The Ontario Securities Commission

OSC Bulletin

May 9, 2003

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

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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

MAY 9, 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
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20 Queen Street West
Toronto, Ontario
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Howard I. Wetston, Q.C., Vice-Chair	—	HIW
Kerry D. Adams, FCA	—	KDA
Derek Brown	—	DB
Robert W. Davis, FCA	—	RWD
Harold P. Hands	—	HPH
Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
H. Lorne Morphy, Q.C.	—	HLM
Robert L. Shirriff, Q.C.	—	RLS

SCHEDULED OSC HEARINGS

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
May 12, 2003	**Michael Tibollo**
10:00 a.m.	s. 127
	T. Pratt in attendance for Staff
	Panel: PMM
May 13, 2003	**The Farini Companies Inc., and Darryl Harris**
2:00 p.m.	s. 127
	A. Clark in attendance for Staff
	Panel: PMM/KDA
May 15, 2003	**Trafalgar Associates Limited and Edward Furtak**
10:30 a.m.	s. 127
	T. Pratt in attendance for Staff
	Panel: HLM/RLS/KDA

May 16, 2003 10:00 a.m.	**Andrew Keith Lech** s. 127 A. Clark in attendance for Staff Panel: PMM/HLM/DB
May 28 to 30, 2003 10:00 a.m.	**First Federal Capital (Canada) Corporation and Monte Morris Friesner** s. 127 A. Clark in attendance for Staff Panel: PMM/MTM/HPH
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/KDA
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: HLM/HPH * BMO settled Sept. 23/02 + April 29, 2003
October 7 to 10, 2003	**Gregory Hyrniw and Walter Hyrniw** s. 127 Y. Chisholm in attendance for Staff Panel: TBA

ADJOURNED SINE DIE

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

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

M.C.J.C. Holdings Inc. and Michael Cowpland

Ricardo Molinari, Ashley Cooper, Thomas Stevenson, Marshall Sone, Fred Elliott, Elliott Management Inc. and Amber Coast Resort Corporation

Philip Services Corporation

S. B. McLaughlin

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

1.1.2 OSC Staff Notice 31-708, National Registration Database (NRD) Filing Deadlines Extended

ONTARIO SECURITIES COMMISSION
STAFF NOTICE 31-708
NATIONAL REGISTRATION DATABASE (NRD)
FILING DEADLINES EXTENDED

Registrants have indicated to staff that in some cases the quality of the data converted from the Commission's internal registration system to NRD is poor. Staff very much regrets this and is attempting to relieve the burden this has placed on registrants in two ways.

First, staff will extend some of the deadlines in the transition sections of the NRD and Registration Information rules. Specifically, staff will not take any action against firms or individuals that make NRD submissions under the following sections after the time required in the sections so long as the filing is made on or before September 30, 2003:

(a) section 7.4, section 7.6, and paragraph 7.9(1)(a) of Multilateral Instrument 31-102;

(b) section 7.4, section 7.6, and paragraph 7.9(1)(a) of OSC Rule 31-509 (*Commodity Futures Act*);

(c) paragraph 8.2(a), paragraph 8.2(c), section 8.3, and section 8.4 of Multilateral Instrument 33-109; and

(d) paragraph 8.2(a), paragraph 8.2(c), section 8.3, and section 8.4 of OSC Rule 33-506 (*Commodity Futures Act*).

Second, staff is investigating whether registration categories and officer titles that have been loaded incorrectly to NRD can be reloaded properly without industry involvement. Given this, registrants may want to focus on transition issues other than correcting these data conversion errors. We will use www.NRD-info.ca to provide updates on any progress we are able to make on this issue.

During the implementation of NRD, registrants may encounter situations that create undue burden and require exemptive relief. Staff recognizes this and will attempt to assist registrants when possible.

Questions

Please refer your questions to any of:

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David Gilkes
Manager
Registrant Regulation
Ontario Securities Commission
(416) 593-8104
dgilkes@osc.gov.on.ca

May 9, 2003.

1.1.3 Approval of Amendments to MFDA By-law 1 – Ombudservice for Banking Services and Investments – Notice of Commission Approval

AMENDMENTS TO MFDA BY-LAW 1 – OMBUDSERVICE FOR BANKING SERVICES AND INVESTMENTS

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved amendments to MFDA By-law 1 regarding the Ombudservice for Banking Services and Investments. In addition, the Saskatchewan Securities Commission and the Alberta Securities Commission approved, and the British Columbia Securities Commission did not object to these amendments. The purpose of the amendments is to mandate the Mutual Fund Dealers Association (the "MFDA") members to participate in, to co-operate with, and to provide their clients with information on the Ombudsman for Banking Services and Investments. A copy and description of these amendments were published on November 15, 2002 at (2002) 25 OSCB 7742. Since the proposal was published, the MFDA resubmitted the proposal to replace the term "ombudsman" with the gender-neutral term "ombudsperson", and the MFDA received two public comments. A summary of these comments, together with the MFDA's responses, is contained in Appendix "A" of this Notice.

APPENDIX "A"

SUMMARY OF PUBLIC COMMENTS RESPECTING PROPOSED MFDA BY-LAW AMENDMENT MANDATING PARTICIPATION IN AN OMBUDSERVICE AND RESPONSE OF THE MFDA

On November 15, 2002, the Ontario Securities Commission published for public comment an MFDA proposal to amend the MFDA By-Law No. 1 by adding a new provision, Section 24A, dealing with an ombudservice for clients of MFDA members (the "**Proposed MFDA Ombudservice By-Law Amendment**"). The MFDA proposal was published in Volume 25, Issue 46 of the Ontario Securities Commission Bulletin, dated November 15, 2002.

The public comment period expired on December 15, 2002.

Two submissions were received during the public comment period:

1. BMO Mutual Funds
2. Manulife Financial

Copies of comment submissions may be viewed at the offices of the MFDA, 121 King Street West, Suite 1600, Toronto, Ontario by contacting Laurie Gillett, Corporate Secretary and Membership Services Manager, (416) 943-5827.

The following is a summary of the comments received, together with the MFDA's responses.

Disclosure of the Ombudservice to New Clients When an Account is Opened

One commentator supported the intention of the MFDA to generally promote investor protection and public confidence in capital markets. They supported the proposed new requirement that written material describing the ombudservice be provided to clients who make a written complaint to the MFDA member. However, the commentator expressed concern about the proposed new requirement that new clients also be provided with a copy of the written material that describes the ombudservice. The commentator suggested that this duplication of disclosure would result in increased financial and administrative costs for MFDA members. The commentator suggested that the disclosure requirement should be simplified by requiring disclosure of the ombudservice only on the occurrence of a written complaint. In this way, clients who might most need the information about the ombudservice, namely complainants, would receive that information at the most relevant time, namely at the time their complaint has escalated to the point where it is reduced to writing.

MFDA Response:

The existence of an ombudservice for the benefit of clients of mutual fund dealer is a new investor protection development. It will enhance public confidence in the integrity of the capital market by transparently assuring clients, at the commencement of their relationship with a registered mutual fund dealer, that there is an independent body that may be called upon if some unforeseen or unexpected problem or difficulty arises in the future. The most convenient time to make this disclosure is at the time an account is opened. The MFDA does not believe it would be in the public interest to eliminate the requirement to make the proposed disclosure to new clients.

Ombudservice Not Extending to Insurance Sector and Duplication of Ombudservices

One commentator noted that some financial services firms are active in banking, insurance and mutual funds and, consequently, a client complaint directed at an agent of such an integrated firm could involve multiple financial service sectors. Integrated firms might therefore be required to participate in overlapping or multiple ombudservices. In particular, the commentator questioned whether the ombudservice offered by the Canadian Life and Health Insurance Association is to be approved by the MFDA Board of Directors under the Proposed MFDA Ombudservice By-Law Amendment. The commentator asked whether the foregoing issue has been taken into consideration in the proposed By-Law or in a list of ombudservice providers that might be approved by the MFDA Board of Directors.

MFDA Response

The Ombudsman for Banking Services and Investments ("OBSI") is an ombudservice created by the former Canadian Banking Ombudsman and the MFDA, the Investment Dealers Association of Canada, and the Investment Funds Institute of Canada. OBSI serves clients of banks, member firms of the MFDA, IDA and IFIC, and most federally regulated trust and loan companies. The MFDA does not regulate activities of the life and property and casualty insurance industries, which have their own ombudservices: the Canadian Life and Health Insurance OmbudService and the General Insurance OmbudService. As some MFDA Approved Persons are able to conduct insurance business, the circumstances identified by the commentator may arise. While it is not expected that the MFDA Board of Directors will approve industry ombudservices in addition to OBSI, this issue may be addressed in OBSI's terms of reference, as we understand that OBSI is considering providing for cooperation with other industry ombudservices and the ability to make joint recommendations.

1.1.4 Notice of Correction to OSC Notice 11-727 Assignment of Notice Numbers

NOTICE OF CORRECTION TO ONTARIO SECURITIES COMMISSION NOTICE 11-727 ASSIGNMENT OF NOTICE NUMBERS

Staff Accounting Communiqué (SAC) Notice 5 - *Filing Extensions for Continuous Disclosure Financial Statements* (15 OSCB 1913), as listed in the above notice was incorrectly renumbered on page 2319 in Chapter 1 of the OSC Bulletin, Volume 26, Issue 12 dated March 21, 2003. The correct reclassification number is OSC Notice 52-716. The assignment of this new number is effective immediately.

1.1.5 Notice of Correction to OSC Staff Notice 11-728 Withdrawal of Staff Notices

NOTICE OF CORRECTION TO ONTARIO SECURITIES COMMISSION STAFF NOTICE 11-728 WITHDRAWAL OF STAFF NOTICES

Ontario Securities Commission Notice - *Office of the Chief Accountant: Report on the Review Program* (11 OSCB 4277) was incorrectly referenced in the above notice on page 2321 in Chapter 1 of the OSC Bulletin, Volume 26, Issue 12 dated March 21, 2003. The correct reference is OSC Notice 52-710 *Office of the Chief Accountant: Report on the Review Program* (11 OSCB 4277). The notice was withdrawn on March 21, 2003.

1.1.6 CSA Notice 55-311 System for Electronic Disclosure by Insiders (SEDI) – Issuer Profile Supplement Filing Requirement

CANADIAN SECURITIES ADMINISTRATORS NOTICE 55-311

SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI) – ISSUER PROFILE SUPPLEMENT FILING REQUIREMENT

The Canadian Securities Administrators (CSA) are publishing this notice as required under the new Part 9 of National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*, as amended (National Instrument). SEDI replaces paper-based reporting of insider trading data for insiders of SEDI issuers. This notice informs issuers that are SEDI issuers existing before May 30, 2003 that they must file an issuer profile supplement over the Internet on SEDI using the SEDI web site, www.sedi.ca, by May 30, 2003. SEDI issuers are reporting issuers, other than mutual funds, that are required to file disclosure documents in electronic format through the System for Electronic Document Analysis and Retrieval (SEDAR) – essentially all Canadian public companies.

From October 29, 2001 to January 31, 2002, SEDI was operational, but was then suspended due to technical problems. However, data filed and collected on SEDI during this period is not available because of those problems. Therefore, even if you registered as a SEDI user and filed an issuer profile supplement on SEDI during this period, you will have to register and file a current issuer profile supplement by May 30, 2003. We apologize for this inconvenience to SEDI issuers (or their agents) who registered and filed data on SEDI during this period.

Therefore, SEDI issuers can now immediately begin registering and filing on SEDI. They must file an accurate and complete issuer profile supplement by May 30, 2003 (or have an agent do this), so that, starting on June 9, 2003, their insiders can file accurate and timely insider trade reports on SEDI. Any issuer that becomes a SEDI issuer on or after May 30, 2003 will have three business days to file its SEDI issuer profile supplement.

Please refer to CSA Staff Notice 55-309 *Launch of the System for Electronic Disclosure by Insiders (SEDI) and Other Insider Reporting Matters* (Notice 55-309). Amongst other things, Notice 55-309 sets out details about the SEDI launch, including this requirement for SEDI issuers to file an issuer profile supplement as well as the filing requirements for insiders.

How to Contact Us:

For further information, please contact any of the following:

Alberta Securities Commission
Agnes Lau, Deputy Director, Capital Markets: (403) 297-8049 - agnes.lau@seccom.ab.ca
Kathy Blevins, Legal Counsel: (403) 297-3308 - kathleen.blevins@seccom.ab.ca

British Columbia Securities Commission
Andrew Richardson, Manager, Finance and Corporate Analysis: (604) 899-6730 – or
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Commission des valeurs mobilières du Québec
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Ontario Securities Commission
Cynthia Rogers, Senior Legal Counsel, Corporate Finance: (416) 593-8261 crogers@osc.gov.on.ca
Kelly Gorman, Senior Accountant: (416) 593-8251 - kgorman@osc.gov.on.ca
Winnie Sanjoto, Legal Counsel, Corporate Finance: (416) 593-8119 - wsanjoto@osc.gov.on.ca

May 6, 2003.

1.2 Notices of Hearing

1.2.1 Trafalgar Associates Limited and Edward Furtak - ss. 127 and 127.1

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

AND

**IN THE MATTER OF
TRAFALGAR ASSOCIATES LIMITED
AND EDWARD FURTAK**

**NOTICE OF HEARING
(Section 127 and 127.1)**

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act,* R.S.O. 1990, c. S.5, as amended (the "Act") in the Main Hearing Room, 17th Floor, 20 Queen Street West, Toronto, on May 15, 2003 at 10:00 a.m., or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing will be for the Commission to consider whether to approve the proposed settlement of the proceeding entered into between Staff of the Commission and the respondents Trafalgar Associates Limited and Edward Furtak;

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

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

May 1, 2003.

"John Stevenson"

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

AND

**IN THE MATTER OF
TRAFALGAR ASSOCIATES LIMITED
AND EDWARD FURTAK**

**STATEMENT OF ALLEGATIONS
OF STAFF OF THE
ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission ("Staff") makes the following allegations:

The Respondents

1. The respondent Trafalgar Associates Limited ("Trafalgar") is a company incorporated under the laws of Ontario. Trafalgar is a wholly-owned subsidiary of the Trafalgar Group of companies.

2. During the material time, Trafalgar was registered with the Ontario Securities Commission (the "Commission") pursuant to the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act") as a limited market dealer.

3. The respondent Edward Furtak ("Furtak") is a Canadian citizen residing in Bermuda. Furtak is the President of the Trafalgar Group and Trafalgar.

4. Furtak is also the Chair and President of Conexys Corporation Limited, formerly FaxForward International Ltd. ("Conexys"). Conexys trades on the Bermuda Stock Exchange under the symbol CXYS.BH.

5. During the material time, Furtak was not registered with the Commission.

Distributions of FFWD-1998 Limited Partnership Units

6. In or about April 1998, Trafalgar and Furtak established FFWD-98 Limited Partnership ("FFWD-98"). FFWD-98 entered into a services agreement with Conexys. Conexys was developing fax technology that it intended to market to corporations in Bermuda and Canada.

7. Units in FFWD-98 were offered exclusively to residents of Ontario through an Offering Memorandum dated April 30, 1998 (the "OM"). According to the OM, a maximum of 1,000 units was offered at $5,000 per unit.

8. Units in FFWD-98 were sold to ten Ontario investors for a total amount sold of $220,000. Trafalgar, through Furtak, sold $150,000 worth of the FFWD-98 units to one client (the "Client").

The remaining investors purchased between $5,000 and $10,000 worth of FFWD-98 from registered salespeople who were not employees of Trafalgar.

9. FFWD-98 did not file a preliminary prospectus or prospectus with the Commission. Trafalgar and Furtak traded in securities, which trades were distributions, without a prospectus being filed or receipted by the Commission and with no exemption from the prospectus requirements of Ontario securities law being available for such distributions.

10. The FFWD-98 units offering was advertised on the Trafalgar Group's website and in at least one Toronto newspaper. Selling commissions relating to the sale of FFWD-98 units to the Client and promotional expenses were paid to Trafalgar.

11. Although ultimately Form 20's respecting the sale of FFWD-98 units were filed with the Commission, they were not filed in accordance with the Act.

Conversion of FFWD-98 Units

12. Ultimately, the FFWD-98 units were converted to Conexys shares. In or about May 1999, Conexys elected to terminate its services agreement with FFWD-98. Accordingly, Conexys was obliged to, and did, purchase all units at the price of 2,300 Conexys shares for each FFWD-98 unit.

13. In converting the FFWD-98 units to Conexys shares, Trafalgar and Furtak sold securities in a publicly listed company when they were not registered by the Commission to do so.

14. Further, no preliminary prospectus and prospectus was filed and receipted by the Commission and no prospectus exemption was available for such distributions.

15. FFWD-98 unitholders were not provided with access to substantially the same information concerning the Conexys shares that a prospectus filed under the Act would provide. Although the OM referenced a potential conversion, it provided no information about Conexys' business and financial condition. Trafalgar and Furtak did not supplement this information for their clients.

Advertising and Holding Out

16. Contrary to section 44 of the Act, Trafalgar advertised on its website that it was registered as a limited market dealer with the Commission.

17. In the Spring of 2000, Trafalgar held itself out as being registered with the Commission when it was not registered contrary to section 45 of the Act.

Unregistered Selling by Furtak

18. Although he was not registered to do so, Furtak sold $150,000 worth of the FFWD-98 units to the Client in May 1998. At the time of the investment, Furtak's client was in his early 80's.

19. Subsequently, Furtak sold to the Client an interest in a software licensing agreement, the cost of which was $90,000 cash and a $210,000 promissory note. The licensing agreement locked in the octogenarian's money for ten years.

20. The investments described in paragraphs 18 and 19 above were unsuitable for the Client.

21. Trafalgar's and Furtak's conduct, as described in paragraphs 6 through 20 above, was contrary to Ontario securities law and the public interest.

22. Such other allegations as Staff may make and the Commission may permit.

May 1, 2003.

1.3 News Releases

1.3.1 OSC Orders Sanctions Against Brian K. Costello

FOR IMMEDIATE RELEASE
April 30, 2003

OSC ORDERS SANCTIONS AGAINST BRIAN K. COSTELLO

TORONTO – An Ontario Securities Commission tribunal today issued reasons for sanctions ordered against Brian K. Costello. The eleven and a half day hearing took place between November 11, 2002 and March 31, 2003.

The panel found that the essence of the case was that Costello had acted as an adviser without being registered, as he should have been, and that he did not disclose information that he should have disclosed concerning his conflicts of interest. The panel found that Costello had not complied with Ontario securities law and had acted contrary to the public interest by engaging in these activities.

The evidence repeatedly showed that a principal purpose of Costello's seminars was lead generation. The standard routine used by Costello included collecting names of participants and distributing marketing material to them, and incorporated various marketing techniques of which consumers and investors should be wary at "educational seminars". The panel, chaired by Paul Moore, OSC Vice-Chair, found that "good educational material should be balanced and free from marketing bias. It should not serve as bait to lead the unsuspecting to specific securities or service providers."

"It would be a disservice to investors, and undermine the efforts of conscientious educators, for us to endorse the view presented by counsel for Costello that Costello's seminars were primarily educational in nature," said the panel.

The Commission ordered that:

(i) The registration exemption in Section 34 (d) of the Ontario *Securities Act* for a publisher or writer of a newspaper, newsletter or financial publication shall not be available to Costello for a period of five years;

(ii) Costello submit to a review of his practices and procedures as an adviser during the period from November 11, 2002, being the date of the commencement of the hearing, to April 29, 2003;

(iii) Costello be reprimanded; and

(iv) Costello pay $300,000 of the costs of the Commission in investigating his affairs and the costs of or related to conducting the hearing.

"The review we are ordering will determine if he has ceased to be a registrant, and if not, what changes should be instituted regarding his practices and procedures," said the panel. Further, "if Costello gives advice regarding specific securities in an isolated instance at a future time, it would be appropriate for the Commission to take into account his past practices, including those at issue in this case, in determining whether at such future time he was engaging in the business of advising others. One incident would not be looked at in isolation from what he has been doing in the past."

Copies of the Order and the Reasons for Decision are available at **www.osc.gov.on.ca**.

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

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

1.3.2 OSC Approves the Settlement Between Staff and John Steven Hawkyard

FOR IMMEDIATE RELEASE
April 30, 2003

OSC APPROVES THE SETTLEMENT BETWEEN STAFF AND JOHN STEVEN HAWKYARD

TORONTO – On April 29, the Commission approved the settlement reached between Staff of the Commission and the respondent John Steven Hawkyard.

Hawkyard was initially the Manager of the Bank of Montreal – Private Banking Services Branch and later moved to BMO Nesbitt Burns Inc. When at Nesbitt, Hawkyard was registered with the Commission. The Nesbitt branch was located in the same building and adjacent to the Bank of Montreal branch.

Hawkyard, while employed at the Bank of Montreal and later at Nesbitt, at the request of John Dunn, prepared and signed letters that contained inaccurate representations and caused another Bank of Montreal employee to prepare and sign these letters. Hawkyard agreed that he acted contrary to the public interest by engaging in this conduct. Dunn is a Respondent and Branch Manager at Nesbitt.

The Commission suspended the registration of Hawkyard for a period of 12 months. As a condition precedent to the reinstatement of his registration, Hawkyard undertook to successfully complete the Ethics Seminar of the Compliance Program, a course offered by the Canadian Securities Institute. The Commission also reprimanded Hawkyard.

On September 23, 2002, the Commission had approved the settlement agreement reached between Staff of the Commission and BMO Nesbitt Burns Inc.

A copy of the Commission's Order and the Settlement Agreement between Staff and Hawkyard are available on the Commission's website **www.osc.gov.ca**.

For Media Inquiries: Eric Pelletier
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1-877-785-1555 (Toll Free)

1.3.3 OSC Issues Temporary Cease Trade Order Against Andrew Keith Lech

FOR IMMEDIATE RELEASE
May 2, 2003

OSC ISSUES TEMPORARY CEASE TRADE ORDER AGAINST ANDREW KEITH LECH

TORONTO – The Ontario Securities Commission yesterday issued a temporary order prohibiting trading in any securities by Andrew Keith Lech for a period of fifteen days.

The temporary order identifies that Mr. Lech, who resides in Peterborough, Ontario, is under investigation by Staff of the Commission for his current investment activities. The order indicates that Mr. Lech may be conducting certain of these activities through intermediaries who collect funds on his behalf.

The order also indicates that Mr. Lech may be trading in securities without registration, advising in securities without registration, engaging in an illegal distribution of securities and making prohibited representations concerning the future value of securities.

Copies of the temporary order are available on the Commission's website at **www.osc.gov.on.ca**.

For Media Inquiries: Frank Switzer
Director, Communications
416-593-8120

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

1.3.4 OSC to Consider a Settlement Between Staff and Trafalgar Associates Limited and Edward Furtak

FOR IMMEDIATE RELEASE
May 2, 2003

OSC TO CONSIDER A SETTLEMENT BETWEEN STAFF AND TRAFALGAR ASSOCIATES LIMITED AND EDWARD FURTAK

TORONTO – On May 15, 2003 at 10:00 a.m., the Commission will convene a hearing to consider a settlement reached by Staff of the Commission and the respondents Trafalgar Associates Limited ("Trafalgar") and Edward Furtak ("Furtak").

During the material time, Trafalgar was registered with the Commission as a limited market dealer. Furtak was not registered with the Commission. Staff alleges that, among other things, Trafalgar and Furtak participated in the illegal distributions of units in the FFWD-98 Limited Partnership and shares in the Conexys Corporation Limited, formerly FaxForward International Ltd. Staff further alleges that Furtak engaged in unregistered trading.

The terms of the Settlement Agreement are confidential until approved by the Commission. The hearing is open to the public except as may be required for the discussion of confidential matters.

Copies of the Notice of Hearing issued May 1, 2003 and the Statement of Allegations are available on the Commission's website at **www.osc.gov.on.ca**.

For Media Inquiries: Frank Switzer
Director, Communications
416-593-8120

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

1.3.5 Margo Paul Appointed Director of OSC's Corporate Finance Branch

FOR IMMEDIATE RELEASE
May 6, 2003

MARGO PAUL APPOINTED DIRECTOR OF OSC'S CORPORATE FINANCE BRANCH

Toronto – Margo Paul has been appointed Director of the Corporate Finance Branch of the Ontario Securities Commission (OSC), Executive Director Charles Macfarlane announced today.

"Margo has risen through the ranks of the OSC in her near-ten year career with us," Mr. Macfarlane said. "Quite fittingly, she will now lead the branch which she initially joined, and where she served in various functions for most of her OSC career. Margo has been in the Director role on an acting basis for quite some time now. She has certainly demonstrated her ability to manage the branch during a period in which staff were called upon to meet the challenges of a very heavy policy development agenda."

Prior to joining the Commission in 1994, Ms. Paul practised corporate and securities law. She received a business degree and a law degree from The University of Western Ontario and a Masters degree in law from Dalhousie University. She was called to the Ontario bar in 1988.

"I extend a great degree of credit for Corporate Finance's success in the last year to the branch's very strong management team and highly-specialized staff," said Ms. Paul. "Given the tasks that the commission will set for itself in the coming year, I know I will continue to count on our staff's dedication to meet the upcoming challenges as we continue to build on the OSC's investor confidence initiatives."

The Corporate Finance Branch is comprised of 80 staff, half of whom are members of the law or accounting professions, with the balance made up of administrators. Responsible for the regulation of public companies, the branch oversees offerings, continuous-disclosure filings, take-over bids, as well as mergers and acquisitions.

The previous Corporate Finance Director, Kathy Soden, had left the OSC on parental leave and has since decided to give up her role as Director to devote herself to her role as parent. "Kathy has been a very valuable part of our management team and we will miss her contribution and her company," said Macfarlane. "However, given her talents and contacts, we have no doubt that we will cross paths in the near future."

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)

1.3.6 CSA News Release - SEDI Issuer Profile Supplement Filing Requirement

For Immediate Release
May 6, 2003

SEDI ISSUER PROFILE SUPPLEMENT FILING REQUIREMENT

Toronto – Public companies, other than mutual funds, must now register on the System for Electronic Disclosure by Insiders (SEDI) and file issuer profile supplements. The 24-hour online disclosure system requires that reporting issuers register with SEDI and file such information between May 5 and 30th.

The Canadian Securities Administrators (CSA) published a notice today as required under the new Part 9 of National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI), as amended. SEDI replaces paper-based reporting of insider trading data for insiders of SEDI issuers. This notice informs issuers that are SEDI issuers existing before May 30, 2003 that they must file an issuer profile supplement over the Internet on SEDI using the SEDI web site, www.sedi.ca, by May 30, 2003.

SEDI issuers are reporting issuers, other than mutual funds, that are required to file disclosure documents in electronic format through the System for Electronic Document Analysis and Retrieval (SEDAR) – essentially all Canadian public companies.

From October 29, 2001 to January 31, 2002, SEDI was operational, but was then suspended due to technical problems. However, data filed and collected on SEDI during this period is not available because of those problems. Therefore, even if SEDI users registered and filed an issuer profile supplement on SEDI during this period, they will have to register and file a current issuer profile supplement by May 30, 2003. We apologize for this inconvenience to SEDI issuers (or their agents) who registered and filed data on SEDI during this period.

Therefore, SEDI issuers can now immediately begin registering and filing their issuer profile supplements on SEDI. They must file an accurate and complete issuer profile supplement by May 30, 2003 (or have an agent do this), so that, starting on June 9, 2003, their insiders can file accurate and timely insider trade reports on SEDI. Any issuer that becomes a SEDI issuer on or after May 30, 2003 will have three business days to file its SEDI issuer profile supplement.

Please refer to CSA Staff Notice 55-309 *Launch of the System for Electronic Disclosure by Insiders (SEDI) and Other Insider Reporting Matters* (Notice 55-309). Amongst other things, Notice 55-309 sets out details about the SEDI launch, including this requirement for SEDI issuers to file an issuer profile supplement as well as the filing requirements for insiders.

SEDI, an initiative of the CSA, an umbrella organization of the 13 provincial and territorial securities regulators, will bring faster and better public access to data on insider trades by making the information available electronically, virtually the minute it is filed.

The SEDI system was developed for the CSA by CDS INC., a subsidiary of the Canadian Depository for Securities Limited, which also operates SEDAR and the National Registration Database (NRD).

Media relations contacts:

Joni Delaurier
Alberta Securities Commission
403-297-4481
www.albertasecurities.com

Andy Poon
B.C. Securities Commission
604- 899-6880
1-800-373-6393 (B.C. & Alberta only)
www.bcsc.bc.ca

Ainsley Cunningham
Manitoba Securities Commission
204-945-4733
1-800-655-5244 (Manitoba only)
www.msc.gov.mb.ca

Eric Pelletier
Ontario Securities Commission
416-595-8913
www.osc.gov.on.ca

Barbara Timmins
Commission des valeurs mobilières du Québec
514-940-2176
1-800-361-5072 (Quebec only)
www.cvmq.com

1.3.7 OSC Adjourns M.C.J.C. Holdings Inc. and Michael Cowpland

FOR IMMEDIATE RELEASE
May 7, 2003

OSC ADJOURNS
M.C.J.C. HOLDINGS INC. AND MICHAEL COWPLAND

TORONTO – The Ontario Securities Commission has adjourned the hearing of the matter of M.C.J.C. Holdings Inc. and Michael Cowpland.

The hearing was scheduled to commence on May 20, 2003 and proceed until June 20, 2003. A new hearing date will be rescheduled as expeditiously as possible.

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)

1.3.8 In the Matter of Gregory Hryniw and Walter Hryniw

FOR IMMEDIATE RELEASE
May 7, 2003

IN THE MATTER OF GREGORY HRYNIW
AND WALTER HRYNIW

TORONTO – The Ontario Securities Commission has scheduled the hearing in this matter for October 7-10, 2003, in the Large Hearing Room, 17th Floor, 20 Queen Street West, Toronto.

A copy of the Notice of Hearing and Statement of Allegations are available from the Commission's website at **www.osc.gov.on.ca**.

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

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

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 4141377 Canada Inc. - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF
4141377 CANADA INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Ontario, Québec, Nova Scotia, Newfoundland and Labrador (the "Jurisdictions") has received application from 4141377 Canada Inc. ("4141377" or the "Corporation") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that 4141377 be deemed to have ceased to be a reporting issuer or the equivalent under the Legislation;

AND WHEREAS pursuant to the Mutual Reliance Review Systems For Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the Principal Regulator for this application;

AND WHEREAS it has been represented by 4141377 that:

1. the Corporation is the corporate entity resulting from the amalgamation of Elk Point Resources Inc. ("Elk Point") and 3967336 Canada Inc. ("AcquisitonCo") effective January 28, 2003, which formed part of a larger plan of arrangement (the "Arrangement") as described below under Section 184 of the *Canada Business Corporations Act* (the "CBCA"). The head office and registered office of the Corporation is located at Burnet, Duckworth & Palmer LLP, 1400, 350 – 7th Avenue S.W., Calgary, Alberta, T2P 3N9;

2. on December 17, 2002, Elk Point mailed to holders of common shares ("Common Shares") and options ("Options") of Elk Point a Notice of Special Meeting and Notice of Petition and Information Circular (the "Information Circular"), which outlined the terms and sought approval of a plan of arrangement ("Plan of Arrangement") under Section 192 of the CBCA involving Elk Point, Burmis Energy Inc. ("Burmis"), Acclaim Energy Trust ("Acclaim") and AcquisitionCo.;

3. the Arrangement was approved by holders of Common Shares and Options and the Court of Queen's Bench of Alberta on January 28, 2003. Articles of Arrangement were filed on behalf of Elk Point on January 28, 2003;

4. under the terms of the Arrangement, AcquisitionCo acquired each Common Share in exchange for, at the holder's election: (i) 0.95 of a trust unit of Acclaim, (ii) $3.70 cash, or (iii) a combination thereof, such consideration to be prorated in the event holders of Common Shares elect to receive in the aggregate greater than $15,000,000 cash or 26,293,160 trust units of Acclaim, plus one-half of one share of Burmis Energy Inc. Burmis Energy Inc. acquired Elk Point's United States and certain minor Canadian properties prior to closing. Holders of Options to purchase Common Shares outstanding as at the effective date of the Arrangement received a cash payment per Option in an amount equal to $0.05. Pursuant to the Arrangement, Acclaim issued 26,293,160 trust units and approximately $10.9 million in cash in exchange for all of the Common Shares. Acclaim also assumed Elk Point's net total debt in the approximate amount of $56 million;

5. pursuant to the Arrangement, Elk Point and AcquisitionCo amalgamated to form the Corporation. The Corporation is currently in the process of continuing into Alberta;

6. the Corporation is authorized to issue an unlimited number of Common Shares, all of which are owned by Acclaim. The Common Shares were delisted from the Toronto Stock Exchange (the

"TSE") at the close of trading on January 30, 2003;

7. the Corporation has no other securities, including debt securities, outstanding;

8. the Corporation does not intend to seek public financing by way of an offering of its securities;

9. the Corporation is not in default of any obligations under the Act as a reporting issuer;

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 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 4141377 is deemed to have ceased to be a reporting issuer or the equivalent under the Legislation.

April 15, 2003.

"Patricia M. Johnston"

2.1.2 Sanford C. Bernstein & Co., LLC - Director's Decision

IN THE MATTER OF
SECTION 139 OF R.R.O. 1990, REGULATION 1015
MADE UNDER THE SECURITIES ACT (ONTARIO)

AND

IN THE MATTER OF
SANFORD C. BERNSTEIN & CO., LLC

HEARD ON: April 28, 2003

HEARD AT: Ontario Securities Commission
20 Queen Street West
18th Floor
Toronto, Ontario

HEARD BEFORE: Randee B. Pavalow

DIRECTOR'S DECISION

By letter dated April 9, 2003,Marrianne Bridge, as Manager, Compliance, advised the registrant, Sanford C. Bernstein & Co., LLC, that it was two days late in filing is audited financial statements for the year ended December 31, 2002 with the Ontario Securities Commission (the "Commission"). The registrant was advised that staff was of the view that its registration as a international dealer non-Canadian adviser, investment counsel/portfolio manager and commodity trading manager non-resident should be restricted by the imposition of terms and conditions (as attached to the letter). In the April 9, 2003 letter, the registrant was asked to advise staff whether it accepted the terms and conditions outlined in the letter. If not, the registrant was advised that it could avail itself of the opportunity to be heard by a Director pursuant to section 26(3) of the Act. If the registrant intended to exercise this opportunity, it was asked to provide written notice to the Manager, Compliance. By letter dated April 22, 2003, the registrant provided its formal request for the Commission to remove the proposed terms and conditions for the following reasons:

1. Bernstein is registered as an investment adviser and dealer with the U.S. Securities and Exchange Commission (SEC) and files with the SEC audited financial statement prepared in accordance with generally accepted accounting principles in the U.S. (US GAAP).

2. The late filing occurred because of the time it takes to prepare the financial statements and then obtain Canadian GAAP reconciliation.

3. The financial statements were sent by Federal Express on March 31,2003, and Bernstein was not aware that it could have also faxed the financial statements to make the deadline.

4. Bernstein is a non-Canadian adviser and different considerations should apply.

5. The terms and conditions are not relevant for a registered adviser.

The filing of annual financial statements by registrants is one of the most serious regulatory requirements in the Act. Financial solvency is one of the essential components of a dealer or adviser's continued suitability for registration. Financial statements are the principal tool enabling staff to monitor a registrant's financial viability and its capital position. As a result, the late filing (or non-filing) of annual financial statements raises serious potential regulatory concerns and needs to be addressed in a serious fashion. The Director rejects the applicant's arguments that its status as a non-resident registrant is a basis for enforcing requirements differently against the applicant. However, the Director has considered that there is no evidence that Bernstein has ever been late before, and the fact that it did send out the materials by Federal Express on March 31.

On the basis of all written submission presented to me and after having reviewed them, it is my decision that the registration of Sanford C. Bernstein & Co., LLC should not be restricted by the terms and conditions outlined in the April 9, 2003 letter. However, the Director is advising the applicant that this is a one time accommodation only, and that in the future, the applicant should ensure timely filings are made to all applicable regulators.

April 29, 2003.

"Randee B. Pavalow"

2.1.3 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, ss. 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"

2.1.4 Canadian Scholarship Trust Foundation - MRRS Decision

Headnote

MRRS Exemptive Relief Application - Extension of lapse date.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 62(5).

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

AND

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

AND

IN THE MATTER OF
THE CANADIAN SCHOLARSHIP TRUST PLAN – OPTIONAL PLAN,
THE CANADIAN SCHOLARSHIP TRUST PLAN – MILLENNIUM PLAN AND
THE CANADIAN SCHOLARSHIP TRUST PLAN – MILLENNIUM FAMILY PLAN

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island, Yukon Territory and Nunavut Territory (the "Jurisdictions") have received an application from Canadian Scholarship Trust Foundation (the "Foundation"), the sponsor and administrator of The Canadian Scholarship Trust Plan – Optional Plan (the "Optional Plan"), The Canadian Scholarship Trust Plan – Millennium Plan (the "Millennium Plan") and The Canadian Scholarship Trust Plan – Millennium Family Plan (the "Millennium Family Plan") (collectively, the "Plans"), for a decision under the securities legislation of the Jurisdictions (the "Legislation") extending the lapse date of the prospectus under which the current offering of the Plans is being made (the "Current Prospectus");

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 Foundation has represented to the Decision Makers as follows:

1. The Foundation is a non-profit corporation without share capital incorporated by Letters Patent dated December 15, 1960 under the *Canada Corporations Act*.

2. The Foundation is the sponsor and administrator of the Plans.

3. Each of the Plans is a trust organized under the laws of the Province of Ontario and holds the assets of Registered Education Savings Plans ("RESP") under the *Income Tax Act* (Canada) (the "Tax Act").

4. Each of the Plans is a reporting issuer or the equivalent thereof within the meaning of the Legislation. The current offering of the Plans is being made pursuant to a prospectus (the "Current Prospectus") dated April 30, 2002, in respect of the continuous offering of scholarship agreements for the sale of units (the "Units") under the Optional Plan and for the sale of scholarship savings plans (the "Scholarship Savings Plans") under each of the Millennium Plan and the Millennium Family Plan. The date of issuance of the receipt for the Current Prospectus in each Jurisdiction was May 3, 2002.

5. Pursuant to the Legislation, the lapse date ("Lapse Date") of the Current Prospectus falls as early as April 30, 2003 in certain Jurisdictions including Ontario.

6. On February 20, 2003, the Plans filed *pro forma* prospectuses under SEDAR project numbers 515874, 515948 and 515954 in each of the Jurisdictions within the time limits specified by the Legislation.

7. No material change has occurred in the affairs of the Plans since the date of the Current Prospectus.

8. Amendments to the provisions of the Tax Act governing RESPs have recently been announced by the federal government and are scheduled to come into effect on January 1, 2004. Federal legislation provides that changes to the subscriber contracts relating to the Plans, as well as the content of the prospectus in respect of each of the Plans, must be approved by Canada Customs and Revenue Agency ("CCRA").

9. The Foundation has proposed amendments for its specimen subscriber contracts relating to the Plans to CCRA in respect of the amendments to the Tax Act referred to in paragraph 8 above.

10. CCRA indicated that it did not wish to review the proposed contract amendments while lobbying

with regard to the proposed amendments to the Tax Act was continuing. The Department of Finance did not announce an implementation date for the Tax Act amendments until March 18, 2003. Every effort has been made since then by the Foundation to secure the requisite approvals from CCRA for the amendments referred to in paragraph 9 above, but the approval process is still ongoing.

11. The Foundation seeks an extension of the Lapse Date for the distribution of Units and Scholarship Savings Plans so that changes to the Plans, once approved by CCRA, may be disclosed in the Renewal Prospectus to be filed for the Plans.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the time limits provided by the Legislation, as they apply to the distribution of the Units or Scholarship Savings Plans of the Plans, as applicable, under the Current Prospectus, are hereby extended to the time limits that would be applicable if the Lapse Date for such distribution under the Current Prospectus was May 16, 2003 (June 4, 2003 for the purposes of the Legislation in New Brunswick).

April 30, 2003.

"Paul A. Dempsey"

2.1.5 ImagicTV Inc. and Alcatel - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – French-based acquiror seeking to acquire TSX-listed issuer by way of a plan of arrangement – request for relief from the GAAP/GAAS reconciliation requirements in connection with a management proxy circular to be mailed to shareholders of TSX-listed issuer – request for relief in Ontario and British Columbia from the requirement to include certain executive compensation disclosure in the circular – GAAP/GAAS relief granted provided that (i) the financial statements of acquiror included in the circular are prepared in accordance with French GAAP and, other than the 2002 consolidated statements, are reconciled to U.S. GAAP; and (ii) the acquiror's 2002 20-F, including the 2002 consolidated statements with a reconciliation to U.S. GAAP, will be filed with the SEC no later than a specified date – relief granted from executive compensation disclosure requirements provided the executive compensation disclosure of acquiror included in the circular is prepared in accordance with the requirements of French law.

Ontario Rules Cited

Rule 54-501, Prospectus Disclosure in Certain Information Circulars, s. 3.1.
Rule 41-501, General Prospectus Requirements, s. 9.1.

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

AND

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

AND

IN THE MATTER OF
IMAGICTV INC. AND ALCATEL

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (each a "Decision Maker") in each of British Columbia, Ontario and Québec, (the "Jurisdictions") has received an application (the "Application") from ImagicTV Inc. ("ImagicTV") and Alcatel (together with ImagicTV, the "Filers"), for a decision pursuant to the securities legislation, regulations, rules and/or policies of the Jurisdictions (the "Legislation") that:

(a) in connection with the management proxy circular (the "Circular") to be delivered in connection with the meeting of securityholders of ImagicTV to be held to consider a plan of arrangement (the "Arrangement") pursuant to which

Alcatel, through a subsidiary, will acquire all of the shares of ImagicTV that it does not currently, directly or indirectly, own (the "Acquisition"), and the financial statements of Alcatel to be included in the Circular and that are prepared in accordance with generally accepted accounting principles ("GAAP") of a foreign jurisdiction, Alcatel and ImagicTV be exempt from the requirements contained in the Legislation: (i) to reconcile such financial statements to Canadian GAAP; (ii) to provide, where such financial statements are audited in accordance with generally accepted auditing standards ("GAAS") of a foreign jurisdiction, a statement by the auditor disclosing any material differences in the auditor's report and confirming that the auditing standards of the foreign jurisdiction are substantially equivalent to Canadian GAAS; (iii) to restate those parts of the management's discussion and analysis ("MD&A") that would read differently if the MD&A were based on statements prepared in accordance with Canadian GAAP; and (iv) to provide a cross-reference to the notes in the financial statements that reconcile the differences between the foreign GAAP and Canadian GAAP (the "Reconciliation Requirements");

(b) ImagicTV be exempt from the requirements contained in the Legislation that it provide disclosure regarding Alcatel executive compensation matters in accordance with, and in the form prescribed by, the Legislation (the "Executive Compensation Requirements");

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

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

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

1. Alcatel was established in 1898 as a publicly-owned company under the name "Compagnie Generale d'Electricite". Alcatel was nationalized by the French state in 1982 and became a publicly-held company again in May 1987. In January 1991, Alcatel changed its official name to "Alcatel Alsthom Compagnie Generale d'Electricite". On September 1, 1998, Alcatel changed its official name to "Alcatel".

2. Alcatel is a company organized under the laws of France. The Class A shares of Alcatel (the "Alcatel Shares") are listed on Euronext Paris among other non-Canadian stock exchanges. Alcatel Shares are also listed on The New York Stock Exchange (the "NYSE") in the form of Class A American Depository Shares ("Alcatel ADSs")(symbol: ALA). Each Alcatel ADS is equivalent to one Alcatel Share, and can be exchanged for Alcatel Shares in accordance with the provisions of the Alcatel ADSs.

3. Alcatel, together with its consolidated subsidiaries and associated companies, is a leading global provider of advanced telecommunications, internet, networking and optics products and services, integrating communications onto a single broadband network and creating end-to-end networks that help people communicate in smarter ways. It has thousands of employees worldwide, located in over 100 countries, including Canada.

4. Alcatel's corporate headquarters are located at 54, rue La Boétie, 75008 Paris, France.

5. Based upon information contained in Alcatel's audited financial statements for the year ended December 31, 2001 (which were prepared in accordance with French GAAP and reconciled to US GAAP), Alcatel's net sales were EURO 25.4 billion (approximately U.S.$22.6 billion). Alcatel's total assets as at December 31, 2001 were EURO 36.5 billion (approximately U.S.$32.6 billion) and its shareholders' equity was EURO 9.6 billion (approximately U.S.$8.6 billion).

6. Alcatel's market capitalization at the close of business on January 31, 2003 was EURO 8.1 billion.

7. Alcatel is subject to the reporting requirements of the Commission des Opérations de Bourse, Euronext Paris, the U.S. Securities and Exchange Commission (the "SEC") and the NYSE, and is not a "reporting issuer" or the equivalent under the securities legislation of any province or territory of Canada.

8. As at December 31, 2002, Alcatel's capital included Alcatel Shares of nominal value of EURO 2 each, of which 1,239,193,498 Alcatel Shares were issued and outstanding.

9. As at December 31, 2002, Alcatel ADSs representing 118,294,748 Alcatel Shares were issued and outstanding. Each Alcatel ADS may be converted into one Alcatel Share. Each Alcatel ADS is designed to be economically equivalent to one Alcatel Share and a holder of Alcatel ADSs is

also indirectly entitled to similar voting rights to the underlying Alcatel Shares.

10. Application will be made by Alcatel to the NYSE to list thereon the Alcatel ADSs to be issued pursuant to the Arrangement, and to Euronext Paris in respect of the underlying Alcatel Shares. Application will also be made by Alcatel to Euronext Paris in respect of the Alcatel Shares that are issuable from time to time upon the exercise of Revised Options (as defined below).

11. A wholly-owned subsidiary of Alcatel, Alcatel Canada Inc. ("Alcatel Canada"), is a reporting issuer in each province of Canada, other than Québec. Alcatel Canada was known as Newbridge Networks Corporation prior to its acquisition by Alcatel in 2000.

12. The outstanding securities of Alcatel Canada, other than the common shares indirectly owned by Alcatel, consist solely of shares exchangeable solely for Alcatel ADSs ("Exchangeable Shares") that, apart from being non-voting, are designed to be economically equivalent to the Alcatel ADSs. They are listed on the Toronto Stock Exchange (the "TSX"). As a result, pursuant to rulings obtained from the Canadian securities regulatory authorities in 2000, Alcatel Canada's current public disclosure consists solely of the documents that Alcatel files with the SEC and Alcatel Canada is generally exempted from Canadian continuous disclosure requirements. Alcatel Canada is not on the list of defaulting reporting issuers maintained by any of the Jurisdictions.

13. ImagicTV was incorporated in 1997 under the name "imagicTV Inc." and changed its name in 1998 to "ImagicTV Inc." It became a reporting issuer in November 2000 pursuant to an initial public offering of its common shares (the "ImagicTV Shares") in all provinces and territories of Canada. ImagicTV is not on the list of defaulting reporting issuers maintained by any of the Jurisdictions.

14. The ImagicTV Shares are listed and posted for trading on the TSX (symbol: IMT) and are also quoted on the Nasdaq SmallCap Market (the "Nasdaq")(symbol: IMTV).

15. ImagicTV provides software products and related services that are designed to enable telephone companies and other service providers to deliver multi-channel digital television and interactive media services to their subscribers over a broadband network infrastructure.

16. ImagicTV's corporate headquarters are located at One Brunswick Square, 14th Floor, Saint John, New Brunswick E2L 3Y2.

17. In the year ended February 28, 2002, ImagicTV generated net revenue of U.S.$4,215,000 and a net loss of U.S.$18,704,000. Total shareholders' equity at February 28, 2002 was U.S.$45,793,000.

18. ImagicTV's market capitalization at the close of business on February 6, 2003 was approximately U.S.$18.8 million.

19. ImagicTV's authorized capital consists of an unlimited number of ImagicTV Shares and an unlimited number of preferred shares issuable in series. As at February 6, 2003, there were 24,731,607 ImagicTV Shares issued and outstanding and no preferred shares issued or outstanding. As at February 6, 2003, options to acquire 2,729,172 ImagicTV Shares were granted and outstanding pursuant to ImagicTV's employee stock option plans.

20. As of March 14, 2003, Alcatel held, directly or indirectly, a total of 3,986,856 ImagicTV Shares, representing approximately 16.2% of the ImagicTV Shares. An Alcatel employee, Mr. Timothy Hember, sits on the ImagicTV board of directors. He has not participated in its deliberations in respect of the Arrangement.

21. The Acquisition is proposed to be effected by way of the Arrangement, pursuant to which a subsidiary of Alcatel, which has yet to be incorporated ("Acquireco"), will become the legal and beneficial owner of all outstanding ImagicTV Shares not currently owned by Alcatel or any of its affiliates.

22. At the effective time of the Arrangement (the "Effective Time"), a subsidiary of Alcatel, Coralec, a French company, will issue redeemable bonds (the "ORAs") to Acquireco in a sufficient amount so as to satisfy the number of Alcatel ADSs to be delivered in exchange for ImagicTV Shares pursuant to the Arrangement (being all of the issued and outstanding ImagicTV Shares, other than those owned by Alcatel or any of its affiliates or those held by shareholders of ImagicTV who properly exercises their right of dissent from the terms of the Arrangement).

23. The number of Alcatel ADSs to be issued to Acquireco in respect of the exchange of ImagicTV Shares will be calculated based on the exchange ratio specified in an agreement in respect of the Arrangement (the "Arrangement Agreement") made as of February 6, 2003 between Alcatel and ImagicTV (the "Exchange Ratio"). Subject to adjustment pursuant to the terms of the Arrangement Agreement, the Exchange Ratio is 0.1733 Alcatel ADSs per ImagicTV Share.

24. The Exchange Ratio is subject to adjustment in the Arrangement Agreement, as follows:

(a) if 0.1733, when multiplied by the simple average of the reported closing prices of the Alcatel ADSs on the NYSE during the ten consecutive NYSE trading days ending on the third day prior to the Effective Date (the "Effective Date Average ADS Price"), is less than U.S. $1.00, then the Exchange Ratio will be the quotient of U.S. $1.00 divided by the Effective Date Average ADS Price, provided that if such quotient is greater than 0.2022, then the Exchange Ratio will be 0.2022; and

(b) if 0.1733, when multiplied by the Effective Date Average ADS Price, is greater than U.S. $1.30, then the Exchange Ratio will be U.S. $1.30 divided by the Effective Date Average ADS Price.

25. The initial Exchange Ratio is based on a price of U.S.$1.20 per ImagicTV Share, which represented a premium of approximately 58% to the closing price of the ImagicTV Shares on the Nasdaq on the date prior to the announcement of the proposed transaction.

26. At the Effective Time, the ORAs issued to Acquireco will be contributed to a trust to be established by ImagicTV and to be constituted under the laws of Ontario (the "ImagicTV Trust"). Thereupon, the ImagicTV Trust will immediately request redemption of the ORAs and direct Alcatel to deliver Alcatel ADSs representing the Alcatel Shares to be issued upon redemption of the ORAs to a depositary, and Alcatel will also issue the applicable underlying Alcatel Shares and cause them to be delivered to a depositary. Holders of ImagicTV Shares will in no instance have ORAs delivered to them.

27. Upon surrender to a depositary for cancellation of a certificate representing the ImagicTV Shares being transferred under the Arrangement, together with certain other documents and instruments, the holder of such surrendered certificate will be entitled to receive, in exchange therefor, the Alcatel ADSs which such holder has the right to receive under the Arrangement.

28. Pursuant to the Arrangement, all outstanding options to purchase ImagicTV Shares ("ImagicTV Options") will become options (the "Revised Options") to acquire Alcatel Shares, each such Revised Option to be exercisable for a number of Alcatel Shares at an exercise price per share based on the Exchange Ratio. Promptly following the Effective Time, Coralec will issue to ImagicTV an additional number of ORAs. The number of ORAs to be issued to ImagicTV will be that number necessary to satisfy all possible future exercises of Revised Options.

29. An interim order of the Superior Court of Justice (Ontario) (the "Court") (the "Interim Order") pursuant to the *Canada Business Corporations Act* (the "CBCA") has been sought to set out certain requirements relating to the approval of the Arrangement by the holders of ImagicTV Shares and ImagicTV Options (collectively, the "ImagicTV Securityholders"). The Interim Order is expected to provide, among other things, that:

(a) the approval of not less than 66 2/3% of ImagicTV Securityholders present or voting by proxy (with holders of ImagicTV Shares and ImagicTV Options voting together) at a meeting of ImagicTV Securityholders to be held on April 23, 2003 for the purpose of approving the Arrangement (together with any adjourned meeting, the "Meeting"); and

(b) the final approval of the Court;

must be obtained in order for the Arrangement to be completed.

30. In connection with the Arrangement and the Meeting, ImagicTV will be required to send to ImagicTV Securityholders, together with other documents, the Circular, prepared in accordance with the CBCA and the Legislation.

31. The Circular will contain prospectus-level disclosure regarding the business and affairs of Alcatel, and the particulars of the Arrangement, and, subject to any relief obtained, will contain the following financial statements:

(a) audited consolidated annual financial statements of Alcatel for the years ended December 31, 2002, December 31, 2001 and December 31, 2000, including balance sheets as at December 31, 2002 and December 31, 2001 (not reconciled to US GAAP) (the "2002 Consolidated Statements");

(b) audited consolidated annual financial statements of Alcatel for the years ended December 31, 2001, December 31, 2000 and December 31, 1999, including balance sheets as at December 31, 2001 and December 31, 2000 (reconciled to US GAAP);

(c) unaudited consolidated interim financial statements of Alcatel for the six months ended June 30, 2002 and June 30, 2001, including a balance sheet as at the end of such period;

(d) audited annual financial statements of ImagicTV for the years ended February 28, 2002, February 28, 2001 and

February 29, 2000, including balance sheets as at February 28, 2002 and February 28, 2001; and

(e) unaudited financial statements of ImagicTV for the nine months ended November 30, 2002 and November 30, 2001, including a balance sheet as at the end of each such period.

32. Alcatel's 20-F for the year 2002 (the "Alcatel 2002 20-F") will contain the 2002 Consolidated Statements, as reconciled to U.S. GAAP, and will be filed with the SEC no later than March 31, 2003. Such documents are usually available on the SEC's website (www.sec.gov) within one business day after they are filed. The Alcatel 2002 20-F will be available on Alcatel's website (www.alcatel.com) within three business days from filing with the SEC.

33. *Pro forma* financial statements will not be required to be included in the Circular, since the Acquisition will not constitute a significant acquisition for Alcatel.

34. Alcatel's financial statements are prepared in accordance with French GAAP, and (other than the 2002 Consolidated Statements) reconciled to U.S. GAAP. They are not reconciled to Canadian GAAP.

35. ImagicTV is required to include in the Circular the disclosure that would be required in a prospectus if the Circular were a prospectus of Alcatel, including that related to the Reconciliation Requirements and the Executive Compensation Requirements.

36. Upon the completion of the Arrangement, it is expected that residents of Canada will beneficially hold less than 1% of the issued and outstanding shares of Alcatel, assuming that all of the Exchangeable Shares were exchanged for Alcatel Shares.

37. Following completion of the Arrangement, former ImagicTV Securityholders holding Alcatel ADSs or Alcatel Shares will be provided with the continuous disclosure and other shareholder materials that are provided to holders of Alcatel ADSs resident in the United States or holders of Alcatel Shares resident in France. There will be no ongoing requirement to reconcile any Alcatel financial information to Canadian GAAP.

38. There is currently no market in Canada through which the Alcatel ADSs or Alcatel Shares may be sold, and no market is expected to develop.

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

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

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

1. the Reconciliation Requirements shall not apply to the Alcatel financial statements to be included in the Circular, provided that:

   (a) the financial statements of Alcatel that are included in the Circular are prepared in accordance with French GAAP and, other than the 2002 Consolidated Statements, are reconciled to US GAAP as required under applicable US law; and

   (b) the Alcatel 2002 20-F, including the 2002 Consolidated Statements with a reconciliation to U.S. GAAP, will be filed with the SEC no later than March 31, 2003, and will be available to ImagicTV Securityholders prior to the Meeting; and

2. in Ontario and British Columbia, the Executive Compensation Requirements shall not apply with respect to the Circular as it relates to Alcatel, provided that the executive compensation disclosure of Alcatel that is included in the Circular is prepared in accordance with the requirements of French law.

March 21, 2003.

"Heidi Franken"

2.1.6 ImagicTV Inc. and Alcatel - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief from registration and prospectus requirements in connection with a statutory arrangement where exemptions may not be available for technical reasons. - First trade deemed a distribution unless made in accordance with specified provisions of Multilateral Instrument 45-102: Resale of Securities.

Applicable Ontario Statutory Provisions

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

Applicable Ontario Rules

Rule 45-501 - Exempt Distributions.

Applicable Multilateral Instruments

Multilateral Instrument 45-102: Resale of Securities.

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

AND

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

AND

IN THE MATTER OF
IMAGICTV INC. AND ALCATEL

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (each, a "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Yukon Territory, the Northwest Territories and Nunavut (the "Jurisdictions") has received an application from ImagicTV Inc. ("ImagicTV") and Alcatel (together with ImagicTV, the "Filers"), for, among other things, a decision pursuant to the securities legislation, regulations, rules and/or policies of the Jurisdictions (the "Legislation") that:

(a) the Primary Trades (as defined in paragraph 36 below) in connection with the proposed acquisition of ImagicTV by Alcatel (the "Acquisition"), to be effected by way of a plan of arrangement (the "Arrangement") under section 192 of the *Canada Business Corporations Act* (the "CBCA"), be exempt from the requirements contained in the Legislation that a trade in a security be conducted through a registered party (the "Registration Requirements") and to file a preliminary prospectus and a prospectus and receive receipts therefor prior to distributing a security (the "Prospectus Requirements"); and

(b) certain trades in securities obtained in Primary Trades be exempt from the Prospectus Requirements;

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

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

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

1. Alcatel was established in 1898 as a publicly-owned company under the name "Compagnie Generale d'Electricite". Alcatel was nationalized by the French state in 1982 and became a publicly-held company again in May 1987. In January 1991, Alcatel changed its official name to "Alcatel Alsthom Compagnie Generale d'Electricite". On September 1, 1998, Alcatel changed its official name to "Alcatel".

2. Alcatel is a company organized under the laws of France. The Class A shares of Alcatel (the "Alcatel Shares") are listed on Euronext Paris among other non-Canadian stock exchanges. Alcatel Shares are also listed on The New York Stock Exchange (the "NYSE") in the form of Class A American Depository Shares ("Alcatel ADSs")(symbol: ALA). Each Alcatel ADS is equivalent to one Alcatel Share, and they can be exchanged for Alcatel Shares in accordance with the provisions of the Alcatel ADSs.

3. Alcatel, together with its consolidated subsidiaries and associated companies, is a leading global provider of advanced telecommunications, internet, networking and optics products and services, integrating communications onto a single broadband network and creating end-to-end networks that help people communicate in smarter ways. It has thousands of employees worldwide, located in over 100 countries, including Canada.

4. Alcatel's corporate headquarters are located at 54, rue La Boétie, 75008 Paris, France.

5. Based upon information contained in Alcatel's audited financial statements for the year ended December 31, 2002, Alcatel's net sales were EURO 16.5 billion (approximately U.S.$17.3 billion). Alcatel's total assets as at December 31, 2002 were EURO 25.8 billion (approximately U.S.$27.1 billion) and its shareholders' equity was EURO 5 billion (approximately U.S.$5.2 billion).

6. Alcatel's market capitalization at the close of business on January 31, 2003 was EURO 8.1 billion.

7. Alcatel is subject to the reporting requirements of the Commission des Opérations de Bourse, Euronext Paris, the U.S. Securities and Exchange Commission (the "SEC") and the NYSE, and is not a "reporting issuer" or the equivalent under the Legislation.

8. As at December 31, 2002, Alcatel's capital included Alcatel Shares of nominal value of EURO 2 each, of which 1,239,193,498 Alcatel Shares were issued and outstanding.

9. As at December 31, 2002, Alcatel ADSs representing 118,294,748 Alcatel Shares were issued and outstanding. Each Alcatel ADS may be converted into one Alcatel Share. Each Alcatel ADS is designed to be economically equivalent to one Alcatel Share and a holder of Alcatel ADSs is also indirectly entitled to similar voting rights to the underlying Alcatel Shares.

10. An application will be made by Alcatel to the NYSE to list thereon the Alcatel ADSs to be issued pursuant to the Arrangement, and will be made to Euronext Paris in respect of the underlying Alcatel Shares. Application will also be made by Alcatel to Euronext Paris in respect of the Alcatel Shares that are issuable from time to time upon the exercise of Revised Options.

11. A wholly-owned subsidiary of Alcatel, Alcatel Canada Inc. ("Alcatel Canada"), is a reporting issuer in each province of Canada, other than Québec. Alcatel Canada was known as Newbridge Networks Corporation prior to its acquisition by Alcatel in 2000.

12. The outstanding securities of Alcatel Canada, other than the common shares indirectly owned by Alcatel, consist solely of shares exchangeable solely for Alcatel ADSs ("Exchangeable Shares") that, apart from being non-voting, are designed to be economically equivalent to the Alcatel ADSs. They are listed on the TSX. As a result, pursuant to rulings obtained from the Canadian securities regulatory authorities in 2000, Alcatel Canada's current public disclosure consists solely of the documents that Alcatel files with the SEC and Alcatel Canada is generally exempted from Canadian continuous disclosure requirements. Alcatel Canada is not on the list of defaulting reporting issuers maintained by any of the Decision Makers.

13. ImagicTV was incorporated in 1997 under the name "imagicTV Inc." and changed its name in 1998 to "ImagicTV Inc." It became a reporting issuer in November 2000 pursuant to an initial public offering of the ImagicTV Shares in all provinces and territories of Canada. ImagicTV is not on the list of defaulting reporting issuers maintained by any of the Decision Makers.

14. The common shares of ImagicTV (the "ImagicTV Shares") are listed and posted for trading on the Toronto Stock Exchange (the "TSX") (symbol: IMT) and are also quoted on the Nasdaq SmallCap Market (the "Nasdaq")(symbol: IMTV).

15. ImagicTV provides software products and related services that are designed to enable telephone companies and other service providers to deliver multi-channel digital television and interactive media services to their subscribers over a broadband network infrastructure.

16. ImagicTV's corporate headquarters are located at One Brunswick Square, 14th Floor, Saint John, New Brunswick E2L 3Y2.

17. In the year ended February 28, 2002, ImagicTV generated net revenue of U.S.$4,215,000 and a net loss of U.S.$18,704,000. Total shareholders' equity at February 28, 2002 was U.S.$45,793,000.

18. ImagicTV's market capitalization at the close of business on March 24, 2003 was approximately U.S.$28.7 million.

19. ImagicTV's authorized capital consists of an unlimited number of ImagicTV Shares and an unlimited number of preferred shares issuable in series. As at March 24, 2003, there were 24,775,219 ImagicTV Shares issued and outstanding and no preferred shares issued or outstanding. As at March 24, 2003, options to acquire 2,661,833 ImagicTV Shares were granted and outstanding pursuant to ImagicTV's employee stock option plans.

20. As of March 24, 2003, Alcatel held, indirectly through Alcatel Canada, a total of 3,986,856 ImagicTV Shares, representing approximately 16.1% of the ImagicTV Shares. An Alcatel employee, Mr. Timothy Hember, sits on the ImagicTV board of directors. He has not participated in its deliberations in respect of the Acquisition.

21. The Acquisition is proposed to be effected by way of the Arrangement, pursuant to which a subsidiary of Alcatel ("Acquireco"), Lubelec, a French company, will become the legal and beneficial owner of all outstanding ImagicTV Shares not currently owned by Alcatel or any of its affiliates.

22. At the effective time of the Arrangement (the "Effective Time"), a subsidiary of Alcatel, Coralec, a French company, will issue redeemable bonds (the "ORAs") to Acquireco in a sufficient amount so as to satisfy the number of Alcatel ADSs to be delivered in exchange for ImagicTV Shares pursuant to the Arrangement (being all of the issued and outstanding ImagicTV Shares, other than those owned by Alcatel or any of its affiliates or those held by a shareholder of ImagicTV who properly exercises his, her or its right of dissent from the terms of the Arrangement).

23. The number of Alcatel ADSs to be issued in respect of the exchange of ImagicTV Shares will be calculated based on the exchange ratio (the "Exchange Ratio") specified in the agreement entered into in respect of the Arrangement (the "Arrangement Agreement"). Subject to adjustment pursuant to the terms of the Arrangement Agreement, the Exchange Ratio is 0.1733 Alcatel ADSs per ImagicTV Share.

24. The Exchange Ratio is subject to adjustment in the Arrangement Agreement, as follows:

    (a) if 0.1733, when multiplied by the simple average of the reported closing prices of the Alcatel ADSs on the NYSE during the ten consecutive NYSE trading days ending on the third day prior to the effective date of the Arrangement (the "Effective Date Average ADS Price"), is less than U.S. $1.00, then the Exchange Ratio will be the quotient of U.S. $1.00 divided by the Effective Date Average ADS Price, provided that if such quotient is greater than 0.2022, then the Exchange Ratio will be 0.2022; and

    (b) if 0.1733, when multiplied by the Effective Date Average ADS Price, is greater than U.S. $1.30, then the Exchange Ratio will be U.S. $1.30 divided by the Effective Date Average ADS Price.

25. The initial Exchange Ratio is based on a price of U.S.$1.20 per ImagicTV Share, which represented a premium of approximately 58% to the closing price of the ImagicTV Shares on the Nasdaq on the date prior to the announcement of the proposed transaction.

26. At the Effective Time, the ORAs issued to Acquireco will be contributed to a trust to be established by ImagicTV and to be constituted under the laws of Ontario (the "ImagicTV Trust"). Thereupon, the ImagicTV Trust will immediately request redemption of the ORAs and direct Alcatel to deliver Alcatel ADSs representing the Alcatel Shares to be issued upon redemption of the ORAs to a depositary, and Alcatel will also issue the applicable underlying Alcatel Shares and cause them to be delivered to a depositary. Holders of ImagicTV Shares will in no instance have ORAs delivered to them.

27. Upon surrender to a depositary for cancellation of a certificate representing the ImagicTV Shares being transferred under the Arrangement, together with certain other documents and instruments, the holder of such surrendered certificate will be entitled to receive, in exchange therefor, Alcatel Class A American Depository Receipts representing the Alcatel ADSs which such holder has the right to receive under the Arrangement.

28. Pursuant to the Arrangement, all outstanding options to purchase ImagicTV Shares ("ImagicTV Options") will represent options (the "Revised Options") to acquire Alcatel Shares, each such Revised Option to be exercisable for a number of Alcatel Shares at an exercise price in Euros per share based on the Exchange Ratio and the Euro Exchange Rate as determined pursuant to the Arrangement Agreement. Promptly following the Effective Time, Coralec will issue to ImagicTV an additional number of ORAs. The number of ORAs to be thus issued to ImagicTV will be that number necessary to satisfy all possible future exercises of Revised Options.

29. An interim order of the Superior Court of Justice (Ontario) (the "Court") (the "Interim Order") pursuant to the CBCA dated March 21, 2003 sets out certain requirements relating to the approval of the Arrangement by the holders of ImagicTV Shares and ImagicTV Options (collectively, the "ImagicTV Securityholders"). The Interim Order provides, among other things, that:

    (a) the approval of not less than 66 2/3% of ImagicTV Securityholders present or voting by proxy (with holders of ImagicTV Shares and ImagicTV Options voting together) at a meeting of ImagicTV Securityholders (currently scheduled to be held on April 23, 2003) for the purpose of approving the Arrangement (the "Meeting"); and

    (b) the final approval of the Court;

    must be obtained in order for the Arrangement to be completed.

30. In connection with the Arrangement and the Meeting, ImagicTV has sent to ImagicTV

Securityholders, together with certain other documents, a management proxy circular (the "Circular"), prepared in accordance with the CBCA and, subject to relief granted in certain of the Jurisdictions, the Legislation.

31. The Circular contains prospectus-level disclosure regarding the business and affairs of Alcatel, and the particulars of the Arrangement, and the following financial statements:

(a) audited consolidated annual financial statements of Alcatel for the years ended December 31, 2002, December 31, 2001 and December 31, 2000, including balance sheets as at December 31, 2002 and December 31, 2001 (not reconciled to U.S. GAAP) (the "2002 Consolidated Statements");

(b) audited consolidated annual financial statements of Alcatel for the years ended December 31, 2001, December 31, 2000 and December 31, 1999, including balance sheets as at December 31, 2001 and December 31, 2000 (reconciled to U.S. GAAP in respect of consolidated net income and shareholders equity in the notes thereto);

(c) unaudited consolidated interim financial statements of Alcatel for the six months ended June 30, 2002 and June 30, 2001, including a balance sheet as at the end of such period;

(d) audited annual financial statements of ImagicTV for the years ended February 28, 2002, February 28, 2001 and February 29, 2000, including balance sheets as at February 28, 2002 and February 28, 2001; and

(e) unaudited financial statements of ImagicTV for the nine months ended November 30, 2002 and November 30, 2001, including a balance sheet as at the end of each such period.

32. Alcatel's financial statements (other than the 2002 Consolidated Statements) are prepared in accordance with French GAAP, and reconciled to U.S. GAAP in respect of consolidated net income and shareholders equity in the notes thereto. They are not reconciled to Canadian GAAP.

33. Upon the completion of the Arrangement, it is expected that residents of Canada will beneficially hold significantly less than 1% of the issued and outstanding shares of Alcatel, assuming that all of the Exchangeable Shares were exchanged for Alcatel Shares.

34. Following completion of the Arrangement, ImagicTV Securityholders holding Alcatel ADSs or Alcatel Shares as a result of the Arrangement will be provided with the continuous disclosure and other shareholder materials that are provided to holders of Alcatel ADSs resident in the United States or holders of Alcatel Shares resident in France.

35. There is currently no market in Canada through which the Alcatel ADSs or Alcatel Shares may be sold, and no market is expected to develop.

36. Exemptions from the Registration Requirements and/or the Prospectus Requirements may not be available in respect of certain of the trades and/or distributions necessary for ImagicTV Securityholders to obtain the Alcatel ADSs and the Revised Options, and the Alcatel Shares underlying each, that they are entitled to pursuant to the Arrangement (together, the "Primary Trades").

37. In addition, the first trades in Alcatel Shares and Alcatel ADSs acquired pursuant to the Arrangement (including those Alcatel Shares obtained on exercise of Revised Options or in substitution for Alcatel ADSs) ("Resale Trades") may not be exempt from the Prospectus Requirements.

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

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

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

1. except in British Columbia, Alberta, Saskatchewan and Nova Scotia, the Registration Requirements and Prospectus Requirements shall not apply to the Primary Trades, provided that the first trade in securities acquired under this Decision in a Jurisdiction shall be deemed to be a distribution or primary distribution to the public under the Legislation of such Jurisdiction; and

2. the Resale Trades in Alcatel Shares or Alcatel ADSs received under the Arrangement and the Resale Trades in Alcatel Shares received upon exercise of the Revised Options or in substitution for the Alcatel ADSs shall be exempt from the Prospectus Requirements if

a) in the Jurisdictions other than Québec, the conditions in subsection 2.14(1) of Multilateral Instrument 45-102 – *Resale of Securities*, other than the requirements

of paragraph 2.14(1)(a), are satisfied; and

b) in Québec, such trades are executed through the facilities of a stock exchange or market, or are made to a person, outside of Canada.

April 25, 2003.

"H. Lorne Morphy" "Robert W. Korthals"

2.1.7 Coca-Cola Enterprises Inc. and Coca-Cola Enterprises (Canada) Bottling Finance Company - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer to distribute medium term notes – medium term notes fully and unconditionally guaranteed – issuer exempt from the requirement that AIF include selected consolidated financial information and MD&A – relief conditional upon AIF incorporating selected consolidated financial information and MD&A of guarantor.

Applicable Ontario Statutory Provisions

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

Applicable Ontario Rules

Ontario Securities Commission Rule 51-501 AIF & MD&A (2000) 23 OSCB 8365, as am. (2001) 24 OSCB 7417.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, QUEBEC AND SASKATCHEWAN

AND

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

AND

IN THE MATTER OF
COCA-COLA ENTERPRISES INC. AND
COCA-COLA ENTERPRISES (CANADA) BOTTLING
FINANCE COMPANY

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Québec and Saskatchewan (the "Jurisdictions") has received an application (the "Application") from Coca-Cola Enterprises Inc. ("CCE") and Coca-Cola Enterprises (Canada) Bottling Finance Company (the "Issuer" and together with CCE, the "Applicants") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the Issuer be exempted from the requirement in the Legislation to include in its annual information form ("AIF") selected consolidated financial information and management's discussion and analysis (the "AIF Disclosure Requirements") in relation to the Issuer;

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

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

1. The Issuer is a corporation amalgamated under the *Companies Act* (Nova Scotia) effective January 1, 2000.

2. The head office of the Issuer is in Nova Scotia.

3. The Issuer is wholly-owned by Coca-Cola Enterprises Investments SARL, which is an indirect wholly-owned subsidiary of CCE. The Issuer does not have any subsidiaries.

4. CCE was incorporated under the laws of Delaware on January 25, 1944, and is not a reporting issuer or the equivalent in any of the Jurisdictions.

5. CCE is an independent public company with annual net operating revenues in excess of US$16 billion. CCE is a Coca-Cola bottling partner, producing, marketing and distributing, in North America and Europe, a variety of soft drinks, mainly consisting of products of The Coca-Cola Company and its subsidiaries.

6. The Issuer's only business is to access the Canadian capital markets to raise funds, which it lends to or otherwise invests in the Canadian subsidiary companies of CCE. The Issuer does not carry on any operating business.

7. CCE has been a reporting company under the United States ("US") *Securities Exchange Act of 1934*, as amended (the "1934 Act") since November, 1986. CCE has filed with the US Securities and Exchange Commission (the "SEC") annual and quarterly reports under Form 10-K and Form 10-Q since it first became a reporting company, in accordance with the filing obligations set out in the 1934 Act.

8. A predecessor of the Issuer, Coca-Cola Enterprises (Canada) Bottling Finance Ltd., a New Brunswick corporation, ("Coke New Brunswick") became a reporting issuer or the equivalent in the Jurisdictions on March 2, 1999 in connection with the establishment in Canada of a medium-term note program (the "MTN Program") under the provisions of former National Policy No. 47 and former National Policy No. 44. Coke New Brunswick was continued to Nova Scotia, and was amalgamated effective January 1, 2000 under the *Companies Act* (Nova Scotia) with 3037908 Nova Scotia Company, following which it changed its name to "Coca-Cola Enterprises (Canada) Bottling Finance Company." The Issuer currently maintains the MTN Program and the renewal of the MTN Program in 2001 (the "2001 Renewal").

9. In connection with the establishment of the MTN Program, relief was obtained (the "1999 Relief") from the requirements contained in the Legislation that:

   (a) pursuant to National Policy Statement No. 47 and pursuant to applicable securities legislation of Québec, including but not limited to those set forth in Title II and Title III of the *Securities Act and Regulation* (Québec), an issuer guaranteeing debt issued by a subsidiary must be a reporting issuer with a 12 month reporting history in a Canadian province or territory;

   (b) the Issuer file with the Decision Maker and send to its security holders audited annual financial statements and an annual report, where applicable (the "Annual Filing Requirement");

   (c) the Issuer file with the Decision Maker and send to its security holders unaudited interim financial statements and MD&A (the "Interim Financial Statement Requirements");

   (d) the Issuer issue and file with the Decision Maker press releases, and file with the Decision Maker material change reports (together, the "Material Change Requirements");

   (e) the Issuer comply with the proxy and proxy solicitation requirements under the Legislation, including filing an information circular or report in lieu thereof (the "Proxy Requirements"); and

   (f) insiders of the Issuer ("Insiders") file insider reports with the Decision Maker (the "Insider Reporting Requirements").

10. In connection with the establishment of the 2001 Renewal, relief was obtained (the "2001 Relief") from the requirements contained in the Legislation that:

   (a) the Issuer comply with the Annual Filing Requirement;

   (b) the Issuer comply with the Interim Financial Statement Requirements;

   (c) the Issuer comply with the Material Change Requirements;

   (d) the Issuer comply with the Proxy Requirements;

   (e) the Issuer comply with the requirements 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, and with the requirement to provide, where financial statements included in a prospectus are audited in accordance with generally accepted auditing standards ("GAAS") of a foreign jurisdiction, a statement by the auditor disclosing any material differences in the auditor's report and confirming that the auditing standards of the foreign jurisdiction are substantially equivalent to Canadian GAAS (the "Reconciliation Requirement");

(f) the Issuer comply with the AIF Disclosure Requirements; and

(g) Insiders of the Issuer comply with the Insider Reporting Requirements.

11. Both the 1999 Relief and the 2001 Relief were granted on the condition that the continuous disclosure materials filed by CCE in the US would be filed in the Jurisdictions. The Issuer or its predecessor has compiled with this condition of relief and has been filing CCE's continuous disclosure materials in Canada.

12. Pursuant to each of the MTN Program and the 2001 Renewal, the Issuer could issue up to Cdn.$2 billion (or the equivalent thereof in lawful money of the US) of non-convertible medium-term notes (notes issued under the MTN Program, the "First Series Notes" and notes issued under the 2001 Renewal, the "Second Series Notes"). CCE fully and unconditionally guarantees the payment of principal and interest, together with any other amounts which may become due under the First Series Notes and Second Series Notes. As at April 11, 2003, the Issuer has issued and outstanding a total of Cdn.$835 million in the principal amount of First Series Notes and Second Series Notes.

13. CCE currently has approximately US$12 billion in long-term debt outstanding. All of CCE's outstanding long-term debt is rated A by Standard & Poor's, A2 by Moody's Investors Service and A by Dominion Bond Rating Service.

14. The Issuer proposes to "renew" its MTN Program pursuant to National Instrument 44-101 and National Instrument 44-102 (collectively, the "Shelf Requirements") to provide the ability to raise up to Cdn.$2 billion in Canada (the "Offering") through the issuance of additional non-convertible medium-term notes (the "Third Series Notes" and together with the First Series Notes and the Second Series Notes, the "Notes") from time to time over a 25 month period. The Third Series Notes will be fully and unconditionally guaranteed by CCE as to payment of principal, interest and all other amounts due thereunder. All Third Series Notes will have an approved rating (as defined in the Shelf Requirements) and will be rated by a recognized security evaluation agency in one of the categories determined by the Commission des valeurs mobilières de Québec (an "Approved Rating").

15. CCE 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 US prospectus requirements with certain additional Canadian disclosure.

16. Except for the fact that the Issuer is not incorporated under US law, the Offering would comply with the alternative eligibility criteria of non-convertible debt having an approved rating under the MJDS as set forth in paragraphs 3.1 and 3.2 of NI 71-101.

17. In connection with the Offering:

(a) a short form base shelf prospectus and a prospectus supplement or supplements (the "Prospectus") will be prepared pursuant to the Shelf Requirements, with the disclosure required by Items 12 and 13 of Form 44-101F3 being addressed by incorporating by reference CCE's public disclosure documents as well as the Issuer's AIF for the year 2002, and the disclosure required by Item 7 of Form 44-101F3 being addressed by fixed charge coverage ratio disclosure with respect to CCE in accordance with US requirements;

(b) the Prospectus will incorporate by reference disclosure in CCE's most recent Form 10-K, plus Exhibit 12 as necessary, (as filed under the 1934 Act) together with all Form 10-Q's and Form 8-K's and interim financial information filed subsequently under the 1934 Act and will state that purchasers of the Third Series Notes will not receive separate continuous disclosure information regarding the Issuer;

(c) the Prospectus will include all material disclosure concerning the Issuer and CCE;

(d) the consolidated annual and interim financial statements of CCE that will be included in or incorporated by reference into the Prospectus are prepared in accordance with GAAP in the US that the SEC has identified as having substantive

authoritative support, as supplemented by Regulation S-X and Regulation S-B under the 1934 Act ("US GAAP") and in the case of audited annual financial statements, such financial statements are audited in accordance with GAAS in the US, as supplemented by the SEC's rules on auditor's independence ("US GAAS");

(e) CCE will fully and unconditionally guarantee payment of the principal and interest on the Third Series Notes, together with any other amounts that may be due under any provisions of the trust indenture relating to the Third Series Notes;

(f) the Third Series Notes will have an Approved Rating;

(g) CCE will sign the Prospectus as credit supporter; and

(h) CCE will undertake to file with the Decision Makers in electronic format through SEDAR (as defined in National Instrument 13-101) under the Issuer'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.

18. The Applicants have separately applied to the Decision Makers and the securities regulatory authorities or regulators in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island for relief from the Reconciliation Requirements, the Material Change Requirements, the Proxy Requirements, the Insider Reporting Requirements, the Annual Filing Requirements, the Interim Financial Statement Requirements and corresponding prospectus disclosure requirements.

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

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

THE DECISION of the Decision Makers under the Legislation is that the AIF Disclosure Requirements shall not apply to the Issuer for so long as:

(i) the Issuer's AIF (and any renewal AIF filed by the Issuer) incorporates the selected consolidated financial information and management's discussion and analysis of CCE (prepared in the manner required by applicable US law) that would be required if CCE was the issuer preparing the AIF; and

(ii) each of the Issuer and CCE comply with the provisions of paragraph 19, above.

May 1, 2003.

"Heidi Franken"

2.1.8 Coca-Cola Enterprises Inc. and Coca-Cola Enterprises (Canada) Bottling Finance Company - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer to distribute medium term notes – medium term notes fully and unconditionally guaranteed – issuer exempt from the requirement that financial statements be reconciled to Canadian GAAP and that auditor's report be accompanied by statement of auditor – issuer exempt from certain continuous disclosure requirements, including material change requirements, proxy requirements, insider reporting requirements, annual financial statement requirements, and interim financial statement requirements, subject to conditions – issuer exempt from certain prospectus disclosure requirements, subject to conditions.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 80(b)(iii), 121(2)(a)(ii).

Applicable Ontario Rules

National Instrument 44-101 Short Form Prospectus Distributions (2000) 23 OSCB (Supp) 867.
National Instrument 44-102 Shelf Distributions (2000) 23 OSCB (Supp) 985.

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

AND

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

AND

IN THE MATTER OF
COCA-COLA ENTERPRISES INC. AND COCA-COLA ENTERPRISES (CANADA) BOTTLING FINANCE COMPANY

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "**Decision Maker**") in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec and Saskatchewan (the "**Jurisdictions**") has received an application (the "**Application**") from Coca–Cola Enterprises Inc. ("**CCE**") and Coca-Cola Enterprises (Canada) Bottling Finance Company (the "**Issuer**" and together with CCE, the "**Applicants**") for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") that 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 Requirement**");

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

(d) the requirement that the Issuer satisfy the proxy and proxy solicitation requirements, including filing an information circular or report in lieu thereof annually (the "**Proxy Requirements**");

(e) the requirement that the insiders of the Issuer file insider reports (the "**Insider Reporting Requirements**");

(f) the requirement that the Issuer file with the Decision Makers and send to its security holders audited annual financial statements and an annual report, where applicable, including without limitation management's discussion and analysis thereon (the "**Annual Filing Requirements**");

(g) the requirement that the Issuer file and send to its security holders unaudited interim financial statements, including without limitation management's

discussion and analysis thereon (the "**Interim Financial Statement Requirements**"); and

(h) 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 Nova Scotia Securities Commission is the principal regulator for the Application;

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

1. The Issuer is a corporation amalgamated under the *Companies Act* (Nova Scotia) effective January 1, 2000.

2. The head office of the Issuer is in Nova Scotia.

3. The Issuer is wholly-owned by Coca-Cola Enterprises Investments SARL, which is an indirect wholly-owned subsidiary of CCE. The Issuer does not have any subsidiaries.

4. CCE was incorporated under the laws of Delaware on January 25, 1944, and is not a reporting issuer or the equivalent in any of the Jurisdictions.

5. CCE is an independent public company with annual net operating revenues in excess of US$16 billion. CCE is a Coca-Cola bottling partner, producing, marketing and distributing, in North America and Europe, a variety of soft drinks, mainly consisting of products of The Coca-Cola Company and its subsidiaries.

6. The Issuer's only business is to access the Canadian capital markets to raise funds, which it lends to or otherwise invests in the Canadian subsidiary companies of CCE. The Issuer does not carry on any operating business.

7. CCE has been a reporting company under the United States ("**US**") Securities Exchange Act of 1934, as amended (the "**1934 Act**") since November, 1986. CCE has filed with the US Securities and Exchange Commission (the "**SEC**") annual and quarterly reports under Form 10-K and Form 10-Q since it first became a reporting company, in accordance with the filing obligations set out in the 1934 Act.

8. A predecessor of the Issuer, Coca-Cola Enterprises (Canada) Bottling Finance Ltd., a New Brunswick corporation, ("**Coke New Brunswick**") became a reporting issuer or the equivalent in the Jurisdictions on March 2, 1999 in connection with the establishment in Canada of a medium-term note program (the "**MTN Program**") under the provisions of former National Policy No. 47 and former National Policy No. 44. Coke New Brunswick was continued to Nova Scotia, and was amalgamated effective January 1, 2000 under the *Companies Act* (Nova Scotia) with 3037908 Nova Scotia Company, following which it changed its name to "Coca-Cola Enterprises (Canada) Bottling Finance Company." The Issuer currently maintains the MTN Program and the renewal of the MTN Program in 2001 (the "**2001 Renewal**").

9. In connection with the establishment of the MTN Program, relief was obtained from the applicable securities law requirements that, in connection with the issuance by the Issuer of the non-convertible medium-term notes under the MTN Program, an issuer guaranteeing debt issued by a subsidiary be a reporting issuer with a 12 month reporting history in a Canadian province or territory. In addition, with respect to the establishment of the MTN Program, relief was obtained from the Annual Filing Requirements, the Interim Financial Statement Requirements, the Material Change Requirements, the Insider Reporting Requirements and the Proxy Requirements (as they existed at that time) in the Jurisdictions, on the condition, among others, that the continuous disclosure materials filed by CCE in the US would be filed in the Jurisdictions.

10. In connection with the 2001 Renewal, relief was obtained from the Annual Filing Requirements, the Interim Financial Statement Requirements, the Material Change Requirements, the Proxy Requirements, the Reconciliation Requirement, the AIF Requirements and the Insider Reporting Requirements (as they existed at that time) in the Jurisdictions, on the condition, among others, that continuous disclosure materials filed by CCE in the US would be filed in the Jurisdictions.

11. The Issuer or its predecessor has compiled with this condition of relief and has been filing CCE's continuous disclosure materials in Canada.

12. Pursuant to each of the MTN Program and the 2001 Renewal, the Issuer could issue up to Cdn.$2 billion (or the equivalent thereof in lawful money of the US) of non-convertible medium-term notes (notes issued under the MTN Program, the "**First Series Notes**" and notes issued under the 2001 Renewal, the "**Second Series Notes**"). CCE fully and unconditionally guarantees the payment of principal and interest, together with any other amounts which may become due under the First Series Notes and Second Series Notes. As at April 11, 2003, the Issuer has issued and outstanding a total of Cdn.$835 million in the

principal amount of First Series Notes and Second Series Notes.

13. CCE currently has approximately US$12 billion in long-term debt outstanding. All of CCE's outstanding long-term debt is rated A by Standard & Poor's, A2 by Moody's Investors Service and A by Dominion Bond Rating Service.

14. The Issuer proposes to "renew" its MTN Program pursuant to NI 44-101 and National Instrument 44-102 (collectively, the "**Shelf Requirements**") to provide the ability to raise up to Cdn.$2 billion in Canada (the "**Offering**") through the issuance of additional non-convertible medium-term notes (the "**Third Series Notes**" and together with the First Series Notes and the Second Series Notes, the "**Notes**") from time to time over a 25 month period. The Third Series Notes will be fully and unconditionally guaranteed by CCE as to payment of principal, interest and all other amounts due thereunder. All Third Series Notes will have an approved rating (as defined in the Shelf Requirements) and will be rated by a recognized security evaluation agency in one of the categories determined by the Commission des valeurs mobilières de Québec (an "**Approved Rating**").

15. CCE 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 US prospectus requirements with certain additional Canadian disclosure.

16. Except for the fact that the Issuer is not incorporated under US law, the Offering would comply with the alternative eligibility criteria of non-convertible debt having an approved rating under the MJDS as set forth in paragraphs 3.1 and 3.2 of NI 71-101.

17. In connection with the Offering:

(a) a short form base shelf prospectus and a prospectus supplement or supplements (the "**Prospectus**") will be prepared pursuant to the Shelf Requirements, with the disclosure required by Items 12 and 13 of Form 44-101F3 being addressed by incorporating by reference CCE's public disclosure documents as well as the Issuer's AIF for the year 2002, and the disclosure required by Item 7 of Form 44-101F3 being addressed by fixed charge coverage ratio disclosure with respect to CCE in accordance with US requirements;

(b) the Prospectus will incorporate by reference CCE's most recent Form 10-K, plus Exhibit 12, as necessary, (as filed under the 1934 Act) together with all Form 10-Qs and Form 8-Ks and interim financial information filed subsequently under the 1934 Act and will state that purchasers of the Third Series Notes will not receive separate continuous disclosure information regarding the Issuer;

(c) the Prospectus will include all material disclosure concerning the Issuer and CCE;

(d) the consolidated annual and interim financial statements of CCE that will be included in or incorporated by reference into the Prospectus are prepared in accordance with GAAP in the US that the SEC has identified as having substantive authoritative support, as supplemented by Regulation S-X and Regulation S-B under the 1934 Act ("**US GAAP**") and in the case of audited annual financial statements, such financial statements are audited in accordance with GAAS in the US, as supplemented by the SEC's rules on auditor's independence ("**US GAAS**");

(e) CCE will fully and unconditionally guarantee payment of the principal and interest on the Third Series Notes, together with any other amounts that may be due under any provisions of the trust indenture relating to the Third Series Notes;

(f) the Third Series Notes will have an Approved Rating;

(g) CCE will sign the Prospectus as credit supporter; and

(h) CCE will undertake to file with the Decision Makers in electronic format through SEDAR (as defined in National Instrument 13-101) under the Issuer'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 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:

(A) the Applicants be exempted from the Reconciliation Requirement in connection with the Offering provided that:

(i) each of CCE and the Issuer complies with paragraph 17 above;

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

(iii) CCE financial statements that are included or incorporated by reference in the Prospectus are prepared in accordance with US GAAP and, in the case of the audited annual financial statements, such financial statements are audited in accordance with US GAAS;

(iv) CCE, or any successor thereto, maintains direct or indirect 100% ownership of the voting shares of the Issuer; and

(v) CCE 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; and

(B) the Prospectus Disclosure Requirements shall not apply to the Prospectus provided that each of the Issuer and CCE complies with paragraph 17 above.

April 30, 2003.

"J. W. Slattery"

AND THE FURTHER DECISION of the Decision Makers under the Legislation is that:

(A) the Material Change Requirements shall not apply to the Issuer, provided that:

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

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

(iii) if there is a material change in respect of the business, operations or capital of the Issuer that is not a material change in respect of CCE, the Issuer will comply with the requirements of the Legislation to issue a press release and file a material change report notwithstanding that the change may not be a material change in respect of CCE;

(B) the Proxy Requirements shall not apply to the Issuer, provided that:

(i) CCE 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) CCE files with the Decision Makers, in electronic format through SEDAR under the Issuer's SEDAR profile, materials relating to any such meeting filed by CCE 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 the Issuer is in Canada, in the manner, at the time and if required by applicable US law to be sent to CCE debt holders resident in the US;

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

(D) The Annual Filing Requirements shall not apply to the Issuer, provided that:

(i) CCE files with the Decision Makers, in electronic format through SEDAR under the Issuer's SEDAR profile, the annual reports on Form 10-K filed by it with the SEC within 24 hours after they are filed with the SEC; and

(ii) such documents are provided to security holders whose last address as shown on

the books of the Issuer is in Canada, in the manner, at the time and, if required, by applicable US law to be sent to CCE debt holders; and

(E) The Interim Financial Statement Requirements shall not apply to the Issuer, provided that:

(i) CCE files with the Decision Makers quarterly reports on Form 10-Q in electronic format through SEDAR under the Issuer's SEDAR profile, filed by it with the SEC within 24 hours after they are filed with the SEC; and

(ii) such documents are provided to security holders whose last address as shown on the books of the Issuer is in Canada, in the manner, at the time and, if required, by applicable US law to be sent to CCE debt holders;

further provided that (for A through E):

(a) the Issuer does not issue additional securities to the public other than securities fully guaranteed by CCE;

(b) each of the Issuer and CCE comply with paragraph 17 above;

(c) the Notes maintain an Approved Rating;

(d) CCE, or any successor thereto, maintains direct or indirect 100% ownership of the voting shares of the Issuer;

(e) CCE 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) CCE 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) the Issuer carries on no other business other than that set out in paragraph 6 above;

(h) CCE 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

(i) all filing fees that would otherwise be payable by the Issuer in connection with the Material Change Requirements, the Proxy Requirements, the Insider Reporting Requirements, the Annual Filing Requirements and the Interim Financial Statement Requirements are paid.

April 30, 2003.

"H. Leslie O'Brien"

2.1.9 4104293 Canada Limited and 3071982 Nova Scotia Company - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief from prospectus and registration requirements in connection with the distribution, from time to time, of securities to participants under an employee share purchase plan who technically do not fall within exemption available – issuer of shares another entity for liability reasons – relief from issuer bid requirements where issuer repurchases securities acquired under plan from participants.

Applicable Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 74(1), 89(1), 93(3)(g), 95, 96, 97, 98, 100 and 104(2)(c).

Applicable Ontario Rules

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

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, QUÉBEC AND NEW BRUNSWICK

AND

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

AND

IN THE MATTER OF
4104293 CANADA LIMITED AND 3071982 NOVA SCOTIA COMPANY

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Québec and New Brunswick (the "Jurisdictions") has received an application from 4104293 Canada Limited ("Management Co.") and 3071982 Nova Scotia Company ("Purchaser Co.") (together, the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

(i) the dealer registration requirement and the prospectus requirement contained in the Legislation (the "Registration and Prospectus Requirements") shall not apply to certain trades in shares of Management Co. to executives of Yellow Pages Group Co. ("Operating Co.") in connection with an equity participation plan of the Filer, for the benefit of executives of Operating Co.; and

(ii) the requirements contained in the Legislation relating to the delivery of an offer and issuer bid circular and any notices of change or variation thereto, minimum deposit periods and withdrawal rights, taking up and paying for securities tendered to an issuer bid, disclosure, restrictions upon purchases of securities, bid financing, identical consideration and collateral benefits together with the requirement to file a reporting form within 10 days of an exempt issuer bid and pay a related fee (the "Issuer Bid Requirements") shall not apply to certain repurchases from time to time by Management Co. from executives of Operating Co. of shares in the capital of Management Co. pursuant to the terms of such equity participation plan in the Jurisdictions;

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 or in Québec Commission Notice 14-101;

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

1. Operating Co. owns and operates an advertising directories business which, among other things, publishes and distributes the "Yellow Pages" telephone books. Operating Co. is incorporated as an unlimited liability company under the laws of Nova Scotia, and its authorized share capital consists of one billion common shares with a par value of $0.001 each. Operating Co. has operations in Ontario and Québec; its head office is located in Québec.

2. Purchaser Co. is incorporated as an unlimited liability company under the laws of Nova Scotia, and its authorized share capital consists of one billion Class A common shares and one billion Class B common shares. Purchaser Co. owns all of the issued and outstanding shares in the capital of Operating Co. Purchaser Co. does not carry on any active business; its business consists solely of owning shares in the capital of Operating Co. and debt of Operating Co.

3. Management Co. is a corporation incorporated under the laws of Canada. Its authorized share capital consists of an unlimited number of common shares. Management Co. does not carry on any active business; its business consists solely of owning shares in the capital of Purchaser Co. Management Co. owns less than 2% of the

issued and outstanding shares in the capital of Purchaser Co. Management Co. does not have, and will not acquire, the ability to determine the board of directors of Purchaser Co. or, indirectly, the board of directors of Operating Co.

4. None of Operating Co., Purchaser Co. or Management Co. is a reporting issuer, or the equivalent, in any jurisdiction.

5. On or about November 29, 2002, pursuant to the 2002 Stock Purchase and Option Plan for Key Employees of Purchaser Co. and its subsidiaries (the "2002 Equity Plan") established for the benefit of employees, directors and consultants of Purchaser Co. and its subsidiaries, an equity participation plan was established for the executive team of Operating Co. (the "Executive Equity Participation Plan") to enable executives of Operating Co. to participate in the equity of Operating Co.

6. Management Co. was organized by senior members of the management team of Operating Co. for purposes of participating in the Executive Equity Participation Plan. Currently, the shareholders of Management Co. consist of a limited number of Operating Co.'s senior management personnel and directors. Such individuals, together with any future senior management personnel and directors who participate in the Executive Equity Participation Plan, are referred to herein, collectively, as the "Executives".

7. Due to the unlimited liability of shareholders of unlimited liability companies, it is not desirable for the Executives to hold directly shares in the capital of either Operating Co. or Purchaser Co. Therefore, the Executive Equity Participation Plan is structured so that the Executives hold shares in the capital of Purchaser Co. indirectly through Management Co., which is a limited liability corporation. The proceeds of sale received by Management Co. on the sale of shares in its capital to Executives are used to purchase a corresponding number of shares in the capital of Purchaser Co.

8. Under the Executive Equity Participation Plan, Executives subscribe for shares of Management Co. and are granted options by Purchaser Co. to acquire shares in the capital of Purchaser Co.

9. The agreements entered into by each of the Executives in connection with his or her participation in the Executive Equity Participation Plan (the "Executives' Agreements") impose restrictions on the transfer of his or her shares in the capital of Management Co. and any shares in the capital of Purchaser Co. acquired upon exercise of an option. The Executive's Agreements also confer on Management Co. the right to repurchase shares in its capital upon the occurrence of certain events, such as the Executive becoming ineligible to continue his or her participation in the Executive Equity Participation Plan by reason of a termination of employment with Operating Co. Pursuant to the Executives' Agreements, in the event of the exercise of such right of repurchase, Management Co. has the right to cause Purchaser Co. to repurchase, from Management Co., a corresponding number of shares in the capital of Purchaser Co. owned by Management Co., thus reducing Management Co.'s interest in Purchaser Co.

10. Participation in the Executive Equity Participation Plan is voluntary. None of the Executives has been, or will be, induced to participate in the Executive Equity Participation Plan by expectation of employment or continued employment.

11. The Filer expects that approximately fifty individuals who do not currently participate in the Executive Equity Participation Plan will join it shortly following the issuance of the Decision (defined below).

12. The articles of Management Co. currently contain private company restrictions. The private company restrictions contained in the articles of Management Co. will be removed prior to the enrollment of additional Executives in the Executive Equity Participation Plan since, following such enrollment, the number of shareholders of Management Co., exclusive of employees and former employees, likely will exceed fifty.

13. The subscriptions, from time to time, for shares in the capital of Management Co. by the Executives pursuant to the Executive Equity Participation Plan will be trades in securities to which the Registration and Prospectus Requirements will apply and from which the Legislation does not provide any exemption.

14. The repurchases, from time to time, by Management Co. of shares in its capital pursuant to the Executives' Agreements will constitute issuer bids in respect of which the Legislation does not provide any exemption from the Issuer Bid Requirements.

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

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

THE DECISION of the Decision Makers under the Legislation is that:

1. the Registration and Prospectus Requirements shall not apply to trades in shares in the capital of Management Co. to the Executives made pursuant to the Executive Equity Participation Plan in the Jurisdictions, provided that the first trade in such shares is deemed to be a distribution or a primary distribution to the public unless:

   (a) except in Quebec, (i) the conditions in section 2.6(3) of Multilateral Instrument 45-102 ("MI 45-102") are fulfilled if Management Co. is a qualifying issuer, within the meaning of MI 45-102, at the distribution date or (ii) the conditions in section 2.6(5) of MI 45-102 are fulfilled if Management Co. is not a qualifying issuer, within the meaning of MI 45-102, at the distribution date;

   (b) in Québec, at the distribution date, Management Co. is and has been a reporting issuer in Québec for the twelve months immediately preceding the alienation, and

      1. no unusual effort is made to prepare the market or to create a demand for the shares in the capital of Management Co. that are the subject of the alienation,

      2. no extraordinary commission or consideration is paid to a person or company in respect of the alienation, and

      3. if the seller of the shares in the capital of Management Co. is an insider of Management Co., the seller has no reasonable grounds to believe that Management Co. is in default of any requirement of securities legislation.

2. the Issuer Bid Requirements shall not apply to any repurchase by Management Co. of shares in its capital pursuant to the Executives' Agreements, provided that, at the time of such repurchase, Management Co. is not a reporting issuer and there is not a published market in respect of its shares.

April 28, 2003.

"Paul M. Moore" "Lorne Morphy"

2.1.10 Solar Trust/Fiducie Solar - MRRS Decision

Headnote

Mutual Reliance Review System – issuer of mortgage pass-through certificates exempt from the requirement to prepare, file and deliver annual report, where applicable, interim and annual financial statements and annual reports, where applicable, in lieu of an information circular subject to conditions, including the requirement to prepare, file and deliver monthly and annual reports regarding performance of pools of assets.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., 77, 78,79, 80(b)(iii), 81(2), and 144.

Rules Cited

National Instrument 44-101 Short Form Prospectus Distributions.
National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer.

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

AND

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

AND

IN THE MATTER OF
SOLAR TRUST/FIDUCIE SOLAR

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Québec, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") issued on February 1, 2001 an order (as subsequently amended on December 17, 2001, the "Solar Order") pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that provisions of the Legislation concerning the preparation, filing and delivery of interim and annual financial statements and the annual filing of a form by a reporting issuer shall not apply to Solar Trust/Fiducie Solar (the "Applicant") in respect of an offering of commercial mortgage pass-through certificates specified in the Solar Order;

AND WHEREAS the Solar Order contemplates that the Applicant will from time to time issue additional

certificates in connection with similar asset-backed securities transactions, and will periodically apply for a variation of the terms of the Solar Order to extend the relief granted thereby to such additional certificates;

AND WHEREAS the Solar Order was amended on December 17, 2001 to include reference to $214,660,426 (initial certificate balance) of commercial mortgage pass-through certificates evidencing co-ownership interests in a pool of 47 conventional, fixed rate mortgage loans, designated as Commercial Mortgage Pass-Through Certificates, Series 2001-1;

AND WHEREAS the Applicant has now completed an additional offering of commercial mortgage pass-through certificates and is seeking a variation of the Solar Order so as to extend such relief to such additional certificates and any mortgage pass-through certificates offered by the Issuer in the future, without any further amendment to the Schedule attached to the Solar Order;

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

AND WHEREAS the Applicant has represented to the Decision Makers as follows:

1. The Applicant is a private, special purpose trust which was organized pursuant to a declaration of trust under the laws of Ontario dated July 5, 2000, the beneficiary of which is a registered charity. The Applicant trustee is CIBC Mellon Trust Company. The only security holders of the Applicant will be the holders of its asset-backed securities (the "Certificateholders").

2. The Applicant's activities are limited to purchasing certain assets ("Securitized Assets") and of issuing asset-backed securities to fund the purchases of such Securitized Assets. The issuer has no material assets and does not and will not carry on any activities other than the issuance of asset-backed securities.

3. The Toronto-Dominion Bank ("TD") administers the ongoing operations of the Applicant pursuant to an administration agreement dated July 5, 2000 (the "Administration Agreement") for which TD receives nominal consideration. The Applicant is not required to compensate TD for the fees and expenses paid on the Applicant's behalf thereunder.

4. The Applicant is a reporting issuer or equivalent pursuant to the Legislation and is not in default of any of the requirements thereunder. As described below, the Applicant has received relief from the continuous disclosure requirements under the Legislation from the securities regulatory authorities in the Jurisdictions in respect of its initial public offering of $189,550,000 (initial certificate balance) of pass-through certificates designated as "Commercial Mortgage Pass-Through Certificates, Series 2000-1", which were issued on October 31, 2000 and its offering of $214,660,425 (initial certificate balance) of pass-through certificates designated as "Commercial Mortgage Pass-Through Certificates, Series 2001-1", which were issued on August 9, 2002.

5. On February 1, 2001 the Decisions Makers issued the Solar Order pursuant to the Legislation that provisions of the Legislation concerning the preparation, filing and delivery of interim and annual financial statements and the annual filing of a form by a reporting issuer shall not apply to the Applicant in respect of the offering of commercial mortgage pass-through certificates specified in the Solar Order.

6. In the Solar Order, the Applicant represented that it may from time to time seek to issue additional certificates in connection with similar asset-backed securities transactions which it may undertake in the future, in which case the Applicant may seek from the Decision Makers a variation of the relief granted to the Applicant so as to include such additional certificates.

7. The Solar Order contemplates the periodic application by the Applicant for a variation of the terms of the Solar Order to extend the relief granted thereby to such additional offerings. The Solar Order contemplates the extension of such relief to additional offerings by means of periodic amendment to the defined term "Additional Certificates", which is defined to mean the issuance of further certificates by the Applicant in connection with similar asset-backed securities transactions from time to time.

8. By MRRS Decision Document dated December 17, 2001, the Solar Order was amended to, among other things, include a reference to Commercial Mortgage Pass-Through Certificates, Series 2001-1 in the Schedule (as defined herein).

9. On November 26, 2002 the Applicant filed an amended and restated short form base PREP prospectus and on December 4, 2002 the Applicant filed a prospectus supplement with each of the Canadian provincial securities regulatory authorities for the issuance of $253,955,000 (initial certificate balance) of commercial mortgage pass-through certificates evidencing co-ownership interests in a pool of 67 conventional, fixed rate mortgage loans, designated as Commercial Mortgage Pass-Through Certificates, Series 2002-1 (the "Commercial Mortgage Pass-Through Certificates, Series 2002-1 Certificates") and received receipts for such prospectus from each of the Canadian provincial securities regulatory authorities.

10. The Issuer intends to offer to the public from time to time certificates (the "Future Certificates") which, as is the case with the Commercial Mortgage Pass-Through Certificates, Series 2000-1, 2001-1 and 2002-1, are primarily serviced by the cash flows of discrete pools of mortgage loans or certain other financial assets (the "Securitized Assets") that by their terms convert into cash within a finite time period, with an approved rating by an approved rating organization, as those terms are defined in National Instrument 44-101 *Short Form Prospectus Distributions* (the "POP System") or in any successor instruments thereto. The Issuer proposes to make such offerings pursuant to the POP System and pursuant to National Instrument 44-102 *Shelf Distributions* with the proceeds of such offerings to be used to finance the purchase of Securitized Assets from originators of such Securitized Assets.

11. In order for the Applicant to continue to be permitted the continuous disclosure relief which was granted in the Solar Order, the Applicant hereby requests that the Solar Order be amended to provide continuous disclosure relief for the Commercial Mortgage Pass-Through Certificates, Series 2002-1 and any Future Certificates, without any further amendment to the Schedule attached to the Solar Order.

12. All of the factual statements concerning the Applicant that are contained in the Solar Order remain true as of the date hereof.

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

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

IT IS ORDERED pursuant to the Legislation that:

1. the first recital of the Solar Order be amended by deleting the following words from the end of the recital: "offering of the Certificates (as defined below) and such additional certificates as may be set forth in the Schedule attached hereto" and by substituting the words "Issuer in connection with public offerings of mortgage pass-through certificates of the Issuer ("Certificates")" in their place;

2. Paragraph 3 of the Solar Order be amended by deleting the following words in the fifth line: "(the "Certificates")" and by deleting the following words in the seventh line "(the "Transaction")";

3. Paragraph 4 of the Solar Order be amended by deleting the following sentence: "The Issuer may from time to time seek to issue Additional Certificates (as defined in the Schedule attached hereto) in connection with asset backed securities transactions, similar to the Transaction, which it may undertake in the future, in which case the Issuer may seek from the Decision Makers a variation of the relief granted hereunder so as to include such Additional Certificates.";

4. Paragraph 5 of the Solar Order be amended by deleting the following sentence: "The Issuer does not presently carry on any activities except in relation to the Transaction.";

5. Paragraph (a) of the Decision in the Solar Order be amended by deleting the following words in the fourth line: "and the Additional Certificates" and by adding the following words after the word "hereof" in the fifth line "and the only securities that the Issuer distributes to the public are Certificates";

6. Paragraph 17 of the Solar Order be amended by adding the following words at the end of that Paragraph: "Fees payable in connection with the filing of annual financial statements in provinces other than Ontario will be paid at the time that, and in respect of, the annual financial information specified in this paragraph is filed. In the province of Ontario, the Issuer will pay corporate finance participation fees and activity fees in accordance with Ontario Securities Commission Rule 13-502 Fees."; and

7. the Solar Order be amended by deleting the Schedule attached thereto.

May 2, 2003.

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

2.1.11 Howard Scott ("Pete") McMaster Trust - MRRS Decision

Headnote

MRRS application for relief from registration and prospectus requirements in connection with the distribution of promissory notes to partners of law firm.

Applicable Ontario Statutory Provisions

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

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO AND QUEBEC

AND

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

AND

IN THE MATTER OF
HOWARD SCOTT ("PETE") McMASTER TRUST

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of Ontario and Quebec (the "Jurisdictions") has received an application (the "Application") from Howard Scott ("Pete") McMaster Trust (the "Applicant") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") for relief from the dealer registration requirement and the prospectus requirement of the Legislation in connection with trades of promissory notes (the "Notes") to partners of Borden Ladner Gervais LLP (the "Firm");

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

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

AND WHEREAS it has been represented by the Manager to the Decision Makers that:

1. The Applicant is a trust created under the laws of Ontario by a Declaration of Trust made as of the 15th day of May, 2000.

2. The Trustee of the Applicant is BNY Trust Company of Canada, Toronto, Ontario.

3. The sole business of the Applicant is to lend money to the Firm.

4. The Firm is a law firm having offices in Montreal, Quebec; Ottawa, Toronto and Kitchener, Ontario; Calgary, Alberta; and Vancouver, British Columbia. The Firm has more than 300 partners.

5. The business of the Applicant is financed by issuing the Notes to partners of the Firm. The Applicant does not issue Notes or any other securities to any person or company other than a partner in the Firm. When a partner leaves the Firm, the departing partner may demand repayment of the Note and the Applicant will repay the Note over a period not exceeding two years.

6. The Notes are not transferable except:

   (a) to heirs, administrators and beneficiaries upon the death of the partner; or

   (b) by way of pledge to a financial institution for the purpose of giving collateral for indebtedness incurred by the partner for the purpose of making loans to the Applicant as evidenced by the Note and such financial institution shall not be permitted to further assign or transfer the Note if so pledged.

7. The Trustee of the Applicant has appointed the Firm to be its Administrative Agent to provide services on behalf of the Applicant.

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 are satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that trades of the Notes by the Applicant to partners of the Firm are not subject to the dealer registration requirement and the prospectus requirement of the Legislation provided that the first trade in the Notes will be deemed to be a distribution.

April 4, 2003.

"Paul M. Moore" "Theresa McLeod"

2.2 Orders

2.2.1 Newport Investment Counsel Inc. - cl. 80(b)(iii)

Headnote

Relief granted to non-public mutual fund from the requirement in subsection 78(2) of the Act to have financial statements accompanied by a report of the auditor.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 78(2), clause 80(b)(iii).

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

AND

IN THE MATTER OF
THE NEWPORT MEZZANINE FUND

ORDER
(Clause 80(b)(iii))

UPON the application (the "Application") of Newport Investment Counsel Inc. ("NICI") on behalf of The Newport Mezzanine Fund (the "Fund") for an order pursuant to clause 80(b)(iii) of the Act exempting the Fund from the requirement in subsection 78(2) of the Act (the "Requirement") that annual financial statements for the Fund for the years ended December 31, 2002 and December 31, 2002, be accompanied by a report of the auditor of the Fund;

AND UPON NICI having represented to the Ontario Securities Commission (the "Commission") that:

1. The Fund is a non-public mutual fund first offered to investors under the laws of Ontario on June 10, 2002. The financial year-end of the Fund is December 31.

2. NICI is a corporation incorporated under the laws of the province of Ontario. NICI is registered under the securities legislation in Ontario, Alberta, British Columbia, New Brunswick and Newfoundland as an advisor in the categories of investment counsel and portfolio manager, and in Ontario and Newfoundland as a limited market dealer. NICI acts as portfolio manager for the Fund.

3. The Fund has 7 unitholders (the "Unitholders"), all of which are "accredited investors" under OSC Rule 45-501- Exempt Distributions. No further units of the Fund will be sold and no redemptions are expected. All Unitholders have signed Consents to Exemption from Audit, whereby all Unitholders have consented to this Application, and to the filing with the Commission, and the delivery to Unitholders, of annual financial statements without an accompanying auditor's report.

4. The Fund has provided project financing to a borrower pursuant to a debt instrument. Such debt instrument expires and requires full repayment on June 28, 2004, but prepayment is permitted as of June 28, 2003. The Fund has been advised that, more likely than not, the debt will be re-paid in full on or about August, 2003. The Fund has not made, and will not make, any other investments. Upon full repayment of the above-described debt, the cash assets will be distributed to Unitholders and the Fund will terminate.

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

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

IT IS ORDERED pursuant to clause 80(b)(iii) of the Act that the Fund be exempt from the Requirement that annual financial statements for the Fund for the years ended December 31, 2002 and December 31, 2003, be accompanied by a report of the auditor of the Fund.

May 2, 2003.

"Paul Moore" "Theresa McLeod"

2.2.2 SwissLink Financial Corporation - s. 144

Headnote

Section 144 – variation of cease trade order to permit certain trades of securities pursuant to a corporate reorganization.

Applicable Ontario Statutory Provision

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

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

AND

IN THE MATTER OF
SWISSLINK FINANCIAL CORPORATION

ORDER
(Section 144)

WHEREAS the securities of SwissLink Financial Corporation (the Applicant) are subject to a temporary order issued by the Manager, Corporate Finance, (the Manager) on behalf of the Ontario Securities Commission (the Commission), pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, on May 23, 2002 as extended by a further order issued by the Manager on June 4, 2002 pursuant to subsection 127(8) of the Act (collectively, the Cease Trade Order), directing that trading in the securities of the Applicant cease until the Cease Trade Order is revoked by a further order of revocation;

AND WHEREAS the Commission issued the Cease Trade Order as the Applicant failed to file with the Commission annual audited financial statements for the year ended December 31, 2001 (the Annual Financial Statements);

AND WHEREAS the Applicant has applied to the Commission pursuant to section 144 of the Act for an order varying the Cease Trade Order to permit the Applicant to proceed with a corporate reorganization as described herein;

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was incorporated under the *Business Corporations Act* (Ontario) as "SwiDent Inc." on May 30, 1997 and changed its name from "SwiDent Inc." to "SwissLink Financial Corporation" effective June 28, 1999.

2. The Applicant became a reporting issuer under the Act and under securities legislation in each of British Columbia, Alberta and Manitoba (collectively and including Ontario, the Reporting Jurisdictions) on November 29, 1997. The Applicant is not a reporting issuer in any Canadian jurisdiction other than the Reporting Jurisdictions.

3. On December 12, 2000, the common shares of the Applicant (the SwissLink Shares) were listed and posted for trading on the TSX Venture Exchange (the TSXV). On March 7, 2003, the SwissLink Shares were de-listed from the TSXV and there are no securities of the Applicant listed or traded on any exchange or market.

4. The Applicant has applied to the securities regulatory authority or regulator in each of the Reporting Jurisdictions (collectively, the Decision Makers) for a variation or a revocation of each of the cease trade orders (the CT Orders) imposed by the Decision Makers, which, in addition to the Cease Trade Order, include the following orders:

   (i) orders of the Manitoba Securities Commission (MSC) dated June 13, 2002 and June 28, 2002, respectively, which orders were revoked by the MSC on January 24, 2003;

   (ii) order of the Alberta Securities Commission dated June 7, 2002, which remains outstanding; and

   (iii) order of the British Columbia Securities Commission dated May 29, 2002, which remains outstanding.

5. The Applicant filed and sent to shareholders the Annual Financial Statements and the interim unaudited financial statements for the quarters ended March 31, June 30 and September 30, 2002 on December 20, 2002 and January 7, 2003 respectively. The Applicant filed amended interim unaudited financial statements for the quarters ended March 31, June 30 and September 30, 2002 on April 29, 2003.

6. At the annual meeting of the Applicant's shareholders held on August 28, 2001, management of the Applicant proposed and obtained shareholders' approval for a reorganization (the Reorganization) which would result in the Applicant returning available cash to its shareholders.

7. The Reorganization will be conducted in order to facilitate the distribution of available funds of the Applicant to its shareholders on a tax efficient basis.

8. The Reorganization will be effected by:

   (i) creating a new class of common shares (the Class A Common Shares);

(ii) creating a new class of redeemable and retractable preference shares (the Preference Shares);

(iii) providing that each issued and outstanding SwissLink Share will be changed into one Class A Common Share and one Preference Share;

(iv) redeeming the Preference Shares for a redemption amount per Preference Share as determined by the directors of the Applicant; and

(v) canceling the Preference Shares and the SwissLink Shares.

9. Upon completion of the Reorganization, the only outstanding securities of the Applicant will be the Class A Common Shares, which will continue to be subject to the Cease Trade Order.

10. The Applicant intends on proceeding with the Reorganization upon the revocation or variation of the CT Orders.

11. The Applicant cannot proceed with the Reorganization without variation of the Cease Trade Order and the Applicant is seeking variation of the Cease Trade Order for the limited purpose of effecting the Reorganization.

12. The authorized capital of the Applicant consists of an unlimited number of SwissLink Shares of which 8,851,333 are issued and outstanding and the only shareholder owning more than 10% of the SwissLink Shares is Shrewsbury S.A. Other than the SwissLink Shares, the Applicant has no securities, including debt securities, outstanding.

AND UPON the Manager being satisfied that to do so would not be prejudicial to the public interest.

IT IS ORDERED pursuant to section 144 of the Act that the Cease Trade Order is varied solely to permit the Applicant to:

(i) create the Class A Common Shares;

(ii) create the Preference Shares;

(iii) change each issued and outstanding SwissLink Share into one Class A Common Share and one Preference Share;

(iv) redeem the Preference Shares for a redemption amount per Preference Share as determined by the directors of the Applicant; and

(v) cancel the Preference Shares and the SwissLink Shares.

May 2, 2003.

"John Hughes"

2.2.3 Signal Research & Trade Ltd. - ss. 38(1)

Headnote

Subsection 38(1) of the Commodity Futures Act (Ontario) (the CFA) - relief from the registration requirements of paragraph 22(1)(b) of the CFA granted to an extra-provincial adviser in respect of the provision of advisory services relating to futures contracts to a mutual fund that does not have an address in Ontario, subject to certain terms and conditions.

Statutes Cited

Commodity Futures Act, R.S.O. 1990. c. C.20, as am., 22(1)(b), 38(1).

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

AND

IN THE MATTER OF
SIGNAL RESEARCH & TRADE LTD.

AND

SIGNAL MANAGED FUTURES FUND
LIMITED PARTNERSHIP

ORDER
(Subsection 38(1))

UPON the application of Signal Research & Trade Ltd. (the Applicant) to the Ontario Securities Commission (the Commission) for a ruling under subsection 38(1) of the CFA that the Applicant and its directors, officers and employees are not subject to the requirements of paragraph 22(1)(b) of the CFA with respect to the provision of advisory services to Signal Managed Futures Fund Limited Partnership (the Partnership);

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

AND UPON the Applicant having represented to the Commission that:

1. The Partnership is a new limited partnership that has been established under the laws of Alberta. The Partnership does not have an address in Ontario.

2. The general partner of the Partnership is Signal Fund Management Inc.

3. The Partnership is a mutual fund within the meaning of subsection 1(1) of the *Securities Act* (Ontario), R.S.O. 1990, c. S.5 (the Act).

4. The distribution of units of the Partnership will be made by way of subscriptions for Class A Units.

5. The units of the Partnership are currently being distributed in Alberta.

6. The units of the Partnership will be offered in Ontario only to accredited investors, within the meaning of section 1.1 of Commission Rule 45-501, and as such, the distribution in Ontario will be exempt from the prospectus requirements under the Act.

7. The Partnership will invest only in exchange listed and traded futures contracts.

8. The futures contracts or instruments traded must possess the following attributes:

   (a) trade electronically or by open outcry on a centralized exchange;

   (b) regulated by the Commodity Futures Trading Commission or similar securities regulatory body;

   (c) clear through a regulated clearinghouse organization; and

   (d) trade and clear with a regulated broker or futures commission merchant.

9. The Applicant acts as portfolio adviser to the Partnership in Alberta and will continue to provide all such advice outside Ontario.

10. The Applicant is a corporation incorporated under the laws of Alberta and is registered as a portfolio manager and investment counsel under the *Securities Act* (Alberta), R.S.A. 2000, c. S-4 (the ASA) and is permitted to advise in Alberta in respect of futures contracts or exchange contracts.

AND UPON the Commission being satisfied that to make this ruling would not be prejudicial to the public interest;

IT IS ORDERED pursuant to subsection 38(1) of the CFA that the Applicant and its directors, officers and employees are not subject to the requirement of paragraph 22(1)(b) of the CFA in respect of the advice it provides to the Partnership, provided that:

   (a) all advice by the Applicant to the Partnership is given and received or portfolio management services are provided outside of Ontario;

   (b) the Applicant remains registered under the ASA and permitted to advise in respect of futures contracts in the province of Alberta;

(c) the Applicant and the Partnership continue not to have addresses in Ontario; and

(d) this order shall terminate three years from the date hereof.

May 2, 2003.

"Theresa McLeod" "Paul M. Moore"

2.2.4 Brian K. Costello - ss. 127 and 127.1

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

AND

**IN THE MATTER OF
BRIAN K. COSTELLO**

**ORDER
(Sections 127 and 127.1)**

WHEREAS on January 9, 2002, the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act* (the Act) in respect of Brian K. Costello;

AND WHEREAS on November 11-15, 18-20, 28, December 6 and 9, 2002, and March 31, 2003, the Commission conducted a hearing into Costello's conduct;

AND WHEREAS the Commission is satisfied that Costello has not complied with Ontario securities law and has not acted in the public interest;

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

IT IS ORDERED THAT:

(1) pursuant to paragraph 3 of subsection 127(1) of the Act, the exemption contained in subsection 34(d) of the Act shall not apply to Costello for five years from the date of this order, or such lesser period as the Commission may order under section 144 of the Act;

(2) pursuant to paragraph 4 of subsection 127(1) of the Act, and with the terms and conditions described below pursuant to subsection 127(2) of the Act, Costello submit to a review of his practices and procedures as an adviser during the period from November 11, 2002, being the date of the commencement of the hearing, to the date of this order (the Review Period);

(3) pursuant to paragraph 6 of subsection 127(1) of the Act, Costello be reprimanded; and

(4) pursuant to subsections 127.1(1) and (2) of the Act, Costello pay $300,000 of the costs of the Commission in investigating his affairs and the costs of or related to conducting the hearing.

Terms and Conditions

(1) The review pursuant to paragraph 4 of subsection 127(1) of the Act shall be conducted by the executive director of the Commission or a person appointed for this purpose by him and should answer the following questions with respect to the

Review Period:

(i) Does Costello still have a website? If so, does any part of it recommend any specific securities? Does any part of it contain any other information that suggests that Costello may still be carrying on the business of advising?

(ii) Does Costello still publish a newsletter? If so, does the newsletter actually or implicitly recommend specific securities or contain any other information that suggests that Costello may still be carrying on the business of advising?

(iii) Does Costello still hold seminars? If so, does he actually or implicitly recommend specific securities in a manner that suggests that Costello may still be carrying on the business of advising?

(iv) In addition to matters in evidence before us, has Costello published other materials, or undertaken practices and procedures, that suggest he may still be carrying on the business of advising?

(2) The report of the reviewer shall be filed with the Commission within two months from the date of this order.

(3) The executive director of the Commission may apply to the Commission, on two days' notice to Costello, for directions or advice on any matter relevant to the review or the preparation of the report of the reviewer.

(4) We reserve the right to order, pursuant to paragraph 4 of subsection 127(1) of the Act, that Costello institute such changes as we may order based on the report of the reviewer.

April 29, 2003.

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

2.2.5 John Steven Hawkyard - ss. 127(1)

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

AND

IN THE MATTER OF
JOHN STEVEN HAWKYARD

ORDER
(Section 127(1))

WHEREAS on September 18, 2002, the Ontario Securities Commission issued a Notice of Hearing pursuant to sections 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990 c. S.5, as amended in respect John Steven Hawkyard;

AND WHEREAS Hawkyard entered into a settlement agreement dated April 25, 2003 and April 28, 2003 in which he agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

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

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

IT IS HEREBY ORDERED THAT:

1. the Settlement Agreement dated April 25, 2003 and April 28, 2003, attached to this Order, is hereby approved;

2. pursuant to subsection 127(1)(6) of the Act, Hawkyard is hereby reprimanded;

3. pursuant to subsection 127(1) of the Act, effective the date of this Order, Hawkyard's registration is suspended for a period of twelve months; and,

4. as a condition precedent to the reinstatement of his registration, Hawkyard will successfully complete the Ethics Seminar of the Compliance Program, a course offered by the Canadian Securities Institute, on Saturday, May 10, 2003.

April 29, 2003.

"Robert W. Davis" "Kerry D. Adams"

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

AND

IN THE MATTER OF
PATRICK FRASER KENYON PIERREPONT LETT,
MILEHOUSE INVESTMENT MANAGEMENT LIMITED,
PIERREPONT TRADING INC.,
BMO NESBITT BURNS INC., JOHN STEVEN HAWKYARD
AND JOHN CRAIG DUNN

SETTLEMENT AGREEMENT OF JOHN STEVEN HAWKYARD

I. INTRODUCTION

1. By Notice of Hearing dated September 18, 2002, the Ontario Securities Commission announced that it proposed to hold a hearing to consider whether, pursuant to sections 127(1) and 127.1 of the *Securities Act*, as amended it is in the public interest for the Commission:

   (a) to make an order that the registration of Hawkyard be suspended for a period of time;

   (b) to make an order that Hawkyard be reprimanded; and,

   (c) to make an order that the respondent Hawkyard pay costs to the Commission.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff recommends settlement of the proceeding initiated in respect of the respondent Hawkyard by the Notice of Hearing in accordance with the terms and conditions set out below. Hawkyard agrees to the settlement on the basis of the facts agreed to as provided in Part III and consents to the making of an Order in the form attached as Schedule "A" on the basis of the facts set out below.

III. FACTS

Acknowledgement

3. Staff and the respondent agree with the facts and conclusions set out in Part III of the Settlement Agreement, except in relation to paragraph 11 of which the Respondent has no knowledge. While Hawkyard has no knowledge of the facts set out in this paragraph, Hawkyard accepts that Staff has evidence that supports these allegations.

The Parties

4. The conduct of Hawkyard that is the subject matter of this settlement agreement occurred between January 1996 and April 1998.

5. Patrick Fraser Kenyon Pierrepont Lett is an individual residing in Ontario and is, and was, between the material period, the President, a Director and the directing mind of Milehouse Investment Management Limited and Pierrepont Trading Inc. (collectively referred to as the "Companies").

6. Each of the Companies is incorporated under the laws of Ontario. Neither of the Companies has been registered in any capacity under the Act.

7. BMO Nesbitt Burns Inc. is registered as a Broker/Investment Dealer under the Act.

8. John Craig Dunn was registered under the Act from October 1994 to August 2002 as a trading officer with Nesbitt at its branch located at 1 Robert Speck Parkway, Mississauga, Ontario. From July 1986 to February 2002, Dunn was the Branch Manager of the Nesbitt branch located at 1 Robert Speck Parkway, Mississauga, Ontario.

9. John Steven Hawkyard was registered under the Act from October 1989 to April 1997 as a salesperson of Bank of Montreal Investment Management Limited, a dealer in the category of Mutual Fund Dealer. From March 1996 to April 1997, Hawkyard was the Manager of the Bank of Montreal - Private Banking Services Branch located at 1 Robert Speck Parkway, Mississauga, Ontario.

10. From November 1997 to August 2002, Hawkyard was registered as a salesperson of Nesbitt working out of the Nesbitt branch located at 1 Robert Speck Parkway, Mississauga, Ontario, the branch which was managed by Dunn. The Nesbitt branch was located in the same building and adjacent to the Bank of Montreal branch.

Proof of Funds Letters

11. In late 1995, Lett opened accounts in the name of Milehouse at the Nesbitt branch located at 1 Robert Speck Parkway in Mississauga. Lett also opened an account in the name of Pierrepont Trading Inc. at the Nesbitt Mississauga branch. Dunn was the Investment Advisor responsible for the Milehouse and Pierrepont accounts.

12. Dunn introduced Lett to Hawkyard as a client with a substantial net worth who was embarking on a trading program. Lett also opened bank accounts at the Bank of Montreal branch located at 1 Robert Speck in Mississauga.

13. Approximately US $21 million was deposited into the accounts of Milehouse and Pierrepont at Nesbitt and the Milehouse account at the Bank of Montreal for the purpose of investing in an intended trading program. Hawkyard was not given particulars of the proposed transaction. Both Dunn and Lett advised Hawkyard that they expected a substantial profit would be earned by Lett from one of these transactions.

14. Between January 1996 and October 1999, Dunn provided and caused others to provide Lett with approximately 18 letters that contained inaccurate representations (referred to as the "Proof of Funds Letters") regarding the accounts of Milehouse and Pierrepont at Nesbitt (referred to collectively as the "Lett Accounts").

15. The Proof of Funds Letters contained the following inaccurate representations regarding the Lett Accounts:

	INACCURATE REPRESENTATION	FACT
i)	The letters indicated that, as of a certain date, a stated amount of money (ranging from US $10 million to US $100 million) was in the Lett Accounts or was available in the Lett Accounts.	In all cases, the stated amount of money was not in the Lett Accounts.
ii)	Some of the letters indicated that, for a period of time, the stated amount of money would be "held" in the Lett Accounts.	Nesbitt did not have a mechanism to place a "hold" on funds in a client account.
iii)	Some of the letters attested to the legitimacy of the funds; for example, the letters stated that the funds were "clear", "clean" "of non-criminal origin", "unencumbered" or "legitimately earned or obtained".	Hawkyard did not attempt to verify the source of the funds that were deposited into the Lett accounts.

16. Fifteen of the Proof of Funds Letters were written on Bank of Montreal letterhead. Hawkyard was asked to sign approximately seven of these Proof of Funds letters, three during the time he was employed at Nesbitt, under Dunn's direct supervision. Hawkyard also provided two unsigned Proof of Fund Letters to Lett. At the request of Lett, Dunn or Hawkyard, the Assistant Manager at the Bank of Montreal branch in Mississauga also signed Proof of Funds Letters. Lett provided draft wording for these letters.

17. Hawkyard was told by Dunn and Lett that the letters confirmed Lett's ability to purchase on margin a bank instrument or guarantee. Dunn and Lett advised Hawkyard that the letters had to be issued on Bank of Montreal letterhead, rather than on Nesbitt letterhead, as it was more widely recognized in Europe.

18. Dunn or Lett represented to Hawkyard that the Proof of Funds Letters would be provided to third parties in support of the purchase on margin of a bank guarantee or debenture, issued by a foreign bank, through the Lett Accounts at Nesbitt.

19. Hawkyard had no access to the Lett Accounts at Nesbitt, even while employed at Nesbitt. Dunn or Lett provided Hawkyard with all information regarding the Lett Accounts, at Nesbitt, including the balance of funds in the accounts.

20. Lett did not purchase a bank guarantee or debenture.

IV. CONDUCT CONTRARY TO THE PUBLIC INTEREST

21. By engaging in the conduct described above, Hawkyard acted contrary to the public interest for the following reason:

Hawkyard, while employed at the Bank of Montreal and later at Nesbitt, at the request of Dunn, prepared and signed Proof of Funds Letters and caused the Assistant Manager to prepare and sign these letters.

V. COOPERATION OF HAWKYARD

22. At all times, Hawkyard fully cooperated with Staff in its investigation and admitted his culpability. Hawkyard will testify on behalf of Staff at any hearing relating to this matter.

VI. TERMS OF SETTLEMENT

23. Hawkyard agrees to the following terms of settlement:

(a) the Commission will make an Order under clause 1 of subsection 127(1) of the Act, suspending the registration of Hawkyard for a period of 12 months, effective the date of the Order of the Commission approving this Settlement Agreement;

(b) as a condition precedent to the reinstatement of his registration, Hawkyard will successfully complete the Ethics Seminar of the Compliance Program, a course offered by the Canadian Securities Institute, on Saturday May 10, 2003;

(c) the Commission will make an Order under clause 6 of subsection 127(1) of the Act that Hawkyard be reprimanded; and

(d) Hawkyard will attend the hearing in person.

VII. STAFF COMMITMENT

25. If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Hawkyard respecting the facts set out in Part III of this Settlement Agreement, subject to the provision of paragraphs 31 and 36.

26. If this settlement is approved by the Commission, and, at any subsequent time, Hawkyard fails to honour the undertakings contained in paragraph 24 of this Settlement Agreement, Staff reserves the right to bring proceedings under Ontario securities law against Hawkyard based on the facts set out in Part III of the agreement, as well as the breach of the undertakings.

VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT

27. Approval of the settlement set out in this Settlement Agreement shall be sought at a public hearing (the "Settlement Hearing") of the Commission scheduled for such date as is agreed to by Staff and Hawkyard.

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

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

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

31. If Hawkyard fails to honour the agreement contained in paragraph 24 of this Settlement Agreement, Staff reserves the right to bring proceedings under Ontario securities law against Hawkyard based on the facts set out in Part III of the agreement, as well as the breach of the agreement.

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

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

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

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

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

IX. DISCLOSURE OF AGREEMENT

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

35. Any obligations of confidentiality attaching to this Settlement Agreement shall terminate upon approval of this settlement by the Commission.

36. If Hawkyard fails to honour the agreement contained in paragraph 24 of this Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Hawkyard based on the facts set out in Part II of the agreement, as well as the breach of the agreement.

X. EXECUTION OF SETTLEMENT AGREEMENT

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

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

April 25, 2003.

"John Steven Hawkyard"
John Steven Hawkyard

April 28, 2003.

"Karen Manarin"
Karen Manarin

"Michael Watson"
Staff of the Ontario Securities Commission
Per: M. Kennedy

SCHEDULE "A"

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

AND

IN THE MATTER OF
JOHN STEVEN HAWKYARD

ORDER

WHEREAS on September 18, 2002, the Ontario Securities Commission issued a Notice of Hearing pursuant to sections 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990 c. S.5, as amended in respect John Steven Hawkyard;

AND WHEREAS Hawkyard entered into a settlement agreement dated [insert date] in which he agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

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

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

IT IS HEREBY ORDERED THAT:

1. the Settlement Agreement dated [insert date], attached to this Order, is hereby approved;

2. pursuant to subsection 127(1)(6) of the Act, Hawkyard is hereby reprimanded;

3. pursuant to subsection 127(1) of the Act, effective the date of this Order, Hawkyard's registration is suspended for a period of twelve months; and,

4. as a condition precedent to the reinstatement of his registration, Hawkyard will successfully complete the Ethics Seminar of the Compliance Program, a course offered by the Canadian Securities Institute, on Saturday, May 10, 2003.

DATED at Toronto this day of April, 2003.

_____ _____

2.2.6 Andrew Keith Lech - s. 127

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

AND

IN THE MATTER OF
SECURE INVESTMENTS, DANIEL SHUTTLEWORTH
and ANDREW KEITH LECH

TEMPORARY ORDER
(Section 127)

WHEREAS it appears to the Ontario Securities Commission that:

1. Andrew Keith Lech has not been registered with the Commission since 1987.

2. Enforcement Staff of the Commission are investigating Lech's current investment activities. Based upon the evidence collected to date, Lech appears to be collecting the funds of numerous individuals and representing that he will invest these funds in securities.

3. Lech appears to be conducting some of these investment activities by using other individuals to collect investor funds on his behalf. Investors are provided with promissory notes in exchange for these investments, and the promissory notes are countersigned by Lech.

4. Lech appears to be trading in securities without registration, advising in securities without registration, engaging in an illegal distribution of securities and making prohibited representations concerning the future value of securities.

5. The Commission is of the opinion that it is in the public interest to make this order.

6. The Commission is of the opinion that the length of time required to conclude a hearing in this matter could be prejudicial to the public interest.

AND WHEREAS by Commission Order made March 9, 2001, pursuant to section 3.5(3) of the Act, any one of David A. Brown, Howard I. Wetston or Paul M. Moore, acting alone, is authorized to make order under section 127 of the Act;

IT IS THEREFORE ORDERED that pursuant to clause 2 of section 127(1) of the Act that all trading in securities by Lech cease.

IT IS FURTHER ORDERED that pursuant to clause 3 of section 127(1) of the Act that the exemptions contained in Ontario securities law do not apply to Lech.

IT IS FURTHER ORDERED that pursuant to section 127(6) of the Act this order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by the Commission.

May 1, 2003.

"Howard I. Wetston"

2.2.7 FrontPoint Partners LLC et al. - ss. 38(1) of the CFA

Headnote

Subsection 38(1) of the Commodity Futures Act (Ontario)(CFA) – relief from the requirements of subsection 22(1)(b) of the CFA granted to non-resident advisers in respect of advising certain non-Canadian mutual funds regarding trades in commodity futures and options contracts principally traded on commodity futures exchanges outside of Canada and cleared through clearing corporations outside Canada subject to certain terms and conditions.

Statutes Cited

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

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

AND

IN THE MATTER OF
FRONTPOINT PARTNERS LLC,
FRONTPOINT QUANTITATIVE EQUITY STRATEGIES FUND GP, LLC, *ET AL*

ORDER
(Subsection 38(1) of the CFA)

UPON the application (the Application) of FrontPoint Partners LLC, FrontPoint Quantitative Equity Strategies Fund GP, LLC, Matikos Capital Management LLC, FrontPoint Management Services LLC, FrontPoint Utility and Energy Fund GP, LLC, Copia Capital LLC, FrontPoint Fixed Income Opportunities Fund GP, LLC and GDG Asset Management Limited (the Applicants, as more fully defined below) to the Ontario Securities Commission (the Commission) for an order pursuant to subsection 38(1) of the CFA that each of the Applicants and their respective directors, partners, officers, and employees, are exempt, for a period of three years, from the requirements of paragraph 22(1)(b) of the CFA in respect of advising certain mutual funds, non-redeemable investment funds and similar investment vehicles (the Funds), established outside of Canada in respect of trades in commodity futures and options contracts principally traded on commodity futures exchanges outside Canada and cleared through clearing corporations outside Canada;

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

AND UPON the Applicants having represented to the Commission that:

1. The Applicants include FrontPoint Partners LLC, FrontPoint Quantitative Equity Strategies Fund GP, LLC, Matikos Capital Management LLC, FrontPoint Management Services LLC, FrontPoint Utility and Energy Fund GP, LLC, Copia Capital LLC, FrontPoint Fixed Income Opportunities Fund GP, LLC and GDG Asset Management Limited. Each of FrontPoint Partners LLC, FrontPoint Quantitative Equity Strategies Fund GP, LLC, Matikos Capital Management LLC, FrontPoint Management Services LLC, FrontPoint Utility and Energy Fund GP, LLC, Copia Capital LLC and FrontPoint Fixed Income Opportunities Fund GP, LLC is a limited liability company organized under the laws of the state of Delaware. GDG Asset Management Limited is a corporation organized under the laws of Ireland. The Applicants may also include affiliates of, or entities organized by the Applicants, which may subsequently execute and submit to the Commission a verification certificate referencing this Application and confirming the truth and accuracy of the information set out in this Application with respect to that particular Applicant.

2. The Funds are, or will be, organized in a master/feeder structure. The master/feeder structure is comprised of three entities, namely, one master fund (the Master Funds) and two feeder funds (the Feeder Funds). The top feeder fund invests, or will invest, substantially all its assets in the second middle feeder fund. The middle feeder fund invests, or will invest, substantially all its assets in the Master Fund. It is at the Master Fund level that the actual portfolio investments are made, including any investments in commodity futures and options contracts principally traded on commodity futures exchanges outside Canada and cleared through clearing corporations outside Canada. The Feeder Funds do not invest in commodity futures and options contracts.

3. Only securities of the top Feeder Funds, and not the middle Feeder Funds or the Master Funds, are being offered to a small number of Ontario residents who are institutional investors or high net worth individuals. Such securities are primarily offered outside of Canada, and are being offered and distributed in Ontario through an Ontario-registered dealer, in reliance upon an exemption from the prospectus requirements of the *Securities Act* (Ontario) (OSA), and in reliance upon an exemption from the adviser registration requirement of the OSA under section 7.10 of Commission Rule 35-502 Non-Resident Advisers (Rule 35-502).

4. The Applicants currently provide or may in the future provide advice with respect to commodity futures and options contracts to the Funds.

5. Each of the Applicants, where required, is or will be registered or licensed or is or will be entitled to rely on appropriate exemptions from such registrations or licences to provide advice to the Funds pursuant to the applicable legislation of its principal jurisdiction. In particular:

   (i) FrontPoint Partners LLC is registered with the U.S. Securities and Exchange Commission as an investment adviser under the U.S. Advisers Act of 1940 and with the U.S. Commodity Futures Trading Commission (the CFTC) and the National Futures Association (the NFA) as a commodity pool operator;

   (ii) Matikos Capital Management LLC is registered with the CFTC and the NFA as a commodity trading advisor;

   (iii) Copia Capital LLC will be registered with the CFTC and the NFA as a commodity trading advisor if, in the future, it proposes to provide advice to the Funds with respect to commodity futures and options contracts; and

   (iv) GDG Asset Management Limited is registered with the CFTC and the NFA as a commodity trading advisor.

6. None of the Applicants is registered in any capacity under the CFA or the OSA.

7. All of the Funds issue securities, which are offered primarily abroad. None of the Funds is, and none has any current intention of becoming a reporting issuer in Ontario or in any other Canadian jurisdiction.

8. Master Funds may, as part of their investment program, invest in commodity futures and options contracts principally traded on organized exchanges outside of Canada and cleared through clearing corporations located outside of Canada.

9. Prospective investors who are Ontario residents will receive disclosure that includes (i) a statement that there may be difficulty in enforcing legal rights against the applicable Funds or any of the Applicants advising the relevant Funds, because they are resident outside of Canada and all or substantially all of their assets are situated outside of Canada; and (ii) a statement that the Applicant advising the applicable Funds is not registered with or licensed by any securities regulatory authority in Canada and, accordingly, the protections available to clients of a registered adviser will not be available to purchasers of securities of a Fund.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to grant the exemption requested on the basis of the terms and conditions proposed,

IT IS ORDERED pursuant to subsection 38(1) of the CFA that each of the Applicants and their respective directors, partners, officers and employees responsible for advising the Funds are not subject to the requirements of paragraph 22(1)(b) of the CFA in respect of their advisory activities in connection with the Funds, for a period of three years, provided that at the time that such activities are engaged in:

(a) any such Applicant, where required, is or will be registered or licensed, or is or will be entitled to rely on appropriate exemptions from such registrations or licences, to provide advice to the Funds pursuant to the applicable legislation of its principal jurisdiction;

(b) the Master Funds invest in commodity futures and options contracts principally traded on organized exchanges outside Canada and cleared through clearing corporations located outside of Canada;

(c) securities of the Funds will be offered primarily outside of Canada and will only be distributed in Ontario through an Ontario-registered dealer, in reliance on an exemption from the prospectus requirements of the OSA and upon an exemption from the adviser registration requirement of the OSA under Section 7.10 of Rule 35-502;

(d) prospective investors who are Ontario residents will receive disclosure that includes (i) a statement that there may be difficulty in enforcing legal rights against the applicable Funds or any of the Applicants advising the relevant Funds, because they are resident outside of Canada and all or substantially all of their assets are situated outside of Canada; and (ii) a statement that the Applicant advising the applicable Funds is not registered with or licensed by any securities regulatory authority in Canada and, accordingly, the protections available to clients of a registered adviser will not be available to purchasers of securities of a Fund; and

(e) any Applicant whose name does not specifically appear in this Order and who proposes to rely on the exemption granted under this Order, shall, as a condition to relying on such exemption, have executed and filed with the Commission a verification certificate

referencing this Order and confirming the truth and accuracy of the Application with respect to that particular Applicant.

May 2, 2003.

"Theresa McLeod" "Paul M. Moore"

2.2.8 CMP 2003 Resource Limited Partnership - para. (u) of s. 1.1 of OSC Rule 45-501

Headnote

Ontario Securities Commission Rule 45-501 – Exempt Distributions – section 1.1; Recognition as an accredited investor under OSC Rule 45-501.

Statutes Cited

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

Rules Cited

Ontario Securities Commission Rule 45-501.

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

AND

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION
RULE 45-501 – EXEMPT DISTRIBUTIONS (the "Rule")

AND

IN THE MATTER OF
CMP 2003 RESOURCE LIMITED PARTNERSHIP

RECOGNITION ORDER
(Paragraph (u) of Section 1.1 of the Rule
- The "Accredited Investor" Definition)

UPON the application (the "Application") of CMP 2003 Resource Limited Partnership (the "Partnership") filed with the Ontario Securities Commission (the "Commission") for recognition as an accredited investor under the Rule;

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

AND UPON it being represented by the Partnership to the Commission that:

1. The Partnership is a limited partnership formed pursuant to the *Limited Partnerships Act* (Ontario) on February 14, 2003;

2. The Partnership has a general partner (the "General Partner") that is responsible for the management of the Partnership in accordance with the terms of its limited partnership agreement;

3. On February 18, 2003, the Decision Makers issued a receipt for a preliminary prospectus of the Partnership (the "Prospectus") dated February 17, 2003 with respect to the offering of units of the Partnership ("Partnership Units");

4. The Partnership was formed for the purpose of raising funds to be invested in flow-through shares and other securities of Canadian resource companies that represent to the Partnership that they are principal business corporations as defined in the *Income Tax Act* (Canada) and that they intend to incur Canadian Exploration Expense;

5. The Partnership is currently offering Partnership Units to the public pursuant to the Prospectus to raise a maximum of $100 million in gross proceeds for the Partnership;

6. Following an offering period which is anticipated to be completed on or before December 15, 2003, the Partnership will cease the public distribution of its securities;

7. The Partnership is considered to be a "non-redeemable investment fund" as defined in National Instrument 14-101 – Definitions;

8. The Partnership will endeavour to invest all available proceeds in flow-through shares of Canadian resource companies as contemplated by the Prospectus. Canadian resource companies typically issue flow-through shares on a private placement basis. In order to participate in such offerings, purchasers in Ontario must be accredited investors or have another exemption available to them; and

9. Since 1999, affiliates of the General Partner have acted as the general partner for a series of resource limited partnerships with substantially the same structure and assets (the "Past Partnerships"). Upon application to the OSC dated June 21, 2002, the Past Partnerships were recognized as accredited investors;

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

NOW THEREFORE the Commission recognizes the Partnership as an accredited investor under the Rule provided that this recognition order will expire on the earlier of:

(i) two years from the date of this recognition order; and

(ii) the date on which the Rule is repealed and replaced by an amended and restated Ontario Securities Commission Rule 45-501 – *Exempt Distributions*.

May 2, 2003.

"Paul M. Moore" "Theresa McLeod"

2.2.9 CMP 2003 II Resource Limited Partnership - para. (u) of s. 1.1 of OSC Rule 45-501

Headnote

Ontario Securities Commission Rule 45-501 – Exempt Distributions – section 1.1; Recognition as an accredited investor under OSC Rule 45-501.

Statutes Cited

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

Rules Cited

Ontario Securities Commission Rule 45-501.

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

AND

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION
RULE 45-501 – EXEMPT DISTRIBUTIONS (the "Rule")

AND

IN THE MATTER OF
CMP 2003 II RESOURCE LIMITED PARTNERSHIP

RECOGNITION ORDER
(Paragraph (u) of Section 1.1 of the Rule
- The "Accredited Investor" Definition)

UPON the application (the "Application") of CMP 2003 II Resource Limited Partnership (the "Partnership") filed with the Ontario Securities Commission (the "Commission") for recognition as an accredited investor under the Rule;

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

AND UPON it being represented by the Partnership to the Commission that:

1. The Partnership is a limited partnership formed pursuant to the *Limited Partnerships Act* (Ontario) on February 14, 2003;

2. The Partnership has a general partner (the "General Partner") that is responsible for the management of the Partnership in accordance with the terms of its limited partnership agreement;

3. On February 18, 2003, the Decision Makers issued a receipt for a preliminary prospectus of the Partnership (the "Prospectus") dated February 17, 2003 with respect to the offering of units of the Partnership ("Partnership Units");

4. The Partnership was formed for the purpose of raising funds to be invested in flow-through shares and other securities of Canadian resource companies that represent to the Partnership that they are principal business corporations as defined in the *Income Tax Act* (Canada) and that they intend to incur Canadian Exploration Expense;

5. The Partnership is currently offering Partnership Units to the public pursuant to the Prospectus to raise a maximum of $100 million in gross proceeds for the Partnership;

6. Following an offering period which is anticipated to be completed on or before December 15, 2003, the Partnership will cease the public distribution of its securities;

7. The Partnership is considered to be a "non-redeemable investment fund" as defined in National Instrument 14-101 – Definitions;

8. The Partnership will endeavour to invest all available proceeds in flow-through shares of Canadian resource companies as contemplated by the Prospectus. Canadian resource companies typically issue flow-through shares on a private placement basis. In order to participate in such offerings, purchasers in Ontario must be accredited investors or have another exemption available to them; and

9. Since 1999, affiliates of the General Partner have acted as the general partner for a series of resource limited partnerships with substantially the same structure and assets (the "Past Partnerships"). Upon application to the OSC dated June 21, 2002, the Past Partnerships were recognized as accredited investors;

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

NOW THEREFORE the Commission recognizes the Partnership as an accredited investor under the Rule provided that this recognition order will expire on the earlier of:

(i) two years from the date of this recognition order; and

(ii) the date on which the Rule is repealed and replaced by an amended and restated Ontario Securities Commission Rule 45-501 – *Exempt Distributions.*

May 2, 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 Brian K. Costello

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

AND

IN THE MATTER OF
BRIAN K. COSTELLO

Hearing: November 11-15, 18-20, 28, December 6 and 9, 2002, and March 31, 2003

Panel:
Paul M. Moore, Q.C. - Vice-Chair (Chair of the Panel)
M. Theresa McLeod - Commissioner
Kerry D. Adams, FCA - Commissioner

Counsel:
Hugh Corbett, Scott Pilkey, Rob Del Frate - For the Staff of the Ontario Securities Commission

Joseph Groia, Janice Wright - For Brian K. Costello

DECISION ON SANCTIONS AND REASONS

I. Background

[1] We made a decision on the merits in this matter and gave reasons on February 18, 2003, which are now reported at (2003), 26 O.S.C.B. 1617.

[2] We received written argument on sanctions from both parties and heard oral argument on March 31, 2003.

II. Decision on Sanctions

[3] We previously concluded that Costello did not comply with Ontario securities law and acted contrary to the public interest.

[4] We are of the opinion that it is in the public interest to order that:

(i) pursuant to paragraph 3 of subsection 127(1) of the Act, the exemption contained in subsection 34(d) of the Act shall not apply to Costello for five years from the date of our order, or such lesser period as the Commission may order under section 144 of the Act;

(ii) pursuant to paragraph 4 of subsection 127(1) of the Act, and with the terms and conditions described below pursuant to subsection 127(2) of the Act, Costello submit to a review of his practices and procedures as an adviser during the period from November 11, 2002, being the date of the commencement of the hearing, to the date of our order (the Review Period);

(iii) pursuant to paragraph 6 of subsection 127(1) of the Act, Costello be reprimanded; and

(iv) pursuant to subsections 127.1(1) and (2) of the Act, Costello pay $300,000 of the costs of the Commission in investigating his affairs and the costs of or related to conducting the hearing.

Terms and Conditions

[5] The review pursuant to paragraph 4 of subsection 127(1) of the Act shall be conducted by the executive director of the Commission or a person appointed for this purpose by him and should answer the following questions with respect to the Review Period:

(i) Does Costello still have a website? If so, does any part of it recommend any specific securities? Does any part of it contain any other information that suggests that Costello may still be carrying on the business of advising?

(ii) Does Costello still publish a newsletter? If so, does the newsletter actually or implicitly recommend specific securities or contain any other information that suggests that Costello may still be carrying on the business of advising?

(iii) Does Costello still hold seminars? If so, does he actually or implicitly recommend specific securities in a manner that suggests that Costello may still be carrying on the business of advising?

(iv) In addition to matters in evidence before us, has Costello published other materials, or undertaken practices and procedures, that suggest he may still be carrying on the business of advising?

[6] The report of the reviewer shall be filed with the Commission within two months from the date of our order.

[7] The executive director may apply to the Commission, on two days' notice to Costello, for directions or advice on any matter relevant to the review or the preparation of the report of the reviewer.

[8] We reserve the right to order, pursuant to paragraph 4 of subsection 127(1) of the Act, that Costello institute such changes as we may order based on the report of the reviewer.

III. Reasons

A. Exemptions from Registration as an Adviser

[9] Staff requested that we order that all the exemptions contained in section 34 of the Act not apply to Costello.

[10] However, the exemptions in subsections (a), (b) and (c) are not presently available to Costello and do not need to be taken away.

[11] Subsection (a) applies to a bank or similar financial institution, which Costello is not.

[12] Subsection (b) applies to a lawyer, accountant, engineer or teacher. We have already ruled that this exemption was not available to Costello.

[13] Subsection (c) applies to a registered dealer, or any partner, officer or employee thereof. If Costello becomes one of these, he will be subject to the compliance supervision rules of the dealer. We do not believe that in such a situation he should be denied this exemption.

[14] Although the exemption in subsection (d) was not available to Costello on the facts before us – his newsletters were not distributed only to subscribers for value or purchasers – he may well limit distribution of his newsletter in the future in a manner to bring himself within this exemption without registering as an adviser under the Act. In such a case, and in light of his past conduct, he should not be able to rely on the exemption for a period of time.

B. Exemption from Registration for Trading

[15] Staff requested that we order that the exemption contained in paragraph 10 of subsection 35(1) of the Act not apply to Costello, directly or indirectly, for a period of three to five years, except for trades by Costello in securities for which Costello is the direct or beneficial owner.

[16] The conduct of Costello which concerned us did not pertain to trading. Accordingly, we do not believe it appropriate to take away that exemption.

C. Review of Costello's Recent Practice and Procedures

[17] Regarding publications prepared by or connected with Costello, counsel for staff requested:

(i) An order pursuant to paragraph 4 of subsection 127(1) of the Act that Costello submit to a review by an expert of the practices and procedures Costello follows with respect to the content of any seminars, presentations, speeches, newsletters, mailings (including electronic mailings), written materials radio or television broadcasts, websites, or any other media which pertain to investing in securities, in whole or in part, which are given, created, prepared, produced, published, distributed, disseminated or operated by Costello, directly or indirectly (singularly or collectively the Costello Media), and institute such changes as may be ordered by the Commission.

(ii) An order pursuant to subsection 127(2) of the Act that the review of the Costello Media be conducted at Costello's expense and that the selection of the expert and the terms of the expert's engagement be acceptable to staff. The expert would have to complete the review within reasonable time frames set by the expert and approved by staff. Costello would have to provide staff with a copy of the expert's report and recommendations. Before implementing any recommendations, the expert would have to consult with staff and thereafter provide staff with progress reports concerning the implementation of the expert's recommendations.

(iii) In addition to any other changes recommended by the expert, an order that Costello institute the following changes to his practices and procedures immediately:

(a) permanently or until Costello becomes registered, Costello shall not mention, refer to or endorse, directly or indirectly, any specific securities, issuers or promoters of specific securities in the Costello Media;

(b) permanently, Costello must disclose in any Costello Media concerning investing in securities, in a conspicuous manner which is clear and easily understood, the identity, interest and contribution of any

party which has paid any fee or given consideration of any kind to have any article, commentary or representation included in the Costello Media;

(c) for three to five years, or until Costello becomes registered as an adviser, whichever occurs first, Costello must state in the Costello Media, in a conspicuous manner which is clear and easily understood, that he has been sanctioned by the Commission for failing to register as a securities adviser; and

(d) permanently or until Costello becomes registered as an adviser, Costello must state in the Costello Media, in a conspicuous manner which is clear and easily understood, that he is not registered with the Commission to act as a securities adviser and that he is not qualified to recommend investments in specific securities.

and

(iv) An order pursuant to subsection 127(2) of the Act that Costello be prohibited from providing the Costello Media to, on behalf of, or in conjunction with, any registrant, issuer or promoter, for a period of three to five years or until Costello becomes registered as an adviser, whichever occurs first.

[18] Counsel for Costello argued that Costello is not a market participant, and, therefore, Costello's practices cannot be reviewed under paragraph 4 of subsection 127(1) of the Act. We disagree. As a registrant, i.e. a person who ought to have been registered, he was a market participant. The review we are ordering will determine if he has ceased to be a registrant, and if not, what changes should be instituted regarding his practices and procedures.

[19] Counsel for Costello also argued that, in spite of some evidence concerning the existence of Costello's website, the website had not been updated and was not in active use, that Costello had long since ceased publishing his newletter, and that Costello had stopped giving seminars since the hearing proceedings were commenced. However, no evidence was called to this effect.

[20] The passage of time calls for a review of Costello's practices and procedures during the Review Period before determining whether sanctions in addition to those which we are ordering today are appropriate.

[21] Counsel for Costello also argued that giving effect to staff's request would violate Costello's rights under the *Canadian Charter of Rights and Freedoms* (Charter), including the right of free speech. His argument was based in part on requests from staff which we are not giving effect to, and in part on the assumption that the review requested by staff would be an ongoing review resulting in vetting before use of materials prepared in the future by Costello.

[22] We have considered the argument carefully and are satisfied that the review we are ordering does not violate Costello's Charter rights. We have not ordered those matters requested by staff that go to things Costello might do as a financial commentator while not also in the business of advising because we likely do not have the legal ability to do so.

[23] We are not ordering Costello not to do things that would be illegal for him to do without becoming registered as an adviser, or to refrain from doing things he could do without breaching the Act. In this regard, if Costello gives advice regarding specific securities in an isolated instance at a future time, it would be appropriate for the Commission to take into account his past practices, including those at issue in this case, in determining whether at such future time he was engaging in the business of advising others. One incident would not be looked at in isolation from what he has been doing in the past.

D. Costello Seminars: Marketing or Education?

[24] Counsel for Costello portrayed his client repeatedly, including in his submissions on sanctions, as principally an educator. The evidence we heard did not support this altruistic portrayal.

[25] The evidence repeatedly showed that a principal purpose of Costello's seminars was lead generation. The standard routine described in evidence, in addition to collecting names of participants and distributing marketing material to them, incorporated various marketing techniques of which consumers/investors should be wary at "educational seminars":

(i) Use of hyperbole – Costello used hyberbole to describe investments. For example, he would describe a tax shelter as "the best I've seen".

(ii) Failure to discuss risk – Costello only presented the upside of investments. Risk levels and tolerance for risk were not addressed. Good educational material should be balanced and discuss both risk and reward.

(iii) Encouraging leverage – Costello encouraged seminar participants to maximize the investment opportunity by using borrowed money. This aggressive tactic focused solely on the upside, and

failed to point out that when leverage fails the investor loses, while others involved keep their fees and commissions.

(iv) Tax-advantaged products – Costello failed to point out that tax-advantaged products must still make sense from an investment perspective, and that fees and commissions are generally large when compared to those for non tax-advantaged investments.

[26] Good educational material should be balanced and free from marketing bias. It should not serve as bait to lead the unsuspecting to specific securities or service providers.

[27] It would be a disservice to investors, and undermine the efforts of conscientious educators, for us to endorse the view presented by counsel for Costello that Costello's seminars were primarily educational in nature.

[28] As the Commission noted in *Re DeLillis* (1998), 21 O.S.C.B. 305, nothing in Ontario securities law gives the Commission authority over the actions of seminar speakers although they play a major role in securities marketing. This remains true today and limits our ability to order several matters requested by staff.

E. Factors Considered

[29] Counsel for Costello also argued that this hearing was in essence a test case and only nominal sanctions should result. We do not agree.

[30] The test case was *Re Canadian Shareholders Association* (1992), 15 O.S.C.B. 617. Furthermore, concerns were expressed to Costello by the Saskatchewan and Alberta Securities Commissions on separate occasions, and in the case of the Saskatchewan Securities Commission, Costello broke his 1994 undertaking that he would not mention specific securities in his seminars.

[31] We do note, however, that the allegations against Costello related, for the most part, to conduct that occurred before July, 1997. Unless the review which we are ordering raises concerns based on Costello's recent conduct, we believe that the sanctions which we are ordering today are sufficient for prospective purposes. As the Supreme Court of Canada stated in *Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, [2001] 2 S.C.R. 132 at para. 45, orders under section 127 are "preventive in nature and prospective in orientation."

F. Costello's Ability to be a Director or Officer of an Issuer

[32] Staff requested that we order that Costello resign any positions which he holds as a director or officer of an issuer, and that he be prohibited from becoming or acting as a director or officer of an issuer for a period of three to five years.

[33] The conduct of Costello which concerned us did not pertain to acting as a director or officer of an issuer. Accordingly, we do not believe it necessary, in this case, to make such an order.

[34] We wish to state, however, that we were satisfied that Costello's conduct was not what we would expect of persons who also serve as directors or officers of a public company. We believe that the procedures for selecting and electing directors of public companies, and the scrutiny that boards of public companies undertake before appointing officers, will provide sufficient safeguards if in the future Costello is considered for a position as a director or officer of a public company.

G. Amendment of Section 40 of the Act

[35] During oral argument, counsel for Costello made some statements that suggested to us that he interpreted paragraph 45 of our reasons on the merits differently than we intended.

[36] We wish to clarify what we intended in paragraph 45 of our reasons on the merits. If the adviser registration requirement of the Act should be amended in the future so that it not extend to persons who do not advise on a one-on-one basis, we would still want the disclosure requirements of section 40 of the Act to be made applicable to such persons. Furthermore, whether such amendment is made or not, we believe that section 40 of the Act needs to be amended so that it applies to persons such as Costello who should have been registered as an adviser but failed to do so.

H. Costs

[37] Counsel for staff advised that the total costs of the Commission for the investigation and hearing were $618,982.50 attributable to the time spent by Messrs. Pilkey and Corbett, plus $29,263.17 attributable to witness expenses, an expert report and other disbursements, for a total of $648,245.67. The bill of costs submitted by staff was prepared using the approach developed for the Commission by AssetRisk Inc., an approach which takes into account hours spent by staff counsel and investigators. This methodology was endorsed by the Commission in *Re Donnini* (2002), 25 O.S.C.B. 6225.

[38] Counsel for staff further advised as follows:

(i) The hearing in this matter was held over four weeks and required 11.5 hearing days. A total of 18 witnesses were called, 13 by staff and five by Costello. In addition, staff had prepared and originally intended to call four additional witnesses.

(ii) None of the 13 witnesses called by staff resided in Toronto. All of staff's witnesses were required to attend at the expense of the Commission from the following

places: one from Florida, one from Calgary, one from Regina, two from Montreal, one from Ottawa, one from Windsor, five from Barrie or the surrounding area, and one from Burlington.

(iii) All but two of staff's witnesses had to stay overnight in Toronto for at least one night to ensure their availability to testify the following day or to accommodate their travel arrangements.

(iv) Costello did not admit any facts in advance of the hearing and with only a few exceptions, staff was required to prove all of its documentary evidence through *viva voce* testimony, even though the documents went virtually uncontested.

(v) Although the accuracy of the information set out in appendices A, B and C to the statement of allegations (the structure of FPG, and the sales of the limited partnership units of Synlan and EnerVest) was not contested or contradicted by Costello, staff was required to produce several large volumes of documents and to call Messrs. Calderisi and Howard to prove the information summarized in those appendices.

[39] We accept staff's bill of costs as reflective of the Commission's costs in this matter.

[40] Of the three allegations made against Costello, Staff established a breach of Ontario securities law in connection with the first allegation, and conduct contrary to the public interest in connection with the second allegation. However, we do not believe that a mathematical formula of two out of three is the proper basis for ordering costs in this case. The essence of this case was that Costello acted as an adviser without being registered, as he should have been, and did not disclose information he should have disclosed. For these activities, we found that Costello did not comply with Ontario securities law and acted contrary to the public interest.

[41] We are reluctant to limit our costs order to one half of the actual costs, since costs that are not recovered will come indirectly, through the Commission's cost recovery funding arrangements, from fees paid by other participants in the capital markets. However, in all the circumstances, and considering that staff only asked us for a $300,000 costs order, we have determined that it is in the public interest that Costello pay $300,000 of the Commission's costs.

April 29, 2003.

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

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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
July Resources Corp.	24 Apr 03	06 May 03		
Library Information Software Corp.	24 Apr 03	06 May 03	06 May 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
Radiant Energy Corporation	26 Mar 03	08 Apr 03	08 Apr 03		

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

Exempt Financings

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

REPORTS OF TRADES SUBMITTED ON FORM 45-501F1

Transaction Date	Purchaser	Security	Total Purchase Price ($)	Number of Securities
30-Apr-2003	Greg Gariepy	153998 Canada Ltd. - Common Shares	30,000.00	3,000.00
01-May-2003	Wayne Levine &/or Jeanette	ABC Fully-Managed Fund - Units	150,000.00	18,971,012.00
01-May-2003	The Lady Kathleen Loewen Trust;Peter McMullen	ABC Fundamental - Value Fund - Units	1,650,000.00	121,323.00
21-Apr-2003	Kitty S.M. Sit and Francis Chan	Access International Education Ltd - Units	168,000.00	1,200,000.00
24-Apr-2003	Sheryl Paglia	Acuity Pooled Balanced Fund - Trust Units	100,000.00	7,122.00
15-Apr-2003	Ian Ihnatowycz	Acuity Pooled Canadian Small Cap Fund - Trust Units	100,000.00	8,661.00
16-Apr-2003	Paul Love	Acuity Pooled Core Canadian Equity Fund - Trust Units	158,000.00	15,216.00
16-Apr-2003	Pamela Love	Acuity Pooled Core Canadian Equity Fund - Trust Units	130,846.00	12,601.00
08-Apr-2003	Douglas Colling and Erica Brewster	Acuity Pooled High Income Fund - Trust Units	139,492.00	9,663.00
08-Apr-2003	James Schragner	Acuity Pooled High Income Fund - Trust Units	150,000.00	10,391.00
02-Apr-2003	Doug Cook	Acuity Pooled High Income Fund - Trust Units	150,000.00	10,400.00
02-Apr-2003	Michel Dupuls	Acuity Pooled High Income Fund - Trust Units	127,600.00	8,851.00
31-Mar-2003	Erica Brewster	Acuity Pooled High Income Fund - Trust Units	69,492.00	4,854.00
01-Apr-2003	John Pounder and Nijole Taylor	Acuity Pooled High Income Fund - Trust Units	75,000.00	5,235.00

21-Apr-2003	Robert Massaar	Acuity Pooled High Income Fund - Trust Units	77,561.00	5,281.00
15-Apr-2003	Charlene Bernhardt	Acuity Pooled High Income Fund - Trust Units	150,000.00	10,287.00
14-Apr-2003	Mel Lefton	Acuity Pooled High Income Fund - Trust Units	150,000.00	10,337.00
24-Apr-2003	Anne Seymour	Acuity Pooled High Income Fund - Trust Units	50,000.00	3,387.00
24-Apr-2003	Gary Bond	Acuity Pooled High Income Fund - Trust Units	247,946.00	16,799.00
15-Apr-2003	Ian Ihnatowycz	Acuity Pooled Income Trust Fund - Trust Units	100,000.00	9,471.00
25-Apr-2003	Strategic Advisors Corp.	Advantex Marketing International Inc. - Convertible Debentures	20,196.00	20,000.00
24-Apr-2003	4 Purchasers	AfriOre Limited - Units	890,000.00	1,534,482.00
01-Jan-2002 03-Mar-2003	Manualife Financial	AIM American Mid Cap Growth Class Series I - Units	74,894,784.00	1.00
01-Jan-2002 31-Mar-2003	Manulife Financial	AIM American Mid Cap Growth Class Series I - Units	3,093,990.00	366,811.00
01-Jan-2002 31-Dec-2003	Manulife Financial	AIM Canadian First Class Series I - Units	14,522,289.00	1,452,228.00
23-Apr-2003	Manulife Financial	AIM Canadian First Class Series I - Units	5,672,291.65	570,032.00
01-Jan-2002 31-Mar-2003	Manulife Financial	AIM Canadian Premier Class Series I - Units	270,915,506.00	27,091,506.00
01-Jan-2002 31-Mar-2003	Manulife Financial	AIM Canadian Premier Class Series I - Units	2,223,510.00	251,557.00
01-Jan-2002 31-Mar-2003	Transamerica Optimum Global Sectors	AIM Global Energy Class Series I - Units	168,284.00	16,828.00
01-Jan-2002 31-Mar-2003	TransAmercian Optimum Global Sectors	AIM Global Energy Class Series I - Units	171,055.00	15,806.00
01-Jan-2002 31-Mar.2003	Transamerica Optium Global Sectors	AIM Global Telecommunications Class Series I - Units	101,881.00	27,338.00
01-Jan-2002 31-Mar-2003	122 Purchasers	AIM Global Telecommunications Class Series I - Units	165,002.00	70,137.00
01-Jan-2002 31-Mar-2003	Transamerica Optimum Global Managers	AIM Global Theme Class Series I - Units	588,675.00	74,851.00
01-Jan-2002 31-Mar-2003	TransAmerica Optimum Global Managers	AIM Global Theme Class Series I - Units	1,422,217.00	191,617.00
14-May-2003	3 Purchasers	Andromeda Media Capital Corporation - Units	3,500.00	3,500.00

21-Apr-2003	6 Purchasers	Andromeda Media Capital Corporation - Units	11,500.00	11,500.00
14-Apr-2003	The Blue Sky Club	Aurado Exploration Ltd. - Units	19,125.00	100,000.00
24-Apr-2003	3 Purchasers	Avgold Limited - Shares	3,329,280.00	4,000,000.00
15-Apr-2003	David and Lori-Anne Vokes	Bevinco Corporation - Units	10,000.00	10,000.00
23-Apr-2003	Canaccord Capital Corporation	Bolivar Gold Corp. - Option	0.00	46,050.00
17-Apr-2003	Judy and Lionel Franklin	CareVest Blended Mortgage Investment Corporation - Preferred Shares	25,000.00	25,000.00
17-Apr-2003	Judy and Lionel Franklin	CareVest First Mortgage Investment Corporation - Preferred Shares	25,000.00	25,000.00
22-Apr-2003	8 Purchasers	CAI Capital Partners and Company III, L.P. - Limited Partnership Interest	2,540,000.00	2,540,000.00
20-Apr-2003 29-Apr-2003	4 Purchasers	Central European Private Equity Fund Formation Limited Partnership - Limited Partnership Units	250,000.00	5.00
14-Apr-2003	Northfield Capital Corporation and Thomas Pladsen	Cimatec Environmental Engineering Inc. - Units	36,000.00	360,000.00
15-Jul-2002	CMP 2000 Resource Limited Partnershi;CMP 2000 II resource Limited Partnership	CMP Fund Corporation - Shares	41,139,286.38	411,392.00
29-Apr-2003	OI Canada Holdings BV.	Consumers Packaging Inc. - Preferred Shares	1.00	1.00
21-Apr-2003	Royal Bank of Canada and Skypoint Capital Corporation	Core Networks Incorporated - Convertible Debentures	394,000.00	394,000.00
30-Apr-2003	38 Purchasers	Discovery Biotech Inc. - Common Shares	240,000.00	80,000.00
30-Apr-2003	Ontario Municipal Employees Retirement Board;Canadian Imperial Bank of Commerce	Falls Management Company - Notes	19,500,000.00	2.00
17-Apr-2003	9 Purchasers	Gold Summit Mines Ltd. - Units	100,000.00	2,000,000.00
23-May-2003	Robert Boyle	Groundstar Resources Limited - Units	6,000.00	50,000.00
30-Apr-2003	Elliott & Page	HMP Equity Holdings Corporation - Units	679,980.00	1,000.00
30-Apr-2003	Credit Risk Advisors	HMP Equity Holdings Corporation - Units	679,980.73	1,000.00

30-Apr-2003	Hamblin Watsa Investment Counsel Ltd.	H&R Real Estate Investment Trust - Units	24,999,999.00	1,889,302.00
23-Apr-2003	Barrie Johnson	IMAGIN Diagnostics, Inc. - Common Shares	6,000.00	2,000.00
23-Apr-2003	John A. Smith	IMAGIN Diagnostics, Inc. - Common Shares	3,000.00	1,000.00
22-Apr-2003	Stephen Robinson	IMAGIN Diagnostics, Inc. - Common Shares	3,000.00	1,000.00
21-Apr-2003	Ted Guiducci	IMAGIN Diagnostics, Inc. - Common Shares	9,000.00	3,000.00
17-Apr-2003	Les Otto	IMAGIN Diagnostics, Inc. - Common Shares	18,000.00	6,000.00
30-Apr-2003	TreKLogic Technologies Inc.	InBusiness Solutions Inc. - Common Shares	2,000,000.00	30,000,000.00
28-Apr-2003	3 Purchasers	InterOil Corporation - Common Shares	1,665,000.00	111,000.00
02-May-2003	4 Purchasers	Jafra Cosmetic International, Inc. - Notes	2,483,250.00	1,750,000.00
30-Apr-2003	4 Purchasers	JLG Industries Inc. - Notes	4,300,500.00	3,000,000.00
25-Apr-2003	William Harrison	KBSH Private - Canadian Equity Fund - Units	160,000.00	12,998.00
25-Apr-2003	William Harrison	KBSH Private - Fixed Income Fund - Units	320,000.00	30,896.00
25-Apr-2003	William Harrison	KBSH Private - International Fund - Units	168,000.00	23,038.00
25-Apr-2003	William Harrison	KBSH Private - Money Market Fund - Units	800,000.00	80,000.00
25-Apr-2003	Vince Lacey	KBSH Private - Special Equity Fund - Units	120,000.00	10,242.00
25-Apr-2003	William Harrison	KBSH Private - U.S. Equity Fund - Units	152,000.00	13,283.00
23-Apr-2003	CMP 2003 Resource Limited	KWG Resources Inc. - Common Shares	500,000.00	3,333,334.00
02-May-2003	Credit Risk Advisors	K. Hovnanian Enterprises, Inc. - Notes	1,064,250.00	750,000.00
25-Apr-2003	Dandy Investments Ltd.	LymphoSign Inc. - Common Shares	19,500.00	50,000.00
30-Apr-2003	59 Purchases	Market Neutral Preservation Fund - Units	3,205,333.00	319,043.00
16-May-2003	16 Purchasers	Market Neutral Preservation Fund - Units	767,284.69	76,464.00

16-Apr-2003	16 Purchasers	Market Neutral Preservation Fund (Amended) - Units	767,284.00	76,463.00
21-Apr-2003	Trung Tran	Microsource Online, Inc. - Common Shares	4,200.00	700.00
21-Apr-2003	Emma Winter	Microsource Online, Inc. - Common Shares	3,000.00	500.00
21-Apr-2003	William Mount	Microsource Online, Inc. - Common Shares	1,200.00	200.00
21-Apr-2003	David Pettigrew	Microsource Online, Inc. - Common Shares	4,800.00	800.00
18-Apr-2003	Frank Saraceni	Microsource Online, Inc. - Common Shares	1,200.00	200.00
18-Apr-2003	Frank Saraceni	Microsource Online, Inc. - Common Shares	1,200.00	200.00
21-Apr-2003	Victor Boutin	Microsource Online, Inc. - Common Shares	12,000.00	2,000.00
21-Apr-2003	Bernard Berry	Microsource Online, Inc. - Common Shares	1,800.00	300.00
24-Apr-2003	Janet Kryger	Microsource Online, Inc. - Common Shares	1,200.00	200.00
24-Apr-2003	Doug L. Fowles	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
28-Apr-2003	Joel Bouchard	Microsource Online, Inc. - Common Shares	3,000.00	500.00
28-Apr-2003	Terry Jakobi	Microsource Online, Inc. - Common Shares	9,000.00	1,500.00
30-Apr-2003	Ken Brown	Microsource Online, Inc. - Common Shares	9,000.00	1,500.00
30-Apr-2003	Fred Ng	Microsource Online, Inc. - Common Shares	30,000.00	5,000.00
03-Apr-2003	Kevin and Collen Gregorie	Mydriad Golf Resort Inc. - Common Shares	100,000.00	133,334.00
01-May-2003	4 Purchasers	New Solutions Financial (IV) Corporation - Debentures	215,000.00	215,000.00
30-Apr-2003	Scoiete Innovatech du Grand Montreal	Nimcat Networks Incorporated - Convertible Debentures	250,000.00	250,000.00
05-Dec-2002 24-Apr-2003	7 Purchasers	Northstone Power Corp. - Convertible Debentures	1,229,131.20	1,229,131.00
25-Apr-2003	marita Holdings Limited	Nu Decor Holdings (USA) Inc. - Common Shares	30.00	30.00
25-Apr-2003	Marita Holdings Limited	Nu Decor Holdings (USA) Inc. - Common Shares	300,030.00	300,030.00

25-Apr-2003	Marita Holdings Limited	Nu Decor Holdings (USA) Inc. - Promissory note	700,000.00	2.00
23-Apr-2003	7 Purchasers	Pacific Tiger Energy Inc. - Convertible Debentures	692,979.00	692,979.00
23-Apr-2003	47 Purchasers	Paradigm Market Neutral Preservation Fund - Units	616,609.96	161,017.00
30-Apr-2003	4 Purchasers	Phillips-Van Heusen Corporation - Notes	1,442,400.00	1,000,000.00
14-Mar-2003	4 Purchasers	Second World Trader Inc. - N/A	6,425.00	38.00
31-Mar-2003	Quaker Hill Services Ltd.	Stonestreet Limited Partnership - Units	97,614.00	8,433.00
24-Apr-2003	Sheldon Inwentash	Tengtu International Corp. - Units	363,901.00	250,000.00
01-May-2003	N/A	Tengtu International Corp. - Units	922,722.00	640,000.00
01-May-2003	Budi B Investments Limited	The Enterprise AOF LP - Limited Partnership Units	50,000.00	185,223.00
23-Apr-2003	Genevest Inc.	TrekLogic Technologies Inc. - Common Shares	400,000.00	800,000.00
21-Apr-2003	3 Purchasers	Verb Exchange Inc. - Units	39,500.00	197,500.00
25-Apr-2003	15 Purchasers	Vinccler Oil and Gas Corporation - Special Warrants	1,425,000.00	569,268.00
28-Apr-2003	Siwash Holdings Ltd.	Vision Gate Ventures Limited - Units	25,000.00	100,000.00
30-Apr-2003	Royal Bank of Canada	Willis Group Holdings Limited - Shares	333,288.75	7,500.00

RESALE OF SECURITIES - (FORM 45-501F2)

Transaction Date	Seller	Security	Total Selling Price	Number of Securities
14-Apr-2003	RTO Enterprises Inc. Corporation - Warrants	Rockwater Capital		50,000.00

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

Seller	Security	Number of Securities
Michael Zhong	Canadian Spooner Industries Corporation - Common Shares	7,000,000.00
Matthews-Cartier Holdings Limited	Canfor Corporation - Common Shares	200,000.00
Larry Melnick	Champion Natural Health.com Inc. - Shares	119,765.00
CMG Reervoir Simulation Foundation	Computer Modelling Group Ltd. - Common Shares	251,500.00
F.D.L. & Associes Ltee	Cossette Communication Group Inc. - Common Shares	50,000.00
John H. Kruzick	DRC Resoures Corporation - Common Shares	404,900.00
Perdana Technology Venture	EleTel Inc. - Common Shares	5,480,000.00
Estill Holdings Limited	EMJ Data Systems Ltd. - Common Shares	344,500.00
Stanley Mourin	Grand Oakes Resources Corp. - Common Shares	492,201.00
Dieter Kohler	Intelpro Media Group Inc. - Common Shares	3,600,000.00
Winderin Properties Limited	Lease-Rite Corporation Inc. - Common Shares	614,657.00
William J. Gastle	Microbix Biosystems Inc. - Common Shares	494,133.00
Susan M.S. Gastle	Microbix Biosystems Inc. - Common Shares	7,548.00
Canaccord Capital Corporation	Mosaic Technologies Corporation - Common Shares	1,802,343.00
Targa Group Inc.	Plaintree Systems Inc. - Common Shares	34,315,760.00
Macsy Equities Limited	Reitmans (Canada) Limited. - Shares	50,000.00
Mlchael R. Faye	Spectra Inc. - Common Shares	750,000.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Clearwater Seafoods Income Fund
Principal Regulator – Nova Scotia
Type and Date:
Preliminary Prospectus dated April 30, 2003
Mutual Reliance Review System Receipt dated May 1, 2003
Offering Price and Description:
$42,400,000.00 - 4,000,000 Units issuable upon the exercise of 4,000,000 Special Warrants
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
Promoter(s):
-
Project # 534133

Issuer Name:
Canatech Capital Partners Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary CPC Prospectus dated May 1, 2003
Mutual Reliance Review System Receipt dated May 1, 2003
Offering Price and Description:
MINIMUM OFFERING: $200,000 (1,000,000 Common Shares)
MAXIMUM OFFERING: $1,825,000 (9,125,000 Common Shares)
Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Global Securities Corporation
Promoter(s):
Joseph Hornsberger
Christopher Crutcher
Project #534287

Issuer Name:
Central Gold-Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated April 29, 2003
Mutual Reliance Review System Receipt dated April 30, 2003
Offering Price and Description:
$ * - * Units
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Promoter(s):
J.C. Stefan Spicer
Alexander J. Grieve
Project #533220

Issuer Name:
Clearwater Seafoods Income Fund
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Prospectus dated April 30, 2003
Mutual Reliance Review System Receipt dated May 1, 2003
Offering Price and Description:
$42,400,000.00 - 4,000,000 Units issuable upon the exercise of 4,000,000 Special Warrants @ $10.60 per Special Warrant
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Promoter(s):
Clearwater Fine Foods Incorporated
Project #534133

Issuer Name:
Coca-Cola Enterprises (Canada) Bottling Finance Company
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Shelf Prospectus dated May 1, 2003
Mutual Reliance Review System Receipt dated May 2, 2003
Offering Price and Description:
Cdn. $2,000,000,000
Debt Securities
(Unsecured)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #534337

Issuer Name:
KeySpan Facilities Income Fund
Principal Regulator - Alberta
Type and Date:
Amended and Restated Preliminary Prospectus dated May 1, 2003
Mutual Reliance Review System Receipt dated May 2, 2003
Offering Price and Description:
$ * - * Units @$10.00 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Peters & Co. Limited
Promoter(s):
Keyspan Corporation
Project #528349

Issuer Name:
Loblaw Companies Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated May 1, 2003
Mutual Reliance Review System Receipt dated May 2, 2003
Offering Price and Description:
$ 1.0 Billion - Medium Term Notes (unsecured)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #534448

Issuer Name:
NCE Petrofund
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated May 2, 2003
Mutual Reliance Review System Receipt dated May 2, 2003
Offering Price and Description:
$74,200,000.00 - 7,000,000 Trust Units @ $10.60 per Trust Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Scotia Capital Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Promoter(s):
-
Project #534573

Issuer Name:
Newmont Mining Corporation
Principal Regulator - Ontario
Type and Date:
Amended Preliminary MJDS Prospectus dated April 30, 2002
Mutual Reliance Review System Receipt dated May 5, 2003
Offering Price and Description:
U.S. $ 1,000,000,000.00 - * Common Stock * Preferred Stock * Warrants to purchase Common Stock * Senior Debt Securities guaranteed by our subsidiary, Newmont USA Limited * Subordinated Debt Securities guaranteed by our subsidiary, Newmont USA Limited * Warrants to purchase Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #461809

Issuer Name:
Norrep Performance 2003 Flow-Through Limited Partnership
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated May 2, 2003
Mutual Reliance Review System Receipt dated May 2, 2003
Offering Price and Description:
$35,000,000 (Maximum Offering); $5,000,000 (Minimum Offering) - A maximum of 3,500,000 and a minimum of 500,000 Limited Partnership Units Purchase Price: $10.00 per Unit Minimum Purchase: 1,000 Units ($10,000.00)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
First Associates Investments Inc.
Bieber Securities Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Promoter(s):
Hesperian Capital Management Ltd.
Project #534692

Issuer Name:
Northbridge Financial Corporation
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary PREP Prospectus dated May 1, 2003
Mutual Reliance Review System Receipt dated May 2, 2003
Offering Price and Description:
$ * - * Common Shares per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Promoter(s):
Fairfax Financial Holdings Limited
Project #528158

Issuer Name:
Oil Sands Split Trust
Principal Regulator - Ontario
Type and Date:
Amended Preliminary Prospectus dated May 2, 2003
Mutual Reliance Review System Receipt dated May 6, 2003
Offering Price and Description:
$ * - Preferred Securities and $ * - * Capital Units @ $ * per Preferred Security and $* per Capital Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
Raymond James Ltd.
Desjardins Securities Inc.
First Associates Investments Inc.
FirstEnergy Capital Corp.
HSBC Securities (Canada) Inc.
Peters & Co. Limited
Promoter(s):
RBC Dominion Securities Inc.
Project #529382

Issuer Name:
RONA inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated May 1, 2003
Mutual Reliance Review System Receipt dated May 1, 2003
Offering Price and Description:
$ * - * Common Shares @ $ * per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
Desjardins Securities Inc.
Promoter(s):
-
Project #534063

Issuer Name:
Sherritt International Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated April 30, 2003
Mutual Reliance Review System Receipt dated May 1, 2003
Offering Price and Description:
$ * - * Restricted Voting Shares
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Griffiths McBurney & Partners
Paradigm Capital Inc.
Peters & Co. Limited
Salman Partners Inc.
Promoter(s):
-
Project #533884

Issuer Name:
Shoppers Drug Mart Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 6, 2003
Mutual Reliance Review System Receipt dated May 6, 2003
Offering Price and Description:
$ * - * Common Shares
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
Promoter(s):
-
Project #535252

Issuer Name:
Stanstead Capital Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary CPC Prospectus dated April 30, 2003
Mutual Reliance Review System Receipt dated May 5, 2003
Offering Price and Description:
Minimum Offering: $500,000 or 3,333,333 Common Shares
Maximun Offering: $ 1,500,000 or 10,000,000 Common Shares Price: $0.15 per share
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Promoter(s):
-
Project #534809

Issuer Name:
ACS Media Income Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated April 29, 2003
Mutual Reliance Review System Receipt dated April 30, 2003
Offering Price and Description:
Cdn$175,000,000.00 - 17,500,000 Units Price: Cdn$10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Westwind Partners Inc.
Promoter(s):
Alaska Communications Systems Holdings, Inc.
Project #519018

Issuer Name:
Canadian Capital Auto Receivables Asset Trust
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated April 30, 2003
Mutual Reliance Review System Receipt dated April 30, 2003
Offering Price and Description:
$100,000,000.00 3.803% Auto Loan Receivables-Backed Notes, Series 2003-1, Class A-1
$200,000,000.00 - 4.009% Auto Loan Receivables-Backed Notes, Series 2003-1, Class A-2
$200,000,000.00 - 4.273% 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:
Final Simplified Prospectus dated May 2, 2003
Mutual Reliance Review System Receipt dated May 6, 2003
Offering Price and Description:
Mutual Fund Units @ Net Asset Value per Unit
Underwriter(s) or Distributor(s):
ClaringtonFunds Inc.
ClaringtonFunds Inc.
Promoter(s):
ClaringtonFunds Inc.
Project #525191

Issuer Name:
Clarington Global Core Portfolio
Clarington U.S. Core Portfolio
Clarington RSP Technology Fund
Clarington Technology Fund
Clarington RSP Global Value Fund
Clarington RSP International Equity Fund
Clarington U.S. Large Cap Value Class
Clarington Global Equity Class
Clarington U.S. Value Class
(Formerly Clarington U.S. Mid-Cap Value Class)
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated April 25, 2003 to the Simplified Prospectuses and Annual Information Forms dated July 23, 2002
Mutual Reliance Review System Receipt dated April 30, 2003
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
ClaringtonFunds Inc.
ClaringtonFunds Inc.
Promoter(s):
ClaringtonFunds Inc.
Project #460588

Issuer Name:
Logix Canadian Equity Fund
Logix U.S. Equity Fund
Logix U.S. Equity RSP Fund
Logix International Equity Fund
Logix Global Bond Fund
Logix Short Term Investment Fund
[formerly Logix Money Market Fund]
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 5, 2003
Mutual Reliance Review System Receipt dated May 6, 2003
Offering Price and Description:
A Series, F Series, I Series units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Logix Asset Management Inc.
Project #503769

Issuer Name:
Mackenzie Universal Future Capital Class
Mackenzie Universal Select Managers Canada Capital Class
Mackenzie Universal Emerging Technologies Capital Class
(formerly Mackenziel Universal Internet Technologies Capital Class
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated April 28, 2003 to the Simplified Prospectuses and Annual Information Forms dated October 28, 2002
Mutual Reliance Review System Receipt dated April 30, 2003
Offering Price and Description:
Series A, F, I, O and R Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mackenzie Financial Corporation
Project #482257

Issuer Name:
Mackenzie Universal Future Fund
Mackenzie Universal Select Managers Canada Fund
Mackenzie Balanced Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated April 28, 2003 to the Simplified Prospectus of Mackenzie Balanced Fund dated December 16, 2003, and to the Annual Information Forms dated December 16 2002
Mutual Reliance Review System Receipt dated May 5, 2003
Offering Price and Description:
Serie A, F, I, O and T Units
Underwriter(s) or Distributor(s):
-
Quadrus Investment Services Inc.
Quadrus Investment Services Ltd.
Promoter(s):
Mackenzie Financial Corporation
Project #492097

Issuer Name:
Stratic Energy Corporation
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated April 30, 2003
Mutual Reliance Review System Receipt dated April 30, 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
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
First Associates Investments Inc.
Promoter(s):
-
Project #524840

Issuer Name:
The Hartford U.S. Capital Appreciation Fund
The Hartford Global Leaders Fund
The Hartford U.S. Stock Fund
The Hartford Canadian Stock Fund
The Hartford Advisors Fund
The Hartford Bond Fund
The Hartford Money Market Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated April 29, 2003
Mutual Reliance Review System Receipt dated April 30, 2003
Offering Price and Description:
Sales Charge Class Units and Deferred Sales Charge Class Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Hartford Investments Canada Corp.
Project #519524

Issuer Name:
Toronto Hydro Corporation
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated April 30, 2003
Mutual Reliance Review System Receipt dated May 1, 2003
Offering Price and Description:
$225,000,000.00 - 6.11% SENIOR UNSECURED DEBENTURES due 2013
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:
AIM American Mid Cap Growth Class
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated April 30, 2003 to the Simplified Prospectuses and Annual Information Forms dated August 9, 2002
Mutual Reliance Review System Receipt dated May 6, 2003
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
AIM Funds Management Inc.
AIM Funds Management Inc.
AIM Funds Group Canada Inc.
Promoter(s):
AIM Funds Management Inc.
Project #462491

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	RSM EquiCo Canada Inc. 575 Anton Blvd. 11th Floor Costa Mesa, CA 92626 USA	Limited Market Dealer	Apr 17/03
New Registration	Meridian Global Investors Inc. Attention: Richard C. Kang 100-221 Spadina Road Toronto ON M5R 2T9	Investment Counsel & Portfolio Manager Limited Market Dealer	May 05/03
New Registration	Full Cycle Investment Management Limited Attention: Henry Cohen 662 King Street West Suite 303 Toronto ON M5V 1M7	Investment Counsel & Portfolio Manager Limited Market Dealer	May 05/03
Change of Name	Aviva Investment Canada Inc. Attention: Marshall Nicolishen The Exchange Tower 130 King Street West P O Box 172 Suite 2530 Toronto ON M5X1C7	From: CGU Investment Management Canada Limited To: Aviva Investment Canada Inc.	May 05/03
Change of Name	UBS Investment Services Canada Inc. 154 University Avenue Suite 780 Toronto ON M5H 3Z4	From: UBS Securities (Canada) Inc. To: UBS Investment Services Canada Inc.	Apr 24/03
Suspension of Registration	Sun Life Securities Inc. 225 King Street West 5th Floor Toronto ON M5V 3C5	Investment Dealer	Apr 29/03

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 IDA Discipline Penalties Imposed on Gerardo (Jerry) Salvatore - Violation of Regulation 1300.1(c)

Contact:
Sharon Lane
Enforcement Counsel
(416) 865-3039

BULLETIN # 3143
April 30, 2003

DISCIPLINE

DISCIPLINE PENALTIES IMPOSED ON GERARDO (JERRY) SALVATORE – VIOLATION OF REGULATION 1300.1(C)

Person Disciplined

The Ontario District Council of the Investment Dealers Association ("the Association") has imposed discipline penalties on Gerardo (Jerry) Salvatore, at the material times a Registered Representative (Options) at the Niagara Falls branch office of RBC Dominion Securities Inc., a Member of the Association.

By-laws, Regulations, Policies Violated

On April 22, 2003, the Ontario District Council considered, reviewed and accepted a Settlement Agreement negotiated between Mr. Salvatore and Association Staff.

Pursuant to the Settlement Agreement, Mr. Salvatore acknowledged that during January 1998 he failed to exercise due diligence to ensure that recommendations made for the transfer of a client account, W.O. were appropriate for the client and in keeping with her investment objectives, contrary to Association Regulation 1300.1(c)(now Regulation 1300.1(d)).

Penalty Assessed

The discipline penalties assessed against Mr. Salavatore is a global fine in the amount of $15,000.00 inclusive of the Association's costs, which is payable in full upon the acceptance of the Settlement Agreement by the District Council.

Summary of Facts

Mr. Salvatore, at all times material was employed as a Registered Representative (Options) with RBC Dominion Securities Inc. ("RBC DS") in its branch office in Niagara Falls, Ontario. He was employed as a registered representative by RBC DS and its predecessor firms from 1984 until December 14, 2001, when he left voluntarily.

O, M and M's wife were all clients of Mr. Salvatore. O had been friends with M since approximately 1974. They had invested together in the real estate market in the 1980's and had previously had a joint investment account together.

In 1991, M began to trade options in his personal account. He was a sophisticated and knowledgeable investor who researched and studied the market. He made unsolicited trades in both his own personal account and his wife's account ("M's wife's account), as he had trading authorization for her account also.

In August 1996, O expressed a desire to trade options and implement the options strategies similar to her friend M. Mr. Salvatore expressed the concern that it was unsuitable for the complainant to be investing in such risky options strategies on her own. The complainant requested that M be given Power of Attorney over her investment account to alleviate any such concerns. Such Power of Attorney was provided on August 13, 1996.

On August 23, 1996, after some initial losses in the complainant's account, Mr. Salvatore and his Branch Manager, Mr. Turpin, met with O and were satisfied that she had the requisite knowledge and understanding of options and their risks and an understanding of the power she was conveying to M in regard to her asserts.

On January 2, 1998, before leaving for Florida, O signed a letter addressed to RBC DS ("transfer letter"), authorizing the transfer of her account. The transfer letter was deficient. While O's name and account number were identified in the transfer letter, the receiving account was identified by account number only. The owner of the receiving account was not identified.

The transfer letter was drafted by Mr. Salvatore and was witnessed by Mr. Turpin.

O believed that M was the owner of the receiving account. It was, however, M's wife's account, over which M had trading authorization. Mr. Salvatore admits that it was his decision to select M's wife's account as the receiving account, as it was the most actively traded account by M. Approximately $58,000.00 was transferred from O's account into M's wife's account in January 1998.

In February 1998, all positions in M's wife's account were closed and a cheque for the balance of the account (including the funds that had been transferred from the complainant's account) was forwarded to M's wife.

In January 1998, Mr. Salvatore ought to have known that the transfer letter was deficient, by not including the name of the owner of the receiving account.

In January, 1998, Mr. Salvatore ought to have been aware of the implications that the authorization to transfer all assets from the complainant's account to another account would have on the complainant's claim to her assets and Mr. Salvatore did not ensure that the complainant was aware and /or understood:

i) that she was authorizing a transfer of her assets to M's wife's account; and

ii) that she did not have a beneficial interest in the receiving account.

Mr. Salvatore currently is employed as a Registered Representative (Options) at Scotia Capital Inc.

Kenneth A. Nason
Association Secretary

13.1.2 Discipline Pursuant to IDA By-law 20 - Gerardo Salvatore - Settlement Agreement

Bulletin No. 3143

IN THE MATTER OF
DISCIPLINE PURSUANT TO BY-LAW 20
OF THE INVESTMENT DEALERS
ASSOCIATION OF CANADA

RE: GERARDO SALVATORE

SETTLEMENT AGREEMENT

I. Introduction

1. The staff ("Staff") of the Investment Dealers Association of Canada ("the Association") has conducted an investigation (the "Investigation") into the conduct of Gerardo (Jerry) Salvatore ("the Respondent"). The Investigation was initiated as a result of an independent client complaint.

2. The Investigation discloses matters for which the District Council of the Association ("the District Council") may penalize the Respondent by imposing discipline penalties.

II. Joint Settlement Recommendation

3. Staff and the Respondent consent and agree to the settlement of these matters by way of this Settlement Agreement in accordance with By-law 20.25.

4. This Settlement Agreement is subject to its acceptance, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council in accordance with By-law 20.26.

5. Staff and the Respondent jointly recommend that the District Council accept this Settlement Agreement.

6. If at any time prior to the acceptance of this Settlement Agreement, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council, there are new facts or issues of substantial concern in the view of Staff regarding the facts or issues set out in Section III of this Settlement Agreement, Staff will be entitled to withdraw this Settlement Agreement from consideration by the District Council.

III. Statement of Facts

(i) Acknowledgment

7. Staff and the Respondent agree with the facts set out in this Section III and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

(ii) Factual Background

8. The investigation in this matter was initiated as a result of a complaint from W.O. ("the complainant"), dated October 21, 1998, regarding the handling of her account by the Respondent. This complaint was received by the Ontario Securities Commission and forwarded to the Association on November 4, 1998.

The Respondent

9. The Respondent was, at all times material to the matters set out in this Settlement Agreement, employed as a Registered Representative (Options) with RBC Dominion Securities Inc. ("RBC DS") in its branch office in Niagara Falls, Ontario. He was employed as a registered representative by RBC DS and its predecessor firms from 1984 until December 14, 2001, when he left voluntarily. The Respondent is presently employed as a Registered Representative (Options) with Scotia Capital Inc. in its branch office in St. Catharines, Ontario.

The Complainant

10. The complainant was born in 1922 and has been retired for more than twelve years from a teaching career in the nursing field.

11. The complainant first met the Respondent in 1989 when the Respondent inherited her account. At that time, the complainant had a joint account ("the joint account") with a friend and business associate, M.

12. The complainant had been friends with M since approximately 1974 and they had invested together in the real estate market in the 1980's.

13. In 1991, a personal account of the complainant was transferred to the Respondent from another registered representative. From 1989 through 1992, the complainant's investments included mutual funds, equities and options (covered calls). The complainant was not a client of the Respondent between 1993 and 1996. In 1996, the complainant returned as a client of the Respondent.

M's Background

14. M became a client of the Respondent in 1989 at the same time as the complainant, as they held the joint account together. He remained a client until 1998.

15. In 1991, M began to trade options in his personal account. He was a sophisticated and knowledgeable investor who researched and studied the market. He made unsolicited trades in both his own personal account and his wife's account ("M's wife's account), as he had trading authorization for her account also. The Respondent was the RR for both M's and M's wife's accounts.

M's involvement with the complainant's assets

16. In August 1996, when the complainant re-initiated her account with the Respondent, she expressed a desire to trade options and implement the options strategies similar to her friend M. The Respondent expressed the concern that it was unsuitable for the complainant to be investing in such risky options strategies on her own. The complainant requested that M be given Power of Attorney over her investment account to alleviate any such concerns. Such Power of Attorney was provided on August 13, 1996.

17. On August 23, 1996, after some initial losses in the complainant's account, the Respondent and his Branch Manager ("T") met with the complainant and were satisfied that the complainant had the requisite knowledge and understanding of options and their risks and an understanding of the power she was conveying to M in regard to her asserts.

18. On January 2, 1998, before leaving for Florida, the complainant signed a letter addressed to RBC DS ("transfer letter"), authorizing the transfer of her account as follows:

"*This is my authorization to you to transfer to the receiving account 587-0264-2-2 all securities, short and long positions and debit and credit balance from my account 587-02470-2-9 (identified as W.O. as owner of the account).*"

19. The transfer letter was deficient. While the complainant's name and account number were identified in the transfer letter, the receiving account was identified by account number only. The owner of the receiving account was not identified.

20. The transfer letter was drafted by the Respondent and was witnessed by T.

21. The complainant believed that M was the owner of the receiving account. It was, however, M's wife's account, over which M had trading authorization. The Respondent admits that it was his decision to select M's wife's account as the receiving account, as it was the most actively traded account by M. Approximately $58,000.00 was transferred from the complainant's account into M's wife's account in January, 1998 .

22. In February, 1998, all positions in M's wife's account were closed and a cheque for the balance of the account (including the funds that had been transferred from the complainant's account) was forwarded to M's wife.

The Respondent's Responsibilities

23. The Respondent had a responsibility to ensure that the complainant was fully apprised and knowledgeable about the information contained in the transfer letter, including ensuring that:

i) the transfer letter properly included all necessary information;

ii) any decisions/recommendations with respect to the transfer letter be based on a careful analysis of all information related to the transaction, in accordance with *The Conduct and Practices Handbook, Section 1, Standard A, II* (in effect at the material time); and

iii) if the complainant's order to transfer her assets appeared unsuitable based on the client information already supplied, the complaint should receive appropriate cautionary advice about the risks, in accordance with *The Conduct and Practices Handbook, Section 1, Standard A, II* (in effect at the material time).

24. In January, 1998, the Respondent ought to have known that the transfer letter was deficient, by not including the name of the owner of the receiving account.

25. In January, 1998, the Respondent ought to have been aware of the implications that the authorization to transfer all assets from the complainant's account to another account would have on the complainant's claim to her assets and the Respondent did not ensure that the complainant was aware and /or understood:

i) that she was authorizing a transfer of her assets to M's wife's account; and

ii) that she did not have a beneficial interest in the receiving account.

IV. Contraventions

26. In January, 1998, the Respondent , an approved person employed at the relevant time as a Registered representative (Options) by RBC DS, a Member of the Association, failed to exercise due diligence to ensure that recommendations made for the transfer of a client account, W.O., were appropriate for the client and in keeping with her investment objectives, contrary to Association Regulation 1300.1(c).

V. Admission of Contraventions and Future Compliance

27. The Respondent admits the contravention of the Regulations of the Association noted in Section IV of this Settlement Agreement. In the future, the Respondent shall comply with these and all By-laws, Regulations, Rulings and Policies of the Association.

VI. Discipline Penalty

28. The Respondent accepts the imposition of discipline penalties by the Association pursuant to this Settlement Agreement as follows:

A global fine in the amount of $15,000.00 inclusive of the Association's costs, which sum is payable in full upon the acceptance of this Settlement Agreement by the appropriate District Council.

VII. Effective Date

29. This Settlement Agreement shall become effective and binding upon the Respondent and Staff in accordance with its terms as of the date of:

(a) its acceptance; or

(b) the imposition of a lesser penalty or less onerous terms; o

(c) the imposition, with the consent of the Respondent, of a penalty or terms more onerous,

by the District Council.

VIII. Waiver

30. If this Settlement Agreement becomes effective and binding, the Respondent hereby waives his right to a hearing under the Association By-laws in respect of the matters described herein and further waives any right of appeal or review which may be available under such By-laws or any applicable legislation.

IX. Staff Commitment

31. If this Settlement Agreement becomes effective and binding, Staff will not proceed with disciplinary proceedings under Association By-laws in relation to the facts set out in Section III of the Settlement Agreement.

X. Public Notice of Discipline Penalty

32. If this Settlement Agreement becomes effective and binding:

(a) the Respondent shall be deemed to have been penalized by the District Council for the purpose of giving written notice to the public thereof by publication in an Association Bulletin and by delivery of the notice to the media, the securities regulators and such other persons, organizations or corporations, as required by Association By-laws and any applicable Securities Commission requirements; and

(b) the Settlement Agreement and the Association Bulletin shall remain on file and shall be disclosed to members of the public upon request.

XI. Effect of Rejection of Settlement Agreement

33. If the District Council rejects this Settlement Agreement:

(a) the provisions of By-laws 20.10 to 20.24, inclusive, shall apply, provided that no member of the District Council rejecting this Settlement Agreement shall participate in any hearing conducted by the District Council with respect to the same matters which are the subject of the Settlement Agreement; and

(b) the negotiations relating thereto shall be without prejudice and may not be used as evidence or referred to in any hearing.

AGREED TO by the Respondent at the "city" of "St. Catharines" in the Province of Ontario, this "26th" day of "March", 2003.

"illegible"
Witness

"Gerardo Salvatore"
Gerardo Salvatore

AGREED TO by Staff at the City of Toronto, in the Province of Ontario, this "27th" day of "March", 2003.

"Elsa Renzella"
Witness

"Sharon Lane"
Enforcement Counsel on behalf of Staff of the Investment Dealers Association of Canada
Per: Sharon Lane

ACCEPTED by the Ontario District Council of the Investment Dealers Association of Canada, at the City of "Toronto", in the Province of Ontario, this "22nd" day of "April", 2003.

Investment Dealers Association of Canada
(Ontario District Council)

Per: "Hon. Fred Kaufman"
Per: "David W. Kerr"
Per: "F. Michael Walsh"

13.1.3 IDA Discipline Penalties Imposed on Garry Turpin – Violations of Policy No. 2 and Regulation 1300.1(c)

Contact:
Sharon Lane
Enforcement Counsel
(416) 865-3039

BULLETIN # 3144
April 30, 2003

DISCIPLINE

DISCIPLINE PENALTIES IMPOSED ON GARRY TURPIN – VIOLATIONS OF POLICY NO. 2 AND REGULATION 1300.1(C)

Person Disciplined

The Ontario District Council of the Investment Dealers Association ("the Association") has imposed discipline penalties on Garry Turpin, at the material times a branch manager at the Niagara Falls branch office of RBC Dominion Securities Inc., a Member of the Association.

By-laws, Regulations, Policies Violated

On April 22, 2003, the Ontario District Council considered, reviewed and accepted a Settlement Agreement negotiated between Mr. Turpin and Association Staff.

Pursuant to the Settlement Agreement, Mr. Turpin acknowledged that during January 1998 he failed to properly supervise the handling of the account of client W.O., to ensure that recommendations made in regard to the transfer of the client's account by Mr. Salvatore a Registered Representative ("RR")(Options), were suitable for the client, contrary to Association Regulation 1300.1(c) (now Regulation 1300.1 (d)) and Association Policy 2.

Penalty Assessed

The discipline penalties assessed against Mr. Turpin is a global fine in the amount of $20,000.00 inclusive of the Association's costs, which is payable in full upon the acceptance of the Settlement Agreement by the District Council.

Summary of Facts

Mr. Turpin was, at all relevant times, employed as a branch manager with RBC Dominion Securities Inc. ("RBC DS") in its branch office in Niagara Falls, Ontario.
Mr. Salvatore was, at all relevant times, a RR (Options) under his supervision. Mr. Turpin is currently employed as a Registered Representative at RBC Dominion Securities

O, M and M's wife were all clients of Mr. Salvatore. O had been friends with M since approximately 1974. They had invested together in the real estate market in the 1980's and had previously had a joint investment account together.

In 1991, M began to trade options in his personal account. He was a sophisticated and knowledgeable investor who researched and studied the market. He made unsolicited trades in both his own personal account and his wife's account ("M's wife's account), as he had trading authorization for her account also.

In August 1996, O expressed a desire to trade options and implement options strategies similar to her friend M. Mr. Salvatore expressed the concern that it was unsuitable for the complainant to be investing in such risky options strategies on her own. The complainant requested that M be given Power of Attorney over her investment account to alleviate any such concerns. Such Power of Attorney was provided on August 13, 1996.

On August 23, 1996, after some initial losses in the complainant's account, Mr. Salvatore and Mr. Turpin met with O and were satisfied that she had the requisite knowledge and understanding of options and their risks and an understanding of the power she was conveying to M in regard to her assets.

On January 2, 1998, before leaving for Florida, O signed a letter addressed to RBC DS ("transfer letter"), authorizing the transfer of her account. The transfer letter was deficient. While O's name and account number were identified in the transfer letter, the receiving account was identified by account number only. The owner of the receiving account was not identified.

The transfer letter was drafted by Mr. Salvatore and was witnessed by Mr. Turpin.

O believed that M was the owner of the receiving account. It was, however, M's wife's account, over which M had trading authorization. Mr. Salvatore admits that it was his decision to select M's wife's account as the receiving account, as it was the most actively traded account by M. Approximately $58,000.00 was transferred from O's account into M's wife's account in January 1998.

In February 1998, all positions in M's wife's account were closed and a cheque for the balance of the account (including the funds that had been transferred from the complainant's account) was forwarded to M's wife.

In January 1998, when Mr. Turpin witnessed the transfer letter, he had a responsibility to ensure that O was fully apprised and knowledgeable about the information contained in the transfer letter.

In January, 1998, when Mr. Turpin witnessed the transfer letter, he:

1) ought to have recognized that the transfer letter was deficient, by not including the name of the owner of the receiving account;

2) ought to have been aware of the implications that the authorization to transfer all assets from O's account to another account would have on the O's claim to her assets, and he did not ensure that she was aware and /or understood:

   a) that she was authorizing a transfer of her assets to M's wife's account; and

   b) that she did not have a beneficial interest in the receiving account.

Kenneth A. Nason
Association Secretary

13.1.4 Discipline Pursuant to IDA By-law 20 - Garry Turpin - Settlement Agreement

Bulletin No. 3144

IN THE MATTER OF
DISCIPLINE PURSUANT TO BY-LAW 20
OF THE INVESTMENT DEALERS
ASSOCIATION OF CANADA

RE: GARRY TURPIN

SETTLEMENT AGREEMENT

I. Introduction

1. The staff ("Staff") of the Investment Dealers Association of Canada ("the Association") has conducted an investigation (the "Investigation") into the conduct of Garry Turpin ("the Respondent"). The Investigation was initiated as a result of an independent client complaint.

2. The Investigation discloses matters for which the District Council of the Association ("the District Council") may penalize the Respondent by imposing discipline penalties.

II. Joint Settlement Recommendation

3. Staff and the Respondent consent and agree to the settlement of these matters by way of this Settlement Agreement in accordance with By-law 20.25.

4. This Settlement Agreement is subject to its acceptance, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council in accordance with By-law 20.26.

5. Staff and the Respondent jointly recommend that the District Council accept this Settlement Agreement.

6. If at any time prior to the acceptance of this Settlement Agreement, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council, there are new facts or issues of substantial concern in the view of Staff regarding the facts or issues set out in Section III of this Settlement Agreement, Staff will be entitled to withdraw this Settlement Agreement from consideration by the District Council.

III. Statement of Facts

(i) Acknowledgment

7. Staff and the Respondent agree with the facts set out in this Section III and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

(ii) Factual Background

8. The investigation in this matter was initiated as a result of a complaint from W.O. ("the complainant"), dated October 21, 1998, regarding the handling of her account. This complaint was received by the Ontario Securities Commission and forwarded to the Association.

The Respondent

9. The Respondent was, at all relevant times, employed as a branch manager with RBC Dominion Securities Inc. ("RBC DS") in its branch office in Niagara Falls, Ontario.

The Complainant

10. The complainant was born in 1922 and has been retired for more than twelve years from a teaching career in the nursing field.

11. The complainant first met S, a registered representative with RBC DS's predecessor firm in 1989 when S inherited her account. At that time, the complainant had a joint account ("the joint account") with a friend and business associate, M.

12. The complainant had been friends with M since approximately 1974 and they had invested together in the real estate market in the 1980's.

13. In 1991, a personal account of the complainant was transferred to S from another RR. From 1989 through 1992, the complainant's investments included mutual funds, equities and options (covered calls). The complainant was not a client of S between 1993 and 1996, but re-activated her account in 1996.

M

14. M became a client of S in 1989 at the same time as the complainant, as they held the joint account together. He remained a client until 1998.

15. In 1991, M began to trade options in his personal account. He was a sophisticated and knowledgeable investor who researched and studied the market. He made unsolicited trades in both his own personal account and his wife's account, as he had trading authorization for her

account also. S was the registered representative for both M and M's wife's account.

M's involvement with the complainant's assets

16. In 1996, when the complainant re-activated her account with S, she expressed a desire to trade options and implement the options strategies similar to her friend M. S expressed the concern that it was unsuitable for the complainant to be investing in such risky options strategies on her own. The complainant requested that M be given Power of Attorney over her investment account to alleviate any such concerns. Such Power of Attorney was provided on August 13, 1996.

17. On August 23, 1996, at a meeting with the Respondent, S and the complainant, the respondent and S satisfied themselves that the complainant had the requisite knowledge and understanding of options and their risks and an understanding of the power she was conveying to M in regard to her asserts.

18. On January 2, 1998, before leaving for Florida, the complainant signed a letter addressed to RBC DS ("transfer letter"), authorizing the transfer of her account as follows:

"*This is my authorization to you to transfer to the receiving account 587-0264-2-2 all securities, short and long positions and debit and credit balance from my account 587-02470-2-9 (identified as W.O. as owner of the account).*"

19. The transfer letter was deficient. While the complainant's name and account number were identified in the transfer letter, the receiving account was identified by account number only. The owner of the receiving account was not identified.

20. The transfer letter was drafted by S and was witnessed by T.

21. The complainant believed that the receiving account was M's account. Account # 587-02642-22 was M's wife's account, over which M had trading authorization. The Respondent admits that it was his decision to select M's wife's account as the receiving account, as it was the most actively traded account by M. Approximately $58,000.00 was transferred from the complainant's account into M's wife's account in January, 1998.

22. In February, 1998, all positions in M's wife's account were closed and a cheque for the balance of the account was forwarded to M's wife.

The Respondent's Responsibilities

23. In January, 1998, when the Respondent witnessed the transfer letter, the Respondent had a responsibility to ensure that the complainant was fully apprised and knowledgeable about the information contained in the transfer letter, including ensuring that:

i) the transfer letter was not deficient in the information necessary to be included;

ii) any decisions/recommendations with respect to the transfer letter be based on a careful analysis of all information related to the transaction, in accordance with *The Conduct and Practices Handbook, Section 1, Standard A, II* (in effect at the material time); and

iii) if the complainant's order to transfer her assets appeared unsuitable based on the client information already supplied, the complaint should receive appropriate cautionary advice about the risks, in accordance with *The Conduct and Practices Handbook, Section 1, Standard A, II* (in effect at the material time).

24. In January, 1998, when the Respondent witnessed the transfer letter, he:

1) ought to have recognized that the transfer letter was deficient, by not including the name of the owner of the receiving account;

2) ought to have been aware of the implications that the authorization to transfer all assets from the complainant's account to another account would have on the complainant's claim to her assets, and he did not ensure that the complainant was aware and /or understood :

a) that she was authorizing a transfer of her assets to M's wife's account; and

b) that she did not have a beneficial interest in the receiving account.

IV. Contraventions

25. In January, 1998, the Respondent, an approved person employed at the relevant time as a Branch Manager by RBC DS, a Member of the Association, failed to properly supervise the handling of the account of client W.O., to ensure that recommendations made in regard to the transfer of the client's account by S, a Registered Representative (Options), were suitable for the client, contrary to Association Regulation 1300.1 (c) and Association Policy 2.

V. Admission of Contraventions and Future Compliance

26. The Respondent admits the contravention of the Regulations of the Association noted in Section IV of this Settlement Agreement. In the future, the Respondent shall comply with these and all By-laws, Regulations, Rulings and Policies of the Association.

VI. Discipline Penalty

27. The Respondent accepts the imposition of discipline penalties by the Association pursuant to this Settlement Agreement as follows:

A global fine in the amount of $20,000.00 inclusive of the Association's costs, which sum is payable in full upon the acceptance of this Settlement Agreement by the appropriate District Council.

VII. Effective Date

28. This Settlement Agreement shall become effective and binding upon the Respondent and Staff in accordance with its terms as of the date of:

(a) its acceptance; or

(b) the imposition of a lesser penalty or less onerous terms; or

(c) the imposition, with the consent of the Respondent, of a penalty or terms more onerous,

by the District Council.

VIII. Waiver

29. If this Settlement Agreement becomes effective and binding, the Respondent hereby waives his right to a hearing under the Association By-laws in respect of the matters described herein and further waives any right of appeal or review which may be available under such By-laws or any applicable legislation.

IX. Staff Commitment

30. If this Settlement Agreement becomes effective and binding, Staff will not proceed with disciplinary proceedings under Association By-laws in relation to the facts set out in Section III of the Settlement Agreement.

X. Public Notice of Discipline Penalty

31. If this Settlement Agreement becomes effective and binding:

(a) the Respondent shall be deemed to have been penalized by the District Council for the purpose of giving written notice to the public thereof by publication in an Association Bulletin and by delivery of the notice to the media, the securities regulators and such other persons, organizations or corporations, as required by Association By-laws and any applicable Securities Commission requirements; and

(b) the Settlement Agreement and the Association Bulletin shall remain on file and shall be disclosed to members of the public upon request.

XI. Effect of Rejection of Settlement Agreement

32. If the District Council rejects this Settlement Agreement:

(a) the provisions of By-laws 20.10 to 20.24, inclusive, shall apply, provided that no member of the District Council rejecting this Settlement Agreement shall participate in any hearing conducted by the District Council with respect to the same matters which are the subject of the Settlement Agreement; and

(b) the negotiations relating thereto shall be without prejudice and may not be used as evidence or referred to in any hearing.

AGREED TO by the Respondent at the "City" of "Niagara Falls", in the Province of Ontario, this "25th" day of "March", 2003.

"illegible"
Witness

"Garry Turpin"
Garry Turpin

AGREED TO by Staff at the City of Toronto, in the Province of Ontario, this "26th" day of "March", 2003.

"Jeff Kehoe"
Witness

"Sharon Lane"
Enforcement Counsel on behalf of Staff of the Investment Dealers Association of Canada
Per: Sharon Lane

ACCEPTED by the Ontario District Council of the Investment Dealers Association of Canada, at the City of "Toronto", in the Province of Ontario, this "22nd" day of "April", 2003.

Investment Dealers Association of Canada
(Ontario District Council)

Per: "Hon. Fred Kaufman"
Per: "Norman Fraser"
Per: "F. Michael Walsh"

13.1.5 IDA Discipline Penalties Imposed on Shofique Ahmed – Violation of By-law 29.1

Contact:
Sharon Lane
Enforcement Counsel
(416) 865-3039

BULLETIN # 3145
April 30, 2003

DISCIPLINE

DISCIPLINE PENALTIES IMPOSED ON SHOFIQUE AHMED – VIOLATION OF BY-LAW 29.1

Person Disciplined

The Ontario District Council of the Investment Dealers Association ("the Association") has imposed discipline penalties on Shofique Ahmed, at the material times a registered representative at the Etobicoke branch office of Edward Jones, a Member of the Association.

By-laws, Regulations, Policies Violated

On April 22, 2003, the Ontario District Council considered, reviewed and accepted a Settlement Agreement negotiated between Mr. Ahmed and Association Staff.

Pursuant to the Settlement Agreement, Mr. Ahmed acknowledged that:

(1) On or about October 21 and November 8, 2001, he misled three clients as to the value of their accounts, thereby engaging in conduct unbecoming a registered representative or detrimental to the public interest, contrary to Association By-law 29.1.

(2) On August 13, 2001, he borrowed funds from a client, without the knowledge, consent or authorization of the Member firm, thereby engaging in conduct unbecoming a registered representative or detrimental to the public interest, contrary to Association By-law 29.1.

Penalty Assessed

The discipline penalties assessed against Mr. Ahmed are:

1. a fine in the amount of $15,000.00, inclusive of the Association costs;
2. a prohibition against re-approval by the Association to act in any capacity for 2 years, such prohibition commencing retroactive to November 30, 2001;
3. re-write and pass the CPH administered by the Canadian Securities Institute within 6 months prior to any application for re-approval;
4. prohibition against re-approval in any capacity until all penalties above are satisfied; and
5. following re-approval in any capacity, monthly supervision reports to be filed by any Member employer for 12 months following approval.

Summary of Facts

Mr. Ahmed was first approved by the Association as a Registered Representative on December 7, 1999 and was employed in such capacity with Edward Jones in its Etobicoke, Ontario office from December 7, 1999 to November 30, 2001, at which time he was dismissed for cause. He has not been employed in the securities industry since his dismissal.

Misleading Clients as to the Value of their Portfolios

Mr. Ahmed had access to a Portfolio Analysis program at Edward Jones that he could utilize to prepare Asset Analysis statements. The values of each security entered into the program could be changed by the user of the program in order to create various hypothetical scenarios for use with clients, to analyze portfolios and to make projections.

At various times in 2001, specifically October 21 and November 8, 2001, Mr. Ahmed input values into the Edward Jones Portfolio Analysis program for certain mutual funds that were higher than the current values as presented by the Portfolio Analysis program. He did not disclose to 3 of his clients that these values were overstated, thereby misleading the clients as to the current value of their accounts. The amounts overstated totalled approximately $2,967.00.

Borrowing Funds from a Client

On August 9, 2001, Edward Jones issued a cheque for $3,500.00 to SG, a client of Mr. Ahmed. Mr. Ahmed admitted placing the order for such cheque.

On August 13, 2001, SG provided Mr. Ahmed with a blank cheque for $3,500.00. Mr. Ahmed has admitted receiving the blank cheque and stated that it was a personal loan from SG.

Mr. Ahmed has admitted to inserting his own name in the payee space on the blank cheque and depositing such cheque into his bank account. Mr. Ahmed also admits to depositing a bank draft in the amount of $3,000.00 into SG's Edward Jones account on October 4, 2001 as repayment for the loan and that he never repaid the remaining $500.00.

Mr. Ahmed knew or ought to have known that he should not have borrowed funds from his client, SG, without the express permission from the Member firm.

Mr. Ahmed has admitted that he did not ask permission and he did not notify Edward Jones of the personal loan from his client, nor did he receive permission from Edward Jones to accept such funds.

Edward Jones subsequently compensated SG for the remaining $500.00 outstanding plus interest.

Kenneth A. Nason
Association Secretary

13.1.6 Discipline Pursuant to IDA By-law 20 - Shofique Ahmed - Settlement Agreement

Bulletin No. 3145

IN THE MATTER OF
DISCIPLINE PURSUANT TO BY-LAW 20
OF THE INVESTMENT DEALERS ASSOCIATION OF CANADA

RE: SHOFIQUE AHMED

SETTLEMENT AGREEMENT

I. Introduction

1. The staff ("Staff") of the Investment Dealers Association of Canada ("the Association") has conducted an investigation (the "Investigation") into the conduct of Shofique Ahmed ("the Respondent"). The Investigation was initiated as a result an Uniform Termination Notice.

2. The Investigation discloses matters for which the District Council of the Association ("the District Council") may penalize the Respondent by imposing discipline penalties.

II. Joint Settlement Recommendation

3. Staff and the Respondent consent and agree to the settlement of these matters by way of this Settlement Agreement in accordance with By-law 20.25.

4. This Settlement Agreement is subject to its acceptance, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council in accordance with By-law 20.26.

5. Staff and the Respondent jointly recommend that the District Council accept this Settlement Agreement.

6. If at any time prior to the acceptance of this Settlement Agreement, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council, there are new facts or issues of substantial concern in the view of Staff regarding the facts or issues set out in Section III of this Settlement Agreement, Staff will be entitled to withdraw this Settlement Agreement from consideration by the District Council.

III. Statement of Facts

(i) Acknowledgment

7. Staff and the Respondent agree with the facts set out in this Section III and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

(ii) Factual Background

8. On December 12, 2001, the Association received a Uniform Termination Notice ("UTN") from Edward Jones, indicating the Respondent had intentionally misled clients as to the value of their accounts. The Respondent was dismissed for cause on November 30, 2001 from Edward Jones. The Respondent has not been employed with any Member firm since November 30, 2001.

9. By letter dated January 30, 2002, the Association advised the Respondent in writing that an investigation would be commenced into his conduct as noted in the UTN as the basis for his dismissal for cause from Edward Jones.

The Respondent

10. The Respondent was first approved by the Association as a Registered Representative on December 7, 1999 and was employed in such capacity with Edward Jones in its Etobicoke, Ontario office from December 7, 1999 to November 30, 2001.

ii) Misleading Clients

11. HC, AE and NE were clients of the Respondent ("the Clients").

12. Edward Jones mailed client statements to the Clients each month. The client statements showed all trading activity, securities, cash positions and account values at the conclusion of each month.

13. The Respondent had access to a Portfolio Analysis program at Edward Jones that he could utilize to prepare Asset Analysis statements. The values of each security entered into the program could be changed by the user of the program in order to create various hypothetical scenarios for use with clients, to analyze portfolios and to make projections.

14. The Respondent has admitted that he prepared Asset Analysis statements and met with the Clients personally or faxed copies of the Asset Analysis statements to the Clients.

15. The Respondent has admitted that, at various times in 2001, the Respondent input values into the Edward Jones Portfolio Analysis program for certain mutual funds that were higher than the current values as presented by the Portfolio Analysis program. He did not disclose to any of the Clients that these values were overstated, thereby misleading the Clients as to the current value of their accounts.

16. The following table compares Asset Analysis statement values prepared by the Respondent for each of the Clients (HC, NE and AE) dated October 12, 2001 and November 8, 2001 with the actual values from the Portfolio Analysis program on the respective dates :

	ACTUAL			AS SHOWN BY RESPONDENT		
	Original Amt Invested	Actual Value	Unrealized Profit (Loss)	Original Amt Invested	Value Shown On Statement	Unrealized Profit (Loss)
HC						
Statement: Oct. 12, 2001						
Total Portfolio (C$)	$4,450	$4,091	($359)	$4,450	$4,927	$477
NE						
Statement: Nov. 8, 2001						
Total Portfolio (US$)	$36,009	$35,679	($330)	$36,009	$36,441	$432
AE						
Statement: Nov. 8, 2001						
Total Portfolio (US$)	$12,241	$9,710	($2,531)	$12,241	$11,079	($1,162)

17. The *Conduct and Practices Handbook Course*, Section 1, Chapter 1, Standard B, specifically identifies a responsibility for "Complete and Accurate Information Relayed to Client" as follows:

"Registrants must take reasonable steps to ensure that all information given to the client regarding his or her existing portfolio is complete and accurate. While the onus is on the investment firm to provide each client with written confirmations of all purchases and ales, as well as monthly account statements, the individual registrant must accurately represent the details of each client's investments to the client. The registrant must be familiar with the investment holdings and must not misrepresent the facts to the client in order to create a more favourable view of the portfolio."

iii) Personal Loan from a Client

18. On August 9, 2001, Edward Jones issued a cheque for $3,500.00 to SG, a client of the Respondent. The Respondent has admitted placing the order for such cheque.

19. On August 13, 2001, SG provided the Respondent with a blank cheque for $3,500.00. The Respondent has admitted receiving the blank cheque and stated that it was a personal loan from SG.

20. The Respondent has admitted inserting his own name in the payee space on the blank cheque and depositing such cheque into his bank account.

21. The Respondent admits to depositing a bank draft in the amount of $3,000.00 into SG's Edward Jones account on October 4, 2001 as repayment for the loan and that he never repaid the remaining $500.00.

22. The Respondent knew or ought to have known that he should not have borrowed funds from his client, SG, without the express permission from the Member firm.

23. On October 18, 2001, the Respondent signed an IR Pre-Visit Questionnaire, an internal Edward Jones form ("the Questionnaire"). The Questionnaire outlined the Respondent's duty to review and sign the Edward Jones Compliance Manual annually and to review and retain all Compliance Bulletins as issued. The Questionnaire stated that it was the Respondent's responsibility to know and comply with all applicable industry regulations and firm policies.

24. The Respondent acknowledged his responsibility in writing in the Questionnaire, to read Section VI, 21 in the Edward Jones Compliance Manual ("Section VI"), titled 'Prohibited Practices'.

25. Section VI identified *inter alia* the following prohibited practices:

    i) deposit of personal funds to a client's account for any reason without the express written consent of the Compliance Department; and

    ii) borrow from any client or lend money to any client without the approval of the Compliance department.

26. Edward Jones' written policy in regard to loans stated, "Associates may not lend money to customers nor may they obtain a loan from a customer. The Compliance Department may grant written exceptions to the policy in those instances involving loans between family members who are also customers of the firm. SG was not related to the Respondent.

27. The *Conduct and Practices Handbook Course*, Section 1, Chapter 1, Standard C, addresses "Personal Financial Dealings with Clients" as follows:

    "Registrants should avoid personal financial dealings with clients, including the borrowing of money from them. Any personal financial dealings with any clients must be conducted in such a way as to avoid any real or apparent conflict of interest and be disclosed to the firm, in order that the firm may monitor the situation."

28. The Respondent has admitted that he did not ask permission and he did not notify Edward Jones of the personal loan from his client, nor did he receive permission from Edward Jones to accept such funds.

29. Edward Jones subsequently compensated SG for the remaining $500.00 outstanding plus interest.

IV. Contraventions

30. On or about October 12 and November 8, 2001, the Respondent misled three clients as to the value of their accounts, thereby engaging in conduct unbecoming a registered representative or detrimental to the public interest, contrary to Association By-law 29.1.

31. On August 13, 2001, the Respondent borrowed funds personally from a client, without the knowledge, consent or authorization of the Member firm, thereby engaging in conduct unbecoming a registered representative or detrimental to the public interest, contrary to Association By-law 29.1.

V. Admission of Contraventions and Future Compliance

32. The Respondent admits the contravention of the Regulations of the Association noted in Section IV of this Settlement Agreement. In the future, the Respondent shall comply with these and all By-laws, Regulations, Rulings and Policies of the Association.

VI. Discipline Penalty

33. The Respondent accepts the imposition of discipline penalties by the Association pursuant to this Settlement Agreement as follows:

    i) A monetary fine in the amount of $15,000.00, inclusive of the Association's costs;

    ii) Prohibition against re-approval in any capacity for 2 years, such prohibition commencing retroactive to November 30, 2001;

iii) Re-write and pass the CPH within 6 months prior to any application for re-approval;

iv) Prohibition against re-approval in any capacity until all penalties above are satisfied; and

v) Following re-approval in any capacity, monthly supervision reports to be filed by any Member employer for 12 months following approval.

VII. Effective Date

34. This Settlement Agreement shall become effective and binding upon the Respondent and Staff in accordance with its terms as of the date of:

(a) its acceptance; or

(b) the imposition of a lesser penalty or less onerous terms; or

(c) the imposition, with the consent of the Respondent, of a penalty or terms more onerous,

by the District Council.

VIII. Waiver

35. If this Settlement Agreement becomes effective and binding, the Respondent hereby waives his right to a hearing under the Association By-laws in respect of the matters described herein and further waives any right of appeal or review which may be available under such By-laws or any applicable legislation.

IX. Staff Commitment

36. If this Settlement Agreement becomes effective and binding, Staff will not proceed with disciplinary proceedings under Association By-laws in relation to the facts set out in Section III of the Settlement Agreement.

X. Public Notice of Discipline Penalty

37. If this Settlement Agreement becomes effective and binding:

(a) the Respondent shall be deemed to have been penalized by the District Council for the purpose of giving written notice to the public thereof by publication in an Association Bulletin and by delivery of the notice to the media, the securities regulators and such other persons, organizations or corporations, as required by Association By-laws and any applicable Securities Commission requirements; and

(b) the Settlement Agreement and the Association Bulletin shall remain on file and shall be disclosed to members of the public upon request.

XI. Effect of Rejection of Settlement Agreement

38. If the District Council rejects this Settlement Agreement:

(a) the provisions of By-laws 20.10 to 20.24, inclusive, shall apply, provided that no member of the District Council rejecting this Settlement Agreement shall participate in any hearing conducted by the District Council with respect to the same matters which are the subject of the Settlement Agreement; and

(b) the negotiations relating thereto shall be without prejudice and may not be used as evidence or referred to in any hearing.

AGREED TO by the Respondent at the "City" of "Toronto", in the Province of Ontario, this"16th" day of "April" 2003.

"Brian Connell-Tombs"
Witness

"Shofique Ahmed"
Shofique Ahmed

AGREED TO by Staff at the City of Toronto, in the Province of Ontario, this "16th" day of "April", 2003.

"Brian Connell-Tombs"
Witness

"Sharon Lane"
Enforcement Counsel on behalf of Staff of the Investment Dealers Association of Canada
Per: Sharon Lane

ACCEPTED by the Ontario District Council of the Investment Dealers Association of Canada, at the City of "Toronto", in the Province of Ontario, this "22nd" day of "April", 2003.

Investment Dealers Association of Canada
(Ontario District Council)

Per: "Hon. Fred Kaufman"
Per: "Norman Fraser"
Per: "F. Michael Walsh"

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Chapter 25

Other Information

25.1 Exemptions

25.1.1 All-Canadian Management Inc. - s. 5.1 of OSC Rule 31-506

Headnote

Section 5.1 – OSC Rule 31-506 – exemption to mutual fund dealer from the requirement to be a member of the Mutual Fund Dealers Association of Canada – exemption for a limited period of time.

Applicable Ontario Securities Commission Rule

Rule 31-506 - SRO Membership - Mutual Fund Dealers.

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

AND

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

AND

IN THE MATTER OF
ALL-CANADIAN MANAGEMENT INC.

EXEMPTION
(Section 5.1 of the Rule)

UPON the Director having received an application (the "Application") from All-Canadian Management Inc. ("All-Canadian Management") seeking a decision pursuant to section 5.1 of the Rule, to exempt All-Canadian Management from the application of section 2.1 of the Rule, which would require All-Canadian Management to be a member of the Mutual Fund Dealers Association of Canada (the "MFDA") on the condition that All-Canadian Investor Services Inc. ("All-Canadian Investor"), a subsidiary of All-Canadian Management, is a member of the MFDA by June 1, 2003;

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

AND UPON All-Canadian Management having represented to the Director that:

1. All-Canadian Management is registered under the Act as a mutual fund dealer and investment counsel/portfolio manager and has its head office in Ontario.

2. On June 28, 2002, All-Canadian Management received an order (the "Original Order") exempting it from the application of section 2.1 of the Rule provided that All-Canadian Management or a subsidiary was registered as a mutual fund dealer under the Act and became a member of the MFDA by December 1, 2002.

3. All-Canadian Investor is a subsidiary of All-Canadian Management and filed a membership application (the "MFDA Application") with the MFDA on November 18, 2002.

4. Once All-Canadian Investor has obtained membership in the MFDA, it will assume the mutual fund distribution activities of All-Canadian Management.

5. All-Canadian Management and All-Canadian Investor will work diligently to obtain membership for All-Canadian Investor in the MFDA.

6. All-Canadian Management will not expand its dealer operations except to the extent that All-Canadian Management may take on any accounts from Avenue Wealth Management Inc. Dealer operations will only be expanded by All-Canadian Investor once it has obtained membership in the MFDA.

7. All-Canadian is not, to its knowledge, in breach of any requirements of the Act or the regulations or rules made thereunder.

8. Neither All-Canadian Management nor All-Canadian Investor is currently a member of the MFDA.

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

IT IS THE DECISION of the Director, pursuant to section 5.1 of the Rule, that All-Canadian Management is exempt from the requirement of section 2.1 of the Rule, as modified by the Original Order, on the condition that from and after June 1, 2003, so long as All-Canadian Management is registered as a mutual fund dealer under the Act, it is a member of the MFDA.

April 29, 2003.

"David M. Gilkes"

25.1.2 Brandes Investment Partners & Co.

Headnote

Subsection 7.2(5) of OSC Rule 13-502 Fees - exemption from the fees otherwise due on the distribution of units made by 'underlying' funds arising in the context of RSP 'clone' fund structures and fund-on-fund structures.

Rules Cited

Ontario Securities Commission Rule 13-502, Fees, (2003) 26 OSCB 891.

BY FAX

April 29, 2003.

McCarthy Tetrault

Attention: Katherine Gurney

Dear Sirs/Mesdames:

Re: Brandes Investment Partners & Co.
Application for Exemptive Relief under OSC Rule 13-502 Fees
(the "Rule" or "Rule 13-502")
Application No. 250/03

By letter dated April 22, 2003, as supplemented by letter dated April 24, 2003 (together, the "Application"), you applied to the securities regulatory authority in Ontario (the "Decision Maker") on behalf of Brandes Investment Partners & Co. ("Brandes"), the manager of (a) the Brandes RSP Global Equity Fund, Brandes RSP International Equity Fund and Brandes RSP U.S. Equity Fund (the "RSP Top Funds"), (b) the Brandes Canadian Equity Fund and the Brandes Canadian Balanced Fund (the "Non-RSP Top Funds" and collectively with the RSP Top Funds, the "Top Funds"), and (c) the mutual funds in which the Top Funds currently invest (the "Underlying Funds"), for exemptive relief from subsection 7.2(5) of Rule 13-502 to exempt the Underlying Funds from paying duplicate filing fees to the Ontario Securities Commission (the "Commission") in respect of the distribution of units (the "Units") of the Underlying Funds to the Top Funds, the distribution of Units of the Underlying Funds to counterparties with whom the RSP Top Funds have entered into forward contracts and on the reinvestment of distributions of such Units.

Subsection 7.2(5) of Rule 13-502 requires an investment fund, the securities of which are in continuous distribution, to pay any fees owing to the Commission based on the amount of securities distributed in Ontario up to March 31, 2003, as determined under the fee requirements that existed before Rule 13-502 came into force.

Under section 14 of Schedule 1 to the Regulation made under the *Securities Act* (Ontario) (the "Act"), the Top Funds and the Underlying Funds were required to pay an annual filing fee to the Commission equal to 0.04% of the aggregate gross proceeds realized by the Top Fund or Underlying Fund, as the case may be, in Ontario during the immediately preceding year (less the prescribed 20% fee reduction on distributions of securities).

From our review of the Application and other information communicated to staff, we understand the relevant facts and representations to be as follows:

1. Brandes is the trustee and manager of the Top Funds and the Underlying Funds. Brandes is a corporation incorporated under the laws of Nova Scotia.

2. Each Top Fund and Underlying Fund is an open-ended unincorporated mutual fund trust established under the laws of Ontario.

3. The Top Funds and Underlying Funds are reporting issuers and not in default of any requirement of the securities acts or regulations applicable in each of the provinces and territories of Canada. The Units of the Top Funds and the Underlying Funds are qualified for distribution pursuant to simplified prospectuses and annual information forms in those jurisdictions.

4. As part of its investment strategy, each RSP Top Fund enters into forward contracts or other specified derivatives ("Forward Contracts") with financial institutions ("Counterparties") that link the RSP Top Fund's returns to it's corresponding Underlying Fund. Counterparties may hedge their obligations under the Forward Contracts by investing directly in Units (the "Hedge Units") of the applicable Underlying Fund. Each RSP Top Fund may invest a portion of its assets directly in Units of its corresponding Underlying Fund.

5. As part of its investment strategy, each Non-RSP Top Fund invests a fixed portion of its assets in Units of its corresponding Underlying Fund.

6. Applicable securities regulatory approvals for the fund-on-fund investments and the Top Funds' investment strategies have been obtained, where necessary.

7. Under section 14 of Schedule 1 of the Regulation, annually, each Top Fund was required to pay filing fees to the Commission in respect of the distribution of its Units in Ontario.

8. Under section 14 of Schedule 1 of the Regulation, annually, each Underlying Fund was required to pay filing fees in respect of the distribution of its Units in Ontario, including the distribution of both the Units to the Top Funds and the Hedge Units.

9. A duplication of filing fees pursuant to Section 14 of Schedule I of the Regulation may result when (a) assets of a Top Fund are invested in an Underlying Fund, (b) Hedge Units are distributed, and (c) a distribution fee is paid by an Underlying

Fund on Units of the Underlying Fund distributed to a Top Fund or on Hedge Units which are reinvested in additional Units of the Underlying Fund (the "Reinvested Units").

10. Subsection 7.2(5) of Rule 13-502 requires each Top Fund and each Underlying Fund to pay filing fees in respect of the distribution of its Units in Ontario up to March 31, 2003, as determined under section 14 of Schedule 1 of the Regulation.

Decision

This letter confirms that, based on the information and representations contained in the Application, and for the purposes described in the Application,

(1) the Decision Maker hereby exempts

(a) the Underlying Funds from the payment of duplicate filing fees pursuant to subsection 7.2(5) of Rule 13-502 in respect of the distribution of Units of the Underlying Funds to the RSP Top Funds, the distribution of Hedge Units to Counterparties and the distribution of the Reinvested Units, in connection with any such distributions made up to March 31, 2003, and

(b) the Underlying Funds from the payment of duplicate filing fees pursuant to subsection 7.2(5) of Rule 13-502 in respect of the distribution of Units of the Underlying Funds to the Non-RSP Top Funds and the distribution of the Reinvested Units, in connection with any such distributions made up to March 31, 2003,

Provided that each Underlying Fund shall include in its filing with such fees a statement of the aggregate gross proceeds realized in Ontario as a result of the issuance by the Underlying Funds of (1) Units to the Top Funds, (2) Hedge Units, if applicable and (3) Reinvested Units, together with a calculation of the fees that would have been payable in the absence of this Decision.

Yours truly,

"Paul A. Dempsey"

Paul A. Dempsey
Manager, Investment Funds
(416) 593-8091

25.2.1 Securities

TRANSFER WITHIN ESCROW

COMPANY NAME	DATE	FROM	TO	NO. AND TYPE OF SHARES
Carma Financial Services Corporation	May 5, 2003	Joseph Jalovec	Ralph Sickinger	715,200 Common Shares

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