The Ontario Securities Commission

OSC Bulletin

February 21, 2003

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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

FEBRUARY 21, 2003

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

THE COMMISSIONERS

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Derek Brown	—	DB
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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

DATE: TBA **Robert Thomislav Adzija *et al***

s. 127

T. Pratt in attendance for Staff

Panel: TBA

DATE: TBA **First Federal Capital (Canada) Corporation and Monte Morris Friesner**

s. 127

A. Clark in attendance for Staff

Panel: TBA

DATE: TBA **Patrick Fraser Kenyon Pierrepont Lett, Milehouse Investment Management Limited, Pierrepont Trading Inc., BMO Nesbitt Burns Inc.*, John Steven Hawkyard[+] and John Craig Dunn**

s. 127

K. Manarin in attendance for Staff

Panel: TBA

* BMO settled Sept. 23/02
[+] settlement hearing Feb. 26/03

February 17 to 21, 2003 and February 25 to 28, 2003. **Teodosio Vincent Pangia, Agostino Capista and Dallas/North Group Inc.**

s. 127

All days10:00 a.m. Except, February 18, 2003 at 2:30 p.m. Y. Chisholm in attendance for Staff

Panel: HLM/MTM

February 24, 2003 **Meridian Resources Inc. and Steven Baran**

10:30 a.m.

s. 127

K. Manarin in attendance for Staff

Panel: PMM/KDA

February 26, 2003	**John Steven Hawkyard**
10:00 a.m.	s. 127
	K. Manarin in attendance for Staff
	Panel: PMM/KDA
February 27, 2003	**CIBC World Markets Inc.**
10:00 a.m.	s. 127 & 127.1
	A. Clark in attendance for Staff
	Panel: RWD/DB
April 8 to 25, 2003 excluding April 18, 2003.	**Phoenix Research and Trading Corporation, Ronald Mock and Stephen Duthie**
All days at 10:00 a.m. except April 15, 2003 at 2:30 p.m.	s. 127
	T. Pratt in attendance for Staff
	Panel: TBA
April 14, 2003	**Philip Services Corporation (Motion)**
10:00 a.m.	s. 127
	K. Manarin in attendance for Staff
	Panel: TBA
May 6, 2003	**Gregory Hyrniw and Walter Hyrniw**
10:00 a.m.	s. 127
	Y. Chisholm in attendance for Staff
	Panel: TBA

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

Global Privacy Management Trust and Robert Cranston

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

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

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

1.1.2 Rule 55-501 Insider Report

RULE 55-501 INSIDER REPORT
REVOCATION DATE CLARIFIED

Please note that, effective November 13, 2001, Rule 55-501 *Insider Report* was revoked. This rule was replaced by Form 55-102F6 for insiders filing reports in paper format.

1.1.3 Notice of Commission Approval of Amendments to National Instrument 55-102, Related Forms and Companion Policy Statement 55-102CP

NOTICE OF COMMISSION APPROVAL OF AMENDMENTS TO NATIONAL INSTRUMENT 55-102, RELATED FORMS AND COMPANION POLICY STATEMENT 55-102CP

On February 18, 2003, the Commission approved a rule that amends National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)* (the National Instrument), and related Forms 55-102F1, 55-102F2, 55-102F3 and 55-102F6 (the Forms). On February 19, 2003, the rule was delivered to the Minister of Finance for her approval.

On December 10, 2002, the Commission adopted amendments to Companion Policy Statement 55-102CP (the Policy). The amendments to the Policy came into force in Ontario on December 10, 2002.

The amendments to the National Instrument, Forms and Policy are published in Chapter 5 of the Bulletin along with an explanatory notice of the amendments.

1.1.4 Notice of Commission Adoption of Amendment to OSC Policy 13-601

NOTICE OF COMMISSION ADOPTION OF AMENDMENT TO OSC POLICY 13-601

On December 10, 2002, the Commission adopted an amendment to OSC Policy 13-601 *Public Availability of Filed Material Under the Securities Act* (the Amendment). The Amendment came into force on December 10, 2002 and makes no material substantive change to the existing policy. The Amendment specifies that certain personal information filed on paper insider reports is to be kept confidential. It is related to the amendments to Schedule A of Companion Policy Statement 55-102CP (55-102CP) to National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)* (NI 55-102), as set out in the separate notice in this section for the amendments to NI 55-102 and 55-102CP.

The Amendment is published in Chapter 5 of the Bulletin.

1.1.5 OSC Staff Notice 33-721 - CSA/OSC STP Readiness Assessment Survey

OSC STAFF NOTICE 33-721

CSA/OSC STP READINESS ASSESSMENT SURVEY

Industry Initiative

The Canadian Capital Markets Association (CCMA), an organization founded in 2000 by participants in the Canadian financial services industries to identify and recommend ways to meet the challenges and opportunities faced by our capital markets, is promoting straight-through processing (STP) strategies among market participants. The CCMA's STP milestones show interim goals in 2004, with the final milestone being the achievement of STP by mid-2005. STP implies electronic rather than manual interfaces between participants, competitors and providers. To be STP compliant, all registrants and other market participants will need to examine their systems and processes and remove the manual and redundant processing steps for the entire life cycle of a securities transaction.

Regulators' Monitoring

The Canadian Securities Administrators (CSA) believe that STP is an extremely important initiative. The continuing success of our capital markets depends on the ability of our markets to compete with global markets, particularly the U.S. markets. The CCMA are spearheading this initiative.

Because the OSC has a responsibility to foster confidence in the capital markets in Ontario, it is monitoring the industry's move to STP. The OSC, together with other CSA jurisdictions, will be providing a survey to business registrants to assess the preparedness of the industry in Canada for STP.

As a first step, the OSC recently wrote to approximately 850 business registrants in Ontario in January, 2003 informing them of the survey and requesting that they provide the name of the most senior individual that has direct responsibility for the STP project within their organization. We will forward a further letter via email in early March to that individual, providing instructions on how to access our web-based survey.

For more information on the STP initiative, please visit the OSC website at www.osc.gov.on.ca and the CCMA website at www.ccma-acmc.ca.

For further information regarding the STP survey, contact:

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Ontario Securities Commission
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e-mail: rpavalow@osc.gov.on.ca

Emily Sutlic
Legal Counsel, Market Regulation
Capital Markets Branch
Ontario Securities Commission
Phone: 416-593-2362
Fax: 416-595-8940
e-mail: esutlic@osc.gov.on.ca

1.1.6 Assignment of Certain Powers and Duties of the OSC - Amendment to Executive Director's Designation and Determination

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

AND

**IN THE MATTER OF
THE DESIGNATION BY THE EXECUTIVE DIRECTOR
OF POSITIONS FOR THE PURPOSE OF THE
DEFINITION OF "DIRECTOR" IN THE ACT**

AND

**IN THE MATTER OF
THE ASSIGNMENT OF CERTAIN POWERS AND
DUTIES OF
THE ONTARIO SECURITIES COMMISSION**

**AMENDMENT TO
EXECUTIVE DIRECTOR'S DESIGNATION AND
DETERMINATION**

WHEREAS:

A. on April 12, 1999 the Commission assigned, pursuant to subsection 6(3) of the Act, certain of its powers and duties under the Act to each "Director" as that term is defined in subsection 1(1) of the Act, acting individually (the "Original Assignment");

B. the Original Assignment was amended on September 7, 1999, February 15, 2000, January 23, 2001, April 27, 2001 and October 3, 2001 (the Original Assignment as amended hereinafter referred to as the "Commission Assignment");

C. the Commission Assignment provides that the Executive Director of the Commission;

(i) shall determine from time to time, which one or more other Directors (in each case acting alone) should, as an administrative matter, exercise each of the powers or perform each of the duties assigned by the Commission to each Director, and

(ii) may, acting alone, also exercise each of such powers or perform each of such duties assigned by the Commission to each Director;

D. on April 12, 1999, the Executive Director made a Designation and Determination pursuant to the Original Assignment, which was also amended on September 7, 1999 (the "Prior Designation");

E. on February 15, 2000, the Executive Director revoked the Prior Designation and issued a new Designation and Determination, as amended on October 13, 2000, on October 16, 2000 and on August 7, 2001 (as amended, the "Current Designation"), which designated in paragraph 2 thereof a number of positions, whether or not in an acting capacity, for the purposes of the definition of "Director" in the Act and also for the purpose of the Commission Assignment;

F. the Executive Director considers it necessary and desirable to amend the Current Designation.

NOW THEREFORE, the Executive Director hereby amends paragraph 2 of the Current Designation by deleting clause (a) thereof and replacing it with a new clause (a) as follows;

(a) the Director, Take-Over/Issuer Bids, Mergers & Acquisitions, and each Manager and Assistant Manager in the Corporate Finance Branch of the Commission;

February 14, 2003.

"Charlie Macfarlane"

1.3 News Releases

1.3.1 Joint Forum of Financial Market Regulators Media Briefing: Changes to How Consumers Receive Information on Mutual Funds and Segregated Funds

FOR IMMEDIATE RELEASE **February 12, 2003**

MEDIA BRIEFING: CHANGES TO HOW CONSUMERS RECEIVE INFORMATION ON MUTUAL FUNDS AND SEGREGATED FUNDS

TORONTO – Representatives of the Ontario Securities Commission and the Financial Services Commission of Ontario will be available to discuss proposed changes to how consumers receive information on mutual funds and segregated funds at point of sale.

When: Thursday February 13, 2003, 10 a.m. to 11 a.m.

Where: Ontario Securities Commission
20 Queen Street West, 22nd Floor, Toronto

This consultation is an initiative of the Joint Forum of Financial Market Regulators. The Joint Forum was founded in 1999 by the Canadian Council of Insurance Regulators (CCIR), the Canadian Securities Administrators (CSA), and the Canadian Association of Pension Supervisory Authorities (CAPSA), and also includes representation from the Canadian Insurance Services Regulatory Organizations (CISRO) and the Bureau des services financiers in Quebec.

For Media Inquiries: Eric Pelletier
Ontario Securities Commission
416-595-8913

Brian Donlevy
Financial Services Commission
of Ontario
416-590-7057

1.3.2 OSC Adjourns Hearing in Relation to ATI Technologies Inc., K.Y. Ho, Betty Ho, Jo-Anne Chang, David Stone, Mary de la Torre, Alan Rae, and Sally Daub

FOR IMMEDIATE RELEASE
February 12, 2003

OSC ADJOURNS HEARING IN RELATION TO ATI TECHNOLOGIES INC., K.Y. HO, BETTY HO, JO-ANNE CHANG, DAVID STONE, MARY DE LA TORRE, ALAN RAE, AND SALLY DAUB

TORONTO – The Ontario Securities Commission has adjourned the hearing against ATI Technologies Inc., K.Y. Ho, Betty Ho, Jo-Anne Chang, David Stone, Mary de la Torre, Alan Rae and Sally Daub scheduled for February 14, 2003, to a date to be agreed to by counsel.

Copies of the Notice of Hearing and Statement of Allegations are available at **www.osc.gov.on.ca** or from the Commission, 19th Floor, 20 Queen Street West, Toronto, Ontario.

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

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

1.3.3 CSA News Release - Finding Mr. or Ms. Right (Financial Adviser)

For Immediate Release **February 13, 2003**

FINDING MR. OR MS. RIGHT (FINANCIAL ADVISER)

Winnipeg – With Valentine's Day at hand, Canadians may be more preoccupied with roses and chocolates than mulling over their financial future and planning their investment goals. But with the RRSP contribution deadline looming, many people will turn to a financial adviser to help them plan to achieve their goals and securities regulators are cautioning people to be careful in picking a suitable adviser.

"Finding an adviser who understands your needs can go a long way towards helping you achieve your goals," said Doug Hyndman, Chair of the Canadian Securities Administrators (CSA), the umbrella organization representing the 13 provincial and territorial securities commissions. "As with any other important decision in your life, having the right information and knowing what questions to ask can help you find the right adviser for your needs."

There are no laws on who can call themselves a financial planner, so before you choose one, start by getting the information you need to make an informed decision, say regulators.

Here are some basic guidelines to help you find the right adviser for your needs:

1. Your relationship with your financial adviser will probably last a number of years, so it is important to find the right one at the start. Consider interviewing several advisers before making your decision. You should feel comfortable with your financial adviser, feel that they understand your needs, and be able to understand the advice they are giving you. Remember that you are not only going to them for their expertise, but to get their advice in plain and easy to understand language. If you cannot understand the advice, it will not help you.

2. Your adviser has a duty to deal with you fairly and with your best interests in mind. Your adviser should provide you with information about themselves and their relationship with you in writing. This should include: how they will be paid by you, their business relationships (for example, being a mutual fund salesperson for a certain fund company) and any potential conflicts of interest they might have, and their professional qualifications.

3. They should provide you with a written plan describing your current financial situation, your goals, your level of risk tolerance, and an outline of how you can achieve your goals within your budget.

4. Because our lives are always changing, financial plans are not set in stone. As your life circumstances will change over the years, you should meet with your adviser at least once a year, if not more often, to review your progress and your financial plan, making adjustments to the plan to meet your current needs.

These are very general guidelines. There are many good books, magazines and web-based materials that can help explain the financial planning process and picking the right adviser. Check the CSA website (**www.csa-acvm.ca**) for more information.

Backgrounder:

The following is a handy checklist that investors may wish to use in evaluating their financial adviser.

Is Your Adviser Making the Grade?

Your relationship with your financial adviser will be one of the longest standing relationships you have with a professional. The quality of the relationship is important - after all, this is your financial future. Like any relationship, it never hurts to take a step back and take a second look to make sure it is working out for you. The answers to these questions can help you know if your adviser is making the grade:

	Yes	No	Don't Know
Did your adviser give you a written financial plan setting out your current financial status, you goals, risk tolerance and a series of reasonable steps to meet your goals?	❑	❑	❑
Has your adviser given you, in writing, how they will be paid by you, their business relationships (for example, being a mutual fund salesperson for a certain fund company) and any potential conflicts of interest they might have, and their professional qualifications?	❑	❑	❑

Does your adviser provide you with regular updates on how your investments are performing?	❑	❑	❑
Can you reach your adviser when you have questions or concerns?	❑	❑	❑
Can your adviser answer all your questions or concerns using plain language that you can understand?	❑	❑	❑
Has your adviser set up one or more meetings with you each year to review your plan and update it with new information affecting your financial goals?	❑	❑	❑
Does your adviser provide you with an updated financial plan when new information results in changes?	❑	❑	❑

If you answered YES to all of these questions, you and your adviser seem to be on the right track. If you answered NO or Don't Know to one or more questions, talk to your adviser about what they aren't doing for you. Never be shy to talk about any of these questions with your adviser. This is your financial future and you deserve the best service from your adviser to help meet your goals.

Media relations contacts:

B.C. Securities Commission Andrew Poon 604-899-6880 1-800-373-6393 (B.C. & Alberta only) www.bcsc.bc.ca	Alberta Securities Commission Joni Delaurier 403-297-4481 www.albertasecurities.com
Manitoba Securities Commission Ainsley Cunningham 204-945-4733 1-800-655-5244 (Manitoba only) www.msc.gov.mb.ca	Ontario Securities Commission Eric Pelletier 416-595-8913 1-877-785-1555 (toll free in Canada) www.osc.gov.on.ca
Commission des valeurs mobilières du Québec Barbara Timmins 514-940-2199, ext. 4434 1-800-361-5072 (Québec only) www.cvmq.com	N.B. Securities Administration Branch Christina Taylor 506-658-3060 1-866-933-2222 (New Brunswick only) www.investor-info.ca
Nova Scotia Securities Commission Nick Pittas 902-424-7768 www.gov.ns.ca/nssc	Securities Commission of Newfoundland and Labrador Susan W. Powell 709-729-4875 www.gov.nf.ca/gsl/cca/s
Registrar of Securities Department of Justice/Government of the Northwest Territories Tony Wong 867-873-7490 tony_wong@gov.nt.ca	

1.3.4 Joint Forum of Financial Market Regulators News Release - Regulators Propose a Unique Disclosure System Tailored for Segregated Funds and Mutual Funds

FOR IMMEDIATE RELEASE

REGULATORS PROPOSE A UNIQUE DISCLOSURE SYSTEM TAILORED FOR SEGREGATED FUNDS AND MUTUAL FUNDS

TORONTO (February 13, 2003) - The Joint Forum of Financial Market Regulators (Joint Forum) released a consultation paper today proposing changes to the way information is communicated to consumers of segregated funds and mutual funds about their investment choices. The consultation paper, *Rethinking Point of Sale Disclosure for Segregated Funds and Mutual Funds*, is the latest Joint Forum initiative directed towards improving and harmonizing financial services regulation across different sectors and jurisdictions. The consultation paper reinforces the Joint Forum's commitment to work to harmonize the regulation of segregated funds and mutual funds.

This paper comes in response to the industry's belief that segregated fund information folders and mutual fund prospectuses do not serve it, or consumers, particularly well. "This discussion paper highlights proposed changes that are designed to bring information to consumers when they need it, in a form they can use, in a cost-effective, practical manner," said David Wild, Chair of the Joint Forum and Chair of the Saskatchewan Financial Services Commission "We believe consumers need reliable, accessible information about individual funds and our proposals are about making sure our disclosure systems meet that need," added Mr. Wild.

The regulators propose to take a common sense approach to point of sale disclosure that recognizes advances in technology, and research around consumer needs and behaviour. The proposed disclosure regime creates an integrated disclosure system tailored for segregated funds and mutual funds that relies on an access-equals-delivery approach. The system is uniquely suited to the realities of segregated fund and mutual fund sales, and represents a significant step forward for the regulators.

The most important information about a fund will be available to consumers in the form of a one or two-page *fund summary document* that sales representatives will use during the sales process *before* a decision is made. Consumers will be told how they can get other information about their fund, including a *foundation document* and the *continuous disclosure record.* These documents, along with a *consumers' guide*, will be available to consumers electronically -- and in paper -- at all times. The foundation document will define a particular fund by including information about the objectives, strategies and management of the fund. The continuous disclosure record will consist of annual and semi-annual financial statements of the fund, as well as periodic discussions of fund performance by management.

The new regime will ultimately mean more and better information for consumers upon which to base their investment decisions. The most important information will be delivered in a user-friendly format while the detailed background and educational material contained in the information folder and prospectus today will always be available electronically or upon request. Educational information that is not currently available in any point of sale document will be introduced. The system takes a layered approach to disclosure and gives each consumer the option to choose how much information he or she needs.

Copies of the consultation paper can be obtained by contacting Stephen Paglia, Senior Policy Analyst, Joint Forum Project Office [phone: (416) 590-7054, e-mail: spaglia@fsco.gov.on.ca]. Alternatively, copies can be obtained online at regulators'websites (e.g., www.osc.gov.on.ca, www.fsco.gov.on.ca).

Deadline for submitting comments to the Joint Forum is April 30, 2003.

The Joint Forum was founded in 1999 by the Canadian Council of Insurance Regulators (CCIR), the Canadian Securities Administrators (CSA), and the Canadian Association of Pension Supervisory Authorities (CAPSA), and also includes representation from the Canadian Insurance Services Regulatory Organizations (CISRO) and the Bureau des services financiers in Quebec.

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1.3.5 OSC Proceedings in Respect of Teodosio Vincent Pangia, Agostino Capista and Dallas/North Group Inc.

FOR IMMEDIATE RELEASE
February 17, 2003

OSC PROCEEDINGS IN RESPECT OF TEODOSIO VINCENT PANGIA, AGOSTINO CAPISTA AND DALLAS/NORTH GROUP INC.

TORONTO – The hearing scheduled to commence on Monday, February 17, 2003, has been adjourned on consent of the parties.

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

For Investor Inquiries: OSC Contact Centre
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1.3.6 New OSC Piece Helps Investors Learn About Income Funds

FOR IMMEDIATE RELEASE
February 17, 2003

NEW OSC PIECE HELPS INVESTORS LEARN ABOUT INCOME FUNDS

TORONTO – In response to increased interest from investors, the Ontario Securities Commission has launched a new web-based information piece to help investors understand income funds (also called income trusts).

The Ins and Outs of Income Funds discusses income fund risk and return, and lists the factors that may affect the risk profiles of individual income funds. The piece also covers income fund structure and background, and why companies may choose to offer securities by way of income fund offerings rather than via traditional initial public offerings.

"Interest in income funds has exploded over the past year, and we feel it is important for investors to have information about this investment product," says Perry Quinton, Manager, Investor Communications at the OSC.

The Ins and Outs of Income Funds suggests investors do their research on these sophisticated products, and read the public disclosure documents before they invest.

"The popularity of income funds has increased with the availability of specialty income funds; investors can now choose from funds based on a range of businesses from pet food to restaurant chains," says Ms. Quinton. "Investors need to look very carefully at the underlying business of income funds, because they are relying on that business to provide consistent investment returns."

Investors can read *The Ins and Outs of Income Funds* on **www.investorED.ca**, the new Investor *e*.ducation Fund website. The site is dedicated to providing investors with objective financial information that assists them with making informed investment decisions.

About the Ontario Securities Commission:

The Ontario Securities Commission is the regulatory body for the securities industry in Ontario, administering and enforcing the Ontario Securities Act and Commodity Futures Act. Our mandate is to provide protection to investors from unfair or improper practices and to foster fair and efficient capital markets.

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1.3.7 OSC Extends Cease Trade Order Against Mark Edward Valentine, Finds He Breached Previous Order

FOR IMMEDIATE RELEASE
February 17, 2003

OSC EXTENDS CEASE TRADE ORDER AGAINST MARK EDWARD VALENTINE, FINDS HE BREACHED PREVIOUS ORDER

TORONTO – The Ontario Securities Commission has extended its temporary cease trade order against Mark Edward Valentine. The new order suspends Mark Valentine's registration and prohibits him from trading in securities, with certain exceptions, until at least July 31, 2003.

In reasons for decision released with the order, the Commission ruled that Mr. Valentine breached the previous cease trade order by trading in futures contracts in July of 2002. As a result, the Commission has added a reporting requirement for the exempted trades permitted by the order. Mr. Valentine must now provide copies of all of his monthly brokerage account statements to Staff of the Commission, and close all brokerage accounts not held directly in his name.

Copies of the Commission's order and reasons for decision, as well as the Notice of Hearing and Statement of Allegations are available on the Commission's website at **www.osc.gov.on.ca**.

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

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1-877-785-1555 (Toll Free)

1.3.8 OSC Approves Settlement Reached With Offshore Marketing Alliance and Warren English

FOR IMMEDIATE RELEASE
February 17, 2003

OSC APPROVES SETTLEMENT REACHED WITH OFFSHORE MARKETING ALLIANCE and WARREN ENGLISH

TORONTO – The Ontario Securities Commission today approved a settlement agreement reached by Staff of the Commission with Offshore Marketing Alliance ("OMA") and Warren English.

Staff of the Commission alleged that OMA and English participated in an illegal distribution of securities in the form of "Prime Bank" trading contracts. Staff also alleged that OMA and English had breached a cease trade order issued by the Commission in this matter in December of 2000 by continuing to trade in the contracts.

In the settlement agreement, OMA and English admit to violations of the Securities Act and to the breach of the cease trade order. As a result, the Commission imposed the following sanctions:

- English must cease trading in securities for a period of 10 years, must resign any positions that he holds as a director or officer of an issuer, is prohibited from becoming the director or officer of an issuer for a period of 15 years, and was reprimanded by the Commision; and
- OMA must cease trading in securities permanently and was reprimanded by the Commission.

In administering the reprimand, Commissioner Robert Shirriff Q.C. observed that the admitted breaches were "serious matters" and merited the sanctions imposed.

Copies of the Commission's order and the settlement agreement in this matter are available on the Commission's website at **www.osc.gov.on.ca**.

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

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

1.3.9 OSC Finds Costello Contravened Securities Act

FOR IMMEDIATE RELEASE
February 19, 2003

OSC FINDS COSTELLO CONTRAVENED SECURITIES ACT

TORONTO – In a decision issued yesterday, the Ontario Securities Commission found that Brian Costello's failure to become registered as an adviser contravened section 25(1)(c) of the *Ontario Securities Act*.

"His failure to make full, complete and conspicuous disclosure of his many conflicts of interest was contrary to the public interest," the three-member panel of the Commission said in its decision.

The panel has requested submissions from counsel for Mr. Costello and OSC Staff on what sanctions, if any, should be made in the public interest.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Investors 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
ALBERTA, MANITOBA, NEWFOUNDLAND AND LABRADOR, NOVA SCOTIA, ONTARIO, QUÉBEC AND SASKATCHEWAN

AND

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

AND

IN THE MATTER OF
INVESTORS GROUP INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Manitoba, Newfoundland and Labrador, Nova Scotia, Ontario, Québec and Saskatchewan (collectively, the "Jurisdictions") has received an application from Investors Group Inc. ("Investors Group") and Mackenzie Financial Corporation ("MFC") for a decision under 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 Investors Group by reason of being an officer of MFC and having the title Vice-President or Assistant Vice-President**;**

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Manitoba 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 Investors Group and MFC have represented to the Decision Makers that:

1. Investors Group is a corporation incorporated under the *Canada Business Corporation Act*. It is a reporting issuer in each of the provinces and territories of Canada.

2. MFC is a corporation incorporated under the *Business Corporations Act* (Ontario). MFC was a reporting issuer in each of the provinces and territories of Canada. Investors Group indirectly acquired 100% of MFC's outstanding shares in April 2001. MFC ceased to be a reporting issuer pursuant to a MRRS Decision Document dated July 26, 2001.

3. MFC is a "major subsidiary" of Investors Group as defined in National Instrument 55-101 – Exemption from certain Insider Reporting Requirements ("NI 55 – 101").

4. Investors Group is not in default of any requirements under the Legislation.

5. As of October 21, 2002, there were 121 "insiders" of Investors Group who were insiders as a result of being an officer or director of MFC.

6. None of the Exempt VPs (as defined below) are otherwise exempt from the insider reporting requirements by reason of an existing exemption order.

7. The relief sought in this application is being sought on behalf of 56 insiders of Investors Group who are Vice-Presidents or Assistant Vice-Presidents of MFC and who meet the criteria in CSA Staff Notice 55-306 (the "Staff Notice") to be considered "nominal vice-presidents". These

individuals are collectively referred to herein as the "Exempt VPs".

8. None of the Exempt VPs are in charge of a principal business unit, division or function of Investors Group, or a "major subsidiary" (as that term is defined in NI 55-101) of Investors Group including MFC. The Exempt VPs do not, in the ordinary course of their employment, receive notice of or have access to information as to material facts or material changes in respect of Investors Group prior to the general disclosure to the public of such facts or changes. In addition, none of the Exempt VPs are insiders of Investors Group in any other reporting capacity.

9. Investors Group has developed policies and procedures with respect to "insider" trading that govern all "insiders" and that also apply to employees who have knowledge of material undisclosed information (collectively, the "Insider Trading Policy"). The Insider Trading Policy sets out the following two general guidelines with respect to trading in the securities of Investors Group: (i) insiders should not deal in securities of Investors Group if in possession of material undisclosed information; and (ii) insiders in possession of material undisclosed information should not communicate this information to any other person, other than if it is necessary to carry out their duties. In addition, the Insider Trading Policy sets out specific "Closed Periods" when no trading may take place by insiders without the prior approval of the Chairman or the President of Investors Group. These Closed Periods include the periods around the preparation of financial results.

10. Investors Group has established a compliance committee (as defined in this paragraph) to determine who will be an Exempt VP and to inform insiders of their obligations as insiders to file insider reports and their obligation to notify the Compliance Committee of any changes to their job descriptions so that the Compliance Committee can make a determination as to whether that insider should be added to or removed from the list of Exempt VPs. For the purpose of this decision, the Compliance Committee will be comprised of: (a) the senior vice-president and general counsel of Investors Group and (b) the corporate secretary of Investors Group (together, the Investors Group representatives); (c) the senior vice-president/general counsel of MFC; (d) the senior law clerk of MFC and (e) the chief compliance officer of MFC ((c), (d) and (e) together, the MFC representatives) (the "Compliance Committee").

11. In compiling the list of Exempt VPs, the Compliance Committee considered the job requirements and principal functions of MFC's Vice-Presidents and Assistant Vice-Presidents to determine which of them met the definition of "nominal vice-president" contained in the Staff Notice. In the opinion of the Compliance Committee**,** the Exempt VPs meet the criteria set out in the Staff Notice.

12. The Compliance Committee will assess any future employee of MFC who has the title of Vice-President or Assistant Vice-President on the same basis as set out above, and will re-assess all Exempt VPs who experience a change in job requirements or functions, to determine if such individuals meet, or continue to meet, the definition of "nominal vice-president" contained in the Staff Notice. This process will be carried out as follows: all individuals who are Assistant Vice-Presidents or Vice-Presidents will be reviewed by the MFC representatives on the Compliance Committee who will then provide their recommendation as to who qualifies as an Exempt VP. Subsequently, this list will be provided to the Investors Group representatives who will have the opportunity to question the MFC recommendations or to accept them.

13. If an individual who is designated as an Exempt VP no longer satisfies the definition of "nominal vice-president" contained in the Staff Notice, the individual will be added to the list of Investors Group insiders, given a copy of the Insider Trading Policy that applies to insiders of Investors Group, a member of the Compliance Committee will explain the trading policies to such insider and confirm with such insider in writing that he or she understands their obligation to file insider reports in accordance with securities legislation and that he or she undertakes to comply with such requirements.

14. Investors Group has filed with the Decision Makers in connection with this application a copy of its Insider Trading Policy and the list of Exempt VPs.

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

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

THE DECISION of the Decision Makers under the Legislation is that the requirement contained in the Legislation to file insider reports shall not apply to the Exempt VPs or to any other employee of MFC who hereafter acquires the title Vice-President or Assistant Vice-President provided that:

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

(b) Investors Group 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 of Investors Group for approval, and files the list with the Decision Makers;

(c) Investors Group files with the Decision Makers a copy of its Insider Trading Policy; and

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

February 5, 2003.

"Doug Brown"

2.1.2 Texaco Capital LLC - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Application - Filer is a subsidiary of a U.S. corporation where U.S. parent is a credit supporter - filer is exempt from interim and annual financial statement requirements (including MD&A requirements), material change requirements and insider reporting requirements - Relief subject to conditions, including U.S. parent filing with the Jurisdictions, Forms 10-K, 10-Q and 8-K, when it files such with the SEC.

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, BRITISH COLUMBIA, QUEBEC,
MANITOBA AND NOVA SCOTIA

AND

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

AND

IN THE MATTER OF
TEXACO CAPITAL LLC

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (collectively, the "Decision Makers") in each of the provinces of Alberta, Ontario, British Columbia, Quebec, Manitoba and Nova Scotia (the "Jurisdictions") have received an application from Texaco Capital LLC ("Texaco Capital") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

1. Texaco Capital be exempted from the requirements of the Legislation, where applicable, to issue, file and send to securityholders annual financial statements, annual report, annual information form, interim financial statements, management's discussion and analysis of financial condition and results of operations, news releases in respect of material changes and material changes reports in respect of the affairs of Texaco Capital (the "Continuous Disclosure Requirements"); and

2. each insider of Texaco Capital be exempted from the requirements of the Legislation to file insider reports (the "Insider Reporting Requirements");

AND WHEREAS under the Mutual Reliance Review System For Exemptive Relief Applications (the

"System"), the Alberta Securities Commission is the principal regulator for this application;

AND WHEREAS Texaco Capital has represented to the Decision Makers that:

1. Texaco Capital is a limited life company organized under the laws of the Turks and Caicos Islands and its registered offices are located at Maclaw House, P.O. Box 103, Duke Street, Grand Turk, Turks and Caicos Islands, British West Indies;

2. Texaco Inc. ("Texaco") directly or indirectly holds 100% of the common shares of Texaco Capital;

3. pursuant to orders granted by the Decision Makers (the "Prior Orders") in connection with an offering (the "Offering") of preferred shares, Series C of Texaco Capital ("Series C Preferred Shares"), the Decision Makers granted relief similar to the relief requested in this application;

4. on October 9, 2001, Texaco became a wholly-owned subsidiary of Chevron Corporation pursuant to a merger transaction (the "Merger") and Chevron Corporation changed its name to ChevronTexaco Corporation ("ChevronTexaco");

5. Texaco Capital has no securities outstanding other than the common shares held directly or indirectly by Texaco and the Series C Preferred Shares;

6. following the Merger, all Texaco securities were de-listed from U.S. exchanges and Texaco made filings on Form 15 with the U.S. Securities and Exchange Commission (the "SEC") to terminate its disclosure obligations under the Securities Exchange Act of 1934, as amended (the "1934 Act"). As a result of such Form 15 filings, Texaco was not required to and did not file a 2001 third-quarter report on Form 10-Q with the SEC. Accordingly, such 2001 third-quarter report or any subsequent report has not been filed with the Decision Makers and mailed to securityholders of Texaco Capital; however, ChevronTexaco has filed its 2001 third-quarter report on Form 10-Q, its 2001 annual report on Form 10-K, its 2002 first-quarter report on Form 10-Q, its 2002 second-quarter report on Form 10-Q and its third-quarter report on Form 10-Q with each of the Decision Makers;

7. Texaco and Texaco Capital complied with the terms of the Prior Orders prior to the Merger;

8. ChevronTexaco is a corporation incorporated under the laws of the State of Delaware. Its principal executive offices are located at 575 Market Street, San Francisco, California, U.S.A.;

9. ChevronTexaco has outstanding securities which are registered pursuant to Section 12 of the 1934 Act and such securities are listed on the New York Stock Exchange;

10. ChevronTexaco is required to file periodic reports with the SEC on Form 10-K, Form 10-Q and Form 8-K under the United States securities laws;

11. ChevronTexaco's filings with the SEC are publicly available on the SEC's internet site (www.sec.gov), on ChevronTexaco's internet site (www.chevrontexaco.com), from commercial document retrieval services and at public reference facilities maintained by the SEC;

12. ChevronTexaco indirectly holds 100% of the common shares of Texaco;

13. pursuant to a guarantee (the "Texaco Guarantee") which was entered into in connection with the Offering, Texaco unconditionally agreed to pay in full to the holders of Series C Preferred Shares, the following amounts (except to the extent paid by Texaco Capital):

    13.1 any accumulated arrears and accruals of unpaid dividends which have been theretofore declared on the Series C Preferred Shares out of monies legally available therefor;

    13.2 the redemption price (including all accumulated arrears and accruals of unpaid dividends) payable with respect to Series C Preferred Shares called for redemption by Texaco Capital as an optional redemption or otherwise out of funds available to Texaco Capital;

    13.3 the lesser of: (i) the aggregate of the liquidation preference and all accumulated arrears and accruals of unpaid dividends (whether or not declared) to the date of payment; and (ii) the amount of remaining assets of Texaco Capital; and

    13.4 any additional amounts required to be paid by Texaco Capital under the terms of the Series C Preferred Shares to "gross up" for withholding taxes;

14. pursuant to a Guaranty Agreement dated as of January 1, 2002 (the “Guaranty Agreement”), ChevronTexaco unconditionally guaranteed the obligations of Texaco pursuant to the Texaco Guarantee;

15. Texaco Capital remains a "reporting issuer" under the Legislation and, other than as set forth in paragraph 3.6, is not in default of any requirements of the Legislation, as amended by the Prior Orders;

16. under United States securities laws, Texaco and Texaco Capital are not required to prepare and file annual reports on Form 10-K, quarterly reports on Form 10-Q or current reports on Form 8-K separate from those prepared and filed by ChevronTexaco and Texaco Capital is not required to send such reports to holders of Series C Preferred Shares;

17. the Series C Preferred Shares are non-voting securities, subject to the right to vote for the appointment of a trustee in certain circumstances of default as described in the (final) prospectus of Texaco Capital dated December 12, 1995, relating to the Offering of the Series C Preferred Shares;

18. as at the date hereof, the Series C Preferred Shares are presently rated PFD-1Y by Dominion Bond Rating Service, which is their highest rating category for preferred shares, namely "Superior Credit Quality";

19. Texaco Capital will cause to be forwarded to Canadian Depository for Securities Limited, the holder of record of Series C Preferred Shares of Texaco Capital, and distributed to beneficial holders of Series C Preferred Shares, a letter advising as to the Guaranty Agreement and advising that such holders are able to review financial information in respect of ChevronTexaco on the SEC's internet site and ChevronTexaco's internet site. Furthermore, such letter will advise that Texaco Capital will provide ChevronTexaco's annual report on Form 10-K to beneficial holders of Series C Preferred Shares who request, in writing, to receive such report;

20. the Series C Preferred Shares resemble a debt instrument more than conventional equity. Under United States securities laws, ChevronTexaco is not required to transmit paper copies of its SEC filings to holder of its debt securities;

21. pursuant to the Prior Orders, Texaco Capital was only required to provide Texaco's annual reports on Form 10-K and quarterly reports on Form 10-Q to holders of Series C Preferred Shares whose last address as shown on the books of Texaco Capital was in Canada. As the Series C Preferred Shares were issued in "book entry only" form and all such shares are registered in the name of CDS & Co., beneficial holders of Series C Preferred Shares were never entitled to receive Texaco's Form 10-Ks or Form 10-Qs;

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:

1. the Continuous Disclosure Requirements contained in the Legislation shall not apply to Texaco Capital so long as:

   1.1 ChevronTexaco promptly files with the Decision Makers, copies of the annual report on Form 10-K filed by it with the SEC;

   1.2 ChevronTexaco promptly files with the Decision Makers, copies of the quarterly reports on Form 10-Q filed by it with the SEC;

   1.3 Texaco Capital provides Chevron Texaco's annual report on Form 10-K and interim financial statements on Form 10-Q to beneficial holders of Series C Preferred Shares resident in Canada, upon request;

   1.4 ChevronTexaco files with the Decision Makers copies of the reports on Form 8-K filed by it with the SEC forthwith after the earlier of the date the report is filed with the SEC and the date it is required to be filed with the SEC;

   1.5 ChevronTexaco complies with the requirements of the New York Stock Exchange in respect of making public disclosure of material information on a timely basis;

   1.6 if there is a material change in Texaco Capital's business or affairs that is not a material change in ChevronTexaco, Texaco Capital will issue a press release and will file a material change report in respect of such material change;

   1.7 all filing fees that would otherwise be payable by Texaco Capital in connection with the Continuous Disclosure Requirements are paid;

   1.8 ChevronTexaco maintains direct or indirect ownership of 100% of the outstanding common shares of Texaco Capital; and

2. the Insider Reporting Requirements contained in the Legislation shall not apply to any insider of Texaco Capital so long as:

   2.1 each insider of Texaco Capital files with the SEC on a timely basis the reports, if any, required to be filed with the SEC pursuant to subsection 16(a) of the 1934 Act and the rules and regulations

thereunder in respect of trades of securities of Texaco Capital; and

2.2 ChevronTexaco maintains direct or indirect ownership of 100% of the outstanding common shares Texaco Capital.

February 10, 2003.

"Agnes Lau"

2.1.3 InnVest Real Estate Investment Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Open-end real estate investment trust exempt from prospectus and registration requirements in connection with issuance of units to existing unitholders holding minimum 500 units pursuant to a distribution reinvestment plan whereby distributions of income are reinvested in additional units of the trust, subject to certain conditions B first trade relief provided for additional units of trust, subject to certain conditions B issuer relieved of certain reporting requirements, subject to certain conditions.

Statutes Cited

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

Rules Cited

Rule 45-502 – Dividend or Interest Reinvestment and Stock Dividend Plans, (1998) 21 OSCB 3685.

Multilateral Instrument Cited

MI 45-102 – Resale of Securities, (2001) 24 OSCB 5522.

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

AND

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

AND

IN THE MATTER OF
INNVEST REAL ESTATE INVESTMENT TRUST

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, and Prince Edward Island (the "Jurisdictions") has received an application from InnVest Real Estate Investment Trust ("InnVest REIT") for a decision pursuant to the securities legislation in each of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security and to file and obtain a receipt for a preliminary and final prospectus (the "Registration and Prospectus

Requirements") shall not apply to the distribution and resale of units of InnVest REIT pursuant to a distribution reinvestment plan (the "DRIP");

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

AND WHEREAS InnVest REIT has represented to the Decision Makers that:

1. InnVest REIT is an unincorporated open-ended real estate investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated January 1, 2002, as amended and restated as of July 18, 2002.

2. The beneficial interests in InnVest REIT are divided into a single class of units (the "Units") and InnVest REIT is authorized to issue an unlimited number of Units. As of the date hereof, 41,075,910 Units are issued and outstanding.

3. InnVest's REIT's focus will be on managing its portfolio of hotel properties and acquiring other hotel properties as opportunities arise. Its objectives are: (i) to provide holders of Units ("Unitholders") with stable and growing cash distributions, payable monthly, principally from the ownership of limited service hotels; and (ii) to maximize long-term Unit value by implementing InnVest REIT's business strategy.

4. InnVest REIT became a reporting issuer or the equivalent thereof in each of the Jurisdictions on July 19, 2002 when it obtained a receipt for its final prospectus dated July 18, 2002. As of the date hereof, InnVest REIT is not in default of any requirements under the Legislation.

5. The Units are currently listed and posted for trading on the Toronto Stock Exchange ('the "TSX").

6. The REIT is not a "mutual fund" as described in the Legislation because the Unitholders are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in a part of the net assets of InnVest REIT, as contemplated in the definition of "mutual fund" in the Legislation.

7. InnVest REIT currently intends to make cash distributions to Unitholders monthly equal to, on an annual basis, not less than 80% of its distributable income.

8. InnVest REIT intends to establish the DRIP pursuant to which Unitholders who beneficially hold a minimum of 500 Units may, at their option, automatically reinvest cash distributions paid on their Units in additional Units ("Additional Units"). The DRIP will not be available to Unitholders who are not Canadian residents.

9. Distributions due to participants in the DRIP ("Participants") will be paid to Computershare Trust Company of Canada in its capacity as agent under the DRIP (in such capacity, the "DRIP Agent") and applied to purchase Additional Units. All Additional Units purchased under the DRIP will be purchased by the DRIP Agent directly from InnVest REIT.

10. The price of Additional Units purchased with cash distributions will be the volume weighted average of the closing price for a board lot of Units on the TSX for the five trading days immediately preceding the relevant distribution date. Unitholders who elect to participate in the DRIP will receive a further distribution of Additional Units equal in value to 3% of each distribution that is reinvested under the DRIP.

11. No commissions, service charges or brokerage fees will be payable by Participants in connection with the DRIP and all administrative costs will be borne by InnVest REIT.

12. Additional Units purchased under the DRIP will be registered in the name of The Canadian Depository for Securities Limited ("CDS") as the Units are held by Unitholders in book entry only form through CDS and its participants.

13. Participants may terminate their participation in the DRIP at any time by written notice to their broker, who will in turn notify CDS. CDS will notify the DRIP Agent, on a monthly basis, of the number of Units participating in the DRIP. If a Participant elects to terminate his or her participation in the DRIP, he or she will receive all further distributions by cheque.

14. The distribution of Additional Units by InnVest REIT pursuant to the DRIP cannot be made in reliance on certain existing registration and prospectus exemptions contained in the Legislation as the DRIP involves the reinvestment of distributions of distributable income of InnVest REIT and not the reinvestment of dividends, interest or distributions of capital gains or out of earnings or surplus.

15. The distribution of Additional Units by InnVest REIT pursuant to the DRIP cannot be made in reliance on registration and prospectus exemptions contained in the Legislation for distribution reinvestment plans of mutual funds, as InnVest REIT is not a "mutual fund" as defined in the Legislation.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the trades of Additional Units by InnVest REIT to the DRIP Agent for the account of Participants pursuant to the DRIP shall not be subject to the Registration and Prospectus Requirements of the Legislation provided that:

(a) at the time of the trade InnVest REIT is a reporting issuer or the equivalent under the Legislation and is not in default of any requirements of the Legislation;

(b) no sales charge is payable in respect of the trade;

(c) InnVest REIT has caused to be sent to the person or company to whom the Additional Units are traded, not more than 12 months before the trade, a statement describing:

(i) their right to withdraw from the DRIP and to make an election to receive cash instead of Units on the making of a distribution of income by InnVest REIT, and

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

(d) disclosure of the distribution of the Additional Units is made to the relevant Jurisdictions by providing the particulars of the date of the distribution of such Additional Units, the number of such Additional Units and the purchase price paid or to be paid for such Additional Units in:

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

(ii) a letter filed with the Decision Maker in the relevant Jurisdiction by a person or company certifying that the person or company has knowledge of the facts contained in the letter,

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

(e) except in Québec, the first trade in Additional Units acquired pursuant to this Decision will be a distribution or primary distribution to the public unless the conditions in paragraphs 2 through 5 of subsection 2.6(3) of Multilateral Instrument 45-102 *Resale of Securities* are satisfied;

(f) in Québec, the first trade in Additional Units acquired pursuant to this Decision will be a distribution unless:

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

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

(iii) no extraordinary commission or other consideration is paid in respect of the alienation; and

(iv) if the seller of the securities is an insider of the issuer, the seller has no reasonable grounds to believe that the issuer is in default of any requirements of securities legislation.

January 24, 2003.

"Robert W. Korthals" "Robert L. Shirriff"

2.1.4 Harvest Energy Trust - MRRS Decision

Headnote

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

Statues Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 72(5), 74(1).

Rules Cited

Rule 45-502 Dividend or Interest Reinvestment and Stock Dividend Plans 21 OSCB 3685.

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

AND

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

AND

IN THE MATTER OF
HARVEST ENERGY TRUST

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and Northwest Territories (the "Jurisdictions") has received an application from Harvest Energy Trust ("Harvest") for a decision, under the securities legislation of the Jurisdictions (the "Legislation"), that the requirements contained in the Legislation to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Registration and Prospectus Requirements") shall not apply to certain trades in units of Harvest issued under a distribution reinvestment 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 Harvest has represented to the Decision Makers that:

1. Harvest is an open-ended investment trust formed under the laws of the province of Alberta under a trust indenture dated September 27, 2002 (the "Trust Indenture");

2. Harvest is a reporting issuer in each of the provinces of Canada other than Quebec. To its knowledge, Harvest is not in default of any requirements under the legislation of any of the Jurisdictions;

3. the trustee of Harvest is Valiant Trust Company. The entire beneficial interest in Harvest is held by the holders of trust units ("Units") issued by Harvest;

4. Harvest Operations Corp. (the "Corporation"), a wholly-owned subsidiary of Harvest, manages and administrates Harvest;

5. the Units are listed and posted for trading on the Toronto Stock Exchange (the "TSX");

6. Harvest currently makes and expects to continue to make monthly distributions of distributable income ("Cash Distributions"), if any, to the holders of Units ("Unitholders"). The distributable income of Harvest for any month is a function of the amounts received by Harvest under certain royalties, other income and certain expenses;

7. Harvest is not a "mutual fund" under the Legislation as the holders of Units are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets of Harvest, as contemplated by the definition of "mutual fund" in the Legislation;

8. Harvest has authorized the establishment of a plan (the "Plan") under which eligible Unitholders may, at their option, purchase additional Units ("Additional Units") of Harvest by directing that Cash Distributions be applied to the purchase of Additional Units (the "Distribution Reinvestment Option") or by making optional cash payments (the "Cash Payment Option");

9. except as provided in paragraph 10 below, all Additional Units purchased under the Plan will be purchased by the Valiant Trust Company (the "Plan Agent") directly from Harvest on the relevant distribution payment date at a price determined by reference to the Average Market Price (defined in the Plan as the arithmetic average of the daily volume weighted average trading prices of the Units on the TSX for the trading days from and including the second business day following the distribution record date to and including the second business day prior to the distribution

payment date on which at least a board lot of Units was traded such period not to exceed 20 trading days). Additional Units purchased under the Distribution Reinvestment Option will be purchased at a 5% discount to the Average Market Price. Additional Units purchased under the Cash Payment Option will be purchased at the Average Market Price;

10. at the discretion of the Corporation, Additional Units purchased under the Plan or under the Distribution Reinvestment Option will either be acquired from treasury at 95% of Average Market Price or will be purchased at prevailing market prices through the facilities of the TSX following the distribution record date. Additional Units which are purchased through the facilities of the TSX will be acquired during the 20 business day period following the relevant distribution record date but will only be acquired at prices that are equal to or less than 115% of the volume weighted trading price of the Units on the TSX for the 10 trading days immediately preceding the date that Units are purchased;

11. the Cash Payment Option is available to eligible Unitholders who elect to reinvest their Cash Distributions under the Distribution Reinvestment Option;

12. under the Distribution Reinvestment Option, Cash Distributions will be paid to the Plan Agent and applied by the Plan Agent to the purchase of Additional Units, which will be held under the Plan for the account of eligible Unitholders who have chosen to participate in the Plan ("Participants");

13. under the Cash Payment Option, a Participant may, through the Plan Agent, purchase Additional Units up to a stipulated maximum dollar amount per month and subject to a minimum amount per remittance. The aggregate number of Additional Units that may be purchased under the Cash Payment Option by all Participants in any financial year of Harvest will be limited to a maximum of 2% of the number of Units issued and outstanding at the start of the financial year;

14. no brokerage fees or service charges will be payable by Participants in connection with the purchase of Additional Units under the Plan;

15. Additional Units purchased and held under the Plan will be registered in the name of the Plan Agent or its nominee as agent for the Participants, and all cash distributions on Units so held for the account of a Participant will be automatically reinvested in Additional Units in accordance with the terms of the Plan and the election of the Participant;

16. the Plan permits full investment of reinvested Cash Distributions and optional cash payments because fractions of Units, as well as whole Units, may be credited to Participants' accounts with the Plan Agent;

17. Harvest reserves the right to determine for any distribution payment date how many Additional Units will be available for purchase under the Plan;

18. if, in respect of any distribution payment date, fulfilling all of the elections under the Plan would result in Harvest exceeding either the limit on Additional Units set by Harvest or the aggregate annual limit on Additional Units issuable under the Cash Payment Option, then elections for the purchase of Additional Units on such distribution payment date will be accepted: (i) first, from Participants electing the Distribution Reinvestment Option; and (ii) second, from Participants electing the Cash Payment Option. If Harvest is not able to accept all elections in a particular category, then purchases of Additional Units on the applicable distribution payment date will be pro rated among all Participants in that category according to the number of Additional Units sought to be purchased;

19. if Harvest determines that no Additional Units will be available for purchase under the Plan for a particular distribution payment date, then all Participants will receive the Cash Distribution announced by Harvest for that distribution payment date;

20. a Participant may terminate its participation in the Plan at any time by submitting a termination form to the Plan Agent. A termination form received between a distribution record date and a distribution payment date will become effective after that distribution payment date;

21. Harvest reserves the right to amend, suspend or terminate the Plan at any time, provided that such action shall not have a retroactive effect which would prejudice the interests of the Participants. All Participants will be sent written notice of any such amendment, suspension or termination; and

22. the Plan will not be available to Unitholders who are residents of the United States and, until such time as Harvest becomes a reporting issuer in Quebec, the Plan will not be available to Unitholders who are residents of Quebec;

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

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

AND WHEREAS the Decision of the Decision Makers under the Legislation is that the trades of Additional Units by Harvest to the Plan Agent for the account of Participants under the Plan shall not be subject to the Registration and Prospectus Requirements of the Legislation provided that:

1. at the time of the trade Harvest is a reporting issuer or the equivalent under the Legislation and is not in default of any requirements of the Legislation;

2. no sales charge is payable in respect of the trade;

3. Harvest has caused to be sent to the person or company to whom the Additional Units are traded, not more than 12 months before the trade, a statement describing:

   (i) their right to withdraw from the Plan and to make an election to receive cash instead of Units on the making of a distribution of income by Harvest, and

   (ii) instructions on how to exercise the right referred to in paragraph 3(i) above;

4. the aggregate number of Additional Units issued under the Cash Payment Option of the Plan in any financial year of Harvest shall not exceed 2% of the aggregate number of Units outstanding at the start of that financial year;

5. except in Québec, the first trade in Additional Units acquired under this Decision will be a distribution or primary distribution to the public unless the conditions in paragraphs (2) through (5) of subsections 2.6(3) and (4) of Multilateral Instrument 45-102 Resale of Securities are satisfied; and

6. in Québec, the first trade in Additional Units acquired under this Decision will be deemed a distribution unless:

   (i) the issuer is and has been a reporting issuer in Québec for the 12 months preceding the alienation;

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

   (iii) no extraordinary commission or other consideration is paid in respect of the alienation;

   (iv) if the seller of the securities is an insider of the issuer, the seller has no reasonable grounds to believe that the issuer is in default of any requirement of securities legislation;

7. disclosure of the initial distribution of Additional Units under this Decision is made to the relevant Jurisdictions by providing particulars of the date of the distribution of such Additional Units, the number of such Additional Units and the purchase price paid or to be paid for such Additional Units in:

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

   (ii) a letter filed with the Decision Maker in the relevant Jurisdiction by a person or company certifying that the person or company has knowledge of the facts contained in the letter; and

   when Harvest distributes such Additional Units for the first time Harvest will provide disclosure to the relevant Jurisdictions which sets forth the date of such distribution, the number of such Additional Units and the purchase price paid for such Additional Units, and thereafter not less frequently than annually, unless the aggregate number of Additional Units so distributed in any month exceeds 1 % of the aggregate number of Units outstanding at the beginning of the month in which the Additional Units were distributed, in which case the disclosure required under this paragraph shall be made in each relevant Jurisdiction in respect of that month within ten days of the end of such month.

January 31, 2003.

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

2.1.5 TUSK Energy Inc. and Del Roca Energy Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from requirement to offer identical consideration to all shareholders. U.S. Shareholders hold approximately 0.55% of the shares of the target company. Delivery of offeror shares to the target shareholders would be overly burdensome. Instead of U.S. target shareholders receiving securities as consideration for the target shareholders by them, they will receive the cash proceeds from the sale of such securities by a depository.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 97(1) and 104(2)(c).

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

AND

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

AND

IN THE MATTER OF
TUSK ENERGY INC.

AND

IN THE MATTER OF
DEL ROCA ENERGY LTD.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, and Ontario (the "Jurisdictions") has received an application from TUSK Energy Inc. ("TUSK") for a decision under the securities legislation of the Jurisdictions (the "Legislation") exempting TUSK from the requirement contained in the Legislation to offer holders of class of securities subject to a take-over bid identical consideration (the "Identical Consideration Requirement") in connection with an offer to purchase the common shares of Del Roca Energy Ltd ("Del Roca");

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, unless otherwise defined, the terms used herein shall have the meanings set out in National Instrument 14-101 *Definitions*;

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

   4.1 TUSK is a corporation incorporated under the laws of Alberta;

   4.2 the head office of TUSK is in Calgary, Alberta;

   4.3 TUSK is a reporting issuer in each of the Jurisdictions;

   4.4 the authorized capital of TUSK consists of an unlimited number of common shares (the "TUSK Shares") and unlimited number of first and second preferred shares issuable in series (the "Preferred Shares");

   4.5 as of December 4, 2002, there were 17,607,474 TUSK Shares and no Preferred Shares outstanding;

   4.6 the TUSK Shares are listed and posted for trading on the Toronto Stock Exchange;

   4.7 TUSK is not in default of any requirement under the Legislation;

   4.8 Del Roca is a corporation incorporated under the laws of Alberta;

   4.9 the head office of Del Roca is in Calgary, Alberta;

   4.10 Del Roca is a reporting issuer in each of the Jurisdictions;

   4.11 the authorized capital of Del Roca includes an unlimited number of common shares (the "De Roca Shares") and an unlimited number of preferred shares ("Del Roca Preferred Shares");

   4.12 as of December 4, 2002, there were 20,306,893 Del Roca Shares issued and outstanding and no Del Roca Preferred Shares outstanding;

   4.13 the Del Roca Shares are listed and posted for trading on the TSX Venture Exchange Inc.;

   4.14 to the knowledge of TUSK, Del Roca is not in default of any requirement under the Legislation;

4.15 TUSK has made a take-over bid for all of the Del Roca Shares currently outstanding or issuable upon the exercise of outstanding options or warrants (the "Bid");

4.16 under the Bid, holders of Del Roca Shares may elect to receive for each Del Roca Share held:

4.16.1 0.25 of one TUSK Share;

4.16.2 $0.64 cash; or

4.16.3 a combination of cash and TUSK Shares;

4.17 a maximum of 2.8 million TUSK Shares can be issued under the Bid;

4.18 to the best information of TUSK, there are 6 registered holders of Del Roca Shares (the "U.S. Shareholders") resident in the United States of America (the "United States");

4.19 to the best information of TUSK, the U.S. Shareholders currently hold a total of 110,692 TUSK Shares, representing 0.55% of the total number of outstanding Del Roca Shares;

4.20 TUSK is not eligible to use the multi-jurisdictional disclosure system adopted by the United States;

4.21 any TUSK Shares that might be issued under the Bid to the U.S. Shareholders will not be registered or otherwise qualified for distribution under the *Securities Act of 1933* in the United States;

4.22 the delivery of TUSK Shares to the U.S. Shareholders would require the filing of a registration statement and subject TUSK to continuous disclosure requirements which would be overly burdensome to TUSK;

4.23 to the extent that U.S. Shareholders elect to receive TUSK Shares in exchange for their Del Roca Shares, TUSK proposes to deliver the TUSK Shares to CIBC Mellon Trust company, who will sell the TUSK Shares on behalf of the U.S. Shareholders and deliver to them their pro rata share of the proceeds of such sale, less commissions and applicable withholding taxes;

4.24 any sale of TUSK Shares described in paragraph 4.23 will completed within five trading days of the date that TUSK takes up the Del Roca Shares tendered by the applicable U.S. Shareholders under the Bid;

4.25 any sale of TUSK Shares described in paragraph 4.23 will be done in a manner intended to maximize the consideration to be received from the sale by the applicable U.S. Shareholder and minimize any adverse impact of the sale on the market for the TUSK shares;

4.26 except to the extent that relief from the Identical Consideration Requirement is granted herein, the Bid is being made in compliance with the requirements under the Legislation concerning take-over bids;

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, in connection with the Bid, TUSK is exempt from the Identical Consideration Requirement insofar as U.S. Shareholders who would otherwise receive TUSK Shares under the Bid receive instead cash proceeds from the sale of those TUSK Shares in accordance with the procedures set out in paragraph 4.23.

January 24, 2003.

"Eric T. Spink" "Thomas G. Cooke"

2.1.6 JPMorgan Chase Bank

Headnote

Prospectus and registration relief for Schedule III Bank – revocation of original MRRS Decision in Ontario and reissuance of Ontario only decision to clarify advising business to be carried on by Schedule III Bank in Ontario.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as amended. ss. 25(1)(a) & (c), 35(1)(3)(i), 35(2), 53(i), 72(1)(a)(i), 73(1)(a), 74(1), 144, 147.

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as amended, Schedule 1, Section 28.

Policies Cited

OSC Policy 45-501.

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

AND

IN THE MATTER OF
JPMORGAN CHASE BANK

REVOCATION AND DECISION

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, Northwest Territories, Nunavut and Yukon Territory (the "Jurisdictions") on September 20, 2000 made decisions under the Mutual Reliance Review System for Exemptive Relief Applications ("MRRS") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that Morgan Guaranty Trust Company of New York ("MGT") and The Chase Manhattan Bank ("CMB") are exempt from various registration, prospectus and filing requirements of the Legislation in connection with the banking activities to be carried on by MGT and CMB in Canada through their respective Schedule III Banks (collectively, the "Original Decisions");

AND WHEREAS CMB and MGT merged on November 10, 2001 to form JPMorgan Chase Bank ("JPMCB") and the two Canadian bank branches were consolidated into one authorized foreign bank under the name of JPMCB effective November 10, 2001;

AND WHEREAS the Decision Maker in each of the Jurisdictions has received an application under the MRRS (the "Application") from JPMCB pursuant to the Legislation to restate the Original Decisions to reflect the merger of CMB and MGT to form JPMCB, clarify the combined business of JPMCB and confirm that the relief granted to MGT and CMB under the Original Decisions is available to JPMCB;

AND WHEREAS JPMCB decided to withdraw the Application in Ontario from the MRRS and apply to the Ontario Securities Commission (the "Commission") to revoke the Original Decisions with respect to the relief granted by Ontario and to restate the Original Decisions to reflect the merger of CMB and MGT to form JPMCB, clarify the combined business of JPMCB to be carried on in Ontario and confirm that the relief granted to MGT and CMB under the Original Decisions is available to JPMCB ;

AND WHEREAS it has been represented by JPMCB to the Commission that:

1. JPMCB is a United States bank formed by the merger of CMB and MGT on November 10, 2001 at 12:01 a.m.

2. Prior to April 17, 2000, MGT conducted business in Canada through J.P. Morgan Canada, the bank subsidiary of MGT listed in Schedule II to the *Bank Act* (Canada) (the "*Bank Act*"), J.P. Morgan Securities Canada, Inc., a registered investment dealer under the Act and J.P. Morgan Investment Management, Inc., ("JPMIM") which maintains a representative office in Canada.

3. Currently, JPMCB also carries on business in Canada through J.P. Morgan Fleming Asset Management (Canada) Inc., registered under the Act as an adviser in the categories of investment counsel and portfolio manager, J.P. Morgan Securities Inc., registered as an international dealer and as an international adviser in the categories of investment counsel and portfolio manager and JPMIM through its registration as a non-Canadian advisor under the Act in the categories of investment counsel and portfolio manager.

4. Prior to April 17, 2000 CMB conducted its business in Canada through Chase Manhattan Bank of Canada ("CMBC"), a foreign bank subsidiary of CMB listed on Schedule II of the *Bank Act.*

5. In June 1999, amendments to the *Bank Act* were proclaimed that permit foreign commercial banks to establish direct branches in Canada. These amendments have created a new Schedule III listing foreign banks permitted to carry on banking activities through branches in Canada.

6. On April 17, 2000 MGT and CMB each received an order under the *Bank Act* permitting it to establish a full service branch under the *Bank Act* and designating it on Schedule III to the *Bank Act.*

7. On November 10, 2001, CMBC changed its name to J.P. Morgan Bank Canada ("JPMBC").

8. JPMCB's principal business is banking including, without limitation, wholesale deposit-taking, commercial lending, custody, investment counselling and portfolio management and related treasury functions.

9. JPMCB participates in the primary and secondary market in the following money market products: commercial paper, certificates of deposit, repurchase agreements and bankers' acceptances.

10. JPMCB engages in foreign exchange trading.

11. The only advising activities which JPMCB undertakes are either part of its principal business in accordance with the *Bank Act* or are incidental to its principal business.

12. JPMCB maintains JPMBC to conduct JPMBC's Canadian corporate finance advisory activities.

13. JPMCB only accepts deposits from the following:

    (a) Her Majesty in right of Canada or in right of a province or territory, an agent of Her Majesty in either of those rights and includes a municipal or public body empowered to perform a function of government in Canada, or an entity controlled by Her Majesty in either of those rights;

    (b) the government of a foreign country or any political subdivision thereof, an agency of the government of a foreign country or any political subdivision thereof, or an entity that is controlled by the government of a foreign country or any political subdivision thereof;

    (c) an international agency of which Canada is a member, including an international agency that is a member of the World Bank Group, the Inter American Development Bank, the Asian Development Bank, the Caribbean Development Bank and the European Bank for Reconstruction and Development and any other international regional bank;

    (d) a financial institution (i.e.: (a) a bank or an authorized foreign bank under the *Bank Act*; (b) a body corporate to which the *Trust and Loan Companies Act* (Canada) applies, (c) an association to which the *Cooperative Credit Association Act* (Canada) applies, (d) an insurance company or a fraternal benefit society to which the *Insurance Companies Act* (Canada) applies, (e) a trust, loan or insurance corporation incorporated by or under an Act of the legislature of a province or territory in Canada, (f) a cooperative credit society incorporated and regulated by or under an Act of the legislature of a province or territory in Canada; (g) an entity that is incorporated or formed by or under an Act of Parliament or of the legislature of a province or territory in Canada and that is primarily engaged in dealing in securities, including portfolio management and investment counseling, and is registered to act in such capacity under the applicable legislation, and (h) a foreign institution that is (i) engaged in the banking, trust, loan or insurance business, the business of a cooperative credit society or the business of dealing in securities or is otherwise engaged primarily in the business of providing financial services, and (ii) is incorporated or formed otherwise than by or under an Act of Parliament or of the legislature of a province or territory in Canada);

    (e) a pension fund sponsored by an employer for the benefit of its employees or employees of an affiliate that is registered and has total plan assets under administration of greater than $100 million;

    (f) a mutual fund corporation that is regulated under an Act of the legislature of a province or territory in Canada or under the laws of any other jurisdiction and has total assets under administration of greater than $10 million;

    (g) an entity (other than an individual) that has, for the fiscal year immediately preceding the initial deposit, gross revenues on its own books and records of greater than $5 million;

    (h) any other entity, where the deposit facilitates the provision of the following services by the authorized foreign bank to the entity, namely,

        (i) lending money,

        (ii) dealing in foreign exchange, or

        (iii) dealing in securities, other than debt obligations of the authorized foreign bank; or

    (i) any other person if the deposit is in an aggregate amount of greater than $150,000;

collectively referred to for purposes of this Decision as "Authorized Purchasers".

14. Portfolio management and investment counselling are included in the definition of the “business of banking” under the *Bank Act* which is the principal business of banks in Schedule I, II and III to the *Bank Act*.

15. The Act refers to either "Schedule I and Schedule II banks” in connection with certain exemptions however no reference is made in the Act to entities listed on Schedule III to the *Bank Act*.

16. In order to ensure that JPMCB, as an entity listed on Schedule III to the *Bank Act*, is able to provide banking services to persons in the Jurisdictions it requires similar exemptions enjoyed by banking institutions incorporated under the *Bank Act* to the extent that the current exemptions applicable to such banking institutions are relevant to the banking business being undertaken by JPMCB in the Jurisdictions.

AND WHEREAS the Commission is satisfied that the test contained in the Act that provides the Commission with the jurisdiction to make the Decision has been met;

IT IS THE DECISION of the Commission pursuant to the Act that the Original Decisions are revoked and replaced by the following decision.

THE DECISION of the Commission pursuant to the Act is that in connection with the banking business to be carried on by JPMCB in Ontario:

1. JPMCB is exempt from the requirement under the Act to be registered as an underwriter with respect to trading in the same types of securities that an entity listed on Schedule I or II to the *Bank Act* may act as an underwriter in respect of without being required to be registered under the Act as an underwriter.

2. JPMCB is exempt from the requirement under the Act to be registered as an adviser for the purpose of providing investment counsel services and portfolio management services in accordance with the *Bank Act* or where the performance of the service as an adviser is solely incidental to its principal business.

3. A trade of a security to JPMCB and where JPMCB purchases the security as principal shall be exempt from the registration and prospectus requirements of the Act provided that:

   (i) the forms that would have been filed and the fees that would have been paid under the Act if the trade had been made, on an exempt basis, to an entity listed on Schedule I or II to the *Bank Act* purchasing as principal are filed and paid in respect of the trade to JPMCB, and

   (ii) the first trade in a security acquired by JPMCB pursuant to this Decision is deemed a distribution under the Act unless the conditions in subsections 2 or 3, as applicable, of section 2.5 of Multilateral Instrument 45-102 - *Resale of Securities* are satisfied.

4. Provided JPMCB only trades the types of securities referred to in this paragraph 4 with Authorized Purchasers, trades of bonds, debentures or other evidences of indebtedness of or guaranteed by JPMCB shall be exempt from the registration and prospectus requirements of the Act.

5. Evidences of deposit issued by JPMCB to Authorized Purchasers shall be exempt from the registration and prospectus requirements of the Act.

6. Subsection 25(1)(a) of the Act does not apply to a trade by JPMCB:

   (i) of a type described in subsection 35(1) of the Act or section 151 of the Regulations made under the Act; or

   (ii) in securities described in subsection 35(2) of the Act.

7. Except as provided for in paragraph 3 of this Decision, section 28 of Schedule I to the Regulation 1015 made under the Act shall not apply to trades made by JPMCB in reliance on this Decision.

October 22, 2002.

“Howard I. Wetston” “Robert W. Davis”

2.1.7 Acclaim Energy Trust et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Statutory arrangement – Relief from the requirement to have a current AIF filed on SEDAR in order to be a qualifying issuer under MI 45-102.

Applicable Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 74, 83.1(1).

Applicable Multilateral Instruments

Multilateral Instrument 45-102 – Resale of Securities.

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

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., ELK POINT RESOURCES INC. AND BURMIS ENERGY INC.

MRRS DECISION DOCUMENT

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

   1.1 the registration and prospectus requirements of the Legislation in the Provinces of Manitoba, New Brunswick, Newfoundland and Labrador and Québec shall not apply to certain trades made by Acclaim in connection with a proposed plan of arrangement (the "Arrangement") under the Canada Business Corporations Act (the "CBCA") involving Acclaim, Acclaim Energy Inc. ("AEI"), 3967336 Canada Inc. ("AcquisitionCo"), Elk Point, Burmis and the holders ("Elk Point Shareholders") of Common Shares of Elk Point ("Common Shares") and holders ("Elk Point Optionholders") of options ("Options") to purchase Common Shares;

   1.2 (i) the registration and prospectus requirements of the Legislation of Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Prince Edward Island and Newfoundland and Labrador shall not apply to certain trades made by Burmis in connection with or subsequent to the Arrangement; and (ii) would allow the immediate resale of common shares of Burmis ("Burmis Shares") issued in connection with the Arrangement,

   1.3 would deem or declare Burmis to be a reporting issuer at the time of the Arrangement becoming effective for the purposes of the Legislation in the Jurisdictions where such concept exists; and

   1.4 the requirement of Burmis to have a current AIF filed on SEDAR in order to be a Qualifying Issuer under Multilateral Instrument 45-102 ("MI 45-102") would not apply;

2. 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;

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

4. AND WHEREAS the Filers have represented to the Decision Makers that:

   Background

   4.1 on November 27, 2002, Elk Point and Acclaim jointly announced that they had entered into an arrangement agreement (the "Arrangement Agreement") in respect of a transaction (the "Transaction") to be effected pursuant to the Arrangement under section 192 of the Canada Business Corporations Act (the "CBCA"). While the mechanics of the Transaction are more precisely described below, the effect of the Arrangement will be to provide Elk Point Shareholders (other than dissenting shareholders) with, for each Common Share, at the holder's election: (i) 0.95 of a trust unit of Acclaim ("Trust Unit"), (ii) $3.70 cash, or (iii) a combination thereof, such consideration to be prorated in the event that Elk Point Shareholders elect to receive in aggregate greater than $15 million cash or 26.3 million Trust Units of Acclaim, plus one half of one share of Burmis. Burmis will acquire Elk Point's U.S. and certain minor Canadian properties prior to closing;

4.2 an information circular (the “Information Circular”) was mailed to the Elk Point Shareholders and Elk Point Optionholders (collectively, the "Elk Point Securityholders") on or about December 17, 2002;

4.3 the Transaction has been the subject of a separate MRRS application, dated December 2, 2002, under which Acclaim, Elk Point and Burmis requested relief from the requirements of subsection 152(1) of the ASA and of section 13.2 of National Instrument 44-101. The earlier application was made separately because the relief requested thereunder related to the contents of the Information Circular, and the timing of such request necessitated making the application on an expedited basis;

Acclaim

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

4.5 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;

4.6 the authorized capital of Acclaim consists of an unlimited number of Trust Units and an unlimited number of special voting units ("Special Voting Units"), of which, as at November 27, 2002, 97,293,159 Trust Units and one Special Voting Unit (representing 29,171,824 votes) were issued and outstanding;

4.7 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 it's knowledge, information and belief, Acclaim is not in default of the requirements under the Legislation or the regulations made thereunder (the "Regulations");

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

Elk Point

4.9 Elk Point is a corporation incorporated under the CBCA and is headquartered in Calgary, Alberta;

4.10 Elk Point's business is the exploration for, development of, production and marketing of petroleum and natural gas in the Western Canadian Sedimentary Basin, in the Powder River Basin of the U.S.A. and in the San Joaquin Basin of the U.S.A.;

4.11 the authorized capital of Elk Point consists of an unlimited number of Common Shares, of which, as at November 27, 2002, 29,335,164 Common Shares were issued and outstanding. Also, as of November 27, 2002, 2,395,901 Common Shares were issuable in connection with the exercise of outstanding Options;

4.12 Elk Point 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, Elk Point is not in default of the requirements under the Legislation or the Regulations;

4.13 the Common Shares are listed and posted for trading on the TSX under the trading symbol "ELK";

Burmis

4.14 Burmis is a corporation incorporated under the Business Corporations Act (Alberta) (the "ABCA") and is headquartered in Calgary, Alberta. Burmis was incorporated on November 25, 2002 as 1018743 Alberta Ltd. and changed its name to Burmis Energy Inc. on December 4, 2002;

4.15 Burmis has not conducted any business to date, but has executed the Arrangement Agreement;

4.16 the authorized capital of Burmis consists of an unlimited number of Burmis Shares. As of the date hereof, there is issued and outstanding 100 Burmis Shares, which are owned by Elk Point;

4.17 Burmis is not a reporting issuer in any jurisdiction;

4.18 after giving effect to the Arrangement, all of the shares of Elk Point's U.S. subsidiary Bellevue Resources Inc. and certain minor Canadian properties (collectively, the "Retained Assets") will be transferred by Elk Point to Burmis;

4.19 Burmis applied to the TSX on or about December 17, 2002 to list the Burmis Shares on the TSX upon the completion of the Arrangement;

The Arrangement

4.20 prior to the Meeting, Elk Point will apply under section 192 of the CBCA 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 Meeting and the completion of the Arrangement;

4.21 the Interim Order will provide that with respect to matters to be brought before the Meeting pertaining to matters of business affecting Burmis, each Elk Point Shareholder shall be entitled to one vote on a ballot at the Meeting for each Common Share held, and such resolutions will be effective resolutions of the securityholders of Burmis as if passed at a meeting of the securityholders of Burmis entitled to vote on such matters;

4.22 the Meeting of the Elk Point Securityholders is anticipated to be held on or about January 28, 2003 at which Elk Point will seek the requisite Elk Point Securityholder approval (which, pursuant to the Interim Order, is expected to be 66 2/3% of the votes attached to the Elk Point Common Shares and the Elk Point Options, voting as one class, represented at the Meeting) for the special resolution approving the Arrangement;

4.23 in connection with the Meeting and pursuant to the Interim Order, Elk Point mailed on or about December 17, 2002 to each Elk Point Securityholder (i) a notice of special meeting, (ii) a form of proxy, and (iii) the Information Circular. A letter of transmittal and election form by which Elk Point Shareholders will be entitled to elect the consideration to be received in exchange for their Elk Point Common Shares as described in paragraph 4.27.3 below. The Information Circular was prepared in accordance with OSC Rule 54-501, except with respect to any relief granted therefrom, and contains disclosure of the Transaction and the business and affairs of each of Acclaim, Elk Point and Burmis;

4.24 for the Arrangement to become effective, a number of transactions and trades, which are outlined below, must take place. Such transactions and trades are set out in the Plan of Arrangement which is appended to the Information Circular as an exhibit to the Arrangement Agreement. No one transaction or trade will be effective unless all are effective;

The Trades

4.25 under the terms of a Retained Assets Agreement of Purchase and Sale, dated as of November 27, 2002, (the "Burmis Conveyance Agreement"), Elk Point has agreed to transfer the Retained Assets to Burmis concurrently with the effective time of the Arrangement. Elk Point will then combine the remaining business of Elk Point with Acclaim pursuant to the Arrangement Agreement;

4.26 in connection with the Arrangement, Elk Point has agreed to arrange for current holders of Options to be permitted in their discretion to exercise (conditional on closing of the Arrangement) all or any portion their Options by notice and direction in writing to Elk Point in form and substance satisfactory to Acclaim, acting reasonably, received by Elk Point not later than the deadline for electing the form of consideration to be received by Elk Point Shareholders in the Arrangement (as described below). Options that are not exercised by such deadline will be dealt with in the Arrangement as described in paragraph 4.27.2 below;

4.27 the Arrangement provides for the following transactions to occur on the effective date:

4.27.1 the Retained Assets shall be transferred by Elk Point to Burmis, and Burmis shall issue Burmis Shares to Elk Point in consideration therefor in accordance with the terms and conditions of the Burmis Conveyance Agreement. The number of Burmis shares to be issued to Elk Point shall be the difference between the number of Elk Point shares outstanding immediately prior to the effective time of the Arrangement and the number of Burmis Shares held by Elk Point immediately prior to the effective time;

4.27.2 each unexercised Option (other than Options held by Elk Point Optionholders who exercise dissent rights) shall be exchanged by the holder thereof with Elk Point for a cash payment per Option in an amount equal to $0.05. Each Elk Point Optionholder shall transfer all unexercised Options to Elk Point. All such unexercised Options shall be cancelled and terminated;

4.27.3 each issued and outstanding Common Share shall be transferred to AcquisitionCo, which is a wholly-owned subsidiary of Acclaim, and each holder thereof shall be entitled to received from Acclaim (in the case of the Trust Units issuable pursuant to paragraphs 4.27.3.2.1 and 4.27.3.2.3 below) and AcquisitionCo (in the case of cash payable pursuant to clause 4.27.3.2.2 and 4.27.3.2.3 below), subject to the limits set forth in paragraph 4.28 below and adjustment as described in paragraph 4.29 below, consideration comprised of:

4.27.3.1 one half of a Burmis Share for each Common Share held; and

4.27.3.2 in accordance with the election or deemed election of the holder of such Common Share:

4.27.3.2.1 0.95 of a Trust Unit for each Common Share held (the "Trust Unit Consideration");

4.27.3.2.2 $3.70 cash for each Common Share held (the "Cash Consideration"); or

4.27.3.2.3 the Trust Unit Consideration for an elected portion of the Common Shares held and the Cash Consideration for the balance of the Common Shares held (the "Combined Consideration");

4.27.4 AcquisitionCo shall issue one unsecured subordinated demand note to Acclaim for each Trust Unit issued in accordance with paragraph 4.27.3.2 above;

4.27.5 Elk Point and AcquisitionCo shall be amalgamated and continue as one corporation ("AmalgamationCo");

4.27.6 AmalgamationCo will deliver the Burmis Shares referred to in paragraph 4.27.3.1 above to former Elk Point Shareholders. Upon the delivery of such Burmis Shares, AmalgamationCo will cease to be a holder of Burmis Shares and the former Elk Point Shareholders will be added to the share register of Burmis;

4.27.7 any holder of Common Shares who does not duly elect the form of consideration in accordance with the terms of the Arrangement and any holders of Common Shares who exercise their right of dissent, shall be deemed to have elected to receive the Trust Unit Consideration for such Common Shares;

4.27.8 the number of Trust Units issuable for each Common Share shall be subject to adjustment to reflect the effect of any split, reverse split, distribution of Trust Unit, reorganization, recapitalization or other similar change with respect to Trust Units occurring after November 27, 2002 and prior to the effective time of the Arrangement;

4.28 the aggregate amount of cash available to pay the Cash Consideration is limited to $15,000,000 (the "Cash Limit"). The aggregate number of Trust Units that may be issued in connection with the election above is limited to 26,293,160 (the "Trust Unit Limit"). If the aggregate cash elected exceeds the Cash Limit, the amount of Cash Consideration paid to the holders so electing shall be pro rated among all such holders who made an election to receive Cash Consideration or the Combined Consideration. If the aggregate number of Trust Units elected exceeds the Trust Unit Limit, the amount of Trust Unit Consideration issued to the holders so electing shall be pro rated among the holders who made an election to receive the Trust Unit Consideration or the Combined Consideration;

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

4.30 the end result of the trades described above is that (a) each holder of a Common Share will receive one half of a Burmis Share and either (i) 0.95 of a Trust Unit (ii) $3.70 cash or (iii) a combination of Trust Units and cash; (b) the Retained Assets will be transferred to Burmis and Burmis will be owned by the existing Elk Point Shareholders of Elk Point and (c) Elk Point will be amalgamated with a wholly owned subsidiary of Acclaim;

4.31 at the Meeting, Elk Point Shareholders will also vote on two ordinary resolutions approving further issuances of up to a specified number of Burmis Shares following the completion of the Arrangement. If this resolution is approved, Burmis intends to issue a number of Burmis Shares by way of one or more private placements exempt from the prospectus and registration requirements of the Legislation

including a private placement which Burmis intends to complete shortly after the completion of the Arrangement;

General

4.32 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, incorporates by reference) prospectus-level disclosure in respect of Acclaim, Elk Point and Burmis, including the following financial information:

4.32.1 Pro forma consolidated balance sheet as at December 1, 2002 and unaudited pro forma consolidated income statements for the nine-month period ended September 30, 2002 and the year ended December 31, 2001;

4.32.2 Audited balance sheets of Bellevue Resources, Inc. as at December 31, 2001 and 2000 and the statement of earnings (loss) and deficit and cash flows for each of the years in the three-year period ended December 31, 2001;

4.32.3 Audited statements of revenue and operating expenses of the other properties to be transferred to Burmis for each of the years in the three-year period ended December 31, 2001;

4.32.4 Audited balance sheet of Burmis as at December 1, 2002.

4.33 the assets that will make up the business of Burmis have been the subject of continuous disclosure on an ongoing basis for more than 12 months, in accordance with Elk Point's responsibilities as a reporting issuer;

4.34 the Arrangement will require the approval of the holders of Common Shares and Options voting as ordered in the Interim Order of the Court and the Court. In considering whether to approve the arrangement, the Court will consider whether the Arrangement is fair to such Elk Point Shareholders and Optionholders;

4.35 the Board of Directors of Elk Point has (i) received a fairness opinion from CIBC World Markets Inc. to the effect that the consideration received by the Elk Point Shareholders under the Arrangement is fair, from a financial point of view, to Elk Point Shareholders, (ii) approved the Arrangement and (iii) recommended that Elk Point Securityholders vote in favour of the Arrangement;

4.36 Holders of Common Shares and Options will have the right to dissent from the Arrangement under Section 190 of the CBCA, and the Information Circular discloses full particulars of this right in accordance with applicable law;

4.37 exemptions from registration and prospectus requirements of the Legislation of Manitoba, Quebec, New Brunswick and Newfoundland and Labrador in respect of trades made in securities of Acclaim may not be available. Exemptions from registration and prospectus requirements of the Legislation in respect of trades made in securities of Burmis in connection with the Arrangement and exemptions from prospectus requirements of the Legislation in respect of first trades in Trust Units and Burmis Shares following the Arrangement may not be otherwise available in certain Jurisdictions.

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:

7.1 all trades made in securities of Acclaim in connection with the Arrangement shall not be subject to the registration and prospectus requirements of the Legislation of each of Manitoba, Quebec, New Brunswick and Newfoundland and Labrador;

7.2 all trades made in securities of Burmis in connection with the Arrangement shall not be subject to the registration and prospectus requirements of the Legislation of Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Prince Edward Island and Newfoundland and Labrador;

7.3 except in British Columbia, Québec and Nova Scotia, the first trade in a Jurisdiction of Burmis Shares acquired by former holders of Common Shares in connection with the Arrangement shall be a distribution or primary distribution to the public under the Legislation of such Jurisdiction, except that where:

7.3.1 Burmis is a reporting issuer in a jurisdiction listed in Appendix B to MI 45-102 preceding the trade;

7.3.2 the seller is in a special relationship with Burmis, as defined in the Legislation, the seller has reasonable

grounds to believe that Burmis is not in default of any requirement of the Legislation; and

7.3.3 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 holding a sufficient number of securities of Burmis, as the case may be, to affect materially the control of Burmis, but any holding of any person, company or combination of persons or companies holding more than 20% of the outstanding voting securities of Burmis shall, in the absence of evidence to the contrary, be deemed to affect materially the control of Burmis;

7.4 in Québec the alienation of:

7.4.1 Burmis Shares acquired by former holders of Common Shares in connection with the Arrangement shall be distributions under the legislation of Québec except where:

7.4.1.1 Burmis is a reporting issuer in Québec immediately preceding the trade;

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

7.4.1.3 no extraordinary commission or consideration is paid to a person or company in respect of the trade;

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

7.4.1.5 the trade does not constitute a secondary distribution with solicitation as contemplated by Policy Statement Q-12 of the Commission de valeurs mobilières du Québec; and

7.4.2 Trust Units acquired by former holders of Common Shares in connection with the Arrangement shall be distributions under the legislation of Québec except where:

7.4.2.1 Acclaim is a reporting issuer in Québec immediately preceding the trade;

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

7.4.2.3 no extraordinary commission or consideration is paid to a person or company in respect of the trade;

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

7.4.2.5 the trade does not constitute a secondary distribution with solicitation as contemplated by Policy Statement Q-12 of the Commission de valeurs mobilières du Québec; and

7.5 Upon the effectiveness of the Arrangement:

7.5.1 in British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland and Labrador, the requirement contained in the Legislation to have a Current AIF filed on SEDAR in order to be a Qualifying Issuer under MI 45-102 shall not apply to Burmis provided that:

7.5.1.1 Burmis files a notice on SEDAR advising that the Information Circular has been filed as an alternate form of annual information form and identifying the SEDAR Project Number under which the Information Circular was filed; and

7.5.1.2 Burmis files a Form 45-102F2 on or before the tenth day after the distribution day of any securities certifying that it is a Qualifying Issuer except for the requirement to have a current AIF;

such order to expire 140 days after Burmis' financial year ended December 31, 2003;

7.5.2 in Québec, the Information Circular shall be deemed to be the annual information form required by section 159 of the Regulation adopted under the Securities Act (Québec), for the purposes of Burmis qualifying for the shortened hold period contemplated by the Québec equivalent to MI 45-102, namely decision no. 2002-C-0422 of the Commission des valeurs mobilières du Québec; and

7.6 Burmis 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 Saskatchewan, Manitoba, New Brunswick and Prince Edward Island.

January 27, 2003.

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

2.2 Orders

2.2.1 ATI Technologies Inc. et al.

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

AND

ATI TECHNOLOGIES INC., KWOK YUEN HO, BETTY HO, JO-ANNE CHANG, DAVID STONE, MARY DE LA TORRE, ALAN RAE, AND SALLY DAUB

ORDER

WHEREAS on January 16, 2003, the Ontario Securities Commission issued a Notice of Hearing pursuant to section 127 and 127.1 of the *Securities Act* in respect of ATI Technologies Inc., K.Y. Ho, Betty Ho, Jo-Anne Chang, David Stone, Mary de la Torre, Alan Rae, and Sally Daub.

AND WHEREAS all parties have consented to adjourn this matter to a date to be determined by the Commission:

IT IS ORDERED THAT:

1. The hearing of this matter is adjourned *sine die*.

February 12, 2003.

"Paul Moore"

2.2.2 James Frederick Pincock - ss. 127 and 127.1

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

AND

IN THE MATTER OF
JAMES FREDERICK PINCOCK

ORDER
(Sections 127 and 127.1)

WHEREAS on August 16, 2001 the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act* (the "Act") in respect of James Frederick Pincock ("Pincock");

AND WHEREAS, following a motion by the respondent to adjourn the hearing dates of this proceeding, the Commission made an Order on July 24, 2002, ordering, among other things, that the respondent provide forthwith an undertaking to the Secretary to the Commission to be marked as Exhibit "A-1" in this proceeding, such undertaking to remain in effect until the final determination of this matter, including any right of appeal, or until further Order of the Commission;

AND WHEREAS Pincock entered into a settlement agreement dated August 23, 2002 (the "Settlement Agreement") in which he agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

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

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS ORDERED THAT:

(1) the Settlement Agreement dated August 23, 2002, attached to this Order, is hereby approved;

(2) pursuant to clause 2 of subsection 127(1) of the Act, Pincock shall cease trading in securities for a period of five years effective the date of this Order, with the exception that after three years from the date of the Order, Pincock is permitted to trade in securities beneficially owned by him in his personal accounts in his name;

(3) pursuant to clause 7 of subsection 127(1) of the Act, Pincock shall resign his position as an officer or director of any issuer in Ontario in which he holds the position of officer or director, and his position as an officer or director of any issuer in Ontario, which has an interest directly or indirectly

in any registrant, in which he holds a position of officer or director, effective the date of this Order;

(4) pursuant to clause 8 of subsection 127(1) of the Act, Pincock is prohibited from becoming or acting as an officer or director of any issuer in Ontario or an officer or director of any issuer which has an interest directly or indirectly in any registrant, for a period of five years effective the date of this Order;

(5) pursuant to clause 6 of subsection 127(1) of the Act, Pincock is reprimanded; and

(6) pursuant to subsection 127.1(1)(b) of the Act, Pincock will make payment to the Commission in the amount of $20,000 by certified cheque or money order in respect of a portion of the costs incurred by the Commission and Staff in relation to this proceeding, such payment to be made at the time of approval of this settlement by the Commission; and

IT IS FURTHER ORDERED THAT the Order herein supercedes the Order made by the Commission dated July 24, 2002.

August 27, 2002.

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

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

AND

IN THE MATTER OF
JAMES FREDERICK PINCOCK

SETTLEMENT AGREEMENT

I INTRODUCTION

1. By Notice of Hearing dated August 16, 2001 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Ontario Securities Act* (the "Act"), in the opinion of the Commission, it is in the public interest for the Commission:

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

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

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

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

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

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

II JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceedings initiated in respect of the respondent by the Notice of Hearing in accordance with the terms and conditions set out below. The respondent agrees

to the settlement on the basis of the facts agreed to as hereinafter provided and the respondent consents to the making of an Order in the form attached as Schedule "A" on the basis of the facts set out below.

3. This settlement agreement, including the attached Schedule "A" (collectively, the "Settlement Agreement"), will be released to the public only if and when the settlement is approved by the Commission.

III SETTLEMENT OF FACTS AND CONCLUSIONS

Acknowledgement

4. Staff and the respondent agree with the facts and conclusions set out in Part III of the Settlement Agreement.

Introduction

5. During the period from May 1995 to May 1999, Pincock was the President of Britwirth Investment Company, Ltd. ("Britwirth"), and an officer or director of Fulton Park Limited ("Fulton Park") and Wifsta Ltd. ("Wifsta"). Pincock and his then spouse were the sole shareholders of Britwirth during the material time (as defined below). Pincock has not been registered in any capacity under Act.

6. Britwirth was incorporated pursuant to the laws of the Turks and Caicos Islands, and Fulton Park and Wifsta were incorporated pursuant to the laws of the Isle of Man. Britwirth, Fulton Park and Wifsta have not been registered in any capacity under the Act.

Trading by Pincock Without a Prospectus or Registration Contrary to the Requirements of Ontario Securities Law

7. During the period from May 1995 to May 1999 (the "Material Time"), Pincock traded in securities, where such trading was a distribution of such securities, without having filed a preliminary prospectus and a prospectus, and obtaining receipts therefor from the Director, as required by section 53(1) of the Act, and without registration contrary to section 25(1) of the Act.

8. In particular, Pincock received funds in the amount of at least CAD 1.45 million and at least US $550,000 from at least 150 investors in Ontario and elsewhere to purchase securities in at least seven companies, including, Royal Laser Tech Corporation ("Royal Laser"), Champion Communication Services Inc. ('Champion"), Leisure Canada Inc., Indocan Resources Inc., International Menu Solutions Corporation, Pacific Concorde Capital Inc. and Luxell Technologies Inc. (collectively, referred to as the "Companies"). The funds received by Pincock from investors as described above were deposited in accounts in the name of Britwirth, Fulton Park or Wifsta. These accounts were held at several brokerage firms in Ontario. Pincock arranged for these investors to purchase securities in the Companies through pooling and subscription agreements entered into between the investors and Britwirth, Fulton Park or Wifsta (the "Agreements").

9. Subsequent to receiving funds from investors for the purchase of securities in the Companies, Britwirth, Fulton Park and Wifsta, at the direction of Pincock, purchased securities in the Companies. Britwirth, Fulton Park and Wifsta, at the direction of Pincock, then distributed securities in the Companies to the investors who had purchased securities through the Agreements.

10. In relation to the sale of Royal Laser securities to investors by Britwirth, as described above, Britwirth earned commissions in the amount of Cdn. $139,200.

11. In relation to the sale of Champion securities to investors by Britwirth, as described above, Britwirth earned fees in the amount of U.S. $81,000.

12. Further, during the Material Time, Pincock, on his own behalf or in his capacity as President of Britwirth, acted as an adviser to investors, or as portfolio manager for the purpose of managing investments on behalf of clients. As stated above, Pincock and Britwirth were not registered in any capacity under the Act.

Conduct Contrary To The Public Interest

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

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

    (b) Pincock traded in securities without registration and without an exemption to the requirement for registration, contrary to section 25(1) of the Act.

IV TERMS OF SETTLEMENT

14. The respondent agrees to the following terms of settlement:

(a) pursuant to clause 2 of subsection 127(1) of the Act, Pincock will cease trading in securities for a period of five years effective the date of the Order of the Commission approving the proposed settlement agreement herein, with the exception that after three years from the date of the Order, Pincock is permitted to trade in securities beneficially owned by him in his personal accounts in his name;

(b) pursuant to clause 7 of subsection 127(1) of the Act, Pincock is required to resign his position as an officer or director of any registrant in which he holds a position of officer or director, his position as an officer or director of any issuer in Ontario, which has an interest directly or indirectly in any registrant, in which he holds a position of officer or director, and his position as an officer or director of any issuer in Ontario in which he holds a position of officer or director, effective the date of the Order of the Commission approving the proposed settlement agreement herein;

(c) pursuant to clause 8 of subsection 127(1) of the Act, Pincock is prohibited from becoming or acting as an officer or director of a registrant, an officer or director of any issuer in Ontario which has an interest directly or indirectly in any registrant or an officer or director of any issuer in Ontario, for a period of five years effective the date of the Order of the Commission approving the proposed settlement agreement herein;

(d) Pincock undertakes not to apply for registration in any capacity under Ontario securities law for a period of five years;

(e) Pincock agrees to be reprimanded by the Commission under clause 6 of subsection 127(1) of the Act;

(f) pursuant to subsection 127.1(1)(b) of the Act, Pincock will make payment to the Commission in the amount of $20,000 by certified cheque, in respect of a portion of the costs incurred by the Commission and Staff in relation to this proceeding, such payment to be made at the time of approval of this settlement; and

(g) Pincock will attend, in person, the hearing before the Commission to consider the proposed settlement.

V STAFF COMMITMENT

15. If this Settlement Agreement is approved by the Commission, Staff will not initiate any complaint to the Commission or request the Commission to hold a hearing or issue any order in respect of any conduct or alleged conduct of the respondent in relation to the facts set out in Part III of this Settlement Agreement.

VI PROCEDURE FOR APPROVAL OF SETTLEMENT

16. The approval of the settlement as set out in the Settlement Agreement shall be sought at a public hearing before the Commission in accordance with the procedures described herein and such further procedures as may be agreed upon between Staff and the respondent.

17. If this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting the respondent in this matter and the respondent agrees to waive any right to a full hearing and appeal of this matter under the Act.

18. If this Settlement Agreement is approved by the Commission, the parties to this Settlement Agreement will not make any statement that is inconsistent with this Settlement Agreement.

19. If, for any reason whatsoever, this settlement is not approved by the Commission, or the Order set forth in Schedule "A" is not made by the Commission:

    (a) each of Staff and the respondent will be entitled to proceed to a hearing of the allegations in the Notice of Hearing and related Statement of Allegations unaffected by the Settlement Agreement or the settlement negotiations;

    (b) the terms of the Settlement Agreement will not be raised in any other proceeding or disclosed to any person except with the written consent of Staff and the respondent or as may be otherwise required by law; and

    (c) the respondent agrees that he will not raise in any proceeding the Settlement Agreement or the negotiation or process of approval thereof as a basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other challenge that may otherwise be available.

20. If, prior to the approval of this Settlement Agreement by the Commission, there are new facts or issues of substantial concern, in the view

of Staff, regarding the facts set out in Part III of this Settlement Agreement, Staff will be at liberty to withdraw from this Settlement Agreement. Notice of such intention will be provided to the respondent in writing. In the event of such notice being given, the provisions of paragraph 19 in this part will apply as if this Settlement Agreement had not been approved in accordance with the procedures set out herein.

VII DISCLOSURE OF SETTLEMENT AGREEMENT

21. Staff or the respondent may refer to any part or all of this Settlement Agreement in the course of the hearing convened to consider this agreement. Otherwise, this Settlement Agreement and its terms will be treated as confidential by all parties to the Settlement Agreement until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission.

22. Any obligation as to confidentiality shall terminate upon the approval of this Settlement Agreement by the Commission.

VIII EXECUTION OF SETTLEMENT AGREEMENT

23. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

August 23, 2002.

"James Frederick Pincock"
James Frederick Pincock

"Brian Butler"
Staff of the Ontario Securities Commission
Per: Brian Butler

2.2.3 Mark Edward Valentine - s. 127

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

AND

IN THE MATTER OF
MARK EDWARD VALENTINE

ORDER
(Section 127 of the Securities Act,
R.S.O. 1990, c.S.5 as amended)

WHEREAS on June 17, 2002 the Ontario Securities Commission (the "Commission") made a Temporary Order (the "Temporary Order") pursuant to section 127(1) of the Securities Act, R.S.O. 1990, c.S.5 as amended (the "Act");

AND WHEREAS, pursuant to the Temporary Order, the registration of Mark Edward Valentine ("Valentine") under Ontario securities law was suspended for the later of fifteen days after the making of the Temporary Order or the conclusion of a hearing under section 127(6) of the Act unless further extended by the Commission at such a hearing;

AND WHEREAS, further pursuant to the Temporary Order, trading in any securities by Valentine was ordered to cease;

AND WHEREAS the Temporary Order expired on July 2, 2002 and was extended on consent to July 8, 2002;

AND WHEREAS the Temporary Order was extended on July 8, 2002; and further extended on January 31, 2003 until this Order;

AND WHEREAS on January 7, 2003 the Commission issued a Notice of Hearing, with respect to a hearing to consider whether, pursuant to section 127 of the Act, it is in the public interest for the Commission:

a) If necessary, to extend the temporary order made July 8, 2002 ("the July Order") until the conclusion of this hearing pursuant to clause 7 of s. 127;

b) at the conclusion of this hearing, to vary the July Order by removing the trading exemptions contained therein and extending the amended Order until July 31, 2003; and

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

AND WHEREAS on January 7, 2003, staff of the Commission issued an amended Statement of Allegations;

AND WHEREAS on January 30, 2003, the Commission heard the submissions of counsel for Valentine and the submissions of counsel for staff of the Commission;

AND AS the Commission is of the opinion that it is in the public interest to make this order;

IT IS HEREBY ORDERED pursuant to sections 127(1) and 127(7) of the Act that, effective immediately:

1. the registration of Valentine is suspended and the exemptions contained in Ontario securities law do not apply to Valentine for a period commencing from this date and ending July 31, 2003; provided that, during this period, Valentine may trade in certain securities for his own account or for the account of his registered retirement savings plan or registered retirement income fund (as defined in the *Income Tax Act* (Canada)) if:

    a) the securities are securities referred to in clause 1 of subsection 35(2) of the Act; or

    b) in the case of securities other than those referred to in the foregoing paragraph (a):

        (i) the securities are listed and posted for trading on The Toronto Stock Exchange or the New York Stock Exchange (or their successor exchanges); and

        (ii) Valentine does not own directly, or indirectly through another person or company or through any person or company acting on his behalf, more than one (1) percent of the outstanding securities of the class or series of the class in question;

    c) Valentine must submit standing instructions to each registrant with whom he has an account, or through or with whom he trades any securities, directing that copies of monthly account statements be forwarded to the Commission;

    d) for all personal trading Valentine must carry out permitted trading through accounts opened in his name only and must close any accounts in which he has any beneficial ownership or interest that were not opened in his name only;

2. if a hearing arising out of the Notice of Hearing dated June 24, 2002 in connection with the matters set out in the Statement of Allegations is not commenced for whatever reason on or before July 31, 2003, staff may apply to the Commission for an order extending this order for such further period as the Commission considers appropriate.

3. in this order, "Ontario securities law" has the meaning ascribed to that term in the Act.

February 14, 2003.

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

2.2.4 Greenshield Resources Ltd. - ss. 83.1(1)

Headnote

Reporting issuer in Alberta, British Columbia and Quebec that is listed on TSX Venture Exchange deemed to be a reporting issuer for the purposes of Ontario securities law.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 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
GREENSHIELD RESOURCES LTD.

ORDER
(Subsection 83.1(1))

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

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

AND UPON the Company representing to the Commission as follows:

1. The Company was incorporated under the Business Corporations Act (Ontario) on October 15, 2001.

2. The principal and head office of the Company is located at Suite 306, 2 Toronto Street, Toronto, Ontario, M5C 2B6.

3. The authorized capital of the Company consists of an unlimited number of common shares of which 30,117,728 common shares are issued and outstanding as at January 17, 2003.

4. The Company has a significant connection to Ontario as all of its directors and officers are resident in Ontario, and 29,951,096 common shares of the Company or approximately 99.45% of the total issued common shares of the Company are registered to residents of Ontario, whose last address on the Company's register of shareholders was in Ontario, as at January 7, 2003.

5. Upon the exchange of all of the outstanding common shares of Greenshield Resources Inc. (Greenshield) for common shares of the Company on November 11, 2002, pursuant to an amalgamation (the Amalgamation), the Company became a reporting issuer under the Securities Act (Alberta) (the Alberta Act), the Securities Act (British Columbia) (the BC Act) and the Securities Act (Quebec) (the Quebec Act).

6. Greenshield was a reporting issuer under the Act prior to the Amalgamation and remains a reporting issuer under the Act subsequent to the Amalgamation. The Company did not become a reporting issuer under the Act by virtue of the Amalgamation. In a separate application to the Commission, Greenshield has applied to be deemed to have ceased to be a reporting issuer.

7. As a result of the Amalgamation, the former holders of common shares of Greenshield acquired 60.0% of the issued and outstanding common shares of the Company. As a result of the Amalgamation, the Company currently owns all of the issued and outstanding securities of Greenshield.

8. The Company is not in default of any requirements of the BC Act, Alberta Act and Quebec Act.

9. The Company is not a reporting issuer in Ontario, and is not a reporting issuer, or equivalent, in any other jurisdiction, except British Columbia, Alberta and Quebec.

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

11. The continuous disclosure materials filed by the Company under the Alberta Act, the BC Act and the Quebec Act since November 11, 2002 are available on the System for Electronic Document Analysis and Retrieval.

12. The common shares of the Company are listed on the TSX Venture Exchange (the TSX-V), and the Company is in compliance with all requirements of the TSX-V.

13. The Company is not designated a capital pool company under the policies of the TSX-V.

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

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

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

17. None of the officers or directors of the Company, nor to the knowledge of the Company, 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 ORDERED pursuant to subsection 83.1(1) of the Act that the Company be deemed to be a reporting issuer for the purposes of Ontario securities law.

February 17, 2003.

"John Hughes"

2.2.5 Offshore Marketing Alliance and Warren English - ss. 127 and 127.1

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

AND

IN THE MATTER OF
OFFSHORE MARKETING ALLIANCE and
WARREN ENGLISH

ORDER
(Section 127 and 127.1)

WHEREAS on December 20, 2002 the Ontario Securities Commission (the "Commission") issued an Amended Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act,* R.S.O. 1990 c.S.5, as amended (the "Act") in respect of Offshore Marketing Alliance and Warren English;

AND WHEREAS Offshore Marketing Alliance and English entered into a settlement agreement with Staff of the Commission dated February 13, 2003 (the "Settlement Agreement") in which they agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Amended Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Offshore Marketing Alliance and English and from counsel for Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS ORDERED THAT:

(1) the Settlement Agreement dated February 13, 2003 attached to this Order is hereby approved;

(2) pursuant to clause 2 of subsection 127(1) of the Act, English is hereby prohibited from trading in securities for a period of 10 years from the date of this Order, with the exception that he is permitted to trade in securities held in a Registered Retirement Savings Plan in his name;

(3) pursuant to clause 6 of subsection 127(1) of the Act, English is hereby reprimanded by the Commission;

(4) pursuant to clause 7 of subsection 127(1) of the Act, English is hereby required to resign all positions that he currently holds as officer or director of any issuer;

(5) pursuant to clause 8 of subsection 127(1) of the Act, English is hereby prohibited from becoming or

acting as an officer or director of any issuer for a period of 15 years from the date of this Order;

(6) pursuant to subsection 127.1(1)(b) of the Act, English will make a payment to the Commission in the amount of $10,000.00 in respect of a portion of the costs of Staff's investigation of this matter;

(7) pursuant to clause 2 of subsection 127(1) of the Act, Offshore Marketing Alliance is hereby permanently prohibited from trading in securities; and

(8) pursuant to clause 6 of subsection 127(1) of the Act, Offshore Marketing Alliance is hereby reprimanded by the Commission.

February 17, 2003.

"Robert W. Davis" "Robert L. Shirriff"

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

AND

IN THE MATTER OF
OFFSHORE MARKETING ALLIANCE and
WARREN ENGLISH

SETTLEMENT AGREEMENT

I INTRODUCTION

1. By Amended Notice of Hearing dated December 20, 2002, the Ontario Securities Commission announced that it proposed to hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the Ontario *Securities Act*, it is in the public interest for the Commission:

(a) to make an order that the respondents cease trading in securities, permanently or for such time as the Commission may direct;

(b) to make an order that the respondents be reprimanded;

(c) to make an order that Warren English be required to resign all positions that he holds as a director or officer of any issuer;

(d) to make an order that Warren English be prohibited from becoming or acting as a director or officer of an issuer permanently or for such time as the Commission may direct;

(e) to make an order that the respondents pay the costs of Staff's investigation in relation to this proceeding;

(f) to make an order that the respondents pay the costs of this proceeding incurred by or on behalf of the Commission; and

(g) to make such other order as the Commission may deem appropriate.

II JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission agree to recommend settlement of the proceedings initiated in respect of the respondents by the Notice of Hearing in accordance with the terms and conditions set out below. The respondents agree to the settlement on the basis of the facts agreed to as provided in Part III and consent to the making of an Order in the form attached as Schedule "A" on the basis of the facts set out in Part III.

III FACTS

3. The respondents agree to the facts that follow solely for the purposes of this agreement.

4. Offshore Marketing Alliance ("OMA") is incorporated under the laws of Belize as an International Business Corporation, but carried on business in the Province of Ontario.

5. Warren English is a former resident of Pickering, Ontario and currently resides in Laval, Quebec. English is 56 years old, and is the sole officer and director, as well as the controlling mind, of OMA.

6. In the period between April, 1999 and December, 2000, OMA traded in securities. The securities traded by OMA took the form of "Prime Bank" trading contracts or programs.

7. OMA and English used e-mail messages to communicate the existence and terms of the trading programs and to solicit investment in the programs.

8. Neither OMA nor English has ever been registered with the Commission in any capacity under Ontario securities law.

9. OMA and English's sale of the trading programs constituted a distribution of securities for which no prospectus had been issued and no exemption was available, contrary to section 53 of the Act.

10. By soliciting investments in the trading programs, English and OMA traded in securities and acted as advisors without registration, contrary to section 25 of the Act.

Contravention of the Temporary Cease Trading Order

11. On December 11, 2000, the Commission issued a temporary order requiring OMA and English to cease trading in securities for a period of fifteen days (the "Temporary Order").

12. On December 20, 2000, the Commission ordered that the Temporary Order be extended until the conclusion of the hearing, and ordered that the hearing be adjourned *sine die*.

13. On May 8, 2002, OMA and English traded in securities by soliciting an Ontario resident to participate in a trading program. This trade constituted a violation of the Temporary Order.

Conduct Contrary to the Public Interest

14. The conduct of the respondents, as described above, was contrary to the public interest.

IV RESPONDENT'S POSITION

15. English states that he has no prior experience in the financial services industry.

V TERMS OF SETTLEMENT

16. The respondents agree to the following terms of settlement:

(a) pursuant to clause 2 of subsection 127(1) of the Act, English will be prohibited from trading in securities, with the exception of securities held in a registered retirement savings plan in his name, for a period of 10 years, effective the date of the Order of the Commission approving this settlement agreement;

(b) pursuant to clause 6 of subsection 127(1) of the Act, English will be reprimanded by the Commission;

(c) pursuant to clause 8 of subsection 127(1) of the Act, English will be required to resign all positions that he holds as director or officer of an issuer, effective the date of the Order of the Commission approving this proposed settlement agreement;

(d) pursuant to clause 8 of subsection 127(1) of the Act, English will be prohibited from becoming or acting as a director or officer of any issuer for a period of fifteen years, effective the date of the Order of the Commission approving this proposed settlement agreement;

(e) pursuant to subsection 1 of section 127.1 of the Act, English will make a payment of $10,000.00 towards the costs of Commission Staff's investigation of this matter;

(f) pursuant to clause 2 of subsection 127(1) of the Act, Offshore Marketing Alliance will be permanently prohibited from trading in securities; and

(g) pursuant to clause 6 of subsection 127(1) of the Act, Offshore Marketing Alliance will be reprimanded by the Commission.

VI STAFF COMMITMENT

17. If this agreement is approved by the Commission, Staff will not initiate any complaint to the Commission or request the Commission to hold a hearing or issue any order in respect of any conduct or alleged conduct of the respondents in relation to the facts set out in Part III of this agreement.

VII PROCEDURE FOR APPROVAL OF SETTLEMENT

18. The approval of this agreement shall be sought at a public hearing before the Commission scheduled for such date as is agreed to by Staff and the respondents in accordance with the procedures described herein and such further procedures as may be agreed upon between Staff and the respondents.

19. If this agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting the respondents in this matter and the respondents agree to waive any right to a full hearing and appeal of this matter under the Act.

20. If this agreement is approved by the Commission, the parties to this agreement will not make any statement that is inconsistent with this agreement.

21. If, for any reason whatsoever, this agreement is not approved by the Commission, or the Order set forth in Schedule "A" is not made by the Commission:

    (a) each of Staff and the respondents will be entitled to proceed to a hearing of the allegations in the Notice of Hearing and related Statement of Allegations unaffected by this agreement; and

    (b) the respondents further agree that they will not raise in any proceeding this agreement or the negotiation or process of approval thereof as a basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other challenge that may otherwise be available.

VIII DISCLOSURE OF AGREEMENT

22. Staff or the respondents may refer to any part or all of this agreement in the course of the hearing convened to consider this agreement. Otherwise, this agreement and its terms will be treated as confidential by all parties until approved by the Commission, and forever if, for any reason whatsoever, this agreement is not approved by the Commission.

23. Any obligation as to confidentiality shall terminate upon the approval of this agreement by the Commission.

IX EXECUTION OF SETTLEMENT AGREEMENT

24. This agreement may be signed in one or more counterparts which together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

February 10, 2003.

"Warren English"
Warren English

February 10, 2003.

"Warren English"
Offshore Marketing Alliance
Per: Warren English

February 13, 2003.

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

2.2.6 Meadowvale Gardens Apartment Project – Phase 1 - s. 144

Headnote

Section 144 – full revocation of cease trade order upon remedying of defaults – following revocation of cease trade order, attorney and trustee of entity will cause entity to dissolve.

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
MEADOWVALE GARDENS APARTMENT PROJECT – PHASE 1

ORDER
(Section 144)

WHEREAS the securities of Meadowvale Gardens Apartment Project – Phase 1 (the Co-tenancy) currently are subject to a Temporary Order made by the Director on behalf of the Ontario Securities Commission (the Commission) dated January 22, 2002 pursuant to paragraph 2 of subsections 127(1) and 127(5) of the Act and extended by a further Order of the Director dated February 1, 2002 made under subsection 127(8) of the Act (collectively, the Cease Trade Order) directing that trading in the securities of the Co-tenancy cease until the Cease Trade Order is revoked by a further order of revocation;

AND WHEREAS the Cease Trade Order was made by reason of the Co-tenancy's failure to file with the Commission audited annual statements for the year ended August 31, 2001;

AND WHEREAS the Co-tenancy has made an application to the Director pursuant to section 144 of the Act for a revocation of the Cease Trade Order;

AND WHEREAS the Co-tenancy has represented to the Director that:

1. The Co-tenancy is an Ontario entity formed on November 30, 1977.

2. The Co-tenancy is authorized to issue an unlimited number of units. As of November 18, 2002, 199 unitholders held units of the Co-tenancy.

3. The Cease Trade Order was issued due to the failure of the Co-tenancy to file with the Commission audited annual statements for the year ended August 31, 2001.

4. The Co-tenancy is also subject to a cease trade order of the Quebec Securities Commission (the QSC) dated June 4, 1997. The Co-tenancy has applied concurrently to the QSC for a revocation of the QSC cease trade order.

5. The financial statements were not filed with the Commission as the Co-tenancy had not prepared the financial statements within the prescribed time. The financial statements for the year ended August 31, 2001 and interim financial statements for the six-month period ended February 28, 2002 were filed with the Commission on April 3, 2002. The financial statements for the year ended August 31, 2001 and interim financial statements for the six-month period ended February 28, 2002 were distributed to unitholders on April 3, 2002.

6. The Co-tenancy is not considering and is not involved in any discussions relating to a reverse take-over or similar transaction.

7. Except for the Cease Trade Order, the Co-tenancy is not otherwise in default of any requirements of the Act or the regulations made thereunder.

8. The attorney and trustee of the Co-tenancy has provided an undertaking to the Commission that following the revocation of the Cease Trade Order and the QSC cease trade order, the attorney and trustee of the Co-tenancy will cause the Co-tenancy to dissolve and will provide the Commission with evidence of its dissolution.

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

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 is revoked.

February 17, 2003.

"John Hughes"

2.2.7 VVC Exploration Corp. - ss. 83.1(1)

Headnote

Subsection 83.1(1) – Reporting issuer in Alberta, British Columbia and Quebec that is listed on the TSX Venture Exchange deemed to be a reporting issuer in Ontario.

Statutes Cited

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

Policies Cited

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

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

AND

IN THE MATTER OF
VVC EXPLORATION CORP.

ORDER
(Subsection 83.1(1))

UPON the application of VVC Exploration Corp. ("VVC") for an order pursuant to subsection 83.1(1) of the Act deeming VVC 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 VVC representing to the Commission as follows:

1. VVC is a corporation incorporated under the *Company Act* (British Columbia) on April 11, 1983 under the name "Huntington Resources Inc.". It changed its name to "Vulcan Ventures Corp." by Certificate of Change of Name issued by the Registrar of Companies on October 20, 1999, and it changed its name to "VVC Exploration Corp." by Certificate of Change of Name issued by the Registrar of Companies on October 1, 2001.

2. VVC's head office is located at Suite 300 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T7.

3. The authorized share capital of VVC consists of 100,000,000 common shares without par value, of which 8,909,495 are issued and outstanding as of October 18, 2002. The common shares of VVC are listed on Tier 2 of the TSX Venture Exchange ("TSX Venture").

4. VVC has been a reporting issuer under the *Securities Act* (British Columbia) (the "BC Act") since March 15, 1984 and became a reporting issuer under the *Securities Act* (Alberta) (the "Alberta Act") on November 26, 1999 as a result of the merger of the Vancouver Stock Exchange and the Alberta Stock Exchange to form the Canadian Venture Exchange (now the TSX Venture). VVC became a reporting issuer under the *Securities Act* (Quebec) (the "Quebec Act") on August 13, 2002 (retroactive as of July 16, 1984).

5. VVC is not in default of any requirements of the BC Act, the Alberta Act or the Quebec Act or any requirement of the TSX Venture.

6. VVC is not a reporting issuer or public company under the securities legislation of any other jurisdiction in Canada.

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

8. The continuous disclosure materials filed by VVC under the BC Act since November 1997, under the Alberta Act since November 1999, and under the Quebec Act since August 13, 2002 are available on the System for Electronic Document Analysis and Retrieval.

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

10. None of the officers or directors of VVC, nor any of its shareholders holding sufficient securities of VVC to affect materially the control of VVC, 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.

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

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 VVC be deemed a reporting issuer for the purpose of the Act.

December 18, 2002.

"Margo Paul"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 Reasons for Decision

3.1.1 Brian K. Costello

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

AND

IN THE MATTER OF
BRIAN K. COSTELLO

Hearing: November 11-15, 18-20, 28 and December 6 and 9, 2002

Panel:	Paul M. Moore, Q.C.	- Vice-Chair (Chair of the Panel)
	M. Theresa McLeod	- Commissioner
	Kerry D. Adams, FCA	- Commissioner
Counsel:	Hugh Corbett Scott Pilkey Rob Del Frate	- For the Staff of the Ontario Securities Commission
	Joseph Groia Janice Wright	- For Brian K. Costello

DECISION ON THE MERITS AND REASONS

The Proceeding

[1] This proceeding was a hearing under sections 127 and 127.1 of the *Securities Act* (the Act) in the matter of Brian K. Costello. The hearing commenced on November 11, 2002 and continued on November 12-15, 18-20 and 28, 2002, and on December 6 and 9, 2002.

[2] Today, we announce our decision on the merits and the reasons for it. After we have heard further submissions from counsel as to appropriate sanctions, we will decide what order, if any, should be made in the public interest. Following that decision, we will issue reasons for our decision on sanctions.

The Allegations

[3] In their statement of allegations, staff alleged that orders under sections 127 and 127.1 would be in the public interest because:

(i) Costello acted as an "adviser" without being registered in accordance with section 25(1)(c) of the Act, by engaging in conduct which amounted to recommending the purchase of specific securities to attendees at his seminars, readers of his newsletters, and listeners of his radio segments, and by offering his opinion to them on the investment merits of those specific securities;

(ii) Costello engaged in this conduct without disclosing that he held an interest in a company that would benefit financially from the sale of those specific securities or that he received fees for publishing articles in his newsletters which recommended those specific securities, contrary to section 40 of the Act and the public interest; and

(iii) Costello engaged in conduct which constituted "trading" in securities without being registered in accordance with subsection 25(1)(a) of the Act, by carrying out acts directly or indirectly in furtherance of trades of specific securities by way of his seminars, radio segments, and the articles published in his newsletters.

Witnesses

[4] We heard from the following witnesses: Lou Calderisi and John Howard from THE Financial Planning Group (FPG); five sales representatives of FPG; four attendees of Costello's seminars who purchased the limited partnership units of Synlan Securities Corporation or EverVest Resource Management Ltd. mentioned by Costello at the seminars; James Carr, the editor of Costello's newsletters; Barbara Shourounis from the Saskatchewan Securities Commission; Charles Skipper, a lawyer at Fogler, Rubinoff LLP, the firm that advised FPG on its business model; Bruce Hammond, a consultant to FPG; Joseph MacDonald, a former executive of Mackenzie Mutual Funds, which co-sponsored events with FPG; Hugo Valente, an officer of FPG ServiceCo, the company into which the net profits of FPG flowed; and Rebecca Cowdery, the manager of the regulatory reform group within the Ontario Securities Commission's investment funds team.

Facts

[5] Brian Costello is a financial author, radio personality, investment commentator and seminar speaker. In December, 1992, he signed a letter agreement establishing FPG through The Height of Excellence Financial Planning Group, Inc. (FPG FundsCo) and DPM Securities Inc. (FPG SecuritiesCo). They were registrants under the Act and carried on business as FPG. The net

profits of the two registrants flowed into The Height of Excellence Financial Group Inc. (FPG ServiceCo), a non-registrant, of which Costello was the chairman and in which he held a 47.5% stake. This business structure was devised as a means of allowing Costello to participate in the control of FPG without having to become qualified as an officer or director of a registrant. However, in the agreement, he undertook to become registered.

[6] Until approximately July, 1997, Costello gave investment seminars on behalf of FPG. For each seminar, FPG paid Costello a speaking fee of approximately $5,000 plus expenses. At no time was Costello registered under the Act as an adviser.

[7] A typical Costello seminar consisted of two parts. During the first part, Costello made general comments about the current state of the economy, interest rates, general market trends and political matters. During the second part, Costello discussed tax savings and investment strategies, which on several occasions included discussing specific securities.

[8] Whether in the course of his introductory remarks or elsewhere in his seminars, Costello would tell his audience that he was not licensed to sell securities, did not take clients, and that they should consult a registered adviser.

[9] At the material time, Costello also published a monthly investment newsletter. He charged FPG $0.50-$1.00 per copy. FPG made these newsletters available free of charge to clients and prospects, including attendees of Costello's seminars. Costello would tell seminar attendees that they were entitled to a free copy of the newsletter, and that if a copy was not included in their seminar package, they could obtain one by indicating interest on the seminar response card provided to attendees.

[10] On several occasions in his seminars and newsletters, Costello mentioned specific limited partnership units of Synlan or EverVest. He referred to them as investments in very favourable terms, saying such things as "the best I've seen". He created the impression that he was very positive about these securities for investment purposes. Articles in his newsletter described the Synlan securities as being liquid, hard assets, and real property. Points made at some seminars about Synlan securities were similar, if not identical, to the points made about Synlan in the copy of Costello's newsletter available at the seminar.

[11] In his newsletters and a radio broadcast, Costello also specifically mentioned securities of Retrocom Growth Fund Inc., with which Costello had a longstanding relationship.

[12] Costello did not meet one-on-one with potential investors, including any who were considering investing in securities mentioned during his seminars.

[13] At the seminars in which he referred to Synlan, Costello would tell the audience, either directly or through a question Costello put to the attending branch manager of FPG , that Richard Smith, the president and secretary of Synlan would conduct a follow-up seminar for those interested in the Synlan units. Anyone interested in attending a Smith seminar could indicate that on their seminar response card. After each Costello seminar, the cards would be sorted and divided among the local sales representatives of FPG .

[14] The Smith seminars that followed Costello seminars, usually within a week or so, were arranged in advance, and often were held within the same building as Costello seminars. Costello did not attend the Smith seminars, but Smith made reference to Costello frequently. The seminar package for Smith seminars included either an entire issue of a Costello newsletter containing an article endorsing Synlan limited partnership units, or a copy of a positive Synlan article on its own. Smith expressly referred to the article during his seminars.

[15] Most articles in Costello's newsletters were prepared by James Carr. On the inside cover of each newsletter, Costello was identified as its publisher. Costello's name was prominently displayed on the masthead, above a photograph of Costello and a list of his accomplishments. Costello spoke to Carr each month to discuss articles for the upcoming issue. Carr put Costello's thoughts into writing. When Carr required further information, he would phone Costello for details. Draft articles were forwarded to Costello for his review, but Costello never requested changes to the draft newsletters. Costello's silence gave Carr every reason to believe that the newsletter accurately reflected Costello's views.

[16] We found as a fact that the articles without a byline gave the reader the impression that they came from Costello himself, or at the very least, expressed Costello's views.

[17] The promoters of the Synlan and EnerVest limited partnership units were Richard Smith and Peter Streukens, respectively. Synlan and EnerVest paid fees to have articles written by Smith and Streukens, respectively, appear in the newsletter. Smith and Streukens contacted Carr to arrange this. Costello did not disclose in his newsletter that articles in the newsletter regarding limited partnership units of Synlan or EnerVest, which appeared without a byline, were paid advertisements. He allowed the views of the promoters to appear as his own views.

[18] The eight-page newsletter often contained at least one page of paid text, and up to three or four pages during the peak season for sales connected with registered retirement savings plans (RRSPs). For example, the January, 1998 edition of the newsletter contained an article promoting Retrocom as one of three labour-sponsored investment funds "which we feel offer good long-term growth potential." Retrocom and the two other funds mentioned each wrote their portion of the article and paid $500 to have it published. No disclosure was made of the compensation received for its inclusion.

[19] Although the newsletters were used at the Costello and Smith seminars organized by FPG, the newsletters never disclosed Costello's interest in FPG ServiceCo or that he was entitled to remuneration derived from the activities of FPG, including sales by FPG FundsCo and FPG SecuritiesCo of securities recommended by Costello. Costello also did not disclose this at his seminars. He only said that he founded FPG and handpicked its advisers.

[20] From June, 1995 to July, 1996, FPG ServiceCo held a minority equity interest in EnerVest. During this time, articles in Costello's newsletters recommended limited partnership units of EnerVest, but Costello's indirect interest was not disclosed.

[21] Costello did no direct trading as part of his business. Whenever attendees of Costello's seminars later purchased Synlan or EnerVest securities, the attendees did so after dealing with or through others who were registered as advisers or dealers under the Act. Some of the trades in question occurred months or even more than a year after the attendees heard Costello mention the securities at a Costello seminar.

[22] In 1994 and 1995, the Saskatchewan Securities Commission (SSC) received complaints that Costello was making what amounted to recommendations of specific limited partnership units in the course of his seminars, without being registered. Costello was advised that he was prohibited from discussing specific securities in his seminars without being registered, even by way of example. Costello met with SSC officials in 1994, and undertook not to mention specific securities in his seminars. He broke that undertaking in 1995, resulting in a second round of complaints. Valente went to speak to SSC officials and later communicated to Costello or other senior personnel of FPG that the SSC's position was that Costello was not to "talk product", *i.e.* refer to specific securities, without becoming registered as an adviser. Based on the evidence, we concluded that officers of FPG would have made Costello aware of the concerns expressed by the SSC in 1995 even if Valente had not himself spoken directly to Costello. Indeed, they did raise with Costello again the issue of his becoming registered under securities laws.

[23] Concerns were also expressed to Costello separately by staff of the Alberta Securities Commission.

Adviser Registration

[24] Costello was not registered as an adviser. An issue in dispute was whether Costello acted as an adviser as defined in the Act.

[25] Under the Act, Costello was an adviser if he engaged in, or held himself out as engaging in, the business of advising others as to the investing in or the buying or selling of securities. The trigger for registration as an adviser is not doing one or more acts that constitute the giving of advice, but engaging in the business of advising.

[26] Accordingly, we first had to decide whether Costello engaged in acts of advising. If he did, then we had to determine whether through those acts, Costello was engaged in the business of advising.

[27] This was a difficult case on this issue given the unique facts. This case required us to apply our knowledge and expertise on methods of advising which can vary enormously.

Did Costello provide advice?

[28] Providing mere financial information as to specific securities does not constitute the giving of advice, but providing an opinion on the wisdom or value or desirability of investing in specific securities does: *Re Canadian Shareholders Association* (1992), 15 O.S.C.B. 617 (*Canadian Shareholders*).

[29] In *Lowe* v. *Securities and Exchange Commission*, 472 U.S. 181 (1985), a 'one-on-one' relationship involving the giving of advice on specific securities to specific individuals was found to be required to qualify as the giving of advice under U.S. law. Such a direct, one-on-one relationship with an investor is not required to qualify as the giving of advice under Ontario law: *Canadian Shareholders* at 657.

[30] Counsel for Costello questioned whether the interpretation of "adviser" in *Canadian Shareholders* was too board. We considered that and concluded that the clear intention of the Act was to define "adviser" broadly, and then to provide exceptions in limited circumstances that were not met in the case before us.

[31] Based on the evidence, we found that Costello gave advice as to the wisdom or value of investing in securities of Synlan and EnerVest on several occasions in his seminars and in his newsletters. In response to a question put to counsel for Costello, counsel conceded that a particular Retrocom radio spot constituted the giving of advice. We therefore concluded that Costello provided advice.

[32] The fact that Costello always stated that he did not himself take clients and stated that investors should always consult independent advisers or other registrants did not mean that he could not have been giving advice, and therefore, could not have been acting as an adviser under the Act.

[33] In his closing argument, counsel for Costello raised for the first time a constitutional question: that staff's suggested interpretation of the definition of "adviser" in the Act – applying to anyone advising on a non-investor-specific basis – if adopted by the Commission, would result in a violation of the *Canadian Charter of Rights and Freedoms*. As the required notices to argue a constitutional question were not given, we did not take the constitutional question into account in deciding this case.

Was Costello engaged in the business of advising?

[34] *Re Maguire* (1995), 18 O.S.C.B. 4623 is relevant to the question of whether Costello was engaged in the business of advising. In that case, this Commission adopted the approach of the British Columbia Securities Commission in *Re Donas*, [1995] 14 B.C.S.C.W.S. 39 (*Donas*). The *Donas* approach is the proper one under our Act: if Costello offered advice in a manner that reflected a business purpose, then he was engaged in the business of advising. In *Re Hrappstead*, [1999] 15 B.C.S.C.W.S. 13, the British Columbia Securities Commission determined that in assessing whether Hrappstead offered advice in a manner that reflected a business purpose, one needed to look no further than the commissions Hrappstead stood to receive.

[35] Isolated incidents of giving advice on specific securities would not have been enough to persuade us that Costello offered advice in a manner that reflected a business purpose. However, considering the totality of the evidence in this particular case, including Costello's newsletter articles on Synlan, EnerVest and Retrocom, the use of his newsletters at his seminars, the fact that Smith seminars were arranged in advance of Costello seminars and were announced when Costello spoke about Synlan at his seminars, we concluded that the necessary business purpose was present, and that he was therefore engaged in the business of advising. Costello's arrangements with FPG to put on seminars and to benefit indirectly from revenue from sales of products by FPG were additional indicia of the necessary business purpose.

Were any adviser exemptions available to Costello?

[36] There might well have been an educational component to what Costello did. However, the teacher exemption from adviser registration contained in section 34(b) of the Act was not available to Costello. His principal occupation was not that of a teacher. His recommendations of specific securities were an integral part of his business as a financial speaker and commentator.

[37] Because Costello offered advice in a manner that reflected a business purpose, and did not have an exemption from the requirement to register as an adviser, he was required to be registered as an adviser. By not doing so, he violated section 25(1)(c) of the Act.

Disclosure of Interests in Securities Referred To

[38] Section 40 of the Act requires every registered adviser to ensure that every publication of the adviser in which the adviser recommends that a specific security be purchased, sold or held contain, in a conspicuous position, full and complete disclosure of any financial or other interest that the adviser directly or indirectly has in the sale or purchase of any securities referred to. The disclosure obligation expressly includes any commission or other remuneration that the adviser has received, or may expect to receive, from any person or company in connection with any trade in such securities, and any financial arrangement relating to such securities that the adviser has with any person or company.

[39] Costello failed to disclose in his newsletters that articles relating to securities of Synlan or EnerVest, which appeared without a byline, were paid for by Smith or Streukens, the respective promoters of the securities. The same was true for articles about Retrocom.

[40] It was inappropriate for Costello to allow the views of promoters of Synlan, EnerVest or others to appear as his own views in articles in his newsletters, and not to disclose that they were paid advertisements.

[41] Costello's newsletters never disclosed his interest in FPG ServiceCo or that FPG ServiceCo was entitled to remuneration derived from the activities of FPG, including sales by FPG FundsCo and FPG SecuritiesCo of securities recommended by Costello.

[42] From June, 1995 to July, 1996, FPG ServiceCo held an interest in EnerVest. During this time, articles in Costello's newsletters contained positive references to EnerVest, but Costello's indirect interest in EnerVest was not disclosed. Although the interest of FPG ServiceCo in EnerVest was relatively small, and turned out to be relatively insignificant, it was still material at the relevant time because it could have later turned out to have been more significant than it eventually was to him.

[43] Section 1(1) of the Act defines a "registrant" as "a person or company registered or required to be registered under this Act". Section 40 of the Act, however, does not apply to a "registrant" but to a "registered adviser". Therefore, technically, section 40 does not cover a person who is a "registrant" but not a "registered adviser" because of a failure to register.

[44] Accordingly, Costello's failure to disclose his many conflicts did not constitute a breach of section 40 of the Act. However, his failure to make the full, complete and conspicuous disclosure that he would have been required to make had he not failed to become registered as an adviser was contrary to the public interest.

[45] If in the future, the Act were to be amended to narrow the requirement for registration to apply only where there was one-on-one advice to an investor, we would nevertheless want the conflict of interest disclosure provisions to apply to anyone giving advice, even if not registered. Indeed, we hope that section 40 will be amended in this regard.

Registration to Trade in Securities

[46] Those who conduct any trade in a security are required to be registered, regardless of whether or not they are engaged in the business of trading. A trade in a security is defined to include any act, solicitation or conduct directly or indirectly in furtherance of a trade. The essence of staff's third allegation is that Costello engaged in acts, solicitations or conduct directly or indirectly in furtherance of actual trades.

[47] There is no bright line separating acts, solicitations and conduct indirectly in furtherance of a trade from acts, solicitations and conduct not in furtherance of a trade. Whether a particular act is in furtherance of an actual trade is a question of fact that must be answered in the circumstances of each case. A useful guide is whether the activity in question had a sufficiently proximate connection to an actual trade.

[48] Staff argued that the relevant actual trades in Synlan securities involved persons who attended Costello's seminars. Some of these trades occurred months or even more than a year after the Costello seminars in question. In each case, the attendees took further steps through persons registered as advisers or dealers before trading occurred.

[49] Costello told his audience that he did not take clients. He referred his audience to others who were registered. He did not meet one-on-one with investors. In our opinion, his activities, including his use of seminar response cards as a method of finding new clients for FPG, were insufficiently proximate to the actual trades that ultimately occurred to constitute acts, solicitations or conduct indirectly in furtherance of the actual trades.

[50] Had we determined that Costello's activities were directly or indirectly in furtherance of actual trades, the registration exemption in section 35(1)(10) of the Act would have been available to him, as those trades were conducted through registrants. In our view, if the ultimate trade is exempted from registration, so too is any act, solicitation or conduct in furtherance of that trade.

[51] Under section 206 of Regulation 1015, registration exemptions contained in section 35(1) of the Act are not available to a market intermediary, except in respect of certain specified trades. A trade exempted by virtue of section 35(1)(10) is not one of the specified trades.

[52] However, section 206 of the Regulation would not have taken away Costello's exemption under section 35(1)(10) of the Act. A market intermediary is someone engaged in the business of trading. Costello did no direct trading as part of his business. A person can be engaged both in the business of trading and the business of advising, but even if we had found that Costello's conduct amounted to acts, solicitations or conduct in furtherance of actual trades, this would not have led us to find in the particular facts of this case that he was engaged in the business of trading.

Conclusion

[53] We have determined that Costello's failure to become registered as an adviser contravened section 25(1)(c) of the Act; that his failure to make full, complete and conspicuous disclosure of his many conflicts of interest was contrary to the public interest; and that his activities did not constitute acts, solicitations or conduct indirectly in furtherance of actual trades.

[54] We look forward to hearing the submissions of counsel on what order, if any, we should make in the public interest.

February 18, 2003.

"Paul M. Moore" "M. Theresa McLeod" "Kerry D. Adams"

3.1.2 Glen and Christine Erikson - Endorsement

Glen & Christie Erikson v., O.S.C. 22/99

Coram.	Archie Campbell, Cosgrove & Thomas JJ.
For Appellant	Allan Sternberg
For Respondent	Yvonne B. Chisholm
Heard:	September 11, 2002
Decided	February 7, 2003

ENDORSEMENT

The Facts

[1] It is unnecessary to repeat the facts set out in the factums in such detail.

The Grounds of Appeal

[2] Mr. Sternberg in his able argument says the tribunal erred in principle within the meaning of *Committee for the Treatment of Asbestos Minority Shareholders v. O.S.C.* (1999) 43 O.R. (3rd) 257 per Laskin J.A. at p. 269.

[3] He says that the tribunal misapprehended the evidence, wrongly analyzed the question of culpability, and wrongly concluded that there was clear cogent and persuasive evidence that the appellants had any awareness or knowledge of the alleged manipulative scheme. He says that the tribunal took a market manipulation case and turned it into a reporting violation case. In response to a question from the court he said there was “an absence or any evidence that Glen Erikson had knowledge of his client's wrongdoing." He challenges the finding of fact that there was any deceptive manipulative scheme at all. He says that: "if one analyzes the whole of the evidence it would be unreasonable to make any inference of culpability against the appellants. "

[4] Despite Mr. Sternberg's valiant attempt to couch his appeal in terms of error in principle, the appellants' case depends on a complete factual re-argument of the case they lost before the tribunal, largely on the basis that the tribunal drew the wrong factual inferences as to the knowledge of the appellants, who did not testify.

The Decision

[5] The tribunal heard 22 witnesses over 18 hearing days, considered 156 exhibits, some comprising many volumes, and then heard argument for seven days. After delivering extensive reasons on the first phase of the hearing it then proceeded for six days on the issues of limitation period and sanction.

[6] The tribunal found as a fact that there was a carefully prepared scheme designed to profit the participants whether or not the speculative ventures proved to be successful, a scheme designed to take advantage of every possible exemption under the act to reduce expense and provide practically no information on the public record as to the likelihood of success. Towards the beginning of its reasons the tribunal said:

> As will appear from what follows, we are satisfied that there were violations of important requirements of the Act which deserves censure. Even if we are wrong in this, however, we also hold that by knowingly participating in a scheme which was clearly designed to place securities in the hand of investors at prices which did not reflect their real value, the respondents have participated in a process which was abusive of the market which also should lead to censure.

At the end of the reasons the tribunal said:

> In coming to the conclusions we have set out, we have been mindful of the many statements to which we were referred that we should act on nothing short of clear and convincing proof based upon cogent evidence accepted by the tribunal where potential disciplinary matters or where matters of personal reputation are Involved.
>
> …..
>
> As a result of our review of the voluminous documentary evidence and our consideration of the evidence, we have concluded that Christine Erikson was either a pure nominee or a member of a control group and that Erikson knowingly acquiesced in and facilitated the distribution of the common shares of Belteco and Torvalon where violations of the prospectus and reporting requirements of the Act occurred. The result has been a serious abuse of the capital market contrary to the public Interest. We believe their conduct deserves censure.
>
> Finally, if we are wrong in our findings that important violations of the Act and the Regulations have occurred, we find that on all the evidence before us what occurred in this case was manipulative, deceptive and unconscionably abusive of the capital markets and we would exercise our discretion under Section 127 of the Act in the absence of any breach of the Act to find that the public interest was involved, that what occurred was contrary to the public interest and thus sufficient to receive submissions as to what, if any, Order should be made within those permitted under Section 127. In this regard we rely on Re CTC Dealer Holdings et al. and Ontario Securities Commission et al. (1957) 59 OR (2d) 79 (DivCt) affirming (1997) 10 OSCB 857.

[7] It is important to note that the findings are couched in the alternative. Neither violations nor knowledge of violations are essential to the overall conclusion. The appeal is not from the reasons, which refer in the alternative to knowledge. The appeal is from the result, in which knowledge is not a necessary ingredient.

The tribunal when considering sanction summed it up even more succinctly:

> It is not necessary to repeat those conclusions here except to say that we have found that by their conduct the three respondents who appeared in these proceedings participated to some degree in a scheme which was manipulative, deceptive, and unconscionably abusive of the capital markets and thus their conduct was clearly contrary to the public interest.

Standard Of Review

[8] It is unnecessary to pinpoint the exact position of the standard of review within the intermediate reasonableness spectrum addressed in *Committee for the Equal Treatment of Asbestos Minority Shareholders v. O.S.C.* (2001), 2 S.C.R. 132 per Iacobucci J. at para 49, 152 – 3. This case is entirely fact- driven and the issues faced by the tribunal are at the heart of its specialized expertise in understanding the knowledge of marketplace players engaged in complex marketplace transactions. This decision attracts a high degree of appellate deference.

Criminal Law Notions

[9] The tribunal found three separate bases for the exercise of its public interest jurisdiction, any one of which was sufficient:

> Knowing participation in a manipulative scheme
>
> Violations of the act which resulted in an abuse of capital markets
>
> Conduct, whether a violation or not, which resulted in an abuse of capital markets

[10] None of these ultimate conclusions require criminal knowledge or intent. The tribunal, to exercise its public interest jurisdiction after a hearing under s.128, was not obliged to find criminal intent or knowledge. As the Commission pointed out in *Re Standard Trustco Limited* (1992), 15 OSCB 4322 at 4359-60:

> State of Mind of the Respondents
>
> While the Commission should consider the state of mind of the Respondents in deciding whether to exercise its public interest jurisdiction, it is not determinative. It is not necessary for us to find that the Respondents acted wilfully or deceitfully in order to exercise our public interest jurisdiction. In the case of Gordon Capital Corporation and Ontario Securities Commission (1990), 13 OSCB 2035, affirmed (1991) 14 OSCB 2713 (Ont. Div. Ct.) at p. 14, Craig J stated:
>
> "The fact that Gordon may have acted without malevolent motive and Inadvertently is not determinative of the right of the OSC to exercise its regulatory and discretionary powers to impose a sanction upon Gordon".
>
> Although that case involved a hearing into whether it was in the public interest to suspend, cancel, restrict or impose conditions on the registration of a registrant and not a section 128 hearing, we believe the same principle applies in the case at hand.

[11] As for the appellants' criminal law arguments on proof of intention and *mens rea,* this is not a criminal case *like R. v. Carter* (1996) 9 CCLS 21 or *R. v. Mammolita* (1983) 9 C.C.C. (3rd) 85 The applicants were not charged with any offence or prosecuted under any penal statute, nor did the tribunal make any "findings of guilt." The tribunal was not obliged to apply criminal law principles such as "accessorial liability" in exercising its jurisdiction to protect capital markets and regulate the activity of the participants in that marketplace.

[12] Notwithstanding Mr. Sternberg's able re-argument of the points he made before the tribunal there was overwhelming evidence that

> there was a deceptive scheme of the kind alleged and
>
> the exemptions were used abusively to facilitate the scheme

The appellants, whether or not guilty of violations, participated in acts vital to the implementation of the scheme which abused the market

[13] It is important to remember the tribunal's finding that even if it erred in finding violations, there was in any event an abuse of the market that triggered the application of s. 127.

[14] So far as knowledge is concerned there comes a point where the unexplained participation of individuals in a vital capacity in a scheme which abuses the market supports an inference that some sanction is required to prevent them from doing so again, whatever their precise degree of knowledge.

[15] This was a classic scheme where the promoters, in order to avoid scrutiny of risk by prospective investors, adopted procedures including the use of exemptions in order to withhold information showing that the ventures are nothing more than commercial moose pasture.

[16] Although it was essentially agreed by the tribunal that Glen Erikson participated only in the build up phase, his participation in misleading press releases demonstrates his participation in activities (whether one characterizes them as build-up or marketing) directed at the public market.

[17] It is unnecessary to prove his participation in the marketing or blow-out phases. The build-up phase was just as essential to the abuse of the market as the marketing

and blow-out phases. Erikson's crucial engineering of the first phase of the scheme was an essential part of the ultimate abuse of the market.

[18] Although the Eriksons complain of insufficient evidence and findings about their precise degree of knowledge, they declined to testify. They provided no explanation for any of the evidence against them. Their failure to testify as to their knowledge and intention weakens their attack on the tribunal's findings about their knowledge and intention. Their elaborate argument about the precise nature and quality of their suspicion, willful blindness, or knowledge and the “complexity of the mental element necessary for accessorial liability" rings hollow in light of their failure to testify.

Sufficiency of Reasons

[19] The tribunal set out the evidence, their primary findings of fact as to the appellants' participation, and their ultimate conclusions without fully elaborating everything they could have said about their intermediate reasoning. The reasons for judgment could have been more explicit in relation to the continuum between innocence, naive inexperience, ignorance, suspicion, negligent failure to inquire, reckless failure to inquire, sophisticated blindness, wilful blindness, things the appellants ought to have known, imputed knowledge, and actual knowledge. The tribunal could have been more explicit in finding precisely how the trees fit into the forest or, to put it legally, "in the logical process by which conclusions are sought to be drawn" from the evidence. [Iacobucci J. in Southam at pp. 776 - 7.] It must always be remembered, when parsing reasons for judgment, that the appeal is from the result and not from the reasons.

[20] In finding knowledge on the part of the appellants the tribunal made no express reference to its marketplace expertise. Nor was it obliged to do so. The entire judgment reflects the tribunal's understanding of the marketplace and of the kind of mental awareness one would normally expect of someone in the appellants' position.

[21] There is no obligation on the tribunal to say everything it might have said and failure to do so does not evidence error. The reasons, taken as a whole, demonstrate a meticulous review of the evidence and clear findings of primary fact which were more than adequate as a foundation for the ultimate conclusions. To take but one of dozens of examples, the tribunal said this about Glen Erikson's participation in the issuance of Betelco shares from treasury in return for the rights to the moon balancer and continuous squirt gun:

> On this first acquisition of business assets for treasury shares, it is clear that a prospectus was required. This is part of the fundamental protection under the Act Mr. Erikson as a solicitor knowledgeable in securities law and as the president and a director of Belteco at the time ought to have ensured compliance. The press release which was filed was woefully lacking in the information required in the circumstances.

[22] The primary findings of fact, taken cumulatively, are more than enough to support the ultimate conclusion that the appellants participated in the abuse of capital markets in a manner that required the imposition of a preventive sanction.

Sufficiency of Evidence

[23] The case against the appellants was strong. The assets underlying the shares were "commercial moose pasture". It was not necessary to follow the money or to have any evidence of where it went. Neither was it necessary to conduct a formal valuation of the commercial moose pasture.

[24] It was for the tribunal, not this court, to weigh the evidence of all the witnesses whom they saw and heard, including Whymark and Madeiros. There were some matters the tribunal did not refer to although they could have, and some minor errors in relation to the details of this elaborate and complicated scheme. But nothing in the evidence or the reasons suggests any factual error that might affect the result, any failure to consider a vital matter, or any other error in principle.

[25] The appellant seeks to re open and reargues the case it lost before the O.S.C. This is not a trial de novo and it is not for the court to rehear the case.

Seven Alleged Errors

[26] The appellants raise seven alleged "factual" errors:

> 1. Cleaning up the shell: Whymark's suggestion or Erikson's?
>
> 2. Was the promoter exemption available to Petry?
>
> 3. Was the employee exemption available to Madeiros?
>
> 4. Did Madeiros act in a purely accommodation capacity?
>
> 5. Submissions for G. Erikson, Private Placement December 23 1991
>
> 6. Elaine Salter's holdings on April 30 1992
>
> 7. Did Erikson avoid a prospectus or a takeover bid circular?

[27] Some of these alleged errors have nothing to do with any factual mistake but rather with technical statutory pigeonholes, for instance whether there was a failure to file a prospectus or a failure to file a takeover bid circular.

Re-Argument before Tribunal

[28] The seven alleged errors were argued not only on appeal but also, in the following manner, in front of the tribunal after it had rendered its decision.

[29] In its extensive reasons for judgment on September 30, 1998 the tribunal left it open to the appellants to make further submissions on the facts:

> ...when counsel re-attend to address us on the consequences of our decision we are prepared to hear any reasonable representations arising from our analysis or presentation of the facts.

[30] Mr. Sternberg took up the tribunal's invitation. On November 17 when the tribunal came back he argued these points as shown in volume 25 pages 1-41 of the transcript, followed by Mr. Ritchie's response. During this reargument it became obvious that the tribunal had intended a limited argument on four new transaction summary tables attached to the reasons, but not a plenary reargument on all the findings in the reasons. The tribunal made a few observations during the course of these submissions such as “I think you may be right" or “You are probably right" in respect or minor details but made it clear that on the controlling findings and conclusions they were not open to re-argument. Mr. Sternberg's argument before the tribunal was largely to preserve rights or appeal on the points with which he took issue.

The Seven Alleged Errors Analyzed

[31] The first alleged error (reasons page 12, fourth full paragraph) has to do with the assignment to Krater of Whymark's Beltco shares. The chair agreed that the tribunal maybe should have said "as a result of Mr. Erikson's suggesting that it had value" (v. 25 November 18 pp. 13 - 140) and agreed that “you can qualify the degree of suggestion." Whatever should have been said on that point it is a small point that predates 1991, a point of no moment.

[32] The **second** alleged error (reasons page 18. second last full paragraph) has to do with the moonbalancer and the continuous feed squirt gun and the finding that the promoter exemption was not applicable to Petrie. In light of the lack of any role by Petrie in the reorganization of Betelco's business and in light of the inability to find Petrie's alleged company in Kent, Ohio, the finding is not unreasonable.

[33] The **third** alleged error has to do with the finding (reasons p. 23, last full paragraph) that Madeiros was not an employee of Betelco or Pearl "in the spirit in which that term is used in Section 72 (1) (n)". Madeiros testified on July 22 and July 23. The tribunal had a full opportunity to assess the real nature of her role. She was unaware what it meant to act as a director of a company, did not know the difference between a public and a private company, was unaware until the investigation that she was listed as the secretary of Betelco or that she had resigned. She never attended a board of directors meeting although she signed a lot of documents, sometimes in blank. Whatever technical argument might be made about her legal status, the finding is not unreasonable that she was not an employee in which the spirit of that term is intended in the Act.

[34] The **fourth** alleged error has to do with the finding (reasons p. 10 last paragraph);

> We accept the evidence of Madeiros that in her capacity as a director and officer of Belteco and as an officer of Torvalon, she was acting as a pure accommodation party at the request of Gary Salter or through him at the request of Erikson. In our view, this is also true with respect to the trading in shares which were issued to her or to the actions of corporations of which she was the sole director and officer.

[35] Mr. Sternberg pointed out to the tribunal that there was no evidence that “on the trading aspect that she was in any way acting through Erikson" and the chair said "I think that is right." (transcript November 18 page 11). So far as trading is concerned it is clear that the tribunal did not associate Glen Erikson with the blow-out phase and any slip reflected in the quoted paragraph could have had no effect on the result.

[36] This fourth alleged error involves a subtext to the other complaints of the appellants. This cumulative complaint alleges that the tribunal followed the investigators' error by seeing something wrong at the end of the day and then working far back ex *post facto* to tar, as sinister, every detail of Erikson's behaviour. This subtext applies also to the fifth and sixth alleged errors.

[37] There was no error in the tribunal's approach. Behaviour associated with a market abuse invites a trier of fact quite properly, when the behaviour is unexplained, to analyze it In the context of the abuse with which it was associated. There is nothing in the alleged errors that could, individually or cumulatively, have affected the result of the hearing.

[38] The **fifth** alleged error has to do with the tribunal's treatment of Glen Erikson's role in the private placement of December 23 1991 (page 29)

> As to Erikson's participation, it is clear from the record that he was fully aware of the circumstances and probably participated in the preparation of both the report and the press release.
>
> No submission was made on behalf of Erikson on this transaction, but none of these shares reached the market as it had collapsed before the shares became tradeable.

[39] In fact submissions had been made on behalf of Erikson, submissions to the effect that this was one of the few transactions in which there was complete compliance with all filing requirements.

[40] On this issue the staff had conceded that although the transaction required a prospectus, an exemption was probably available. The staff submitted that the use of the exemption in the circumstances was abusive because the press release was incomplete in relation to the destination of the funds to be applied to debt reduction.

[41] There was no error here that could have affected the result. The tribunal appeared to acknowledge the availability of an exemption and there was no finding against Erikson in respect of the issue on which submissions were made on his behalf.

[42] The **sixth** alleged error (page 29) has to do with a finding that the cumulative total of shares of Betelco issued to Elaine Salter and her company 918211 amounted to 832,342 shares or 17% of the issued and outstanding shares at the end of April 1992. The alleged error is the failure to consider that sales from January to April would have reduced the percentage.

[43] On this point the Chair during re-argument (page 19) said:

> THE CHAIR: ...I think you may be right. What the 17 percent is calculated on is the 832.342, that obviously those numbers can be added up in the table and probably does not take into account sales
>
> MR. STERNBERG: Yes
>
> THE CHAIR: Probably does not. I think you are quite right.

[44] There followed a dialogue between Mr. Sternberg and the Chair as to whether she clearly had over 10% which triggers the creeping control provisions of s. 101.

[45] Again, the error resulted in no crystallized finding against Erikson. It was certainly not the key to the decision against him and could not in the overall body of findings have affected the ultimate result.

[46] Mr. Sternberg characterizes the **seventh** alleged error as the most offensive error that impacted on the way Glen Erikson was viewed. The argument on this point is highly technical and was reviewed extensively during re-argument (transcript pp. 22 - 33). It involves the Torvolon acquisition of control and the following concluding passage (reasons page 35):

> We have no doubt that the real number of sellers was artificially reduced so that the prospectus requirements of the Act could be avoided. This fact was clearly known to Erikson and consequently no prospectus exemption was applicable because he knew that the nominal sellers were acting as nominees or agents for others having a beneficial interest in the securities being sold. There was a clear breach of the Act. A prospectus was required. Furthermore, the Section 101 filing was inaccurate and incomplete as it did not disclose the true identity of the purchasers.

[47] Although a lot can be said about this issue it makes no difference in the result. Even if a prospectus was not required but a take over bid circular was required, the result is the same. Neither a prospectus nor a take over bid circular was filed. In the result the public was deprived of critical information and it does not matter which pigeonhole the delict best fits.

[48] Most of the alleged errors are not made out. None of those that are made out are substantial and none of them could have affected the result.

Limitation Period

[49] Because it found as a fact that the reports in question did not contain the range of knowledge required to trigger the limitation period, the tribunal found it unnecessary to decide whether the knowledge of TSE and CDN should be attributed to OSC.

[50] There is no basis to interfere with that finding of fact, uniquely within the expertise of the tribunal.

[51] The report itself recommended that further investigations be done. It is difficult to pinpoint the exact stage during an investigation when there is enough knowledge of facts to launch proceedings. Between suspicion and knowledge there is no bright line. The regulator is guilty of tunnel vision if it proceeds against individuals on the basis of mere suspicion before conducting an adequate investigation, including necessary interviews, of the kind required to turn suspicion into knowledge.

[52] The Boyce letter of December 17 said there was a possibility of manipulative trading and unwarranted markups. Although a great deal of trading and transaction detail was presented, there were at that time no interviews of people like Madeiros, Rooney, Kirkwood, Petrie, Virginia Bailey, Daniel Bailey, Wayne Whymark, Link, Torrens or Erikson's mother in law, Mrs. Picke.

[53] More is needed than "This looks like a market manipulation; something is going on here and we have to investigate." It would be irresponsible, without conducting personal interviews, to conclude that there was enough evidence to launch proceedings. The tribunal correctly held that the necessary knowledge could only be attributed to staff well after December 19, 1991.

Sanction

[54] The sanction is not as serious as suggested by the appellants. It is not a life-time ban on trading. In the first place it is always open to the appellants to apply to the Commission at any time under s. 144(1) to revoke or vary the sanction. Second, the appellants are entitled, after the expiry of two years, to trade firstly in s. 35 (2)(1) securities, bonds and debentures and also in TSE- listed securities in

respect of companies where they are not an insider and do not own more than 2 ½ %.

[55] The sanction must also be considered in light of the fact that it did not deprive the appellants of any right. Participation in the capital markets is a privilege, not a right. As this court said in *Manning v. O.S.C,* [1996] O.J. No. 3414 (O'Driscoll, Borkovich and Corbett JJ.) per O'Driscoll J.:

> [6] We agree with paragraphs 47 and 48 of the Respondent's Factum.
>
> 47. There is no right of any individual to participate in the capital markets in Ontario. Section 35 of the Act provides certain exemptions which allow individuals to make certain trades without being registered, however the OSC has explicit jurisdiction to remove the exemptions if an individual engages in conduct contrary to the letter or spirit of the Act, whether such conduct causes damage to investors or is detrimental to the integrity of the capital markets. The OSC found that such conduct existed on the facts of the present case.
>
> 48. The OSC exercised its public interest discretion in a manner within the core of its regulatory jurisdiction. Its decision was based on voluminous evidence, made in good faith, for the purposes of the Act and on the basis of relevant factors. It is a matter that falls within the OSC's exclusive jurisdiction and one with which the Court should not Interfere.
>
> [7] The removal of the exemptions of the appellants, in our view, falls within the OSC's exclusive jurisdiction. On this record, we are not persuaded that there is any basis upon which to interfere. In the result, the appeals are dismissed.

[56] This extract from *Manning* shows that participation in capital markets is a privilege and not a right. It also shows that sanctions addressed to that privilege are within the deference accorded to decisions at the heart of the Commission's specialized expertise.

[57] The tribunal is in a much better position than this court to determine the gravity of the conduct and the risk to the public. As this court said in *Robinson v. O.S.C.,* [2000] O.J. No.648 (Southey, MacFarland and Swinton JJ.).

> The Commission is in a much better position than this court to determine the gravity of the breaches of the Securities Act that have been found, and to assess the risk to the public from the future conduct of the persons involved. Such determinations are squarely within the core jurisdiction of the Commission. The Commission is entitled to deference. We are not persuaded that any of the decisions as to penalty was unreasonable, and there will be no order disturbing the penalties that have been imposed by the Commission.

[58] The tribunal when considering sanction addressed itself expressly to the appropriate factors including:

> the seriousness of the allegations proved;
>
> the respondents' experience in the marketplace;
>
> the level of the respondents' activity in the marketplace;
>
> whether or not there has been recognition of the seriousness of the improprieties, and

whether or not the sanctions imposed serve to deter not only those involved in the case being considered but also any like-minded people from engaging in similar abuses of capital markets.

[59] The tribunal addressed, in particular, the principal consideration of the need not to punish past conduct but to restrain future conduct likely to be prejudicial to the public interest in the integrity of capital markets. The tribunal in this respect quoted *In the Matter of Mithras Management Ltd.* (1990), 13 O.S.C.B. at pp. 1610 – 1611:

> Under sections 26, 123 and 124 of the Act, the role of this Commission is to protect the public interest by removing from the capital markets -- wholly or partially, permanently or temporarily, as the circumstances may warrant -- those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In so doing we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all. And in so doing, we may well conclude that a person's past conduct has been so abusive of the capital markets as to warrant our apprehension and intervention, even if no particular breach of the Act has been made out.

[60] Nothing in the negotiated settlements of the other participants suggests any error in the appellants' sanctions. As for the identity of sanction between the two appellants it was open to the tribunal, in considering future conduct, to consider their continuing mutual participation in public companies since the Betelco and Torvolon matters. Glen Erikson was a director, officer or holder of more then 10% of the shares of eight public companies and Christine Erikson to like degree in six of those public companies.

[61] Penalty is a matter uniquely within the expertise of this regulatory tribunal which is intimately familiar on a daily

basis with the practices and expectations of the marketplace. The appellants, as the commission found, participated in a scheme which was manipulative, deceptive, and unconscionably abusive of capital markets. Their conduct, which was clearly contrary to the public interest, resulted in net proceeds of $969,000 for Betelco and over $2 million for Torvalon.

[62] Neither the reasons not the sanctions demonstrate any error in principle or any reason to interfere with the imposition of these sanctions at the heart of the Commission's specialized understanding of what is necessary to protect the integrity of capital markets.

Conclusion

[63] For these reasons the appeal is dismissed with costs fixed in the agreed amount of $10,000.

A. CAMPBELL, J.

COSGROVE, J.

THOMAS, J.

February 7, 2003.

3.1.3 OSC and Toronto Stock Exchange Inc. v. Taylor Shambleau

Divisional Court File No.: 262/02
DATE: 20030121

ONTARIO
SUPERIOR COURT OF JUSTICE

DIVISIONAL COURT

MCNEELY, WRIGHT AND HOWDEN, JJ.

B E T W E E N:	
TAYLOR SHAMBLEAU	Matthew Gottlieb **for the Appellant**
Appellant	
- and -	
THE ONTARIO SECURITIES COMMISSION and THE TORONTO STOCK EXCHANGE INC.	Yvonne B. Chisholm **for Ontario Securities Commission**
	Jane R. Ratchford **for Toronto Stock Exchange**
Respondent	
	HEARD: November 18, 2002

[1] The appellant appeals a decision of the Ontario Securities Commission. The Commission was sitting in review of a decision made by the Board of the Toronto Stock Exchange which upheld a decision of a hearing panel of the Exchange ordering the Regulatory Staff of the Exchange to disclose to the appellant an investigation report relating to disciplinary proceedings brought against the appellant. The Commission decided that the disclosure already made to Mr. Shambleau was sufficient and disclosed all relevant material and that the actual report itself need not be produced. The Commission accordingly set aside the order of the Board of the Toronto Stock Exchange.

[2] It is particularly important in this case to understand the narrow nature of the charges faced by Mr. Shambleau and the nature of the evidence relevant to the charges. The nature of the charge is described in the Commission's decision as follows:

> Mr. Shambleau is alleged to have committed an infraction of section 11.26(1) of the General By-Law of the Toronto Stock Exchange. Specifically it is alleged that, while an approved person employed by Sprott Securities, Mr. Shambleau made a bid and executed a trade for the account of a customer when there was reason to believe that the intended purpose of such an action was to establish an artificial price or quotation in a listed security, or to effect a high closing price or quotation in a listed security. The complaint arises out of the investigation with respect to RT Capital Management Inc.

[3] The investigation by the Toronto Stock Exchange staff which led to the charge was carried out by Kim Stewart, a staff investigator. Her investigation resulted in obtaining from Mr. Shambleau's employer, Sprott Securities and from the Toronto Stock Exchange, documentary evidence of the trades made by Mr. Shambleau, transcripts of phone calls to which Mr. Shambleau was a party relating to the trades and a taped interview she had on May 26, 2000 with Mr. Shambleau who was represented by counsel at the interview. Having obtained this material, she prepared an investigation report dated May 29, 2000 giving the results of her investigation. Mrs. Stewart was extensively cross-examined by counsel for Mr. Shambleau relating to her investigation and the transcript of the cross-examination which was before the Commission. In the transcript the extent of the investigation is clearly set out:

> "BY MR. GOTTLIEB:
>
> 226. Q. All right, I want to get back to the investigation steps you took, and I am going to just run over this real fast, because we already got them. I just want to make this clear, though. As part of the investigation of Mr. Shambleau's trading activity, you obtained records from the Toronto Stock Exchange; correct?
>
> A. Trading data.

227. Q. Yes, you obtained records from Sprott Securities?

A. Yes.

228. Q. You obtained some documents and tapes from the Ontario Securities Commission?

A. The transcripts and the tapes.

229. Q. Yes, you interviewed Mr. Shambleau?

A. Yes.

230. Q. All right. What else did you do in the course of your investigation of Mr. Shambleau's matter; anything else?

A. From memory, no".

and again at page 309 after review the same steps is the following:

"BY MR. GOTTLIEB:

268. Q. To the best of your knowledge, sitting here, after giving this some thought, that is really, what you have just described for me, the sum total of the investigation process that you undertook with respect to Mr. Shambleau?

A. Requesting the documents, the interviews?

269. Q. Yes.

A. Yes

270. Q. Okay. Now, we talked before a little bit about preparing your report and understanding that you have an obligation to be fair and complete and contain all relevant facts; correct?

A. Yes.

271. Q. And the facts that you put in, as we said before, are what I will call the good facts and the bad facts, the facts that would lead to proceeding and the facts that would lead to closing the file?

A. We put in all the facts".

All of the documentation obtained as a result of the investigation including the transcript of the interview and the phone calls were furnished to Mr. Shambleau as well as a summary of the proposed evidence of Kim Stewart. At the hearing before the Commission, the following exchange took place between Mr. O'Sullivan, a member of the Commission Hearing Panel and Mr. Gottlieb, counsel for Mr. Shambleau:

"MR O'SULLIVAN: In your cross-examination of her, did you ask her whether she had any information in her report which was not included in the summary of her evidence that had been provided to you?

A. No, did not".

It was the position of the Toronto Stock Exchange staff before the Commission that all of the fruits of the investigation were disclosed and that the actual report itself which might contain the investigator's opinion on the facts need not be produced. The report itself was made available for perusal by the Commission Panel if it so wished. Mr. Shambleau's counsel's position before the Commission and before this Court was that he had an absolute right to production of the investigation report in its entirety and whether or not he had obtained all of the factual information in the report and all the documents and transcripts which were the entire fruits of the investigation.

[4] The Commission in deciding that the investigator's report itself need not be produced said the following:

"We are of the opinion that the adequacy of disclosure must be considered in the context of the nature of the regulatory proceeding and whether "the fruits of the investigation" have been disclosed to Mr. Shambleau. Such disclosure is paramount to achieving fairness in such proceedings as it permits the opportunity to make full answer and defence.

Regulatory Staff of the Toronto Stock Exchange acknowledges that there is a requirement and duty to be fair to Mr. Shambleau and recognized its obligation to provide adequate disclosure. Based upon the principles of natural justice, this would require disclosure of the following information:

a) the provisions alleged to have been violated;

b) particulars of the conduct that led to the alleged violation;

c) the documents RS intends to refer to or tender as evidence at the hearing;

d) any other materials gathered during the course of the investigation that may reasonably be used in meeting the case, advancing a defence, or in making a decision that would affect the conduct of the case; and

e) a list of witnesses and a summary of the evidence that those witnesses are expected to give.

In essence, this consists of all the facts that underpin the report. According to Ms. Stewart's affidavit upon which she was cross-examined, these have already been produced. Mr. Shambleau has been provided with all the relevant material gathered in the course of the investigation. All of the documents referred to in the investigation report have been disclosed. A witness list has been provided and witness statements have also been provided.

Mr. Gottlieb would add the investigation report to the list of materials that should be disclosed on the basis that one may reasonably expect there to be matters in Ms. Stewart's report which will be relevant and admissible to the issues at stake in the allegations being made against him. We disagree. Moreover we are not prepared to infer that the report may contain undisclosed facts. In *Re Mills*, it was submitted that the investigation report may contain facts of which the respondent is not aware, comments concerning the credibility of the Association's witnesses and opinions concerning the events that occurred. To this the Ontario District Council responded as follows:

> "In these circumstances, the District Council will not infer that additional undisclosed facts may be revealed by Mr. Lane's report (s) ... Mr. Lane's views concerning credibility are beside the pint. They will not provide a basis from cross-examination of Mr. Long; and the District Council must make its own assessment of credibility. The same applies to Mr. Lane's opinions of what occurred. The District Council must reach its own conclusions on the facts on the basis of the evidence presented at the hearing, not on the basis of opinions reached by Mr. Lane during his investigation."

In conclusion, for the reasons given, we find the investigation report not relevant. Accordingly, we disagree with the Boards decision and set aside the order of the Board.

As was pointed out in *Re Mills*, supra, we recognize that the obligation to disclose is ongoing. Should an issue arise at the hearing which results in some specific aspect of the "report" becoming relevant to a fact in issue, the panel may very well determine that it is relevant and therefore that it should be produced in part. Prior to making this decision, if necessary, the panel should review the report, in accordance with these reasons and decision, to determine what part should be produced".

[5] The question before the Court in this appeal is whether the decision of the Commission is unreasonable. In our opinion it is not.

[6] The duty of disclosure which applies in disciplinary matters is a high one. The Commission recognized this and the standard of disclosure set out in its Reasons is entirely consistent with that set out in Stinchcombe (1991) 3 S.C.R. 327 and also that set out in the dissenting reasons of Mr. Justice Laskin in *Howe v. Institute of Chartered Accountants (Ontario)* (1994) 19 O.R. (3d) 483 on which counsel for the appellant relies. The Appellant submits that these cases mandate that the investigative report must in all cases be produced. In *Howe v. Institute of Chartered Accountants (Ontario)*, the report in question was that of an accountant who had examined all the books of the accountant charged with professional misconduct, formed opinions as to the propriety of the accused' s conduct and was to be called as an expert witness at the hearing as to his fundings. Clearly in those circumstances, the entire report was required to be produced. Mr .Justice Laskin noted that the issue was so clear that there was no need to even examine the report itself to decide that a mere summary of the report would not suffice. The reasons of Justice Laskin were given in the context of the case before him and did not purport to establish nor does it establish any rule that in all cases all investigative reports must be released.

[7] The basis of the disclosure requirement is found in the duty of fairness. The question is not whether a particular class of documents must be disclosed or not. Whatever disclosure is necessary to satisfy the duty of fairness must be made. The Commission recognized and accepted this and found that in the present case, the disclosure already made satisfied the duty of fairness without the actual report of Kim Stewart, the document gathering investigator, being produced. We are unable to find that the Commission was unreasonable in so finding.

[8] For the reasons given, the appeal is dismissed. Counsel may make submissions as to costs within 10 days.

MCNEELY, J.
WRIGHT, J.
HOWDEN, J.

Released: January 21, 2003.

3.2 Reasons for Order

3.2.1 Mark Edward Valentine

IN THE MATTER OF
THE SECURITIES ACT

R.S.O. 1990, C. S.5, as amended

AND

IN THE MATTER OF
MARK EDWARD VALENTINE

Hearing: January 30, 2003

Panel:	Howard I. Wetston, Q.C.	- Vice-Chair (Chair of the Panel)
	Robert W. Davis,	- Commissioner
	Robert L. Shirriff, Q.C.	- Commissioner
Counsel:	Melissa Kennedy Alexandra Clark	- For the Staff of the Ontario Securities Commission
	Jeffrey Kehoe	- For the IDA
	Janice Wright Matthew Scott	- For Mark E. Valentine

REASONS FOR ORDER

The Commission issued a temporary order dated June 17, 2002. On July 8, 2002 the Commission made a further temporary order. On January 31, 2003 the Commission extended the July Order until these reasons and our order.

Background

Staff, by amended Notice of Hearing, dated January 7, 2003 alleges that Valentine engaged in conduct that was contrary to the public interest. It is alleged that Valentine created a culture of conflict and non-compliance at Thomson Kernahan (TK) and breached Ontario securities laws in respect of a series of transactions. It is further alleged that Valentine breached the July Order.

The July Order removed his exemptions except for trades made for his own account or for his Registered Retirement Savings Plan of those securities contained in clause 1 of section 35(2) of the Act and those securities that are listed on the TSX or the NYSE (Carve Out).

Staff have applied to extend the July Order, pursuant to its clause 2 and to remove the Carve Out. Valentine consents to the extension until July 31, 2003 but not the removal of the Carve Out.

The panel must consider whether there is a risk of harm to the public to continue to allow Valentine to trade on a restricted basis.

The Breach

Mr. Scott Boyle, an Investigator in the Enforcement Branch of the Commission (OSC), testified that Valentine opened an account in the name of Q Corporation at Refco Futures Canada Limited in Toronto on July 22, 2002. He traded or acted in furtherance of trades involving futures contracts namely the E-mini Standard & Poors Stock Price Index Futures and the E-Mini Nasdaq 100 Index Futures (collectively the Contracts) on the Chicago Mercantile Exchange (CME).

Staff contend that these Contracts constitute securities within the meaning of s. 1(1) of the Ontario *Securities Act* (OSA) and the July Order. Valentine's exemptions contained in Ontario securities law do not apply and he breached the July Order. Valentine contends that he was not trading in non-exempt securities and therefore did not breach the July Order.

Analysis (S.1(1))

The threshold question is whether the Contracts are securities within the meaning of s.1(1) of the Act.

1.(1) "security" includes…

(p) any commodity futures contract or any commodity futures option that is not traded on a commodity futures exchange registered with or recognized by the Commission under the *Commodity Futures Act* or the form of which is not accepted by the Director under that Act.

We find that during the currency of the July Order Valentine traded or acted in furtherance of trades involving the Contracts.

Counsel for the Respondent argues that the Contracts are commodity futures governed by the *Commodity Futures Act* (CFA) and not securities contemplated by Section 1(1) of the OSA. Her argument has three bases: first, the differences between the commodity futures markets and the capital markets mentioned in the 1975 Report of the Interministerial Committee on Commodity Futures Trading (known as the Harry Bray Report); second, the separate regulatory regime for commodity futures under the CFA; and third, the interplay between OSC Rule 91-503 and the definitions of "security" and "recognized commodity futures exchange" contained in the OSA. Therefore, Counsel argues, trading in these Contracts could not constitute breach of the July Order.

We respectfully disagree. The Contracts are commodity futures contracts as defined in the CFA. The CFA defines a commodity as including "any goods, article, service, right or interest, or class thereof, designated as a commodity under the regulations". CFA R.S.O. 1990, c. C.20, s.1.

The *Commodity Futures Act* regulations, in a section titled "Designation of Commodities"[1], designates as commodities:

> interests that are cash values deliverable under contracts traded on a commodity futures exchange, the amounts of which are determined with reference to…indices of prices or values pertaining to any commodities, goods, articles, services, rights or interests or any combination thereof.
> R.R.O. 1990, Reg. 90, s.2

However, the CME has neither been registered with nor recognized by this Commission under the CFA nor exempted from these requirements. Also the form of the contracts has not been accepted by the Director under the CFA. Accordingly they are securities under s. 1(1) of the OSA.

OSC Rule 91-503 provides relief from the registration and prospectus requirements under the OSA in respect of trades in commodity futures contracts and commodity futures options on exchanges, such as the CME, outside Ontario. The rule does not recognize, register or exempt the CME under the CFA. Indeed, if these contracts and options were not securities as defined in the OSA, there would be no need for the Rule as they would not be subject to the registration and prospectus requirements of Sections 25 and 53 of the OSA.

We also note that the removal by the July Order of the exemptions available to the Respondent under Ontario securities law includes the exemptions contained in Rule 91-503 thus the Contracts were not exempt exchange contracts.

Accordingly, we find that the Contracts were securities within the provisions of the OSA and the July Order and the trades in question were in breach of that Order.

The Carve Out

We have concluded that the Contracts were included within the meaning of s. 1(1) of the Act and accordingly were also securities within the meaning of the July Order. However, we also observe that this analysis is not straightforward.

Staff contends Valentine was in breach of the July Order. He opened the account in the name of Q Corporation about two weeks after the cease trade order. He traded in the Mini Nasdaq Index even though he was explicitly precluded from trading on the NASDAQ. He was one of two designated trading officers on that account. He personally guaranteed each trade. The account was opened at $50,000 U.S. and he closed it at $42,235.00 U.S. He received the proceeds of the account, which he closed on August 26, 2002.

Despite Ms. Wright's very able argument that while there is no direct evidence that Valentine traded, there is sufficient evidence that his acts were in furtherance of these trades, we do accept that there is no evidence that the trades, in and of themselves, were abusive, or that Valentine attempted to conceal his identity or objectives with respect to Refco.

Staff further contends that the Carve Out should be removed because in August, 2002 Valentine was charged with certain securities fraud violations in the U.S. Moreover, the Trustee in Bankruptcy for TK filed, but appears to have not yet served, a statement of claim dated January 6, 2003 naming 47 defendants including Valentine. Apparently Lemmon, a co-accused in the U.S., has pleaded guilty to a securities fraud charge and awaits sentencing. Valentine's trial date has not yet been set.

Staff counsel ably argued that, taken together, these facts suggest that confidence in the capital markets would be undermined if the Carve Out were continued. Ms. Wright submits that there would be little or no risk of harm to the capital markets if the Carve Out were continued.

We agree with staff counsel that if there is any doubt, it is preferable for a registrant, subject to a temporary order, to approach the Commission to determine its limits. Clearly, this is one measure of integrity. However, we accept the argument that Valentine may have thought he was under the CFA and there is no evidence that he knowingly breached the July Order. While we agree that knowledge may not be required, its presence would be decisive.

Conclusion

We have decided to continue the Carve Out contained in the July Order but to vary it as follows:

1. Valentine must submit standing instructions to each registrant with whom he has an account, or through or with whom he trades any securities, directing that copies of monthly account statements be forwarded to the Commission.

2. For all personal trading Valentine must carry out permitted trading through accounts opened in his name only and must close any accounts in which he has any beneficial ownership or interest that were not opened in his name only.

3. If the hearing does not commence, for whatever reason, on or before July 31, 2003, staff may apply to the Commission for an order to extend this order for such further periods, as the Commission considers appropriate.

February 14, 2003.

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

[1] But mistakenly referenced to "paragraph 5 of section 65 of the Act".

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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/Revoke
Allnet Secom Inc.	19 Feb 03	03 Mar 03		
Aludra Inc.	14 Feb 03	26 Feb 03		
Consolidated Grandview Inc.	04 Feb 03	14 Feb 03	14 Feb 03	

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Chapter 5

Rules and Policies

5.1.1 Amendments to National Instrument 55-102, Related Forms and Companion Policy Statement 55-102CP

NOTICE OF AMENDMENTS TO NATIONAL INSTRUMENT 55-102 SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI); FORMS 55-102F1, 55-102F2, 55-102F3 AND 55-102F6; AND COMPANION POLICY STATEMENT 55-102CP

Notice of Amendments

National Instrument entitled *System for Electronic Disclosure by Insiders (SEDI)* (the National Instrument) (2001), 24 OSCB 4414, related forms and Companion Policy 55-102CP (the Policy) are an initiative of the Canadian Securities Administrators (the CSA). Each member of the CSA is expected to amend the National Instrument; related Forms 55-102F1, F55-102F2, F55-102F3 and 55-102F6 (the Forms); and the Policy. In this Notice, the National Instrument, the Forms and the Policy are referred to collectively as the Instruments. The amendments to the National Instrument and the Forms will be implemented as a rule, commission regulation or policy in all jurisdictions with insider reporting requirements represented by the CSA.

The amendments to the Instruments are consequential housekeeping amendments resulting from a further review of the System for Electronic Disclosure by Insiders (SEDI) after SEDI was suspended in January 2002 due to technical difficulties. These amendments, however, do not materially change the Instruments. Therefore, in Ontario and in certain other jurisdictions, the Commission is not publishing these amendments for comment.

The amendments to the Instruments will become effective on different dates in the various jurisdictions, depending on local rule and policy-making procedures. In Ontario, the amendments and the material required by the Act to be delivered to the Minister of Finance were delivered on February 19, 2003. The Minister may approve or reject the amendments to the National Instrument and Forms or return them for further consideration. If the Minister approves the amendments to the National Instrument and Forms or does not take any further action by April 20, 2003, the amendments will come into force in Ontario on May 6, 2003.

Substance and Purpose of Amendments

SEDI is the insider trade reporting system to be available over the Internet at www.sedi.ca once the CSA announces that SEDI is again operational. It will replace paper-based reporting of insider trading data for insiders of SEDI issuers. SEDI will require insiders to file electronically their insider reports, and issuers to file electronically certain information, over the Internet, using the SEDI web site. The public will also be able to search for and look at public information filed on SEDI over the same web site.

SEDI was operational from October 29, 2001 to January 31, 2002 (Initial Period), but SEDI then had to be suspended due to technical difficulties. The Canadian Securities Administrators (CSA) in conjunction with CDS INC., the SEDI system developer and operator, plan to re-launch SEDI in stages once SEDI is ready for re-implementation. The CSA intends to publish a staff notice that will advise market participants about the SEDI re-launch and notify insiders and issuers of the steps needed to resume filing on SEDI.

Because of the technical difficulties during the Initial Period, data filed and collected during this period is not available for public inspection. SEDI issuers and their insiders (or their agents) who filed data on SEDI during the Initial Period will need to register again and file new and current issuer profile supplements or insider profiles on SEDI once SEDI is again operational. SEDI issuers and their insiders need to do this in order for insiders to meet their insider reporting obligations of filing their reports on SEDI.

The legal requirements for SEDI are contained in the National Instrument, six related Forms, 55-102F1 through F6, and the Policy. The purpose of the amendments to the Instruments is to implement changes made to SEDI as a result of the suspension of SEDI on January 31, 2002 and subsequent review of SEDI.

Summary of Amendments

In summary, the amendments:

- Add a new issuer profile supplement filing requirement for issuers that filed an issuer profile supplement on SEDI on or before January 31, 2002

- Expand the temporary hardship exemption
- Reduce the issuer profile supplement securities designation requirements by requiring issuers to designate only their outstanding securities that are held by insiders
- Make other minor changes to the Instruments.

National Instrument 55-102

1. Issuer Profile Supplement Filing Requirement

Part 9 is added and requires a SEDI issuer that filed an issuer profile supplement on or before January 31, 2002 to file a new and current issuer profile supplement not later than the date specified by the securities regulators. For this purpose, the regulators may specify a period which must begin no earlier than the date the notice is published and be at least 18 days. The securities regulators must publish a notice specifying the date the period ends and issue a press release summarizing this notice.

SEDI was operational from October 29, 2001 to January 31, 2002 (the Initial Period). However, data filed and collected on SEDI during this period is not available because of the technical difficulties SEDI experienced. Therefore, even if SEDI issuers registered and filed issuer profile information on SEDI during this period, they will have to register and file an issuer profile supplement once SEDI is again operational. These new provisions in the National Instrument are designed to implement this requirement within a set period after launch, using the more flexible approach of specifying the deadline for filing the issuer profile supplement in a public notice rather than in the National Instrument itself.

The CSA determined that it was not necessary to include in the National Instrument as a legal obligation a requirement to again register or file an insider profile for those who filed this data on SEDI during the Initial Period. These are only pre-conditions to meeting the legal obligations of filing an insider profile supplement or insider report. It will, however, be necessary to again register and file an insider profile after SEDI is re-launched.

2. Expansion of the Temporary Hardship Exemption

Subsection (6) is added to section 4.1 to create a new temporary hardship exemption if unanticipated technical difficulties prevent the timely filing of an amended insider profile, issuer profile supplement, amended issuer profile supplement or issuer event report, provided such documents are filed as soon as practicable after the unanticipated technical difficulties have been resolved.

The CSA are of the view that SEDI issuers and not just insiders should be able to rely on a temporary hardship exemption if issuers have unanticipated technical difficulties, such as SEDI being unavailable due to a system failure, that prevents them from making timely filings of an issuer profile supplement, amended issuer profile supplement or issuer event report. In these cases as well as for an amended insider profile, an interim paper filing of the report is not required.

In addition, subsection 4.1(3) is amended to remove the requirement for a power of attorney to be filed with any insider report filed in paper format by the agent of an individual insider using the temporary hardship exemption. The agent of an individual insider who files in paper format and is not required to use SEDI for filings still must file a power of attorney with the insider report, as required in the instructions to Form 55-102F6. However, the Commission is of the view that this requirement is not appropriate for use in connection with the temporary hardship exemption when all such insiders (or their agents) must then later re-file their insider report on SEDI.

3. Designation of Issuer's Securities Held by Insiders

The Commission has proposed this amendment and the amendment to Item 7 of Form 55-102F3, Issuer Profile Supplement (discussed below) because it feels that it is unnecessary and too onerous for SEDI issuers to designate all their outstanding securities in the issuer profile supplement when many of those securities would not be held by insiders. This change also assists insiders by reducing the number of types of securities on the issuer's list from which they would select the appropriate security for reporting on the insider report form.

Therefore, paragraph (a) of subsection 2.3(3) is amended to require a SEDI issuer to file an amended issuer profile supplement in SEDI format immediately only if the SEDI issuer issues any security to any insider of the SEDI issuer that is not disclosed in its issuer profile. As a result, the SEDI issuer does not have to amend its issuer profile supplement every time it issues a new security. It need only amend its issuer profile supplement to add a security designation if that security is held by an insider. However, for SEDI issuers to avoid continually amending their security designation list, the CSA has recommended that SEDI issuers should designate their publicly traded securities.

Form 55-102F3 is also amended to reflect this change when a SEDI issuer designates its securities in its issuer profile supplement. See the section below on changes to Form 55-102F3.

4. Effective Date

In Ontario, the amendments to the National Instrument and Forms will come into effect the date that is fifteen days after the date the amendments are approved by the Minister of Finance.

Form 55-102F1 Insider Profile

Item 11 - Date the insider became an insider or date of previous paper filing

Item 11 of Form 55-102F1 is amended to change the requirement that an insider provide either the date the insider became an insider or the date of the insider's last paper filing in respect of the reporting issuer, and instead provide either the date the insider became an insider or the opening balance date**.** This opening balance date will be used as the date for all opening balances of securities of this reporting issuer. The opening balance date should be a date prior to the date of any transactions that will be reported for this reporting issuer on SEDI. The change is proposed to address the situation where a transaction is filed on SEDI with an earlier date than the transaction date reflected in the opening balance and SEDI's balance calculation formula provides an incorrect balance.

Notice – Collection and Use of Personal Information

The name and street address of the Saskatchewan Securities Commission are amended to reflect a change of name and address. These changes have also been made to the same name and address listed in the Notice – Collection and Use of Personal Information on Forms 55-102F2 and 55-102F3, and at the bottom of the Instructions to Form 55-102F6.

Form 55-102F2 Insider Report

Item 8 – Opening balance of securities (initial SEDI report only)

The second sentence of the second paragraph is deleted and a new sentence added that changes the "date of transaction" to be reported to the date the insider became an insider or the date the insider entered for all opening balances for securities of this issuer. This change corresponds to the change made to item 11 of Form 55-102F1 Insider Profile.

Form 55-102F3 Issuer Profile Supplement

Item 7 – Security Designations

Item 7 is amended to require a SEDI issuer to designate only those securities held by an insider, not all outstanding securities. Not all securities of an issuer are held by insiders. Designating all outstanding securities, not just the ones held by insiders, is onerous and of limited additional value. Therefore, the Commission feels it is appropriate to limit the requirement to require the issuer to designate only those outstanding securities held by insiders.

Form 55-102F6 Insider Report (Paper)

List of Codes

The list of codes is amended to add the following nature of transaction codes:

- Exercise for cash – 59 is added after "Expiration of rights – 58"
- Correction of information – 99 is added after "Other – 97".

Code 59 is added to clarify that these options were not exercised for securities but for cash. Code 99 is added to clarify on the published summaries of reports that the insider report is a corrected one. Without the code 99, insiders either use code 97 (Other) or repeat the same transaction code and indicate the correction elsewhere on the form. This is misleading.

Companion Policy Statement 55-102CP

Schedule A

Schedule A is amended to indicate that the street address, postal code, facsimile and telephone number, and choice of correspondence in English or French of an insider, as reported on Form 55-102F6 (Insider Report – Paper), will not be made available to the public.

This amendment is consistent with the determination by the securities regulatory authority or regulator, as applicable, to keep confidential personal and certain other information reported on SEDI.

This amendment will be effective on the date it is adopted by the relevant securities regulatory authority.

Text of Amendments

The text of the amendments follows.

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February 21, 2003.

5.1.2 Amendments to National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI)

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

1.1 Paragraph 2.3(3)(a) of National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI) is repealed and the following substituted:

(a) the SEDI issuer issues any security or class of securities to any insider of the SEDI issuer, unless that issuance has already been disclosed in its issuer profile supplement;

1.2 (a) Section 4.1 of the National Instrument is amended by repealing subsection (3) and substituting the following:

(3) The requirements of securities legislation relating to paper format filings of insider reports apply to a filing under subsection (1) except that signatures to the paper format document may be in typed form rather than manual format and an agent may sign the paper format document on behalf of an insider who is an individual without filing a completed power of attorney.

(b) Section 4.1 of the National Instrument is amended by adding the following subsection:

(6) Despite sub-section 2.1(3) and sections 2.3 and 2.4, if unanticipated technical difficulties prevent a SEDI filer from filing an issuer profile supplement, an amended issuer profile supplement, an issuer event report or an amended insider profile within the specified time, the SEDI filer shall file such document as soon as practicable after the unanticipated technical difficulties have been resolved.

1.3 The National Instrument is amended by adding the following Part:

PART 9 - FILING OF ISSUER PROFILE SUPPLEMENT

9.1 Filing of Issuer Profile Supplement

(1) A SEDI issuer that filed an issuer profile supplement in SEDI format on or before January 31, 2002 shall file a new and current issuer profile supplement in SEDI format not later than the date specified by the regulator under subsection (2).

(2) For the purposes of subsection (1), the regulator may specify a period and that period must

(a) begin no earlier than the date that the notice is published under subsection (3), and

(b) be at least 18 days in length.

(3) After specifying a period under subsection (2), the regulator shall

(a) publish a notice specifying the date the period ends and the filing requirement under subsection (1), and

(b) issue a press release summarizing the notice given under paragraph (a).

1.4 (a) Form 55-102F1 Insider Profile of the National Instrument is amended by striking out the title of item 11 and substituting: "Date the insider became an insider or date of opening balance".

(b) Form 55-102F1 Insider Profile of the National Instrument is amended by striking out in item 11 "Alternatively, if the insider has previously filed an insider report in paper format in respect of the reporting issuer, provide the date of the insider's last paper filing in respect of the reporting issuer" **and substituting:** "Otherwise, provide an opening balance date. This opening balance date will be used as the date for all opening balances of securities of this reporting issuer. The opening balance date should be a date prior to the date of any transactions that will be reported for this reporting issuer in SEDI".

(c) Form 55-102F1 Insider Profile of the National Instrument is amended in the part titled *Notice – Collection and Use of Personal Information* by striking out "Saskatchewan Securities Commission" and

"800-1920 Broad Street" **in the address for the Saskatchewan Securities Commission and substituting** "Saskatchewan Financial Services Commission, Securities Division, 6th Floor, 1919 Saskatchewan Drive".

1.5 (a) **Form 55-102F2 Insider Report of the National Instrument is amended by striking out in item 8** "The "date of the transaction" will be the date the insider became an insider or the date of the previous filing, whichever has been reported in the insider profile." **and substituting** "The "Opening/initial balance date" will be the date the insider became an insider or the date the insider entered for all opening balances for securities of this issuer.".

(b) **Form 55-102F2 Insider Report of the National Instrument is amended in the part titled *Notice – Collection and Use of Personal Information* by striking out** "Saskatchewan Securities Commission" and "800-1920 Broad Street" **in the address for the Saskatchewan Securities Commission and substituting** "Saskatchewan Financial Services Commission, Securities Division, 6th Floor, 1919 Saskatchewan Drive".

1.6 (a) **Form 55-102F3 Issuer Profile Supplement of the National Instrument is amended by striking out in item 7** "being profiled" **and substituting:** "that is held by an insider of the reporting issuer who has direct or indirect beneficial ownership of, or control or direction over, that security or class of security".

(b) **Form 55-102F3 Issuer Profile Supplement of the National Instrument is amended in the part titled *Notice – Collection and Use of Personal Information* by striking out** "Saskatchewan Securities Commission" and "800-1920 Broad Street" **in the address for the Saskatchewan Securities Commission and substituting** "Saskatchewan Financial Services Commission, Securities Division, 6th Floor, 1919 Saskatchewan Drive".

1.7 (a) **Form 55-102F6 Insider Report of the National Instrument is amended by adding the following nature of transaction code to the List of Codes – *Issuer Derivatives***:

"Exercise for cash 59

(b) **Form 55-102F6 Insider Report of the National Instrument is amended by adding the following nature of transaction code to the List of Codes – *Miscellaneous*:**

Correction of information 99

(c) **Form 55-102F6 Insider Report of the National Instrument is amended by striking out** "Saskatchewan Securities Commission" and "800-1920 Broad Street" **in the address for the Saskatchewan Securities Commission and substituting** "Saskatchewan Financial Services Commission, Securities Division, 6th Floor, 1919 Saskatchewan Drive".

5.1.3 Amendments to Companion Policy 55-102CP to National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI)

AMENDMENTS TO COMPANION POLICY 55-102CP
TO NATIONAL INSTRUMENT 55-102
SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS
(SEDI)

PART 1 – AMENDMENTS

1.1 Schedule A to Companion Policy 55-102CP is amended by adding the following paragraph at the end of Schedule A:

"**Form 55-102F6 Insider Report**

The following information filed in Form 55-102F6 Insider Report will not be made available for public inspection:

1. Insider's address including postal code but excluding municipality (city, town, etc.), province, territory, state and/or country (Box 3)

2. Insider's telephone number (Box 3)

3. Insider's fax number (Box 3)

4. Correspondence in English or French"

5.1.4 Amendment to OSC Policy 13-601 Public Availability of Filed Material Under the Securities Act

AMENDMENT TO ONTARIO SECURITIES COMMISSION POLICY 13-601
PUBLIC AVAILABILITYOF FILED MATERIAL UNDER THE SECURITIES ACT

Policy 13-601 Public Availability of Filed Material under the Securities Act is amended by deleting paragraph (k) of Part C and substituting the following paragraph:

> "(k) Initial and subsequent insider reports and amended reports under section 107, and insider reports of change of registered holder under section 108, except for information contained in the reports filed with the Commission that the Commission has determined to hold in confidence under Companion Policy 55-102CP to National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI); reports by nominee holders under section 109; reports by mutual fund management companies under section 117(1), or comparable reports from other jurisdictions under section 121."

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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
01-Jan-2003	Sears Canada Inc.	673617 Alberta Ltd. - Debentures	12,132,971.00	1.00
21-Jan-2002	Gary Gomer	Acuity Pooled High Income Fund - Trust Units	204,218.00	14,053.00
20-Jan-2003	John Devries	Acuity Pooled High Income Fund - Trust Units	77,000.00	5,274.00
10-Jan-2003	Seung-Pyo Lee and CRM Innovations	Acuity Pooled High Income Fund - Trust Units	169,625.00	12,157.00
14-Jan-2003	Ian Telford	Acuity Pooled High Income Fund - Trust Units	254,937.00	17,590.00
16-Jan-2003	Susan Hunt and Cathy Thomson	Acuity Pooled High Income Fund - Trust Units	317,879.00	21,790.00
02-Jan-2002	Perry Dellelce	Acuity Pooled High Income Fund - Trust Units	150,000.00	10,414.00
29-Jan-2003	N/A	Adams Street Partnership Fund - 2003 U.S. Fund, L.P. - Units	5,000,000.00	5,000,000.00
31-Jan-2003	Gary Bourgeois	Advantage Energy Income Fund - Trust Units	2,746,449.00	210,076.00
02-Jan-2002 12/31/02	79 Purchasers	AIC American Focused Plus Fund - Units	5,611,148.00	565,859.00
28-Feb-2002	Transamerica Optimum Portfolio-Agg. Growth	AIM American Growth Fund - Units	595,203.25	146,733.00
01-Jan-2002 12/31/02	113 Purchasers	AIM American Growth Fund - Units	335,326.35	96,054.00
15-Feb-2002	Manulife Financial	AIM Canadian Balanced Fund - Units	21,481,573.56	2,148,157.00
01-Jan-2002 12/31/02	121 Purchasers	AIM Canadian Balanced Fund - Units	5,580,943.24	570,126.00

28-Jan-2002 1/30/02	Transamerica Optimum Canadian Managers	AIM Canadian Premier Fund - Units	353,546.04	35,360.00
28-Jan-2002 12/17/02	165 Purchasers	AIM Canadian Premier Fund - Units	1,074,891.42	111,405.00
28-Jan-2002 1/30/02	6 Purchasers	AIM Global Technology Fund - Units	2,539,600.45	626,829.00
28-Jan-2002 12/19/02	428 Purchasers	AIM Global Technology Fund - Units	7,646,864.95	1,089,605.00
31-Jan-2003	3 Purchasers	Alternum Capital - Global Health Sciences Hedge Fund - Limited Partnership Units	151,404.21	340.00
31-Jan-2003	6 Purchasers	Alternum Capital - North American Value Hedge Fund - Limited Partnership Units	3,164.87	7.00
31-Jan-2003	5 Purchasers	American Bonanza Gold Mining Corp. - Units	4,024,999.88	18,295,454.00
03-Feb-2003	National Bank Financial Inc.	Apollo Trust - Bonds	1,500,000.00	1.00
30-Jan-2003	16 Purchasers	Aquest Explorations Ltd. - Special Warrants	2,130,621.00	7,102,070.00
07-Feb-2003	TD Asset Management Inc.	Asia Pacific Resources Ltd. - Common Shares	2,175,189.60	21,751,896.00
17-Jan-2003	3 Purchasers	Axela Biosensors Inc. - Preferred Shares	3,974,999.36	3,233,318.00
01-Jan-2002 12/31/02	University of Toronto Asset Management - EFIP	Barclays Global investors N.A. Russell 3000 Index Fund B - Units	7,562.00	491.00
01-Jan-2002 12/31/02	BGICL CTBF	Barclays Global Investors Canada Limited Active Canadian Equity Fund - Units	404,341.00	34,443.00
01-Jan-2002 12/31/02	BGICL CTBF	Barclays Global Investors Canada Limited Active Canadian Equity Fund 2 - Units	119,980.00	9,000.00
01-Jan-2002 12/31/02	Kidney Foundation Endowment Fund	Barclays Global Investors Canada Limited Capped S&P/TSX Composite Index Fund - Units	299,892.00	34,573.00
01-Jan-2002 12/31/02	69 Purchasers	Barclays Global Investors Canada Limited Daily Active Canadian Equity Fund - Units	67,406,361.01	7,451,580.00
01-Jan-2002 12/31/02	325 Purchasers	Barclays Global Investors Canada Limited Daily Aggressive Balanced Index Fund - Units	8,531,908.44	797,578.00
01-Jan-2002 12/31/02	294 Purchasers	Barclays Global Investors Canada Limited Daily Conservative Balanced Index Fund - Units	3,315,421.22	306,849.96

01-Jan-2002 12/31/02	1434 Purchasers	Barclays Global Investors Canada Limited Daily EAFE Equity Index Fund - Units	8,714,944.22	347,511.00
01-Jan-2002 12/31/02	504 Purchasers	Barclays Global Investors Canada Limited Daily Moderate Balanced Index Fund - Units	25,024,872.16	1,784,908.00
01-Jan-2002 12/31/02	686 Purchasers	Barclays Global Investors Canada Limited Daily S&P/TSX Composite Index Fund - Units	85,778,697.29	7,954,646.00
01-Jan-2002 12/31/02	550 Purchasers	Barclays Global Investors Canada Limited Daily Taxable Synthetic US Equity Index Fund - Units	35,700,497.16	2,322,324.00
01-Jan-2002 12/31/02	766 Purchasers	Barclays Global Investors Canada Limited Daily Universe Bond Index Fund - Units	68,064,323.38	2,951,440.00
01-Jan-2002 12/31/02	321 Purchasers	Barclays Global Investors Canada Limited Daily US Equity Index Fund - Units	73,231,356.65	9,126,626.00
31-Oct-2002	University of Western Ontario	Barclays Global Investors Canada Limited Hedged Synthetic EAFE Index Fund - Units	1,999,680.00	148,828.00
01-Jan-2002 12/31/02	Independent Order of Foresters	Barclays Global Investors Canada Limited Hedged Synthetic EAFE Index Fund - Units	65,639.00	7,687.00
01-Jan-2002 12/31/02	St. Joseph's Health Centre-Corporate	Barclays Global Investors Canada Limited Long Bond Index Fund - Units	999,840.00	83,418.00
01-Jan-2002 12/31/02	5 Purchasers	Barclays Global Investors Canada Limited Short Term Investment Fund - Units	5,896,726.00	472,798.00
01-Jan-2002 12/31/02	Ackland - Grainger DC and RBC Dominion Securities	Barclays Global Investors Canada Limited Short Term Investment Fund STIFF B - Units	11,513,624.00	1,091,993.00
01-Jan-2002 12/31/02	8 Purchasers	Barclays Global Investors Canada Limited S&P/TSX Composite Index Fund - Units	7,979,469.00	354,446.00
01-Jan-2002 12/31/02	BGICL CTBF	Barclays Global Investors Canada Limited Unhedged Synthetic US Equity Index Fund - Units	744,880.00	36,531.00
01-Jan-2002 12/31/02	62 Purchasers	Barclays Global Investors Canada Limited Universe Bond Index Fund - Units	138,111,532.94	9,458,210.00

01-Jan-2002 12/31/02	3 Purchasers	Barclays Global Investors Canada Limited U.S. Equity Index Fund Canada - Units	33,003,141.00	3,335,221.00
01-Jan-2002 12/31/02	Canadian Tactical Balanced Fund	Barclays Global Investors N. A. MSCI Equity Index Funds B - Germany - Units	297,976.00	6,006.00
01-Jan-2002 12/31/02 - Hong Kong - Units	Canadian Tactical Balanced Fund	Barclays Global Investors N. A. MSCI Equity Index Funds B	15,000.00	135.00
01-Jan-2002 12/31/02	Canadian Tactical Balanced Fund	Barclays Global Investors N. A. MSCI Equity Index Funds B - Ireland - Units	20,000.00	667.00
01-Jan-2002 12/31/02	Canadian Tactical Balanced Fund	Barclays Global Investors N. A. MSCI Equity Index Funds B - Italy - Units	65,000.00	1,935.00
01-Jan-2002 12/31/02	Canadian Tactical Balanced Fund	Barclays Global Investors N. A. MSCI Equity Index Funds B - Japan - Units	174,984.00	9,177.00
01-Jan-2002 12/31/02	6 Purchasers	Barclays Global Investors N.A. EAFE Equity Index Funds B - Units	60,609,359.00	1,448,758.00
01-Jan-2002 12/31/02	6 Purchasers	Barclays Global Investors N.A. Equity Index Funds B - Units	11,931,866.00	66,366.00
01-Jan-2002 12/31/02	Canada Council Endowment Fund;Canada Council Killman Fund	Barclays Global Investors N.A. Float adjusted EAFE Funds B - Units	41,140.00	2,675.00
01-Jan-2002 12/31/02	Canadian Tactical Balanced Fund	Barclays Global Investors N.A. MSCI Equity Index Funds B - Australia - Units	35,000.00	548.00
01-Jan-2002 12/31/02	Canadian Tactical Balanced Fund	Barclays Global Investors N.A. MSCI Equity Index Funds B - Austria - Units	125,000.00	4,171.00
01-Jan-2002 12/31/02	Canadian Tactical Balanced Fund	Barclays Global Investors N.A. MSCI Equity Index Funds B - Belgium - Units	15,000.00	263.00
01-Jan-2002 12/31/02	Canadian Tactical Balanced Fund	Barclays Global Investors N.A. MSCI Equity Index Funds B - Denmark - Units	134,992.00	253.00
01-Jan-2002 12/31/02	Canadian Tactical Balanced Fund	Barclays Global Investors N.A. MSCI Equity Index Funds B - Findland - Units	85,000.00	876.00
01-Jan-2002 12/31/02	Canadian Tactical Balanced Fund	Barclays Global Investors N.A. MSCI Equity Index Funds B - France - Units	154,975.00	1,895.00
01-Jan-2002 12/31/02	Canadian Tactical Balanced Fund	Barclays Global Investors N.A. MSCI Equity Index Funds B - Netherlands - Units	224,982.00	2,787.00

01-Jan-2002 12/31/02	Canadian Tactical Balanced Fund	Barclays Global Investors N.A. MSCI Equity Index Funds B - Singapore - Units	89,999.00	1,749.00
01-Jan-2002 12/31/02	Canadian Tactical Balanced Fund	Barclays Global Investors N.A. MSCI Equity Index Funds B - Spain - Units	30,000.00	848.00
01-Jan-2002 12/31/02	Canadian Tactical Balanced Fund	Barclays Global Investors N.A. MSCI Equity Index Funds B - Sweden - Units	55,000.00	756.00
01-Jan-2002 12/31/02	Canadian Tactical Balanced Fund	Barclays Global Investors N.A. MSCI Equity Index Funds B - Switzerland - Units	145,000.00	1,948.00
01-Jan-2002 12/31/02	Canadian Tactical Balanced Fund	Barclays Global Investors N.A. MSCI Equity Index Funds B - UK - Units	424,974.00	6,686.00
20-Dec-2002	Louis Hollander;Casaport Investments Limited	BPI American Opportunities Fund - Units	237,817.75	2,200.00
20-Dec-2002	Bruce Bicknell	BPI Global Opportunites III Fund - Units	111,687.47	1,273.00
20-Dec-2002	5 Purchasers	BPI Global Opportunites III Fund - Units	385,184.65	4,595.00
27-Dec-2002	4 Purchasers	BPI Global Opportunites III Fund - Units	302,431.19	3,704.00
31-Jan-2003	1397225 Ontario Limited	Catalyst Fund Limited Partnership I - Limited Partnership Units	10,000,000.00	10,000.00
05-Dec-2002	4 Purchasers	Chicago Mercantile Exchange Holdings Inc. - Common Shares	659,358.00	12,000.00
30-Jan-2003	Canada Dominion Resources LP VII and Canada Dominion Resources LP VIII	Cinch Energy Corp. - Special Warrants	600,000.00	800,000.00
31-Jan-2003	Mavrix Funds Ltd.;Trimark Canadian	Claude Resources Inc. - Units	375,000.00	250,000.00
23-Jan-2003	3 Purchasers	Cloakware Corporation - Preferred Shares	1,790,459.00	481,556.00
29-Jan-2003	N/A	DR Residential Mortgage Trust - Notes	27,000,000.00	1.00
10-Feb-2003	Tuscarora Investment Management;William A. Lambert	DT Energy Ltd. - Special Warrants	1,100,000.00	2,200,000.00
31-Dec-2003	56 Purchasers	Dynamic Equity Hedge Fund - Units	6,292,975.02	585,219.00
31-Dec-2002	21 Purchasers	Dynamic Power Hedge Fund - Units	715,406.02	21,925,000.00

30-Jan-2002	Costy Bumbu;James A. Martin	East West Resource Corporation - Common Shares	10,000.00	100,000.00
03-Feb-2003	Sprott Asset Management Inc. and Marc Gugerli	Emgold Mining Corporation - Units	1,112,499.00	2,472,222.00
27-Jan-2003	George E. Patton	Expatriate Resources Ltd. - Units	50,000.00	500,000.00
31-Jan-2003	Ontario Municipal Employees Retirement Board	Falls Management Company - Notes	21,000,000.00	1.00
01-Jan-2003	Ontario Teachers Pension Plan Board	Forest Multi-Strategy Fund SPC - Shares	7,692,500.00	48,291.00
24-Jan-2003	UBS Trust (Canada)	GAM Composite Absolute Returens USD Inc. - Shares	211,058.00	215.00
31-Jan-2003	3 Purchasers	Geomaque Explorations Ltd. - Units	650,000.00	81,250,000.00
30-Jan-2003	11 Purchasers	Great Basin Gold Ltd. - Units	3,575,520.00	1,986,400.00
31-Jan-2003	Scott Gareau;Monica Rowe	Harbour Capital Canadian Balanced Fund - Trust Units	303,205.15	2,454,904.00
04-Feb-2003	11 Purchasers	Harvest Energy Trust - Special Warrants	2,825,000.00	282,500.00
27-Jan-2003	Salida Capital Corporation	Hecla Mining Company - Common Shares	1,297,950.00	200,000.00
27-Jan-2003	Salida Capital Corporation and AGF Management Limited	Hecla Mining Company - Common Shares	1,946,925.00	300,000.00
01-Jan-2002 12/31/02	N/A	Highstreet Balanced Fund - Units	25,790,903.34	2,174,735.00
01-Jan-2002 12/31/02	N/A	Highstreet Canadian Equity Fund - Units	8,446,279.21	567,813.00
01-Jan-2002 12/31/02	N/A	Highstreet Canadian Index Bond Fund - Units	11,814,101.62	1,160,324.00
01-Jan-2002 12/31/02	N/A	Highstreet International Equity Fund - Units	1,140,050.00	114,005.00
01-Jan-2002 12/31/02	N/A	Highstreet Money Market Fund - Units	6,199,291.76	617,635.00
01-Jan-2002 12/31/02	N/A	Highstreet US Equity Fund - Units	4,244,370.64	428,221.00
19-Nov-2002	10 Purchasers	Hilton - Notes	6,547,290.00	4,100,000.00
05-Feb-2003	Cinram International Inc.	HSBC Short Term Investment Fund - Shares	2,500,000.00	249,713.00
06-Feb-2003	Cinram International Inc.	HSBC Short Term Investment Fund - Shares	1,000,000.00	99,870.00
31-Jan-2003	Business Development Bank of Canada	IceFyre Semiconductor Corporation - Preferred Shares	1,521,500.00	2,827,255.00

31-Dec-2002	3 Purchasers	Jefferson Partners Fund IV, L.P. - Limited Partnership Interest	23,144,000.00	12.00
17-Jan-2002	5 Purchasers	JPTF Annex Fund, L.P. - Limited Partnership Interest	4,404,164.00	50.00
01-Jan-2002 12/31/02	86 Purchasers	J.C. Clark Preservation Trust - Units	29,967,705.48	333,777.00
16-Apr-2002 1/20/03	26 Purchasers	J.C. Clark Preservation Trust - Units	7,217,000.00	69,217.00
31-Dec-2002	Landecker Gary;Easthope Doris	Kingwest Avenue Portfolio - Units	151,135.63	8,464.00
15-Jan-2003	8 Purchasers	Kingwest Avenue Portfolio - Units	120,000.00	6,648.00
01-Jan-2002 12/31/02	300 Purchasers	KJH Balanced RRSP Fund - Units	14,864,419.20	151,974.00
01-Jan-2002 12/31/02	175 Purchasers	KJH Strategic Investors Fund - Units	20,785,455.00	204,008.00
01-Jan-2002 12/31/02	186 Purchasers	KJH Strategic Investors RRSP Fund - Units	12,793,709.85	1,482,492.00
20-Dec-2002	3 Purchasers	Landmark Global Opportunities Fund - Units	638,885.44	5,995.00
20-Dec-2002	G. Raymond Chang Ltd. Gladstone Chang	Landmark Global Opportunities Fund - Units	220,848.47	2,072.00
20-Dec-2002	Barbara Eva;John Shutt	Landmark Global Opportunities Fund - Units	243,474.18	2,326.00
03-Jan-2003	Raffaele A. Giannotti	Landmark Global Opportunities Fund - Units	150,000.00	1,431.00
15-Jan-2003	Hamilton Tool Sales Corp.	LymphoSign Inc. - Promissory note	200,000.00	1.00
31-Jan-2003	David M. Kerr;Phil Thompson	Mastercore System Ltd. - Units	30,425.80	2.00
01-Jan-2002 12/31/02	The Manufacturers Life Insurance Company	MFC Global Asset Management Pooled Bond Fund - Units	31,984,688.00	3,150,795.00
01-Jan-2002 12/31/02	The Manufacturers Life Insurance Company	MFC Global Asset Management Pooled Canadian Bond Index Fund - Units	9,094,889.00	890,153.00
01-Jan-2002 12/31/02	The Manufacturers Life Insurance Company	MFC Global Asset Management Pooled Canadian Equity Fund - Units	9,985,222.00	9,985,222.00
01-Jan-2002 12/31/02	The Manufacturers Life Insurance Company	MFC Global Asset Management Pooled Corporate Bond Fund - Units	849,233.00	84,923.00
01-Jan-2002 12/31/02	The Manufacturers Life Insurance Company	MFC Global Asset Management Pooled U.S. Equity Fund - Units	6,191,267.00	968,477.00

31-Jan-2003	Henri Leduc	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
20-Jan-2003	Wally Speckert	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
23-Jan-2003	Tim Mervin Zehr	Microsource Online, Inc. - Common Shares	1,200.00	200.00
17-Jan-2003	Melvin Herrfort	Microsource Online, Inc. - Common Shares	1,200.00	200.00
29-Jan-2003	Ken Frost	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
29-Jan-2003	David Pettigrew	Microsource Online, Inc. - Common Shares	1,200.00	200.00
27-Jan-2003	Robert Rice	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
09-Jan-2003	Vaughn Dobson	Microsource Online, Inc. - Common Shares	1,200.00	200.00
10-Jan-2003	Ken Frost	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
27-Jan-2003	William Delaney and Hans Petter	Mint Inc. - Special Warrants	150,000.00	300,000.00
01-Jan-2003	7 Purchasers	Montrachet Investments Limited Partnership - Limited Partnership Units	1,850,000.00	185,000.00
31-Jan-2003	Kinectrics Inc.	Morgan Stanley - Units	227,040.00	24,947.00
21-Nov-2002	Altamira	Myriad Genetics, Inc. - Common Shares	390,000.00	20,000.00
31-Mar-2002 10/30/02	17 Purchasers	Northern Rivers Innovation Fund L.P - Limited Partnership Interest	4,300,000.00	3,406.00
23-Jan-2003 1/24/03	N/A	O'Donnell Emerging Companies Fund - Units	55,600.00	10,011.00
10-Feb-2003	16 Purchasers	Online Hearing.com Inc. - Convertible Debentures	68,500.00	16.00
31-Jan-2003	4 Purchasers	Performance Market Neutral Fund - Limited Partnership Units	232,596.00	174.00
31-Jan-2003	Parteq Research and Development Innovations	Performance Plants Inc. - Preferred Shares	96,279.00	58,351.00
03-Feb-2003	Mark P. Eaton	Pioneer Metals Corporation - Units	120,000.00	1,000,000.00
28-Jan-2003	6 Purchasers	Premcor Inc. - Notes	12,227,200.00	57.00
12-Nov-2002	Altamira Management Ltd.	PSEG - Common Shares	398,250.00	15,000.00

01-Jan-2002 12/31/02	393 Purchasers	Putnam Canadian Global Trusts - Trust Units	266,917,950.30	10,209,674.00
23-Jan-2003	Royal Precious Metals Funds	QGX Ltd. - Common Shares	300,000.00	250,000.00
04-Jan-2002 10/30/02	222 Purchasers	QSA Enterprise Fund - Units	4,490,490.00	388,014.00
04-Jan-2002 7/23/02	46 Purchasers	QSA Select Canadian Equity Fund - Units	1,579,341.00	177,112.36
03-Feb-2003	Sun Life Assurance Company of Canada	QSPE-VFC Trust - Notes	1,250,000.00	1.00
31-Jan-2003	N/A	Queenstake Resources Ltd. - Common Shares	231,600.00	1,006,956.00
31-Dec-2002	Absolute Return Concepts Fund	RBC Global Investment Management Inc. - Units	385,000.00	3,722.00
27-Jan-2003 1/31/03	Darryl Green	Second World Trader Inc. - N/A	3,190.00	11.00
12-Feb-2003	12 Purchasers	Second World Trader Inc. - Units	3,715.00	16.00
10-Jan-2002 12/23/02	12 Purchasers	SEAMARK Pooled Canadian Balanced Fund - Units	113,224,432.00	113,224,432.00
10-Jan-2002 12/23/02	Urban Dimensions Group	SEAMARK Pooled Canadian Bond Fund - Units	250,000.00	250,000.00
10-Jan-2002 12/23/02	Sheet Metal Workers	SEAMARK Pooled Foreign Equity Fund - Units	27,872,221.00	27,872,221.00
10-Jan-2002 12/23/02	9 Purchasers	SEAMARK Pooled International Equity Fund - Units	12,034,800.00	12,034,800.00
10-Jan-2002 12/23/02	FCI Canada Inc. Pension Plans	SEAMARK Pooled Money Market Fund - Units	1,988,642.00	1,988,642.00
10-Jan-2002 12/23/02	3 Purchasers	SEAMARK Pooled U.S. Equity Fund - Units	814,800.00	814,800.00
31-Jan-2003	Shelton Corporation Limited	Shelton Canada Corporation - Shares	220,000.00	1,000,000.00
03-Feb-2003	Leigh Roland	Silvercreek Limited Partnership - Limited Partnership Units	25,000.00	1.00
01-Jan-2003	Carl L. Benninger	Stacey Investment Limited Partnership - Limited Partnership Units	150,008.80	6,745.00
16-Dec-2002	Roger Orde;Malcolm and Kim Ward	Storage Alliance Inc. - Common Shares	0.00	16,089.00
01-Jan-2003	4 Purchasers	Swift Wind Energy Corporation - Common Shares	100,000.00	100,000.00
01-Jan-2002 12/31/02	N/A	TAL Balanced Fund of Hedge Funds - Units	16,988,489.00	169,851.00

01-Jan-2002 12/31/02	N/A	TAL Canadian Bond Index Fund - Units	152,054.37	13,249.00
01-Jan-2002 12/31/02	N/A	TAL Canadian Equity Fund - Units	341,000.00	40,164.00
01-Jan-2002 12/31/02	N/A	TAL Canadian Equity Small Cap Fund - Units	2,865,248.57	722,688.00
01-Jan-2002 12/31/02	N/A	TAL Canadian Equity TSE 300 Capped Fund - Units	3,265,000.00	425,337.00
01-Jan-2002 12/31/02	N/A	TAL Canadian Equity TSE 300 Index Fund - Units	1,248,000.00	200,682.00
01-Jan-2002 12/31/02	N/A	TAL Canadian Money Market Fund - Units	40,497,000.00	3,715,405.00
01-Jan-2002 12/31/02	N/A	TAL EAFE Equity Fund - Units	31,863,351.80	3,186,335.00
01-Jan-2002 12/31/02	N/A	TAL Fixed Income Fund - Units	112,000.00	9,815.00
01-Jan-2002 12/31/02	N/A	TAL International Equity Fund - Units	12,845,000.00	377,528.00
01-Jan-2002 12/31/02	N/A	TAL International Equity Fund No. 2 - Units	60,000.00	6,394.00
01-Jan-2002 12/31/02	N/A	TAL Private Management Balanced Fund - Units	26,228,951.00	1,936,858.00
01-Jan-2002 12/31/02	N/A	TAL Private Management Balanced Income Fund - Units	8,397,393.00	828,684.00
01-Jan-2002 12/31/02	N/A	TAL Private Management Canadian Equity Fund - Units	13,929,996.00	821,463.00
01-Jan-2002 12/31/02	N/A	TAL Private Management Dividend Income Fund - Units	52,122,971.00	3,677,990.00
01-Jan-2002 12/31/02	N/A	TAL Private Management Fixed-Income Fund - Units	12,605,434.00	1,212,553.00
01-Feb-2003 12/31/02	N/A	TAL Private Management Global Balanced Growth Fund - Units	10,605,164.00	1.00
01-Jan-2002 12/31/02	N/A	TAL Private Management Global Technology Fund - Units	1,034,098.00	433,168.00
01-Jan-2002 12/31/02	N/A	TAL Private Management International Bond Fund - Units	5,005,000.00	517,748.00
01-Jan-2002 12/31/02	N/A	TAL Private Management International Equity Fund - Units	33,607,718.00	2,992,098.00
01-Jan-2002 12/31/02	N/A	TAL Private Management Short-Term Fund - Units	43,928,312.00	4,358,937.00
01-Jan-2002 12/31/02	N/A	TAL Private Management Short Term Bond Fund - Units	12,619,891.00	1,221,407.00

01-Jan-2002 12/31/02	N/A	TAL Private Management U.S. Equity Fund - Units	33,213,852.00	1,170,387.00
01-Jan-2002 12/31/02	N/A	TAL U.S. Equity S& P 500 Synthetic Index Fund - Units	5,660,202.11	739,647.00
31-Jan-2003	Christopher Keating;Barbara Moysey	TD Harbour Capital Balanced Fund - Trust Units	390,000.00	3,867.00
07-Feb-2003	Trellis Capital Corporation	Teraspan Networks Inc. - Common Shares	99,999.90	33,670.00
03-Jun-2002 8/1/02	9 Purchasers	The Champlain Fund - Units	758,925.00	7,352.00
31-Jan-2003	4 Purchasers	The McElvaine Investment Trust - Trust Units	286,000.00	18,500.00
02-Oct-2002	Martin Tuori	The Upper Circle Canadian Equity Fund - Units	160,000.00	16,277.00
20-Dec-2002	John Rook	The Upper Circle Canadian Equity Fund - Units	110,000.00	10,700.00
20-Dec-2002	Beverly Rook	The Upper Circle Canadian Equity Fund - Units	103,000.00	10,019.00
06-Jun-2002	William Lewis	The Upper Circle Canadian Equity Fund - Units	170,000.00	17,000.00
01-May-2002	Beverley Kuptert	The Upper Circle Canadian Equity Fund - Units	75,000.00	7,500.00
01-May-2002	Brian Heller	The Upper Circle Canadian Equity Fund - Units	75,000.00	7,500.00
31-May-2002	William Moore	The Upper Circle Canadian Equity Fund - Units	140,000.00	14,000.00
29-Jan-2003	6 Purchasers	Threads of Time Inc. - Preferred Shares	50,000.00	100,000.00
21-Jan-2003	4 Purchasers	Thrilltime Entertainment International, Inc. - Units	25,000.00	392,000.00
27-Jan-2003	5 Purchasers	Time Industrial, Inc. - Shares	4,000,000.00	16,733,798.00
22-Jan-2003	5 Purchasers	Tribute Minerals Inc. - Flow-Through Shares	250,000.00	1,000,000.00
22-Jan-2003	19 Purchasers	Tribute Minerals Inc. - Units	1,127,500.00	4,510,000.00
15-Feb-2002	Manulife Financial	Trimark Advantage Bond Fund - Units	6,863,130.39	686,313.00
01-Jan-2002 12/31/02	190 Purchasers	Trimark Advantage Bond Fund - Units	6,963,749.73	716,613.00
28-Feb-2002	6 Purchasers	Trimark Canadian Bond Fund - Units	6,482,665.11	649,309.00
01-Jan-2002 12/31/02	479 Purchasers	Trimark Canadian Bond Fund - Units	5,471,631.59	550,608.00

28-Jan-2002 1/30/02	Transamerica Optimum Global Managers	Trimark Fund - Units	204,862.41	6,155.00
01-Jan-2002 12/31/02	191 Purchasers	Trimark Fund - Units	2,165,699.36	67,350.44
15-Feb-2002	Manulife Financial	Trimark Select Balanced Fund - Units	140,389,990.47	14,038,999.00
01-Jan-2002 12/31/03	108 Purchasers	Trimark Select Balanced Fund - Units	10,329,032.31	1,082,667.00
15-Feb-2002	Manulife Financial	Trimark Select Canadian Growth Fund - Units	160,938,089.82	16,093,809.00
01-Jan-2002 12/31/02	145 Purchasers	Trimark Select Canadian Growth Fund - Units	12,724,999.70	1,262,478.00
14-Feb-2002	Manulife Financial	Trimark Select Growth Fund - Units	243,266,975.42	13,490,848.00
01-Jan-2002 12/31/02	196 Purchasers	Trimark Select Growth Fund - Units	78,470,255.30	4,381,165.00
28-Jan-2002	10 Purchasers	Trimark U.S. Companies Fund - Units	4,648,689.83	644,203.00
01-Jan-2002 12/31/02	883 Purchasers	Trimark U.S. Companies Fund - Units	22,912,057.01	985,125.00
01-Oct-2002 12/31/02	N/A	UBS (Canada) American Equity Fund - Units	8,365,573.00	666,019.00
01-Oct-2002 12/31/02	N/A	UBS (Canada) Balanced Fund - Units	3,944,232.00	267,127.00
01-Oct-2002 12/31/02	N/A	UBS (Canada) Bond Fund - Units	10,425,996.00	1,185,442.00
01-Oct-2002	N/A	UBS (Canada) Canada Equity Capped Fund - Units	3,268,675.00	460,799.00
01-Oct-2002 12/31/02	N/A	UBS (Canada) Canada Plus Equity Fund - Units	12,748,574.00	1,019,578.00
01-Oct-2002 12/31/02	N/A	UBS (Canada) Canadian Equity Fund - Units	70,316,352.00	869,395.00
10-Oct-2002 12/31/02	N/A	UBS (Canada) Canadian Income Fund - Units	134,609.00	13,505.00
10-Oct-2002 12/31/02	N/A	UBS (Canada) Diversified Fund - Units	10,946,487.00	734,801.00
01-Oct-2002 12/31/02	N/A	UBS (Canada) Emerging Tech Fund - Units	29,155.00	8,957.00
01-Oct-2002 12/31/02	N/A	UBS (Canada) Global Bond Fund - Units	1,146,326.00	101,539.00
01-Oct-2002 12/31/02	N/A	UBS (Canada) Global Equity Fund - Units	987,012.00	93,841.00

01-Oct-2002 12/31/02	N/A	UBS (Canada) International Equity Fund - Units	14,574,011.00	364,462.00
01-Oct-2002 12/31/02	N/A	UBS (Canada) Small Cap Fund - Units	849,130.00	59,006.00
01-Oct-2002 12/31/02	N/A	UBS (Canada) U.S. Equity Growth Fund - Units	17,212,093.00	334,057.00
25-Dec-2002	Raj Anand	Upper Circle Canadian Equity Fund - Units	87,000.01	8,657.00
02-Jan-2002 11/1/02	Camco Inc. Master Pension Trust and Canadian General Electric Pension Fund	US Multi-Style Select Section, GE Asset Management Canada Fund - Units	6,473,952.00	562,524.00
13-Sep-2002	Shell Canada Pension Plan	US Multi-Style Select Section, GE Asset Management Canada Fund - Units	8,620,265.00	1.00
31-Dec-2002	VentureLink Financial Services Innovation Fund Inc.	Venturion VGI Limited Partnership - Limited Partnership Units	500,000.00	1.00
13-Dec-2002	VentureLink Financial Services Innovation Fund Inc.	Venturion VGI Limited Partnership - Limited Partnership Units	500,000.00	1.00
31-Jan-2003	Douglas Bayer ITF Donald Bayer	Vertex Fund - Trust Units	100,000.00	4,085.00
07-Feb-2003	Royal Bank of Canada;Trudell Medical Limited	Viron Therapeutics Inc. - Convertible Debentures	102,500.00	2.00
29-Jan-2003	4 Purchasers	Wolfden Resources Inc. - Special Warrants	0.00	36,000.00

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

Seller	Security	Number of Securities
Douglas O. Vanderkerkhove	ACD Systems International Inc. - Common Shares	20,000.00
John Buhler	Buhler Industries Inc. - Common Shares	502,000.00
The Catherine and Maxwell Meighen Foundation	Canadian General Investments, Limited - Common Shares	270,900.00
Viceroy Resource Corporation	Channel Resources Ltd. - Common Shares	7,076,850.00
CMG Reservoir Simulation Foundation	Computer Modelling Group Ltd. - Common Shares	38,500.00
John H, Hruzick	DRC Resoures Corporation - Common Shares	404,900.00
James A. Estill	EMJ Data Systems Ltd. - Common Shares	59,200.00
GWB Investments Corp.	Enpar Technologies Inc. - Common Shares	2,385,952.00
Doug Goodfellow	Goodfellow Inc. - Common Shares	2,500.00

Mustang Minerals Corp.	JML Resources Ltd. - Common Share Purchase Warrant	697,483.00
Mustang Minerals Corp.	JML Resources Ltd. - Common Shares	951,999.00
Kalimantan Investment Corporation	Kalimantan Gold Corporation Limited - Common Shares	2,500,000.00
Andrew J. Mailon	Spectra Inc. - Common Shares	750,000.00
The Catherine and Maxwell Meighen Foundation	Third Canadian General Investment Trust Limited - Common Shares	124,500.00
Velan Holdings Co. Ltd.	Velan Inc. - Shares	275,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
BCE Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated February 12th, 2003
Mutual Reliance Review System Receipt dated February 12th, 2003
Offering Price and Description:
$510,000,000 - 20,000,000 Shares Cumulative Redeemable First Preferred Shares, Series AC
@ $25.50 per Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Merrill Lynch Canada Inc.
Promoter(s):
-
Project #513225

Issuer Name:
Bioxel Pharma Inc.
Principal Regulator - Quebec
Type and Date:
Amended Preliminary Prospectus dated February 13th, 2003
Mutual Reliance Review System Receipt dated February 17th, 2003
Offering Price and Description:
$ * - * Common Shares @ $ * per Common Share
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
National Bank Financial Inc.
Canaccord Capital Corporation
Promoter(s):
-
Project #491965

Issuer Name:
Canada Dominion Resources Limited Partnership XI
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated February 17th, 2003
Mutual Reliance Review System Receipt dated February 18th, 2003
Offering Price and Description:
$100,000,000
(Maximum Offering)
(4,000,000 Units)
$25.00 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Dundee Securities Corporation
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Desjardins Securities Inc.
Promoter(s):
Canada Dominion Resources XI Corporation
StrategicNova Alternative Investment Products Inc.
Hutoon Capital Corporation
Project #514326

Issuer Name:
Canadian Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 17th, 2003
Mutual Reliance Review System Receipt dated February 17th, 2003
Offering Price and Description:
$50,050,000 - 3,850,000 Units @ $13.00 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Raymond James Ltd.
Promoter(s):
-
Project #514172

Issuer Name:
Canadian Revolving Auto Floorplan Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated February 12th, 2003
Mutual Reliance Review System Receipt dated February 12th, 2003
Offering Price and Description:
$ * , Floating Rate Dealer Floorplan Receivables-Backed Notes, Series 2003-A1
Expected Final Payment of *
$ *, * % Dealer Floorplan Receivables-Backed Notes, Series 2003-A2
Expected Final Payment of *
Underwriter(s) or Distributor(s):
TD Securities Inc.
Promoter(s):
Daimlerchrysler Services Canada Inc.
Project #513166

Issuer Name:
Churchill Institutional Real Estate Limited Partnership
CPG Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectuses dated February 17th, 2003
Mutual Reliance Review System Receipt dated February 17th, 2003
Offering Price and Description:
$75,000,000
3,000 Units at a price of $25,000 per Unit (the "Offering")
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
Promoter(s):
Churchill Property Group Inc.
Project #514359, 514396

Issuer Name:
CMP 2003 II Resource Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated February 17th, 2003
Mutual Reliance Review System Receipt dated February 18th, 2003
Offering Price and Description:
$100,000,000 (maximum)
100,000 Limited Partnership Units
Subscription Price: $1,000 per Unit
Minimum Subscription: $5,000
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
First Associates Investments Inc.
Raymond James Ltd.
Wellington West Capital Inc.
Promoter(s):
Dynamic CMP Funds VII Management Inc.
Project #514264

Issuer Name:
CMP 2003 Resource Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated February 17th, 2003
Mutual Reliance Review System Receipt dated February 18th, 2003
Offering Price and Description:
$100,000,000 (maximum)
100,000 Limited Partnership Units
Subscription price: $1,000 per Unit
Minimum Subscription: $5,000
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
First Associates Investments Inc.
Raymond James Ltd.
Wellington West Capital Inc.
Promoter(s):
Dynamic CMP Funds VI Management Inc.
Project #514258

Issuer Name:
Creststreet 2003 Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated February 17th, 2003
Mutual Reliance Review System Receipt dated February 17th, 2003
Offering Price and Description:
$100,000,000 to $3,000,000 - 10,000,000 to 300,000 Limited Partnership Units @ s$10.00 per Unit
Minimum Purchase :250 Units.
Underwriter(s) or Distributor(s):
Scoita Capital Inc.
Promoter(s):
Creststreet 2003 Management Limited
Creststreet Asset Management Limited
Project #514176

Issuer Name:
Harvest Energy Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated February 12th, 2003
Mutual Reliance Review System Receipt dated February 13th, 2003
Offering Price and Description:
$15,000,000 - 1,500,000 Trust Units issuable on exercise of 1,500,000 Special Warrants
@ $10.00 per Special Warrant
Underwriter(s) or Distributor(s):
FirstEnergy Capital Corp.
Haywood Securities Inc.
Promoter(s):
M. Bruce Chernoff
Kevin A. Bennett
Project #513374

Issuer Name:
Hydro One Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Shelf Prospectus dated February 14th, 2003
Mutual Reliance Review System Receipt dated February 17th, 2003
Offering Price and Description:
$ * - Medium Term Notes
(unsecured)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #513937

Issuer Name:
Mortgage-Backed Securities Trust
Principal Regulator - Ontario
Type and Date:
Amended Preliminary Prospectus dated February 18th, 2003
Mutual Reliance Review System Receipt dated February 19th, 2003
Offering Price and Description:
Mortgage-Backed Securities Trust
Maximum: $ *
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
First Associates Investments Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Promoter(s):
Sentry Select Capital Corp.
Project #511430

Issuer Name:
MRF 2003 Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated February 17th, 2003
Mutual Reliance Review System Receipt dated February 18th, 2003
Offering Price and Description:
$ * (maximum)
(maximum - * Units)
$10,000,000 (minimum)
(minimum - 400,000 Units)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Canaccord Capital Corporation
Dundee Securities Corporation
First Associates Investments Inc.
Middlefield Securities Limited
Wellington West Capital Inc.
Desjardins Securities Inc.
Griffiths McBurney & Partners
Promoter(s):
MRF 2003 Management Limited
Middlefield Group Limited
Project #514311

Issuer Name:
NCE Flow-Through (2003) Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated February 17th, 2003
Mutual Reliance Review System Receipt dated February 17th, 2003
Offering Price and Description:
$100,000,000 to $8,000,000 - 4,000,000 to 320,000 Limited Partnership Units @ $25 per Unit.
Minimum Subscription: 100 Units
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Promoter(s):
Petro Assets Inc.
Project #514136

Issuer Name:
Northland Power Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 13th, 2003
Mutual Reliance Review System Receipt dated February 13th, 2003
Offering Price and Description:
$65,037,500 - 6,050,000 Trust Units @ $10.75 per Trust Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
FirstEnergy Capital Corp.
Promoter(s):
-
Project #513493

Issuer Name:
Ore-Leave Capital Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated February 7th, 2003
Mutual Reliance Review System Receipt dated February 12th, 2003
Offering Price and Description:
Minimum Offering: $250,000 or 1,666,667 Common Shares
Maximum Offering:$400,000 or 2,666,667 Common Shares @ $0.15 per Common Share
Underwriter(s) or Distributor(s):
Jennings Capital Inc.
Promoter(s):
Dino Titaro
Project #512958

Issuer Name:
Tremont Capital Opportunity Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated February 11th, 2003
Mutual Reliance Review System Receipt dated February 13th, 2003
Offering Price and Description:
$ * - * Units
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Desjardins Securities Corporation
First Associates Investments Inc.
Raymond James Ltd.
Promoter(s):
Tremont Investment Management, Inc.
Project #513375

Issuer Name:
Ventax Robotics Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated February 14th, 2003
Mutual Reliance Review System Receipt dated February 19th, 2003
Offering Price and Description:
$1,500,000
3,000,000 Common Shares (Maximum)
Price: $0.50 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
Hans Armin Ohlmann
Project #514464

Issuer Name:
Volume Services America Holdings, Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated February 12th, 2003
Mutual Reliance Review System Receipt dated 13th day of February, 2003
Offering Price and Description:
C$ * - Income Depositary Securities (IDSS) @ $ * per IDDS
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #513442

Issuer Name:
Brascan Corporation
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated February 17th, 2003 to Short Form Shelf Prospectus dated November 29th, 2001
Mutual Reliance Review System Receipt dated 18th day of February, 2003
Offering Price and Description:
Debt Securities US$1,400,000,000
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #396211

Issuer Name:
Boyd Group Income Fund
Principal Regulator - Manitoba
Type and
Final Prospectus dated February 14th, 2003
Mutual Reliance Review System Receipt dated 17th day of February, 2003
Offering Price and Description:
15,000,000.00 - 1,744,186 Units (Maximum) 1,046,511 Units (Minimum) @$8.60 per Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Wellington West Capital Inc.
Promoter(s):
The Boyd Group Inc.
Project #507839

Issuer Name:
Faircourt Income Split Trust
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated February 14th, 2003
Mutual Reliance Review System Receipt dated 17th day of February, 2003
Offering Price and Description:
Trust units
Maximun $100,000,000; Minimum $30,000,000
Prices: $15.00 per Unit; $10.00 per Preferred Security
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Promoter(s):
Faircourt Asset Management Inc.
Project #503016

Issuer Name:
Musicrypt Inc.
Type and Date:
Final Prospectus dated February 14th, 2003
Receipt dated 14th day of February, 2003
Offering Price and Description:
Minimum: $1,200,000 through the issuance of 1,600,000 Units; Maximum: $2,250,000 through the issuance of 3,000,000 Units @$0.75 per Unit
Underwriter(s) or Distributor(s):
Octagon Capital Corporation
IPC Securities Corporation
Promoter(s):
John Heaven
Clifford Hunt
Project #500002

Issuer Name:
Tone Resources Limited
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated February 10th, 2003
Mutual Reliance Review System Receipt dated 12th day of February, 2003
Offering Price and Description:
$1,000,000 to 750,000 - 2,000,000 to 1,500,000 Common Shares @ $0.50 per Share
Underwriter(s) or Distributor(s):
Promoter(s):
Project #505344

Issuer Name:
ARC Energy Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated February 13th, 2003
Mutual Reliance Review System Receipt dated 14th day of February, 2003
Offering Price and Description:
$126,500,000.00 - 11,000,000 Trust Units@$11.50 per Trust Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
National Bank Financial Inc.
TD Securities Inc.
FirstEnergy Capital Corp.
Raymond James Ltd.
Canaccord Capital Corporation
Dundee Securities Corporation
Promoter(s):
-
Project #512149

Issuer Name:
Canadian Oil Sands Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated February 13th, 2003
Mutual Reliance Review System Receipt dated 13th day of February, 2003
Offering Price and Description:
$375,025,000.00 - 10,715,000 Subscription Receipts, each representing the right to receive one Trust Unit@$35.00 per Subscription Receipt
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Capital Corporation
FirstEnergy Capital Corp.
Peters & Co. Limited
Raymond James Ltd.
Promoter(s):
-
Project #511260

Issuer Name:
NIF-T
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated February 14th, 2003
Mutual Reliance Review System Receipt dated 17th day of February, 2003
Offering Price and Description:
$490,000,000.00 - (1) $190,000,000, 3.373% Class A-1 Senior Medium Term Notes, Series 2003-1; (2)$200,000,000, 3.768% Class A-2 Senior Medium Term Notes, Series 2003-1 and (3) $100,000,000, 4.109% Class A-3 Senior Medium Term Notes, Series 2003-1 (to be offered at prices to be negotiated)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #512341

Issuer Name:
Sears Canada Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated February 14th, 2003
Mutual Reliance Review System Receipt dated 17th day of February, 2003
Offering Price and Description:
$500,000,000.00 - Medium Term Notes (unsecured)
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #510039

Issuer Name:
Sentry Select Diversified Income Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated February 14th, 2003
Mutual Reliance Review System Receipt dated 17th day of February, 2003
Offering Price and Description:
Trust Units @ Net Asset Value per Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Promoter(s):
-
Project #507228

Issuer Name:
Sico Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated February 13th, 2003
Mutual Reliance Review System Receipt dated 13th day of February, 2003
Offering Price and Description:
$20,400,000.00 - 1,000,000 Common Shares @$20.40 per Common Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
Dundee Securities Corporation
Promoter(s):
-
Project #512101

Issuer Name:
SouthernEra Resources Limited
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated February 13th, 2003
Mutual Reliance Review System Receipt dated 13th day of February, 2003
Offering Price and Description:
$69,750,000 - 9,000,000 Common Shares @$7.75 per Common Share
Underwriter(s) or Distributor(s):
Griffiths McBurney & Partners
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Haywood Securities Inc.
Sprott Securities Inc.
Canaccord Capital Corporation
Promoter(s):
-
Project #511749

Issuer Name:
MDPIM International Equity Pool
MDPIM Canadian Bond Pool
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated February 10th, 2003
Mutual Reliance Review System Receipt dated 12th day of February, 2003
Offering Price and Description:
Mutual Fund Units @ Net Asset Value per Unit
Underwriter(s) or Distributor(s):
MD Management
MD Management Limited
Promoter(s):
MD Private Trust Company
Project #505410

Issuer Name:
Pinnacle Short Term Income Fund
Pinnacle Income Fund
Pinnacle High Yield Income Fund
Pinnacle American Core-Plus Bond Fund
Pinnacle RSP American Core-Plus Bond Fund
Pinnacle Global Real Estate Securities Fund
Pinnacle RSP Global Real Estate Securities Fund
Pinnacle Strategic Balanced Fund
Pinnacle Global Tactical Asset Allocation Fund
Pinnacle Canadian Value Equity Fund
Pinnacle Canadian Mid Cap Value Equity Fund
Pinnacle Canadian Growth Equity Fund
Pinnacle Canadian Small Cap Equity Fund (formerly Pinnacle Canadian Small Cap Growth Equity Fund)
Pinnacle American Value Equity Fund
Pinnacle RSP American Value Equity Fund
Pinnacle American Mid Cap Value Equity Fund
Pinnacle RSP American Mid Cap Value Equity Fund
Pinnacle American Large Cap Growth Equity Fund
Pinnacle RSP American Large Cap Growth Equity Fund
Pinnacle American Mid Cap Growth Equity Fund
Pinnacle RSP American Mid Cap Growth Equity Fund
Pinnacle International Equity Fund
Pinnacle RSP International Equity Fund
Pinnacle International Small to Mid Cap Value Equity Fund
Pinnacle RSP International Small to Mid Cap Value Equity Fund
Pinnacle Global Equity Fund
Pinnacle RSP Global Equity Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated February 7th, 2003
Mutual Reliance Review System Receipt dated 12th day of February, 2003
Offering Price and Description:
Mutual Fund Units
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
Promoter(s):
Scotia Capital Inc.
Project #504410

Issuer Name:
Vinccler Oil and Gas Corporation
Principal Jurisdiction - Alberta
Type and Date:
Preliminary Form Prospectus dated August 26th, 2002
Closed on February 12th, 2003
Offering Price and Description:
US$ * - * Common Shares per US$ * per Common Share
Underwriter(s) or Distributor(s):
Yorkton Securities Inc.
Canaccord Capital Corporation
Promoter(s):
Juan Fransico Clerico
William Gumma
Project #475450

Issuer Name:
PDM Royalties Income Fund
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Prospectus dated September 30th, 2002
Withdrawn on February 14th, 2003
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

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Nova Bancorp Securities Ltd. Attention: Richard Wlodarczak 1075 West Georgia Street Suite 1050 Vancouver BC V6E 3C9	Limited Market Dealer	Feb 18/03
New Registration	Paradigm Alternative Asset Management Inc. Attention: Michael Richard Labanowich 1 First Canadian Place, Suite 6930 100 King Street West, Box 139 Toronto ON M5X 1A4	Limited Market Dealer Investment Counsel & Portfolio Manager	Feb 19/03
Change in Category (Categories)	Perigee Investment Counsel Inc. Attention: Douglas Alexander Wilson, Advising CCSP 320 Bay Street Box 9, Suite 1400 Toronto ON M5H 4A6	From: Mutual Fund Dealer Investment Counsel & Portfolio Manager To: Mutual Fund Dealer Investment Counsel & Portfolio Manager Commodity Trading Manager	Feb 19/03
Change in Category (Categories)	Equilife Investment Management Inc. Attention: William Young 1 Westmount Rd. North Waterloo ON M2J 4C7	From: Mutual Fund Dealer To: Mutual Fund Dealer Investment Counsel & Portfolio Manager	Feb 18/03
Suspension of Registration	Prebon Securities (USA) Inc. c/o Prebon Yamane (Canada) Limited 1 Toronto Street Suite 301 Toronto ON M5C 2V6	International Dealer	Feb 14/03
Suspension of Registration	Prebon Financial Products Inc. c/o McCarthy Tetrault Suite 4700, Toronto Dominion Bank Tower Toronto Dominion Centre Toronto ON M5K 1E6	International Dealer	Feb 14/03

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 IDA Discipline Penalties Imposed on Ian Grieve – Violation of Regulation 1300.1(b), 1300.1(c), 1300.4 and By-law 29.1

Contact:
Jeffrey Kehoe
Enforcement Counsel
(416) 943-6996

BULLETIN #3116
February 14, 2003

DISCIPLINE

**DISCIPLINE PENALTIES IMPOSED ON IAN GRIEVE
VIOLATION OF REGULATION 1300.1(B), 1300.1(C), 1300.4 AND BY-LAW 29.1**

Person Disciplined

The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Ian Grieve, at the relevant times a Registered Representative with Scotia McLeod Inc., a member of the Association, and with Thomson Kernaghan and Co. Ltd, a former member of the Association.

By-laws, Regulations, Policies Violated

On February 5, 2003 the District Council concluded that Mr. Grieve had violated Regulations 1300.1(b), 1300.1(c), 1300.4 and By-law 29.1. Specifically, the District Council found that the evidence established that Mr. Grieve:

1. on one occasion, executed an order for a security that was not eligible for the RRSP account of his client, such execution being beyond the bounds of good business practice, contrary to IDA Regulation 1300.1(b);

2. on eight occasions failed to ensure that recommendations made for the accounts of his clients were appropriate for the clients and in keeping with their investment objectives, contrary to IDA Regulation 1300.1(c);

3. on five occasions, effected discretionary trades in his clients' accounts without prior written authorization, and without the said accounts having been approved and accepted in writing as discretionary accounts, contrary to IDA Regulation 1300.4; and

4. on two occasions engaged in conduct unbecoming and detrimental to the public interest by (a) accepting a personal loan from a client, and (b) soliciting and effecting the purchase of a security which was unsuitable for another client, contrary to By-Law 29.1.

Penalty Assessed

The discipline penalties assessed against Mr. Grieve are a prohibition against approval in any registered capacity for a period of ten years; a fine of $100,000; a condition of re-approval in any registered capacity that he re-write and pass the examination based on the *Conduct and Practices Handbook Course* administered by the Canadian Securities Institute; and a prohibition against re-approval in any registered capacity until such time as the fine and the Association's costs are paid in full.

The District Council also ordered that Mr. Grieve pay $50,000 towards the Association's costs of the proceedings before the Council and the investigation into his conduct.

Summary of Facts

In the period between 1989 and 1999, Mr. Grieve, then a Registered Representative with Scotia McLeod Inc., engaged in unauthorized discretionary trading in the accounts of four clients. Further, in respect of the same clients, Mr. Grieve between 1994 and 1999 made recommendations for their accounts which were not suitable given their personal circumstances and investment objectives. In general, the unsuitable securities recommended by Mr. Grieve, and often purchased for the clients' accounts without their prior specific knowledge and approval, involved higher risk than was appropriate. The clients suffered significant losses as a result of Mr. Grieve's misconduct. In the case of one of these clients, Mr. Grieve accepted and kept open for several years a large personal loan.

In the case of two other clients, Mr. Grieve, between late 1996 and late 1998 recommended the purchase of securities which were unsuitable for their accounts in view of their circumstances and investment objectives. Again, the unsuitability related to inappropriate risk, and again the clients suffered losses as a result of the unsuitable recommendations.

Finally, in the case of a client with relatively high-value accounts, Mr. Grieve, then a Registered Representative with Thomson Kernaghan & Co. Limited, committed a number of offences between the summer of 1999 and June of 2001. These offences included unauthorized discretionary trading in the client's RRSP and cash accounts and the recommendation of unsuitable securities for those accounts. In one case Mr. Grieve effected the purchase for the client's RRSP account of units in a security which was not eligible for RRSP accounts.

This purchase of this security was also the subject of a "conduct unbecoming" charge, in view of the particular circumstances surrounding the relevant transactions. The client was a 63-year-old widow with relatively conservative investment objectives and low risk tolerance. The security was composed of units in an illiquid high-risk venture capital vehicle in the form of a Limited Partnership that invested in pre-public e-businesses. After realizing that the security was not RRSP-eligible, Mr. Grieve moved the units into the client's cash account, although it was also unsuitable there. The client's $150,000 investment in this security was lost.

The 1999 to 2001 offences were committed by Mr. Grieve after he was informed by the IDA that he was under investigation in respect of earlier complaints alleging similar offences.

Kenneth A. Nason
Association Secretary

13.1.2 IDA By-Law 40: Individual Approvals, Notifications and Related Fees and National Registration Database

INVESTMENT DEALERS ASSOCIATION OF CANADA – BY-LAW 40: INDIVIDUAL APPROVALS, NOTIFICATIONS AND RELATED FEES AND NATIONAL REGISTRATION DATABASE

I OVERVIEW

The Association's By-laws and Regulations contain requirements for the approval of individuals to function in various capacities, including investment representative, registered representative, partner, officer, director, portfolio manager and significant shareholder.

The Association, in partnership with the Canadian Securities Administrators other than the Commission des valeurs mobilières du Québec, has developed a Web-based system called the National Registration Database (NRD) for the filing of applications for Association Approval and securities commission registration of individuals, amendments to registration information and notices of termination of registered and approved individuals. Information in firms is not included in the system other than information on business locations and information necessary for administrative purposes.

Proposed By-law 40 mandates the filing by Members through the NRD of individual applications for Approval, changes of approval category, amendments to registration information, notices of branch and sub-branch openings and closings, terminations of employment or principal/agent relationships with Approved Persons and some applications for exemption from proficiency requirements. The NRD permits the filing of these applications and notifications to the Association simultaneously and on the same form with applications for registration and notifications to the participating securities commissions and similar regulatory authorities in Canada.

It also contains exceptions and mandates alternative paper filing methods for individual approved persons located in the Province of Quebec.

Proposed By-law 40 also mandates fees to be paid for approvals and user fees to be paid to the NRD Administrator, which operates the NRD. The current NRD Administrator is CDS Inc., a subsidiary of the Canadian Depository for Securities Limited.

A -- Current Rules

The current By-laws and Regulations contain provisions requiring Association approval in the following capacities.

By-laws 4.9 to 4.12 and 4.14 regarding sales managers, branch managers and assistant or co-branch managers;

By-law 5.4 (1) regarding owners of significant equity interests in Members;

By-laws 7.1, 7.2, 7.4 and 7.16 regarding partners, officers and directors of Members;

By-laws 18.2, 18.3, 18.10, 18.11, 18.12 and 18.18 with regard to registered representatives and investment representatives;

Regulation 1300.2 with regard to persons designated to supervise the opening and operation of accounts and alternates;

Regulations 1800.2 and 1800.3 with regard to persons approved to advise on or trade in futures contracts, futures contract principals and alternatives and futures contract options principals and alternates;

Regulation 1900.2 and 1900.3 with regard to persons approved to advise on or trade in options and registered options principals or alternates.

These By-laws and Regulations generally contain requirements for application to be made in a form prescribed by the Board of Directors, with payment of fees as determined from time to time by the Board of Directors and requirements to amend information provided in applications and notify the Association of the termination of Approved Persons. They also contain provisions for the charging of fees for late notification of the termination of Approved Persons.

By-law 38 requires the appointment of an Ultimate Designated Person and a Chief Compliance Officer. By-law 38.12 requires notification to the Association of the Member's compliance structure and changes thereto, including the appointment of the Ultimate Designated Person and Chief Compliance Officer.

By-laws 4.5A, 4.6, 4.7 and 4.7A require the Approval by the Association of the opening by Members of branch and sub-branch offices.

IDA Policy 6, Parts I and II establish proficiency requirements for Association approval and various capacities, including requirements to rewrite proficiency examinations when individuals have not been registered for established periods. Both contain provisions permitting the applicable District Council to grant exemptions from these proficiency requirements.

B -- The Issue

The implementation of the NRD requires that all applications and notifications regarding Association Approval and Approved Persons be made through the NRD, including applications for exemption from proficiency requirements under Policy 6, Parts I and II. The NRD will also collect all fees required to be paid to the Association in connection with such applications and notifications. IDA By-laws and Regulations prescribing the methods of application or notification, fees involved and notification of Approvals require revision to mandate use of the NRD and conform to the electronic filing methods of NRD.

The current rules contain various provisions which have been superceded by other changes to the Association's By-laws, Regulations or Policies which concern the filing of applications and notifications and by the forms mandated in the NRD system. These provisions need to be repealed to eliminate inconsistencies with the NRD and NRD forms and to simplify and consolidate the regulations.

By-law 4.5A currently requires approval of branch and sub-branch office openings. The NRD system was designed only to accept notification of such openings; there is no process in the system for their approval.

NRD will be populated on inception with partial information regarding individual registrants. Multilateral Instruments 31-102 and 33-109 regarding individuals registered with participating securities regulatory authorities contain transitional provisions requiring updates of NRD with full registration information either when the individual registrant is involved in a transfer to another firm, a change of category or a change in registration information. For those registrants not involved in such transactions in the interim, full registration information must be entered in the NRD between April 2004 and December 2005. The Association By-laws require similar provision to require the updating of information on Approved Persons on the same schedule. This updating will be done in one submission to NRD for each individual Approved Person, simultaneous with the updating of registration information.

The transitional provisions in Multilateral Instruments 31-102 and 33-109 also establish a "freeze period" during which applications and notifications can be made that will not be recorded in existing systems and will not, therefore, be reflected in the partial information in NRD on inception. The transitional provisions require updating of NRD regarding these applications and notifications in the NRD. The Association By-laws require similar provision to permit the filing of applications for Association Approval during the freeze period and the updating of the NRD with information on the individuals involved. This updating will be done in one submission to NRD for each individual Approved Person, simultaneous with the updating of registration information.

C -- Objective

By-law 40 and related changes to other By-laws and Regulations are designed to mandate the use of the NRD and make approval requirements consistent with it. The objective of NRD is to simplify filing and approval requirements for Members by having a single, electronic filing system for all applications and notifications regarding registration by Canadian securities regulatory authorities and approval by the Association. The NRD will also result in a single, authoritative source for registration information in Canada.

D -- Effect of Proposed Rules

The proposed rules will require Members to use the NRD for all filings of application for Association approval of individuals and notifications regarding Approved Persons, except in the Province of Quebec. The proposed rules will require filing of such applications and notifications on NRD forms and within time periods established in the multilateral instruments passed by the securities regulatory authorities in order to make all filing requirements consistent between the Association and the securities regulatory authorities.

The proposed rules will require Members to file certain information in NRD that has already been filed with separate securities regulatory authorities of the Association over time periods established in the rules and the related multilateral instruments as a method of making the database complete, because all of the necessary data is not available to or cannot be transferred by the participating securities regulatory authorities and the Association.

The proposed rules will require Members to pay user fees to the operator of the NRD to pay for the cost of development, maintenance and upgrading of the system.

II DETAILED ANALYSIS

A -- Present Rules, Relevant History and Proposed Policy

Present rules require filing of applications for Association approval on forms determined by the Board of Directors. The principal applications are currently the 1-U-2000 Uniform Application for Registration/ Approval, the Application for Change of Status or Transfer of Approved Person and the Uniform Termination Notice.

Proposed By-law 40 refers to and draws definition from Multilateral Instruments 31-102 and 33-109 passed by all Canadian securities regulatory authorities except Quebec. The proposed rule requires filing on forms and within time frames mandated under those multilateral instruments. Applications to securities regulatory authorities for registration and the Association for approval will be made simultaneously on the same forms. These forms will replace the current forms noted above. Mandating of the forms and time frames required under the multilateral instruments will mean that no separate change process will need to be conducted by the Association if these forms or time frames are changed in the multilateral instruments.

Proposed By-law 40.2 requires Members to take the preliminary steps required for using the NRD. They include subscription to the NRD, the appointment of a Chief Authorized Firm Representative ("AFR"), and the establishment of a bank account from which application, annual registration and NRD User fees will be directly drawn by the NRD. AFRs have varying levels of access to the NRD, including the ability to access information on the NRD regarding individual Approved Persons of their Member employer and the ability to submit applications to the NRD. The Chief AFR has the ability to do all NRD-related functions including assigning permission to other AFRs or individuals within their firm to have access to and perform specific functions in the NRD.

By-law 40.3 requires that all applications for Approval of individuals and notifications regarding Approved Persons

be made through the NRD on NRD forms, except applications for persons registered or applying for registration solely in Quebec. It also requires the payment of related fees determined by the Board of Directors, including NRD User fees. This section replaces By-laws 4.10 regarding branch managers and sales managers, By-law 7.2 regarding partners, officers and directors, By-law 18.3A regarding investment representatives and registered representatives, Regulation 1800.3(1) regarding registered futures contract and futures contract options principals, alternates and persons approved to advise on futures contracts and futures contract options and Regulation 1900.3 regarding registered options principals, alternates and persons approved to advise on options, which will be repealed.

By-laws 4.12 regarding branch and sales managers, 7.4 regarding partners, officers and directors and 18.11 regarding investment representatives and registered representatives each include requirements regarding agreements to be contained in the applications for approval in those positions. These provisions are being repealed as the required provisions are contained in the relevant NRD application form 33-109F4.

Approved Persons in Quebec will continue to file applications in paper form, but By-law 40.3 permits this filing to be done on a paper version of the NRD forms. Approved Persons in Quebec who seek non-resident registration in other provinces will be required under Multilateral Instruments 31-102 and 33-109 to file those applications through the NRD. They will not simultaneously apply for Association Approval, which will be or have been granted through the Quebec applications, but will be required as part of the application process to complete information on the NRD forms regarding their Association approval categories.

By-law 40.3 also requires that application fees and NRD User fees be paid through the NRD system, except those for Approved Persons in Quebec.

By-law 38 requires that Members appoint an Ultimate Designated Person and a Chief Compliance Officer. These positions are not subject to Association approval. By-law 40.3 requires that notifications of appointments to and changes in this position be made through the NRD. The parties filling these positions are already required to be approved as partners, officers or directors of the Members.

By-law 40.4 requires that applications for changes in Approval categories be made through the NRD, except in Quebec, permits the Board to establish fees for such transactions including NRD User fees and provides that any such fees must be paid through the NRD.

By-law 40.5 requires the filing of material change reports regarding information on Approved Persons, required under Section B.1(a) of Policy 8 to be filed through the NRD, except in Quebec. By-laws 4.12 regarding branch and sales managers, 7.4 regarding partners, officers and directors and 18.11 regarding investment representatives and registered representatives each include requirements for filing of notifications of material changes. These parts of those by-laws are being repealed and replaced by By-law 40.5.

Applicants for Association approval may apply to the applicable District Council for exemptions from proficiency requirements under Policy 6, Parts I and II. By-law 40.6 will require these applications and related fees to be submitted through the NRD when they are made simultaneously with an application for approval made through the NRD. Where they are made prior to an application they must be made outside the system.

By-law 40.7 requires that Members notify the Association of the termination of employment or a principal/agency relationship with any Approved Person within the time frames and on the form mandated under Multilateral Instruments 31-102 and 33-109, and requires that they be made through the NRD except for those of Approved Persons registered solely in the Province of Quebec. . By-laws 4.12 regarding branch and sales managers, 7.4 regarding partners, officers and directors and 18.11 regarding investment representatives and registered representatives each include requirements for filing of notifications of termination of employment. These sections will be repealed and replaced by By-law 40.7.

By-laws 4.14(a) regarding branch and sales managers, 7.6(a) regarding partners, officers and directors and 18.18(a) regarding investment representatives and registered representatives each provide for late filing fees regarding termination notifications. These provisions will be repealed and replaced by By-law 40.7, which also requires that they be paid through the NRD except in Quebec.

By-law 40.8 requires Members to notify the Association of the opening or closing or any material changes regarding branch and sub-branch offices, and that except for branches in Quebec the notification must be made through the NRD. These notifications are required under By-laws 4.6 and 4.7 respectively.

By-law 4.5A requires prior approval of the Association to open a branch or sub-branch office. By-law 4.8 requires prior approval to open a sub-branch in the residence of a registered representative. These by-laws are being repealed because there is no application process for branches and sub-branches through the NRD, only a notification process. The Association sees no public interest or other benefit in maintaining an approval requirement in this regard.

By-law 40.9 requires that Members pay the annual NRD User Fees with regard to Each Approved Person that will be determined by the Board of Directors in consultation with the participating securities regulatory authorities. This fee will pay for the development, maintenance and upgrading of the NRD .

By-law 40.10 contains requirements regarding the transition to the NRD from existing systems. Some data on registered and approved persons will be entered into the

NRD prior to its inception. There will be a "freeze" period prior to inception during which applications and notifications can continue to be made and approved in paper form but will not be reflected in the information being entered prior to inception. In those cases, By-law 40.10 will require Members to enter into NRD the information regarding such applications and notifications after its inception.

The information regarding individuals to be put into NRD is limited. Only Members can enter full information on their Approved Persons. By-law 40.10 requires Members to submit this information to the NRD between April, 2004 and March 2006. This process is intended only to enter the information current as of the date of implementation of the NRD. By-law 40.10 therefore requires that when a Member is filing a material change notice regarding an individual for whom full information is not already in the NRD, the Member first provide full information to the NRD showing it as it was prior to the material change, and then file a report of the material change. This will permit Association staff to review material changes in such situations as is currently done on paper notifications.

The information initially entered into the NRD will not show the branch or sub-branch at which Approved Persons are located. Because this information is important to the Association's regulatory processes, By-law 40.10(4) requires that Members provide this information by December 31, 2003. The information can be provided in a separate submission from the updating of other registration information.

By-law 4.11 is a hardship provision, permitting the filing of applications and notification in paper form in the event that technical difficulties prevent a Member from submitting applications and notifications through the NRD. It also requires that the application or notification be re-submitted through the NRD as soon as practicable.

Under NRD, Members will submit information although it may be received from individual Approved Persons. By-law 4.12 requires that Members use diligence to ensure that information submitted through the NRD is true and accurate.

The NRD does not have facilities for the filing of supporting documents regarding registration information. Most supporting documents previously required to be filed in paper format will now be retained by Members. By-law 4.12 requires that these documents be retained for 7 years after the termination of the Approved Person.

B -- Issues and Alternatives Considered

No other alternatives were considered.

C -- Comparison with Similar Provisions

Multilateral instruments 31-102 and 33-109 passed by all Canadian securities regulatory authorities except Quebec contain similar provisions regarding the filing of registration applications and notifications through the NRD system.

D -- Systems Impact of Rule

Members will be required to have Internet access and Web browsers as specified by the NRD Administrator. These are widely accessible and inexpensive and are already in place at most Members.

E. -- Best Interests of the Capital Markets

The Board has determined that this amendment is not detrimental to the best interests of the capital markets.

F -- Public Interest Objective

The proposal is designed to implement the NRD system, which will result in a central, authoritative database on approved and registered persons in Canada except Quebec and, will eliminate the duplication involved in filing applications and notifications in paper form directly with multiple securities regulatory authorities.

The proposal does not permit unfair discrimination among customers, issuers, brokers, dealers, members or others. It does not impose any burden on competition that is not necessary or appropriate in furtherance of the above purposes.

III COMMENTARY

A -- Filing in Other Jurisdictions

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

B – Effectiveness

The proposed rule is simple and effective and will not be a burden to Member firms in implementing.

IV SOURCES

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

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

Questions may be referred to:
Azza Abdallah
Registration Counsel
Investment Dealers Association of Canada
(416) 943-5839
aabdallah@ida.ca

INVESTMENT DEALERS ASSOCIATION OF CANADA

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada ("Association") hereby passes and enacts the following by-law:

BY-LAW 40

INDIVIDUAL APPROVALS, NOTIFICATIONS AND RELATED FEES AND NATIONAL REGISTRATION DATABASE

By-law 40

40.1 Definitions

For the purposes of this By-law 40,

(1) "authorized firm representative" or "AFR" means, for a firm filer, an individual with his or her own NRD user ID and who is authorized by the firm filer to submit information in NRD format for that firm filer and individual filers with respect to whom the firm filer is the sponsoring firm.

(2) "chief AFR" means, for a firm filer, an individual who is an AFR and has accepted an appointment as a chief AFR by the firm filer.

(3) Form 33-109F1 means the form for the submission through NRD of a Notice of Termination of an individual mandated by NRD Multilateral Instrument 31-102 and NRD Multilateral Instrument 33-109.

(4) Form 33-109F2 means the form for the submission through NRD of an application for change or surrender of categories of registration mandated by NRD Multilateral Instrument 31-102 and NRD Multilateral Instrument 33-109.

(5) Form 33-109F3 means the form for the submission through NRD of information regarding business locations of registered dealers mandated by NRD Multilateral Instrument 31-102 and NRD Multilateral Instrument 33-109.

(6) Form 33-109F4 means the form for submission through NRD of applications for individual registration mandated by NRD Multilateral Instrument 31-102 and NRD Multilateral Instrument 33-109, and includes the Certification - Self Regulatory Organizations.

(7) Form 33-109F5 means the paper form of a notification of a material change in information regarding an individual registrant mandated by NRD Multilateral Instrument 31-102 and NRD Multilateral Instrument 33-109.

(8) "National Registration Database" or "NRD" means the online electronic database of registration and approval information regarding Members, their

registered or approved partners, officers, directors, employees or agents and other firms and individuals registered under securities legislation in Canada other than the Province of Quebec, and includes the computer system providing for the transmission, receipt, review and dissemination of that registration information by electronic means.

(9) ""NRD account" means an account with a member of the Canadian Payments Association from which fees may be paid with respect to NRD by electronic pre-authorized debit.

(10) "NRD access date" means the date a Member receives notice that it has access to NRD to make NRD submissions.

(11) NRD administrator" means CDS INC. or a successor appointed by the Association to operate NRD.

(12) "NRD format" means the electronic format for submitting information through the NRD website.

(13) "NRD freeze period" means the period that begins on the day specified in a notice made by the Association and ends on the day that is 5 business days after the NRD access date.

(14) “NRD Multilateral Instrument 31-102” means Multilateral Instrument 31-102 National Registration Database passed by the Canadian Securities Administrators except the Commission des valeurs mobilières du Québec.

(15) “NRD Multilateral Instrument 33-109” means Multilateral Instrument 31-109 Registration Information passed by the Canadian Securities Administrators except the Commission des valeurs mobilières du Québec.

(16) "NRD submission" means information that is submitted under this By-law 40 in NRD format, or the act of submitting information under this By-law 40 in NRD format, as the context requires.

(17) "NRD website" means the website operated by the NRD administrator for the NRD submissions.

(18) "transition Member" means a Member that

(a) is a Member on February 3, 2003, or

(b) is not a Member on February 3, 2003 and has applied for Membership before March 31, 2003

40.2 Obligations of Members regarding the National Registration Database

(1) Each Member shall

(a) subscribe to NRD and pay to the NRD administrator an enrollment fee calculated as prescribed by the Board of Directors.

(b) have one and no more than one chief AFR enrolled with the NRD administrator;

(c) maintain one and no more than one NRD account;

(d) notify the NRD administrator of the appointment of a chief AFR within 5 business days of the appointment;

(e) notify the NRD administrator of any change in the name of the firm's chief AFR within 5 business days of the change; and

(f) submit any change in the name of an AFR, other than the firm's chief AFR, in NRD format within 5 business days of the change.

(2) Subsection 1 does not apply to a Member registered solely under the securities legislation of the Province of Quebec and having no Approved Persons registered under any Canadian securities legislation other than that of the Province of Quebec.

40.3 Approvals and Notifications

(1) Each Member making an application for approval of an individual in any capacity required under any By-law, Regulation or Policy of the Association after the NRD access date shall be made to the Association through the NRD on Form 33-109F4.

(2) Each Member shall notify the Association of the appointment after the NRD access date of an Ultimate Designated Person pursuant to By-law 38.1 or Chief Compliance Officer pursuant to By-law 38.3 through the NRD on Form 33-109F4.

(3) Subsections (1) and (2) do not apply to an application for Approval of an individual registered or applying for registration solely under the securities legislation of the Province of Quebec.

(4) Each Member making an application for approval in any capacity required under any By-law, Regulation or Policy of the Association of an individual registered or applying for registration solely under the securities legislation of the Province of Quebec in any capacity required under any By-law, Regulation or Policy of the

Association after the NRD access date shall be made to the Association in paper form on Association Form 1-U-2000 or Form 33-109F4, including the Certification – Self Regulatory Organizations.

(5) Each Member registered solely under the securities legislation of the Province of Quebec appointing an Ultimate Designated Person under By-law 38.1 or Chief Compliance Officer under By-law 38.3 shall notify the Association of the appointment in writing.

(6) Each Member making an application under subsection (1) or (4) shall be liable for and pay such fees as are prescribed from time to time by the Board of Directors, including but not limited to application fees payable to the NRD Administrator for use of the NRD for the making of such an application.

(7) Any fees payable to the Association and to the NRD Administrator pursuant to subsection (6) above shall be submitted by electronic pre-authorized debit through NRD.

(8) Subsection (7) does not apply to an application for Approval of an individual registered or applying for registration solely under the securities legislation of the Province of Quebec.

40.4 Application for Change of Approval Category

(1) Each Member making an application after the NRD access date for approval of any Approved Person in a different or additional capacity requiring approval under any By-law, Regulation or Policy of the Association or to surrender an existing approval shall be made to the Association through the NRD on Form 33-109F2.

(2) Each Member making an application under subsection (1) shall be liable for and pay such change of status fees as are prescribed from time to time by the Board of Directors, including but not limited to application fees payable to the NRD Administrator for use of the NRD for the making of such an application.

(3) Any fees payable to the Association or the NRD Administrator pursuant to subsection (2) above shall be submitted by electronic pre-authorized debit through NRD.

(4) This By-law 40.4 does not apply to an application for change of approval category for an Approved Person registered solely under the securities legislation of the Province of Quebec, which shall be made in paper form on the Association Application for Transfer or Change of Status Form or on Form 33-109F2.

(5) Each Member making an application under subsection (4) shall be liable for and pay such change of status fees as are prescribed from time to time by the Board of Directors.

40.5 Report of Material Changes pursuant to Policy 8

(1) Each Member making a report of a material change regarding an Approved Person required pursuant to section B.1(a) of Policy 8 of the Association after the NRD access date shall make the report through the NRD on Form 33-109F4 in the time required pursuant to Multilateral Instruments 33-102 and 33-109.

(2) Subsection (1) does not apply to a report regarding an Approved Person registered solely under the securities legislation of the Province of Quebec, which shall be made in writing to the Association on form 33 109F4 in the time required pursuant to Multilateral Instruments 33-102 and 33-109.

40.6 Exemption request

(1) Each Member making an application for an exemption of an Approved Person or applicant for approval from a proficiency requirement pursuant to the Association's Policy 6 that is submitted with an application for approval made through the NRD after the NRD access date shall make such application to the Association through the NRD.

(2) Each Member making an application under subsection (1) above shall be liable for and pay to the Association an exemption request fee as prescribed from time to time by the Board of Directors.

(3) Any fees payable to the Association and to the NRD Administrator pursuant to subsection (2) above shall be submitted by electronic pre-authorized debit through NRD.

40.7 Termination of Approved Persons

(1) Each Member shall notify the Association after the NRD access date of the termination of the Member's employment of or principal/agent relationship with any individual approved in any capacity under any By-law, Regulation or Policy of the Association through the NRD on Form 33-109F1 within the time prescribed pursuant to NRD Multilateral Instruments 31-102 and 33-109.

(2) Each Member shall be liable for and pay to the Association fees in the amounts prescribed from time to time by the Board of Directors for the failure of the Member to file a notification required under subsection (1) above within the time period set out in Multilateral Instrument 33-109.

(3) Any fees payable to the Association pursuant to subsection (2) above shall be submitted by electronic pre-authorized debit through NRD.

(4) Subsection (1) and (3) do not apply to a notification of termination of employment or a principal/agent relationship to an Approved Person registered solely under the securities legislation of the Province of Quebec, which shall be made in paper form on the Association's Uniform Termination Notice Form or Form 33-109F1 within the time prescribed pursuant to NRD Multilateral Instruments 31-102 and 33-109.

(5) Each Member shall be liable for and pay to the Association fees in the amounts prescribed from time to time by the Board of Directors for the failure of the Member to file a notification required under subsection (4) above within the time period set out in Multilateral Instrument 33-109.

40.8 Notification of Opening or Closing of Branch or Sub-branch Office

(1) Each Member required to notify the Association after the NRD access date of the opening or closing of a branch pursuant to By-law 4.6 or sub-branch office pursuant to By-law 4.7 shall do so through the NRD on Form 33-109F3 within the time prescribed pursuant to NRD Multilateral Instruments 31-102 and 33-109.

(2) Each Member shall notify the Association through the NRD of any change in the address, type of location or supervision of any branch or sub-branch office within the time prescribed pursuant to NRD Multilateral Instruments 31-102 and 33-109.

(3) Subsections (1) and (2) do not apply to a branch or sub-branch office in the Province of Quebec.

(4) Each Member required to notify the Association of the opening or closing of a branch or sub-branch office in the Province of Quebec shall do so in writing within the time prescribed pursuant to NRD Multilateral Instruments 31-102 and 33-109 and shall also notify the Association of the Approved Persons to be located in such branch or sub-branch within the time prescribed pursuant to NRD Multilateral Instruments 31-102 and 33-109.

(5) Each Member shall notify the Association in writing of any change in the address, type of location or supervision of any branch or sub-branch office located in the Province of Quebec within the time prescribed pursuant to NRD Multilateral Instruments 31-102 and 33-109.

40.9 Annual NRD User Fee

(1) Each Member shall be liable for and pay to the NRD Administrator an annual user fee as prescribed from time to time by the Board of Directors for each person approved in any capacity under any By-law, Regulation or Policy of the Association through the NRD as of the date of calculation of such annual fee as prescribed by the Board of Directors.

(2) Any fees payable to the NRD Administrator pursuant to subsections (1) above shall be submitted by electronic pre-authorized debit through NRD.

40.10 Transition

(1) **NRD Submissions before NRD Access Date** - Despite any requirement in this Instrument to submit information in NRD format, a transition Member may submit an application for Approval on IDA Form 1-U-2000 before the NRD access date.

(2) **Accuracy of Branch or Sub-branch Information** - If the information recorded on NRD for a branch or sub-branch office of a transition Member is missing or inaccurate on the NRD access date, the transition Member must submit a completed Form 33-109F3 in NRD format in respect of that branch or sub-branch within 30 business days of the NRD access date.

(3) **Changes to Branch and Sub-branch Offices** - A Member is exempt from the requirement to notify the Association under section 40.8(1) during the NRD freeze period if the Member makes the notification in accordance with section 40.8(1) within 30 business days of the NRD access date.

(4) **Identification of Location of Business Locations of Approved Persons -** Each Member must make submissions through the NRD identifying the branch or sub-branch location of all Approved Persons of the Member by December 31, 2003.

(5) **Approved Persons Included in the Data Transfer**

(a) Except as provided in subsection (b), in respect of Approved Persons who were recorded on NRD as Approved Persons of a transition Member on the NRD access date, the transition Member must submit completed Forms 33-109F4 in NRD format for

(i) 5 percent of those Approved Persons by the end of April 2004,

(ii) 10 percent of those Approved Persons by the end of May 2004,

(iii) 15 percent of those Approved Persons by the end of June 2004,

(iv) 20 percent of those Approved Persons by the end of July 2004,

(v) 25 percent of those Approved Persons by the end of August 2004,

(vi) 30 percent of those Approved Persons by the end of September 2004,

(vii) 35 percent of those Approved Persons by the end of October 2004,

(viii) 40 percent of those Approved Persons by the end of November 2004,

(ix) 45 percent of those Approved Persons by the end of December 2004,

(x) 50 percent of those Approved Persons by the end of March 2005,

(xi) 55 percent of those Approved Persons by the end of April 2005,

(xii) 60 percent of those Approved Persons by the end of May 2005,

(xiii) 65 percent of those Approved Persons by the end of June 2005,

(xiv) 70 percent of those Approved Persons by the end of July 2005,

(xv) 75 percent of those Approved Persons by the end of August 2005,

(xvi) 80 percent of those Approved Persons by the end of September 2005,

(xvii) 85 percent of those Approved Persons by the end of October 2005,

(xviii) 90 percent of those Approved Persons by the end of November 2005,

(xix) 95 percent of those Approved Persons by the end of December 2005, and

(xx) all of those Approved Persons by the end of March 2006.

(b) Despite subsection (a), a transition Member is not required to submit a completed Form 33-109F4 in respect of an Approved Person if another Member or a non-Member firm registered under securities legislation has submitted a completed Form 33-109F4 in respect of the Approved Person (consistent with other sections).

(c) A transition Member making a report of a material change regarding an Approved Person required pursuant to section B.1(a) of Policy 8 after the NRD access date for an Approved Person for whom a completed Form 33-109F4 in NRD format has not been submitted pursuant to subsection (a) shall:

(i) submit a completed Form 33-109F4 in NRD format showing the information regarding the Approved Person prior to the material change, and

(ii) submit notification of the material change in NRD format after having complied with subsection (i)

within the time prescribed pursuant to NRD Multilateral Instruments 31-102 and 33-109

(d) A transition firm that is exempt under subsection (b) from the requirement to submit a completed Form 33-109F4 in respect of an Approved Person must submit the Approved Person's employment location information in NRD format by the end of December, 2003.

(6) **Approved Persons not Included in the Data Transfer**

(a) Except as provided in subsection (b), a transition Member must submit a completed Form 33-109F4 in NRD format within 30 business days of the NRD access date for each Approved Person who was not recorded on NRD on the NRD access date as an Approved Person of the firm and for whom the transition Member was the sponsoring Member on the NRD access date.

(b) Despite subsection (a), a transition firm is not required to submit a completed Form 33-109F4 in respect of an Approved Person if another firm has submitted a completed Form 33-109F4 in respect of the Approved Person.

(c) A transition firm that is exempt under subsection (b) from the requirement to submit a completed Form 33-109F4 in respect of an Approved Person must submit the Approved Person's employment location information in NRD format within 30 business days of the NRD access date.

(7) **Changes to 1-U-2000 Information**

(a) A transition Member required to notify the Association pursuant to Section B.1(a) of Policy 8 of the Association of a change in the information regarding an Approved Person contained in a previously filed Form 1-U-2000 shall do so in paper format until the NRD access date.

(b) Except as provided in subsection (c), a transition Member that has submitted a notification under subsection (a) during the NRD freeze period must submit a completed Form 33-109F4 for the Approved Person in NRD format by the later of 15 business days after

(i) the NRD access date, and

(ii) the date that the firm submitted the paper form notification.

(c) Despite subsection (b), a transition Member is not required to submit a completed Form 33-109F4 in respect of an Approved Person if another firm has submitted a completed Form 33-109F4 in respect of the Approved Person.

(d) A transition Member that is exempt under subsection (c) from the requirement to submit a completed Form 33-109F4 in respect of an Approved Person must submit the Approved Person's employment location information in NRD format by the later of 15 business days after

(a) the NRD access date, and

(b) the date that the firm submitted the paper form notification.

(8) **Pending Application to Change an Approved Person's Registration Category**

If a transition Member submitted an application in paper format to change the category of approval of an Approved Person and the category of registration applied for is not recorded with the Approved Person's record on NRD on the NRD access date, the transition Member must

(a) submit a completed Form 33-109F4 in NRD format within 30 business days after the NRD access date containing the Approved Persons categories of approval as they were recorded on NRD on the NRD access date, and

(b) resubmit the application to change the Approved Person's category of registration by submitting a completed Form 33-109F2 in NRD format within 1 business day of submitting the Form 33-109F4 under paragraph (a).

(9) **Currency of Form 33-109F4** - For greater certainty, except as provided under subsections 40.10(5)(c) and 40.10(9)(a), a completed Form 33-109F4 that is submitted under this Part must be current on the date that it is submitted despite any prior submission in paper format.

(10) **Termination of Relationship** - Despite a requirement under this Part to submit a completed Form 33-109F4, a transition Member is not required to submit a Form 33-109F4 in respect of an Approved Person if the firm has submitted a completed Uniform Termination Notice in respect of the Approved Person in paper format before the firm's NRD access date or through the filing of a Form 33-109F1 through the NRD after the Member's NRD access date.

40.11 Temporary Hardship Exemption

(1) If unanticipated technical difficulties prevent a Member from making a submission in NRD format within the time required under this By-law 40, the Member is exempt from the requirement to make the submission within the required time period, if the Member makes the submission in paper format or NRD format no later than 5 business days after the day on which the information was required to be submitted.

(2) Form 33-109F5 is the paper format for submitting a notice of a change to Form 33-109F4 information.

(3) If unanticipated technical difficulties prevent a Member from submitting an application in NRD format, the Member may submit the application in paper format.

(4) If Member makes a paper format submission under this section, the Member must include the following legend in capital letters at the top of the first page of the submission:

IN ACCORDANCE WITH IDA BY-LAW 40.11 AND SECTION 5.1 OF MULTILATERAL INSTRUMENT 31-102 NATIONAL REGISTRATION DATABASE (NRD), THIS [SPECIFY DOCUMENT] IS BEING SUBMITTED IN PAPER FORMAT UNDER A TEMPORARY HARDSHIP EXEMPTION.

(5) If an NRD filer makes a paper format submission under this section, the NRD filer must resubmit the information in NRD format as soon as practicable and in any event within 10 business days after the unanticipated technical difficulties have been resolved.

40.12 Due Diligence and Record Keeping

(1) Each Member must make reasonable efforts to ensure that information submitted in any application for approval of an individual through the NRD is true and complete.

(2) Each Member must retain all documents used by the Member to satisfy its obligation under subsection (1) for a period of 7 years after the individual ceases to be an Approved Person of the Member.

PASSED AND ENACTED by the Board of Directors this 22nd day of January 2003, to be effective on a date to be determined by Association staff.

13.1.3 IDA Discipline Penalties imposed on Dimitrios Boulieris – Violation of By-Law 29.1

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BULLETIN # 3118
February 18, 2003

DISCIPLINE

DISCIPLINE PENALTIES IMPOSED ON DIMITRIOS BOULIERIS – VIOLATION OF BY-LAW 29.1

Persons Disciplined

The Ontario District Council of the Investment Dealers Association of Canada (the "Association") has imposed discipline penalties on Dimitrios Boulieris ("Boulieris").

By-laws, Regulations, Policies Violated

Between June 17 and 21, 2002, the Ontario District Council heard evidence relating to allegations of misconduct by Boulieris during the time that he was employed as a registered representative with First Delta Securities Inc. ("First Delta"), a former member of the Association.

On September 30, 2002, the Ontario District Council released its decision and found that Boulieris had engaged in conduct unbecoming, contrary to Association By-law 29.1, by carrying out the trading of a client who had indicated to him that he would attempt to manipulate the market price of First Florida Communications Inc. ("First Florida") , a U.S. company.

Penalty Assessed

On October 24, 2002, the Ontario District Council heard submissions on an appropriate penalty for Boulieris. By its decision, dated January 17, 2003, the Ontario District Council imposed the following penalties:

(i) Boulieris shall be under strict supervision for a period of two years commencing upon Boulieris' re-employment with any Member of the Association;

(ii) Boulieris shall successfully re-write the examination based on the Conduct and Practices Handbook for Securities Industry Professionals prior to being approved for employment with any Member of the Association.

The Ontario District Council also indicated that a suspension would be appropriate in the circumstances. However, as Boulieris had effectively been unable to transfer his approval to another Member firm, for a period of approximately one year while these proceedings were pending, the Ontario District Council determined that a further suspension was not required.

Boulieris has also been ordered to pay a portion of the Association's costs, in the amount of $ 5,000.00, payable within six months of the date of the penalty decision.

Statement of Facts

Boulieris was employed as a registered representative at First Delta between July 1998 and June 1999.

During that time, Boulieris opened accounts for two corporations that were controlled by H.A. These two corporations held a large equity position in First Florida, a corporation whose shares were traded in the U.S. Over-the-Counter Bulletin Board.

In a statement to Association Staff, Boulieris indicated that H.A.had told him that they were "trying to clean up any, any loose shares (of First Florida) that are out there. So- that they were trying to make it tight and hopefully dry up the supply and just get demand for the stock". However, Boulieris indicated that H.A.would not get into specifics with him. The Ontario District Council found that this statement by H.A. was an indication that he would attempt to manipulate the price of First Florida. The Ontario District Council further noted that substantial evidence had been tabled at the hearing that the market price of First Florida shares was being manipulated. Ultimately, the Ontario District Council concluded that Boulieris had failed in his gatekeeper role by not questioning the trading in First Florida that was being done by the corporate accounts controlled by H.A..

Boulieris had also opened an account for a corporation named First Union Kreditanstalt S.A. ("First Union"). First Union did not make any trades in its First Delta account but referred non-residents to Boulieris who would purchase securities in First Florida. The referrals were made by way of faxes sent by First Union to Boulieris at First Delta containing the terms of the purchases of First Florida shares as

discussed by First Union and the non-resident clients. The Ontario District Council found that, in the absence of evidence from clients or any evidence as to the manner in which the First Florida purchase orders were solicited, it could not conclude that Boulieris had engaged in conduct unbecoming by knowingly acting as an agent or facilitator for First Union.

The Ontario District Council dismissed the other allegations of misconduct made by Association Staff for lack of evidence.

Association Staff thanks the Ontario Securities Commission, the U.S. Securities & Exchange Commission and the Royal Canadian Mounted Police for their assistance in this matter.

Kenneth A. Nason
Association Secretary

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