The Ontario Securities Commission

OSC Bulletin

April 4, 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)

The Ontario Securities Commission
Cadillac Fairview Tower
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

416-593-8314 or Toll Free 1-877-785-1555

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Carswell
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2075 Kennedy Road
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M1T 3V4

416-609-3800 or 1-800-387-5164

Contact Centre - Inquiries, Complaints:	Fax: 416-593-8122
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One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

Customer Relations
Toronto 1-416-609-3800
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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

APRIL 4, 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
M5H 3S8

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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 **ATI Technologies Inc., Kwok Yuen Ho, Betty Ho, JoAnne Chang, David Stone, Mary de La Torre, Alan Rae and Sally Daub**

s. 127

M. Britton in attendance for Staff

Panel: TBA

DATE: TBA **Jack Banks A.K.A. Jacques Benquesus and Larry Weltman***

s. 127

K. Manarin in attendance for Staff

Panel: PMM/KDA/MTM

* Larry Weltman settled on January 8, 2003

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

s. 127

A. Clark in attendance for Staff

Panel: TBA

DATE: TBA **Michael Tibollo**

s. 127

T. Pratt in attendance for Staff

Panel: TBA

DATE: TBA **Marlene Berry *et al***

s. 127

T. Pratt in attendance for Staff

Panel: TBA

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: HLM/RWD
	* Settled on March 13, 2003
April 29, 2003 2:30 p.m.	**John Steven Hawkyard** Settlement Hearing s. 127 K. Manarin in attendance for Staff Panel: RWD/KDA
May 6, 2003 10:00 a.m.	**Gregory Hyrniw and Walter Hyrniw** s. 127 Y. Chisholm in attendance for Staff Panel: TBA
May 20, 2003 to June 20, 2003 10:00 a.m. May 27, 2003 2:30 p.m.	**M.C.J.C. Holdings Inc. and Michael Cowpland** s. 127 M. Britton in attendance for Staff Panel: TBA
June 3, 2003 2:00 p.m.	**Teodosio Vincent Pangia, Agostino Capista and Dallas/North Group Inc.** s. 127 Y. Chisholm in attendance for Staff Panel: HLM/MTM
June 16, 2003 to July 4, 2003 10:00 a.m. June 26, 2003 2:30 p.m.	**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 + April 29, 2003

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

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

Philip Services Corporation

Marlene Berry, Allan Eizenga, Richard Jules Fangeat, Michael Hersey, Luke John Mcgee, Normand Riopelle and Robert Louis Rizzuto

S. B. McLaughlin

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

1.1.2 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, on August 7, 2001 and on February 14, 2003 (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 adding a new clause (e) as follows;

(e) each Manager and Assistant Manager in the Investment Funds Branch of the Commission;

March 31, 2003.

"Charlie Macfarlane"

1.1.3 Notice of Memorandum of Understanding with the China Securities Regulatory Commission

Memorandum of Understanding with the China Securities Regulatory Commission

The Ontario Securities Commission, together with the British Columbia, Alberta and Quebec Securities Commissions, has entered into a Memorandum of Understanding (MOU) with the China Securities Regulatory Commission (CSRC) as of March 21, 2003. The MOU is being published today in the Bulletin in accordance with section 143.10 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, and will become effective, subject to the approval of the Ontario Minister of Finance, within 60 days after this publication.

The purpose of the MOU is to promote investor protection and the integrity of the securities and futures markets by providing a framework for cooperation, including channels of communication, and increasing mutual understanding and the exchange of regulatory and technical information. The MOU is also a necessary condition for Canadian companies to participate in joint ventures in the securities and fund management business in China. The completion of this MOU therefore opens new business opportunities in China for Canadian financial firms.

Questions may be referred to:

Susan Wolburgh Jenah
General Counsel and Director, International Affairs
416-593-8245
email: swolburghjenah@osc.gov.on.ca

Krista Martin Gorelle
Senior Legal Counsel, General Counsel's Office
416-593-3689
email: kgorelle@osc.gov.on.ca

MEMORANDUM

OF

UNDERSTANDING

THE CHINA SECURITIES REGULATORY COMMISSION

THE PARTICIPATING MEMBERS OF CANADIAN SECURITIES ADMINISTRATORS

REGARDING SECURITIES AND FUTURES REGULATORY CO-OPERATION

March 21, 2003

I. INTRODUCTION

1. The China Securities Regulatory Commission (hereinafter referred to as "CSRC") was established with the approval of the State Council of the People's Republic of China as the authority responsible for the supervision and regulation of the national securities and futures market in China. The CSRC derives its authority under the *Securities Law* and the *State Council's Decree on Functions, Organizational Framework and Staff of the CSRC (September 30, 1998)*.

2. Canadian Securities Administrators (hereinafter referred to as "CSA") means the securities regulatory authorities of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Québec, Saskatchewan and Yukon Territory.

The initial participating members of the CSA are the Alberta Securities Commission, the British Columbia Securities Commission, the Ontario Securities Commission, and the Commission des valeurs mobilières du Québec.

The initial participating members of the CSA were established under the following legislation:

- The Alberta Securities Commission was established under the *Securities Act*, R.S.A. 2000, c-. S-4.
- The British Columbia Securities Commission was established under the *Securities Act*, RSBC, 1996, c. 418.
- The Ontario Securities Commission was established under the *Securities Act*, R.S.O. 1990, C. S.5.

- The Commission des valeurs mobilières du Québec was established under the *Securities Act*, R.S.Q., c. V-1.1.

3. In this Memorandum of Understanding (hereinafter referred to as "MoU"), "Authorities" mean the CSRC and the participating members of the CSA.

4. The CSRC and the participating members of the CSA, recognizing the increasing international activities in the securities and futures markets and the corresponding need for mutual cooperation between the relevant authorities have, after friendly consultation, reached the following understanding.

II. PRINCIPLES

1. The purpose of this MoU is to promote investor protection and integrity of the securities and futures markets by providing a framework for cooperation, including channels of communication, increasing mutual understanding and exchange of regulatory and technical information.

2. This MoU serves as a basis of cooperation for the Authorities and does not create any binding international legal obligations, nor does it modify or supersede any laws, regulations or regulatory requirements in force in or applying to People's Republic of China or the jurisdiction of each participating member of the CSA. It does not affect any arrangements under other MoUs.

3. The performance of the provisions of this MoU shall be consistent with domestic laws, regulations and conventions of the respective jurisdictions of the Authorities and within the availability of respective resources of the Authorities, and shall not be contrary to the public interests of the jurisdiction of the requested Authority.

III. SCOPE

1. The Authorities agree to promote mutual assistance and the exchange of information to assist them to perform their respective functions including in the following areas:

   a) Ensuring that issuers and offerors of securities make full and fair disclosure of information relevant to investors;

   b) The enforcement of the laws and rules relating to issuing, dealing in, arranging deals in, managing and advising on securities and futures contracts and other investment products;

   c) Promoting and securing the fitness and properness of brokers/dealers and advisers in securities and futures markets, and promoting high standards of fair dealing and integrity in the conduct of business of these institutions and professionals;

   d) Supervising and monitoring the trading, clearing and settlement, and other activities of securities and futures markets, and their compliance with relevant laws and regulations;

   e) Detecting market manipulation, insider dealing and other deceptive and fraudulent practices concerning securities issuing and trading, the activities of listed companies, and trading of futures contracts, options and other investment products;

   f) Technical cooperation and assistance;

   g) Other matters agreed upon by the Authorities.

2. Assistance available under this MoU includes:

   a) providing access to information in the files of the requested Authority;

   b) taking the evidence of persons; and

   c) obtaining information and documents from persons.

3. This MoU does not affect the ability of the Authorities to obtain information from persons on a voluntary basis, provided that any procedures in place in the jurisdiction of each Authority for the provision of such information are observed.

IV. REQUESTS AND EXECUTION

1. Requests will be made in writing in the English language. In urgent cases, requests may be made in summary form to be followed within 10 business days by a full request.

2. Requests should specify:

   a) the information requested;

   b) a description of the conduct or suspected conduct which gives rise to the request;

   c) the purpose for which the information is sought (including details of the laws or regulatory requirements pertaining to the matter which is the subject of the request);

   d) the link between the specified laws or regulatory requirements and the

regulatory functions of the requesting Authority;

e) the persons or entities suspected by the requesting Authority to possess the information sought, or the place where such information may be obtained, if this is within the knowledge of the requesting Authority;

f) to whom, if anyone, onward disclosure of information is likely to be necessary and the reason for such disclosure;

g) the desired time period for the reply;

h) whether a criminal proceeding is being considered or has been initiated in the jurisdiction of the requesting Authority.

3. The requested Authority will deal with the request in a reasonable time.

4. Each request will be assessed by the requested Authority to determine whether information can be provided under the terms of this MoU. In any case where the request cannot be accepted completely, the requested Authority will consider whether there may be any relevant information which can be given.

5. In deciding whether to accept or decline a request, the requested Authority will consider:

a) whether the request relates to the breach of laws or regulations which have no close parallel in the jurisdiction of the requested Authority;

b) whether broadly equivalent assistance would be available from the requesting Authority;

c) whether the request involves an assertion of a jurisdiction not recognized by the requested Authority;

d) whether it would be contrary to the national or public interest of the jurisdiction of the requested Authority;

e) whether a criminal proceeding has already been initiated in the jurisdiction of the requested Authority based upon the same facts and against the same persons or the same persons have already been the subjects of final punitive sanctions on the same charges by the competent authorities of the requested Authority.

6. If a testimony from a designated person is taken, the testimony will be taken in the same manner and to the same extent prescribed by the laws and regulations in the jurisdiction of the requested Authority.

7. The requested Authority is not obliged to provide any information which may be used in the jurisdiction of the requesting Authority in a manner which would be prohibited in the jurisdiction of the requested Authority.

8. Any document or other material provided in response to a request under this MoU and any copies thereof must be returned to the requested Authority on request.

9. No testimony obtained under compulsion of statute and no documents produced under compulsion of statute, provided to the requesting Authority pursuant to the MoU, may be used in a criminal, civil or other prosecution without the prior consent from the requested Authority.

V. CONFIDENTIALITY

1. The assistance or information will be provided under this MoU by the Authorities only for the purposes of assisting each other in the performance of their regulatory functions relevant to the scope of this MoU. To the extent permitted by law, each Authority will keep confidential any request for information made under the MoU and any matter arising in the course of its operation. Such assistance or information will not be disclosed by the recipient to third parties without the consent of the Authority providing the assistance or information.

2. When the requesting Authority discloses information obtained under the MoU from a requested Authority to another person, the requesting Authority will obtain an undertaking from the other person that the other person will maintain the confidentiality of the information, except when disclosure is required pursuant to a legally enforceable demand.

3. If either Authority becomes aware that information passed under this MoU may be subject to a legally enforceable demand to disclose, it will, to the extent permitted by law, inform the other Authority of this situation. The Authorities will then discuss and determine the appropriate courses of action.

VI. TECHNICAL COOPERATION

The respective Authorities intend to work together to identify and address, subject to the availability of personnel and resources, the training and technical assistance required to facilitate the development of the regulatory framework for securities and futures markets in their jurisdictions.

VII. CONSULTATION

1. The Authorities will consult in the event of a dispute over the meaning of any term used in this MoU.

2. The Authorities may consult, at any time, about a request or proposed request.

3. The Authorities may consult and revise the terms of the MoU in the event of a substantial change in the laws, regulations or practices affecting the operation of the MoU.

4. To improve the cooperation under this MoU, the Authorities will conduct consultations and discussions on the implementation of the MoU periodically or when necessary.

VIII. UNSOLICITED ASSISTANCE

To the extent permitted by the laws and regulations of its jurisdiction, each Authority will use reasonable efforts to provide each other Authority with any information it discovers which gives rise to a breach, a suspicion of a breach, or anticipated breach of the laws or regulations of each other Authority.

IX. CONTACT PERSONS

All communications between the Authorities should be between the principal points of contact as set out in Appendix A unless otherwise agreed. Appendix A may be amended by written notice from either Authority without the need for resigning this MoU.

X. ENTRY INTO EFFECT

1. This MoU will be effective after it is signed by the participating members of the CSA and the CSRC and in the case of Ontario, on a date determined in accordance with applicable legislation.

2. Any other member of CSA intending to participate in this MoU can submit a formal written request to the CSRC and provide notice to the other participating members of CSA. It becomes a party to this MoU on the date the CSRC issues a letter of consent.

XI. TERMINATION

This MoU may be terminated as to one Authority by that Authority giving thirty days' written notice to the other Authorities, however, the MoU shall remain valid between the other signatory Authorities. This MoU will continue to have effect with respect to all requests for assistance that are made before the effective date of termination.

SIGNED AS OF THIS 21st DAY OF March 2003.

IN DUPLICATE IN THE CHINESE AND ENGLISH LANGUAGES, BOTH VERSIONS BEING EQUALLY AUTHENTIC. IN THE EVENT OF ANY DISCREPANCY BETWEEN DIFFERENT VERSIONS OF THIS MEMORANDUM OF UNDERSTANDING, THE ENGLISH LANGUAGE VERSION SHALL PREVAIL.

Shang Fulin, Chairman
China Securities Regulatory Commission

Stephen P. Sibold, Q.C., Chair
Alberta Securities Commission

Douglas M. Hyndman, Chair
British Columbia Securities Commission

David A. Brown, Q.C., Chair
Ontario Securities Commission

Pierre Godin, Chair
Commission des valeurs mobilières du Québec

Gilbert Charland, Secrétaire général associé
Secrétariat aux Affaires Intergouvernementales Canadiennes, Gouvernement du Québec

APPENDIX A

CONTACT PERSONS

CHINA SECURITIES REGULATORY COMMISSION

Director-General
Department of International Cooperation
Jin Yang Plaza
16, Jin Rong Street
Xi Cheng District
Beijing 100032
The People's Republic of China
Tel : (86 10) 66210205
Fax: (86 10) 66210206

ALBERTA SECURITIES COMMISSION

Executive Director
4th Floor
300-5 Avenue SW
Calgary, Alberta
T2P 3C4
Canada
Tel: (1 403) 297-6454
Fax: (1 403) 297-6156

BRITISH COLUMBIA SECURITIES COMMISSION

Director, Enforcement
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia
V7Y 1L2
Tel: (1 604) 899 6596
Fax: (1 604) 899 6506

ONTARIO SECURITIES COMMISSION

Director, Enforcement
Suite 1900, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8
Tel: (1 416) 593 8156
Fax: (1 416) 593 8321

COMMISSION DES VALEURS MOBILIÈRES DU QUÉBEC

Le Secrétaire général
800 square Victoria
22e étage, C.P. 246
Montréal, Québec
H4Z 1G3
Tel: (1 514) 940 2150
Fax: (1 514) 864 6381

1.1.4 Notice of Amendments to the Securities Act and Commodity Futures Act

NOTICE OF AMENDMENTS TO THE SECURITIES ACT AND COMMODITY FUTURES ACT

On April 7, 2003 certain amendments to the *Securities Act* and the *Commodity Futures Act* contained in the *Keeping the Promise for a Strong Economy Act (Budget Measures), 2002* (formerly Bill 198) will come into force. The Commission is publishing the relevant amendments in Chapter 9 of this Bulletin.

1.1.5 CSA Staff Notice 54-301 Frequently Asked Questions about National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer

CANADIAN SECURITIES ADMINISTRATORS' STAFF NOTICE 54-301 FREQUENTLY ASKED QUESTIONS ABOUT NATIONAL INSTRUMENT 54-101 *COMMUNICATION WITH BENEFICIAL OWNERS OF SECURITIES OF A REPORTING ISSUER*

Background

On July 1, 2002, National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (NI 54-101) came into force. NI 54-101 replaced National Policy 41.

Frequently asked questions

As is often the case with the introduction of a new rule, users of NI 54-101 find they have questions regarding its application and interpretation. To assist those users, we have compiled a list of frequently asked questions (FAQs) that, while not exhaustive, represent the types of inquiries we have received to date.

We have divided the FAQs into the following categories:

A. Reporting issuer questions

B. Intermediary questions

C. Beneficial owner questions

D. General questions

April 4, 2003

A. Reporting issuer questions

1. We are a reporting issuer and some of the beneficial owners of our securities reside outside Canada. Must we send proxy-related materials to beneficial owners who reside outside Canada? Section 2.12(3) seems to suggest that we must.

You must send proxy-related materials to beneficial owners who hold through proximate intermediaries that are either:

(i) participants in a recognized depository (The Canadian Depository for Securities Limited (CDS)), or

(ii) intermediaries on CDS' intermediary master list.

Section 2.7 of the Instrument requires you to send to beneficial owners proxy-related materials that you must send to registered holders. Section 2.9 sets out the procedure for sending materials directly to non-objecting beneficial owners (NOBOs) and section 2.12 sets out the procedure for sending materials indirectly to beneficial owners. In both instances, you determine the beneficial owners to send materials to by making a request for beneficial ownership information. Section 2.5(1) says that you must send your request for beneficial ownership information to proximate intermediaries that are either:

- participants in a recognized depository that hold securities entitling the holder to receive notice of the meeting or to vote at the meeting, or
- intermediaries (or their nominees) on the depository's intermediary master list that are registered holders of securities entitling the holder to receive notice of the meeting or to vote at the meeting.

Section 2.12(3) does not require you to send proxy-related materials to all beneficial owners outside Canada. It simply clarifies that you cannot use direct delivery if a proximate intermediary is in a foreign jurisdiction and the law of that foreign jurisdiction requires indirect delivery.

2. Item 10.1 of the request for beneficial ownership information (Form 54-101F2) requires the reporting issuer to state whether it will pay the costs associated with the delivery of securityholder materials to objecting beneficial owners (OBOs). We may be prepared to pay the costs up to a certain amount. If we answer "yes", are we exposing ourselves to an undefined and potentially excessive amount?

No. You can add language in the form to state how much you are prepared to pay on a per OBO basis. We expect that the fees of the proximate intermediary (or its service provider) for delivery to OBOs would be similar to the fees they charge for delivery to NOBOs. Section 1.4 of the Instrument requires the fees for delivery to NOBOs to be "a reasonable amount". Currently, we would view an amount not exceeding $1 as reasonable (see section 2.6 of the Companion Policy to the Instrument).

3. Does the Instrument require a reporting issuer to pay for sending proxy-related materials or other securityholder materials to OBOs?

No. You are only required to pay the proximate intermediary for sending securityholder materials (including proxy-related materials) to OBOs if the OBO has declined to receive those materials under section 2.14. However, if you decline to pay in other circumstances, there are three possible consequences:

(i) the intermediary pays (see Part B question 9 of these FAQs);

(ii) the OBO pays; or

(iii) neither the intermediary nor the OBO pays and the intermediary does not send the materials. If OBOs do not receive proxy-related materials, they may not be in a position to provide voting instructions for the meeting.

4. What is "routine" business?

"Routine business" is defined in the Instrument. Any matters that fall outside those listed in the definition are not "routine business". The definition is:

""routine business" means, for a meeting,

(a) consideration of the minutes of an earlier meeting,

(b) consideration of the financial statements of the reporting issuer or an auditor's report on the financial statements of the reporting issuer,

(c) election of directors of the reporting issuer,

(d) setting or changing of the number of directors to be elected within a range permitted by corporate law, if no change to the constating documents of the reporting issuer is required in connection with that action, or

(e) reappointment of an incumbent auditor of the reporting issuer;".

5. Mutual funds (or their managers) have historically sent meeting materials directly to unitholders under NP 41. Does section 10.3 prevent mutual funds from continuing to send materials directly to their unitholders who hold through mutual fund dealers or investment dealers?

Despite section 10.3, a mutual fund can continue, as a person or company designated by the intermediary under section 2.12(2), to send unitholder meeting materials directly to unitholders who hold through mutual fund dealers or investment dealers.

B. Intermediary questions

1. Under section 3.2 and the Explanation to Clients (Form 54-101F1), must we ask clients whether they will consent to electronic delivery even if we (or our service provider) do not offer electronic delivery?

No. The consent provisions only apply if you (or your service provider) intend to provide electronic delivery of securityholder materials to clients. You should still obtain the client's electronic mail address, if available, as it forms part of the ownership information defined in the Instrument and may be of interest to reporting issuers (see section 5.4(4) of the Companion Policy). There are electronic delivery technologies available and we encourage intermediaries to take advantage of them to increase efficiency and cost-effectiveness.

2. The "Electronic Delivery of Documents" section in the Explanation to Clients and Client Response Form (Form 54-101F1) refers to an "enclosed consent form". There is no "enclosed consent form".

We have not provided a consent form in the Instrument because proximate intermediaries can prepare appropriate consents themselves. We expect proximate intermediaries to follow the guidelines for meaningful consent set out in National Policy 11-201.

3. In the Explanation to Clients and Client Response Form (Form 54-101F1), the boxes for checking OBO and NOBO status are the wrong way round.

The English version of Form 54-101F1 is incorrect. The French version is correct. We will amend the Form as soon as possible. In the meantime, you should ensure that the forms you use show the boxes correctly.

4. As part of our account opening procedures, we have already asked clients for their preferred language of communication. Can we rely on our previous instructions or must we ask them again?

You may rely on previously obtained instructions on preferred language if the instructions cover the issues set out in the Explanation to Clients and Client Response Form (Form 54-101F1).

5. Under section 3.2, must we have a completed client response form before we can hold securities on behalf of our client?

No. Section 3.2(b)(i) requires you to have obtained instructions from the client on the matters in the client response form before you can hold securities on behalf of the client. The Instrument does not say you must obtain a completed client response form. You must satisfy yourself that you have got instructions on the matters in the client response form. You must also

bear in mind your responsibilities under any relevant IDA requirements.

6. If we have the client's consent to deliver securityholder materials electronically, must the reporting issuer also get consent for us to send the materials electronically?

No. Under section 4.2, if a reporting issuer gives materials to an intermediary for sending indirectly to beneficial owners, the obligation to send them is on the intermediary, not the reporting issuer. If the intermediary sends the materials electronically, it is the intermediary that must have the client's consent.

If a reporting issuer sends materials directly to beneficial owners under section 2.8 or 2.9, the reporting issuer must have the client's consent to electronic delivery.

If an intermediary seeks the consent of a beneficial owner to electronic delivery **by the reporting issuer**, both the intermediary and the reporting issuer must ensure that the consent is consistent with the guidelines in NP 11-201.

7. In the Explanation to Clients and Client Response Form (Form 54-101F1), under Disclosure of Beneficial Ownership Information, there is an instruction to disclose particulars of fees or charges that the intermediary may ask an OBO to pay. As the fees or charges will differ depending on the reporting issuer, the bulkiness of the materials, whether it is insured mail or regular mail, etc., what exact particulars must we provide?

You need not set out detailed fee information. The instruction and the optional disclosure in the client response form clarify that, if you intend to recover the costs of delivery to OBOs where the reporting issuer does not pay, you must explain how you intend to recover the costs from the OBO. The specific mechanism by which you recoup your costs from the OBO is a business decision.

8. Must mutual fund dealers send their details to the depository under section 3.1 and must they send their clients the Explanation to Clients and Client Response Form (Form 54-101F1)?

The answer depends on whether the mutual fund dealer is an intermediary as defined in the Instrument. If the mutual fund dealer does not hold shares or units of a mutual fund on behalf of its clients, then it would not be an intermediary for the purposes of section 3.1. If it does hold shares or units of mutual funds on behalf of clients, it is an intermediary and must comply with sections 3.1 and 3.2. Mutual fund dealers that are intermediaries need only send Form 54-101F1 to those clients on whose behalf they actually hold securities.

9. Under the Instrument, can intermediaries charge OBOs for sending them proxy-related materials provided by a reporting issuer?

The Instrument does not prohibit intermediaries from charging OBOs for sending proxy-related or other securityholder materials. Provincial securities legislation may regulate whether intermediaries can charge and whether they must send proxy-related materials if neither the reporting issuer nor the OBO has agreed to pay the costs of sending. You should confirm the position under the appropriate securities legislation.

For example, in Ontario (section 49(2) of the *Securities Act*), the registrant or custodian is not required to send proxy-related materials to a beneficial securityholder if neither the reporting issuer nor the beneficial owner has agreed to pay the reasonable costs of sending. In Alberta (section 104(2) of the *Securities Act*), the registrant or custodian must send proxy-related materials if the beneficial securityholder has agreed to pay the reasonable costs. In British Columbia (section 182 of the *Securities Rules*), the registrant or custodian is not required to send materials if the beneficial owner has not declined to receive the materials and has not agreed to pay the reasonable costs. In Québec (section 165 of the *Securities Act*), a dealer or any other person holding the securities of a reporting issuer on behalf of clients must forward all securityholder materials to the owner at the expense of a person designated by regulation. The regulation does not designate any person.

In contrast, in Manitoba (section 79(1) of the *Securities Act*), shares of a company registered in the name of a registrant or its nominee and not beneficially owned by the registrant cannot be voted at any shareholders meeting unless the registrant sends the proxy-related materials to the beneficial owner at no expense to the beneficial owner.

We expect that fees for sending securityholder materials to OBOs would be similar to those for sending to NOBOs. Section 1.4 of the Instrument requires the fees for delivery to NOBOs to be "a reasonable amount". Currently, we would view an amount not exceeding $1 as reasonable (see section 2.6 of the Companion Policy to the Instrument).

10. Why is there a reference, in the indirect delivery flow of the flowchart, to the intermediary sending the reporting issuer a

search response and omnibus proxy (Form 54-101F4)?

The reference is incorrect. We will amend the flowchart as soon as possible. We remind you to refer to the Instrument to determine your obligations.

11. Managers of discretionary managed accounts have authority in the management agreement to vote the securities on behalf of the underlying beneficial owner. These managers fall within the definition of "intermediary". As they do not hold a general power of attorney, it is arguable that they do not have authority to provide the instructions in the Explanation to Clients and Client Response Form (Form 54-101F1). Must they obtain authority from the underlying beneficial owner to provide the instructions in the Form?

No. For the purposes of the Instrument, we take the view that the manager can provide the instructions in the Form without seeking additional authority from the underlying beneficial owner.

C. Beneficial owner questions

1. Under National Policy 41, non-registered owners could revoke their voting instructions. Can beneficial owners revoke their voting instructions under the Instrument?

Yes. We take the view that a written revocation of voting instructions constitutes new voting instructions. Reporting issuers and intermediaries must use their best efforts to comply with the most current voting instructions. Under the omnibus proxies, they are not allowed to vote except in accordance with the voting instructions received from beneficial owners. Securities legislation also requires intermediaries who are registrants to vote or give a proxy in accordance with written voting instructions received from beneficial owners.

2. Can a beneficial owner decline to receive proxy-related materials relating to meetings involving non-routine business?

No. The client response form permits beneficial owners to decline proxy-related materials only for meetings involving "routine business" as defined in the Instrument.

3. Can beneficial owners of a debenture issued under a trust indenture get proxy-related materials for meetings where registered holders are entitled to vote?

The answer depends on the securities legislation of the relevant jurisdiction. A reporting issuer must, under section 2.7, send proxy-related materials to beneficial owners if, under Canadian securities legislation (defined in National Instrument 14-101), it must send those materials to registered holders. For example, section 83.1 of the Securities Act in Québec would result in proxy-related materials having to be sent to beneficial owners of a debenture issued under a trust indenture if the registered holders of the debenture have the right to vote at a meeting

4. I am a beneficial owner of securities and I have asked my broker to forward all meeting materials to me. Can I vote or ask someone to vote on my behalf at meetings of the reporting issuer of my securities?

Yes. When you receive the request for voting instructions, you can ask your broker (the intermediary) in writing for a legal proxy. The legal proxy grants you the right to vote the securities that you beneficially own. If you wish to nominate someone to vote on your behalf, you can ask your broker to modify the legal proxy to grant your nominee the right to vote.

D. General questions

1. Can a person or company that is not the relevant reporting issuer obtain a NOBO list?

Yes. There are two ways that a third party can obtain the NOBO list:

(i) Under section 6.1, a third party can ask a reporting issuer for its most recent NOBO list for any proximate intermediary.

(ii) Under section 6.2(1), a third party can use the same process for requesting beneficial ownership information from a proximate intermediary that a reporting issuer uses under section 2.5(2) of the Instrument. The third party has the same rights and obligations under the Instrument as a reporting issuer that requests beneficial ownership information, except for:

- fixing a meeting and record date (section 2.1)
- sending a notice of meeting and record dates (section 2.2)
- requesting depository information (section 2.3(1))
- sending a request for beneficial ownership information 20 days before the record date (section 2.5(1))
- sending a legal proxy (section 2.18)

- receiving an omnibus proxy (section 4.1(1)(c))
- receiving a participant omnibus proxy (section 5.4)

The third party must also send a copy of the request for beneficial ownership information concurrently to the reporting issuer and must provide an undertaking (Form 54-101F9) to the proximate intermediary.

2. Section 6.2(3) provides that certain subsections of Parts 2, 4 and 5 do not apply to third parties requesting beneficial ownership information. The exclusions do not include references to section 2.9 and 2.12. Is a dissident shareholder that sends materials to beneficial owners about a meeting subject to the same timing requirements under section 2.9 and 2.12 as a reporting issuer?

No. Dissident shareholder materials are not "proxy related materials" as defined in the Instrument. Sections 2.9 and 2.12 only apply to proxy-related materials.

3. Is the ISIN the same as the CUSIP and, if not, what is the difference?

The ISIN (International Securities Identification Number) is the number issued to a security under the international standard ISO 6166. The National Numbering Agency of the country in which the security is domiciled issues the number. The CUSIP is the number used for Canadian and U.S. securities. The CUSIP number follows the ISO 6166 guidelines for ISINs, except that it does not contain the country code (the first two characters of the ISIN).

1.1.6 Notice of Minister of Finance Approval - Memorandum of Understanding with Respect to the Canadian Investor Protection Fund

NOTICE OF MINISTER OF FINANCE APPROVAL MEMORANDUM OF UNDERSTANDING WITH RESPECT TO THE CANADIAN INVESTOR PROTECTION FUND

On March 10, 2003, the Minister of Finance approved a memorandum of understanding (MOU) between the securities regulatory authorities of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Northwest Territories, Nova Scotia, Ontario, Prince Edward Island, Nunavut, Saskatchewan, and the Yukon and the Canadian Investor Protection Fund (CIPF).

The MOU became effective in Ontario on March 10, 2003. The MOU amends and restates a previous memorandum of understanding, dated July 1991. The MOU was published in the Bulletin on January 24, 2003, at (2003) 26 OSCB 778.

1.1.7 The Toronto Stock Exchange Inc. Amendments to Rule 4-106 POSIT Call Market - Notice of Commission Approval

THE TORONTO STOCK EXCHANGE INC. (TSX)
AMENDMENTS TO RULE 4-106 POSIT CALL MARKET
NOTICE OF COMMISSION APPROVAL

On March 13, 2003, the Commission approved amendments to TSX Rule 4-106 POSIT Call Market. The amendments provide for an additional POSIT call time, at 9:50 a.m., and will clarify the circumstances under which a POSIT match will not be conducted when a particular security has been halted or delayed by the Exchange or a Market Surveillance Official. The amendments were initially published on January 3, 2003, at (2003) 26 OSCB 143. Some changes have been made to the amendments since the time they were previously published. The amendments are being republished in Chapter 13 of this Bulletin, along with a summary of comments received and responses from the TSX. The amendments have been black lined to indicate the changes from the previously published version.

1.1.8 Notice of Minister of Finance Approval of OSC Rule 13-502 Fees, Forms 13-502F1, 13-502F2, 13-502F3 and 13-502F4, and Companion Policy 13-502CP and Notice of Revocation of Schedule 1 to Regulation 1015 Made Under the Securities Act, and Notice of Amendments to Regulation 1015 Made Under the Securities Act, Policy 12-602, OSC Rules 45-501, 45-502 and 45-503

NOTICE OF MINISTER OF FINANCE APPROVAL OF
OSC RULE 13-502 FEES, FORMS 13-502F1,
13-502F2, 13-502F3 AND 13-502F4, AND
COMPANION POLICY 13-502CP

AND

NOTICE OF REVOCATION OF
SCHEDULE 1 TO REGULATION 1015
MADE UNDER THE SECURITIES ACT, AND NOTICE OF
AMENDMENTS TO REGULATION 1015 MADE UNDER
THE SECURITIES ACT, POLICY 12-602,
OSC RULES 45-501, 45-502 AND 45-503

On February 17, 2003, the Minister of Finance approved Rule 13-502 Fees, including Forms 13-502F1, 13-502F2, 13-502F3 and 13-502F4, as a rule under the Act (the "Rule") and approved Companion Policy 13-502CP (the "Companion Policy") as a policy under the Act.

Concurrently with making the Rule, the Commission has revoked Schedule 1 (the "Fee Schedule") to Regulation 1015 of the Revised Regulations of Ontario, 1990 (the "Regulation"), has revoked Forms 42, 43 and 44, and has made non-material amendments to certain rules and policies in order to delete references to the Fee Schedule.

The Rule and Companion Policy came into force on March 31, 2003. The Rule and the Companion Policy were previously published in Chapter 5 of the Bulletin on January 31, 2003 at (2003) 26 OSCB 891. FAQs concerning the implementation of the Rule were published in Chapter 1 of the Bulletin on March 14, 2003 at (2003) 26 OSCB 2166. The amendments to the Regulation and the consequential amendments also took effect on March 31, 2003.

1.3 News Releases

1.3.1 Sanction Hearing in the Matter of Brian K. Costello

FOR IMMEDIATE RELEASE
March 28, 2003

SANCTION HEARING IN THE MATTER OF BRIAN K. COSTELLO

TORONTO – The hearing in this matter will resume at 9 a.m. on Monday, March 31, 2003 in the Large Hearing Room at the Commission, located on the 17th floor at 20 Queen Street West, Toronto, Ontario.

Following an extended hearing into allegations that Brian K. Costello contravened the Ontario Securities Act and acted contrary to the public interest, the Commission released its written reasons for decision on February 18, 2003. The Commission determined that Costello had acted as an adviser without being registered in accordance with section 25(1)(c) of the Securities Act and further that he had failed to adequately disclose his many conflicts of interest, contrary to the public interest. At the hearing on March 31, the Commission will determine what sanctions, if any, should be imposed on Costello.

Copies of the Notice of Hearing, Statement of Allegations, and Reasons for Decision are available on the Commission's website at **www.osc.gov.on.ca** or from the Commission, 19th Floor, 20 Queen Street West, Toronto, Ontario M5H 3S8

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)

1.3.2 OSC: Streamlined and Reduced Fees for Market Participants as of March 31, 2003

FOR IMMEDIATE RELEASE
March 31, 2003

OSC: STREAMLINED AND REDUCED FEES FOR MARKET PARTICIPANTS AS OF MARCH 31, 2003

TORONTO – The Ontario Securities Commission's new fee model takes effect today, reducing regulatory costs for market participants, says OSC Executive Director Charlie Macfarlane. The OSC's new fee schedule is simpler to understand and also allocates costs more fairly among market participants, he added.

"We are fulfilling our commitment to streamline our fee schedule and charge fees that better reflect the services we provide," Macfarlane said. "Costs will increase for some market participants and decrease for others, but overall, costs for market participants are expected to go down by as much as 20 per cent based on current revenues."

Macfarlane noted that the OSC has already implemented across-the-board fee reductions of over 20 per cent over the past three years. Previous fee reductions included:

- In June, 2000, a 10 per cent across-the-board fee reduction;
- In August, 1999, a 10 per cent across-the-board fee reduction;

"Ontario Finance Minister Janet Ecker has approved our new fee proposal, which will bring us to a total reduction of up to 40 per cent," he said. "When you add it up, these combined fee reductions will result in the industry saving an amount well in excess of $40 million per year in fees payable to the OSC."

"All market participants have benefited from reduced fees during the past three years," said Macfarlane. "The element we are adding to the reductions now is a reformed fee schedule that fairly allocates costs based on services used." To accomplish this objective, the new schedule incorporates two types of fees:

1. Participation Fees reflect the benefit derived by market participants from taking part in Ontario's capital markets. All market participants, including reporting issuers, registrants and mutual fund managers, will be required to pay an annual participation fee. The participation fees are based on a measure of the size of the market participant, which is intended to serve as a proxy for the market participant's use of the capital markets.

2. Activity Fees reflect the direct cost for activities provided by OSC staff at the request of the market participant. Examples include processing registration documents, or reviewing prospectuses and applications for discretionary relief.

The OSC commits to re-evaluate the fee schedule every three years, Macfarlane said. “We expect to operate within budget, but if there is a surplus after three years, fees will be reduced accordingly for the next three-year period.”

The new fee model was developed with extensive industry cooperation, including focus groups with reporting issuers, dealers, advisers, mutual fund managers, the Investment Dealers Association of Canada and the Investment Funds Institute of Canada, Macfarlane added.

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 - Securities Regulators Kick Off Annual Investor Education Month

For Immediate Release **April 1, 2003**

SECURITIES REGULATORS KICK OFF ANNUAL INVESTOR EDUCATION MONTH

Vancouver - April is Investor Education Month, a North American campaign to promote investor awareness and financial literacy. The Canadian Securities Administrators (CSA) would like to emphasize the importance of lifelong learning. Whether in their formative years, starting out in the workplace, nearing retirement, or during retirement it is critical that investors are well versed in how to manage and protect their money. Canada's securities regulators have launched a nationwide campaign to help Canadians -- in particular, youth and seniors -- become informed investors.

The Canadian Securities Administrators (CSA), the umbrella organization representing the 13 provincial and territorial securities commissions, is involved in the following national initiatives for April:

Together with the North American Securities Administrators Association (NASAA) the CSA is launching an Investment Fraud Awareness Quiz. The online quiz is designed to test investors’ knowledge of investment scams and frauds, and encourage investors to watch out for the signs of a scam. The quiz will be available April 28 on the CSA website *www.csa-acvm.ca*.

The national winner of the CSA “Test Your Financial IQ” Contest, which ran in Fall 2002 and Winter 2003, will be announced mid-April. Contestants were required to submit an essay detailing how they would invest the contest grand prize of $2500 according to their risk tolerance, time horizon and goals, and give their thoughts on investor education for youth. The purpose of the contest was to encourage Canadian youth to learn about investing.

The CSA has continued its partnership with the award-winning weekly television program Street Cents, on CBC-TV. The show features youth talking to youth about issues important to them. The CSA has collaborated with Street Cents to produce three segments on Saving for School, Mutual Funds, and Choosing an Adviser. The segments will be available on the Street Cents website *http://www.cbc.ca/streetcents/features/csa/* starting in April.

In addition to the national campaign, securities regulators in each province and territory have organized investor education events and seminars for investors in their locale.

For investor information or details about National Investor Education Month activities, visit the CSA's website at *www.csa-acvm.ca* or the following commission websites or contact your local securities regulator.

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
Perry Quinton
416-593-2348
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

Department of Attorney General
Prince Edward Island
Mark Gallant
902-368-4552
www.gov.pe.ca/oag

1.3.4 OSC Announces Ontario Winner of CSA "Test Your Financial IQ Contest"

FOR IMMEDIATE RELEASE
April 2, 2003

OSC ANNOUNCES ONTARIO WINNER OF CSA "TEST YOUR FINANCIAL IQ CONTEST"

TORONTO – To kick off Investor Education Month, a North American campaign to promote investor awareness and financial literacy, the Ontario Securities Commission will announce the Ontario winner of the *Test Your Financial IQ Contest*.

EVENT ADVISORY

- **What** Awarding of $750 cash prize to the Ontario winner of the "Test Your Financial I.Q. Contest"
- **Where** **Agincourt Collegiate Institute 2621 Midland Avenue, Toronto, Ontario**
- **When** April 3, 2003 at 2:15 PM
- **Why** The winning essay was selected out of 100 provincial entries. The contest encouraged Ontario youth to learn about saving and investing concepts.

Media wanting to attend the event are required to register with Perry Quinton at the numbers listed below.

Background

The *Test Your Financial IQ Contest* is a national initiative developed by the Canadian Securities Administrators (CSA). The award will be presented by Frank Switzer, OSC Director of Communications. There will be a photo opportunity with the winner receiving the award.

Canadian youth aged 14 to 18 were invited to submit an essay outlining how they would invest $2,500 and present their views on investment education for youth. The contest ran from October 2002 through January 2003, prompting over 100 Ontario entries, from a total of 400 entries nationally. Provincial winners receive a $750.00 prize and are eligible for the $2500.00 national prize, to be awarded later this month.

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. The CSA is an umbrella organization for the 13 securities regulators of Canada's provinces and territories to coordinate and harmonize regulation of the Canadian capital markets.

For Media Inquiries: Perry Quinton
Manager, Investor
Communications
416-593-2348

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

1.3.5 Investor *e*.ducation Fund News Release - Learn how to Spot a Scam or Choose an Adviser - Two New Features on investorED.ca Offer Investors Valuable Assistance

FOR IMMEDIATE RELEASE
April 2, 2003

LEARN HOW TO SPOT A SCAM OR CHOOSE AN ADVISER
TWO NEW FEATURES ON INVESTORED.CA OFFER INVESTORS VALUABLE ASSISTANCE

TORONTO – The Investor *e*.ducation Fund today marked the kick-off of North America's 2003 Investor Education Month public awareness campaign by launching two new helpful feature topics on its new website www.investorED.ca.

Focus On Working with Financial Advisers provides information and tools to help investors in their search for a financial adviser. Receiving good advice starts with finding an adviser who'll work diligently on your behalf. This feature offers a one-stop source for tips and checklists for investors to review when choosing an adviser or dealer and reminds them about the importance of doing their due diligence.

Focus On Investment Frauds and Scams helps investors avoid fraudulent activity by outlining current scams in the marketplace, what to watch out for and tips on how investors can protect themselves. It's important for investors to be able to protect themselves from scam artists and this new feature provides a variety of helpful tools in one convenient location.

"These two new features provide valuable information on timely topics from an objective and trusted source – the securities industry regulators," says Terri Williams, President of the Fund. "InvestorED.ca will continue to evolve in the future as we add new features and resources for investors looking for unbiased investor education. "

The Investor *e*.ducation Fund is dedicated to providing investors with easy-to-use, relevant and reliable financial information. Launched in early February, investorED.ca gathers resources from the most objective sources of investment information in Canada – securities regulators. In addition to Fund resources, investor education resources from the Ontario Securities Commission and the Canadian Securities Administrators are available on www.investorED.ca, offering investors unbiased information - in an easy-to-use format.

About the Investor *e*.ducation Fund:

The Investor *e*.ducation Fund was established in 2000 by the Ontario Securities Commission, the province's securities regulator, to develop and support investor education initiatives and resources. It is funded by OSC enforcement settlements and operates separately from the OSC with its own Board of Directors. For more information visit the *About Us* section of www.investorED.ca

Media Inquiries: Terri Williams, President
Investor *e*.ducation Fund
416-593-2350
twilliams@osc.gov.on.ca

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 APF Energy Inc. - MRRS Decision

Headnote

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

Ontario Statutes

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

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
THE PROVINCES OF
SASKATCHEWAN, NOVA SCOTIA AND ONTARIO

AND

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

AND

IN THE MATTER OF
APF ENERGY INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Saskatchewan, Nova Scotia and Ontario (the "Jurisdictions") has received an application from APF Energy Inc. ("Amalco") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Amalco be deemed to have ceased to be a reporting issuer under the Legislation;

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

AND WHEREAS Amalco has represented to the Decision Makers that:

1. Amalco is a corporation amalgamated under the *Business Corporation Act* (Alberta) (the "ABCA");

2. Amalco's head office is located in Calgary, Alberta;

3. Amalco is not in default of any of the requirements of the Legislation;

4. The authorized share capital of Amalco consists of an unlimited number of Common shares of which there are 100 Common shares (the "Common Shares") outstanding;

5. All of the Common Shares of Amalco are held by APF Energy Trust;

6. Under an offer to purchase (the "Offer") by way of a take-over bid circular dated December 27, 2002 whereby APF Energy Inc. (APF) offered to purchase all of the outstanding securities of Hawk and a subsequent compulsory acquisition under the provisions of the ABCA (the "Take-Over"), APF became the sole shareholder of Hawk;

7. At the close of business on February 7, 2003, the Class A Shares of Hawk were delisted from the Toronto Stock Exchange;

8. On February 7, 2003, APF and Hawk amalgamated (the "Amalgamation") under the provisions of the ABCA to form Amalco;

9. Prior to the Take-Over, APF was not a reporting issuer in any jurisdiction;

10. APF became a reporting issuer in Saskatchewan and Nova Scotia, by virtue of filing a take-over bid circular that accompanied the Offer;

11. As Hawk was a reporting issuer in Ontario and APF was a reporting issuer in Saskatchewan and Nova Scotia at the time of the Amalgamation, Amalco became a reporting issuer in the Jurisdictions as a result of the Amalgamation;

12. No securities of Amalco are listed or quoted on any exchange or market;

13. Other than the Common Shares, Amalco has no securities, including debt securities, outstanding; and

14. Amalco does not intend to seek public financing by way of an offering of its securities;

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 Amalco is deemed to have ceased to be a reporting issuer under the Legislation in each of the Jurisdictions.

March 24, 2003.

"John Hughes"

2.1.2 KeyWest Energy Corporation et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief from the requirement that an issuer that qualifies to use the short form prospectus distribution system may incorporate by reference the information required to be included in an information circular only if the issuer's securities are distributed under the plan of arrangement.

Applicable National Instrument

National Instrument 44-101 Short Form Prospectus Distributions.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, ONTARIO AND QUÉBEC

AND

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

AND

IN THE MATTER OF
KEYWEST ENERGY CORPORATION,
VIKING ENERGY ROYALTY TRUST AND
LUKE ENERGY LTD.

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "**Decision Maker**") in each of Alberta, Ontario and Québec (the "**Jurisdictions**") have received an application from KeyWest Energy Corporation ("**KeyWest**"), Viking Energy Royalty Trust ("**Viking**") and Luke Energy Ltd. ("**Luke**") (collectively, the "**Filers**") for a decision pursuant to the securities legislation of the Jurisdictions (the "**Legislation**") that with respect to the requirement contained in the Legislation to describe the substance of the matters to be submitted to KeyWest's securityholders (the "**KeyWest Securityholders**") at the special meeting (the "**Meeting**") to be held on February 25, 2003 in the information circular dated January 24, 2003 (the "**Circular**") provided by KeyWest to the KeyWest Securityholders, which matters must be described in sufficient detail to permit the KeyWest Securityholders to form a reasoned judgment concerning said matters having reference to a prospectus form for guidance as to what is material (the "**Prospectus Form Disclosure**"), KeyWest be exempt from the requirement that it must include the Prospectus Form Disclosure in the Circular (the "**Prospectus Form Disclosure Inclusion Requirements**"),

provided that the Circular incorporate by reference the following information in respect of KeyWest and Viking required under National Instrument 44-101 – Short Form Prospectus Distributions ("**NI 44-101**") to be included in a short form prospectus of KeyWest and Viking, respectively:

1.1 KeyWest's 2001 Annual Information Form including management's discussion and analysis of the financial condition and results of operations of KeyWest for the year ended December 31, 2001 incorporated therein;

1.2 the audited consolidated financial statements as at December 31, 2001 and December 31, 2000 together with the notes thereto and the auditors' report therein, which are contained in the 2001 Annual Report of KeyWest;

1.3 the audited consolidated financial statements as at December 31, 2000 and December 31, 1999 together with the notes thereto and the auditors' report thereon, which are contained in the 2000 Annual Report of KeyWest;

1.4 the unaudited interim consolidated financial statements as at and for the nine months ended September 30, 2002 including management's discussion and analysis of the financial condition and operations for KeyWest included therein;

1.5 the Information Circular - Proxy Statement dated April 16, 2002 in connection with the annual meeting of shareholders held on May 28, 2002 (excluding those portions that are not required pursuant to NI 44-101 to be incorporated by reference therein, being the disclosure given under the headings, "Statement of Corporate Governance Practices", "Report on Executive Compensation" and "Performance Graph");

1.6 the Material Change Report of KeyWest dated October 3, 2002 in respect of the $30 million equity financing through the issuance, by way of private placement, of up to 10,909,090 Special Warrants at a price of $2.75 per Special Warrant;

1.7 the Material Change Report of KeyWest dated October 7, 2002 in relation to the closing of a production purchase of approximately 2,000 BOE/d, which is 95% light oil, for an acquisition cost, before adjustments, of approximately $60,000,000;

1.8 the material change report of KeyWest dated December 19, 2002 with respect to the Arrangement (as defined below);

1.9 the prospectus of Viking dated January 7, 2003, relating to the offering of Debentures;

1.10 Viking's 2001 Renewal Annual Information Form for the year ended December 31, 2001 dated May 17, 2002 including the comparative unaudited consolidated financial statements of BXL Energy Ltd. for the three months ended March 31, 2001 and the comparative audited consolidated financial statements of BXL Energy Ltd. for the year ended December 31, 2000, together with the auditor's report thereon, each attached as Schedule A thereto;

1.11 the Proxy Statement and Information Circular dated November 1, 2002 in connection with the special meeting of unitholders of Viking held on December 3, 2002;

1.12 the comparative audited consolidated financial statements of Viking for the year ended December 31, 2001, together with the notes thereto and the auditors' report thereon;

1.13 "Management's Discussion and Analysis" of financial results and financial condition fore the year ended December 31, 2001 contained on pages 15 to 19 of Viking's 2001 Annual Report;

1.14 the comparative unaudited consolidated financial statements of Viking for the nine months ended September 30, 2002;

1.15 "Management Discussion and Analysis" of financial results and financial condition for the nine months ended September 30, 2002 contained on pages 1 to 3 of Viking's Third Quarter Interim Report; and

1.16 the material change report of Viking dated December 30, 2002 relating to the proposed acquisition of KeyWest; and

1.17 any material change reports (excluding confidential reports), comparative interim financial statements, comparative annual financial statements and the auditors' report thereon and information circulars (excluding those portions that are not required pursuant to NI 44-101 to be incorporated by reference in a short form prospectus) filed by KeyWest or Viking

with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of the Circular and prior to the effective date of the Arrangement.

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

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

3.1 KeyWest is a corporation continued under the *Business Corporations Act* (Canada) (the "**CBCA**") and is headquartered in Calgary, Alberta;

3.2 KeyWest's business is the acquisition, development, production and marketing of petroleum and natural gas in Western Canada.

3.3 The authorized capital of KeyWest consists of an unlimited number of Shares and an unlimited number of preferred shares, issuable in series, of which, as at December 31, 2002, 65,813,608 KeyWest Shares and 5,105,834 KeyWest Options were issued and outstanding.

3.4 KeyWest is, and has been for a period of time in excess of 12 months, a reporting issuer (where such concept exists) under the Securities Laws of each of the Jurisdictions. To the best of its knowledge, information and belief, KeyWest is not in default of the requirements under the Securities Laws or the regulations made thereunder.

3.5 The KeyWest Shares are listed and posted for trading on The Toronto Stock Exchange (the "**TSX**") under the trading symbol "KWE".

3.6 KeyWest will provide holders of KeyWest Shares or KeyWest Options copies of the documents incorporated by reference in the Information Circular on request, without charge, and on a timely basis,

3.7 Viking is a trust settled under the laws of Alberta and is headquartered in Calgary, Alberta.

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

3.9 The authorized capital of Viking consists of an unlimited number of trust units ("Trust Units"), of which, as at September 30, 2002, 54,520,893 Trust Units were issued and outstanding.

3.10 Viking is, and has been for a period of time in excess of 12 months, a reporting issuer (where such concept exists) under the Securities Laws of each of the Jurisdictions. To the best of KeyWest's knowledge, information and belief, Viking is not in default of the requirements under the Securities Laws or the regulations made thereunder.

3.11 The Trust Units are listed and posted for trading on the TSX under the trading symbol "VKR.UN".

3.12 Viking will provide holders of KeyWest Shares or KeyWest Options copies of the documents incorporated by reference in the Information Circular on request, without charge, and on a timely basis,

3.13 Luke is a wholly-owned subsidiary of KeyWest and is incorporated under the CBCA and headquartered in Calgary, Alberta.

3.14 Luke has not carried on any active business to date.

3.15 As part of the Arrangement, Luke will acquire certain assets (the “Luke Assets”) from KeyWest in exchange for Luke Shares, which Luke Shares will be distributed to shareholders of KeyWest. The Luke Assets are certain producing properties and undeveloped acreages of KeyWest located in Alberta which represent, as at December 15, 2002, production of approximately 120 BOE/d, 253 mboe of crude producing reserves, 233 mboe of proved producing reserves, 233 mboe of proved non-producing reserves and 11,760 net acres of undeveloped land and associated seismic data.

3.16 The authorized capital of Luke includes an unlimited number of Luke Shares.

3.17 Luke will apply to list the Luke Shares on the TSX.

3.18 On December 19, 2002, KeyWest and Viking jointly announced that they had entered into the Arrangement Agreement

whereby KeyWest and Viking would combine their mature assets in Viking and transfer certain of KeyWest's growth assets to Luke.

3.19 Under the terms of the Arrangement, KeyWest has agreed to transfer certain KeyWest properties to Luke and then combine the remaining business of KeyWest and Viking. The Arrangement provides that Viking will acquire all of the common shares of KeyWest (the "**KeyWest Shares"**). Each KeyWest Share will be exchanged, for 0.5214 trust units ("**Trust Units**") of Viking (to a maximum of 28 million Trust Units) or $3.65 in cash (to a maximum of $66 million). In addition, each KeyWest Shareholder will receive 0.10 of one common share of Luke ("Luke Share") for each KeyWest Share held. Pursuant to the Arrangement, KeyWest has agreed to use its reasonable best efforts to encourage and facilitate all persons holding options to acquire KeyWest Shares to either exercise those options or terminate their rights to exercise any of those options prior to the Meeting and in order to induce such holders to surrender and terminate their options in consideration of the payment of an amount per option not exceeding the difference between the exercise price and $3.65 for each KeyWest Share issuable under the option. In connection with the Arrangement, all outstanding options to purchase KeyWest Shares which have not been exercised or otherwise previously terminated on a cash buy-out, shall be terminated.

3.20 The Circular to be forwarded to the KeyWest Shareholders in connection with the Meeting being called to consider the Arrangement will contain prospectus level disclosure regarding the business of KeyWest, Viking and Luke in order to satisfy the requirements of the Securities Laws, where applicable.

3.21 The Circular will incorporate by reference information in respect of each of the Filers required under NI 44-101 to be included in a short form prospectus (which information has been filed pursuant to National Instrument 13-101 – System for Electronic Document Analysis and Retrieval) of each of the Filers;

3.22 The Trust Units to be distributed in connection with the Arrangement are of a type for which Viking is qualified under NI 44-101 to file a prospectus in the form of a short form prospectus; and

3.23 The KeyWest Shares are of a type for which KeyWest is qualified under NI 44-101 to file a prospectus in the form of a short form prospectus;

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

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

6. **THE DECISION** of the Decision Makers pursuant to the Legislation is that the Prospectus Form Disclosure Inclusion Requirements shall not apply in connection with the disclosure pertaining to the Filers in the Circular, provided that the Circular specifies how copies of the documents incorporated by reference may be obtained on request, on a timely basis, without charge and the Circular incorporates by reference the following information in respect of the Filers required under NI 44-101 to be included in a short form prospectus of the Filers:

6.1 KeyWest's 2001 Annual Information Form including management's discussion and analysis of the financial condition and results of operations of KeyWest for the year ended December 31, 2001 incorporated therein;

6.2 the audited consolidated financial statements as at December 31, 2001 and December 31, 2000 together with the notes thereto and the auditors' report therein, which are contained in the 2001 Annual Report of KeyWest;

6.3 the audited consolidated financial statements as at December 31, 2000 and December 31, 1999 together with the notes thereto and the auditors' report thereon, which are contained in the 2000 Annual Report of KeyWest;

6.4 the unaudited interim consolidated financial statements as at and for the nine months ended September 30, 2002 including management's discussion and analysis of the financial condition and operations for KeyWest included therein;

6.5 the Information Circular - Proxy Statement dated April 16, 2002, 2002 in connection with the annual meeting of shareholders held on May 28, 2002 (excluding those portions that are not

required pursuant to NI 44-101 to be incorporated by reference therein, being the disclosure given under the headings, "Statement of Corporate Governance Practices", "Report on Executive Compensation" and "Performance Graph");

6.6 the Material Change Report of KeyWest dated October 3, 2002 in respect of the $30 million equity financing through the issuance, by way of private placement, of up to 10,909,090 Special Warrants at a price of $2.75 per Special Warrant;

6.7 the Material Change Report of KeyWest dated October 7, 2002 in relation to the closing of a production purchase of approximately 2,000 BOE/d, which is 95% light oil, for an acquisition cost, before adjustments, of approximately $60,000,000;

6.8 the material change report of KeyWest dated December 19, 2002 with respect to the Arrangement (as defined below);

6.9 the prospectus of Viking dated January 7, 2003, relating to the offering of Debentures;

6.10 Viking's 2001 Renewal Annual Information Form for the year ended December 31, 2001 dated May 17, 2002 including the comparative unaudited consolidated financial statements of BXL Energy Ltd. for the three months ended March 31, 2001 and the comparative audited consolidated financial statements of BXL Energy Ltd. for the year ended December 31, 2000, together with the auditor's report thereon, each attached as Schedule A thereto;

6.11 the Proxy Statement and Information Circular dated November 1, 2002 in connection with the special meeting of unitholders of Viking held on December 3, 2002;

6.12 the comparative audited consolidated financial statements of Viking for the year ended December 31, 2001, together with the notes thereto and the auditors' report thereon;

6.13 "Management's Discussion and Analysis" of financial results and financial condition fore the year ended December 31, 2001 contained on pages 15 to 19 of Viking's 2001 Annual Report;

6.14 the comparative unaudited consolidated financial statements of Viking for the nine months ended September 30, 2002;

6.15 "Management Discussion and Analysis" of financial results and financial condition for the nine months ended September 30, 2002 contained on pages 1 to 3 of Viking's Third Quarter Interim Report; and

6.16 the material change report of Viking dated December 30, 2002 relating to the proposed acquisition of KeyWest; and

6.17 any material change reports (excluding confidential reports), comparative interim financial statements, comparative annual financial statements and the auditors' report thereon and information circulars (excluding those portions that are not required pursuant to NI 44-101 to be incorporated by reference in a short form prospectus) filed by KeyWest or Viking with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of the Circular and prior to the effective date of the Arrangement.

January 23, 2003.

“Mavis Legg”

2.1.3 Working Ventures Canadian Fund Inc. and Working Ventures Opportunity Fund Inc. - MRRS Decision

Headnote

Exemption granted to labour sponsored investment fund corporation to permit it to hold its investment in another labour sponsored investment fund which the top fund is a substantial security holder. Exemption also granted to the bottom fund to invest in an issuer in which the top fund has a significant interest.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am. clause 111(2)(b), clause 111(2)(ii) and s. 113.

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

AND

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

AND

IN THE MATTER OF
WORKING VENTURES CANADIAN FUND INC.
WORKING VENTURES OPPORTUNITY FUND INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta, British Columbia, Saskatchewan, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application from Working Ventures Canadian Fund Inc. ("WV Canadian Fund") and Working Ventures Opportunity Fund Inc. ("WV Opportunity Fund", formerly, Working Ventures II Technology Fund Inc.) for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

i) the requirement contained in the Legislation prohibiting a mutual fund from knowingly holding an investment in a person or company in which the mutual fund, alone or together with one or more related funds, is a substantial security holder (the "Investment Restrictions"), shall not apply to WV Canadian Fund's investment in WV Opportunity Fund; and

ii) the requirement in the Legislation prohibiting a mutual fund from knowingly making and holding an investment in an issuer in which any person or company who is a substantial security holder of the mutual fund has a significant interest (the "Significant Interest Restrictions"), shall not apply to WV Opportunity Fund for the purpose of making or holding investments in issuers in which WV Canadian Fund has a significant interest;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is selected as 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;

AND WHEREAS WV Canadian Fund and WV Opportunity Fund (collectively as the "Funds" and individually as the "Fund") have represented to the Decision Makers that:

1. The Funds are labour-sponsored investment corporations (LSIFs) registered under the *Community Small Business Investment Funds Act* (Ontario) (the "Ontario LSIF Act"). Also, WV Canadian Fund is a LSIF registered under the *Income Tax Act* (Canada) (the "Income Tax Act"). Each Fund is a mutual fund under the Legislation.

2. Each of the Funds is a reporting issuer in each of the Jurisdictions and is not on any list of defaulting reporting issuers maintained by the Decision Makers.

3. The outstanding capital of WV Canadian Fund consists of Class A Shares, which are widely held, and 1,000 Class B Shares, which are held by the Canadian Federation of Labour (the "Sponsor"). The outstanding capital of WV Opportunity Fund consists of Class A Shares, which are widely held, 1,000 Class B Shares held by the Sponsor, and 1,500,000 Class C Shares, Series I, which are held by WV Canadian Fund (the "Seed Capital").

4. A current prospectus dated January 20, 2003 (the "Prospectus") qualifies the distribution of Class A Shares of the Funds in all provinces and territories except British Columbia.

5. WV Canadian Fund invests in small and medium-sized Canadian businesses, that qualify as eligible investments under the Income Tax Act, the Ontario LSIF Act and similar legislation or pursuant to certain commitments undertaken in other provinces, with the objective of achieving long-term capital appreciation. WV Opportunity Fund invests in small and medium-sized Canadian businesses that qualify as eligible investments for labour-sponsored investment funds under the Ontario LSIF Act, with the objective of achieving long-term capital appreciation.

6. GrowthWorks (WVIS) Ltd. (the "Manager"), formerly, Working Ventures Investment Services Inc., manages the ongoing business and administration of the Funds, including investment management and distribution of the Class A Shares of the Funds.

7. As disclosed in the Prospectus, the Funds may invest in more than 10% of the securities of any one issuer, however such investments are generally made for business reasons and not for the purpose of exercising control.

8. WV Canadian Fund invested in WV Opportunity Fund through the Seed Capital shortly after WV Opportunity Fund's formation and prior to the issuance of any Class A Shares of the Fund. WV Canadian Fund's investment in WV Opportunity Fund represents approximately 70% of the WV Opportunity Fund's net asset value.

9. The arrangements between and in respect of each Fund are such as to avoid the duplication of management and administrative fees.

10. Shareholders of WV Canadian Fund receive the annual and, upon request, the semi-annual financial statements of WV Canadian Fund, and receive the annual and, upon request, the semi-annual financial statements, of WV Opportunity Fund in a combined report containing the financial statements of the Funds.

11. In Ontario, an eligible investment (as defined in section 204.8 of the Income Tax Act) of a labour-sponsored investment fund corporation is deemed not to be an investment by the fund in a person or company in which it is a substantial security holder.

12. As the Seed Capital is not an eligible investment under the Income Tax Act, the deeming provision described in paragraph 11 is not applicable. Therefore, WV Canadian Fund is a substantial securityholder of WV Opportunity Fund, as a result of the Seed Capital.

13. Based on the market conditions, disposing investments of WV Opportunity Fund to redeem the Seed Capital would be unduly detrimental to shareholders of the WV Opportunity Fund.

14. The Prospectus contains clear disclosure concerning the investment by WV Canadian Fund in WV Opportunity Fund, together with disclosure of the risk that if WV Canadian Fund were to redeem a material portion of its investment, the liquidity of WV Opportunity Fund could be affected.

15. The Manager is of the view that it is in the best interests of WV Canadian Fund to hold the Seed Capital, and that such investment represented the business judgement of responsible persons uninfluenced by considerations other than the best interests of WV Canadian Fund.

16. The Regulation to the *Securities Act* (Ontario) (the "Act") recognizes that certain rules of the Ontario Securities Commission and certain restrictions contained in the Act that govern conventional mutual funds should not be applicable to LSIFs. In general, the Regulation to the Act relieves LSIFs from many rules and restrictions in the Act to allow for investment and practices of LSIFs that are allowed under the Ontario LSIF Act.

17. The Seed Capital is an eligible investment under the Ontario LSIF Act.

18. WV Canadian Fund can make investments other than eligible investments, subject to certain requirements. As the Seed Capital is less than 20% of the total net asset value of WV Canadian Fund, WV Canadian Fund remains a LSIF under the Income Tax Act, despite the fact that the Seed Capital is not an "eligible investment".

19. WV Opportunity Fund has made one investment in an issuer in which WV Canadian Fund holds voting securities carrying more than 10% of voting rights attached to all outstanding voting securities of the issuer. Of the shares outstanding, WV Canadian Fund owns 15% and WV Opportunity Fund owns 3.14% of that issuer.

20. WV Opportunity Fund currently has approximately $15 million of assets under management, and WV Canadian Fund has approximately $265 million of assets under management. WV Opportunity Fund's comparatively smaller size, makes it increasingly difficult for the WV Opportunity Fund to identify suitable eligible investments that meet the Fund's investment objective and requirements under the Ontario LSIF Act.

21. The market conditions are such that disposing of the existing investment that is prohibited by the Significant Interest Restrictions would be unduly detrimental to shareholders of WV Opportunity Fund. WV Opportunity Fund has the objective of achieving long term capital appreciation. Investments of this nature generally require two to six years in order to mature and generate expected returns by investors. Disposing of the investment at this time would likely result in losses to WV Opportunity Fund.

22. The Manager is of the view that it is in the best interests of WV Opportunity Fund to make and hold the existing and future investments in eligible businesses where WV Canadian Fund holds a significant interest and that such investments by WV Opportunity Fund will represent the business judgement of responsible persons uninfluenced by

considerations other than the best interests of WV Opportunity Fund.

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

AND WHEREAS each of the Decision Makers under the Legislation 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

i) the Investment Restrictions contained in the Legislation shall not apply to the Seed Capital by WV Canadian Fund in WV Opportunity Fund, and

ii) the Significant Interest Restrictions contained in the Legislation shall not apply to WV Opportunity Fund making and holding investments in issuers in which WV Canadian Fund has a significant interest,

provided that the Seed Capital is an eligible investment under the Ontario LSIF Act.

March 26, 2003.

"Paul M. Moore" "Robert W. Korthals"

2.1.4 National Bank Securities Inc. and Natcan Investment Inc. - MRRS Decision

Headnote

Relief from certain self-dealing prohibitions to permit mutual fund to passively track target securities market index.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as amended, s. 111(2)(a), 111(3), 113, s. 118(2)(a), 121.

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

AND

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

AND

IN THE MATTER OF
NATIONAL BANK CANADIAN INDEX FUND

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan and Ontario (the "Jurisdictions") has received an application from National Bank Securities Inc. ("NBSI"), in its capacity as manager of National Bank Canadian Index Fund (the "Fund"), and Natcan Investment Inc. ("Natcan"), in its capacity as the portfolio adviser of the Fund (collectively, the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the following requirements (the "Applicable Restrictions") contained in the Legislation shall not apply in respect of investments made by the Fund in securities of National Bank of Canada ("NBC") or its affiliates or associates (collectively, "NBC Securities"):

1. The restrictions contained in the Legislation prohibiting a mutual fund from knowingly making or holding an investment in a person or company who is a substantial securityholder of the mutual fund, its management company or distribution company; and

2. The restrictions contained in the Legislation prohibiting a portfolio manager, or in British Columbia, the mutual fund, from knowingly causing an investment portfolio managed by it to invest in any issuer in which a "responsible person" (as that term is defined in the Legislation) is an officer or director, unless the specific fact is disclosed to the client and, if applicable, the written consent of the client to the investment is obtained before the purchase.

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

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

1. NBSI, a corporation duly incorporated under the laws of Canada, is a wholly-owned subsidiary of NBC and is registered as a mutual fund dealer. NBSI is the manager of the Fund.

2. Natcan, a corporation duly incorporated under the laws of Quebec, is a majority-owned subsidiary of NBC and is registered as an investment counsel and portfolio manager and Extra-Provincial Adviser.

3. The Fund is an open end mutual fund trust established under the laws of Ontario. The investment objective of the Fund is to seek long-term growth of capital by tracking the performance of the S&P/TSX 60 Index (the ‘‘Target Index’’).

4. The units of the Fund are offered by prospectus (the ‘‘Prospectus’’) in the following provinces of Canada : Quebec, Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick and Prince Edward Island. The Fund is or will be a reporting issuer under the securities legislation of each Jurisdiction.

5. The Target Index for the Fund is disclosed in it’s investment objective in the Prospectus. Natcan is using a full replication strategy in which the Fund will generally hold the same investments and in the same proportion as the Target Index.

6. The number of securities comprising the Target Index in which the Fund actually invests from time to time will vary depending upon the size and value of the assets of the Fund and the composition of the Target Index. The Fund will therefore be periodically rebalanced to reflect the Target Index as closely as possible.

7. The portfolio of the Fund is not actively managed, and is comprised of securities comprising, or derivatives giving exposure to, the Target Index. All purchases and sales of the portfolio of the Fund will be determined by the composition of the Target Index and the weighting of its constituent securities.

8. The securities which comprise the Target Index include NBC Securities. In order to track the Target Index, the Fund will have to hold NBC Securities and may need to acquire additional NBC Securities in the future.

9. Through inadvertence, the Fund has held NBC Securities since it’s inception in the same proportion as the Target Index. The Fund currently holds NBC Securities representing 1.28% of the assets of the Fund.

10. The deviation from the Applicable Restrictions will not be the result of any active decision of Natcan to increase the investment of the Fund in NBC Securities, but rather it would be an indirect consequence of carrying out the investment objective of the Fund, to match the performance of the Target Index.

11. Natcan will ensure that the Fund does not invest in NBC Securities in a proportion larger than that reflected in the Target Index.

12. There may be directors and/or officer of Natcan and its affiliates that are also directors and/or officers of NBC and its affiliates.

13. The investments of the Fund in the Target Index represents the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Fund.

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 effective as of the date of this Decision, the Applicable Restrictions do not apply to the investment or the holding of an investment by the Fund in NBC Securities;

PROVIDED THAT the portion of the Fund's assets invested in NBC Securities is determined in accordance with the Fund's investment objective of tracking the performance of the Target Index and not pursuant to the discretion of NBSI or Natcan.

March 25, 2003.

“Paul M. Moore” “Robert W. Korthals”

2.1.5 Allied Properties Real Estate Investment Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Closed-end 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, 74(1).

Multilateral Instruments Cited

Multilateral Instrument 45-102 Resale of Securities 24 OSCB 7029.

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

AND

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

AND

IN THE MATTER OF
ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta, British Columbia, Saskatchewan, Manitoba, Newfoundland and Labrador, New Brunswick, Nova Scotia, Prince Edward Island and Québec (the "Jurisdictions") has received an application from Allied Properties Real Estate Investment Trust (the "REIT") for a decision pursuant to 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 the distribution of units of the REIT pursuant to a distribution reinvestment plan (the "DRIP");

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

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

1. The REIT is an unincorporated closed-end real estate investment trust established under the laws of Ontario by a declaration of trust dated October 25, 2002, as amended on February 7, 2003.

2. The beneficial interests in the REIT are divided into a single class of units (the “Units”). The REIT is authorized to issue an unlimited aggregate number of Units. Units represent a proportionate undivided beneficial interest in the REIT. Each Unit confers the right to one vote at any meeting of the holders of Units (“Unitholders”) and to participate pro rata in any distributions made by the REIT and, in the event of termination of the REIT, in the distribution of the net assets of the REIT remaining after satisfaction of all liabilities. Units are transferable.

3. The REIT is not a “mutual fund” as defined in the Legislation because the Unitholders will not be entitled to receive, on demand, or within a specified period after demand, an amount computed by reference to the value of their proportionate interest in the whole or in a part of the net assets of the REIT.

4. The REIT filed a prospectus dated February 6, 2003 with the securities regulatory authority or regulator in each of the Jurisdictions to qualify the distribution of Units to the public in the Jurisdictions (the “Offering”). A MRRS Decision Document in respect of the prospectus was issued on February 6, 2003.

5. The REIT is a reporting issuer or the equivalent in each of the Jurisdictions and, as of the date hereof, is not in default of any requirements under the Legislation.

6. The REIT made application to list the Units distributed under the Offering for trading on the Toronto Stock Exchange (“TSX”) following the closing of the Offering. On January 29, 2003, TSX granted conditional listing approval.

7. The REIT intends to make cash distributions to Unitholders, on each monthly distribution date, equal, on an annual basis, to approximately 90% of its Distributable Income (as defined in the amended and restated preliminary prospectus).

8. Subsequent to the closing of the Offering, subject to regulatory approval, the REIT will implement the DRIP pursuant to which Unitholders resident in Canada may elect to have their portion of Distributable Income automatically reinvested in

additional Units issued by the REIT ("Additional Units").

9. Distributable Income due to participants in the DRIP ("DRIP Participants") will be paid to CIBC Mellon Trust Company in its capacity as agent under the DRIP (in such capacity the "DRIP Agent") and will be applied to purchase Additional Units. All Additional Units purchased under the DRIP will be purchased by the DRIP Agent directly from the REIT.

10. Distributable Income due to a DRIP Participant will be automatically reinvested in Additional Units at a price per Additional Unit calculated by reference to the weighted average of the closing price of Units on TSX for the five trading days immediately preceding the relevant distribution date. DRIP Participants will be entitled to receive a further distribution of Additional Units equal in value to 5% of each distribution reinvested under the DRIP.

11. No commissions, service charges or brokerage fees will be payable in connection with the purchase of Additional Units under the DRIP and all administrative costs of the DRIP will be borne by the REIT.

12. The REIT may amend, suspend or terminate the DRIP at any time subject to the approval of TSX and provided that such action shall not have the retroactive effect which would prejudice the interests of DRIP Participants. Registrants acting on behalf of DRIP Participants will be provided with notice of any such amendment, suspension or termination.

13. Unitholders may terminate their participation in the DRIP at any time by written notice to the Plan Agent. Such notice, if received at least five days prior to the record date for the distribution, will have effect for such distribution.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the trades of Additional Units by the REIT to the DRIP Agent for the account of the DRIP 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 the 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) the 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 the REIT; and

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

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

(e) in Québec, the first trade (alienation) in Additional Units acquired pursuant to this Decision shall be deemed a distribution or primary distribution to the public unless:

  (i) at the time of the first trade, the REIT is and has been a reporting issuer in Québec for the four months immediately preceding the trade;

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

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

(iv) if the seller of the Additional Units is an insider of the REIT, the seller has reasonable grounds to believe that the REIT is not in default of any requirement of the Legislation of Québec.

March 26, 2003.

"Paul M. Moore" "Robert W. Korthals"

2.1.6 Repadre Capital Corporation - MRRS Decision

Headnote

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

Subsection 1(6) of the OBCA – Issuer deemed to have ceased to be offering its securities to the public under the Business Corporations Act (Ontario).

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.
Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 1(6).

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

AND

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

AND

IN THE MATTER OF
REPADRE CAPITAL CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of Alberta, Saskatchewan, Ontario, Québec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Repadre Capital Corporation ("Repadre") for:

(i) a decision under the securities legislation of the Jurisdictions (the "Legislation") that Repadre be deemed to have ceased to be a reporting issuer or its equivalent under the Legislation; and

(ii) in Ontario only, an order pursuant to the *Business Corporations Act* (Ontario) (the "OBCA") that Repadre be deemed to have ceased to be offering its securities to the public;

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

AND WHEREAS Repadre has represented to the Decision Makers that:

1. Repadre is a corporation existing under the OBCA with its head office located in Toronto, Ontario.

2. Repadre was formed on January 7, 2003 by the amalgamation of Repadre Capital Corporation ("Repadre Capital") and a wholly-owned subsidiary of IAMGold Corporation ("IAMGold"), which amalgamation was completed as part of an arrangement (the "Arrangement") completed under section 182 of the OBCA involving IAMGold, such wholly-owned subsidiary of IAMGold and Repadre Capital.

3. Upon completion of the Arrangement, Repadre became a reporting issuer or its equivalent under the Legislation. Repadre is not in default of any requirement of the Legislation.

4. The authorized capital of Repadre consists of, among other securities, an unlimited number of common shares ("Repadre Shares"), of which one Repadre Share is issued and outstanding.

5. The single issued and outstanding Repadre Share is owned by IAMGold and there are no other securities, including debt securities, of Repadre outstanding.

6. Prior to the Arrangement becoming effective, the common shares of Repadre Capital were listed on The Toronto Stock Exchange. The common shares of Repadre Capital were delisted from The Toronto Stock Exchange on January 10, 2003 and there are no securities, including debt securities, of Repadre Capital or Repadre listed or quoted on any exchange or market in Canada.

7. Repadre does not currently intend to seek public financing by way of an offering of its securities.

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

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

THE DECISION of the Decision Makers under the Legislation is that Repadre is deemed to have ceased to be a reporting issuer or its equivalent under the Legislation.

March 31, 2003.

“Heidi Franken”

AND IT IS HEREBY ORDERED by the Ontario Securities Commission pursuant to subsection 1(6) of the OBCA that Repadre is deemed to have ceased to be offering its securities to the public for the purposes of the OBCA.

March 31, 2003.

“Heidi Franken”

2.1.7 Household Finance Corporation and Household Financial Corporation Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications — Director grants exemption from the requirement of National Instrument 44-101 to permit a Canadian company to distribute approved rating, fully guaranteed securities — securities guaranteed by sister company that is MJDS eligible — Director grants exemption from requirement in National Instrument 44-101 which mandates GAAP reconciliation where financial statements prepared in accordance with foreign GAAP — Director grants exemption from requirement in National Instrument 44-101 that financial statements audited in accordance with foreign GAAS be accompanied by certain report from foreign auditor.

Mutual Reliance Review System for Exemptive Relief Applications — Commission grants continuous disclosure relief to Canadian issuer.

Mutual Reliance Review System for Exemptive Relief Applications — Director grants exemption from the annual information form requirements imposed under Rule 51-501.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 75, 80(b)(iii), 81, 88(2)(b), 107, 108, 109 and 121(2)(a)(ii).

National Instruments Cited

National Instrument 44-101 Short Form Prospectus Distributions (2000) 22 OSCB (Supp) 867.
National Instrument 44-102 Shelf Distributions (2000) 22 OSCB (Supp) 985.

Ontario Rule Cited

Rule 51-501 AIF and MD&A (2000) 23 OSCB 8365, as am.

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

AND

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

AND

IN THE MATTER OF
HOUSEHOLD FINANCE CORPORATION AND HOUSEHOLD FINANCIAL CORPORATION LIMITED

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 Household Finance Corporation ("Household Finance") and its affiliate Household Financial Corporation Limited ("Household Canada", and together with Household Finance, the "Applicants") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that, commencing as of the date of the Decisions (as hereinafter defined), the Applicants be exempted from the following requirements contained in the Legislation:

(A) the requirement pursuant to National Instrument 44-101 ("NI 44-101") to reconcile financial statements included in a prospectus and prepared in accordance with generally accepted accounting principles ("GAAP") of a foreign jurisdiction to Canadian GAAP (the "Canadian GAAP Reconciliation Requirement");

(B) the requirement to provide, where financial statements are audited in accordance with generally accepted auditing standards ("GAAS") of a foreign jurisdiction, a statement by the auditor (a) disclosing any material differences in the form and content of the auditor's report as compared to a Canadian auditor's report and (b) confirming that the auditing standards of the foreign jurisdiction are substantially equivalent to Canadian GAAS (the "Canadian GAAS Reconciliation Requirement" and together with the Canadian GAAP Reconciliation Requirement, the "Reconciliation Requirements");

(C) the requirement under the Legislation of Ontario, Quebec and Saskatchewan that Household Canada have a current AIF and file renewal AIFs (collectively, the "AIF Requirements");

(D) the requirement that Household Canada issue and file news releases with respect to material changes and file material change reports (collectively, the "Material Change Requirements");

(E) the requirement that Household Canada satisfy the proxy and proxy solicitation requirements, including the requirement to file an information circular or report in lieu thereof annually (the "Proxy Requirements");

(F) the requirement that the insiders of Household Canada file insider reports (the "Insider Reporting Requirements"); and

(G) the requirement that a short form prospectus include the information set forth in items 12.1(1)(1) and 12.1(1)(2), items 12.1(1)(5) to 12.1(1)(8) and items 12.2(1) and 12.2(4) of Form 44- 101F3 of NI 44-101 ("Form 44-101F3") (the "Prospectus Disclosure Requirements").

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

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

1. Household Finance was incorporated under the laws of the State of Delaware in 1925 and is not a reporting issuer or the equivalent in any of the Jurisdictions.

2. Household Finance is a reporting company under the United States *Securities Exchange Act of 1934*, as amended (the "1934 Act") and has filed with the Securities and Exchange Commission (the "SEC") annual and quarterly reports on Form 10-K and Form 10-Q, respectively, during the past 12 months, in accordance with the filing obligations set out in the 1934 Act.

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

4. As at December 31, 2002, Household Finance and its consolidated subsidiaries had approximately US$70.3 billion in senior and subordinated debt instruments outstanding (with original maturities over one year). All of Household Finance's outstanding long-term senior debt is rated "A-" by Standard & Poor's Corporation and "A2" by Moody's Investors Service.

5. Household Finance is a wholly-owned subsidiary of Household International, Inc., a publicly owned Delaware company ("Household International").

6. On November 14, 2002, Household International and HSBC Holdings plc ("HSBC") announced that they had entered into a definitive merger agreement under which Household International will be merged into a wholly owned subsidiary of HSBC. Completion of the merger is subject to regulatory approvals, the approval of the stockholders of both Household International and HSBC and other customary conditions.

7. Household Finance offers real estate secured loans, auto finance loans, MasterCard™ and Visa™ credit cards, private label credit cards, tax refund anticipation loans and other types of unsecured loans to consumers in the United States. Where applicable laws permit, Household Finance also offers credit and specialty insurance to customers in connection with its products. Household Finance's (including its consolidated subsidiaries) managed receivables at December 31, 2002 was approximately US$98.6 billion and its net income for the year ended December 31, 2002 was approximately US$1.6 billion.

8. Household Canada, formerly Household Securities Limited, was incorporated by Letters Patent on September 9, 1947, pursuant to a predecessor to the *Business Corporations Act* (Ontario). Household Canada changed its name from Household Securities Limited to Household Financial Corporation Limited on August 13, 1975 when a Certificate and Articles of Amendment were issued.

9. The authorized share capital of Household Canada consists of 100,000 common shares ("Shares"), of which 90,002 Shares were outstanding as at December 31, 2002. All of the Shares are owned, directly or indirectly by Household International. In addition to the Shares, Household Canada also has outstanding medium term notes and commercial paper, all of which are fully guaranteed by Household Finance. As at December 31, 2002, Household Canada and its consolidated subsidiaries had approximately Cdn.$1.5 billion in medium term notes and approximately Cdn.$678.0 million in commercial paper outstanding. The medium term notes and the commercial paper are the only securities of Household Canada that are held by the public.

10. Household Canada coordinates the activities of, arranges the funding of, and furnishes administrative services for its subsidiaries. Household Canada offers a diversified range of consumer financial services to the Canadian public through a network of approximately 109 retail branches. These services include consumer loans, mortgages, retail finance, revolving credit and the acceptance of deposits. They are offered by Household Canada through four principal operating subsidiaries: Household Finance Corporation of Canada, Household Realty Corporation Limited, Household Finance Corporation Inc. and Household Trust Company.

11. Household Canada is an indirect wholly-owned subsidiary of Household International. The authorized share capital of Household Canada consists of 100,000 common shares

12. Household Canada is a reporting issuer or the equivalent in the Jurisdictions and is not included in a list of defaulting reporting issuers maintained by any of the Decision Makers.

13. Household Canada has maintained a medium term note program in the Jurisdictions by way of a short form shelf prospectus for more than 10 years.

14. Household Canada has recently renewed its existing medium term note program in Canada. The medium term notes issued pursuant to the 2002 Prospectus (as defined below) (the "Notes") will be fully and unconditionally guaranteed by Household Finance as to payment of principal and interest and have received an "approved rating" (as such term is defined in NI 44-101) and are rated by a recognized security evaluation agency in one of the categories determined by the Commission des valeurs mobilières du Québec (an "Approved Rating").

15. In connection with the offering of Notes (the "Offering"):

    (A) a short form base shelf prospectus dated November 20, 2002 (the "2002 Prospectus") has been prepared pursuant to NI 44-101 and National Instrument 44-102, with the intention that future disclosure required by (i) item 12 of Form 44-101F3 would be addressed by incorporating by reference (a) Household Finance's current public disclosure documents, including Household Finance's annual information form in the form of an annual report on Form 10-K (as such report may be amended and/or restated); and (b) Household Canada's audited Canadian GAAP financial statements for two consecutive financial years ending December 31, 2001 and Household Canada's Canadian GAAP financial statements for any subsequent interim periods; and (ii) items 13.1(1)(3) and 13.1(2) of Form 44-101F3 in respect of Household Canada would be addressed by incorporating by reference in the 2002 Prospectus the information described in clause 15(A)(i)(b) above;

    (B) the 2002 Prospectus incorporates by reference (i) disclosure made in Household Finance's most recent annual report on Form 10-K filed under the 1934 Act, together with all quarterly reports on Form 10-Q and current reports on Form 8-K filed under the 1934 Act in respect of the financial year following the year that is the subject of Household Finance's most recently filed annual report on Form 10-K (in each case, such reports as they may be amended and/or restated) and (ii) any documents of the foregoing type filed after the date of the 2002 Prospectus and prior to the termination of the Offering;

    (C) the 2002 Prospectus includes directly or incorporates by reference all material disclosure concerning Household Canada and Household Finance;

    (D) commencing as of the date of the Decisions, future continuous disclosure filings to be made by Household Canada with the Decision Makers and incorporated by reference in the 2002 Prospectus will be the audited annual financial statements and unaudited interim financial statements that Household Canada is obligated to file pursuant to the applicable requirements of the Legislation; the current AIF (as defined in NI 44-101) of Household Canada for years subsequent to 2001 will not be included or incorporated by reference in the 2002 Prospectus;

    (E) the consolidated annual and interim financial statements of Household Finance and its consolidated subsidiaries that will be included in or incorporated by reference into the 2002 Prospectus are prepared in accordance with generally accepted accounting principles in the United States that the SEC has identified as having substantive authoritative support, as supplemented by Regulation S-X and Regulation S-B under the 1934 Act ("U.S. GAAP") and, in the case of audited annual financial statements, such financial statements are audited in accordance with generally accepted auditing standards in the United States, as supplemented by the SEC's rules on auditor independence ("U.S. GAAS");

    (F) Household Finance will fully and unconditionally guarantee payment of the principal and interest on the Notes, when and as the same shall become due and payable, in accordance with the provisions of the trust indenture relating to the Notes;

    (G) the Notes have an Approved Rating;

(H) Household Finance has signed the 2002 Prospectus as credit supporter; and

(I) Household Finance will undertake to file with the Decision Makers, in electronic format through SEDAR under Household Canada's SEDAR profile, all documents that it files under sections 13 and 15(d) of the 1934 Act until such time as the Notes are no longer outstanding.

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

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

THE DECISION of the Decision Makers in each of Ontario, Quebec and Saskatchewan pursuant to their Legislation is that, commencing as of the date hereof, the AIF Requirements shall not apply to Household Canada provided that (i) Household Finance complies with the AIF requirements of NI 44-101 as if it is the issuer; and (ii) the Applicants comply with all of the requirements of each of the Decisions below.

March 25, 2003.

"Heidi Franken"

AND THE FURTHER DECISION of the Decision Makers pursuant to the Legislation is that, commencing as of the date hereof, the Applicants be exempted from the Reconciliation Requirements in connection with the Offering provided that:

(A) each of Household Canada and Household Finance complies with paragraph 15 above;

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

(C) the Household Finance financial statements that are included or incorporated by reference in a prospectus of Household Canada are prepared in accordance with U.S. GAAP and, in the case of the audited annual financial statements, such financial statements are audited in accordance with U.S. GAAS;

(D) Household International, or any successor thereto, maintains direct or indirect 100% ownership of the voting shares of both Household Canada and Household Finance; and

(E) Household Finance continues to satisfy the eligibility criteria set forth in paragraph 3.1 of NI 71-101 (or any applicable successor provision) for using MJDS (or any successor instrument) for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure.

March 25, 2003.

"Heidi Franken"

AND THE FURTHER DECISION of the Decision Makers under the Legislation is that, commencing as of the date hereof, the Prospectus Disclosure Requirements shall not apply to the 2002 Prospectus provided that each of Household Canada and Household Finance comply with paragraph 15 above.

March 25, 2003.

"Heidi Franken"

AND THE FURTHER DECISION of the Decision Makers under the Legislation is that, commencing as of the date hereof:

(A) the Material Change Requirements shall not apply to Household Canada, provided:

(i) Household Finance files with the Decision Makers, in electronic format through SEDAR under Household Canada's SEDAR profile, the current reports on Form 8-K of Household Finance which are filed by it with the SEC promptly after they are filed with the SEC;

(ii) Household Finance promptly issues in each Jurisdiction and Household Canada files with the Decision Makers, in electronic format through SEDAR under Household Canada's SEDAR profile, any news release that discloses material information and which is required to be issued in connection with the mandatory Form 8-K requirements applicable to Household Finance; and

(iii) if there is a material change in respect of the business,

operations or capital of Household Canada that is not a material change in respect of Household Finance, Household Canada will comply with the requirements of the Legislation to issue a press release and file a material change report notwithstanding that the change may not be a material change in respect of Household Finance;

(B) the Proxy Requirements shall not apply to Household Canada, provided that (i) Household Finance complies with the requirements of the 1934 Act and the rules and regulations made thereunder relating to proxy statements, proxies and proxy solicitations in connection with any meeting of the holders of its notes; (ii) Household Finance files with the Decision Makers, in electronic format through SEDAR under Household Canada's SEDAR profile, materials relating to any such meeting filed by Household Finance with the SEC promptly after they are filed with the SEC; and (iii) such documents are provided to holders of Notes whose last address as shown on the books of Household Canada is in Canada, in the manner, at the time and if required by applicable United States law to be sent to Household Finance debt holders resident in the United States; and

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

provided that (for A. through C.):

(a) Household Canada does not issue additional securities to the public other than securities fully guaranteed by Household Finance;

(b) each of Household Canada and Household Finance comply with paragraph 15 above;

(c) the Notes maintain an Approved Rating;

(d) Household International, or any successor thereto, maintains direct or indirect 100% ownership of the voting shares of both Household Canada and Household Finance;

(e) Household Finance maintains a class of securities registered pursuant to section 12 of the 1934 Act or is required to file reports under Section 15(d) of the 1934 Act;

(f) Household Finance continues to satisfy the eligibility criteria set forth in paragraph 3.1 of NI 71-101 (or any applicable successor provision) for using MJDS (or any successor instrument) for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with US prospectus requirements with certain additional Canadian disclosure;

(g) Household Finance continues to fully and unconditionally guarantee payment of the principal and interest on the Notes, together with any other amounts that may be due under any provisions of the trust indenture relating to the Notes; and

(h) all filing fees that would otherwise be payable by Household Canada in connection with the Material Change Requirements, the Proxy Requirements and the Insider Reporting Requirements are paid.

March 25, 2003.

"Paul M. Moore" "Robert W. Korthals"

2.2 Orders

2.2.1 Mosaic Mapping Corporation - ss. 83.1(1)

Headnote

Reporting issuer in Alberta and British Columbia that is listed on TSX Venture Exchange deemed to be a reporting issuer 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
MOSAIC MAPPING CORPORATION

ORDER
(Subsection 83.1(1))

UPON the application of Mosaic Mapping Corporation (the "Company") for an order pursuant to subsection 83.1(1) of the Act deeming the Company to be a reporting issuer for the purposes of Ontario securities law;

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

AND UPON the Company representing to the Commission as follows:

1. The Company was incorporated under the *Business Corporations Act* (Alberta) as Londonderrie Trail Inc. ("Londonderrie") on November 6, 2000. Shareholders approved the changing of the name of the Company to Mosaic Mapping Corporation on September 16, 2002.

2. The head office of the Company is located at 89 Auriga Drive, Ottawa, Ontario, K2E 7Z2.

3. The Company currently has 19,354,997 issued and outstanding common shares.

4. The Company is a reporting issuer under the *Securities Act* (Alberta) (the "Alberta Act") and the *Securities Act* (British Columbia) (the "B.C. Act").

5. The Company is not in default of any of the requirements under the Alberta Act or the B.C. Act.

6. The common shares of the Company are listed on the TSX Venture Exchange (formerly, the Canadian Venture Exchange) and the Company is in compliance with all requirements of the TSX Venture Exchange.

7. The Company is not a reporting issuer in Ontario, and is not a reporting issuer, or the equivalent, in any other jurisdiction, except those listed in paragraph 4.

8. The Company has a significant connection to Ontario for the reasons that:

   i. The Company's head office is located in Ottawa, Ontario.

   ii. Approximately 72% of the Company's issued and outstanding common shares are registered in the names of individuals and corporations (not including intermediaries) resident in Ontario.

   iii. Three of the Company's four directors reside in Ontario.

   iv. Each of the Company's executive officers resides in Ontario.

9. The continuous disclosure requirements of the Alberta Act and the B.C. Act are substantially the same as the requirements under Ontario securities law.

10. The continuous disclosure materials filed by the company under the Alberta Act and the B.C. Act are comparable to the materials that would have been filed in Ontario had the Company been a reporting issuer in Ontario

11. The continuous disclosure materials filed by the Company under the Alberta Act and the B.C. Act are available on the System for Electronic Document Analysis and Retrieval.

12. 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.

13. 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 Canadian securities regulatory authority or a court

or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

14. None of the officers or directors of the Company (nor to the knowledge of the Company, its officers and directors) any of its controlling shareholders, is or has been an officer or director of any other issuer which is or has been subject to: (i) any cease trade or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

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

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

March 28, 2003.

"John Hughes"

2.2.2 Merrill Lynch, Pierce, Fenner & Smith Incorporated - OSC Rule 35-502

Headnote

Decision pursuant to section 10.1 of Ontario Securities Commission Rule 35-502 (the Rule) exempting applicant from the requirement under section 3.7 of the Rule.

Statutes Cited

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

Rules Cited

Ontario Securities Commission Rule 35-502 (2000) 23 O.S.C.B. 7989, ss. 3.7, 10.1.

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

AND

IN THE MATTER OF
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

EXEMPTION ORDER
(Rule 35-502)

UPON the application of Merrill Lynch, Pierce, Fenner & Smith Incorporated (Merrill Lynch) dated March 14, 2003, pursuant to section 10.1 of Ontario Securities Commission Rule 35-502 (the Rule) for an exemption from the requirement under subsection 3.7(1)(b)(ii) of the Rule that Merrill Lynch be subject to the agreement announced by the Bank for International Settlements on July 1, 1988 concerning international convergence of capital measurement and capital standards (the BIS Agreement) in order for it to act as custodian for its Ontario clients (the Application);

AND UPON considering the Application;

AND UPON Merrill Lynch having represented to the Director that:

1. Merrill Lynch is a corporation formed under the laws of the State of Delaware and is a wholly owned subsidiary of Merrill Lynch & Co., Inc. (ML&Co.). The head office of Merrill Lynch is located in New York, New York.

2. Merrill Lynch is registered under the *Securities Act* (Ontario) as an international dealer and an international adviser. Merrill Lynch is also registered as a broker-dealer and an investment adviser with the United States Securities and Exchange Commission.

3. Merrill Lynch provides investment, financing, and related services to individuals and institutions on a

global basis. Services provided to clients include securities brokerage, trading, and underwriting; investment banking, strategic services, including mergers and acquisitions, and other corporate finance advisory activities; origination, brokerage, dealer and related activities; securities clearance and settlement services and investment advisory and related record keeping services.

4. ML&Co. had shareholders' equity as at December 28, 2001 of US$20 billion. Merrill Lynch, as of December 28, 2001 had regulatory net capital of US$2.521 billion as determined under Rule 15c3-1 under the United States Securities Exchange Act of 1934.

5. Merrill Lynch has two affiliated financial institutions: Merrill Lynch Bank USA (shareholders' equity: US$3.5 billion as at December 31, 2001) and Merrill Lynch Bank & Trust (shareholders' equity: US$1 billion as at December 31, 2001). Merrill Lynch Bank USA and Merrill Lynch Bank & Trust are collectively referred to as the Merrill Lynch Banks.

6. Merrill Lynch acts as custodian for its clients in the United States and throughout the world. It currently has custody of over US$1 trillion of client assets. Merrill Lynch proposes to act a custodian for its clients in Ontario.

7. Section 3.7 of the Rule provides that securities and money of an Ontario client of an international adviser must be held by (a) the Ontario client or (b) a custodian or sub-custodian that meets the requirements for acting as a custodian or sub-custodian of a mutual fund in National Instrument 81-102 (NI 81-102) and that is subject to the BIS Agreement.

8. Merrill Lynch meets the requirements for acting as a custodian or sub-custodian of a mutual fund in NI 81-102.

9. The BIS Agreement is a framework for measuring capital adequacy that was designed to strengthen the soundness and stability of the international banking system. The BIS Agreement provides minimum levels of capital that are intended to be applied to banks on a consolidated basis, including subsidiaries undertaking banking and financial business.

10. Merrill Lynch is an affiliate of the Merrill Lynch Banks, but is not a subsidiary of either of the Merrill Lynch Banks. Accordingly, because of Merrill Lynch's corporate structure and because Merrill Lynch is not a bank, the BIS Agreement does not apply to it.

11. There are no apparent concerns as to the capital adequacy of Merrill Lynch given its capital resources noted above.

IT IS ORDERED, pursuant to section 10.1 of the Rule, that Merrill Lynch is exempt from the requirement of subsection 3.7(1)(b)(ii) of the Rule that it be subject to the BIS Agreement in order for it to act as custodian for its Ontario clients, provided that there is no material adverse change in the ownership or capitalization of Merrill Lynch.

March 28, 2003.

"David M. Gilkes"

2.2.3 Arrow Hedge Partners Inc. - ss. 38(1) of the CFA

Headnote

Relief from the adviser registration requirement of paragraph 22(1)(b) of the Commodity Futures Act (Ontario) (CFA) granted to a non-resident adviser in connection with the proposed advisory services to be provided to a registered commodity trading manager under the CFA for a term of 3 years, subject to certain terms and conditions, pursuant subsection 38(1) of the CFA.

Statutes Cited

Commodity Futures Act, R.S.O. 1990. c. C.20, as am., ss. 22(1)(b), 38(1).
Securities Act, R.S.O. 1990, c. S.5 (as am.) - OSC Rule 35-502 – Non-Resident Advisers, s. 7.3.

IN THE MATTER OF
THE COMMODITY FUTURES ACT
R.S.O. 1990, CHAPTER C.20, AS AMENDED (THE CFA)

AND

IN THE MATTER OF
ARROW HEDGE PARTNERS INC.

ORDER
(Subsection 38(1))

UPON the application of Arrow Hedge Partners Inc. (the Applicant), the manager of Arrow WF Asia Fund (the Fund), to the Ontario Securities Commission (the Commission) for an Order pursuant to subsection 38(1) of the CFA that Ward Ferry Management (BVI) Limited (Ward Ferry) and its officers, partners, directors and representatives be exempt from the registration requirements of paragraph 22(1)(b) of the CFA respecting investment advisory services provided to the Applicant with respect to commodity futures activities of the Fund, subject to certain terms and conditions (the Order);

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a corporation incorporated under the laws of Ontario with its head office located in Toronto, Ontario.

2. The Applicant is registered under the *Securities Act* (Ontario) (the Act) as an advisor in the categories of investment counsel and portfolio manager and as a dealer in the category of limited market dealer. The Applicant is registered under the CFA as an advisor in the category of commodity trading manager.

3. The Applicant is the manager and trustee of the Fund.

4. The Fund is an unincorporated open-ended mutual fund created under the laws of Ontario and is offered in all Canadian provinces and territories in accordance with private placement exemptions.

5. The Applicant is responsible for providing investment advice to the Fund.

6. The Applicant retains the services of Ward Ferry in connection with the management of the investment portfolio of the Fund. In retaining Ward Ferry, the Applicant complies with the requirements of Section 7.3 of Ontario Securities Commission Rule 35-502 (the Rule).

7. Ward Ferry is a corporation incorporated in the British Virgin Islands. It is registered as an investment advisor with the Hong Kong Securities Commission.

8. The Applicant is proposing to permit Ward Ferry to advise the Applicant in respect of commodity futures activities of the Fund (Proposed Services).

9. The Applicant has entered into a written agreement with Ward Ferry outlining the duties and obligations of Ward Ferry.

10. The Applicant will contractually agree with the Fund to be responsible for any loss that arises out of the failures of Ward Ferry in connection with the Proposed Services:

    (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Applicant and the Fund for whose benefit the advice is or portfolio management services is being provided; or

    (ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

11. The Applicant will not be relieved by the Fund from its responsibility for any loss described in paragraph 10.

12. The offering memorandum for the Fund discloses that the Applicant retains responsibility for any advice given by Ward Ferry and that there may be difficulty in enforcing any legal rights against Ward Ferry because Ward Ferry is resident outside of Canada and that all or a substantial portion of its assets are situated outside of Canada.

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

IT IS ORDERED, pursuant to subsection 38(1) of the CFA, that Ward Ferry and its officers, partners, directors and representatives are not subject to the requirements of paragraph 22(1)(b) of the CFA in respect of the Proposed Services, provided that:

(a) the obligations and duties of Ward Ferry are set out in a written agreement with the Applicant;

(b) the Applicant contractually agrees with the Fund to be responsible for any loss that arises out of the failure of Ward Ferry:

(i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Applicant and the Fund; or

(ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;

(c) the Applicant cannot be relieved by the Fund from its responsibility under paragraph (b);

(d) the offering documents for the Fund, if any, disclose that the Applicant has responsibility for any investment advice given by Ward Ferry and that, to the extent applicable, there may be difficulty in enforcing any legal rights against Ward Ferry because Ward Ferry is resident outside of Canada and all or a substantial portion of its assets are situated outside of Canada;

(e) the Applicant maintains its status as a registered commodity trading manager under the CFA; and

(f) this order shall terminate three years from the date of the order.

March 28, 2003.

"Howard I. Wetston" "Theresa McLeod"

2.2.4 The Mandarin Golf and Country Club Inc. - cl. 80(b)(iii)

Headnote

Issuer exempted from interim financial reporting requirements - exemption terminates upon the occurrence of a material change in the business affairs of the Issuer unless the Decision Makers are satisfied that the exemption should continue.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am, ss. 77, 79 and 80(b)(iii).

Applicable Ontario Policies

OSC Policy 52-601- Applications for Exemptions from the Preparation and Mailing of Interim Financial Statements, Annual Financial Statements and Proxy Solicitation Material.

IN THE MATTER OF
THE SECURITIES ACT, R.S.O. 1990,
Chapter S.5, as amended (the "Act")

AND

IN THE MATTER OF
THE MANDARIN GOLF AND COUNTRY CLUB INC.

ORDER
(Clause 80(b)(iii) of the Act)

WHEREAS The Mandarin Golf and Country Club Inc. (the "Issuer") has made an application to the Director pursuant to clause 80(b)(iii) of the Act for an order exempting the Issuer from the requirements of subsection 77(1) and section 79 of the Act to file with the Commission and send to its security holders interim financial statements;

AND WHEREAS the Issuer has represented to the Director that:

1. The Issuer is a corporation amalgamated under the laws of the Province of Ontario on December 1, 2002 pursuant to a plan of arrangement providing for, among other things, the amalgamation of The Mandarin Golf and Country Club Inc. ("Mandarin") and 1433669 Ontario Limited continuing as "The Mandarin Golf and Country Club Inc." (the "Arrangement"). The term "Issuer" used herein shall mean the amalgamated entity after the Arrangement becoming effective and Mandarin prior to the Arrangement becoming effective, as applicable.

2. The Issuer's principal executive offices are located in Markham, Ontario.

3. The authorized capital of the Issuer following the Arrangement consists of an unlimited number of Class A shares, an unlimited number of Class B shares, an unlimited number of Class C shares and an unlimited number of Class D shares, of which 201 Class A shares, 38 Class B shares, 6,200 Class C shares and 240 class D shares are issued and outstanding.

4. The Issuer became a reporting issuer under the Act on February 21, 1991.

5. The Issuer is not in default of any requirements of the Act or the regulation made thereunder.

6. The securities of the Issuer are not listed or quoted on any stock exchange or trading or quotation system. There is no market for the securities of the Issuer.

7. The Issuer's only business is the operation of the Mandarin Golf and Country Club (the "Club"). The Club is a private golf and country club, the facilities of which are open only to its members and guests of its members. The Club is not designed to maximize its income for and on behalf of the Issuer's shareholders. All shareholders of the Issuer are members of the Club.

8. The Issuer derives the majority of its revenue from annual Club membership dues from the Club members.

9. The annual Club membership dues are payable once a year and are generally due at the beginning of each calendar year during the first quarter.

10. Due to the seasonal nature of its golf operations, almost all of the Issuer's operating expenses are incurred in the second and third quarters.

11. Accordingly, results of operations shown on the Issuer's interim financial statements vary widely from quarter to quarter and interim financial statements of the Issuer do not provide a meaningful representation of the Issuer's operating results.

12. On December 10, 2002, the Issuer mailed by first class mail a letter to each of its shareholders informing the shareholder of the Issuer's application for exemptive relief from the requirement under securities laws to file with the Commission and to send to each shareholder quarterly financial statements. The letter advised that shareholders of the Issuer had an opportunity to object to the Issuer's application and the granting of the relief requested thereunder and could demonstrate their opposition to the requested relief by sending a completed objection notice to the Issuer by 4:00 p.m. (Toronto time) on December 31, 2002. No shareholder of the Issuer sent an objection notice to the Issuer prior to 4:00 p.m. (Toronto time) on December 31, 2002.

13. Given the limited range of business activities of the Issuer and the illiquid nature of the Issuer's securities, the preparation and delivery of interim financial statements would not be of significant benefit to Issuer's security holders and would represent a cost which would be excessive in light of their usefulness.

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

IT IS ORDERED pursuant to clause 80(b)(iii) of the Act that the Issuer is hereby exempted from the requirement to file with the Commission pursuant to subsection 77(1) of the Act and from the requirement to send to security holders pursuant to section 79 of the Act, interim financial statements, provided that this exemption shall terminate thirty days after the occurrence of a material change in the affairs of the Issuer, unless, upon application, the Issuer satisfies the Director that the exemption should continue.

April 1, 2003.

"Paul M. Moore" "Theresa McLeod"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 Reasons for Decision

3.1.1 DJL Corp. and Dennis John Little

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

AND

IN THE MATTER OF
DJL CORP. AND DENNIS JOHN LITTLE

(Section 127)

Hearing:	March 20, 2003	
Panel:	Paul M. Moore, Q.C.	- Vice-Chair (Chair of the Panel)
	Derek Brown	- Commissioner
Appearances:	Johanna Superina	- For the Staff of the Ontario Securities Commission
	John Little	- For Himself

EXCERPT FROM THE SETTLEMENT HEARING CONTAINING THE ORAL REASONS FOR DECISION

The following statement has been prepared for purposes of publication in the Ontario Securities Commission Bulletin and is based on the transcript of the hearing, including oral reasons delivered at the hearing, in the matter of DJL Corp. and Dennis John Little. The transcript has been edited, supplemented and approved by the chair of the panel for the purpose of providing a public record of the panel's decision in the matter. This extract should be read together with the settlement agreement and the order signed by the panel.

• • • • •

VICE-CHAIR MOORE:

[1] The purpose of this hearing was to consider the proposed settlement agreement between staff of the Commission and the respondents, DJL Capital Corp. (DJL Capital) and Dennis John Little in a matter commenced under sections 127 and 127.1 of the *Securities Act* (the Act).

Facts

[2] DJL Capital was incorporated under the laws of Ontario on August 9, 1993 and carried on business in London, Ontario. It was registered from July 7, 1995 to January 11, 2000 as a limited market dealer pursuant to section 26(1) of the Act. During the material time, DJL Capital was the promoter of units (the Units) of Dual Capital Limited Partnership (the Limited Partnership), and units of DJL Capital.

[3] Little is an individual residing in Ontario and at all material times was the sole director and officer of DJL Capital. Little was registered from July 7, 1995 to January 11, 2000 as the trading officer and director with DJL Capital.

[4] From October, 1994 to December, 1996, Little distributed the Units without having filed a preliminary prospectus and a prospectus as required by section 53(1) of the Act. Dual Capital Management Limited (Dual Capital Management) was the limited partner. During the material time, Dual Capital Management accepted subscriptions for Units from at least 56 members of the public and raised at least US$1,500,500.

[5] The Units were purportedly offered for sale pursuant to the 'seed capital' exemptions in sections 35(1)21 and 72(1)(p) of the Act. The requirements of the exemptions were not satisfied. An offering memorandum dated October 18, 1994, as amended on December 19, 1994, for the Limited Partnership (the Offering Memorandum), was provided to some of the investors who purchased the Units.

[6] The Offering Memorandum represented that DJL Capital would not receive any benefits, directly or indirectly from the issuance of the Units other than as described therein. The Offering Memorandum further represented that DJL Capital would receive payment equal to 4.5% of the 30% rate of return described in the Offering Memorandum. During the material time, DJL Capital received payments from Dual Capital Management in the amount of approximately US$161,525 when Little knew that the source of payments were funds received from investors, and not income earned from any investment made by the Limited Partnership. DJL Capital made payments to Dual Capital Management in the amount of US$97,964.

[7] During the material time, Little sold Units to two investors. The investors paid approximately $130,000 for the purchase of the Units through Little.

[8] On October 26, 2000, in a related prosecution under section 122 of the Act before Mr. Justice Douglas, Dual Capital Management and its two officers, Warren Wall and Shirley Joan Wall, entered pleas of guilty in relation to trading by Dual Capital Management in the Units without being registered to trade in such securities, as required by

section 25(1) of the Act, and distributing securities without having filed a prospectus, in contravention of section 53(1) of the Act. Mr. Justice Douglas accepted the pleas, entered convictions and sentenced Warren Wall and Shirley Joan Wall to 30 months and 22 months in prison, respectively, and Dual Capital Management to a fine of $1 million.

[9] In the course of delivering his reasons for sentence on October 30, 2000 [reported at (2001), 24 O.S.C.B. 763], Mr. Justice Douglas stated the following:

> I find that the Roll Programme as conceived, was and remains utter nonsense. The programme considered in and of itself is a fraudulent means.... I find that the Roll Programme was per se dishonest.… Indeed, the evidence is conclusive and nearly complete that all of the investors were neither sophisticated (but naive), nor rich (but poor) or, at least, dependent upon the little money they had.

Analysis

[10] It is important to keep in mind the purpose and principles underlying our Act. Section 1.1 states that the purposes of the Act are to provide protection to investors from unfair, improper or fraudulent practices, and to foster fair and efficient capital markets and confidence in capital markets.

[11] Section 2.1 of the Act states that in pursuing the purposes set out in section 1.1, the Commission must have regard to certain fundamental principles. One of them is that the primary means for achieving the purposes of the Act include: (i) restrictions on fraudulent and unfair market practices and procedures; and (ii) requirements for the maintenance of high standards of fitness and business conduct to ensure honest and responsible conduct by market participants.

[12] Under section 5(7) of the relevant part of our rules of practice, we had to decide whether or not in our opinion the proposed settlement was appropriate in the public interest. In doing this, we took into account not only the effect of the proposed order upon the respondents but the prophylactic purpose that can be served by deterring conduct by others that is likely to be prejudicial to the public interest. And we kept in mind the statement in *Re Mithras Management Ltd.* (1990), 13 O.S.C.B. 1600 at 1610, that:

> The role of this Commission is to protect the public interest by removing from the capital markets – wholly or partially, permanently of 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 [122] of the Act.

[13] The Commission went on to say, at 1610-1611:

> We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest and 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 that 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.

[14] We also took into account *Re Dornford* (1998), 21 O.S.C.B. 7499, and *Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 (*Belteco*).

[15] As pointed out in *Belteco* at 7746, there are a number of factors that we should consider in assessing sanctions, including:

(a) the seriousness of the allegations;

(b) the respondents' experience and level of activity in the marketplace;

(c) whether or not there has been a recognition of the seriousness of the improprieties; and

(d) whether or not the sanctions imposed may deter not only those involved, but also any like-minded people, from engaging in similar conduct.

[16] Further, as this Commission noted in *Re Sohan Singh Koonar* (2002), 25 O.S.C.B. 2691, in considering whether or not to approve a settlement agreement, the Commission need not be satisfied that the sanctions proposed are the sanctions it would have imposed. Rather, in determining whether a proposed settlement is appropriate in the public interest, our role is to be satisfied that, in all the circumstances, the agreed sanctions are within an acceptable range of sanctions that would serve the public interest.

[17] The integrity of our capital markets requires that those who sell securities comply fully with Ontario securities law. The respondents have admitted serious violations of Ontario securities law and other conduct contrary to the public interest, including the following:

(i) Little traded in the Units, and units of DJL Capital, without being registered, contrary to section 25(1) of the Act;

(ii) Little traded in the Units, and units of DJL Capital, which constituted a distribution without a prospectus, contrary to section 53(1) of the Act;

(iii) Little, in his capacity as the sole officer of DJL Capital, prepared promotional material which contained false and misleading representations to investors of the Units, and units of DJL Capital, as described above;

(iv) Little failed to disclose to investors that investors' funds in respect of the units were issued to fund payments to DJL Capital and/or Little;

(v) Little failed to disclose to investors that investors' funds in respect of the DJL Capital units were used to make payments to Little and were also deposited into the account of a company carrying on the business of providing board and care for horses; and

(vi) Little failed to assess the suitability of the Units sold by Little to the needs of the investors.

[18] The respondents' conduct demonstrated a blatant disregard for Ontario securities law, undermined the integrity of our capital markets and eroded investor confidence in them. As such, the conduct has been contrary to the public interest.

[19] The sanctions provided for will remove Little from the capital markets on a permanent basis. This is necessary to protect the capital markets and investors in this case.

[20] Approval of the settlement agreement will send a clear message from the Commission to Little and other participants in the capital markets that misconduct of this nature will be treated very seriously by the Commission.

[21] The sanctions agreed to by staff and the respondents are appropriate in the public interest, as they are commensurate with the seriousness of the respondents' misconduct, provide significant public censure of such misconduct, and will act as a specific and general deterrent.

[22] Accordingly, we approve the settlement agreement as being appropriate in the public interest.

[23] I would like to thank counsel for staff for an excellent written submission which has been very helpful to us.

Reprimand

[24] Mr. Little, would you please stand? You've heard my comments on the egregious nature of your conduct?

MR. LITTLE:

[25] I have.

VICE-CHAIR MOORE:

[26] You are hereby reprimanded.

Approved by the chair of the panel on March 27, 2003.

"Paul M. Moore"

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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
CA-Network Inc.	25 Mar 03	04 Apr 03		
Peak Brewing Group Inc.	20 Mar 03	01 Apr 03		
Planetsafe Enviro Corporation	27 Mar 03	08 Apr 03		
St. Lucie Exploration Company Limited	27 Mar 03	08 Apr 03		

4.2.1 Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Chancellor Enterprises Holdings Inc.	24 Mar 03	04 Apr 03		01 Apr 03	
Radiant Energy Corporation	26 Mar 03	08 Apr 03			

4.3.1 Issuer CTO's Revoked

Company Name	Date of Revocation
Triangle Multi-Services Corporation	02 Apr 03

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Chapter 6

Request for Comments

6.1.1 Request for Comments Regarding Statement of Priorities for Fiscal Year Ending March 31, 2004

REQUEST FOR COMMENTS
REGARDING STATEMENT OF PRIORITIES
FOR FISCAL YEAR ENDING MARCH 31, 2004

The *Securities Act* requires the Commission to deliver to the Minister and publish in its Bulletin by June 30 of each year a statement of the Chairman setting out the proposed priorities of the Commission for its current fiscal year in connection with the administration of the Act, the regulations and rules, together with a summary of the reasons for the adoption of the priorities.

In an effort to obtain feedback and specific advice on the proposed objectives and initiatives, the Commission is publishing a draft of the Statement of Priorities which follows this Request for Comments. The Commission will consider the feedback, and make any necessary revisions prior to finalizing and publishing its 2003/2004 Statement of Priorities.

The Statement of Priorities, once approved by the Minister of Finance, will serve as the guide for the Commission's ongoing operations.

Comments

Interested parties are invited to make written submissions by June 3, 2003 to:

Robert Day
Manager, Business Planning
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8
[416] 593-8179

6.1.2 OSC Statement of Priorities for Fiscal 2003/2004 – Request for Comments

THE ONTARIO SECURITIES COMMISSION

STATEMENT OF PRIORITIES
FOR
FISCAL 2003/2004

March 2003

Request for Comments

Introduction

The *Securities Act* requires the Ontario Securities Commission (OSC) to deliver to the Minister, and to publish in its Bulletin by June 30 of each year, a statement by the Chair setting out the proposed priorities for the Commission for its current financial year. The OSC remains committed to delivering its regulatory services in a businesslike manner and to working closely with its CSA colleagues and market participants to ensure that the regulatory system remains relevant to the changing marketplace. The Statement of Priorities articulates the business strategy and priorities the OSC has set for 2003/2004 to accomplish these goals.

Our Vision Canadian financial markets that are attractive to domestic and international investors, issuers and intermediaries because they have integrity and are cost efficient.

Our Mandate To provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in their integrity.

Our Approach We will be:

- Proactive, innovative and cost effective in carrying out our mandate,
- Fair and rigorous in applying the rules to the marketplace, and
- Timely, flexible and sensible in applying our regulatory powers to a rapidly changing marketplace.

Key Challenges

The OSC recognizes that it must address a number of key trends and changes affecting our business environment, capital markets, market participants and the global regulatory framework.

Enhancing Public Confidence in Capital Markets

Public confidence in capital markets around the world has declined significantly. Trust and confidence in financial reporting, auditing and corporate governance structures have been damaged by U.S. corporate accounting failures and bankruptcies. Geopolitical events as well as significant declines in personal portfolio values have also hurt confidence levels. In response to advances in U.S. investor protection regulation Ontario has passed *Keeping the Promise for a Strong Economy Act (Budget Measures), 2002* to enhance investor confidence. The statute provides new powers that will help the OSC to carry out its mandate. However, the use of these powers will also increase external focus on our accountability.

Streamlining the Securities Regulatory Process

The costs and complexities associated with doing business with many different regulators with differing rules and regulations across Canada is generating increasing dissatisfaction with the structure of financial services regulation, and in particular, securities regulation, in Canada. This fragmented regulatory environment is cumbersome, costly and frustrating for stakeholders. It is having a negative impact on the competitiveness of our capital markets and ultimately the cost to our market participants of raising capital.

Global Integration of Markets and Market Participants

Financial markets are global. Borders no longer serve as barriers to capital flows. Those seeking to invest and those seeking capital go where they see the opportunity for the best returns for the risks assumed. As capital flows become global, so do the market intermediaries and infrastructure servicing the business. Many of the largest intermediaries are global conglomerates combining banking, insurance and securities services in one entity.

Changing Investor Demographics

The past decade has seen significant growth in the investor community in Canada. Institutional investors are becoming larger and more sophisticated, while investment in the markets by retail investors has grown explosively - both directly and through the purchase of investment funds. Both groups need to have confidence in the integrity of the capital markets, but their informational and educational needs may be very different.

Rapid Pace of Innovation

Competition is driving market innovation and the creation of ever more sophisticated financial products, trading techniques and strategies. Technology facilitates these changes, making innovative products and services easier and cheaper to design, market and deliver to the consumer. The functions of intermediaries are changing. Trades can be executed directly from any location. The emergence of direct links into existing trading platforms, bypassing investment dealers, and the proliferation of alternative marketplaces has fundamentally altered the structure of the financial environment.

What This Means for the OSC

For Canadian financial markets to be attractive to all market participants, they must be, and be seen to be, fair and efficient while maintaining protection for investors. Given the trends and challenges outlined above, we need to find creative and innovative solutions to new issues, be willing to re-evaluate existing practices in light of changing circumstances and operate in a transparent and accountable manner. In particular, we need to focus on:

- Making decisions at the pace at which our markets are changing,
- Insisting that investors receive the understandable, accurate and complete disclosure they need to make informed investment decisions,
- Maintaining a globally competitive regulatory regime that adequately addresses investor protection,
- Educating consumers so they can help protect themselves,
- Providing more client focussed service delivery,
- Fostering seamless regulation to minimize the burden on market participants,
- Enforcing clear rules in a consistent and visible manner,
- Building on our relationships in the regulatory community, both domestic and international, making use of the best lessons from each and relying on their expertise where practicable, and
- Facilitating the fair and efficient operation of exchanges, clearing and settlement functions and other elements of the market infrastructure.

Our Goals

The OSC is committed to achieving our vision. To do so, we have developed a four-year strategic plan. In implementing it, we will at all times act consistently with our mandate. The goals and initiatives are not presented in order of priority. Fundamentally, the OSC will focus on making our capital markets safer, more efficient and easier to access and use for market participants. Our plan calls for stepping up our efforts in the following areas:

- Promoting harmonization of regulatory systems both domestically and internationally, including the pursuit of a more effective national securities regulatory system,
- Undertaking prevention-oriented activities, including proactive public education,
- Taking a risk-based approach to regulation, and
- Being less prescriptive and more flexible in our regulatory approach wherever practical.

Across the planning horizon we will strive to achieve the following outcomes:

1. Ontario's capital markets and financial services regulatory system will be fully consolidated, harmonized nationally, and coordinated internationally.

We will continue the following key initiatives towards achieving this outcome:

a) Complete the CSA project to propose Uniform Securities Laws,

b) Work with regulators, governments and industry participants in moving towards a more effective national securities regulatory system,

c) Participate actively in International Organization of Securities Commissions (IOSCO) and Council of Securities Regulators of the Americas (COSRA) initiatives and, where appropriate, provide leadership,

d) Continue to work with the Financial Services Commission of Ontario (FSCO) on initiatives to coordinate our regulatory activities and on the proposed creation of a new regulatory structure,

e) Initiate and foster initiatives which reduce the use of off shore trading to circumvent securities laws,

f) Reduce inter-jurisdictional impediments to information sharing and enforcement support,

g) With the Joint Forum of Financial Regulators, develop and implement harmonized financial services regulatory solutions,

h) Continue development of national electronic information systems to facilitate the activities of market participants,

i) In accord with the plan made in 2002, continue to work with industry through the Bond Market Transparency Committee to ensure implementation of ATS Rules with respect to application to fixed income markets that achieves effective regulation and also supports innovation and efficiency in the bond markets, and

j) In accord with the plan for completion by 2004, develop a model to permit flexibility in the business models that registrants can use.

During 2003/2004 the OSC will focus resources on restructuring the registration system. As part of this process, the OSC will continue work towards harmonizing categories of registration and conditions of registration across Canada and to creating a passport system permitting a registrant in one province to trade or advise in another. The OSC will also work to effectively manage the starting-up of the National Registration Database.

We will measure success by the following:

- Market participants will utilize one "window" to access the market conduct regulatory system in Canada.
- Impediments to investigation and enforcement initiatives created by international boundaries will be substantially reduced as a result of increased harmonization of international disclosure laws and procedures.

2. Market participants and investors will have confidence in the integrity of Ontario's capital markets.

We will implement the following key initiatives towards achieving this outcome:

a) Work with the provincial government and our CSA colleagues on legislative initiatives to strengthen our regulatory system and improve investor confidence:

   - in response to the Report of the Five Year Review Committee, and
   - in response to U.S. initiatives (e.g., Sarbanes-Oxley and the new NYSE listing standards),

b) Respond to the introduction of *Keeping the Promise for a Strong Economy Act (Budget Measures), 2002* including developing and proposing any necessary rules and enforcement protocols,

c) Work with our CSA and SRO colleagues to develop and implement strategies to reduce unlawful insider trading in Canada,

d) Coordinate with foreign regulators to identify and close "gaps" in regulation between jurisdictions that may be used to support illegal market conduct,

e) Develop and propose a revised framework for regulating mutual funds and their managers that relies on independent oversight as a means to address conflicts of interest and focuses on the responsibilities of the fund manager in managing mutual funds, and

f) Complete development of a Fair Dealing Model proposal.

During 2003/2004 the OSC plans to publish draft rules for comment to address the following issues:

- Auditor Oversight
- CEO/CFO Certification of Financial Information
- Composition and Responsibilities of Audit Committees

The OSC will also examine potential approaches to address issues related to Board independence including guidelines for committees (nominating, compensation etc.).

We will measure success by the following:

- Public surveys of market participants will show an increase in confidence.
- Other major securities regulators will exempt Canadian businesses from their investor confidence requirements in recognition that our regulatory regime is effective.
- Domestic and international investor confidence in the integrity of the Ontario regime will improve.
- The revised framework for regulating mutual funds will significantly update and simplify product regulation for mutual funds and clarify our approach to investment funds that are not conventional mutual funds.
- Investors, issuers and other market participants who use the Ontario capital markets will be afforded access, protection, education and information at levels similar or superior to those of the best of our peer group.

3. Regulatory interventions in Ontario will be balanced and merit based.

We will undertake the following key initiatives towards achieving this outcome:

a) Make appropriate changes to our practices as a result of the recommendations of the Regulatory Burden Task Force,

b) Assess the impact of "soft dollars" on market efficiency, analyst bias and competitiveness,

c) Improve accountability through the use of rigorous Cost Benefit Analysis and risk based assessments for all proposed initiatives,

d) Monitor changes in the regulation of the structure of investment banks and research units in other countries to determine the need (if any) for change in Canada.

We will measure success by the following:

- It will be clear to investors, issuers and intermediaries that the benefits of regulation appreciably outweigh the costs of regulation.
- There will be examples of our fostering and implementing non-regulatory alternatives where such action is supported by a better cost/benefit relationship than new regulation.
- The effective cost and burden of regulation will be competitive with our peers, without undermining investor protection and confidence.

4. The OSC will have superior and transparent governance and accountability mechanisms.

We will undertake the following key initiatives towards achieving this outcome:

a) Adopt a more customer focused approach to our communications and service delivery,

b) Improve the transparency of OSC corporate governance practices and accountability mechanisms, and

c) Tailor the form and method of access to OSC communications to the needs of OSC constituents, including implementing predominantly electronic-based communications vehicles and redesigning the OSC Website.

We will measure success by the following:

- 100% of OSC communications will be accessible electronically by 2005.
- Public surveys of market participants will show improved ratings for OSC customer service.

2003/2004 Financial Outlook

The OSC has budgeted total 2003/2004 operating expenditures of $57.8 million, a 4.3% increase over projected 2002/2003 expenditures. The key budget component is salaries and benefits costs, which are projected to rise by 8.3% to $40.7 million. This increase reflects the annualized cost impact of previous hiring as well as higher pension costs as contribution rates have returned to normal levels. Total staffing is projected to remain at current levels. The budget includes a continued reduction in professional services costs reflecting greater reliance on internal resources. The OSC has budgeted $3.2 million for professional services costs in 2003/2004, a 10.0% decrease from the 2002/2003 budget.

The OSC revenue forecast for 2003/2004 is $65.0 million, which is 3% lower than the $66.9 million projected in 2002/2003.

The OSC will implement a restructured fee schedule effective March 31, 2003. The new fee schedule is consistent with the commitment to more closely align the fees charged to market participants to the costs of the services they use directly and the benefits derived through participation in our markets. Under the previous fee approach the OSC initially used excess fee revenues to create a financial reserve. Currently, the OSC remits all revenues which are surplus to its operations to the Ontario government. Going forward the OSC plans to review its fee structure every three years. Any surplus net revenues generated across the three-year period will be used by the OSC in calculating future fee levels and would reduce the need for future fee increases. Through this approach the OSC will be able to ensure that the fees paid by industry participants do not exceed the actual costs of its regulatory activities.

Report on 2002/2003 Organizational Priorities

A summary of the performance of the OSC in meeting the goals and priorities identified in the 2002/2003 Statement of Priorities is provided below.

1. Ontario's capital markets and financial services regulatory system will be fully consolidated, harmonized nationally and coordinated internationally.

2002/2003 Initiatives

a) Complete the CSA project to develop a proposed Uniform Securities Law,

b) Develop legislative proposals to permit delegation of powers and duties among Canadian securities regulators and a comprehensive delegation model in support of it,

c) Support implementation of the merger of the OSC and the FSCO,

d) Participate actively in International Organization of Securities Commissions (IOSCO) and Council of Securities Regulators of the Americas (COSRA) initiatives and, where appropriate, provide leadership.

e) With the Joint Forum of Financial Regulators (Joint Forum), develop and propose harmonized financial services regulatory solutions in the following areas:

  - proficiency standards for financial intermediaries,
  - common licensing requirements,

- capital accumulation plans, and
- individual variable insurance contracts and mutual funds.

2002/2003 Results

In March 2002, the CSA announced an initiative to develop uniform securities legislation for adoption across Canada. On January 30, 2003, the CSA published for comment a concept proposal, *Blueprint for Uniform Securities Laws for Canada.* Although the primary focus of the project is to achieve harmonization of legislation, efforts are also being made to simplify and streamline the regulatory system. The following are the most significant policy changes proposed in the concept paper:

- the ability for a securities regulator to delegate decision-making across all regulatory functions to another securities regulator
- a streamlined system for inter-jurisdictional registration of firms and individuals
- a civil liability regime for secondary market participants
- a streamlined securities act with details largely contained in rules to allow future changes to securities laws to be made in a timely and harmonized manner through the rule-making process.

The next phase of the project involves review and analysis of comments on the concept proposal, discussions with governments, SROs and industry participants, review of all rules and policies and drafting of a uniform act and uniform rules. The CSA objective is to have uniform legislation ready for consideration by each province and territory in 2004.

Significant progress was achieved towards completing the following major OSC rules and policies.

The following rules/policies came into force during 2002/2003:

11-201: Delivery of Documents by Electronic Means (amendments)
12-201: Mutual Reliance Review System for Exemptive Relief Applications (amendments)
41-601: Capital Pool Companies
45-502: Dividend or Interest Reinvestment and Stock Dividend Plans (amendments)
45-503: Trades to Employees, Executives and Consultants (amendments)
46-201: Escrow for Initial Public Offerings
51-201: Disclosure Standards
54-101: Communication with Beneficial Owners of Securities of a Reporting Issuer
62-501: Prohibited Stock Market Purchases of the Offeree's Securities by the Offeror during a Take-over bid
62-601: Securities Exchange Take-over Bids - Trades in Offeror's Securities (amendments)

The following rules/policies were published for comment during 2002/2003:

45-102: Resale of Securities (amendments),
45-105: Trades to Employees, Senior Officers and Consultants (Multilateral Instrument to replace local rule)
51-101: Standards of Disclosure for Oil and Gas Activities
51-102: Continuous Disclosure Obligations
55-201: System for Electronic Disclosure by Insiders (amendments)
61-501: Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions (amendments)
72-502: Continuous Disclosure and Other Exemptions Relating to Foreign Issuers,

Staff issued Notice 55-308 to address stakeholder questions on insider reporting obligations.

During the year Frequently Asked Questions on New Rules were issued on the following rules:

- 43-101: Standards of Disclosure for Mineral Projects
- 45-102: Resale of Securities
- 54-101: Communication with Beneficial Owners of Securities of a Reporting Issuer

The applications Mutual Reliance Review System (MRRS) policy was amended in June. The amendments further refined the system and addressed some stakeholder concerns.

A reconsidered approach to revocation of cease trade orders was presented to the Commission in [March 2003].

The OSC worked with FSCO on various initiatives to coordinate our regulatory activities.

The OSC was accepted as a signatory to the IOSCO Multilateral Memorandum of Understanding concerning consultation and cooperation and the exchange of information (the "IOSCO MOU") and signed the IOSCO MOU on October 23, 2002. The IOSCO MOU recognizes the increasing international activity in the securities and derivatives markets, and the corresponding need for mutual cooperation and consultation among IOSCO members to ensure compliance with, and enforcement of, their securities and derivatives laws and regulations, and establishes an international benchmark for cooperation and information sharing among IOSCO members.

As part of the Joint Forum's effort to harmonize the regulation of segregated funds and mutual funds, a consultation paper *Rethinking Point of Sale Disclosure for Segregated Funds and Mutual Funds* was released for comment on February 13, 2003. The consultation paper recommends a streamlined disclosure system consisting of a foundation document, a continuous disclosure record, a short fund summary and a consumers' guide.

The Joint Forum has initiated a project to coordinate and harmonize the treatment of capital accumulation plans (CAPs) across Canadian jurisdictions and across the insurance, pension and securities sectors within each jurisdiction. Currently investors receive varying degrees of regulatory protection depending on the investment product they purchase and the regulatory framework that applies to it. The goal is to give similar protection to investors. The Joint Forum has developed regulatory principles for CAPs. Guidelines for the operation of capital accumulation plans based on the principles were completed by a task force of industry representatives and staff from members of the Joint Forum. The guidelines will be presented to the Joint Forum for approval to publish for comment in the spring of 2003.

Another accomplishment for the Joint Forum is the Financial Services OmbudsNetwork (FSON), an integrated complaint management and dispute resolution service for financial services consumers which became fully operational in November 2002.

2. Regulatory interventions in Ontario will be timely, balanced and proportionate to the risks involved.

2002/2003 Initiatives

a) Initiate and foster initiatives which reduce the use of off shore trading to circumvent securities laws,

b) Reduce inter-jurisdictional impediments to information sharing and enforcement support,

c) Make appropriate changes to our practices as a result of the recommendations of the Regulatory Burden Task Force, and

d) Work with the provincial government and our CSA colleagues to implement legislative changes that may be made as a result of the recommendations of the Five-Year Review Committee.

2002/2003 Results

The OSC has continued to develop new processes and procedures with law enforcement, Canadian financial regulators and international securities regulators to share information in an effective and timely manner.

The OSC has been successful in utilizing existing and new formal arrangements to obtain information and evidence from traditional bank secrecy jurisdictions that have lead to the initiation of proceedings in respect of allegations of insider trading or to assist in the ongoing investigation into certain other matters. Through our involvement in IOSCO we have made presentations to international organizations detailing the risks to capital markets in circumventing securities laws associated with the use of offshore accounts. The OSC has continued to provide recommendations to the Investment Dealers Association regarding proposed changes to their current by-laws in respect of the know-your-client rules and client identification requirements.

The Minister's Five Year Review Committee published its Draft Report for comment on May 29, 2002. The Committee's Draft Report represents a comprehensive survey of securities legislation in Ontario and its recommendations aim to ensure that securities legislation in Ontario is up to date and that the OSC is able to proactively enforce clear standards to protect investors and foster a fair and efficient marketplace. In December 2002, the Government of Ontario passed the *Keeping the Promise for a Strong Economy Act (Budget Measures), 2002* which introduces important amendments to the *Securities Act*, most of which were recommended in the Draft Report. Among the most significant changes being made to the *Securities Act* (once proclaimed in force) that are based on the Draft Report, are amendments to:

- Introduce a regime of statutory civil liability for secondary market disclosure.
- Increase the maximum penalties which a court can impose for breach of the Act to $5 million and imprisonment for five years less a day.
- Give the Commission the power to impose an administrative penalty or to order disgorgement.
- Introduce prohibitions against fraud and market manipulation and making misleading statements.
- Give the Commission rulemaking authority relating to audit committees.
- Enshrine in the Act the concept of continuous disclosure reviews.

The comment period for the Draft Report expired in August 2002. The Committee received 45 comment letters and met 24 times between September 2002 and January 2003 to review the comment letters and finalize its Report. The Final Report is expected to be delivered to the Minister in Spring 2003.

3. Investors, issuers and other market participants who use the Ontario capital markets will be afforded access, protection, education and information at levels similar or superior to those of the best of our peer group.

2002/2003 Initiatives

a) Foster the implementation of the Industry Analyst's Standards Report (Setting Analyst Standards: Recommendations for the Supervision and Practice of Canadian Securities Industry Analysts) recommendations, where appropriate.

b) Foster the implementation of the Saucier Report (Beyond Compliance: Building a Governance Culture) recommendations, where appropriate.

c) Tailor the form and method of access to OSC communications to the needs of OSC constituents, including implementing predominantly electronic-based communications vehicles and redesigning the OSC Website.

2002/2003 Results

Significant progress was achieved towards completing these initiatives. During the past year the OSC:

- Led a CSA issue-oriented review of executive compensation disclosures and communicated the results in CSA Notice 51-304; also carried out an issue-oriented review of non-GAAP earnings measures
- Completed continuous disclosure reviews of all Ontario-based TSX 100-based companies that had not been recently reviewed (plus some companies based in other provinces), including additional procedures relating to review of minutes, audit committee materials, etc.
- Established a website-based "Refilings and Errors" list to provide greater transparency of companies that refile or restate disclosure documents due to a regulatory review, and issued accompanying staff notice 51-711.
- Established the Continuous Disclosure Advisory Committee, the Small Business Advisory Committee and the NI 54-101 Advisory Committee.
- Commenced a "real time review" program as well as issue-oriented reviews of MD&A disclosure and of continuous disclosure filings of income funds.
- Finalized NP 51-201, which provides guidance on selective disclosure, corporate disclosure practices and related issues.
- Published for comment a draft national rule to harmonize and update continuous disclosure requirements across the CSA.

In early 2003, the OSC undertook steps to increase transparency in connection with its governance and accountability structure. The OSC's Website now contains a section entitled "Governance and Accountability" which discusses the structure of the OSC and identifies its committees, their mandates and members. Several steps were taken during the year to improve the electronic availability of OSC documents and other information, including:

- Several new features have been added to the OSC's web-site, including terms and conditions imposed on registrants and comments on drafts of concept papers, policies rules and other instruments;

- The National Registration Database was launched on March 31, 2003. Stakeholders interested in the launch of the National Registration Database (NRD) were kept up-to-date via a comprehensive e-mail campaign and the launch of a web-site dedicated to NRD. This approach will also be used to communicate other initiatives, such as SEDI.

- A re-launch of the OSC web-site, which includes a more accurate and powerful search capability and the use of content management software is planned for calendar 2003.

The OSC's Investor Communications team continued to implement initiatives with more emphasis on community outreach. The goal is to raise awareness of the OSC and deliver investor protection messages to audiences across Ontario by using OSC-trained volunteers to work with community groups. The following programs were delivered:

- *Protect Your Money*, is a joint project with the Ontario Senior Secretariat delivered by volunteers from the Volunteer Centre of Toronto. "Protect Your Money" presentations are hosted by Members of Provincial Parliament and are aimed at seniors.

- *OSCAR* (Ontario Securities Commission Agent Representative), is an investor education outreach program designed to engage community leaders who, on behalf of the OSC, speak to audiences in their community. OSCAR began as a pilot project in Aurora, Chatham, Kingston, Ottawa and Windsor and is being expanded to include London, Kitchener, Barrie, Peterborough and the GTA.

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
17-Mar-2003	BMO Capital Corporation	6037402 Canada Inc. - Common Share Purchase Warrant	1.00	15.00
24-Mar-2003	RoyNat Capital Inc.	604402 N.B. Ltd. - Common Shares	3,350,002.00	350,000.00
26-Mar-2003	9 Purchasers	Adbeast Inc. - Preferred Shares	450,000.00	775,862.00
20-Mar-2003	5 Purchasers	Aurogin Resources Ltd. - Units	65,000.00	650,000.00
21-Feb-2003	Mobilexchange Ltd. and Efleda Babaran	BCS Collaborative Solutions Inc. - Units	125,000.00	125.00
15-Mar-2003	Mara Greene	Bison Income Trust II - Units	10,000.00	1,000.00
17-Mar-2003	N/A	Bissett Institutional Balanced Trust - Units	1,200,000.00	99,173.00
17-Mar-2003	53 Purchasers	Bolivar Gold Corp. - Special Warrants	12,319,812.00	16,426,416.00
28-Feb-2003	UBS Bank (Canada)	Bond Trust - Units	68,199,998.00	7,200,000.00
12-Mar-2003	Neal Armstrong	Canarc Resource Corp. - Units	104,000.00	200,000.00
14-Mar-2003	Teri Cowper and Richard Nishizaki	Churchill Institutional Real Estate Limited Partnership - Limited Partnership Units	120,000.00	8.00
10-Mar-2003	10 Purchasers	Cimatec Environmental Engineering Inc. - Units	79,680.00	1,328,000.00
19-Mar-2003	6 Purchasers	Connacher Oil and Gas Limited - Units	309,330.00	687,400.00
14-Mar-2003	Waterloo Ventures Inc. and Waterloo Tech Capital L.P.	Covarity Inc. - Common Shares	350,000.00	7,000,000.00
14-Mar-2003	Teri Cowper and Richard Nishizaki	CPG Capital Corp. - Debentures	80,000.00	8.00

19-Mar-2003	Richard Cooper	Defiant Energy Corporation - Common Shares	107,640.00	52,000.00
25-Feb-2003	Marret Asset Management Inc.;Credit Risk Advisors LP	DIRECTV Holdings LLC and DIRECTV Financing Co., Inc. - Notes	2,954,400.00	2,000.00
13-Sep-2002	R. Bruce Durham and Robert Duess	East West Resource Corporation - Common Shares	3,750.00	25,000.00
13-Mar-2003	R. Bruce Durham and Robert Duess	East West Resource Corporation - Common Shares	3,750.00	25,000.00
19-Mar-2003	Royal Trust Corporation	Freegold Ventures Limited - Special Warrants	540,000.00	1,200,000.00
28-Feb-2003	Tomahawk Farms Inc. and 1180635 Ont. Ltd.	Gladiator Limited Partnership - Limited Partnership Interest	500,000.00	2.00
01-Mar-2003	Royal Trust Corporation of Canada as Trustee for Labatt Brewing Company Limited	Goldman Sachs Hedge Fund Portfolio Plc - Shares	2,990,000.00	19,867.00
04-Mar-2003	Cinram International Inc.	HSBC Short Term Investment Fund - Shares	2,000,000.00	199,832.00
12-Mar-2003	Cinram International Inc.	HSBC Short Term Investment Fund - Shares	1,500,000.00	149,802.00
18-Mar-2003	Cinram International Inc.	HSBC Short Term Investment Fund - Shares	1,000,000.00	99,834.00
19-Mar-2003	Wayne Ford	IMAGIN Diagnostics, Inc. - Shares	6,000.00	2,000.00
05-Mar-2003	3 Purchasers	InfoTerra Inc. - Units	3,000,000.00	4,800,000.00
28-Nov-2002	John Craig	International Curator Resources Ltd. - Shares	14,000.00	200,000.00
18-Mar-2003	3 Purchasers	Jilbey Enterprises Ltd. - Units	155,742.00	750,000.00
27-Mar-2003	10 Purchasers	Kensington Energy Ltd. - Common Shares	2,934,829.00	5,869,658.00
02-Jan-2003	GE Canada Equipment Financing G.P.	Lakeport Brewing Corporation - Warrants	1,001.00	2.00
21-Mar-2003	Inco Ltd.	LionOre Mining International Ltd. - Common Shares	23,000,000.00	4,000,000.00
25-Mar-2003	36 Purchasers	Luke Energy Ltd. - Special Warrants	8,214,123.00	5,664,913.00
17-Feb-2003 24-Mar-2003	42 Purchasers	Market Neutral Preservation Fund - Units	3,794,489.00	384,304.00
24-Mar-2003	Griffiths McBurney & Partners	Martinrea International Inc. - Subscription Receipts	2,044,000.00	280,000.00

10-Mar-2003	Janet Kryger	Microsource Online, Inc. - Common Shares	1,200.00	200.00
07-Mar-2003	Roland Hofner	Microsource Online, Inc. - Common Shares	1,200.00	200.00
06-Mar-2003	Nelson Gutta	Microsource Online, Inc. - Common Shares	1,200.00	200.00
10-Mar-2003	Erwin Speckert	Microsource Online, Inc. - Common Shares	18,000.00	3,000.00
12-Mar-2003	Doug Maes	Microsource Online, Inc. - Common Shares	2,400.00	400.00
13-Nov-2002	5 Purchasers	Millennium Care Inc. - Units	353,000.00	353,000.00
03-Mar-2003	Mirabaud Canada Inc.	Miralt Sicav Europe Z USD - Common Shares	75,924.00	500.00
03-Mar-2003	Mirabaud Canada Inc.	Miralt Sicav Europe Z EUR - Common Shares	78,906.00	1,000.00
14-Mar-2003	Bank of Montreal and Elliott & Page	Moore North America Finance Inc. - Notes	2,207,713.00	2.00
12-Mar-2003	9 Purchasers	Northern Empire Minerals Ltd. - Units	949,500.00	633,000.00
18-Mar-2003	6 Purchasers	Northern Orion Explorations Ltd. - Units	158,400.00	1,584,000.00
27-Mar-2003	21 Purchasers	Online Hearing.com Inc. - Convertible Debentures	116,900.00	21.00
04-Mar-2003	Bank of Montreal	Overseas Shipholding Group, Inc. - Notes	4,433,641.00	3.00
31-Dec-2002	Sylva Holdings Ltd.	PDG Management Partners, Inc. - Debenture	1,470,000.00	1.00
18-Mar-2003	Pacific Investment Management	Pemex Project Funding Master Trust - Bonds	2,512,696.00	1.00
28-Feb-2003	3 Purchasers	Performance Market Neutral Fund - Limited Partnership Units	200,000.00	148.00
12-Mar-2003	15 Purchasers	Photonami Inc. - Units	317,997.00	299,998.00
19-Mar-2003	6 Purchasers	Pioneering Technology Inc. - Units	160,000.00	457,142.00
15-Nov-2002	MVO Investments Ltd.	ReAud Technologies Inc. - Notes	750,000.00	1.00
12-Mar-2003	3 Purchasers	Second World Trader Inc. - N/A	4,060.00	14.00
17-Mar-2003				
19-Mar-2003	The Toronto-Dominion Bank and Royal Bank of Canada	Skylon Global High Yield Trust - Units	3,760,000.00	138,948.00
07-Jan-2003	Richard Maynard	Sombrero Inc. - Shares	27,500.00	15,714.00

20-Mar-2003 21-Mar-2003	21 Purchasers	Speedware Corporation Inc. - Subscription Receipts	6,607,087.00	4,719,348.00
25-Feb-2003	Ian Fyfe	Sprucegrove International Pooled Fund - Units	150,000.00	1,979.00
28-Feb-2003	PNK Holdings Ltd.	Teleguard Monitoring Systems Inc. - Common Shares	500,000.00	295.00
26-Nov-2002	John Craig	Tenke Mining Corp. - Shares	87,000.00	10,000.00
29-Jan-2003 18-Mar-2003	7 Purchasers	Tropic Networks Inc. - Convertible Debentures	9,253,395.00	10.00
28-Feb-2003	10 Purchasers	Yamana Resources Inc. - Units	482,595.00	3,217,304.00
31-Dec-2002 17-Mar-2003	3 Purchasers	Zenda Capital Corp. - Units	35,000.00	350,000.00

RESALE OF SECURITIES - (FORM 45-501F2)

Transaction Date	Seller	Security	Total Selling Price	Number of Securities
02-Jan-2003	GE Capital Canada Leasing Services	Microtec Enterprises Inc. - Warrants		1.00

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
Mackay Shields LLC	Algoma Steel Inc. - Common Shares	4,472,454.00
Jean-Raymond Boulle	America Mineral Fields Inc. - Common Shares	150,000.00
John Buhler	Buhler Industries Inc. - Common Shares	380,100.00
Larry Melnick	Champion Natural Health.com Inc. - Shares	29,900.00
John H. Kruzick	DRC Resoures Corporation - Common Shares	404,900.00
Stephen Sham	MedMira Inc. - Common Shares	276,000.00
Targa Group Inc.	Plaintree Systems Inc. - Common Shares	34,324,760.00
Taraga Group Inc.	Plaintree Systems Inc. - Common Shares	34,315,760.00
Thomas V. Hinke	Thermal Energy International Inc. - Common Shares	1,200,000.00

Chapter 9

Legislation

9.1.1 Notice of Amendments to the Securities Act and Commodity Futures Act

NOTICE OF AMENDMENTS TO THE SECURITIES ACT AND COMMODITY FUTURES ACT

On April 7, 2003 certain amendments to the *Securities Act* and the *Commodity Futures Act* contained in the *Keeping the Promise for a Strong Economy Act (Budget Measures), 2002* (formerly Bill 198) (the "Budget Measures Act") will come into force.

The amendments to the *Securities Act* and *Commodity Futures Act* are intended to bolster the protection of Ontario investors and improve investor confidence in the integrity of Ontario's capital markets. Generally, the amendments are aimed at improving transparency and disclosure, strengthening corporate governance, and broadening the sanctions available to the Commission for violations of securities law.

Among the most significant changes to the *Securities Act* that will come into force are amendments that:

- Enshrine in the legislation a regime for the conduct of continuous disclosure reviews.
- Increase the maximum penalties that can be imposed by the court for offences under section 122 of the *Securities Act* from a fine of $1 million and imprisonment for two years to a fine of $5 million and imprisonment for five years less a day.
- Give the Commission the power to impose an administrative fine of up to $1 million where there has been non-compliance with Ontario securities law.
- Give the Commission the power to order a person or company to disgorge amounts obtained as a result of non-compliance with Ontario securities law.
- Give the Commission rule making authority to require reporting issuers to appoint audit committees and to prescribe requirements relating to the functions and responsibilities of audit committees, including independence requirements.
- Give the Commission rule making authority to require reporting issuers to establish and maintain internal controls and disclosure controls and procedures and requiring chief executive officers and chief financial officers to provide certifications related to internal controls and to disclosure controls and procedures. The Commission's current rule making authority would permit it to address other aspects of the certification regime as appropriate.

Parallel amendments, where applicable, to the *Commodity Futures Act* will also come into force on April 7, 2003.

The sections of the Budget Measures Act that will come into force on April 7, 2003 are: sections 10, 12-14, 177-181, 183, 184, 186, 187, and 188. The relevant portions of the Budget Measures Act are reprinted below and may also be viewed on the Ontario Legislative Assembly's web site at www.ontla.on.ca and the Commission's web site at www.osc.gov.on.ca.

The Government has also indicated that it intends to propose minor technical changes to the balance of the *Securities Act* and *Commodity Futures Act* amendments contained in the Budget Measures Act following which it will proclaim these amendments in force.[1]

[1] Budget Paper A: Strong Economic Growth Continues: Ontario's Economic and Revenue Outlook (http://www.ontfinance4.com/bud03e/papera.htm). The *Securities Act* amendments that are not yet in force include: the prohibition against securities fraud and market manipulation; the prohibition against making misleading or untrue statements; and the statutory right of action for investors in the secondary market to sue companies and other responsible persons for misrepresentations or a failure to make timely disclosure (sections 11, 182, and 185 of the Budget Measures Act).

Questions may be referred to either of:

Susan Wolburgh Jenah
General Counsel and Director, International Affairs
(416) 593-8245
swolburghjenah@osc.gov.on.ca

Rossana Di Lieto
Senior Legal Counsel
General Counsel's Office
(416) 593-8106
rdilieto@osc.gov.on.ca

9.1.2 Amendments to the Securities Act and Commodity Futures Act

Amendments to the Securities Act and Commodity Futures Act
Excerpts from the Keeping the Promise for a Strong Economy Act
(Budget Measures), 2002

PART III
COMMODITY FUTURES ACT

10. (1) Subsection 55 (1) of the *Commodity Futures Act*, as re-enacted by the Statutes of Ontario, 1999, chapter 9, section 39, is amended by striking out the portion after clause (c) and substituting the following:

is guilty of an offence and on conviction is liable to a fine of not more than $5 million or to imprisonment for a term of not more than five years less a day, or to both.

(2) Subsection 55 (3) of the Act, as re-enacted by the Statutes of Ontario, 1999, chapter 9, section 39, is amended by striking out "to a fine of not more than $1,000,000 or to imprisonment for a term of not more than two years, or to both" at the end and substituting "to a fine of not more than $5 million or to imprisonment for a term of not more than five years less a day, or to both".

12. (1) Subsection 60 (1) of the Act, as re-enacted by the Statutes of Ontario, 1999, chapter 9, section 41, is amended by adding the following paragraphs:

9. If a person or company has not complied with Ontario commodity futures law, an order requiring the person or company to pay an administrative penalty of not more than $1 million for each failure to comply.

10. If a person or company has not complied with Ontario commodity futures law, an order requiring the person or company to disgorge to the Commission any amounts obtained as a result of the non-compliance.

(2) Section 60 of the Act, as re-enacted by the Statutes of Ontario, 1999, chapter 9, section 41, is amended by adding the following subsection:

Disgorgement order

(2.1) A person or company is not entitled to participate in a proceeding in which an order may be made under paragraph 10 of subsection (1) solely on the basis that the person or company has a right of action against the respondent to the proceeding or the person or company may be entitled to receive any amount disgorged under the order.

13. Part XIII of the Act is amended by adding the following section:

Directors and officers

60.5 For the purposes of this Act, if a company or a person other than an individual has not complied with Ontario commodity futures law, a director or officer of the company or person who authorized, permitted or acquiesced in the non-compliance shall be deemed to also have not complied with Ontario commodity futures law, whether or not any proceeding has been commenced against the company or person under Ontario commodity futures law or any order has been made against the company or person under section 60.

14. Subsection 65 (2) of the Act, as enacted by the Statutes of Ontario, 1999, chapter 9, section 47, is amended by adding the following clause:

(a.1) the administration and distribution of amounts disgorged under paragraph 10 of subsection 60 (1);

PART XXVII
SECURITIES ACT

177. (1) Subsection 1 (1) of the *Securities Act*, as amended by the Statutes of Ontario, 1994, chapter 11, section 349, 1994, chapter 33, section 1, 1997, chapter 19, section 23, 1999, chapter 6, section 60, 1999, chapter 9, section 193 and 2001, chapter 23, section 209, is amended by adding the following definitions:

"investment fund" means a mutual fund or a non-redeemable investment fund; ("fonds d'investissement")

"investment fund manager" means a person or company who has the power and exercises the responsibility to direct the affairs of an investment fund; ("gestionnaire de fonds d'investissement")

(2) The definitions of "material change", "material fact" and "mutual fund" in subsection 1 (1) of the Act are repealed and the following substituted:

"material change",

(a) when used in relation to an issuer other than an investment fund, means,

(i) a change in the business, operations or capital of the issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the issuer, or

(ii) a decision to implement a change referred to in subclause (i) made by the board of directors or other persons acting in a similar capacity or by senior management of the issuer who believe that confirmation of the decision by the board of directors or such other persons acting in a similar capacity is probable, and

(b) when used in relation to an issuer that is an investment fund, means,

(i) a change in the business, operations or affairs of the issuer that would be considered important by a reasonable investor in determining whether to purchase or continue to hold securities of the issuer, or

(ii) a decision to implement a change referred to in subclause (i) made,

(A) by the board of directors of the issuer or the board of directors of the investment fund manager of the issuer or other persons acting in a similar capacity,

(B) by senior management of the issuer who believe that confirmation of the decision by the board of directors or such other persons acting in a similar capacity is probable, or

(C) by senior management of the investment fund manager of the issuer who believe that confirmation of the decision by the board of directors of the investment fund manager of the issuer or such other persons acting in a similar capacity is probable; ("changement important")

"material fact", when used in relation to securities issued or proposed to be issued, means a fact that would reasonably be expected to have a significant effect on the market price or value of the securities; ("fait important")

"mutual fund" includes,

(a) an issuer,

(i) whose primary purpose is to invest money provided by its security holders, and

(ii) whose securities entitle the holder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets, including a separate fund or trust account, of the issuer, or

(b) an issuer or a class of issuers that is designated as a mutual fund by an order of the Commission in the case of a single issuer or otherwise in a regulation which is made for the purposes of this definition,

but does not include an issuer or a class of issuer that is designated not to be a mutual fund by an order of the Commission in the case of a single issuer or otherwise in a regulation which is made for the purposes of this definition; ("fonds mutuel")

(3) Subsection 1 (1.1) of the Act, as enacted by the Statutes of Ontario, 1994, chapter 33, section 1, is repealed and the following substituted:

Same

(1.1) For the purposes of this Act, the regulations and the rules, any of "derivatives", "disclosure controls and procedures", "future-oriented financial information", "going private transaction", "insider bid", "internal controls", "non-redeemable investment fund", "penny stocks", "related party transactions" and "reverse take-overs" may be defined in the regulations or the rules and if so defined shall have the defined meaning.

178. Subsection 3.4 (2) of the Act, as enacted by the Statutes of Ontario, 1997, chapter 10, section 37, is repealed and the following substituted:

Exceptions

(2) The Commission shall pay into the Consolidated Revenue Fund money received by the Commission pursuant to an order under paragraph 9 or 10 of subsection 127 (1) of this Act or paragraph 9 or 10 of subsection 60 (1) of the *Commodity Futures Act* or as a payment to settle enforcement proceedings commenced by the Commission, other than money,

(a) to reimburse the Commission for costs incurred or to be incurred by it; or

(b) that is designated under the terms of the order or settlement for an allocation to or for the benefit of third parties that is approved by the Minister or that belongs to a class of allocations approved by the Minister.

179. Part VII of the Act is amended by adding the following section:

Continuous disclosure reviews

20.1 (1) The Commission or any member, employee or agent of the Commission may conduct a review of the disclosures that have been made or that ought to have been made by a reporting issuer or mutual fund in Ontario, on a basis to be determined at the discretion of the Commission or the Director.

Information and documents

(2) A reporting issuer or mutual fund in Ontario that is subject to a review under this section shall, at such time or times as the Commission or Director may require, deliver to the Commission or Director any information and documents relevant to the disclosures that have been made or that ought to have been made by the reporting issuer or mutual fund.

Freedom of Information and Protection of Privacy Act

(3) Despite the *Freedom of Information and Protection of Privacy Act*, information and documents obtained pursuant to a review under this section are exempt from disclosure under that Act if the Commission determines that the information and documents should be maintained in confidence.

Prohibition on certain representations

(4) A reporting issuer or mutual fund in Ontario, or any person or company acting on behalf of a reporting issuer or mutual fund in Ontario, shall not make any representation, written or oral, that the Commission has in any way passed upon the merits of the disclosure record of the reporting issuer or mutual fund.

180. (1) Clauses 75 (3) (a) and (b) of the Act are repealed and the following substituted:

(a) in the opinion of the reporting issuer, and if that opinion is arrived at in a reasonable manner, the disclosure required by subsection (2) would be unduly detrimental to the interests of the reporting issuer; or

(b) the material change consists of a decision to implement a change made by senior management of the issuer who believe that confirmation of the decision by the board of directors is probable and senior management of the issuer has no reason to believe that persons with knowledge of the material change have made use of that knowledge in purchasing or selling securities of the issuer,

(2) Section 75 of the Act, as amended by the Statutes of Ontario, 1994, chapter 11, section 349, is amended by adding the following subsection:

Same

(5) Although a report has been filed with the Commission under subsection (3), the reporting issuer shall promptly generally disclose the material change in the manner referred to in subsection (1) upon the reporting issuer becoming aware, or having reasonable grounds to believe, that persons or companies are purchasing or selling securities of the reporting issuer with knowledge of the material change that has not been generally disclosed.

181. (1) Subsection 122 (1) of the Act, as re-enacted by the Statutes of Ontario, 1994, chapter 11, section 373, is amended by striking out the portion after clause (c) and substituting the following:

is guilty of an offence and on conviction is liable to a fine of not more than $5 million or to imprisonment for a term of not more than five years less a day, or to both.

(2) Subsection 122 (3) of the Act, as re-enacted by the Statutes of Ontario, 1994, chapter 11, section 373, is amended by striking out "to a fine of not more than $1,000,000 or to imprisonment for a term of not more than two

years, or to both" at the end and substituting "to a fine of not more than $5 million or to imprisonment for a term of not more than five years less a day, or to both".

(3) Clause 122 (4) (a) of the Act, as re-enacted by the Statutes of Ontario, 1994, chapter 11, section 373, is repealed and the following substituted:

(a) $5 million; and

183. (1) Subsection 127 (1) of the Act, as re-enacted by the Statutes of Ontario, 1994, chapter 11, section 375 and amended by 1999, chapter 9, section 215, is amended by adding the following paragraphs:

9. If a person or company has not complied with Ontario securities law, an order requiring the person or company to pay an administrative penalty of not more than $1 million for each failure to comply.

10. If a person or company has not complied with Ontario securities law, an order requiring the person or company to disgorge to the Commission any amounts obtained as a result of the non-compliance.

(2) Section 127 of the Act, as re-enacted by the Statutes of Ontario, 1994, chapter 11, section 375 and amended by 1999, chapter 9, section 215, is amended by adding the following subsection:

Disgorgement order

(3.1) A person or company is not entitled to participate in a proceeding in which an order may be made under paragraph 10 of subsection (1) solely on the basis that the person or company has a right of action against the respondent to the proceeding or the person or company may be entitled to receive any amount disgorged under the order.

184. Part XXII of the Act is amended by adding the following section:

Directors and officers

129.2 For the purposes of this Act, if a company or a person other than an individual has not complied with Ontario securities law, a director or officer of the company or person who authorized, permitted or acquiesced in the non-compliance shall be deemed to also have not complied with Ontario securities law, whether or not any proceeding has been commenced against the company or person under Ontario securities law or any order has been made against the company or person under section 127.

186. Subsection 142 (2) of the Act, as amended by the Statutes of Ontario, 1994, chapter 11, section 378, is amended by striking out the portion before clause (a) and substituting the following:

Exceptions

(2) Subsections 13 (1), (3) and (4), sections 60, 122, 126, 129, 130, 131, 134 and 135, Part XXIII.1 and section 139 do not apply to,

. . . . .

187. (1) Paragraph 25 of subsection 143 (1) of the Act, as re-enacted by the Statutes of Ontario, 1994, chapter 33, section 8, is amended by striking out "and" at the end of subparagraph iv, by adding "and" at the end of subparagraph v and by adding the following subparagraph:

vi. defining auditing standards for attesting to and reporting on a reporting issuer's internal controls.

(2) Subsection 143 (1) of the Act, as re-enacted by the Statutes of Ontario, 1994, chapter 33, section 8 and amended by 1997, chapter 19, section 23, 1997, chapter 43, Schedule F, section 13, 1999, chapter 9, section 220 and 2001, chapter 23, section 217, is amended by adding the following paragraphs:

55.1 Prescribing documents for the purposes of the definition of "core document" in subsection 138.1 (1).

55.2 Prescribing exemptions from the prospectus requirement under this Act for the purposes of clause 138.2 (b), take-over bids and issuer bids for the purposes of clause 138.2 (c) and transactions or classes of transactions for the purposes of clause 138.2 (d).

55.3 Prescribing the meaning of "market capitalization", "trading price" and "principal market" and such other terms as are used in Part XXIII.1 and are not otherwise defined in this Act.

(3) Subsection 143 (1) of the Act, as re-enacted by the Statutes of Ontario, 1994, chapter 33, section 8 and amended by 1997, chapter 19, section 23, 1997, chapter 43, Schedule F, section 13, 1999, chapter 9, section 220 and 2001, chapter 23, section 217, is amended by adding the following paragraphs:

57. Requiring reporting issuers to appoint audit committees and prescribing requirements relating to the functioning and responsibilities of audit committees, including requirements in respect of,

    i. the standard of review to be applied by audit committees in their review of documents filed under Ontario securities law,

    ii. the certification or other evidence of review by audit committees,

    iii. the scope and content of an audit committee's review, and

    iv. the composition of audit committees and the qualifications of audit committee members, including independence requirements.

58. Requiring reporting issuers to devise and maintain a system of internal controls related to the effectiveness and efficiency of their operations, including financial reporting and asset control, sufficient to provide reasonable assurances that,

    i. transactions are executed in accordance with management's general or specific authorization,

    ii. transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles or any other criteria applicable to those statements,

    iii. transactions are recorded as necessary to maintain accountability for assets,

    iv. access to assets is permitted only in accordance with management's general or specific authorization, and

    v. the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

59. Requiring reporting issuers to devise and maintain disclosure controls and procedures sufficient to provide reasonable assurances that,

    i. information required to be disclosed under Ontario securities law is recorded, processed, summarized and reported, within the time periods specified under Ontario securities law, and

    ii. information required to be disclosed under Ontario securities law is accumulated and communicated to the reporting issuer's management, including its chief executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure.

60. Requiring chief executive officers and chief financial officers of reporting issuers, or persons performing similar functions, to provide a certification that addresses the reporting issuer's internal controls, including a certification that addresses,

    i. the establishment and maintenance of the internal controls,

    ii. the design of the internal controls, and

    iii. the evaluation of the effectiveness of the internal controls.

61. Requiring chief executive officers and chief financial officers of reporting issuers, or persons performing similar functions, to provide a certification that addresses the reporting issuer's disclosure controls and procedures, including a certification that addresses,

    i. the establishment and maintenance of the disclosure controls and procedures,

    ii. the design of the disclosure controls and procedures, and

    iii. the evaluation of the effectiveness of the disclosure controls and procedures.

(4) Subsection 143 (2) of the Act, as enacted by the Statutes of Ontario, 1994, chapter 33, section 8, is amended by striking out "and" at the end of clause (a) and by adding the following clause:

(a.1) the administration and distribution of amounts disgorged under paragraph 10 of subsection 127 (1);

Bill 179 – *Government Efficiency Act, 2002*

188. (1) This section applies only if Bill 179 (*Government Efficiency Act, 2002,* introduced on September 25, 2002) receives Royal Assent.

(2) References in this section to provisions of Bill 179 are references to those provisions as they were numbered in the first reading version of the Bill.

(3) On the later of the day subsection 194 (3) of this Act comes into force and the day section 11 of Schedule H to Bill 179 comes into force, clause 122 (4) (a) of the *Securities Act* is repealed and the following substituted:

(a) $5 million; and

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Canadian Capital Auto Receivables Asset Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated March 27, 2003
Mutual Reliance Review System Receipt dated March 28, 2003
Offering Price and Description:
$ * ¬ * % Auto Loan Receivables-Backed Notes, Series 2003-1, Class A-1
$ * ¬ * % Auto Loan Receivables-Backed Notes, Series 2003-1, Class A-2
$ * ¬ 8% Auto Loan Receivables-Backed Notes, Series 2003-1, Class A-3
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Promoter(s):
General Motors Acceptance Corporation of Canada , Limited
Project #523880

Issuer Name:
Clarington Diversified Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated March 31, 2003
Mutual Reliance Review System Receipt dated April 2, 2003
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
ClaringtonFunds Inc.
ClaringtonFunds Inc.
Promoter(s):
ClaringtonFunds Inc.
Project #525191

Issuer Name:
Custom Direct Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated March 28, 2003
Mutual Reliance Review System Receipt dated March 28, 2003
Offering Price and Description:
Cdn$ * - * Units
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
TD Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Griffiths McBurney & Partners
Promoter(s):
MDC Corporation Inc.
Project #524134

Issuer Name:
Stratic Energy Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated March 28, 2003
Mutual Reliance Review System Receipt dated March 31, 2003
Offering Price and Description:
$4,657,070 - 21,168,500 Common Shares and 10,584,250 Warrants Issuable upon the Exercise of Special Warrants and 2,116,850 Compensation Options Issuable upon the Exercise of Special Compensation Warrants @ $0.22 per Special Warrant
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
First Associates Investments Inc.
Promoter(s):
-
Project #524840

Issuer Name:
Toronto Hydro Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated March 31, 2003
Mutual Reliance Review System Receipt dated April 1, 2003
Offering Price and Description:
$ * - * % Senior Unsecured Debentures due *
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Promoter(s):
-
Project #524995

Issuer Name:
Volume Services America Holdings, Inc.
Principal Regulator - Ontario
Type and Date:
Amended Preliminary Prospectus dated March 25, 2003
Mutual Reliance Review System Receipt dated March 26, 2003
Offering Price and Description:
C$ * - Income Depositary Securities @ C$ per IDSS
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Promoter(s):
-
Project #513442

Issuer Name:
WOLFDEN RESOURCES INC.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated March 27, 2003
Mutual Reliance Review System Receipt dated March 28, 2003
Offering Price and Description:
$3,200,000.00 - 2,750,000 Flow-Through Common Shares issuable upon the exercise of Class A Special Warrants and 450,000 Common Shares issuable upon the exercise of Class B Special Warrants
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Dundee Securities Corporation
Griffiths McBurney & Partners
Haywood Securities Inc.
Jennings Capital Inc.
Promoter(s):
-
Project #524206

Issuer Name:
Mutual Fund Series, Series D and Series F Securities
of
AGF Canadian Aggressive All-Cap Fund
AGF Canadian Large Cap Dividend Fund
AGF Canadian Growth Equity Fund Limited
AGF Canadian Small Cap Fund
AGF Canadian Stock Fund
AGF Canadian Value Fund
AGF Aggressive Global Stock Fund
AGF Aggressive Growth Fund
AGF Aggressive Japan Class - Class of AGF All World Tax Advantage Group Limited
AGF American Growth Class - Class of AGF All World Tax Advantage Group Limited
AGF Asian Growth Class - Class of AGF All World Tax Advantage Group Limited
AGF Canada Class - Class of AGF All World Tax Advantage Group Limited
AGF China Focus Class - Class of AGF All World Tax Advantage Group Limited
AGF Emerging Markets Value Fund
AGF European Equity Class - Class of AGF All World Tax Advantage Group Limited
AGF Germany Class - Class of AGF All World Tax Advantage Group Limited
AGF Global Equity Class - Class of AGF All World Tax Advantage Group Limited
AGF India Fund
AGF International Stock Class - Class of AGF All World Tax Advantage Group Limited
AGF International Value Fund
AGF International Value Class - Class of AGF All World Tax Advantage Group Limited
AGF Japan Class - Class of AGF All World Tax Advantage Group Limited
AGF Latin America Fund
AGF MultiManager Class - Class of AGF All World Tax Advantage Group Limited
AGF RSP American Growth Fund
AGF RSP European Equity Fund
AGF RSP International Equity Allocation Fund
AGF RSP International Value Fund
AGF RSP Japan Fund
AGF RSP MultiManager Fund
AGF RSP World Companies Fund
AGF RSP World Equity Fund
AGF Special U.S. Class - Class of AGF All World Tax Advantage Group Limited
AGF U.S. Value Class - Class of AGF All World Tax Advantage Group Limited
AGF World Companies Fund
AGF World Equity Fund
AGF World Opportunities Fund
AGF Canadian Resources Fund Limited
AGF Global Financial Services Class - Class of AGF All World Tax Advantage Group Limited
AGF Global Health Sciences Class - Class of AGF All World Tax Advantage Group Limited
AGF Global Real Estate Equity Class - Class of AGF All World Tax Advantage Group Limited

AGF Global Resources Class - Class of AGF All World Tax Advantage Group Limited
AGF Global Technology Class - Class of AGF All World Tax Advantage Group Limited
AGF Precious Metals Fund
AGF Canadian Balanced Fund
AGF Canadian Tactical Asset Allocation Fund
AGF RSP American Tactical Asset Allocation Fund
AGF RSP World Balanced Fund
AGF World Balanced Fund
AGF Canadian Bond Fund
AGF Canadian Conservative Income Fund
AGF Canadian Money Market Fund
AGF Canadian Total Return Bond Fund
AGF Global Government Bond Fund
AGF Global Total Return Bond Fund
AGF RSP Global Bond Fund
AGF Short-Term Income Class - Class of AGF All World Tax Advantage Group Limited
-and-
Mutual Fund Series Securities of
AGF American Tactical Asset Allocation Fund
AGF U.S. Dollar Money Market Account
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated March 28, 2003
Mutual Reliance Review System Receipt dated April 1, 2003
Offering Price and Description:
Offering Mutual Fund Series, Series D and Series F Securities
Underwriter(s) or Distributor(s):
AGF Funds Inc.
Promoter(s):
-
Project #515043

Issuer Name:
Mutual Fund Shares and Series F Shares of
AIC Advantage II Corporate Class
AIC American Advantage Corporate Class
AIC Global Advantage Corporate Class (formerly AIC World Advantage Corporate Class)
AIC Diversified Canada Corporate Class
AIC Value Corporate Class
AIC World Equity Corporate Class
AIC Global Diversified Corporate Class
AIC Diversified Science & Technology Corporate Class (formerly AIC Global Technology Corporate Class)
AIC Canadian Focused Corporate Class
AIC American Focused Corporate Class
AIC Canadian Balanced Corporate Class
AIC American Balanced Corporate Class
AIC Total Yield Corporate Class
AIC Money Market Corporate Class
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated March 21, 2003
Mutual Reliance Review System Receipt dated March 26, 2003
Offering Price and Description:
Mutual Fund Shares and Series F Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
AIC Limited
Project #514273

Issuer Name:
Canada Dominion Resources Limited Partnership XI
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated March 31, 2003
Mutual Reliance Review System Receipt dated March 31, 2003
Offering Price and Description:
$100,000,000.00 (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.
Project #514326

Issuer Name:
Canadian Oil Sands Limited
Principal Regulator - Alberta
Type and Date:
Final Shelf Prospectus dated March 27, 2003
Mutual Reliance Review System Receipt dated March 27, 2003
Offering Price and Description:
Cdn. $750,000,000.00 - Medium Term Notes (Unsecured)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
Promoter(s):
-
Project #516014

Issuer Name:
CMP 2003 Resource Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated March 27, 2003
Mutual Reliance Review System Receipt dated March 28, 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:
Crescent Point Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated March 28, 2003
Mutual Reliance Review System Receipt dated March 31, 2003
Offering Price and Description:
$10,030,000.00 - 2,360,000 Class A Shares Issuable upon the Exercise of Special Warrants
Underwriter(s) or Distributor(s):
Yorkton Securities Inc.
Griffiths McBurney & Partners
FirstEnergy Capital Corp.
National Bank Financial Inc.
Haywood Securities Inc.
Octagon Capital Corporation
Promoter(s):
Paul Colborne
Project #516386

Issuer Name:
Series A and Series F Shares of
Fidelity Focus Consumer Industries Class
Fidelity Focus Financial Services Class
Fidelity Focus Health Care Class
Fidelity Focus Technology Class
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 24, 2003 to the Final Simplified Prospectuses and Annual Information Forms dated June 14, 2002
Mutual Reliance Review System Receipt dated March 28, 2003
Offering Price and Description:
Series A and F Shares
Underwriter(s) or Distributor(s):
Fidelity Capital Strutcure Corp.
Fidelity Investments Canada Limited
Promoter(s):
Fidelity Capital Strutcure Corp.
Project #442333

Issuer Name:
Series A, Series F and Series O Units of
Fidelity Focus Consumer Industries Fund
Fidelity Focus Financial Services Fund
Fidelity Focus Health Care Fund
Fidelity Focus Technology Fund
Fidelity RSP Focus Financial Services Fund
Fidelity RSP Focus Health Care Fund
Fidelity RSP Focus Technology Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 24, 2003 to the Final Simplified Prospectuses and Annual Information Forms dated October 8, 2002
Mutual Reliance Review System Receipt dated March 28, 2003
Offering Price and Description:
Series A, F and O Units
Underwriter(s) or Distributor(s):
Fidelity Investments Canada Limited
Fidelity Investments Canada Limited
Promoter(s):
Fidelity Investments Canada Limited
Project #475446

Issuer Name:
Dynamic International Value Fund
Dynamic International Value Class
Dynamic European Value Fund
Dynamic European Value Class
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 19, 2003 to the Amended and Restated Simplified Prospectuses, Amending and Restating Simplified Prospectuses dated December 5, 2002 and Amendment No. 2 dated March 19, 2003 to the Annual Information Forms dated December 5, 2002
Mutual Reliance Review System Receipt dated March 28, 2003
Offering Price and Description:
Series A securities, Series F securities
Underwriter(s) or Distributor(s):
Dynamic Mutuals Funds Ltd.
Dynamic Mutual Funds Ltd.
Promoter(s):
Dynamic Mutual Funds Ltd.
Project #500779, 489652,491860,513965

Issuer Name:
Series A, F, I and O Units of
Mackenzie Universal Select Managers Fund
Mackenzie Universal World Income RRSP Fund
Mackenzie Universal World Tactical Bond Fund
Mackenzie Universal Financial Services Fund
Mackenzie Universal RSP Financial Services Fund
Mackenzie Universal RSP World Science & Technology Fund
Series A, F, I, O and M. Units of
Mackenzie Ivy European Fund
Series A, F, I O and T Units of
Mackenzie Ivy Global Balanced Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 21, 2003 to Final Simplified Prospectuses and Annual Information Forms dated December 20, 2002
Mutual Reliance Review System Receipt dated March 28, 2003
Offering Price and Description:
Series A, F, I, O, M and T Units
Underwriter(s) or Distributor(s):
-
Quadrus Investment Services Ltd.
Mackenzie Financial Corporation
Promoter(s):
Mackenzie Financial Corporation
Project #494068

Issuer Name:
MAXIN Income Fund
(Units)
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated March 28, 2003
Mutual Reliance Review System Receipt dated March 28, 2003
Offering Price and Description:
Maximum: $150,000,000 (15,000,000 Units) @ $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Dundee Securities Corporation
First Associates Investments Inc.
Middlefield Securities Limited
Raymond James Ltd.
Wellington West Capital Inc.
Promoter(s):
Middlefield Group Limited
Middlefield Maxin Management Limited
Project #511362

Issuer Name:
Class A Units and Class B Units
of
McLean Budden Balanced Growth Fund
McLean Budden Balanced Value Fund
McLean Budden Canadian Equity Growth Fund
McLean Budden Canadian Equity Value Fund
McLean Budden American Equity Fund
McLean Budden Global Equity Fund
McLean Budden International Equity Fund
McLean Budden Fixed Income Fund
McLean Budden Money Market Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated March 28, 2003
Mutual Reliance Review System Receipt dated March 28, 2003
Offering Price and Description:
Class A and B Units
Underwriter(s) or Distributor(s):
McLean Budden Limited
McLean Budden Funds Inc.
McLean, Budden Limited
McLean Budden Limited
Mclean Budden Limited
Promoter(s):
McLean Budden Limited
Project #517572

Issuer Name:
McWatters Mining Inc.
Principal Regulator - Quebec
Type and Date:
Final Prospectus dated March 27, 2003
Mutual Reliance Review System Receipt dated March 28, 2003
Offering Price and Description:
$25,000,000.00 - 125,000,000 Common Shares @$0.20 per Common Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Sprott Securities Ltd.
First Associates Investments Inc.
Jennings Capital Inc.
Research Capital Corp.
Promoter(s):
-
Project #515829

Issuer Name:
MD US Small Cap Growth Fund
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated March 26, 2003 to Final Simplified Prospectus and Annual Information Form dated July 25, 2002
Mutual Reliance Review System Receipt dated March 31, 2003
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
MD Management Limited
MD Management Limited
Promoter(s):
MD Funds Management Inc.
Project #464682

Issuer Name:
Meritas Money Market Fund
Meritas Canadian Bond Fund
Meritas Jantzi Social Index Fund
Meritas U.S. Equity Fund
Meritas International Equity Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated March 25, 2003
Mutual Reliance Review System Receipt dated March 27, 2003
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
Meritas Financial Inc.
Promoter(s):
Meritas Financial Inc.
Project #513426

Issuer Name:
Mortgage-Backed Securities Trust
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated March 28, 2003
Mutual Reliance Review System Receipt dated March 31, 2003
Offering Price and Description:
Maximum: Cdn.$100,000,000 (U.S.$68,000,000) Price: $10.00 per Unit (U.S.$6.80 per Unit)(
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:
Orbit Canadian Equity Fund
ORBIT NORTH AMERICAN EQUITY FUND
ORBIT WORLD FUND
Principal Regulator - Quebec
Type and Date:
Final Simplified Prospectus and Annual Information Form dated March 28, 2003
Mutual Reliance Review System Receipt dated March 28, 2003
Offering Price and Description:
Mutal Fund Units @ Net Asset Value per Unit
Underwriter(s) or Distributor(s):
-
Promoter(s):
Orbit Mutual Fund Management Limited
Feico J. Leemhuis
Project #518536

Issuer Name:
Tremont Capital Opportunity Trust
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated March 28, 2003
Mutual Reliance Review System Receipt dated March 31, 2003
Offering Price and Description:
-
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:
Axia Industries Income Fund
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Prospectus dated November 4, 2002
Withdrawn on March 26, 2003
Offering Price and Description:
$ * - * Units - Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Promoter(s):
New Axia Holdings, Inc.
Project #490438

Issuer Name:
ARISE Technologies Corporation
Principal Jurisdiction - Ontario
Type and Date:
Amendment to Prospectus dated December 6, 2002
Closed on March 27, 2003
Offering Price and Description:
Minimum: 1,600,000 Units ($1,200,000) - Maximum : 4,000,000 Units ($3,000,000)
Price: $0.75 per Unit And $280,000 280,000 Common Shares and 280,000 Share Purchase Warrants Issuable upon the Exercise of Special Warrants
Underwriter(s) or Distributor(s):
Roche Securities Limited
Promoter(s):
Ian MacLellan
Project #421754

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 RS Disciplinary Notice - Garett Steven Prins

DISCIPLINARY NOTICE

April 1, 2003 **2003-002**

Person Disciplined

On April 1, 2003, a Hearing Panel of the Hearing Committee of Market Regulation Services Inc. ("RS") approved a settlement agreement (the "Settlement Agreement") concerning Garett Steven Prins.

Requirements Contravened

Under the terms of the Settlement Agreement, Mr. Prins admits that the following Requirements were contravened:

(a) On November 22, 2001, Mr. Prins acted contrary to just and equitable principles of trade in violation of Rule 7-106(1)(b) of the Rules of the Toronto Stock Exchange (the "Exchange") when he informed a registered trader at another Participating Organization, Frank Greco ("Greco"), of a client order to buy:

(i) shares of Alcan Inc., thereby enabling Greco to buy shares in this security which Mr. Prins then bought from Greco for the client order;

(ii) shares of Alberta Energy Co. Ltd., thereby enabling Greco to sell short shares in this security to Mr. Prins for the client order; and

(iii) shares of Bank of Nova Scotia, thereby enabling Greco to sell short shares in this security to Mr. Prins for the client order.

(b) On February 13, 2002, Mr. Prins acted contrary to just and equitable principles of trade in violation of Exchange Rule 7-106(1)(b) when he informed Greco of a client order to buy shares of Energy Savings Income Inc. Fund, thereby enabling Greco to buy shares in this security which Mr. Prins then bought from Greco for the client order.

(c) On March 12, 2002, Mr. Prins acted contrary to just and equitable principles of trade in violation of Exchange Rule 7-106(1)(b) when he informed Greco of a client order to buy shares of Kinross Gold Corp., thereby enabling Greco to buy shares in this security which Mr. Prins then bought from Greco for the client order.

(d) On May 15, 2002, Mr. Prins, with knowledge of a client order in Teck Cominco Ltd. Cl B that on entry could reasonably be expected to affect the market price of that security, prior to the entry of the client order, informed Greco, not in the necessary course of business, of the client order, contrary to Section 4.1(1)(c) of the Universal Market Integrity Rules ("UMIR").

(e) On May 17, 2002, Mr. Prins, with knowledge of a client order in Eldorado Gold Corp. that on entry could reasonably be expected to affect the market price of that security, prior to the entry of the client order, informed Greco, not in the necessary course of business, of the client order, contrary to UMIR 4.1(1)(c).

(f) On July 9, 2002, Mr. Prins, with knowledge of a client order in TVX Gold Inc. that on entry could reasonably be expected to affect the market price of that security, prior to the entry of the client order, informed Greco, not in the necessary course of business, of the client order, contrary to UMIR 4.1(1)(c).

(g) On the morning of July 18, 2002, Mr. Prins acted contrary to just and equitable principles in violation of UMIR 2.1(1) when he informed Greco of a client order to sell Bombardier Inc. thereby enabling Greco to sell short shares in Bombardier and to subsequently cover his position by buying from Mr. Prins' client order.

(h) In the afternoon of July 18, 2002, Mr. Prins, with knowledge of a client order in Bombardier Inc., acted contrary to just and equitable principles in violation of UMIR 2.1(1) when he informed Greco of a client order to sell Bombardier Inc. thereby enabling Greco to sell short shares in Bombardier and to subsequently cover his position by buying from Mr. Prins' client order.

(i) On November 22, 2001, Mr. Prins acted contrary to just and equitable principles in violation of Exchange Rule 7-106(1)(b) when he informed an inventory trader, Donald Greco, a registered trader at another Participating Organization, of a client order in Abitibi-Consolidated Inc., thereby enabling Donald Greco to buy shares in this security which Mr. Prins then bought from Donald Greco for the client order.

Sanctions Approved

Pursuant to the terms of the Settlement Agreement, Mr. Prins is required to:

(a) pay to RS a fine of $50,000;

(b) be suspended from access to the Exchange for three (3) months; and

(c) pay $15,000 towards the cost of RS's investigation.

Summary of Facts

In the period November 22, 2001 to July 18, 2002, Mr. Prins engaged in the conduct noted above. Six different clients were involved in the trades in question. Most were large institutional clients. The total losses sustained by the clients was approximately $3,500. There was no financial benefit to Mr. Prins.

Knowledge of a client order not yet entered into the marketplace is information not known by the marketplace in general. By a trader passing such information on to another trader and by that other trader taking advantage of that information to trade ahead of the client order, the integrity of the marketplace is harmed.

Following a review of findings of RS's investigation, RS has determined there are no grounds for any disciplinary proceedings against Sprott Securities Inc., which was Mr. Prins' employer at the time of the misconduct.

Further Information

Participants who require additional information should direct questions to Marie Oswald, Vice President, Investigations and Enforcement, Market Regulation Services Inc. at 416-646-7283.

About Market Regulation Services Inc.

Market Regulation Services Inc. ("RS") is the regulation services provider for Canadian equity markets including the TSX and TSX Venture Exchanges. RS has been recognized by the securities commissions of Ontario, Quebec, British Columbia, Alberta and Manitoba to regulate the trading of securities on these markets by participant firms and their trading and sales staff. RS is mandated to conduct its regulatory activities in a neutral, cost-effective, service-oriented and responsive manner.

ALEXANDER DASCHKO
VICE PRESIDENT
OPERATIONS AND GENERAL COUNSEL

13.1.2 The Toronto Stock Exchange Inc. Notice of Amendments and Commission Approval - Amendments to Rule 4-106 POSIT Call Market

THE TORONTO STOCK EXCHANGE INC. (TSX)
NOTICE OF AMENDMENTS
AND COMMISSION APPROVAL
AMENDMENTS TO RULE 4-106 POSIT CALL MARKET

On March 13, 2003, the Commission approved amendments to TSX Rule 4-106 POSIT Call Market. The amendments provide for an additional POSIT call time, at 9:50 a.m., and will clarify the circumstances under which a POSIT match will not be conducted when a particular security has been halted or delayed by the Exchange or a Market Surveillance Official. The amendment relating to the additional POSIT call time was initially published on January 3, 2003, at (2003) 26 OSCB 143. Two comment letters were received. A summary of comments received and the response of the TSX is attached to this notice.

The amendments clarifying the circumstances under which a POSIT match will not be conducted when a particular security has been halted or delayed by the Exchange or a Market Surveillance Official were made subsequent to the publication for comment of the original proposed amendments. The subsequent amendments were made to address the comment raised by Market Regulation Services Inc. Attached to this notice is a black lined version of the amendments, indicating the changes from the previously published version.

LIST OF COMMENTERS

1. Canadian Securities Traders Association ("CSTA")

2. Market Regulation Services Inc. ("RS")

SUMMARY OF COMMENT LETTERS AND TSX RESPONSES

ISSUE AND COMMENTER	PUBLIC COMMENT	TSX RESPONSE
CSTA	The commenter anticipates no problem with adding an additional match time at 9:50 a.m.	TSX agrees that the proposed 9:50 a.m. match time will enhance the functionality of POSIT and provide an additional liquidity source to investors.
	The commenter believes that the timing and number of matches should be determined by TSX and not be subject to the Request for Comment process.	TSX believes that, under the terms of the protocol between the Exchange and the OSC regarding rule proposals, the OSC should consider future changes or additions to POSIT match times to be non-material amendments to the Rules of the Exchange that are not subject to a public comment period.
	The commenter suggests that "pop-up" reminders should be issued shortly before POSIT matches occur. The commenter notes that, currently in the United States, service providers alert users of upcoming POSIT matches and believes that the same process would encourage the use and the success of the Canadian POSIT facility.	TSX is currently in the process of evaluating the implementation of "pop-up" reminders as an added functionality to POSIT.
RS	RS notes that currently TSX Rule 4-106 of the Exchange restricts the execution of a POSIT Order for a particular security if "trading in the particular security has been halted or delayed by the Exchange or a Market Surveillance Official". As the price at which POSIT Orders execute is the mid-point between the bid price and ask price on the Exchange, consideration may be given to providing that the security must be open for trading for a minimum period of time following any halt or delay in order to ensure that the displayed bid and ask prices properly reflect the market for that security. With an initial match at 9:50 a.m. RS believes that there is an increased possibility that trading in a particular security may have been delayed from the ordinary 9:30 a.m. opening due to order imbalances. RS notes that persons with POSIT Orders may not have sufficient time to adjust or cancel their orders in response to the prevailing market following the commencement of trading after a delay or halt.	TSX proposes to revise TSX Rule 4-106 to address the comments raised by RS. In particular, Rule 4-106(4)(b)(ii) will provide that a POSIT match for a security shall not be conducted if trading in the particular security has been halted or delayed at any time during the 5-minute period immediately preceding a POSIT match time. As indicated in proposed Rule 4-106(4)(b)(i), a POSIT match for a security would not be excluded simply because a "freeze" parameter had been triggered in such security during the 5-minute period immediately preceding a POSIT match time. RS has been consulted and agrees with the proposed drafting changes.

THE RULES

OF

THE TORONTO STOCK EXCHANGE

The Rules of the Toronto Stock Exchange are hereby amended as follows:

1. Rule 4-106(1) shall be deleted and replaced with the following:

   Establishment of Times for POSIT Calls – Unless otherwise prescribed, a POSIT Call shall occur on each Trading Day at:

   (a) 9:50 a.m.

   (b) 10:30 a.m.

   (c) 2:30 p.m.

2. Rule 4-106(4) shall be deleted and replaced with the following:

   Restrictions on Execution - A POSIT Order for a particular security shall not execute if at the POSIT Match Time:

   (a) trades in the security are subject to special settlement rules issued by the Exchange in accordance with Rule 5-103(2);

   (b) trading in the particular security has been halted or delayed ~~by the Exchange or a Market Surveillance Official; or~~:

      (i) by the Exchange at the POSIT Match Time, or

      (ii) by a Market Surveillance Official at any time during the 5-minute period immediately preceding the POSIT Match Time; or

   (c) there is not both an ask price and a bid price for the security.

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Chapter 25

Other Information

25.1 Approvals

25.1.1 Paradigm Alternative Asset Management Inc. - cl. 213(3)(b) of the LTCA

Headnote

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

Statues Cited

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

March 28, 2003

McMillan Binch LLP
Suite 3500
South Tower, Royal Bank Plaza
Toronto, Ontario M5J 2J7

Dear Shahen Mirakian:

Re: Application by Paradigm Alternative Asset Management Inc. (the "Paradigm") for approval to act as trustee of two mutual fund trusts and of other mutual fund trusts to be established by Paradigm and Paradigm Asset Management Inc. (the "Manager") from time to time (the "Pooled Funds"). App. No. # 03/157

Further to the application dated March 12, 2003 (the "Application") filed on behalf of Paradigm, and based on the facts set out in the Application, pursuant to the authority conferred on the Ontario Securities Commission (the "Commission") in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Paradigm act as trustee of the Pooled Funds, in which the Manager is the manager and Paradigm is the adviser.

"Howard I. Wetston" "Mary Theresa McLeod"

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