittke Options") to acquire an aggregate of 539,090 Wittke Shares were outstanding under Wittke's stock option plan.

4. The Wittke Shares are listed on the Toronto Stock Exchange (the “TSX”).

5. Wittke is a "reporting issuer" or the equivalent in British Columbia, Alberta, Ontario and Québec and, to its knowledge, is not in default of any of the requirements of the Legislation of any such jurisdiction.

6. FSC is a Delaware corporation and maintains its principal executive offices in Oak Brook, Illinois.

7. The authorized capital of FSC consists of 90,000,000 shares of common stock, US$1 par value ("FSC Shares"), and 800,000 shares of preference stock, US$1 par value. The FSC Shares are fully participating voting shares..

8. As of August 14, 2002, there were 45,247,450 FSC Shares issued and outstanding, of which less than 1% of the issued and outstanding FSC Shares are held of record by shareholders in Canada according to the latest information FSC has available to it.

9. As of August 1, 2002, options and other rights ("FSC Options") to acquire an aggregate of 1,801,574 FSC Shares were outstanding under FSC's stock benefit plans, of which less than 50,000 FSC Options (representing less than 4% of the total number of FSC Options) were held by approximately 55 persons in Canada.

10. The FSC Shares are listed on the New York Stock Exchange (the "NYSE").

11. FSC is subject to the United States *Securities Exchange Act of 1934*, as amended but is not a "reporting issuer" or the equivalent in any province or territory of Canada.

12. Subco was incorporated under the ABCA on April 16, 2002 and is a wholly-owned subsidiary of FSC. Subco was organized for the sole purpose of being a party to the Arrangement.

13. On August 15, 2002, Wittke, FSC and Subco entered into an agreement (the "Arrangement Agreement") pursuant to which Subco will, subject to the satisfaction of certain conditions, including the requisite approval of the Securityholders, directly or indirectly acquire all of the issued and outstanding Wittke Shares by way of an arrangement under the ABCA.

14. Under the Arrangement Agreement, Wittke has agreed to convene and hold a special meeting (the "Special Meeting") of Securityholders for the purpose of considering and, if deemed advisable, approving a special resolution to approve the Arrangement. The board of directors of Wittke has fixed September 30, 2002 as the date of the Special Meeting.

15. Following approval by the Securityholders at the Special Meeting of the special resolution approving the Arrangement, and the issuance by the Court of Queen's Bench of Alberta of a favourable order approving the Arrangement, Wittke will file Articles of Arrangement under the ABCA. The Arrangement will become effective upon the filing of the Articles of Amendment, which is expected to occur on or about October 1, 2002.

16. The consideration payable under the Arrangement to each holder of Wittke Shares (the "Consideration") shall be, at the election of the holder, either:

    (a) the number of FSC Shares equal to the product of the Share Exchange Ratio and the number of Wittke Shares held by such holder; or

    (b) 50% of the consideration in the form of FSC Shares (*i.e.*, that number of FSC Shares equal to the product of the Share Exchange Ratio and the number of Wittke Shares held by such holder divided by two) and 50% of the consideration in the form of cash (*i.e.*, C$6.25 per Wittke Share),

    where the Share Exchange Ratio is the ratio determined by dividing C$12.50 by the volume-weighted average trading price of the FSC Shares on the NYSE for the twenty trading days preceding the fourth trading day before the date of the Special Meeting as specified in the Circular, converted to Canadian dollars as provided in the Arrangement Agreement (and subject to change to accommodate the possibility of an increase in the Consideration offered under the Arrangement).

17. More particularly, the Arrangement will provide for the following:

    (a) every issued and outstanding Wittke Share that is held at the effective time of the Arrangement by a person that is not:

(i) a shareholder who validly exercises its dissent rights and is ultimately entitled to be paid fair value for its Wittke Shares, or

(ii) a holding company ("Holding Company") that satisfies certain conditions specified in the Arrangement Agreement (including the making of an election),

shall be transferred to Subco in exchange for the Consideration elected by such person;

(b) all of the issued and outstanding shares in the capital of every Holding Company shall be transferred to Subco in exchange for the Consideration that such Holding Company would have received if its Wittke Shares were transferred directly to Subco as described in paragraph (a) above rather than indirectly as described in this paragraph (b);

(c) all Wittke Options that are outstanding at the effective time of the Arrangement shall be surrendered to Wittke in exchange for a cash payment equal to, for each Wittke Share issuable upon the exercise of that Wittke Option, the difference between C$12.50 and the exercise price per share, following which the Wittke Options shall be cancelled; and

(d) the Holding Companies shall be amalgamated with Wittke.

18. The Circular will, in accordance with the Legislation, contain prospectus-level disclosure regarding Wittke and FSC (subject to such exemptive relief as may be granted by the appropriate securities regulatory authorities) and a description of the Arrangement.

19. In particular, the Circular is expected to contain the following historical financial statements (statements of income, retained earnings and cash flows) of Wittke and FSC:

(a) audited annual financial statements of FSC for each of the fiscal years ended December 31, 2001, December 31, 2000 and December 31, 1999, together with balance sheets as at December 31, 2001 and December 31, 2000 and auditor's reports thereon, all in accordance with U.S. GAAP;

(b) unaudited interim financial statements of FSC for each of the six month periods ended June 30, 2002 and June 30, 2001, together with a balance sheet as at June 30, 2002, all in accordance with U.S. GAAP;

(c) audited annual financial statements of Wittke for each of the fiscal years ended September 30, 2001, September 30, 2000 and September 30, 1999, together with balance sheets as at September 30, 2001 and September 30, 2000 and auditor's reports thereon, all in accordance with Canadian GAAP; and

(d) unaudited interim financial statements of Wittke for each of the nine month periods ended June 30, 2002 and June 30, 2001, together with a balance sheet as at June 30, 2002, all in accordance with Canadian GAAP.

20. Certain Securityholders have entered into agreements ("Support Agreements") with FSC pursuant to which such Securityholders have agreed, among other things and subject to certain conditions, to vote in favour of the Arrangement at the Special Meeting and to elect to take 50% of their Consideration in cash and 50% in FSC Shares. An aggregate of 3.583,365 Wittke Shares are subject to Support Agreements.

21. Although the exact number of FSC Shares to be issued under the Arrangement will not be known until all Securityholders have made their elections as to the form of Consideration they wish to receive, even if all Securityholders elect to receive Consideration comprised entirely of FSC Shares it is expected that, upon completion of the Arrangement, less than 6% of the total number of issued and outstanding FSC Shares (on a fully diluted basis) will be held of record by persons resident in Canada.

**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 pursuant to the Legislation is that the GAAP Reconciliation Requirements shall not apply to the Applicant with respect to disclosure pertaining to FSC in the Circular.

September 3, 2002.

"Agnes Lau"

### 2.1.9 Quintana Minerals Resources Corp. - MRRS Decision

**Headnote**

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

**Applicable Ontario Statutes**

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

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

**AND**

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

**AND**

**IN THE MATTER OF**
**QUINTANA MINERALS RESOURCES CORP.**
**(formerly Spire Energy Ltd.)**

**MRRS DECISION DOCUMENT**

1. WHEREAS the local securities regulatory authority or regulator (collectively the "Decision Makers") in each of Alberta and Ontario (the "Jurisdictions") has received an application from Spire Energy Ltd. ("Spire") (which has subsequently been amalgamated to form Quintana Minerals Resources Corp. ("Quintana") (the "Filer") for a decision under the securities legislation (the "Legislation") that Spire 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 of this application;

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

   3.1 Spire was a corporation governed by the *Business Corporations Act* (Alberta) with its head office in Calgary, Alberta;

   3.2 As of July 1, 2002, Spire had 17,342,219 common shares issued and outstanding. There were no preferred shares issued and outstanding and no public debt securities outstanding;

   3.3 Spire was a reporting issuer not in default of its obligations as a reporting issuer under the Legislation as at July 1, 2002;

   3.4 Quintana was originally incorporated as 3065610 Nova Scotia Company under the *Companies Act* (Nova Scotia) on April 19, 2002 and changed its name on April 25, 2002. Quintana is wholly owned by Quintana Minerals Canada Investments Corp., which is also a company governed by the *Companies Act* (Nova Scotia). Quintana Minerals Corporation ("QMC"), a corporation incorporated under the laws of the State of Texas, is the ultimate controlling entity of Quintana;

   3.5 Quintana was incorporated for the sole purpose of acquiring the common shares of Spire;

   3.6 on April 26, 2002 a take-over bid circular was mailed to all Spire shareholders;

   3.7 as of June 3, 2002, Quintana had acquired approximately 16,625,746 common shares of Spire which represented approximately 96% of the outstanding common shares of Spire. Computershare Trust Company of Canada, as depositary, has, on behalf of Quintana, taken up all of the Spire common shares validly deposited pursuant to the offer, in compliance with all applicable laws and not withdrawn on or prior to June 3, 2002;

   3.8 the common shares of Spire are no longer listed for trading on any exchange or over-the-counter market;

   3.9 Quintana's notice of compulsory acquisition of the remaining shares of Spire not owned by Quintana pursuant to Part 16 of the *Business Corporations Act* (Alberta) was mailed on June 4, 2002 and was completed on June 5, 2002;

   3.10 On June 5, 2002 Quintana owned 100% of Spire's common shares and on July 1, 2002 Quintana and Spire amalgamated to form Quintana;

   3.11 As a result of the amalgamation Quintana became a reporting issuer in the Provinces of Alberta and Ontario. Quintana is a reporting issuer in these provinces and is not in default and has no securities listed on any exchange or over the counter market. Quintana has 17,342,219 shares outstanding, all of which are held by Quintana Minerals

Canada Investments Corp. and has no other securities outstanding, including public debt securities.

3.12 Quintana does not intend to seek public financing by way of an offering of its securities.

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

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

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

September 25, 2002.

"Patricia M. Johnston"

### 2.1.10 Open Text Corporation and Centrinity Inc. - MRRS Decision

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – OSC Rule 54-501 – Exemption granted from requirement to include prospectus level disclosure in an information circular where redeemable preferred shares to be issued under a merger effected by way of plan of arrangement – preferred shares used for tax purposes only and will be redeemed on 2nd business day following arrangement and issuer has cash on hand to fund the redemption – merger, in substance, a cash transaction, but issuer of view that circular subject to prospectus level disclosure requirement of Rule 54-501.

**Applicable Ontario Rules**

Ontario Securities Commission Rule 54-501 Prospectus Disclosure in Certain Information Circulars – sections 1.2, 2.1, 2.2, 2.3, and 3.1.

**Applicable Ontario Policies**

Companion Policy 61-501 CP – To Ontario Securities Commission Rule 61-501 Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions – section 2.10.

**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**
**OPEN TEXT CORPORATION AND CENTRINITY INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Makers") in British Columbia and Ontario (collectively, the "Jurisdictions") has received an application from Open Text Corporation ("Open Text") and Centrinity Inc. ("Centrinity" and together with Open Text, the "Filers") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the prospectus level disclosure requirements contained in Sections 2.1, 2.2 and 2.3 of Ontario Securities Commission Rule 54-501, *Prospectus Disclosure in Certain Information Circulars,* and Section 11 of British Columbia Form 54-901F (collectively, the "Prospectus Level Disclosure Requirements") shall not apply to a management proxy circular (the "Circular") to be sent to all shareholders of Centrinity in connection with the proposed amalgamation (the "Amalgamation") of Centrinity and 3801853 Canada

Inc. ("Subco"), a wholly-owned subsidiary of Open Text, pursuant to section 181 of *Canada Business Corporations Act* (the "CBCA") (the amalgamated company to be formed by the amalgamation of Centrinity and Subco being referred to as "Amalco");

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

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

1. Open Text is a corporation amalgamated under the *Business Corporations Act* (Ontario). The common shares in the capital of Open Text are listed on the Toronto Stock Exchange (the "TSX") and the Nasdaq National Market. Open Text is a reporting issuer in each province of Canada.

2. Centrinity is a corporation continued under the CBCA. The Class A common shares in the capital of Centrinity (the "Centrinity Shares") are listed on the TSX. Centrinity is a reporting issuer in British Columbia, Alberta and Ontario.

3. Subco is a corporation incorporated under the CBCA and is a wholly-owned subsidiary of Open Text. Subco is not a reporting issuer in any province of Canada. Subco will be used for the sole purpose of effecting the Amalgamation.

4. Pursuant to a merger agreement dated as of September 19, 2002 (the "Merger Agreement") between Open Text, Subco and Centrinity, Open Text intends to acquire all of the issued and outstanding Centrinity Shares, including Centrinity Shares issuable upon the exercise of outstanding stock options, pursuant to the Amalgamation.

5. The Amalgamation will result in each holder of Centrinity Shares (a "Centrinity Shareholder") receiving one redeemable preferred share in the capital of Amalco (the "Preferred Shares") for each Centrinity Share. Pursuant to the Amalgamation, Open Text will receive common shares in the capital of Amalco in exchange for its shares of Subco. On the second business day following completion of the Amalgamation, each Preferred Share will be redeemed for $1.26 in cash (the "Redemption"). Upon completion of the Redemption, Open Text will own all of the shares of Amalco.

6. The Preferred Shares will be used so that rollovers provided for under section 87 of the *Income Tax Act* (Canada) will be available to Centrinity. No new certificates evidencing the Preferred Shares will be issued to the Centrinity Shareholders who will continue to hold their Centrinity Share certificates until the Redemption. The Filers are of the view that the Circular is subject to the Prospectus Level Disclosure Requirements due to the issuance of the Preferred Shares.

7. The aggregate proceeds of redemption payable pursuant to the Redemption is approximately $31.9 million, representing less than 5% of the market capitalization of Open Text. Open Text has in excess of US $110 million in cash and cash equivalents as at its year ended June 30, 2002.

**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 Prospectus Level Disclosure Requirements shall not apply to the Circular.

October 3, 2002.

"Ralph Shay"

### 2.1.11 Archipelago Canada Inc. - MRRS Decision

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Exemption pursuant to section 15.1 of National Instrument 21-101 Marketplace Operation and section 12.1 of National Instrument 23-101 Trading Rules from the requirement to comply with subsection 9.2(1) of National Instrument 21-101 Marketplace Operation and sections 8.1, 8.3 and 8.4 of National Instrument 23-101 Trading Rules.

**IN THE MATTER OF**
**NATIONAL INSTRUMENT 21-101**
**MARKETPLACE OPERATION**
**AND NATIONAL INSTRUMENT 23-101**
**TRADING RULES**

**AND**

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

**AND**

**IN THE MATTER OF**
**ARCHIPELAGO CANADA INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator in each of the Provinces of Ontario, Quebec and British Columbia (each, a "Decision Maker") has received an application (the "Application") from Archipelago Canada Inc. (“Archipelago Canada") for a decision under section 15.1 of National Instrument 21-101 Marketplace Operation (“NI 21-101”) and section 12.1 of National Instrument 23-101 Trading Rules (“NI 23-101”) granting Archipelago Canada:

(a) an exemption from subsection 9.2(1) of NI 21-101 to relieve Archipelago Canada from the market integration requirements;

(b) an exemption from sections 8.1 and 8.3 of NI 23-101 to relieve Archipelago Canada from the requirement to enter into an agreement with a regulation service provider; and

(c) an exemption from sections 8.1 and 8.4 of NI 23-101 to relieve Archipelago Canada from the requirement to enter into the prescribed agreement with its subscribers.

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

**AND WHEREAS** Archipelago Canada has represented to the Decision Makers as follows.

1. Archipelago Canada is a private corporation formed under the laws of New Brunswick and is a wholly-owned subsidiary of Archipelago Holdings L.L.C. (“Archipelago Holdings”), a limited liability company organized under the laws of the State of Delaware with its registered office in Chicago.

2. Archipelago Canada is a marketplace and alternative trading system (“ATS”) as defined in NI 21-101. It is registered as an investment dealer in Ontario, has applied for an exemption from subsection 6.1(a) of NI 21-101 by the Decision Makers in British Columbia and Quebec and has pending applications for registration as a dealer in the Provinces of British Columbia and Quebec. Archipelago Canada is a member of the Investment Dealers Association (the “IDA”).

3. Archipelago Canada is an affiliate of Archipelago Securities, L.L.C (“Archipelago Securities”), the sponsor of an electronic communications network (the “Archipelago ECN”) in the United States. Archipelago Securities is a registered broker-dealer with the Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, is a member in good standing of the National Association of Securities Dealers in the United States (“NASD”) and is an ATS under Regulation ATS in the United States.

4. Archipelago Canada provides subscribers in Canada with access to the Archipelago ECN. The Archipelago ECN executes trades of Nasdaq National Market Securities and Nasdaq SmallCap securities or routes orders to Nasdaq or other ATSs.

5. The Archipelago ECN currently accepts as subscribers in Canada only entities that are registered as investment dealers in Ontario, Quebec and British Columbia (“Canadian Dealers”). Archipelago Canada intends to accept institutions that qualify as “acceptable institutions” and “acceptable counterparties” as defined in the Joint Regulatory and Financial Questionnaire of the IDA (“Canadian Institutions”).

6. Archipelago Canada is an affiliate of Wave Securities L.L.C. (“Wave”). Wave is a registered broker-dealer under the Securities Exchange Act of 1934 and is a member in good standing of the NASD. Wave is registered as an international dealer in Ontario.

7. Wave, under a service agreement with Archipelago Canada, provides, directly and through its arrangements with third party service providers, certain operating, clearing, settlement and execution services and books and records services to Archipelago Canada in connection with

the operation of the Archipelago ECN for subscribers in Canada.

8. The third party service providers providing clearing, settlement and execution services are currently registered and will always be registered as International Dealers in Ontario.

9. The Archipelago ECN provides order and trade information to Nasdaq as its exclusive securities information processor in compliance with the requirements of Rule 11A under the Securities Exchange Act of 1934.

10. The Archipelago ECN is connected to the Nasdaq and all other registered ATSs in the United States trading Nasdaq stocks directly or through SelectNet and SuperSoes, in accordance with section 3 of Regulation ATS under the Securities Exchange Act of 1934.

11. All subscribers to the Archipelago ECN are required to agree to comply with United States trading rules and securities laws requirements. Canadian subscribers are also required to comply with applicable requirements of Canadian securities legislation.

12. The Archipelago ECN is subject to regulatory oversight by the NASD-Regulation ("NASD-R") and the SEC in the United States.

13. All subscribers in Ontario and British Columbia to Archipelago ECN have confirmed to Archipelago Canada that they have the ability to see and directly access quotes from the Toronto Stock Exchange ("TSX").

14. Section 8.1 of NI 23-101 prohibits an ATS from executing a subscriber's order unless the ATS has executed and is subject to the written agreements in sections 8.3 and 8.4 of NI 23-101.

15. Archipelago Canada has requested an exemption from section 8.3 of NI 23-101 which requires an ATS to enter into an agreement with a regulation services provider.

16. Subsection 9.2(1) of NI 21-101 requires a marketplace subject to 7.1(1) to have an electronic connection to the principal market for each security traded on that marketplace.

17. Subsection 9.2(1) of NI 21-101 is not currently in force in the Province of Quebec.

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

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in NI 21-101 and NI 23-101 provides the Decision Maker with the jurisdiction to make the Decision has been met;

**THE DECISION** of the Decision Makers, except the Decision Maker in Quebec, is that Archipelago Canada is:

(a) exempt from subsection 9.2(1) of NI 21-101, provided that all present and future subscribers resident in Provinces of Canada other than Quebec have confirmed to Archipelago Canada that they have direct access to quotes on the TSX;

**AND THE DECISION** of the Decision Makers is that Archipelago Canada is:

(b) exempt from sections 8.1 and 8.3 of NI 23-101 with respect to foreign exchange-traded securities and exchange-traded securities that are inter-listed on Nasdaq, **provided that** the securities are executed on a marketplace that is subject to regulatory oversight by the SEC or the NASD-R; and

(c) exempt from section 8.4 of NI 23-101 with respect to foreign exchange-traded securities and exchange-traded securities that are inter-listed on Nasdaq, **provided that** Archipelago Canada includes as part of its agreement with its subscribers an acknowledgement by subscribers that orders executed on, or routed by the Archipelago ECN to Nasdaq or other ATSs, will not be regulated by a regulation services provider but by the regulatory body in the jurisdiction to which the order is executed or routed.

October 7, 2002.

"Randee B. Pavalow"

### 2.1.12 Mosaic Group Inc. - MRRS Decision

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - relief granted to certain vice presidents of a reporting issuer from the insider reporting requirements subject to certain conditions as outlined in CSA Staff Notice 55-306 - Applications for Relief from the Insider Reporting Requirements by Certain Vice Presidents.

**Statutes Cited**

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1), 107, 108, 121(2)(a)(ii).

**Regulations Cited**

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

**Rules Cited**

National Instrument 55-101 - Exemption From Certain Insider Reporting Requirements.

**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**
**MOSAIC GROUP INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, Quebec and Newfoundland and Labrador (the "Jurisdictions") has received an application from Mosaic Group Inc. ("Mosaic") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation to file insider reports shall not apply to certain individuals who are insiders of Mosaic by reason of having the title Vice-President;

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

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

1. Mosaic is a corporation continued under the *Canadian Business Corporations Act*;

2. Mosaic is a reporting issuer or the equivalent thereof in each province and territory of Canada and its common shares are listed on the Toronto Stock Exchange under the symbol "MGX";

3. Mosaic is not on the list of defaulting reporting issuers maintained pursuant to the Legislation;

4. Mosaic owns or controls 18 operating and 20 non-operating subsidiaries worldwide (individually a "Subsidiary", collectively the "Subsidiaries");

5. Mosaic has 119 persons who are insiders by reason of being a director or senior officer of Mosaic or its Subsidiaries (the "Insiders");

6. Mosaic has 54 Insiders exempt from the insider reporting requirements contained in the Legislation by reason of National Instrument 55-101 ("NI 55-101"). Mosaic has previously applied for and obtained exemptive relief from the insider reporting requirements in respect of directors and senior officers of certain of its Subsidiaries, which relief is evidenced by the decision of the Decision Makers dated September 15, 1999 (reported at (1999), 22 O.S.C.B. 6258) and by the decision of the Decision Makers dated November 21, 2000 (reported at (2000), 23 O.S.C.B. 8096);

7. Mosaic has developed a corporate disclosure policy (the "Disclosure Policy"), a blackout policy and a policy and procedures governing insider trading (the "Blackout Policy") that apply to all of the Insiders;

8. The objective of the Disclosure Policy is to ensure that communications to the investing public about Mosaic are timely, factual, accurate and broadly disseminated in accordance with all applicable legal and regulatory requirements;

9. Mosaic has developed the Blackout Policy to ensure that its directors, officers and designated employees who are "insiders" under the Legislation are aware of their responsibilities under the Legislation and to assist them in complying with the Legislation;

10. The Disclosure Policy and the Blackout Policy also apply to other employees of Mosaic who have knowledge of material undisclosed information;

11. Under the Disclosure Policy and the Blackout Policy, Insiders and other employees with knowledge of material undisclosed information may not trade in securities of Mosaic. In addition, under the Blackout Policy, neither Insiders nor

employees may trade in securities of Mosaic during "blackout" periods around the preparation of financial results or any other "blackout" period as determined by management of Mosaic;

12. Management of Mosaic considered the job requirements and principal functions of the Insiders to determine which of them met the definition of "nominal vice-president" contained in Canadian Securities Administrators Staff Notice 55-306 (the "Staff Notice") and has compiled a list of those Insiders who meet the criteria set out in the Staff Notice (the "Exempted Vice-Presidents");

13. Each of the Exempted Vice-Presidents:

    (a) is a vice-president of Mosaic or its major subsidiaries (as that term is defined in NI 55-101) (the "Major Subsidiaries");

    (b) is not in charge of a principal business unit, division or function of Mosaic or a Major Subsidiary of Mosaic;

    (c) does not in the ordinary course receive or have access to information regarding material facts or material changes concerning Mosaic before the material facts or material changes are generally disclosed; and

    (d) is not an insider of Mosaic in any capacity other than as a vice-president;

14. Mosaic shall maintain a continuous review of the relevant facts contained in the representations upon which this Decision (as hereinafter defined) is made and shall advise the Commission promptly in writing of any changes in any such facts, including the name of every person who is exempted by this Decision or ceases to be exempted by this Decision;

15. Mosaic shall maintain a list of all persons exempted from the Insider Reporting Requirements by this Decision and shall, at the request of the Decision Makers, promptly furnish any information reasonably necessary for the Decision Makers to determine whether a vice-president of Mosaic or its Major Subsidiaries should or should not be exempted pursuant to the Decision; and

16. Mosaic has filed with the Decision Makers in connection with this application a copy of the Blackout Policy, the Disclosure Policy, and list of Exempted Vice-Presidents.

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

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

**THE DECISION** of the Decision Makers under the Legislation is that the requirement contained in the Legislation to file insider reports shall not apply to the Exempted Vice-Presidents or any other employee of Mosaic who hereafter is given the title Vice-President provided that:

(a) they satisfy the definition of "nominal vice-president" contained in the Staff Notice;

(b) Mosaic prepares and maintains a list of all individuals who propose to rely on the exemption granted, submits the list on an annual basis to the board of directors for approval and files the list with the Decision Makers;

(c) Mosaic files with the Decision Makers a copy of its internal policies and procedures relating to monitoring and restricting the trading activities of its insiders and other persons whose trading activities are restricted by Mosaic; and

(d) the relief granted will cease to be effective on the date when NI 55-101 is amended.

October 4, 2002.

“Paul M. Moore” “Robert L. Shirriff”

### 2.1.13 Cathedral Energy Services Ltd. - MRRS Decision

**Headnote**

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

**Applicable Ontario Statutory Provisions**

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

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

**AND**

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

**AND**

**IN THE MATTER OF**
**CATHEDRAL ENERGY SERVICES LTD.**

**MRRS DECISION DOCUMENT**

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in Alberta and Ontario (the "Jurisdictions") has received an application from Cathedral Energy Services Ltd. ("Cathedral") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Cathedral 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, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Québec Commission Notice 14-101;

4. AND WHEREAS Cathedral has represented to the Decision Makers that:

4.1 Cathedral Gold Corporation was incorporated under the *Business Corporations Act* (Ontario) on April 16, 1987, continued from Ontario to Alberta under the *Business Corporations Act* (Alberta) (the "ABCA") on October 30, 2000 and on November 6, 2000 amended its Articles, under the ABCA, to change its name to Cathedral Energy Services Ltd.;

4.2 Cathedral is a reporting issuer in the Jurisdictions and became a reporting issuer in Alberta on September 14th, 1987 by receiving a receipt for a prospectus;

4.3 Cathedral is not in default of any of the requirements of the Legislation;

4.4 Cathedral's head office is located in Calgary, Alberta;

4.5 the authorized share capital of Cathedral consists of an unlimited number of common shares (the "Common Shares") and 80,000,000 special shares, Series 1 (the "Special Shares") of which there are currently 8,247,563 Common Shares and 13,231,758 Special Shares outstanding;

4.6 in addition to the outstanding Common Shares and outstanding Special Shares there are currently 1,712,000 options (the "Options") to purchase Common Shares under Cathedral's Stock Option Plan outstanding and a subordinated note (the "Note") issued by Cathedral on August 31, 2002 in the amount of $30,285,843;

4.7 the Note is held by Cathedral Energy Services Income Trust (the "Trust");

4.8 under a plan of arrangement (the "Arrangement"), which was approved by the Court of Queen's Bench of Alberta and the holders of all outstanding securities of Cathedral at a July 29, 2002 special meeting,

4.8.1 all of the outstanding Common Shares and Special Shares were exchanged for units of the Trust (the "Trust Units");

4.8.2 all of the outstanding Options were converted to options to purchase Trust Units; and

4.8.3 Cathedral became a wholly-owned subsidiary of the Trust;

4.9 the Trust now is the sole holder of the outstanding securities of Cathedral;

4.10 the Trust is an open-ended mutual fund trust governed by the laws of the Province of Alberta and created pursuant to the provisions of a declaration of trust dated June 24, 2002;

4.11 the Trust is a reporting issuer in Ontario and became a reporting issuer in Ontario

on August 2, 2002 by listing the Trust Units on TSX Inc.;

4.12 the Common Shares were delisted from TSX Inc. on August 2, 2002, and no securities of Cathedral are listed or quoted on any exchange or market;

4.13 other than the outstanding Note, Common Shares, Special Shares, and Options, Cathedral has no securities, including debt securities, outstanding; and

4.14 Cathedral does not intend to seek public financing by way of an offering of its securities;

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

6. 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;

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

September 23, 2002.

"Patricia M. Johnston"

### 2.1.14 Urbco Inc. - MRRS Decision

**Headnote**

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

**Applicable Ontario Statutory Provisions**

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

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

**AND**

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

**AND**

**IN THE MATTER OF**
**URBCO INC**

**MRRS DECISION DOCUMENT**

1. WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan and Ontario (the "Jurisdictions") has received an application from Urbco Inc. ("Urbco" or the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the Filer be declared to no longer be a reporting issuer, or the equivalent thereof, under the Legislation;

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

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

3.1 Urbco was incorporated under the laws of Alberta, with its head office in Calgary, Alberta;

3.2 The authorized capital of Urbco consisted of an unlimited number of common shares and an unlimited number of preferred shares of which 10,341,691 Urbco Common Shares, no preferred shares and no public debt securities were issued and outstanding prior to the date of the arrangement agreement described below;

3.3 pursuant to the terms and conditions of an arrangement agreement dated April 12, 2002 (the "Arrangement Agreement") among Urbco, 981891 Alberta Ltd. ("Albertaco"), Northern Property Limited Partnership (the "Partnership"), NewNorth Projects Ltd. ("NewNorth"), Northern Property Trust (NP Trust") and Northern Property Real Estate Investment Trust ("NPR"):

3.3.1 the Articles of Incorporation of Urbco were amended to convert all of the issued and outstanding Urbco common shares ("Urbco Common Shares") into:

3.3.1.1 Urbco non-voting preferred shares ("Urbco Non-Voting Preferred Shares") having an aggregate redemption value equal to:

3.3.1.1.1 the cash payment to be made to the Urbco shareholders (the "Shareholders");

3.3.1.1.2 the aggregate principal amount of the NewNorth debentures ("NewNorth Debentures");

3.3.1.1.3 the aggregate value of the NewNorth shares ("NewNorth Shares") as determined by the board of directors; and

3.3.1.2 new Urbco Common Shares;

on the basis of one Urbco Non-Voting Preferred Share and one new Urbco Common Share for each existing Urbco Common Share;

3.3.2 NPR acquired Albertaco preferred shares ("Albertaco Preferred Shares") having an aggregate redemption value equal to the aggregate redemption value of the Urbco Non-Voting Preferred Shares;

3.3.3 Albertaco acquired all the NewNorth Debentures and NewNorth Shares;

3.3.4 Albertaco acquired the Urbco Non-Voting Preferred Shares from the Urbco Shareholders in exchange for a combination of cash, the transfer and assignment of the NewNorth Shares and the transfer and assignment of the NewNorth Debentures;

3.3.5 Albertaco and Urbco amalgamated and now continue as one corporation under the name "Urbco Inc.";

3.3.6 pursuant to the amalgamation of Albertaco and Urbco, the issued and outstanding securities of Urbco and Albertaco were exchanged as follows:

3.3.6.1 each Albertaco Preferred Share was exchanged for one non-voting preferred share of amalgamated Urbco;

3.3.6.2 the one outstanding Albertaco common share was exchanged for one new Urbco common share of amalgamated Urbco ("Urbco Common Share");

3.3.6.3 each existing Urbco Common Share was exchanged for one new Urbco Common Share of amalgamated Urbco;

3.3.6.4 the Urbco Common Shares were consolidated on a basis determined by

the board of directors so that, after giving effect to the number of units of NPR ("Units") issued under the Public Offering, the exchange of Urbco Common Shares for Units of NPR or Class B LP Units under the Arrangement occurred on a one for one basis (as more particularly described in the Arrangement Agreement); and

3.3.6.5 each Urbco Non-Voting Preferred Share was be cancelled without any repayment of capital in respect thereof;

3.3.7 amalgamated Urbco redeemed for cash the non-voting preferred shares of amalgamated Urbco and repurchased the one Urbco Common Share of amalgamated Urbco owned by NPR for a nominal amount;

3.3.8 all of the right, title and interest in the new Urbco Common Shares of holders, other than Dissenting Shareholders (as that term is defined in the Arrangement Agreement), who were resident in Canada and who met the applicable qualifications, and properly elected to receive Class B LP Units under the Arrangement, were exchanged for Class B LP Units of the Partnership on the basis of one Class B LP Unit for each such Urbco Common Share (as those terms are defined in the Arrangement Agreement);

3.3.9 all of the right, title and interest in the new Urbco Common Shares of the remaining holders (other than Dissenting Shareholders) were exchanged for Units of NPR on the basis of one Unit for each such Urbco Common Share;

3.3.10 NPR transferred all its Urbco Common Shares to NP Trust in exchange for Series 1 Trust Notes (as defined in the Arrangement Agreement);

3.3.11 NP Trust transferred all such Urbco Common Shares to the Partnership in exchange for a Partnership Loan (as defined in the Arrangement Agreement);

3.3.12 NPR issued to the holders of Class B LP Units for no consideration one Special Voting Unit (as defined in the Arrangement Agreement) for each Class B LP Unit held; and

3.3.13 all outstanding Options which had not been exercised prior to the Effective Date were cancelled and the Optionholders who did not exercise their Options but instead became parties to the Arrangement Agreement received that number of Units of NPR or cash, at their election, equal to the difference between the fair value of the Options immediately prior to the Arrangement and the exercise price of their Options (as those terms are defined in the Arrangement Agreement);

3.4 an arrangement resolution to approve the arrangement (the "Arrangement") as set out in the Urbco information circular dated April 15, 2002 and on the terms and conditions disclosed in the Arrangement Agreement was approved by Urbco Shareholders at a special meeting held on May 13, 2002, and was approved by the Court of Queen's Bench of Alberta on May 17, 2002;

3.5 the Arrangement was effected pursuant to articles of arrangement dated May 30, 2002 (the "Effective Date") and as a result thereof the Filer became a reporting issuer, or the equivalent thereof, in the Jurisdictions on the Effective Date;

3.6 the Filer is a reporting issuer or the equivalent thereof in each of the Jurisdictions and is not in default of any of the requirements under the Legislation; and

3.7 the Filer does not intend to make an offering of its securities to the public and none of its securities are listed or quoted

on any exchange or quotation system in Canada or trade over-the-counter;

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 the Filer is hereby declared to no longer be a reporting issuer in each of the Jurisdictions.

September 27, 2002.

"Patricia M. Johnston"

### 2.1.15 Provident Energy Trust et al. - MRRS Decision

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – Relief from registration and prospectus requirements for trades made in connection with a take over bid using exchangeable shares for tax reasons where statutory exemptions are not available – Relief also granted from continuous disclosure requirements, insider reporting requirements and take over bid form requirements for Offeror, subject to certain conditions – Relief also granted from the requirement to deliver and provide withdrawal rights in connection with a notice of change filed to supplement the take over bid circular.

**Statutes Cited**

Securities Act, R.S.O. 1990, c. S.5, as am. ss. 74(1), 25, 53, 100(2), 100(4), 104(2)(c), 80(b)(iii) and 121(2)(a)(ii).

**Rules Cited**

Ontario Securities Commission Rule 51-501 – AIF and MD&A.

**IN THE MATTER OF**
**THE SECURITIES LEGISLATION OF**
**ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC, NEW BRUNSWICK, PRINCE EDWARD ISLAND, 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**
**PROVIDENT ENERGY TRUST,**
**PROVIDENT ENERGY LTD.,**
**PROVIDENT ACQUISITIONS INC. AND**
**MEOTA RESOURCES CORP.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador (the "Jurisdictions") has received an application from Provident Energy Trust ("PET" or the "Trust"), Provident Energy Ltd., a wholly-owned subsidiary of PET ("PEL") and Provident Acquisitions Inc., a wholly-owned subsidiary of PEL (the "Offeror", and collectively PET, PEL and the Offeror are referred to herein as the "Filer"), for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

1. the registration requirement and the prospectus requirement will not apply to certain trades in securities to be made in connection with the offer (the "Offer") to purchase all of the issued and outstanding common shares (the "Common Shares") of Meota Resources Corp. ("Meota"), including any trades in connection with the use of applicable statutory compulsory acquisition provisions following the Offer under which the Offeror acquires Common Shares (a "Subsequent Acquisition Transaction");

2. in those Jurisdictions in which the Offeror becomes a reporting issuer or the equivalent under the Legislation, the requirements to issue a press release and file a report upon the occurrence of a material change, file an annual report where applicable, file interim financial statements and audited financial statements and deliver such statements to the security holders of the Offeror, file an information circular or make an annual filing in lieu of filing an information circular, where applicable, file an annual information form and provide management's discussion and analysis of financial condition and results of operations (the "Continuous Disclosure Requirements"), will not apply to the Offeror;

3. in those Jurisdictions in which the Offeror becomes a reporting issuer or the equivalent under the Legislation, the requirement that insiders file reports disclosing the insider's direct or indirect beneficial ownership of, or control or direction over, securities and the requirement under National Instrument 55-102 *System for Electronic Disclosure by Insiders* relating to the electronic filing of insider profiles (the "Insider Reporting Requirements"), will not apply to insiders of the Offeror;

4. the take over bid circular form requirements of the Legislation, insofar as such form requirements require prospectus-level disclosure with respect to the Offeror (the "Take Over Bid Circular Form Requirements") in the take over bid circular to be mailed to the holders of Common Shares (the "Take Over Bid Circular"), will not apply to the Offeror;

5. the take over bid requirements of the Legislation regarding the delivery of a notice of change and the right of depositing security holders to withdraw their Common Shares at any time before the expiration of the prescribed period from the date of a notice of change (the "Notice of Change Requirements") will not apply to depositing security holders or to the filing of a notice of change to incorporate the certificate of PET into the Take Over Bid Circular, as the case may be;

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

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

1. Meota is incorporated under the laws of Canada and is a reporting issuer under the Legislation;

2. the authorized capital of Meota consists of an unlimited number of Common Shares, an unlimited number of first preferred shares issuable in series and an unlimited number of second preferred shares issuable in series of which there were 55,643,136 Common Shares issued and outstanding as of August 12, 2002;

3. the Common Shares are listed on the Toronto Stock Exchange (the "TSX");

4. PET is an open-end investment trust established under the laws of Alberta, is a reporting issuer or the equivalent under the Legislation and is not in default of the requirements of the Legislation;

5. PET is authorized to issue an unlimited number of transferable, redeemable trust units (the "Provident Units") and an unlimited number of special voting units, of which there were 36,927,436 Provident Units outstanding as at August 12, 2002;

6. the Provident Units are listed on the TSX and the American Stock Exchange;

7. PEL is incorporated under the laws of Alberta and is a wholly-owned subsidiary of PET;

8. the Offeror is incorporated under the laws of Alberta and is a wholly-owned subsidiary of PEL;

9. the authorized capital of the Offeror consists of an unlimited number of common shares and prior to the closing of the Offer, will also include an unlimited number of exchangeable shares ("Exchangeable Shares") that are exchangeable at any time into Provident Units;

10. the principal rights, privileges, restrictions and conditions attached to the Exchangeable Shares are described in the Take Over Bid Circular mailed to the holders of the Common Shares;

11. PET and Meota have entered into an agreement (the "Acquisition Agreement") under which PET, or a direct or indirect subsidiary of PET, agreed to make the Offer and Meota agreed to support the Offer;

12. on August 13, 2002, PET and Meota issued a joint news release announcing that they had entered into the Acquisition Agreement whereby PET would make an offer to acquire all the outstanding Common Shares of Meota;

13. under the Offer, each holder of Common Shares may elect to receive either: (i) $4.60 in cash, (ii) 0.415 of a Provident Unit, (iii) 0.415 of an Exchangeable Share, or (iv) a combination thereof, subject to a maximum aggregate cash consideration of $27,821,568 plus $0.50 for each Common Share issued pursuant to the exercise of an option granted pursuant to Meota's stock option plan between August 12, 2002 and the expiry time of the Offer and subject to a maximum of 6,000,000 Exchangeable Shares being issued in the aggregate;

14. each Exchangeable Share entitles the holder to receive one Provident Unit and an additional number of Provident Units calculated based on the amount of any intervening distributions in respect of the Provident Units;

15. PET, PEL, the Offeror, and Computershare Trust Company of Canada (the "Trustee") will enter into a support agreement (the "Support Agreement") and a voting and exchange trust agreement (the "Voting and Exchange Trust Agreement") in connection with the terms of the Exchangeable Shares;

16. upon completion of the Offer, PET will issue and deposit with the Trustee a special voting unit which will effectively provide the holders of Exchangeable Shares with voting rights equivalent to those attached to the Provident Units;

17. upon completion of the Offer and any Subsequent Acquisition Transaction, Meota will be wholly-owned by the Offeror, and all former shareholders of Meota will hold either cash, Provident Units, Exchangeable Shares or a combination thereof;

18. the Offer is conditional upon, among other things:

    (a) there being validly deposited under the Offer and not withdrawn prior to the expiry of the Offer that number of Common Shares which represents not less than 66 2/3% of the number of Common Shares outstanding (on a fully diluted basis) as of the time the Offer expires; and

    (b) all requisite regulatory approvals having been obtained;

19. the Offeror was recently incorporated for the purposes of effecting the Offer and the Exchangeable Shares are in substance a proxy for the Provident Units that are designed to provide an opportunity for the holders of Common Shares to defer the tax consequences of disposing of their Common Shares under the Offer;

20. PET has agreed under the Acquisition Agreement that it, or a wholly-owned subsidiary of it, will mail the Take Over Bid Circular to each holder of Common Shares and each holder of options to purchase Common Shares;

21. the Take Over Bid Circular will contain or incorporate by reference prospectus-level disclosure concerning the business and operations of PET and a detailed description of the rights, privileges, obligations and restrictions respecting the Exchangeable Shares and the Provident Units;

22. the Offeror will become a reporting issuer under the Legislation in British Columbia, Saskatchewan, Québec, Nova Scotia and Newfoundland and Labrador upon the filing of the Take Over Bid Circular and, in British Columbia, upon the take up of, and payment for, the Common Shares, and will be subject to the Continuous Disclosure Requirements in such Jurisdictions, and insiders of the Offeror will be subject to the Insider Reporting Requirements in such Jurisdictions;

23. prior to completion of the Offer:

    (a) the Offeror has no material assets or liabilities;

    (b) all information material to the business of PET (and relevant to persons considering an investment in Provident Units or Exchangeable Shares) will be contained in the Take Over Bid Circular and in continuous disclosure filings made by PET under the Legislation; and

    (c) PET will be subject to Continuous Disclosure Requirements under the Legislation and the requirements of the TSX in respect of making public disclosure of material information on a timely basis;

24. following the completion of the Offer:

    (a) the Offeror's principal assets will consist primarily of the Common Shares that are purchased by it under the Offer;

    (b) the Offeror will have no material liabilities other than the credit arrangements with PET to fund the cash portion of the purchase price of the Common Shares;

25. by virtue of the attributes of the Exchangeable Shares and the rights established for the benefit of holders of Exchangeable Shares under the Support Agreement and the Voting and Exchange Trust Agreement, an investment in Exchangeable Shares will be, in effect, an investment in Provident Units;

26. except as required by applicable law, holders of Exchangeable Shares are not entitled to vote Exchangeable Shares in respect of any matters concerning the Offeror;

27. under the terms of the Voting and Exchange Trust Agreement, holders of Exchangeable Shares will be entitled to vote, through the Trustee as trustee for the benefit of holders of Exchangeable Shares, at any meeting of unitholders of the Trust;

28. the Trustee will hold a special voting unit which will carry a number of votes, exercisable at any meeting at which unitholders of the Trust are entitled to vote equal to the number of Provident Units into which the Exchangeable Shares are then exchangeable;

29. the Trustee will exercise each vote attached to the special voting unit only as directed by the relevant holder of Exchangeable Shares;

30. holders of Exchangeable Shares would not derive any material benefit from the Offeror being subject to the Continuous Disclosure Requirements;

31. PET will agree in the Support Agreement to provide to holders of Exchangeable Shares the same documents and information (including, but not limited to, its annual report and all proxy solicitation materials) that it will provide to holders of Provident Units under the Legislation, and to comply with the requirements of the Legislation and the TSX in respect of making public disclosure of material information on a timely basis;

32. the steps involved in the completion of the Offer, any Subsequent Acquisition Transaction, and the creation and exercise of the exchange rights attaching to the Exchangeable Shares, the redemption and retraction of Exchangeable Shares and certain other purchases of Exchangeable Shares in connection therewith and on the liquidation, dissolution or winding-up of the Offeror, PEL or PET involve or may involve a number of trades and distributions of securities (collectively, the "Trades");

33. the filing of the Take Over Bid Circular by the Offeror under the Legislation in British Columbia, Saskatchewan, Québec, Nova Scotia and Newfoundland and Labrador shall constitute the filing of a securities exchange take over bid circular under the Legislation for purposes of the definition of reporting issuer under such Legislation;

34. the Exchangeable Shares will be the economic equivalent of Provident Units and will have the attributes more particularly described in the Take Over Bid Circular;

35. holders of Common Shares will make one investment decision when deciding whether to tender their Common Shares to the Offer and when voting to approve any Subsequent Acquisition Transaction, and the subsequent trades of Exchangeable Shares will arise directly out of the collection of rights acquired by holders of Common Shares who receive Exchangeable Shares in connection with the Offer;

36. if not for income tax considerations, holders of Common Shares who elect to receive Exchangeable Shares may have elected to receive Provident Units directly without receiving Exchangeable Shares;

37. the Exchangeable Shares will be issued on a tax-deferred basis;

38. holders of Exchangeable Shares in essence have a participatory interest in PET rather than in the Offeror and, therefore, certain disclosure required to be provided as a reporting issuer or the equivalent under the Legislation would not be meaningful to the holders of Exchangeable Shares;

39. the Take Over Bid Circular discloses that, in connection with the Offer, the Filer has applied for relief from the Continuous Disclosure Requirements and the Insider Reporting Requirements;

40. the Take Over Bid Circular also specifies the disclosure requirements from which the Offeror has applied to be exempted and identifies the disclosure that will be made in substitution therefor if such exemptions are granted;

41. PET and the Offeror will file a notice of change on SEDAR incorporating the certificate of PET into the Take Over Bid Circular;

42. PET is a qualifying issuer under Multilateral Instrument 45-102 *Resale of Securities* (“MI 45-102”)*;*

**AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of the Decision Makers (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:

1. the registration requirement and prospectus requirement will not apply to the Trades, provided:

   (a) the first trade in Exchangeable Shares, except for a Trade, in a Jurisdiction shall be a distribution, or primary distribution to the public, under the Legislation of such Jurisdiction; and

   (b) the first trade in Provident Units obtained pursuant to a Trade in a Jurisdiction shall be a distribution, or primary distribution to the public, under the Legislation of such Jurisdiction unless:

      (i) except in Québec, the conditions in subsection (3) of section 2.6 of MI 45-102 are satisfied;

      (ii) in Québec, PET is and has been a reporting issuer in Québec for the twelve months immediately preceding the alienation, and

         (A) no unusual effort is made to prepare the market or to create a demand for the Provident Units that are the subject of the alienation,

         (B) no extraordinary commission or consideration is paid in respect of the alienation, and

         (C) if the seller of the Provident Units is an insider of PET, the seller has no reasonable grounds to believe PET is in default of any requirement of the Legislation;

2. in the Jurisdictions where the Offeror becomes a reporting issuer under the Legislation, the Continuous Disclosure Requirements will not apply to the Offeror, for so long as:

   (a) PET is a reporting issuer in at least one of the jurisdictions listed in Appendix B of MI 45-102 and is an electronic filer under National Instrument 13-101;

   (b) PET concurrently sends to all holders of Exchangeable Shares resident in all the Jurisdictions all disclosure material furnished to holders of Provident Units under the Continuous Disclosure Requirements, including, but not limited to, copies of its annual report and all proxy solicitation materials;

   (c) PET complies with the requirements of the TSX (or such other principal stock exchange on which the Provident Units are then listed) in respect of making public disclosure of material information on a timely basis and forthwith issues in the Jurisdictions and files with the Decision Makers any press release that discloses a material change in PET's affairs;

   (d) the Offeror provides each recipient of Exchangeable Shares resident in all the Jurisdictions with a statement that, as a consequence of this Decision, the Offeror and its insiders will be exempt from certain disclosure requirements applicable to reporting issuers and insiders, and specifying those requirements the Offeror and its insiders have been exempted from and identifying the disclosure that will be made in substitution therefor;

   (e) the Offeror complies with the requirements of the Legislation to issue a press release and file a report with the Decision Makers upon the occurrence of a material change in respect of the affairs of the Offeror that is not also a material change in the affairs of PET;

   (f) PET remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of the Offeror;

   (g) PET will include in all future mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise insert explaining the reason for the mailed material being solely in relation to PET and not to the Offeror, such insert to include a reference to the economic equivalency between the Exchangeable Shares and Provident Units and the right to direct voting at meetings of holders of Units; and

   (h) the Offeror does not issue any securities to the public other than the Exchangeable Shares;

3. in the Jurisdictions where the Offeror becomes a reporting issuer under the Legislation, the Insider Reporting Requirements will not apply to any insider of the Offeror who is not also an insider of PET;

4. the Take Over Bid Circular Form Requirements contained in the Legislation will not apply to the Offeror, provided that:

   (a) the Take Over Bid Circular contains prospectus-level disclosure in respect of PET and a complete description of the rights, privileges, obligations and restrictions in respect of the Exchangeable Shares; and

   (b) PET files a notice of change with the Decision Makers on SEDAR incorporating the certificate of PET into the Take Over Bid Circular; and

5. the Notice of Change Requirements will not apply to PET or the Offeror in connection with the notice of change filed to incorporate the certificate of PET into the Take Over Bid Circular.

September 30, 2002.

"Brenda Leong"

### 2.1.16 Mackenzie Financial Corporation - MRRS Decision

**Headnote**

Revocation and replacement of MRRS decision document dated April 17, 2001. New decision document providing exemptions from the mutual fund self-dealing prohibitions of clauses 111(2)(a) and (c) and 111(3) of the Securities Act (Ontario). Mutual funds allowed to hold securities of companies that are related to the mutual funds and to make further purchases and sales of those securities and retain those securities provided that a fund governance mechanism is used to oversee the holdings, purchases or sales of securities of related companies for the mutual funds and to ensure that such holdings, purchases or sales have been made free from any influence by a related company and without taking into account any consideration relevant to a related company.

**Statutes Cited**

Securities Act (Ontario), R.S.O. 1990 c. S.5, as am., 111(2)(a) and (c) and 111(3) and 144.

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

**AND**

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

**AND**

**IN THE MATTER OF**
**MACKENZIE FINANCIAL CORPORATION**
**("MACKENZIE")**
**MAXXUM PENSION FUND**
**MAXXUM CANADIAN VALUE FUND**
**MACKENZIE BALANCED FUND**
**MAXXUM DIVIDEND GROWTH FUND**
**MACKENZIE INCOME FUND**
**MACKENZIE IVY ENTERPRISE FUND**
**MACKENZIE IVY GROWTH AND INCOME FUND**
**MACKENZIE IVY CANADIAN FUND**
**MACKENZIE HORIZON CAPITAL CLASS**
**MACKENZIE IVY CANADIAN CAPITAL CLASS**
**MACKENZIE IVY ENTERPRISE CAPITAL CLASS**
**MACKENZIE PREMIER INTERNATIONAL**
**INVESTMENT CANADIAN EQUITY FUND**
**MACKENZIE UNIVERSAL FUTURE CAPITAL CLASS**
**MACKENZIE UNIVERSAL SELECT MANAGERS**
**CANADA CAPITAL CLASS**
**MACKENZIE UNIVERSAL CANADIAN**
**BALANCED FUND**
**MACKENZIE UNIVERSAL FUTURE FUND**
**MACKENZIE UNIVERSAL SELECT**
**MANAGERS CANADA FUND**

**CLARICA SUMMIT EQUITY FUND**
**CLARICA SUMMIT GROWTH AND INCOME FUND**
**CLARICA SUMMIT DIVIDEND GROWTH FUND**
**KEYSTONE AIM/TRIMARK CANADIAN EQUITY FUND**
**KEYSTONE AGF EQUITY FUND**
**KEYSTONE SPECTRUM EQUITY FUND**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") issued a decision on April 17, 2001 (the "Original Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that certain provisions of the Legislation did not apply so as to prevent Maxxum Pension Fund, Maxxum Canadian Value Fund, Mackenzie Balanced Fund, Maxxum Dividend Growth Fund, Mackenzie Income Fund, Mackenzie Ivy Enterprise Fund, Mackenzie Ivy Growth and Income Fund, Mackenzie Ivy Canadian Fund, Mackenzie Horizon Capital Class, Mackenzie Ivy Canadian Capital Class, Mackenzie Ivy Enterprise Capital Class, Mackenzie Premier International Investment Canadian Equity Fund, Mackenzie Universal Future Capital Class, Mackenzie Universal Select Managers Canada Capital Class, Mackenzie Universal Canadian Balanced Fund, Mackenzie Universal Future Fund, Mackenzie Universal Select Managers Canada Fund, Clarica Summit Equity Fund, Clarica Summit Growth and Income Fund, Clarica Summit Dividend Growth Fund, Keystone Aim/Trimark Canadian Equity Fund, Keystone AGF Equity Fund, and Keystone Spectrum Equity Fund (individually a "Current Fund" and collectively the "Current Funds") from holding their investments in certain Related Companies (as hereinafter defined) following the acquisition by Investors Group Inc. ("IG") of all the outstanding common shares of Mackenzie as a result of a formal take-over bid (the "Transaction") provided that such investments were subsequently disposed of;

**AND WHEREAS** the Decision Maker wishes to rescind the Original Decision made April 17, 2001;

**AND WHEREAS** Mackenzie has made a further application for a decision (the "Decision") pursuant to the Legislation as a result of the Transaction that the following provisions do not apply so as to prevent the Current Funds together with such other funds as may be established and advised by Mackenzie from time to time (individually a "Fund" and collectively the "Funds") from investing in, or continuing to hold an investment in, securities of the Related Companies:

(a) the provision prohibiting a mutual fund from knowingly making or holding an investment in any person or company who is a substantial security holder of the mutual fund, its management company or distribution company; and

(b) the provision prohibiting a mutual fund from knowingly making or holding an investment in an issuer in which a substantial security holder of the mutual fund, its management company or its distribution company has a significant interest (the provisions of (a) and (b) being collectively, the "Investment Restrictions");

**AND WHEREAS** the CSA recently released for comment its concept proposal 81-402 titled *"Striking a New Balance: A Framework for Regulating Mutual Funds and their Managers"* which contains, among other things, alternatives for mutual fund governance. The comment period ended June 7, 2002. The CSA has not yet developed a definitive model for mutual fund governance.

**AND WHEREAS** the CSA has a strategy for dealing with important matters on a timely basis even though they may be part of a larger comprehensive policy study by the CSA .

**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 Mackenzie to the Decision Makers that:

1. The Funds are open-ended mutual fund trusts established, or mutual fund corporations incorporated, under the laws of the Province of Ontario.

2. Mackenzie is the trustee, manager and registrar of each of the Current Funds, except Clarica Summit Equity Fund, Clarica Summit Growth and Income Fund and Clarica Summit Dividend Fund, for which it is retained as advisor, and Mackenzie will also be the advisor to the Funds and may also be the manager or trustee of the Funds.

3. The securities of the Funds are or will be offered for sale in all of the provinces and territories of Canada. Each of the Funds is or will be a reporting issuer under the Legislation and is not on a list of defaulting issuers maintained under the Legislation.

4. On April 17, 2001, IG purchased all of the outstanding common shares of Mackenzie.

5. Power Corporation of Canada ("PPC") owns more than 67% of the outstanding common shares of Power Financial Corporation ("PFC"). PFC owns more than 67% of the outstanding common shares in the capital of IG. PFC also owns 65% of the outstanding voting securities of Great-West Lifeco Inc. ("Lifeco"), and has an 80.2% economic interest therein. IG owns 100% of the outstanding common shares of Mackenzie.

6. As of April 17, 2001, each of the Current Funds owned voting securities of one or more of PCC, PFC or Lifeco (collectively, the "Related Companies").

7. The Funds have not made any investment in securities of the Related Companies since the Transaction.

8. At the time the securities of the Related Companies were purchased, the Related Companies were not affiliated with the Current Funds or Mackenzie, and each investment by the Current Funds in the securities of the Related Companies represented the business judgment of professional portfolio advisers uninfluenced by considerations other than the best interests of the investors of the Current Funds.

9. As a result of the Original Decision by the Decision Makers dated April 17, 2001, the Current Funds are required to divest all securities of the Related Companies and are not permitted to purchase additional securities of the Related Companies.

10. The Current Funds have been divesting their securities of the Related Companies and, in the opinion, of Mackenzie the divestiture is not in the best interests of the investors in the Current Funds. Rather, it is in the best interests of investors in the Current Funds to retain the investments in the securities of Related Companies and to be able to continue to invest in securities of the Related Companies up to the limits allowed by applicable Legislation.

11. Mackenzie believes that it would be in the best interests of investors of the Funds to be permitted to invest in securities of the Related Companies, in keeping with the investment objectives of the Funds, though only up to the limit allowed by applicable Legislation.

12. Mackenzie will create an Independent Review Committee (the "Independent Committee"), comprised entirely of individuals who are wholly independent of Mackenzie, to oversee the holdings, purchases or sales of securities of Related Companies for the Funds.

13. The Independent Committee shall review the holdings, purchases or sales of securities of the Related Companies to ensure that they have been made free from any influence by a Related Company and without taking into account any consideration relevant to a Related Company.

14. The Independent Committee will take into consideration the best interests of unitholders of the Funds and no other factors.

15. Compensation to be paid to members of the Independent Committee will be paid by the Funds based on the relative size of holdings of the Related Companies in a Fund.

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

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

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

1. the Original Decision is hereby rescinded;

2. the Funds are exempt from the Investment Restrictions so as to enable the Funds to invest, or continue to hold an investment in, securities of a Related Company; and

3. this Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with mutual fund governance in a manner that conflicts with or makes inapplicable any provision of this Decision;

provided that:

(a) Mackenzie has appointed the Independent Committee to review the Funds' purchases, sales and continued holdings of securities of a Related Company;

(b) the Independent Committee has at least three members, none of whom is an associate of (i) Mackenzie, (ii) any portfolio manager of the Funds; or (iii) any associate or affiliate of Mackenzie or the portfolio managers of the Funds;

(c) the Independent Committee has a written mandate describing its duties and standard of care which, as a minimum, sets out the conditions of this Decision;

(d) the members of the Independent Committee exercise their powers and discharge their duties honestly, in good faith and in the best interests of investors in the Funds and, in doing so, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;

(e) none of the Funds relieves the members of the Independent Committee from liability for loss that arises out of a failure

to satisfy the standard of care set out in paragraph (d);

(f) none of the Funds indemnifies the members of the Independent Committee against legal fees, judgments and amounts paid in settlement as a result of a breach of the standard of care set out in paragraph (d);

(g) none of the Funds incurs the cost of any portion of liability insurance that insures a member of the Independent Committee for a liability for loss that arises out of a failure to satisfy the standard of care set out in paragraph (d);

(h) the cost of any indemnification or insurance coverage paid for by Mackenzie, any portfolio manager of the Funds, or any associate or affiliate of Mackenzie or the portfolio managers of the Funds to indemnify or insure the members of the Independent Committee in respect of a loss that arises out of a failure to satisfy the standard of care set out in paragraph (d) is not paid either directly or indirectly by the Funds;

(i) the Independent Committee reviews the Funds' purchases, sales and continued holdings of securities of a Related Company on a regular basis, but not less frequently than every three months;

(j) the Independent Committee forms the opinion, after reasonable inquiry, that the decisions made on behalf of each Fund by Mackenzie or the Fund's portfolio manager to purchase, sell or continue to hold securities of a Related Company were and continue to be in the best interests of the Fund, and to:

(i) represent the business judgement of Mackenzie or the Fund's portfolio manager, uninfluenced by considerations other than the best interests of the Fund;

(ii) have been made free from any influence by a Related Company and without taking into account any consideration relevant to a Related Company; and

(iii) not exceed the limitations of the applicable legislation.

(k) the determination made by the Independent Committee pursuant to paragraph (j) is included in detailed written minutes provided to Mackenzie not less frequently than every three months;

(l) the reports required to be filed pursuant to the Legislation with respect to every purchase and sale of securities of a Related Company are filed on SEDAR in respect of the relevant mutual fund;

(m) the Independent Committee advises the Decision Makers in writing of:

(i) any determination by it that the condition set out in paragraph (j) has not been satisfied with respect to any purchase, sale or holding of securities of a Related Company;

(ii) any determination by it that any other condition of this Decision has not been satisfied;

(iii) any action it has taken or proposes to take following the determinations referred to above; and

(iv) any action taken, or proposed to be taken, by Mackenzie or a portfolio manager of the Funds in response to the determinations referred to above; and

(n) the existence, purpose, duties and obligations of the Independent Committee, the names of its members, whether and how they are compensated by the Funds, and the fact that they meet the requirements of the condition set out in paragraph (b) are disclosed:

(i) in a press release issued, and a material change report filed, prior to reliance on the Decision;

(ii) in item 12 of Part A of the simplified prospectus of the Funds; and

(iii) on Mackenzie's internet website.

July 26, 2002.

“Paul M. Moore” “D. A. Brown”

### 2.1.17 Acclaim Energy Trust et al. - MRRS Decision

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – exemption in Part 13 of National Instrument 44-101 not available for technical reasons – relief granted to permit short form eligible issuers to incorporate documents by reference into information circular

**Applicable Ontario Statutes**

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

**Applicable National Instruments**

National Instrument 44-101 Short Form Prospectus Distributions (2000) 23 OSCB (Supp) 867.

**Applicable Ontario Rules**

Commission Rule 54-501 Prospectus Disclosure in Certain Information Circulars (2000) 23 OSCB 8519.

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

**AND**

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

**AND**

**IN THE MATTER OF**
**ACCLAIM ENERGY TRUST,**
**ACCLAIM ENERGY INC.,**
**KETCH ENERGY LTD. AND**
**KETCH RESOURCES LTD.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland (the "Jurisdictions") has received an application (the "Application") from Acclaim Energy Trust ("Acclaim"), Ketch Energy Ltd. ("Ketch") and Ketch Resources Ltd. ("ExploreCo") (collectively, the "Filers") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

1. the registration and prospectus requirements of the Legislation (the "Maritime Legislation") in the Provinces of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (the "Maritime Jurisdictions") shall not apply to certain trades made by Acclaim in connection with a proposed plan of arrangement (the "Arrangement") under the Business Corporations Act (Alberta) (the "ABCA") involving Acclaim, Acclaim Energy Inc. ("AEI"), Ketch, ExploreCo and the securityholders of Ketch; and

2. (i) the registration and prospectus requirements of the Legislation shall not apply to certain trades made by ExploreCo in connection with or subsequent to the Arrangement; and (ii) ExploreCo be deemed or declared a reporting issuer at the time of the Arrangement becoming effective for the purposes of the Legislation, other than Manitoba, Newfoundland, New Brunswick and Prince Edward Island;

**AND WHEREAS** under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the Principal Regulator for the Application;

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

*Acclaim Energy Trust*

1. Acclaim is an open-ended trust settled under the laws of Alberta and is headquartered in Calgary, Alberta;

2. Acclaim's business is the acquisition of interests in crude oil and natural gas rights and the exploration, development, production, marketing and sale of crude oil and natural gas;

3. the authorized capital of Acclaim consists of an unlimited number of trust units ("Trust Units") and an unlimited number of special voting units ("Special Voting Units"), of which, as at July 18, 2002, 32,252,809 Trust Units and one Special Voting Unit (representing 29,171,184 votes) were issued and outstanding;

4. Acclaim is, and has been for a period of time in excess of 12 months, a reporting issuer (where such concept exists) under the securities legislation of the Jurisdictions. To the best of its knowledge, information and belief, Acclaim is not in default of the requirements under the Legislation or the regulations made thereunder (the "Regulations");

5. the Trust Units are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the trading symbol "AE.UN";

*Ketch Energy Ltd.*

6. Ketch is a corporation continued under the ABCA and is headquartered in Calgary, Alberta;

7. Ketch's business is the acquisition of interests in petroleum and natural gas rights and the exploration for and the development, production, marketing and sale of, petroleum and natural gas;

8. the authorized capital of Ketch consists of 100,000,000 common shares ("Common Shares"), of which, as at June 30, 2002, 46,744,285 Common Shares were issued and outstanding. Also as of June 30, 2002, 3,338,000 Common Shares were reserved for issuance in connection with the exercise of outstanding options to acquire Common Shares ("Options");

9. Ketch is, and has been for a period of time in excess of 12 months, a reporting issuer (where such concept exists) under the securities legislation of the provinces of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario and Québec. To the best of its knowledge, information and belief, Ketch is not in default of the requirements under the Legislation or the Regulations;

10. the Common Shares are listed and posted for trading on the TSX under the trading symbol "KCH";

*Ketch Resources Ltd.*

11. ExploreCo is a corporation incorporated under the ABCA and is headquartered in Calgary, Alberta;

12. ExploreCo has not conducted any business to date, but has executed the Arrangement Agreement;

13. the authorized capital of ExploreCo consists of an unlimited number of common shares ("ExploreCo Shares"). As of the date hereof, there is issued and outstanding 1 ExploreCo Share, and it is owned by Ketch;

14. ExploreCo is not a reporting issuer in any jurisdiction;

15. ExploreCo has applied to list the ExploreCo Shares on the TSX;

*The Arrangement*

16. on July 18, 2002, Ketch and Acclaim jointly announced that they had entered into an arrangement agreement (the "Arrangement Agreement") in respect of the Arrangement to be effected under the ABCA. The information circular (the "Information Circular") in respect of the Arrangement in connection with a special meeting (the "Meeting") of the holders of Common Shares ("Shareholders") and the holders of Options ("Optionholders") to be held on September 26, 2002 was mailed to the holders of Common Shares and Options (collectively, the "Ketch Securityholders") on August 23, 2002;

17. Under the terms of the Arrangement Agreement, Ketch has agreed to transfer certain of its exploration and production assets to ExploreCo ("ExploreCo Assets") and then combine the remaining business of Ketch with Acclaim;

18. The Arrangement provides for the following transactions to occur on the effective date:

    (a) Ketch shall distribute to Shareholders as a return of capital one ExploreCo Share for each three Common Shares held;

    (b) each issued and outstanding Common Share shall be transferred to 984486 Alberta Ltd. ("AcquisitionCo"), a wholly-owned subsidiary of Acclaim, in exchange for 1.15 Trust Units for each Common Share held;

    (c) AcquisitionCo shall issue 1 unsecured, subordinated, demand note ("Note") to Acclaim for each Trust Unit issued above;

    (d) all unexercised Options will be cancelled and the holders thereof shall be entitled to receive Trust Units for each such Option. The number of Trust Units received will be based upon the 95% of the amount by which the weighted average trading price of the Common Shares exceeds the exercise price of such Option, multiplied by the number of Common Shares to which such Option relates divided by the weighted average trading price of the Trust Units; and

    (e) AcquisitionCo shall contemporaneously with the cancellation of Options and the issuance of Trust Units referred to above, issue and deliver to Acclaim such number of Notes as is equal to the product of 1.15 and the number of Trust Units required to be delivered by Acclaim above in consideration for the cancellation of the Options;

19. no fractional Trust Units or ExploreCo Shares shall be issued and in lieu of any fractional Trust Unit or ExploreCo Share, each registered Shareholder or Optionholder will receive the next lowest number of Trust Units or ExploreCo Shares, as the case may be;

20. it is a condition to completion of the Arrangement that AEI shall have acquired all of the issued and outstanding shares of Acclaim Energy Management Inc ("ManagementCo") not later than the effective time of the Arrangement in exchange

for the issuance of not more than 1,000,000 AEI preferred shares ("AEI Preferred Shares"), subject to adjustment for any working capital deficiency and tax liabilities accrued to the date of purchase. In addition, at the effective time, AEI shall issue an aggregate of not more than 762,594 AEI Preferred Shares to the shareholders of ManagementCo in exchange for non-competition covenants from such shareholders. Each AEI Preferred Share will be convertible, after receipt of all necessary regulatory approvals, into exchangeable shares in the capital of AEI which shall be exchangeable on a one for one basis for Acclaim Trust Units, subject to adjustment for distributions;

21. in connection with the Arrangement, Ketch intends to accelerate the vesting of all outstanding Options and will agree with any holder of Options that, in lieu of such person exercising their Options, Ketch will pay to that person with respect to 50% of such person's Options the difference between the exercise price of the Options and $6.25 in exchange for the termination of such Options, provided such holder also agrees to exercise or surrender their remaining Options to Ketch for cancellation for no consideration effective at the effective time of the Arrangement;

22. it is also a condition to the Arrangement that all outstanding warrants to acquire Ketch Shares shall have been exercised, cancelled or otherwise terminated;

*The Order*

23. the Information Circular in connection with the Arrangement provided to all holders of Common Shares and Options, and filed in all of the Jurisdictions contains (or, to the extent permitted, has incorporated by reference) prospectus-level disclosure in respect of Acclaim, Ketch and ExploreCo;

24. the ExploreCo Assets have been the subject of continuous disclosure on an ongoing basis for more than 12 months, in accordance with Ketch's responsibilities as a reporting issuer;

25. holders of Common Shares and Options will have the right to dissent from the Arrangement under Section 191 of the ABCA, and the Information Circular discloses full particulars of this right in accordance with applicable law;

26. exemptions from registration and prospectus requirements of the Maritime Legislation in respect of trades made in securities of Acclaim are not available. Exemptions from registration and prospectus requirements of the Legislation in respect of trades made in securities of ExploreCo in connection with the Arrangement and exemptions from prospectus requirements of the Legislation in respect of first trades in Trust Units and ExploreCo Shares following the Arrangement are not otherwise available in all Jurisdictions;

27. ExploreCo will not be a reporting issuer within the definitions of all of the applicable Jurisdictions at the time of the Arrangement becoming effective;

**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 and the Maritime Legislation is that:

1. all trades made in securities of Acclaim in connection with the Arrangement shall not be subject to the registration and prospectus requirements of the Maritime Legislation;

2. all trades made in securities of ExploreCo in connection with the Arrangement shall not be subject to the registration and prospectus requirements of the Legislation;

3. except in Québec, the first trade in a Jurisdiction of ExploreCo Shares acquired by former holders of Common Shares or Options in connection with the Arrangement shall be a distribution or a primary distribution to the public under the Legislation of such Jurisdiction except that where:

   (a) ExploreCo is a reporting issuer in a jurisdiction listed in Appendix B to Multilateral Instrument 45-102 preceding the trade;

   (b) the seller is in a special relationship with ExploreCo, as defined in the Legislation, the seller has reasonable grounds to believe that ExploreCo is not in default of any requirement of the Legislation; and

   (c) no unusual effort is made to prepare the market or to create a demand for the securities and no extraordinary commission or consideration is paid in respect of the first trades;

   then such a first trade shall be a distribution or a primary distribution to the public only if it is from the holdings of any person, company or combination of persons or companies, as the case may be, holding a sufficient number of securities of ExploreCo, to affect materially the control of ExploreCo, but any holding of any person, company or combination of persons or companies holding more than 20% of the outstanding voting

securities of ExploreCo shall, in the absence of evidence to the contrary, be deemed to affect materially the control of ExploreCo;

4. in Québec the alienation of ExploreCo Shares acquired by former holders of Common Shares or Options in connection with the Arrangement shall be a distribution under the legislation of Québec except that where:

   (a) ExploreCo is a reporting issuer in Québec immediately preceding the trade;

   (b) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade;

   (c) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and

   (d) if the selling shareholder is an insider or officer of ExploreCo, the selling securityholder has no reasonable grounds to believe that ExploreCo is in default of any requirement of securities legislation; and

5. ExploreCo shall be deemed or declared a reporting issuer at the time of the Arrangement becoming effective for the purposes of the Legislation of the Jurisdictions, other than Manitoba, Newfoundland, New Brunswick and Prince Edward Island.

September 30, 2002.

"Glenda A. Campbell" "Eric T. Spink"

### 2.1.18 TD Asset Management Inc. - 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, NEW BRUNSWICK, NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR, NORTHWEST TERRITORIES, NUNAVUT TERRITORY, AND YUKON TERRITORY**

**AND**

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

**AND**

**IN THE MATTER OF**
**TD CANADIAN T-BILL FUND**
**TD PREMIUM MONEY MARKET FUND**
**TD CANADIAN MONEY MARKET FUND**
**TD U.S. MONEY MARKET FUND**
**TD SHORT TERM MONTHLY INCOME FUND**
**(to be renamed TD SHORT TERM BOND FUND on October 7, 2002)**
**TD CANADIAN BOND FUND**
**TD BALANCED INCOME FUND**
**TD CANADIAN EQUITY FUND**
**TD CANADIAN GOVERNMENT BOND INDEX FUND**
**TD U.S. RSP INDEX FUND**
**TD INTERNATIONAL RSP INDEX FUND**
**(collectively the "Funds")**

**MRRS DECISION**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces and territories of Canada, except Prince Edward Island (the "Jurisdictions"), has received an application (the "Application") from TD Asset Management Inc. ("TDAM"), the manager and trustee 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 its unitholders such Fund's annual financial statements for the fiscal year ended December 31, 2001, to be re-audited by Deloitte & Touche LLP ("Deloitte"), at the time such statements are filed, as would otherwise be required pursuant to applicable legislation;

**AND WHEREAS** under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario 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 TDAM has represented to the Decision Makers that:

1. TDAM, a corporation incorporated under the laws of the Province of Ontario, is the manager and trustee of the Funds. TDAM is a wholly-owned subsidiary of The Toronto-Dominion Bank.

2. The Funds are open-ended mutual fund trusts established under the laws of the Province of Ontario.

3. Investor Series, e-Series and/or Institutional Series (collectively, the "No-Load Series") units, as the case may be, of the Funds are currently being distributed pursuant to a simplified prospectus and annual information form, each dated October 19, 2001. In addition, Advisor Series and/or F-Series units (collectively, the "Load Series"), as the case may be, of TD Canadian Money Market Fund, TD Canadian Bond Fund, TD Canadian Equity Fund, TD Canadian Government Bond Index Fund, TD U.S. RSP Index Fund and TD International RSP Index Fund are currently being distributed pursuant to a simplified prospectus and annual information form, each dated November 2, 2001.

4. Each of the Funds is a reporting issuer in the Jurisdictions and is not in default of any requirement of the Legislation.

5. The financial year end for each of the Funds is December 31.

6. Arthur Andersen LLP ("Arthur Andersen") audited the annual financial statements of the Funds for the year ended December 31, 2001, which comprise separate financial statements for the No-Load Series and the Load Series and issued its auditors' reports thereon, without reservation, each dated February 15, 2002 (these financial statements and the auditors' reports thereon, together are referred to as the "Arthur Andersen Statements"). The Arthur Andersen Statements were filed, pursuant to the Legislation, via SEDAR on May17, 2002 and mailed to unitholders of the Funds.

7. On June 3, 2002, Arthur Andersen ceased practicing public accounting in Canada and Deloitte announced the completion of "the transaction that will enable over 1,000 Arthur Andersen partners and staff to join Deloitte & Touche LLP" and the integration of Arthur Andersen people and clients into Deloitte (the "Transaction"). Accordingly, the responsibility for audit of each of the Funds has been transitioned to Deloitte.

8. In connection with the Transaction, and in contemplation of the renewal of each Simplified Prospectus, each of the Funds has requested Deloitte to re-audit the annual financial statements of the Fund for the year ended December 31, 2001 and to provide its auditors' reports thereon (these financial statements and the auditors' reports thereon, together are referred to as the "Deloitte Statements").

9. The Funds are to file the Deloitte Statements, together with the auditors' reports thereon, as "Audited Annual Financial Statements – English/French" under existing SEDAR projects used by the Funds to file their continuous disclosure documents, including the Arthur Andersen Statements. Concurrently with the filing of the Deloitte Statements, the Funds propose to file on SEDAR a letter indicating that the Arthur Andersen Statements are superseded by the Deloitte Statements.

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

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers 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 unitholders annual financial statements for the year ended December 31, 2001 to be re-audited by Deloitte at the time such statements are filed, provided that

i) the Deloitte Statements are substantially the same as the Arthur Andersen Statements in all material respects.

ii) the auditors' reports of the Deloitte Statements do not contain any reservation and the reports refer to the December 31, 2000 comparative statements as having been audited by other auditors.

October 4, 2002.

"Paul M. Moore" "Robert L. Shirriff"

## 2.2 Orders

### 2.2.1 Livent Inc. et al.

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

**AND**

**IN THE MATTER OF
LIVENT INC.,
GARTH H. DRABINSKY,
MYRON I. GOTTLIEB,
GORDON ECKSTEIN AND
ROBERT TOPOL**

**ORDER**

**WHEREAS** on July 3, 2001 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") in respect of Livent Inc. ("Livent"), Garth H. Drabinsky ("Drabinsky"), Myron I. Gottlieb ("Gottlieb"), Gordon Eckstein ("Eckstein") and Robert Topol ("Topol");

**AND WHEREAS** Staff of the Commission and Drabinsky, Gottlieb, Eckstein and Topol (the "Individual Respondents") request an adjournment of this proceeding to November 1, 2002 at 9:30 a.m., or such other date as may be agreed to by the parties and fixed by the Secretary to the Commission;

**AND WHEREAS** the Individual Respondents have each given an undertaking to the Director of Enforcement of the Commission, pending the conclusion of the proceedings commenced by the Notice of Hearing dated July 3, 2001, as more particularly described in the Order of the Commission made on February 22, 2002;

**AND WHEREAS** counsel for Livent Inc. consents to this request for an adjournment;

**IT IS ORDERED THAT** the hearing is adjourned to November 1, 2002 at 9:30 a.m., or such other date as may be agreed to by the parties and fixed by the Secretary to the Commission.

October 2, 2002.

"Howard I. Wetston"

### 2.2.2 Robert W. Baird & Co. Incorporated - ss. 74(1)

**Headnote**

Certain officers and directors of the applicant are not subject to section 25(1) of the *Securities Act* (Ontario) in connection with the applicant's proposed application for registration as an adviser in the category of non-Canadian adviser.

**Statutes Cited**

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

**Regulations Cited**

Regulation made under the Securities Act, R.R.O., Reg. 1015, as am., ss.99(2), 99(3).

**Notices Cited**

Ontario Securities Commission Notice 13 – Residency Requirements for Advisers and Their Partners and Officers.

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

**AND**

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

**AND**

**IN THE MATTER OF
ROBERT W. BAIRD & CO. INCORPORATED**

**ORDER
(Subsection 74(1) of the Act)**

**UPON** the application of Robert W. Baird & Co. Incorporated (the "Applicant") to the Ontario Securities Commission (the "Commission") for an order (the "Order") pursuant to subsection 74(1) of the Act that certain officers and directors of the Applicant are not subject to subsection 25(1) of the Act in connection with the Applicant's proposed application for registration (the "Proposed Registration Application") as an adviser in the category of non-Canadian adviser (investment counsel and portfolio manager) (the "Proposed Registration") under paragraphs 2 and 3 of section 99 of the Regulation, subject to certain terms and conditions set forth below;

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

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

1. The Applicant is a Wisconsin corporation having its principal place of business at 777 East

Wisconsin Avenue, Milwaukee, Wisconsin and is a subsidiary of Baird Financial Corporation. The Applicant's ultimate parent company is Northwestern Mutual Life Insurance Company, a Wisconsin corporation with its head office at 720 East Wisconsin Avenue, Milwaukee, Wisconsin. Northwestern Mutual Life Insurance Company is a mutual insurance company owned by its policyholders.

2. The Applicant is currently registered as a dealer in Ontario in the category of international dealer.

3. The Applicant is an international wealth management, investment banking, asset management and private equity firm servicing clients in the United States through 88 U.S. office locations. The Applicant has approximately 2,441 employees including 809 financial advisers.

4. The Applicant has 1,125 directors and officers.

5. The Applicant is proposing to make the Proposed Registration Application on the basis of Ontario Securities Commission Notice 13 - Residency Requirements for Advisers and their Partners and Officers (17 OSCB 4206) ("Notice 13").

6. Under Notice 13, a non-Canadian adviser is required to comply fully with the requirements ordinarily applicable to fully registered Ontario advisers, including the requirement of subsection 25(1) of the Act that each officer and director of the Applicant register with the Commission.

7. Of the Applicant's 1,125 directors and officers, 1,121 will not be directly involved in the Applicant's advisory activities in Ontario ("Non-Counselling Officers"). Only four officers of the Applicant will be directly involved in the Applicant's Ontario advisory activities.

8. Of the Applicant's 1,121 Non-Counselling Officers, 1,096 would not reasonably be considered to be directors or senior officers of the Applicant from a functional point of view. These officers have the title "vice president" or a similar title and are not in charge of a principal business unit, division or function of the Applicant (the "Nominal Officers"). Only 25 of the Applicant's Non-Counselling Officers actually exercise a director or senior officer function for the Applicant. Of these 25 directors and senior or executive officers, only two are involved in the Applicant's U.S. advisory business. The other 23 are involved in the Applicant's other businesses such as mergers and acquisitions, broker-dealer, equity research, investment banking, capital markets, and equity and fixed income trading. For U.S. reporting purposes, the Applicant only considers the Chairman, President and Chief Executive Officer, Secretary, Chief Financial Officer and Assistant Secretary of the Applicant to be executive officers.

9. The Applicant is proposing to register four officers as counselling officers of the Applicant in Ontario ("Counselling Officers") under the Proposed Registration. The Counselling Officers will include at least one designated compliance officer for the purpose of Ontario Securities Commission Rule 31-505 Conditions of Registration (the "Designated Compliance Officer").

10. Each applicant as Counselling Officer will complete and execute an application for registration. The Counselling Officers will be the officers of the Applicant who will be directly involved in the Applicant's Canadian advisory activities.

11. In the absence of the requested Order, paragraph (c) of subsection 25(1) of the Act would require that each of the Applicant's 1,121 directors and officers, including the Applicant's Non-Counselling Officers and Nominal Officers register with the Commission as a director or officer of the Applicant in conjunction with the Proposed Registration Application. These individual registrations would need also to be amended on a constant basis to ensure that current information was on file with the Commission.

12. The requirement that each of the Applicant's Non-Counselling Officers comply with the Adviser Registration Requirement would impose an administrative and compliance burden on the Applicant in preparing and processing these applications that would be unduly onerous and disproportionate to the scope of the Applicant's proposed advisory activities in Canada.

13. In the absence of the requested Order, the requirement that all of the Applicant's 1,121 Non-Counselling Officers and Nominal Officers comply with the Adviser Registration Requirement would effectively preclude the Applicant from undertaking the Proposed Registration Application.

**AND UPON** being satisfied that it could not be prejudicial to the public interest for the Commission to make the requested Order on the basis of the terms and conditions proposed,

**IT IS ORDERED** pursuant to subsection 74(1) of the Act that each Non-Counselling Officer of the Applicant be exempted from subsection 25(1) of the Act in connection with the Proposed Registration Application, subject to compliance by the Applicant with the following terms and conditions:

(a) That the Applicant cause all of its directors and officers who would be carrying on advisory activities in Ontario to register as Counselling Officers;

(b) That the Applicant cause any new officers and directors who would be carrying on advisory activities in Ontario, and any Non-Counselling Officers, including any Nominal Officers who subsequently become directly involved in advisory activities in Ontario, to register as Counselling Officers; and

(c) That the Designated Compliance Officer monitor and supervise the Ontario advisory activities of the Applicant's Counselling Officers with respect to compliance with Ontario securities laws and the conditions of the Applicant's registration as an adviser in Ontario.

August 30, 2002.

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

### 2.2.3 Black Pearl Minerals Consolidated 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, CHAPTER S.5, AS AMENDED (the Act")**

**AND**

**IN THE MATTER OF**
**BLACK PEARL MINERALS CONSOLIDATED INC.**

**ORDER**
**(Section 144)**

**WHEREAS** the securities of BLACK PEARL MINERALS CONSOLIDATED INC. (the "Issuer") currently are subject to a Temporary Order (the "Temporary Order") made by a Director on behalf of the Ontario Securities Commission (the "Commission"), pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, on the 23rd day of July, 2002, as extended by a further order (the "Extension Order"), of a Director, made on the 2nd day of August, 2002 on behalf of the Commission pursuant to subsection 127(8) of the Act, that trading in the securities of the Reporting Issuer cease until the Temporary Order; as extended by the Extension Order, is revoked by a further Order of Revocation;

**AND WHEREAS** the Issuer has made application to the Commission pursuant to section 144 of the Act for an order revoking the Cease Trade Order.

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

**AND UPON** the Issuer having represented to the Commission as follows:

1. the Issuer is a reporting issuer under the Act and except for the Cease Trade Order, the Issuer is not in default with the financial and continuous disclosure requirements of the Act and the regulations made thereunder;

2. the authorised capital of the Issuer consists of an unlimited number of common shares of which 6,783,604 are issued and outstanding as at the date hereof;

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

4. audited annual financial statements for the year ended February 28, 2002 (collectively, the "Financial Statements") and interim financial statements for the three month period ended May 31, 2002, (the "Interim Statements") were not filed in a timely manner with the Commission or sent to the shareholders of the Issuer because the Issuer was inactive .

5. the Financial Statements and Interim Financial Statements have been prepared and filed with the Commission on September 3, 2002;

6. except for the Cease Trade Order, the Issuer is not otherwise in default of any of the requirements of the Act or the Regulation; and

7. the Issuer has been subject to a previous temporary cease trade order issued by the Commission on July 30, 2001, extended August 10, 2001 and rescinded on August 13, 2001;

**AND UPON** the Commission being satisfied that the Issuer is now current with the financial disclosure requirements under Part XVIII of the Act;

**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 section 144 of the Act, that the Cease Trade Order be revoked.

October 2, 2002.

"John Hughes"

### 2.2.4 The Mandarin Golf and Country Club Inc. - s. 144

**Headnote**

Section 144 - full revocation of cease trade order upon remedying of defaults - issuer not a shell issuer - issuer not contemplating a reverse takeover or similar transaction

**Statutes Cited**

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

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

**AND**

**IN THE MATTER OF**
**THE MANDARIN GOLF AND COUNTRY CLUB INC.**

**ORDER**
**(Section 144)**

**WHEREAS** the securities of The Mandarin Golf and Country Club Inc. (the "Issuer") currently are subject to a temporary order made by the Director on behalf of the Ontario Securities Commission (the "Commission"), pursuant to the predecessor provisions to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, on June 1, 1994 as extended by a further order of the Director made on June 14, 1994, on behalf of the Commission pursuant to the predecessor provision to subsection 127(8) of the Act (collectively, the "Cease Trade Order"), directing that trading in securities of the Issuer cease until the Cease Trade Order is revoked by a further order of revocation;

**AND WHEREAS** the Issuer has made an application to the Director pursuant to Section 144 of the Act for an order revoking the Cease Trade Order;

**AND WHEREAS** the Issuer has represented to the Director that:

1. The Issuer is a corporation incorporated under the laws of the Province of Ontario on October 12, 1990. The Issuer's principal executive offices are located in Markham, Ontario.

2. The authorized capital of the Issuer consists of an unlimited number of Class A shares and an unlimited number of Class B shares of which 201 Class A shares and 38 Class B shares are issued and outstanding.

3. Since its incorporation, the Issuer has carried on the business of a golf and country club.

4. The Issuer became a reporting issuer under the Act on February 21, 1991.

5. The Cease Trade Order was issued due to the failure of the Issuer to file annual audited financial statements for the fiscal year ended December 31, 1993.

6. The failure to file financial statements was due to a lack of funds to pay for the audits and mailing of the financial statements.

7. The audited annual financial statements of the Issuer for the fiscal years ended December 31, 1993 through 1999 were mailed to the shareholders of the Issuer, but were not filed with the Commission at the time of mailing.

8. The audited annual financial statements for the fiscal years ended December 31, 1994 through 1999 were filed with the Commission on SEDAR on September 4, 2002, and the audited annual financial statements for the fiscal year ended December 31, 1993 were filed with the Commission on SEDAR on September 5, 2002.

9. The audited annual financial statements for the fiscal years ended December 31, 2000 and 2001 were filed with the Commission on SEDAR on September 4, 2002, and the amended audited annual financial statements for the fiscal years ended December 31, 2000 and 2001 were filed with the Commission on SEDAR on October 2, 2002.

10. The interim financial statements for the fiscal quarters ended March 31 and June 30, 2002 were filed with the Commission on SEDAR on September 6, 2002, and the amended interim financial statements for the fiscal quarters ended March 31 and June 30, 2002 were filed with the Commission on SEDAR on October 2, 2002.

11. The amended audited annual financial statements for the fiscal years ended December 31, 2000 and 2001 and the amended interim financial statements for the fiscal quarters ended March 31 and June 30, 2002 were mailed to shareholders of the Issuer on October 3, 2002.

12. The Issuer is not considering and is not involved in any discussion relating to a reverse take-over or similar transaction.

13. Except for the Cease Trade Order, the Issuer has not been subject to any previous cease trade orders issued by the Commission.

14. Except for the Cease Trade Order, the Issuer is not otherwise in default of any requirements of the Act or any regulations made thereunder.

**UPON** the Director being satisfied that the Issuer has remedied its defaults in respect of the filing requirements under the Act;

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

**IT IS ORDERED** pursuant to section 144 of the Act that the Cease Trade Order is hereby revoked.

October 3, 2002.

"John Hughes"

### 2.2.5 Endless Energy Corp. - 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, CHAPTER S.5, AS AMENDED**

**AND**

**IN THE MATTER OF**
**ENDLESS ENERGY CORP.**

**ORDER**
**(Section 83.1(1))**

**UPON** the application of Endless Energy Corp. (the "Corporation") to the Ontario Securities Commission (the "commission") for an order pursuant to Section 83.1(1) of the *Securities Act* (Ontario) (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 governed by the *Business Corporations Act* (Alberta). Its head and registered offices are located in Calgary, Alberta.

2. The Corporation or its predecessors became a "reporting issuer" under the *Securities Act* (Alberta) on August 21, 1997 after the issuance of a receipt for its initial public offering prospectus, and under the *Securities Act* (British Columbia) on November 29, 1999 due to the Alberta Stock Exchange/Vancouver Stock Exchange merger. The Corporation is not a reporting issuer or its equivalent under the securities legislation of any other jurisdiction in Canada.

3. The Corporation's predecessor's common shares were listed on The Alberta Stock Exchange (the "ASE") on October 21, 1997. The Corporation's common shares currently trade on the Toronto Stock Exchange B Capitalized Venture Exchange ("TSX Venture Exchange"), the successor to the ASE, under the symbol "EEC".

4. The continuous disclosure requirements of the *Securities Act* (Alberta), and the *Securities Act* (British Columbia) are substantially the same as the requirements under the Act.

5. The materials filed by the Corporation or its predecessors as a reporting issuer in the Provinces of Alberta, and British Columbia since July 30, 1997 are available on the System for Electronic Document Analysis and Retrieval.

6. The authorized capital of the Corporation consists of unlimited common shares of which 10,918,349 common shares are outstanding. An aggregate of 820,000 of the Corporation's common shares are also reserved for issuance on the exercise of stock options granted by the Corporation to its directors, officers and employees.

7. The Corporation has a significant connection to Ontario in that over thirty percent (30%) of the Corporation's shareholders reside in Ontario.

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

9. Neither the Corporation nor any of its directors, officers nor, to the best knowledge of the Corporation and its directors and officers, any of its controlling shareholders has: (i) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, (ii) entered into a settlement agreement with a Canadian securities regulatory authority, or (iii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

10. Neither the Corporation nor any of its directors, officers nor, to the best knowledge of the Corporation, its directors and officers, any of its controlling shareholders, is or has been subject to: (i) any known ongoing or concluded investigations by (a) a Canadian securities regulatory authority, or (b) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or (ii) any bankruptcy or insolvency

proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

11. None of the directors or officers of the Corporation, nor to the best knowledge of the Corporation, its directors and officers, any of its controlling shareholders, is or has been at the time of such event a director or officer of any other Corporation 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 manger 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 Section 83.1(1) of the Act that the Corporation be deemed to be a reporting issuer for the purposes of Ontario securities law.

October 2, 2002.

“Iva Vranic”

### 2.2.6 The Jenex Corporation -ss. 83.1(1)

**Headnote**

Subsection 83.1(1) - Issuer deemed to be a reporting issuer in Ontario - Issuer has been a reporting issuer in Alberta since 2001 and in British Columbia since 2001 - Issuer’s securities listed and posted for trading on the TSX Venture Exchange - Continuous Disclosure requirements of Alberta and British Columbia 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, CHAPTER S.5, AS AMENDED (the "Act")**

**AND**

**IN THE MATTER OF**
**THE JENEX CORPORATION**

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

**UPON** the application of The Jenex Corporation (the "Issuer") for an order pursuant to subsection 83.1(1) of the Act deeming the Issuer to be a reporting issuer for the purposes of Ontario securities law;

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

**AND UPON** the Issuer representing to the Commission as follows:

1. The Issuer is a corporation governed by the *Business Corporations Act* (Alberta);

2. The Issuer's head office is located in Burlington, Ontario;

3. The authorized capital of the Issuer consists of an unlimited number of common shares ("Common Shares") and an unlimited number of preference shares issuable in series ("Preference Shares");

4. As at September 5, 2002, 32,280,562 Common Shares and no Preference Shares were issued and outstanding;

5. The Issuer has determined that it has a significant connection to Ontario in that (i) the location of its head office is in Burlington, Ontario; and (ii) approximately 49% of its Common Shares are held by residents in Ontario;

6. The Common Shares are listed and posted for trading on the TSX Venture Exchange (“TSX

Venture") (formerly, the Canadian Venture Exchange ("CDNX")) and the Issuer is not in default of any of the requirements of TSX Venture;

7. The Issuer has been a reporting issuer under the *Securities Act* (Alberta) (the "Alberta Act") since May 24, 2001 and became a reporting issuer under the *Securities Act* (British Columbia) (the "B.C. Act") on July 11, 2001 as a result of listing its Common Shares on the CDNX. The Issuer is not in default of any requirements of the Alberta Act or the B.C. Act;

8. The Issuer is not a reporting issuer (or the equivalent thereof) under the securities legislation of any other jurisdiction in Canada;

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

10. The continuous disclosure materials filed by the Issuer under the Alberta Act and the B.C. Act are available on the System for Electronic Document Analysis and Retrieval;

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

12. Neither the Issuer nor any of its officers, directors nor, to the knowledge of the Issuer, its officers and directors, any of its controlling shareholders, has: (i) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority; (ii) entered into a settlement agreement with a Canadian securities regulatory authority; or (iii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision;

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

14. None of the officers or directors of the Issuer, nor to the knowledge of the Issuer, its officers and directors, any of its controlling shareholders, is or has been at the time of such event an officer or director of any other issuer which is or has been subject to: (i) any cease trade or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years;

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

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

October 8, 2002.

"Margo Paul"

### 2.2.7 Envoy Communications Group Inc. - s. 104(2)(c))

**Headnote**

Clause 104(2)(c) - offer by issuer to acquire all warrants of the issuer where the warrant holders are sophisticated and consent to the filing of the application for relief are not subject to formal issuer bid requirements.

**Statutes Cited**

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

**Regulations Cited**

Regulation under the Securities Act, R.R.O. 1990, Reg. 1015 as am. s. 203.1.

**Rule Cited**

Ontario Securities Commission Rule 61-501.

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

**AND**

**IN THE MATTER OF**
**ENVOY COMMUNICATIONS GROUP INC.**

**ORDER**
**(Section 104(2)(c))**

**UPON** the application of Envoy Communications Group Inc. ("the Applicant") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 104(2)(c) of the Act that sections 95, 96, 97, 98 and 100 of the Act and section 203.1 of the regulation under the Act, R.R.O. 1990, Reg. 1015, as amended, (collectively, the "Issuer Bid Requirements") shall not apply to the Applicant in consummating its proposed offer to amend certain convertible debentures (the "Proposed Amendment") by terminating the rights of the holders thereof to acquire certain common shares purchase warrants of the Applicant (the "Underlying Warrants");

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

**AND UPON** the Applicant having represented to the Commission as follows:

1. The Applicant was incorporated under the laws of the Province of British Columbia, Canada as "Potential Mines Ltd." in December 1973 and was continued under the laws of the Province of Ontario, Canada in December 1997. Its head office and registered address is 26 Duncan Street, Toronto, Ontario, M5V 2B9.

2. The Applicant is an international design, marketing and technology company with offices in North America and Europe.

3. The Applicant is a reporting issuer or its equivalent in all provinces of Canada and its common shares are listed and posted for trading on the facilities of the Toronto Stock Exchange. The Applicant is not on the list of reporting issuers in default maintained by the Commission.

4. On April 29, 2002, the Applicant issued $1,800,000 in principal value of 10% Convertible Secured Debentures due April 29, 2007 (the "Convertible Debentures"), which are convertible into a total of 2,500,000 common shares of the Applicant and 2,500,000 Underlying Warrants. Upon issuance, each Underlying Warrant will be exercisable into one common share of the Applicant at a price of $0.90 per share for a period ending on the earlier of (i) the first anniversary of the issuance of the warrant and (ii) April 29, 2007.

5. The holders of the Convertible Debentures (the "Warrantholders") are three financial or investment institutions resident in Switzerland. In subscribing for the Convertible Debentures, each of the Warrantholders represented to the Applicant that it was an "accredited investor" for the purposes of Ontario Securities Commission Rule 45-501 ("Rule 45-501") and, accordingly, the trades of the Convertible Debentures to the Warrantholders were exempt from prospectus and registration requirements of the Act under section 2.3 of Rule 45-501.

6. Subject to compliance with Ontario securities laws, the Applicant has solicited expressions of interest on the part of the Warrantholders to amend the terms of the Convertible Debentures such that the rights to the Underlying Warrants are terminated in exchange for a nominal payment by the Applicant to each of the Warrantholders.

7. Management of the Applicant has determined that it would be in the best interests of the Applicant to effect the Proposed Amendment.

8. The consummation of the Proposed Amendment could be construed to be an "issuer bid" for the purposes of Part XX of the Act. Absent the relief granted hereunder, the Applicant would be required to comply with the Issuer Bid Requirements and Ontario Securities Commission Rule 61-501 ("Rule 61-501") in effecting the Proposed Amendment.

9. Each of the three Warrantholders is a sophisticated investor that is knowledgeable about the affairs of the Applicant. Each Warrantholder has consented to this application and the consummation of the Proposed Amendment without the benefit of an issuer bid circular and the

other protections afforded by the Act and Rule 61-501.

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

**IT IS ORDERED** pursuant to section 104(2)(c) of the Act that the Issuer Bid Requirements shall not apply to the consummation of the Proposed Amendment.

October 8, 2002.

"Howard I. Wetston" "Kerry D. Adams"

## 2.3 Rulings

### 2.3.1 Zimmer Holdings, Inc. - ss. 74(1) and 104(2)(c)

**Headnote**

Subsections 74(1) and 104(2)(c) - relief from registration requirements granted in connection with resale of shares acquired under employee stock option plans by former employees and permitted transferees subject to certain conditions- relief from issuer bid requirements granted in connection with acquisitions of securities from employees, former employees, and permitted transferees at a price determined under the plan.

**Statutes Cited**

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 35, 74(1), 95, 96, 97, 98, 100 and 104(2)(c).

**Regulations Cited**

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 183.

**Rules Cited**

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

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

**AND**

**IN THE MATTER OF**
**ZIMMER HOLDINGS, INC.**

**RULING and ORDER**
**(Subsections 74(1) and 104(2)(c))**

**UPON** the application of Zimmer Holdings, Inc. (the "Applicant") to the Ontario Securities Commission (the "Commission") for:

(a) a ruling under subsection 74(1) of the Act that the registration requirement contained in section 25 of the Act (the "Registration Requirement") shall not apply to certain first trades in the capital of the Applicant (the "Shares") issued pursuant to the Zimmer Holdings, Inc. 2001 Stock Incentive Plan (the "2001 Plan") and TeamShare Stock Option Plan (the "TeamShare Plan")(the 2001 Plan and the TeamShare Plan are collectively, the "Plans"); and

(b) an order under clause 104(2)(c) of the Act that sections 95, 96, 97, 98, and 100 of the Act and section 203.1 of the regulation made under the Act (collectively, the "Issuer Bid Requirements") shall not apply to acquisitions by the Applicant of Shares pursuant to the terms of the Plans;

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

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

1. The Applicant is a corporation incorporated under the laws of the State of Delaware, is not a reporting issuer under the Act, and does not intend to become a reporting issuer under the Act.

2. The authorized share capital of the Applicant consists of 1,000,000,000 Shares and 250,000,000 shares of preferred stock ("Preferred Shares"). As of July 31, 2002, there were 194,068,120 Shares and 0 Preferred Shares issued and outstanding.

3. The Applicant is subject to the requirements of the *Securities Exchange Act of 1934*, as amended, of the United States.

4. Subject to adjustment as provided in the Plans, a maximum of 27,500,000 and 5,500,000 Shares have been reserved for issuance pursuant to the 2001 Plan and TeamShare Plan, respectively.

5. The purpose of the 2001 Plan is to provide the incentive of Share ownership to the officers and key employees of the Applicant and its affiliates (collectively, the "Zimmer Companies").

6. The purpose of the TeamShare Plan is to give substantially all employees a stake in the Applicant's future growth, in the form of options to acquire Shares ("Options").

7. The Shares offered under the Plans are registered with the United States Securities and Exchange Commission (the "SEC") under the *Securities Act* of 1933 of the United States.

8. The Shares are listed on the New York Stock Exchange (the "NYSE").

9. Under the Plans, Options, stock appreciation rights, restricted stock, restricted share units, share purchase rights and other stock-based awards (collectively, the "Awards") may be granted to employees of the Zimmer Companies.

10. The Zimmer Companies will identify employees to be granted Awards in Ontario under the Plans ("Ontario Employees"). As of September 19, 2002, there were approximately 37 Ontario Employees eligible to participate in the Plans.

11. The Applicant intends to engage the services of one or more agents/brokers (the "Agents") in connection with the administration and operation of the Plans. The current Agents for the Plans are Mellon Investor Services ("Mellon") and its preferred broker FutureShare Financial LLC ("FutureShare").

12. Neither Mellon nor FutureShare are registrants in Ontario. Mellon and FutureShare are registered under applicable United States securities or banking legislation.

13. If Mellon or FutureShare are replaced as the Agents, or if any additional Agents are appointed, any such Agents will be registered in Ontario or under applicable United States securities or banking legislation.

14. The Agents' role in the Plans may include: (a) assisting with the administration of the Plans, including record-keeping functions; (b) facilitating the exercise of Awards granted under the Plans; (c) holding Shares issued under the Plans on behalf of participants under the Plans and maintaining related accounts; and (d) facilitating the resale of the Shares issued in connection with the Plans through the NYSE.

15. Participation in the Plans by Ontario Employees is voluntary and such Ontario Employees are not induced to participate in the Plans or to exercise their Awards by expectation of employment or continued employment with the Zimmer Companies.

16. The Plans are administered under the supervision of the board of directors (the "Board") of the Company which shall exercise certain of its powers through a committee appointed by the Board (the "Committee").

17. The exercise price of an Award may be paid in cash, cash equivalent, or where permitted by the Board or the Committee, by way of a cashless exercise, promissory note, stock-swap exercise, or such other method as permitted by the Board or the Committee from time to time. A stock-swap exercise ("Stock-Swap Exercise") would permit an Ontario Employee to pay the exercise price of an Award by tendering Shares already owned. Some Shares issued upon the exercise of an Award may also be withheld in payment of withholding taxes or exercise costs ("Withholding Acquisitions").

18. Generally, Awards may not be assigned, transferred, pledged or otherwise disposed of other than by will or the laws of intestacy. However, under the 2001 Plan, the Board or the Committee may provide that Awards may be transferred to members of the Award holder's immediate family, to one or more trusts solely for the benefit of such immediate family members and to partnerships in which such family members or trust are the only partners (collectively, "Permitted Transferees"). The purpose of any such assignments or transfers under the Plans is to facilitate tax planning by Ontario Employees and they will occur for either no consideration or nominal consideration. For purposes of the 2001 Plan, immediate family means the Award holder's spouse, parents, children, stepchildren, grandchildren or legal dependents.

19. Following the termination of an Ontario Employee's relationship with the Zimmer Companies, a former Ontario Employee, or in some cases the beneficiary of an Ontario Employee or Former Ontario Employee by a designation or by will or the laws of intestacy, (collectively, the "Non-Employee Participants") may continue to have rights in respect of the Plans. Post-termination rights may include, among other things, the right of a Non-Employee Participant to exercise an Award for a specified period following termination.

20. A copy of the United States prospectus relating to the Plans will be delivered to each Ontario Employee who is granted an Award under the Plans. The annual reports, proxy materials, and other materials the Applicant is required to file with the SEC will be provided or made available to persons who acquire Shares under the Plans and become shareholders at the same time and in the same manner as the documents are provided or made available to United States shareholders.

21. Ontario Employees, Non-Employee Participants, and Permitted Transferees who wish to resell Shares acquired under the Plans may do so over the NYSE through the Agents.

22. As of September 1, 2002, residents of Canada did not own, directly or indirectly, more than 10% of the outstanding Shares and did not represent in number more than 10% of the total number of owners, directly or indirectly, of the Shares.

23. For any trades that the Applicant makes with or to an Ontario Employee under the Plans, the Applicant and the Agents intend to rely upon exemptions from sections 25 and 53 of the Act contained in Rule 45-503 Trades to Employees, Executors and Consultants (the "Employee Rule"). The Agents and Ontario Employees may also rely upon an exemption from the Registration Requirement in the Employee Rule for first trades in Shares acquired under the Plans.

24. An exemption from the Registration Requirement is not currently provided in the Employee Rule for first trades in Shares acquired under the Plans by Non-Employee Participants or Permitted Transferees.

25. Any Shares acquired by the Applicant under a Stock-Swap Exercise or Withholding Acquisition will either be cancelled by the Applicant or put into the Applicant's treasury. The exemption in the Act from the Issuer Bid Requirements is not available for these acquisitions by the Company since they will occur at fair market value as defined in the Plans as opposed to at "market price", as that term is defined in subsection 183(1) of the Regulation. The exemption in the Act from the Issuer Bid Requirements may also be unavailable as some of these acquisitions may be made from persons other than Ontario Employees.

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

**IT IS RULED**, pursuant to subsection 74(1) of the Act, that the first trade by Non- Employee Participants and Permitted Transferees effected through the Agents in Shares acquired under the Plans will not be subject to the Registration Requirement, provided that:

(i) such first trade is executed through a stock exchange or market outside of Canada;

(ii) the Applicant is not a reporting issuer under the Act at the time the overlying Award is issued; and

(iii) residents of Ontario did not own directly or indirectly more than 10 percent of the outstanding Shares and did not represent in number more than 10 percent of the total number of direct or indirect owners at the time the overlying Award is issued.

**AND IT IS ORDERED,** pursuant to clause 104(2)(c) of the Act that the Issuer Bid Requirements will not apply to the acquisition by Zimmer of Shares from Employees, Non-Employee Participants or Permitted Transferees provided that such acquisitions are made in accordance with the terms of the Plans.

October 1, 2002.

"Howard I. Wetston" "Harold P. Hands"

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## Chapter 4

# Cease Trading Orders

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

| Company Name | Date of Order or Temporary Order | Date of Hearing | Date of Extending Order | Date of Lapse/Expire |
|---|---|---|---|---|
| Cogent Capital Corp. | 24 Sep 02 | 04 Oct 02 | 04 Oct 02 | |
| Excam Developments Inc. | 25 Sep 02 | 07 Oct 02 | 07 Oct 02 | |
| Miracle Entertainment, Inc. | 23 Sep 02 | 04 Oct 02 | 04 Oct 02 | |

### 4.3.1 Issuer CTO's Revoked

| Company Name | Date of Revocation |
|---|---|
| Black Pearl Minerals Consolidated Inc. | 03 Oct 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 |
|---|---|---|---|---|
| 10-Sep-2002 | Canwest Media Sales Limited | AD2MEDIA, Ltd. - Debentures | 70,000.00 | 70,000.00 |
| 30-Sep-2002 | 8 Purchasers | ADB Systems International Inc. - Notes | 894,000.00 | 894,000.00 |
| 23-Sep-2002 | Foyston Gordon & Payne;Scotia Cassels Investment | Aegon N.V. - Common Shares | 3,266,760.00 | 210,000.00 |
| 17-Sep-2002 | Alexander J. Hamilton;Richard J. Stuchberry | AltaCanada Energy Corp. - Common Shares | 60,000.00 | 200,000.00 |
| 29-Aug-2002 | Business Development Bank of Canada Royal Bank of Canada | Analog Design Automation Inc. - Shares | 6,082,050.00 | 39,795,918.00 |
| 28-Aug-2002 | National Bank Financial | Apollo Trust - Bonds | 1,500,000.00 | 1.00 |
| 06-Sep-2002 | 4 Purchasers | Aquiline Resources Inc. - Units | 193,200.00 | 840,000.00 |
| 01-Sep-2002 | 3 Purchasers | Ascendant Volatility Fund Limited Partnership - Limited Partnership Units | 185,000.00 | 185.00 |
| 01-Oct-2002 | Arrow Global Mulri-Strategy Fund | Ascendant Volatility Fund Limited Partnership - Limited Partnership Units | 60,000.00 | 60.00 |
| 12-Aug-2002 | Ed Mirvish Enterprises;Greenfleet Limited | Avista Software Corporation - Common Shares | 500,000.00 | 500,000.00 |
| 19-Sep-2002 | Ontario Teachers Pension Plan Board;Clarica Life Insurance Company | BDCM Offshore Opportunity Fund A, Ltd. - Shares | 31,450,000.00 | 20,000.00 |
| 16-Sep-2002 | Kenneth Gardner | Biogan International, Inc. - Special Warrants | 10,800.00 | 360.00 |
| 30-Aug-2002 | 5 Purchasers | Biox Corporation - Units | 2,849,909.00 | 5.00 |

| | | | | |
|---|---|---|---|---|
| 24-Sep-2002 | 16 Purchasers | BlackRock Ventures Inc. - Common Shares | 7,150,000.00 | 2,750,000.00 |
| 01-Aug-2002 | Dundee Securities Corporation | Canadian Royalties Inc. - Warrants | 0.00 | 1.00 |
| 06-Sep-2002 | Mercedes M Kunz;Paul Grieco | Canadian Zinc Corporation - Flow-Through Shares | 7,100.10 | 30,870.00 |
| 23-Sep-2002 | 27 Purchasers | Canfirst Capital Industrial Partnership L.P. - Limited Partnership Units | 10,180,000.00 | 10,180.00 |
| 23-Sep-2002 | 3 Purchasers | Canfirst Industrial Realty Fund L.P. - Limited Partnership Units | 45,180,000.00 | 45,180.00 |
| 30-Aug-2002 | 6 Purchasers | Coast Mountain Power Corp. - Units | 233,600.00 | 292,000.00 |
| 05-Sep-2002 | Harry Hodge | Consolidated Epix Technologies Limited - Units | 100,000.00 | 2,000,000.00 |
| 03-Sep-2002 | 9 Purchasers | Crescent Point Energy Ltd. - Special Warrants | 3,189,900.00 | 1,029,000.00 |
| 21-Aug-2002 | Diana McComb;Martin Consky | Cruise and Vacation shoppes (Canada) Inc. - Common Shares | 40,000.00 | 10,870.00 |
| 06-Feb-2002 | Harris Capital Mangement Inc. | Distributionco Inc. - Units | 218,907.20 | 1,094,536.00 |
| 26-Sep-2002 | Aecon Construction Group Inc. | eBuild.ca Inc. - Common Shares | 50,000.00 | 100,000.00 |
| 12-Sep-2002 | 4 Purchasers | East West Resource Corporation - Common Shares | 103,000.00 | 380,000.00 |
| 10-Sep-2002 | Credit Risk Advisors;Bank of Montreal | Ferrellgas Partners, L.P. - Notes | 3,144,800.00 | 2,000,000.00 |
| 24-Sep-2002 | 3 Purchaser | Forbes Medi-Tech Inc. - Special Warrants | 975,000.00 | 1,500,001.00 |
| 31-Aug-2002 | Harold Marcus Limited | F. R. Insurance Ltd. - Common Shares | 54,561.50 | 1.00 |
| 06-Jun-2002 | Elizabeth Fitzmaurice;Northern Rivers | Genetronics Biomedical Corporation - Special Warrants | 192,788.00 | 299,524.00 |
| 06-Sep-2002 | 4 Purchasers | Geodyne Energy Inc. - Flow-Through Shares | 450,000.00 | 1,800,000.00 |
| 05-Sep-2002 | 5 Purchasers | Geomaque Explorations Ltd. - Common Shares | 726,559.00 | 12,428,283.00 |
| 22-Feb-2002 | W.D Lattimer Co. | Harris Capital Management Inc. - Units | 16,000.00 | 80,000.00 |
| 16-Sep-2002 | 7 Purchasers | International Portal Technologies Inc. - Units | 180,000.00 | 450,000.00 |
| 24-Sep-2002 | 5 Purchasers | Ivanhoe Ventures Inc. - Shares | 252,632.00 | 320,000.00 |

| | | | | |
|---|---|---|---|---|
| 10-Sep-2002 | Northern Securities Inc. | Kansai Mining Corporation - Common Shares | 11,200.00 | 80,000.00 |
| 02-Aug-2002 | Arden Haynes | KBSH Private - Canadian Equity Fund - Units | 102,000.00 | 7,739,586.00 |
| 02-Aug-2002 | Arden Haynes | KBSH Private - Fixed Income - Units | 204,000.00 | 19,825.00 |
| 02-Aug-2002 | Arden Hynes | KBSH Private - International Fund - Units | 102,000.00 | 11,966.00 |
| 31-Jul-2002 | Arden Haynes | KBSH Private - Money Market - Units | 510,063.68 | 51,006.00 |
| 02-Aug-2002 | Arden Haynes | KBSH Private - U.S. Equity Fund - Units | 102,000.00 | 7,954.00 |
| 18-Sep-2002 | 9 Purchasers | KingStreet Real Estate Growth LP No. 1 - Limited Partnership Interest | 556,819.19 | 0.00 |
| 30-Aug-2002 | 3 Purchasers | Kingwest Avenue Portfolio - Units | 84,600.00 | 4,720.00 |
| 30-Aug-2002 | 13 Purchasers | KIDSFUTURES INC. - Preferred Shares | 355,400.00 | 961,574.00 |
| 12-Sep-2002 | 15 Purchasers | KREMEKO Inc. - Common Shares | 2,064,918.24 | 391,083.00 |
| 03-Sep-2002 | 3 Purchasers | Martin Health Group Inc. - Common Shares | 68,000.00 | 680,000.00 |
| 18-Sep-2002 | Wally Speckert | Microsource Online, Inc. - Common Shares | 3,000.00 | 500.00 |
| 18-Sep-2002 | Paul Tucknott | Microsource Online, Inc. - Common Shares | 1,200.00 | 200.00 |
| 15-Sep-2002 | Arnold Smith | Microsource Online, Inc. - Common Shares | 18,000.00 | 3,000.00 |
| 27-Sep-2002 | Leo Klein | Microsource Online, Inc. - Common Shares | 6,000.00 | 1,000.00 |
| 27-Sep-2002 | Elgin Greefield | Microsource Online, Inc. - Common Shares | 6,000.00 | 6,000.00 |
| 18-Sep-2002 | Frank Tenaglia | Microsource Online, Inc. - Common Shares | 1,200.00 | 200.00 |
| 27-Sep-2002 | Nova Scotia Association of Health Organizations | Montez Corporation - Common Shares | 125,000.00 | 35,000.00 |
| 23-Sep-2002 | GWD Ventures Inc. | MyAdGuys.com Inc. - Notes | 390,625.00 | 250,000.00 |
| 21-Sep-2002 | Richard Charles Goldstein | Negociar Investments Limited Partnership - Limited Partnership Units | 0.00 | 5.00 |
| 19-Sep-2002 | 11 Purchasers | NovaGold Resources Inc. - Units | 5,651,004.00 | 1,108,040.00 |

| | | | | |
|---|---|---|---|---|
| 09-Sep-2002 | 5 Purchasers | Ontex Resources Limited - Common Shares | 411,000.00 | 1,465,184.00 |
| 19-Sep-2002 | 24 Purchasers | Outside The Crease, Limited Partnership - Limited Partnership Units | 2,232,000.00 | 1,832.00 |
| 23-Aug-2002 | Ayrfield Holdings Limited | Ozz Corporation - Shares | 2,996,000.00 | 2,853,333.00 |
| 30-Sep-2002 | Contrarian Resource Fund | Pacific North West Capital Corp. - Flow-Through Shares | 250,000.00 | 416,667.00 |
| 28-Aug-2002 | Clarica Life Insurance | QSPE-VFC Trust II - Notes | 1,250,000.00 | 1.00 |
| 18-Sep-2002 | MRF 2002 LImited Patnership | River Gold Mines Ltd. - Flow-Through Shares | 2,000,000.00 | 571,429.00 |
| 02-Aug-2002 | 5 Purchasers | Simbit Corporation - Common Shares | 165,132.00 | 145,000.00 |
| 20-Sep-2002 | 3 Purchasers | Skyreach Equipment Ltd. - Debentures | 8,714,016.32 | 8,714,012.00 |
| 01-Sep-2002 | OMBA Warranty Program | Stacey Investment Limited Partnership - Limited Partnership Units | 25,016.45 | 1,019.00 |
| 09-Sep-2002 | Bradley L Jones;Michael Denega | Stealth Minerals Limited - Stock Option | 125,000.00 | 500,000.00 |
| 23-Aug-2002<br>8/30/02 | 4115978 Alberta Ltd.;Kathryn G. Brodeur | The KBSH Goodwood Canadian Long/Short Fund - Units | 305,000.00 | 111,853.00 |
| 30-Sep-2002 | Simuplex Inc. | The Learning Library Inc. - Common Shares | 277,500.00 | 1,850,000.00 |
| 30-Aug-2002 | 3 Purchasers | The McElvaine Investment Trust - Units | 220,478.00 | 12,911.00 |
| 20-Sep-2002 | 12 Purchasers | The Royal Institution for the Advancement of Learning - Debentures | 70,056,290.50 | 70,350,000.00 |
| 26-Sep-2002 | 14 Purchasers | Twin Mining Corporation - Flow-Through Shares | 1,000,000.00 | 2,000,000.00 |
| 17-Sep-2002 | The VenGrowth Advanced;The VenGrowth II | Z-Tech (Canada) Inc. - Units | 12,000,000.00 | 11,320,755.00 |

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

| Seller | Security | Number of Securities |
|---|---|---|
| John Buhler | Buhler Industries Inc. - Common Shares | 647,800.00 |
| The Catherine and Maxwell Meighen Foundation | Canadian General Investments, Limited - Common Shares | 307,800.00 |
| Discovery Capital Corporation | CardioComm Solutions Inc. - Common Shares | 1,440,500.00 |
| Larry Melnick | Champion Natural Health.com Inc. - Shares | 119,765.00 |
| Viceroy Resource Corporation | Channel Resources Ltd. - Common Shares | 7,076,850.00 |
| Estill Holdings Limited | EMJ Data Systems Ltd. - Common Shares | 344,500.00 |
| Taronga Holdings Limited | Extendicare Inc. - Shares | 42,900.00 |
| Kingfield Investments Limited | Extendicare Inc. - Shares | 42,900.00 |
| Kingfield Holdings Limited | Extendicare Inc. - Shares | 42,900.00 |
| Hector Davila Santos | First Silver Reserve Inc. - Common Shares | 135,000.00 |
| Cesar Correia | Infolink Technologies Ltd. - Common Shares | 3,000,000.00 |
| Mustang Minerals Corp. | JML Resources Ltd. - Common Share Purchase Warrant | 847,483.00 |
| Mustang Minerals Corp. | JML Resources Ltd. - Common Shares | 951,999.00 |
| Xenolith Gold Limited | Kookaburra Resources Ltd. - Common Shares | 1,499,700.00 |
| Stephen Sham | MedMira Inc. - Preferred Shares | 4,000,000.00 |
| Windarra Minerals Ltd. | Mishibishu Gold Corporation - Common Shares | 4,000,000.00 |
| Targa Group Inc. | Plaintree Systems Inc. - Common Shares | 6,661,665.00 |
| Sea Change Corporation | Qnetix - Common Shares | 542,666.00 |
| The Catherine and Maxwell Meighen Foundation | Third Canadian General Investment Trust Limited - Common Shares | 126,800.00 |
| Jim Pattison Development Ltd. | Westshore Terminals Income Fund - Trust Units | 1,000,000.00 |

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## Chapter 11

# IPOs, New Issues and Secondary Financings

**Issuer Name:**
Advantage Energy Income Fund
Principal Regulator - Alberta
**Type and Date:**
Preliminary Short Form Prospectus dated October 1st, 2002
Mutual Reliance Review System Receipt dated October 2nd, 2002
**Offering Price and Description:**
$55,000,000 - 10% Convertible Unsecured Subordinated Debentures
**Underwriter(s) or Distributor(s):**
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Raymond James Ltd.
TD Securities Inc.
**Promoter(s):**
Advantage Investment Management Ltd.
**Project** #484265

**Issuer Name:**
Associated Brands Income Fund
Principal Regulator - Ontario
**Type and Date:**
Preliminary Prospectus dated September 30th, 2002
Mutual Reliance Review System Receipt dated October 2nd, 2002
**Offering Price and Description:**
$ * * Units
**Underwriter(s) or Distributor(s):**
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
**Promoter(s):**
Associated Brands Income Fund
**Project** #484220

**Issuer Name:**
Atlas Cold Storage Income Trust (formerly ACS Freezers Income Trust)
Principal Regulator - Ontario
**Type and Date:**
Preliminary Short Form Prospectus dated October 7th, 2002
Mutual Reliance Review System Receipt dated October 7th, 2002
**Offering Price and Description:**
$88,011,000 - 7,620,000 Trust Units @ $11.55 per Trust Unit
**Underwriter(s) or Distributor(s):**
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
**Promoter(s):**
-
**Project** #485109

**Issuer Name:**
BMO Harris Diversified Trust Portfolio
Principal Regulator - Ontario
**Type and Date:**
Preliminary Simplified Prospectus dated October 1st, 2002
Mutual Reliance Review System Receipt dated October 3rd, 2002
**Offering Price and Description:**
Mutual Fund Securities Net Asset Value
**Underwriter(s) or Distributor(s):**
BMO Investments Inc.
**Promoter(s):**
The Trust Company of Bank of Montreal
**Project** #484559

**Issuer Name:**
BMO Nesbitt Burns Balanced Fund
Principal Regulator - Ontario
**Type and Date:**
Preliminary Simplified Prospectus dated October 8th, 2002
Mutual Reliance Review System Receipt dated October 8th, 2002
**Offering Price and Description:**
Units
**Underwriter(s) or Distributor(s):**
BMO Nesbitt Burns Inc.
**Promoter(s):**
BMO Nesbitt Burns Inc.
**Project** #485284

**Issuer Name:**
Brompton Stable Income Fund
Principal Regulator - Ontario
**Type and Date:**
Preliminary Prospectus dated October 2nd, 2002
Mutual Reliance Review System Receipt dated October 4th, 2002
**Offering Price and Description:**
Preliminary Rating SR-1 by Standard & Poor's
Maximum $ * ( * Trust Units)
Price: $10.00 per Trust Unit
**Underwriter(s) or Distributor(s):**
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
TD Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Canaccord Capital Corporation
Dundee Securities Corporation
Newport Securities Inc.
Research Capital Corporation
Yorkton Securities Inc.
Acadian Securities Incorporated
**Promoter(s):**
Brompton SI Fund Management Limited
**Project** #484684

**Issuer Name:**
Canadian 88 Energy Corp.
Principal Regulator - Alberta
**Type and Date:**
Preliminary Short Form Prospectus dated October 3rd, 2002
Mutual Reliance Review System Receipt dated October 3rd, 2002
**Offering Price and Description:**
$55,002,600 - 16,530,000 Common Shares and 5,000,000 Flow-Through Common Shares
Price: $2.42 per Common Share
$3.00 per Flow-Through Share
**Underwriter(s) or Distributor(s):**
CIBC World Markets Inc.
Scotia Capital Inc.
National Bank Financial Inc.
FirstEnergy Capital Corp.
TD Securities Inc.
**Promoter(s):**
-
**Project** #484707

**Issuer Name:**
Ford Credit Canada Limited
Principal Regulator - Ontario
**Type and Date:**
Preliminary Short Form Shelf Prospectus dated October 8th, 2002
Mutual Reliance Review System Receipt dated October 8th, 2002
**Offering Price and Description:**
Debt Securities (Unsecured)
Unconditionally Guaranteed as to Payment of Principal, Premium, if any, and Interest, if any, by
Ford Motor Credit Company
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #485328

**Issuer Name:**
Harvest Energy Trust
Principal Regulator - Alberta
**Type and Date:**
Amended and Restated Preliminary Prospectus dated October 7th, 2002
Mutual Reliance Review System Receipt dated October 7th, 2002
**Offering Price and Description:**
$ * - * Trust Units
**Underwriter(s) or Distributor(s):**
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbit Burns Inc.
FirstEnergy Capital Corp.
Haywood Securities Inc.
**Promoter(s):**
M. Bruce Chernoff
Kevin A. Bennett
**Project** #483640

**Issuer Name:**
PDM Royalties Income Fund
Principal Regulator - Ontario
**Type and Date:**
Preliminary Prospectus dated September 30th, 2002
Mutual Reliance Review System Receipt dated October 2nd, 2002
**Offering Price and Description:**
$ * - * Units
**Underwriter(s) or Distributor(s):**
CIBC World Markets Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
Yorkton Securities Inc.
**Promoter(s):**
Pizza Delight Corporation
**Project** #484379

**Issuer Name:**
Renaissance Global Large Cap Value RSP Fund
Renaissance Global Large Cap Value Fund
Renaissance Canadian Dividend Income Fund
Principal Regulator - Ontario
**Type and Date:**
Preliminary Simplified Prospectus dated September 30th, 2002
Mutual Reliance Review System Receipt dated October 2nd, 2002
**Offering Price and Description:**
Class A and Class F Units
**Underwriter(s) or Distributor(s):**
CIBC Securities Inc.
**Promoter(s):**
CM Investment Management Inc.
**Project** #484243

**Issuer Name:**
Rival Energy Inc.
Principal Regulator - Alberta
**Type and Date:**
Preliminary Prospectus dated October 2nd, 2002
Mutual Reliance Review System Receipt dated October 3rd, 2002
**Offering Price and Description:**
4,021,728 Common Shares Issuable Upon Exercise of 4,021,728 Special Warrants
Previously Sold for $1.10 per Special Warrant
**Underwriter(s) or Distributor(s):**
Griffiths McBurney & Partners
Canaccord Capital Corporation
**Promoter(s):**
Colin Ogilvy
**Project** #484620

**Issuer Name:**
TGS NORTH AMERICAN REAL ESTATE INVESTMENT TRUST
Principal Regulator - Alberta
**Type and Date:**
Preliminary Prospectus dated October 2nd, 2002
Mutual Reliance Review System Receipt dated October 3rd, 2002
**Offering Price and Description:**
Cdn.$ *
(US$ *)
* Units
Price: Cdn.$10.00 Per Unit
(US$ * Per Unit)
**Underwriter(s) or Distributor(s):**
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
National Bank Financial Inc.
Raymond James Ltd.
Desjardins Securities Inc.
**Promoter(s):**
T.G.S. Properties Ltd.
**Project** #484481

**Issuer Name:**
The Futura Corporation
Principal Regulator - British Columbia
**Type and Date:**
Preliminary Prospectus dated September 27th, 2002
Mutual Reliance Review System Receipt dated October 2nd, 2002
**Offering Price and Description:**
$ * - * Common Shares
Price: $ * per Common Share
**Underwriter(s) or Distributor(s):**
Dundee Securities Corporation
**Promoter(s):**
-
**Project** #484272

**Issuer Name:**
TriOil Ltd.
Principal Regulator - Alberta
**Type and Date:**
Preliminary Prospectus dated October 4th, 2002
Mutual Reliance Review System Receipt dated October 4th, 2002
**Offering Price and Description:**
Minimum: $2,000,000 (4,444,500 Units, 4,000,000 Flow-Through Shares, or any Combination thereof)
Maximum: $4,000,000 (8,888,800 Units, 8,000,000 Flow-Through Shares, or any Combination thereof)
Price: $0.45 per Unit and $0.50 per Flow-Through Share.
Minimum Subscriptions: $1,000.00
**Underwriter(s) or Distributor(s):**
Octagon Capital Corporation
**Promoter(s):**
Joseph M. Dutton
Robert M. Libin
**Project** #484968

**Issuer Name:**
VentureLink Diversified Balanced Fund Inc.
VentureLink Diversified Income Fund Inc.
**Type and Date:**
Preliminary Prospectus dated October 8th, 2002
Receipt dated October 8th, 2002
**Offering Price and Description:**
Class A Shares, Series I and Class A Shares, Series II
**Underwriter(s) or Distributor(s):**
Skylon Funds Management Inc.
**Promoter(s):**
CFPA Sponsor Inc.
Skylon Funds Management Inc.
**Project** #485281

**Issuer Name:**
Altamira T-Bill Fund
Altamira Income Fund
Altamira Bond Fund
Altamira High Yield Bond Fund
Altamira Short Term Canadian Income Fund
Altamira Short Term Government Bond Fund
Altamira Short Term Global Income Fund
Altamira Global Bond Fund
Altamira Balanced Fund
Altamira Dividend Fund Inc.
Altamira Growth & Income Fund
Altamira Global Diversified Fund
Altamira RSP Global Diversified Fund
Altamira Canadian Value Fund
Altamira Equity Fund
AltaFund Investment Corp.
Altamira Capital Growth Fund Limited
Altamira Special Growth Fund
Altamira European Equity Fund
Altamira Global Value Fund
Altamira US Larger Company Fund
Altamira Asia Pacific Fund
Altamira Japanese Opportunity Fund
Altamira RSP Japanese Opportunity Fund
Altamira Global Discovery Fund
Altamira Global 20 Fund
Altamira Global Small Company Fund
Altamira Select American Fund
Altamira Precision Canadian Index Fund
Altamira Precision Dow 30 Index Fund
Altamira Precision European Index Fund
Altamira Precision European RSP Index Fund
Altamira Precision International RSP Index Fund
Altamira Precision U.S. RSP Index Fund
Altamira Precision U.S. Midcap Index Fund
Altamira Biotechnology Fund
Altamira RSP Biotechnology Fund
Altamira e-business Fund
Altamira RSP e-business Fund
Altamira Global Financial Services Fund
Altamira Global Telecommunications Fund
Altamira Health Sciences Fund
Altamira RSP Health Sciences Fund
Altamira Precious and Strategic Metal Fund
Altamira Resource Fund
Altamira Science and Technology Fund
Altamira RSP Science & Technology Fund
Principal Regulator - Ontario
**Type and Date:**
Amendment #1 dated September 30th, 2002 to Simplified Prospectus and Annual Information Form
dated August 28th, 2002
Mutual Reliance Review System Receipt dated 3rd day of October, 2002
**Offering Price and Description:**
Mutual Fund Securities Net Asset Value
**Underwriter(s) or Distributor(s):**
Altamira Financial Services Ltd.
**Promoter(s):**
Altamira Investment Services Inc.
**Project** #466648

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**Issuer Name:**
Canadian Medical Discoveries Fund Inc.
Principal Regulator - Ontario
**Type and Date:**
Amendment #1 dated September 30th, 2002 to Prospectus dated January 7th, 2002
Mutual Reliance Review System Receipt dated 3rd day of October, 2002
**Offering Price and Description:**
Class A Shares
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #398239

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**Issuer Name:**
Lifebank Cryogenics Corp.
Principal Regulator - British Columbia
**Type and Date:**
Amendment #1 dated September 30th, 2002 to Prospectus dated July 9th, 2002
Mutual Reliance Review System Receipt dated October 3rd, 2002
**Offering Price and Description:**
Reduced from $1,500,000 (2,727,273 Common Shares) to $1,000,000 (1,818,181 Common Shares)
@ $0.55 per Share
**Underwriter(s) or Distributor(s):**
Yorkton Securities Inc.
**Promoter(s):**
Frank Ernest Stacey
**Project** #441185

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**Issuer Name:**
Sceptre Balanced Growth Fund
Sceptre Bond Fund
Sceptre Income Trusts Fund
Sceptre Canadian Equity Fund
Sceptre Equity Growth Fund
Sceptre Global Equity Fund
Sceptre U.S. Equity Fund
Sceptre Money Market Fund
Principal Regulator - Ontario
**Type and Date:**
Amended and Restated Simplified Prospectus and Annual Information Form dated September 25th, 2002,
amending and resting Simplified Prospectus and Annual Information Form dated August 23rd, 2002
Mutual Reliance Review System Receipt dated 3rd day of October, 2002
**Offering Price and Description:**
(Class A Units and Class O Units)
**Underwriter(s) or Distributor(s):**
Sceptre Investment Counsel Limited
**Promoter(s):**
Sceptre Investment Counsel Limited
**Project** #469626

**Issuer Name:**
Talvest Bond Fund
Talvest Cdn. Asset Allocation Fund
Talvest Cdn. Equity Growth Fund
Talvest Dividend Fund
Talvest High Yield Bond Fund
Talvest Income Fund
Talvest Money Market Fund
Principal Regulator - Quebec
**Type and Date:**
Amendment #3 dated September 27th, 2002 to Simplified Prospectus and Annual Information Form
dated November 15th, 2001
Mutual Reliance Review System Receipt dated 2nd day of October, 2002
**Offering Price and Description:**
Mutual Funds Net Asset Value
**Underwriter(s) or Distributor(s):**
Talvest Fund Management Inc.
**Promoter(s):**
Talvest Fund Management Inc.
**Project** #393037

**Issuer Name:**
AGF Managed Futures Fund
Principal Regulator - Ontario
**Type and Date:**
Final Prospectus dated September 30th, 2002
Mutual Reliance Review System Receipt dated 3rd day of October, 2002
**Offering Price and Description:**
Mutual Fund Series Units
**Underwriter(s) or Distributor(s):**
AGF Funds Inc.
**Promoter(s):**
-
**Project** #475247

**Issuer Name:**
CP Ships Limited
Principal Regulator - Alberta
**Type and Date:**
Final Short Form MJDS Prospectus dated September 30th, 2002
Mutual Reliance Review System Receipt dated 1st day of October, 2002
**Offering Price and Description:**
US$200,000,000.00 - 10 3/8 % Senior Notes Due 2012
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #482230

**Issuer Name:**
Enervest Diversified Income Trust
Principal Regulator - Alberta
**Type and Date:**
Final Short Form Prospectus dated October 3rd, 2002
Mutual Reliance Review System Receipt dated 3rd day of October, 2002
**Offering Price and Description:**
$160,000,000 Maximum (23,054,854 Units); $25,000,000 Minimum (3,602,321 Units)
Exchange Offer at Exchange Ratio
**Underwriter(s) or Distributor(s):**
Griffiths McBurney & Partners
**Promoter(s):**
-
**Project** #478877

**Issuer Name:**
Falcon Trust
Principal Regulator - Ontario
**Type and Date:**
Final Short Form Prospectus dated October 4th, 2002
Mutual Reliance Review System Receipt dated 7th day of October, 2002
**Offering Price and Description:**
$147,500,000.00 - Commercial Mortgage - Pass-Through Certificates, Series 2002-SMU
**Underwriter(s) or Distributor(s):**
Scotia Capital Inc.
**Promoter(s):**
Falcon Trust
Scotia Capital Inc.
**Project** #482198

**Issuer Name:**
Manulife Financial Corporation
Principal Regulator - Ontario
**Type and Date:**
Final Short Form Shelf Prospectus dated October 7th, 2002
Mutual Reliance Review System Receipt dated 8th day of October, 2002
**Offering Price and Description:**
$5,000,000,000.00 - Debt Securities - Class A Shares and Class D Shares
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #479688

**Issuer Name:**
The Manufacturers Life Insurance Company
Principal Regulator - Ontario
**Type and Date:**
Final Short Form Shelf Prospectus dated October 7th, 2002
Mutual Reliance Review System Receipt dated 8th day of October, 2002
**Offering Price and Description:**
$5,000,000,000.00 - Debt Securities - Class A Shares and Class D Shares
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #479692

**Issuer Name:**
AIM Core Canadian Balanced Class of AIM Canada Fund Inc.
(Series A and F Shares)
AIM Core Canadian Equity Class of AIM Canada Fund Inc.
(Series A and F Shares)
AIM Core American Equity Class of AIM Global Fund Inc.
(Series A, F and I Shares)
AIM Core Global Equity Class of AIM Global Fund Inc.
(Series A, F and I Shares)
AIM RSP Core American Equity Fund
(Series A and F Units)
AIM RSP Core Global Equity Fund
(Series A and F Units)
Principal Regulator - Ontario
**Type and Date:**
Final Simplified Prospectus and Annual Information Form dated October 4th, 2002
Mutual Reliance Review System Receipt dated 8th day of October, 2002
**Offering Price and Description:**
-
**Underwriter(s) or Distributor(s):**
AIM Funds Management Inc.
**Promoter(s):**
-
**Project** #476715

**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:**
Final Simplified Prospectus and Annual Information Form dated October 2nd, 2002
Mutual Reliance Review System Receipt dated 3rd day of October, 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:**
Co-operators/Crystal Enhanced Index World Fund
Co-operators Canadian Conservative Focused Equity Fund
Co-operators/Credit Suisse International Equity Fund
Co-operators/Credit Suisse U.S. Capital Appreciation Fund
Co-operators/Credit Suisse Global Science and Technology Fund
Co-operators/Credit Suisse Global Post-Venture Capital Fund
Co-operators Canadian Core Equity Fund
Co-operators Canadian Money Market Fund
Co-operators Canadian Bond Fund
Co-operators Canadian Balanced Fund
Co-operators/Crystal Enhanced Index RSP Fund
Principal Regulator - Ontario
**Type and Date:**
Final Simplified Prospectus and Annual Information Form dated October 4th, 2002
Mutual Reliance Review System Receipt dated 7th day of October, 2002
**Offering Price and Description:**
Mutual Fund Securities Net Asset Value
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #475414

**Issuer Name:**
R Prudent Distinction Portfolio
R Dynamic Distinction Portfolio
R Conservative Distinction Portfolio
R Bold Distinction Portfolio
R Balanced Distinction Portfolio
Principal Regulator - Quebec
**Type and Date:**
Final Simplified Prospectus and Annual Information Form dated October 1st, 2002
Mutual Reliance Review System Receipt dated 3rd day of October, 2002
**Offering Price and Description:**
Mutual Fund Securities - Net asset value
**Underwriter(s) or Distributor(s):**
**Promoter(s):**
BLC-Edmond De Rothschild
Asset Management Inc.
**Project** #469747

**Issuer Name:**
TD Canadian T-Bill Fund
TD Canadian Money Market Fund
TD Premium Money Market Fund
TD Real Return Bond Fund
TD High Yield Income Fund
TD Monthly Income Fund
TD Balanced Fund
TD Global Asset Allocation Fund
TD AmeriGrowth RSP Fund
TD European Growth RSP Fund
TD Japanese Growth Fund
TD AsiaGrowth RSP Fund
TD Latin American Growth Fund
TD Energy Fund
TD Precious Metals Fund
TD Entertainment & Communications RSP Fund
TD Health Sciences RSP Fund
(Investor Series units)
TD U.S. Money Market Fund
TD Short Term Bond Fund
TD Mortgage Fund
TD Canadian Bond Fund
TD Global RSP Bond Fund
TD Balanced Income Fund
TD Balanced Growth Fund
TD Dividend Income Fund
TD Dividend Growth Fund
TD Canadian Blue Chip Equity Fund
TD Canadian Equity Fund
TD Canadian Value Fund
TD Canadian Small-Cap Equity Fund
TD U.S. Blue Chip Equity Fund
TD U.S. Blue Chip Equity RSP Fund
TD U.S. Equity Fund
TD U.S. Mid-Cap Growth Fund
TD U.S. Small-Cap Equity Fund
TD Global Select Fund
TD Global Select RSP Fund
TD International Equity Fund
TD International Growth Fund
TD European Growth Fund
TD Asian Growth Fund
TD Emerging Markets Fund
TD Emerging Markets RSP Fund
TD Resource Fund
TD Entertainment & Communications Fund
TD Science & Technology Fund
TD Science & Technology RSP Fund
TD Health Sciences Fund
(Investor Series units and Institutional Series units)
TD Balanced Index Fund
TD Dow Jones Industrial Average Index Fund
TD Nasdaq RSP Index Fund
TD European Index Fund
TD Japanese Index Fund
(Investor Series units, e-Series units)
TD Canadian Government Bond Index Fund
TD Canadian Bond Index Fund
TD Canadian Index Fund
TD U.S. Index Fund
TD U.S. RSP Index Fund
TD International Index Fund
TD International RSP Index Fund
(Investor Series units, e-Series units and Institutional Series units)
Principal Regulator - Ontario
**Type and Date:**
Final Simplified Prospectus and Annual Information Form dated October 7th, 2002
Mutual Reliance Review System Receipt dated 7th day of October, 2002
**Offering Price and Description:**
-
**Underwriter(s) or Distributor(s):**
TD Investment Services Inc.
**Promoter(s):**
-
**Project** #474584

**Issuer Name:**
TD Managed Income Portfolio
TD Managed Income & Moderate Growth Portfolio
TD Managed Balanced Growth Portfolio
TD Managed Aggressive Growth Portfolio
TD Managed Maximum Equity Growth Portfolio
TD Managed Income RSP Portfolio
TD Managed Income & Moderate Growth RSP Portfolio
TD Managed Balanced Growth RSP Portfolio
TD Managed Aggressive Growth RSP Portfolio
TD Managed Maximum Equity Growth RSP Portfolio
TD FundSmart Managed Income Portfolio
TD FundSmart Managed Income & Moderate Growth Portfolio
TD FundSmart Managed Balanced Growth Portfolio
TD FundSmart Managed Aggressive Growth Portfolio
TD FundSmart Managed Maximum Equity Growth Portfolio
TD FundSmart Managed Income RSP Portfolio
TD FundSmart Managed Income & Moderate Growth RSP Portfolio
TD FundSmart Managed Balanced Growth RSP Portfolio
TD FundSmart Managed Aggressive Growth RSP Portfolio
TD FundSmart Managed Maximum Equity Growth RSP Portfolio
(Investor Series Units)
TD Managed Index Income Portfolio
TD Managed Index Income & Moderate Growth Portfolio
TD Managed Index Balanced Growth Portfolio
TD Managed Index Aggressive Growth Portfolio
TD Managed Index Maximum Equity Growth Portfolio
TD Managed Index Income RSP Portfolio
TD Managed Index Income & Moderate Growth RSP Portfolio
TD Managed Index Balanced Growth RSP Portfolio
TD Managed Index Aggressive Growth RSP Portfolio
TD Managed Index Maximum Equity Growth RSP Portfolio
(Investor Series and e-Series Units)
Principal Regulator - Ontario
**Type and Date:**
Final Simplified Prospectus and Annual Information Form dated October 7th, 2002
Mutual Reliance Review System Receipt dated 7th day of October, 2002
**Offering Price and Description:**
Investor Series Units and e-Series Units
**Underwriter(s) or Distributor(s):**
TD Investment Services Inc.
**Promoter(s):**
TD Asset Management Inc.
**Project** #466065

**Issuer Name:**
TD Managed Income & Moderate Growth RSP Portfolio
TD Managed Balanced Growth RSP Portfolio
TD Managed Aggressive Growth Portfolio
TD Managed Aggressive Growth RSP Portfolio
TD Managed Maximum Equity Growth Portfolio
TD Managed Maximum Equity Growth RSP Portfolio
TD FundSmart Managed Income & Moderate Growth RSP Portfolio
TD FundSmart Managed Balanced Growth RSP Portfolio
TD FundSmart Managed Aggressive Growth Portfolio
TD FundSmart Managed Aggressive Growth RSP Portfolio
TD FundSmart Managed Maximum Equity Growth Portfolio
TD FundSmart Managed Maximum Equity Growth RSP Portfolio
(Advisor Series Units)
Principal Regulator - Ontario
**Type and Date:**
Final Simplified Prospectus and Annual Information Form dated October 7th, 2002
Mutual Reliance Review System Receipt dated 8th day of October, 2002
**Offering Price and Description:**
Advisor Series Units
**Underwriter(s) or Distributor(s):**
TD Investment Services Inc.
**Promoter(s):**
TD Asset Management Inc.
**Project** #466085

**Issuer Name:**
Citadel Diversified Investment Trust
**Type and Date:**
Rights Offering October 2nd, 2002
Accepted 3rd day of October, 2002
**Offering Price and Description:**
**Underwriter(s) or Distributor(s):**
**Promoter(s):**
-
**Project** #480293

# Chapter 12

# Registrations

### 12.1.1 Registrants

| Type | Company | Category of Registration | Effective Date |
|---|---|---|---|
| New Registration | Vision Capital Corporation<br>Attention: Linda M. Pavao, Securities Law Clerk<br>c/o Goodmans<br>250 Yonge Street, Suite 2400<br>Toronto ON M5B 2M6 | Limited Market Dealer | Oct 07/02 |
| New Registration | New Solutions Capital Partners Ltd.<br>Attention: Mark Ivan Twerdun<br>4230 Sherwoodtowne Blvd.<br>Suite 300<br>Mississauga ON L4Z 2G6 | Limited Market Dealer | Oct 07/02 |
| New Registration | AIM Mutual Funds Dealer Inc.<br>Attention: Susan You Jin Han<br>5140 Yonge Street<br>Suite 900<br>Toronto ON M2N 6X7 | Mutual Fund Dealer | Oct 03/02 |
| New Registration | Cowans & Company Ltd.<br>Attention: John Frederick Cowans<br>95 Howard Avenue<br>Oakville ON L6J 3Y4 | Limited Market Dealer | Oct 03/02 |
| New Registration | Olympus United Group Inc./ Groupe Olympus United Inc.<br>(formerly Norshield Fund Management Ltd.)<br>Attention: Dale George Smith<br>630 Rene-Levesque Blvd. West<br>Suite 3050<br>Montreal QC H3B 5C7 | Mutual Fund Dealer<br>Limited Market Dealer<br>(Conditional) | Oct 03/02 |
| Amalgamation | AGF Funds Inc./Les Fonds AGF Inc.<br>Attention: Beatrice Ling Ip<br>66 Wellington St. West<br>TD Bank Tower 31st Floor<br>Toronto ON M5K 1E9 | Global Strategy Financial Inc.<br>and<br>AGF Funds Inc.<br><br>TO FORM:<br>AGF Funds Inc./Les Fonds AGF Inc. | Mar 01/01 |
| Change in Category (Categories) | Bluewater Investment Management Inc.<br>Attention: Dina Degeer<br>150 King Street West<br>Suite 1502, Box 63<br>Toronto ON M5H 1J9 | From:<br>Limited Market Dealer<br>(Conditional)<br>Investment Counsel & Portfolio Manager<br><br>To:<br>Investment Counsel & Portfolio Manager | Oct 07/02 |

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# Chapter 13

# SRO Notices and Disciplinary Proceedings

### 13.1.1 RS Inc. Request for Comments - Administrative and Editorial Amendments

**MARKET REGULATION SERVICES INC.**

**REQUEST FOR COMMENTS**

**ADMINISTRATIVE AND EDITORIAL AMENDMENTS**

**Summary**

On June 11, 2002, the Board of Directors of Market Regulation Services Inc. ("RS") approved amendments to the Universal Market Integrity Rules ("UMIR") of a generally editorial or administrative nature. The amendments correct a number of drafting errors and provide clarification to the interpretation of several sections.

**Rule-Making Process**

Market Regulation Services Inc. ("RS") has been recognized as a self-regulatory organization ("SRO") by the Alberta Securities Commission, British Columbia Securities Commission, Manitoba Securities Commission, Ontario Securities Commission and the Commission des valeurs mobilières du Québec (the "Recognizing Regulators") and, as such, is authorized to be a regulation services provider for the purposes of the National Instrument 21-101 ("Marketplace Operation Instrument") and National Instrument 23-101 ("CSA Trading Rules").

As a regulation services provider, RS will administer and enforce trading rules for the marketplaces that retain the services of RS. RS has adopted, and the Recognizing Regulators have approved, the UMIR as the integrity trading rules that will apply in any marketplace that retains RS as its regulation services provider. Presently, RS has been retained to be the regulation services provider for the Toronto Stock Exchange ("TSX") and TSX Venture Exchange (TSX VE).

The changes to UMIR will be effective upon approval of the changes by the Recognizing Regulators following public notice and comment. Comments on the changes to UMIR should be in writing and delivered within 30 days of the date of publication of this notice by the Recognizing Regulators to:

James E. Twiss,
Senior Counsel,
Operations and General Counsel,
Market Regulation Services Inc.,
Suite 900,
P.O. Box 939,
145 King Street West,
Toronto, Ontario. M5H 1J8

Fax: 416.646.7265
e-mail: james.twiss@regulationservices.com

A copy should also be provided to Recognizing Regulators by forwarding a copy to:

Cindy Petlock
Manager, Market Regulation
Capital Markets Branch
Ontario Securities Commission
Suite 800, Box 55,
20 Queen Street West
Toronto, Ontario. M5H 3S8

Fax: (416) 593-8240
e-mail: cpetlock@osc.gov.on.ca

**Background to the Proposed Amendments**

The structure and contents of UMIR represented a significant departure from the previous rules and policies of both TSX and TSX VE. UMIR was the result of efforts to "harmonize" the rules of the two exchanges with the requirements of the Canadian Securities Administrators ("CSA") as set out in the draft and final versions of both Marketplace Operation Instrument and the CSA Trading Rules. It has become apparent since February of 2002 when UMIR was approved by the Recognizing Regulators as part of the recognition of RS as a self-regulatory organization that there is a need for a number of minor drafting and editorial changes.

Most of the "administrative" amendments are merely clarifications in the language used in the provisions and the insertion of terminology that would otherwise be reasonably implied. The most substantive amendment extends responsibility for conduct of a Participant to the officer or employee of a Participant or Access Person that engages in conduct that results in the contravention of a requirement under UMIR is liable for the conduct. While this provision was intended to be included in UMIR, in fact this provision was omitted from the version of UMIR submitted for approval by the CSA.

**Impact of the Proposed Amendments**

The effect of each of the amendments is described in more detail as follows:

- *Rule 7.4 – Contract Record and Official Transaction Record*

  Rule 7.4 presently provides that the electronic record of a "trade" as provided by a marketplace to an information processor or information vendor is the official record for determining "best ask

price", "best bid price" and "last sale price". The amendment would correct a drafting error as the "best bid" and "best ask" prices referenced in the Rule are based on "orders" entered on marketplaces and not "trade" prices.

- *Rule 10.3 – Extension of Responsibility*

  UMIR was drafted such the various restrictions and prohibitions apply to Participants and Access Persons. Rule 10.3 of UMIR was designed to extend the responsibility for the conduct to various parties. For example, under subsection (1) a Participant or Access Person is made responsible for the conduct of any director, officer, partner, employee of individual holding a similar position. Under subsection (2) a partner or director is made responsible for the conduct of the Participant or Access Person and under subsection (3) a supervisor is made responsible for the conduct of any supervised employee. It had been intended that the structure of Rule 10.3 would provide that an officer or employee of a Participant or Access Person that engages in conduct that results in the contravention of a Requirement is liable for the conduct. The amendment would correct this oversight and ensure that the employees or officers who actually engage in offending conduct are held liable for that conduct and not just the Participant or Access Person.

- *Rule 10.7 – Assessment of Expenses*

  The purpose of the amendment to Rule 10.7 is to clarify that the power of the Market Regulator to assess expenses in the event of a "frivolous" complaint by a Regulated Person is subject to the requirement of the Market Regulator to "act reasonably" in making such determination. As a self-regulatory organization, a Market Regulator will be under an obligation to "act reasonably" in fulfilling all of its responsibilities. However, the proposed amendment is administrative in nature as it simply incorporates the existing standard of conduct into the text of the Rule.

- *Policy 10.8 – Practice and Procedure*

  The proposed amendments to Policy 10.8:

  (a) clarify that a Notice of Hearing does not need to contain a statement that a party may object to the form of the hearing if the hearing will be an oral hearing;

  (b) provide that a Hearing Panel shall be selected upon acceptance of an Offer of Settlement (since Part 3 of Policy 10.8 a Hearing Panel must convene to either approve or reject any Settlement Agreement that has been entered into by a Market Regulator.); and

  (c) delete the term "defendant" from a heading as this term is not used in UMIR.

  The proposed amendments correct several minor drafting problems with the policy and clarify its interpretation.

- *Rule 11.11 – Status of Rules and Policies*

  The proposed amendment to Rule 11.11 would clarify the inter-play between the provisions of UMIR and the terms of any regulation services agreement entered into between a Market Regulator and a marketplace. National Instrument 21-101 requires that a marketplace enter into a written agreement with any regulation services provider that it retains to monitor its market. The amendment clarifies that the administration or application of certain of the UMIR provisions (related to investigations and indemnifications) will be subject to the terms of such agreement.

**Appendices**

The text of the amendments to UMIR to facilitate the administrative and editorial amendments described above is set out in Appendix "A" and the text of the amendment to the Policies under UMIR is set out in Appendix "B".

**Questions**

Questions concerning this notice may be directed to:

James E. Twiss,
Senior Counsel,
Operations and General Counsel,
Market Regulation Services Inc.,
Suite 900,
P.O. Box 939,
145 King Street West,
Toronto, Ontario. M5H 1J8

Telephone: 416.646.7277
Fax: 416.646.7265
e-mail: james.twiss@regulationservices.com

ALEXANDER DASCHKO
VICE PRESIDENT, OPERATIONS,
GENERAL COUNSEL AND SECRETARY

**Schedule "A"**

***Universal Market Integrity Rules***

**Administrative and Editorial Amendments**

The Universal Market Integrity Rules are amended as follows:

1. Subsection (1) of Rule 7.4 is amended by inserting the words "an order or" immediately preceding the words "a trade".

2. Rule 10.3 is amended by:

   (a) renumbering subsection (4) as subsection (5); and

   (b) inserting the following as subsection (4):

   Any officer or employee of a Participant or Access Person or any individual holding a similar position with a Participant or Access Person who engages in conduct that results in the Participant or Access Person contravening a Requirement may be found liable by the Market Regulator for the conduct and be subject to any penalty or remedy as if such person was the Participant or Access Person.

3. Subsection (2) of Rule 10.7 is amended by adding the phrase ", acting reasonably," after the word "determines".

4. Rule 11.11 is amended by adding the following as subsection (2):

   The obligations of a marketplace pursuant to Rule 10.2 and Rule 11.10 shall be subject to the terms of any agreement between the Market Regulator and the marketplace entered into in accordance with Part 7 or Part 8 of the Trading Rules.

**Schedule "B"**

***Policies to the Universal Market Integrity Rules***

**Practice and Procedure**

The Policies to the Universal Market Integrity Rules are amended by amending Policy 10.8 as follows:

(1) Clause 4.2(e) is amended by inserting at the start of that clause the phrase "if the Notice of Hearing specifies that the hearing is to be an electronic or a written hearing,".

(2) The heading of section 9.4 is amended by deleting the words "of Defendant".

(3) Subsection 10.2(1) is amended by inserting after the word "Hearing" the phrase "or upon the acceptance of an Offer of Settlement".

### 13.1.2 RS Inc. Request for Comments - Accommodation of Anonymous Orders

**MARKET REGULATION SERVICES INC.**

**REQUEST FOR COMMENTS**

**ACCOMMODATION OF ANONYMOUS ORDERS**

**Summary**

On June 11, 2002, the Board of Directors of Market Regulation Services Inc. ("RS") approved amendments to the Universal Market Integrity Rules ("UMIR") to accommodate the introduction of "anonymous orders" by the Toronto Stock Exchange ("TSX"). The amendments provide exemptions to Participants from the requirements under UMIR related to client priority and client-principal trading in circumstances where an anonymous order has been entered directly by a client and the Participant is unaware, prior to the execution of the order, that the order has been entered by a client.

**Rule-Making Process**

Market Regulation Services Inc. ("RS") has been recognized as a self-regulatory organization ("SRO") by the Alberta Securities Commission, British Columbia Securities Commission, Manitoba Securities Commission, Ontario Securities Commission and the Commission des valeurs mobilières du Québec (the "Recognizing Regulators") and, as such, is authorized to be a regulation services provider for the purposes of the National Instrument 21-101 ("Marketplace Operation Instrument") and National Instrument 23-101 ("CSA Trading Rules").

As a regulation services provider, RS will administer and enforce trading rules for the marketplaces that retain the services of RS. RS has adopted, and the Recognizing Regulators have approved, the UMIR as the integrity trading rules that will apply in any marketplace that retains RS as its regulation services provider. Presently, RS has been retained to be the regulation services provider for TSX and TSX Venture Exchange.

The changes to UMIR will be effective upon approval of the changes by the Recognizing Regulators following public notice and comment. Comments on the changes to UMIR should be in writing and delivered within 30 days of the date of publication of this notice by the Recognizing Regulators to:

James E. Twiss,
Senior Counsel,
Operations and General Counsel,
Market Regulation Services Inc.,
Suite 900,
P.O. Box 939,
145 King Street West,
Toronto, Ontario. M5H 1J8
Fax: 416.646.7265
e-mail: james.twiss@regulationservices.com

A copy should also be provided to Recognizing Regulators by forwarding a copy to:

Cindy Petlock
Manager, Market Regulation
Capital Markets Branch
Ontario Securities Commission
Suite 800, Box 55,
20 Queen Street West
Toronto, Ontario. M5H 3S8
Fax: (416) 593-8240
e-mail: cpetlock@osc.gov.on.ca

**Background to the Proposed Amendments**

The Marketplace Operation Instrument and UMIR permit a marketplace to determine whether the identifier of the Participant entering an order is included in the information provided in a consolidated market display of orders entered on a marketplace. Effective March 22, 2002, the TSX introduced "attribution choices" which allowed orders to be entered into the trading system of the TSX "anonymously". Notwithstanding that the identifier of the Participant attached to an "anonymous order" is not disclosed in the public consolidated market display, the identifier of the Participant is visible to RS for the purposes of performing market surveillance.

**Impact of the Proposed Amendments**

Rule 8.1 of UMIR requires a Participant to provide a "better price" to a client if a client order for 50 standard trading units or less trades with a principal order or non-client order. Subject to certain exceptions, Rule 5.3 requires a Participant to give priority to a client order over a principal order or non-client order for the same security at the same price on the same side of the market. Both of these requirements become problematic when a client directly enters an anonymous order on a marketplace (in the case of the TSX by a client with access pursuant to Policy 2-501) without the knowledge of the Participant.

With UMIR becoming effective on April 1, 2002, the Ontario Securities Commission (the "OSC") granted approval to RS to temporarily exempt Participating Organizations of the TSX from the application of Rules 5.3 and 8.1 in circumstances where the client has directly entered an order on a marketplace that does not require the disclosure of the identifier of the dealer and the director, officer, partner, employee or agent of the Participant that enters a principal order or a non-client order does not have knowledge that the client order is from a client of the Participant until the execution of the client order. These exemptions will continue to apply until the date of disposition by the Recognizing Regulators of the amendments to Rule 5.3 and 8.1 set out in this Request for Comments.

The amendment to UMIR applies to orders entered directly by a client on any marketplace that does not require the inclusion of Participant identifiers in the consolidated market display of orders for that marketplace. If a Participant enters an order on behalf of a client on a

marketplace that does not require disclosure in the consolidated display of the identifier of the Participant entering the order, the Participant will be expected to comply with the requirements of Rule 5.3 dealing with client priority and 8.1 dealing with client-principal trading as the Participant is aware that the order being entered "anonymously" is in fact an order of a client of the Participant.

**Appendix**

The text of the amendments to UMIR to facilitate the introduction of anonymous trading is set out in Appendix "A".

**Questions**

Questions concerning this notice may be directed to:

James E. Twiss,
Senior Counsel,
Operations and General Counsel,
Market Regulation Services Inc.,
Suite 900,
P.O. Box 939,
145 King Street West,
Toronto, Ontario. M5H 1J8

Telephone: 416.646.7277
Fax: 416.646.7265
e-mail: james.twiss@regulationservices.com

ALEXANDER DASCHKO
VICE PRESIDENT, OPERATIONS,
GENERAL COUNSEL AND SECRETARY

**Schedule "A"**

***Universal Market Integrity Rules***

**Amendments to Accommodate Anonymous Orders**

The Universal Market Integrity Rules are amended as follows:

1. Rule 5.3 is amended by adding the following as subsection (8):

   (8) Subsections (1) and (2) shall not apply to a client order that has been entered directly by the client of the Participant on a marketplace that does not require the disclosure of the identifier of the Participant in a consolidated market display and the director, officer, partner, employee or agent of the Participant who enters a principal order or a non-client order does not have knowledge that the client order is from a client of the Participant until the execution of the client order.

2. Rule 8.1 is amended by adding the following as subsection (3):

   (3) Subsection (1) does not apply if the client order has been entered directly by the client of the Participant on a marketplace that does not require the disclosure of the identifier of the Participant in a consolidated market display and the director, officer, partner, employee or agent of the Participant who enters a principal order or a non-client order does not have knowledge that the client order is from a client of the Participant until the execution of the client order.

### 13.1.3 RS Inc. Request for Comments - Definition of "Employee"

**MARKET REGULATION SERVICES INC.**

**REQUEST FOR COMMENTS**

**DEFINITION OF "EMPLOYEE"**

**Summary**

On September 10, 2002, the Board of Directors of Market Regulation Services Inc. ("RS") approved amendments to the Universal Market Integrity Rules ("UMIR") to facilitate the introduction of By-law 39 of the Investment Dealers Association. By-law 39 would permit dealers to enter into an agency relationship with a person in lieu of an employment relationship.

**Rule-Making Process**

Market Regulation Services Inc. ("RS") has been recognized as a self-regulatory organization ("SRO") by the Alberta Securities Commission, British Columbia Securities Commission, Manitoba Securities Commission, Ontario Securities Commission and the Commission des valeurs mobilières du Québec (the "Recognizing Regulators") and, as such, is authorized to be a regulation services provider for the purposes of the National Instrument 21-101 ("Marketplace Operation Instrument") and National Instrument 23-101 ("CSA Trading Rules").

As a regulation services provider, RS will administer and enforce trading rules for the marketplaces that retain the services of RS. RS has adopted, and the Recognizing Regulators have approved, the UMIR as the integrity trading rules that will apply in any marketplace that retains RS as its regulation services provider. Presently, RS has been retained to be the regulation services provider for the Toronto Stock Exchange ("TSX") and TSX Venture Exchange (TSX VE).

The changes to UMIR will be effective upon approval of the changes by the Recognizing Regulators following public notice and comment. Comments on the changes to UMIR should be in writing and delivered within 30 days of the date of publication of this notice by the Recognizing Regulators to:

James E. Twiss,
Senior Counsel,
Operations and General Counsel,
Market Regulation Services Inc.,
Suite 900,
P.O. Box 939,
145 King Street West,
Toronto, Ontario. M5H 1J8
Fax: 416.646.7265
e-mail: james.twiss@regulationservices.com

A copy should also be provided to Recognizing Regulators by forwarding a copy to:

Cindy Petlock
Manager, Market Regulation
Capital Markets Branch
Ontario Securities Commission
Suite 800, Box 55,
20 Queen Street West
Toronto, Ontario. M5H 3S8
Fax: (416) 593-8240
e-mail: cpetlock@osc.gov.on.ca

**Background to the Proposed Amendment**

In 2001, the Investment Dealers Association passed By-law 39 that is in the process of receiving regulatory approval. This by-law would permit dealers to enter into an agency relationship with a person (in lieu of an employment relationship) provided that the relationship is not one of an independent contractor or an incorporated salesperson. The proposed amendment would facilitate the introduction of agency relationships and ensure that various UMIR provisions would be applicable to persons retained by a dealer in an "agency relationship". In particular, the extension of the definition to include "agents" would ensure that such persons were covered by the UMIR restrictions related to frontrunning, client priority, client-principal trading and the UMIR requirements related to trading supervision, proficiency and compliance.

**Impact of the Proposed Amendment**

As drafted, the amendment to the definition of "employee" will have no effect unless By-law 39 of the Investment Dealers Association or the rule of another self-regulatory entity dealing with "agency relationships" is approved by applicable securities regulatory authorities.

If the amendment is approved, an order on behalf of an "agent" of a Participant would be considered a "non-client order" for the purposes of UMIR. As such, an order from an agent:

- could not frontrun a client order that had not been entered on a marketplace in accordance with Rule 4.1;
- would be subject to the priority of client orders for the same security in accordance with Rule 5.3; and
- would be subject to the requirement to provide a "better price" if executed against a client order for 50 standard trading units with a value of $100,000 or less in accordance with Rule 8.1.

If the amendment is approved, an "agent" of a Participant would be subject to:

- written policies and procedures to be followed by employees of a Participant as required by Rule 7.1;
- proficiency standards to be met by employees of a Participant as required by Rule 7.2;

- the requirement to comply with just and equitable principles of trading pursuant to Rule 2.1;
- the restrictions and prohibitions on:
  - o manipulative and deceptive trading pursuant to Rule 2.2, and
  - o short sales pursuant to Rule 3.3; and
- the compliance and disciplinary provisions of Part 10.

**Appendix**

The text of the amendment to UMIR to facilitate the introduction of "agency" relationships between dealers and certain of their staff is set out in Appendix "A".

**Questions**

Questions concerning this notice may be directed to:

James E. Twiss,
Senior Counsel,
Operations and General Counsel,
Market Regulation Services Inc.,
Suite 900,
P.O. Box 939,
145 King Street West,
Toronto, Ontario. M5H 1J8

Telephone: 416.646.7277
Fax: 416.646.7265
e-mail: james.twiss@regulationservices.com

ALEXANDER DASCHKO
VICE PRESIDENT, OPERATIONS,
GENERAL COUNSEL AND SECRETARY

**Schedule "A"**

***Universal Market Integrity Rules***

**Definition of "Employee"**

The Universal Market Integrity Rules are amended as follows:

1. Rule 1.1 is amended by adding the following definition of "employee":

   **"employee"** includes a person who has entered into an agency relationship with a Participant in accordance with the terms and conditions established for such a relationship by any self-regulatory entity of which the Participant is a member.

### 13.1.4 RS Inc. Request for Comments - Public Access to Hearings

**MARKET REGULATION SERVICES INC.**

**REQUEST FOR COMMENTS**

**PUBLIC ACCESS TO HEARINGS**

**Summary**

On September 10, 2002, the Board of Directors of Market Regulation Services Inc. ("RS") approved amendments to the Policies under the Universal Market Integrity Rules ("UMIR") to provide for public access to hearings subject to certain limitations.

**Rule-Making Process**

Market Regulation Services Inc. ("RS") has been recognized as a self-regulatory organization ("SRO") by the Alberta Securities Commission, British Columbia Securities Commission, Manitoba Securities Commission, Ontario Securities Commission and the Commission des valeurs mobilières du Québec (the "Recognizing Regulators") and, as such, is authorized to be a regulation services provider for the purposes of the National Instrument 21-101 ("Marketplace Operation Instrument") and National Instrument 23-101 ("CSA Trading Rules").

As a regulation services provider, RS will administer and enforce trading rules for the marketplaces that retain the services of RS. RS has adopted, and the Recognizing Regulators have approved, the UMIR as the integrity trading rules that will apply in any marketplace that retains RS as its regulation services provider. Presently, RS has been retained to be the regulation services provider for the Toronto Stock Exchange ("TSX") and TSX Venture Exchange (TSX VE).

The changes to UMIR will be effective upon approval of the changes by the Recognizing Regulators following public notice and comment. Comments on the changes to UMIR should be in writing and delivered within 30 days of the date of publication of this notice by the Recognizing Regulators to:

James E. Twiss,
Senior Counsel,
Operations and General Counsel,
Market Regulation Services Inc.,
Suite 900,
P.O. Box 939,
145 King Street West,
Toronto, Ontario. M5H 1J8
Fax: 416.646.7265
e-mail: james.twiss@regulationservices.com

A copy should also be provided to Recognizing Regulators by forwarding a copy to:

Cindy Petlock
Manager, Market Regulation
Capital Markets Branch
Ontario Securities Commission
Suite 800, Box 55,
20 Queen Street West
Toronto, Ontario. M5H 3S8
Fax: (416) 593-8240
e-mail: cpetlock@osc.gov.on.ca

**Background to the Proposed Amendment**

While public access to hearings is implied in the existing Policy 10.8, it was thought desirable that specific provision be made to require public access to the various forms of hearings except in certain circumstances. The amendment essentially incorporates the standard established for public access to hearings under the *Statutory Powers Procedure Act* (Ontario). That statute applied to hearings conducted by the Toronto Stock Exchange ("TSX") under the rules and by-laws of the TSX as the TSX was created by statute in the Province of Ontario. As RS is a recognized self-regulatory organization incorporated under the *Canada Business Corporations Act*, RS does not exercise a statutory power of decision and is therefore not subject to the *Statutory Powers Procedure Act* (Ontario) nor comparable legislation in any of the other jurisdictions in which RS is recognized as a self-regulatory organization.

**Impact of the Proposed Amendment**

The proposed amendment would provide "public access" to a hearing conducted by RS. In the case of an oral hearing, the hearing would be open to the public. The public would be given reasonable access to documents submitted for a written hearing at the office of RS during ordinary business hours. In the case of an electronic hearing, the public shall have reasonable access to the proceedings.

Public access to a hearing could be denied if:

- a specific Rule or Policy provides that a hearing be conducted in the absence of the pubic;
- the Hearing Panel determines that the exclusion of the public from an oral or electronic hearing is necessary for the maintenance of order at the hearing; or
- the Hearing Panel determines that intimate financial or personal matters may be disclosed at the hearing and that the desirability of avoiding disclosure of such personal matters outweighs the desirability of public access to the hearing.

Under the proposed amendment, unless otherwise provided by the Hearing Panel or the terms of a specific Rule or Policy, the public would have access to a hearing to consider:

- approval or rejection of a Settlement Agreement entered into between RS and any person with respect to a violation of UMIR;

- a disciplinary matter undertaken pursuant to a Notice of Hearing issued by RS as against any person alleged not to have complied with a requirement of UMIR; and

- a hearing to consider any procedural applications or motions in relation to a disciplinary proceeding.

**Appendix**

The text of the amendments to the Policies under UMIR to provide for public access to hearings is set out in Appendix "A".

**Questions**

Questions concerning this notice may be directed to:

James E. Twiss,
Senior Counsel,
Operations and General Counsel,
Market Regulation Services Inc.,
Suite 900,
P.O. Box 939,
145 King Street West,
Toronto, Ontario. M5H 1J8
Telephone: 416.646.7277
Fax: 416.646.7265
e-mail: james.twiss@regulationservices.com

ALEXANDER DASCHKO
VICE PRESIDENT, OPERATIONS,
GENERAL COUNSEL AND SECRETARY

**Schedule "A"**

***Universal Market Integrity Rules***

**Public Access to Hearings**

The Policies to the Universal Market Integrity Rules are amended by adding the following as section 9.7 of Policy 10.8:

*9.7 Public Access to Hearing*

(1) Subject to subsection (2), each hearing shall be conducted in a manner:

(a) in the case of an oral hearing, to be open to the public;

(b) in the case of a written hearing, to provide members of the public with reasonable access to the documents submitted at the office of the Market Regulator during ordinary business hours; and

(c) in the case of an electronic hearing, to provide members of the public with reasonable access to the proceedings.

(2) A hearing shall be conducted in the absence of the public in the case of an oral or electronic hearing or without access to the documents submitted in the case of a written hearing if:

(a) a specific Rule or Policy provides that a hearing be conducted in the absence of the public or without access to the documents submitted;

(b) in the opinion of the Hearing Panel, the absence of the public from an oral or electronic hearing is necessary for the maintenance of order at the hearing; and

(c) in the opinion of the Hearing Panel, intimate financial or personal matters or other matters may be disclosed at the hearing of such a nature, having regard to the circumstances, that the desirability of avoiding disclosure in the interest of any person affected or in the public interest outweighs the desirability of adhering to the principle that hearings be open to the public.

### 13.1.5 IDA Discipline Penalties Imposed on Paul Alexander Bishop – Violation of By-law 29.1

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

**BULLETIN #3056**
October 4, 2002

**DISCIPLINE**

**DISCIPLINE PENALTIES IMPOSED ON PAUL ALEXANDER BISHOP – VIOLATION OF BY-LAW 29.1**

**Person Disciplined**

The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Paul Alexander Bishop, at the relevant times a Registered Representative with RBC Dominion Securities Inc., a member of the Association.

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

On _____, 2002 the District Council reviewed and accepted a settlement agreement negotiated with the Association's Enforcement Department Staff. In the settlement agreement, Mr. Bishop acknowledged that he:

1. engaged in conduct unbecoming and detrimental to the public interest by altering the Futures Account Application Form of his client IT so that it would conform to the minimum requirements for opening such an account, the same being completed without proper client authorization and for the express purpose of circumventing RBC's account opening policies and procedures, contrary to By-law 29.1 of the Association.

**Penalty Assessed**

The discipline penalties assessed against Mr. Bishop are a fine of $20,000; a requirement that, as a condition of continued approval in any capacity with a Member of the Association, he re-write the Conduct & Practices Handbook examination within six (6) months; he file monthly supervision reports for six (6) months; and potential suspension without notice if he fails to comply in any way with the penalties awarded. Finally, he has been ordered to pay the Association's costs in an amount of $6,000.

**Summary of Facts**

At all relevant times, Mr. Bishop was employed as a Registered Representative with RBC Dominion Securities Inc.

The sanctions levied against Mr. Bishop arose from his conduct

In 1999 the Respondent, opened an account for a new client. The application was sent to RBC Compliance Department for approval. however, the Compliance Department rejected the application because it did not meet the minimum requirements for opening this account. Upon the rejection of the application, the Respondent altered the amounts originally provided by the client such that they would meet the minimum thresholds. The copy of the application that the Respondent re-submitted to the Compliance Department for approval was altered. The Respondent did not obtain proper client authorization for the changes the Respondent made to the application. Consequently, the Respondent placed his client at much higher financial risk than appropriate in all circumstances. Furthermore, the Respondent did not notify RBC Compliance Department that the application form he was providing was a re-submission which contained changes from the original and that the changes were neither signed by the client. Consequently, the Respondent deceived his member firm RBC and caused it to rely upon and approve falsified documentation and information.

Kenneth A. Nason
*Association Secretary*

# Chapter 25

# Other Information

### 25.1.1 Securities

**RELEASE FROM ESCROW**

| COMPANY NAME | DATE | NUMBER AND TYPE OF SHARES | ADDITIONAL INFORMATION |
|---|---|---|---|
| Infolink Technologies Ltd. | Oct. 4, 2002 | 298,766 common shares | . |

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