

The Ontario Securities Commission

OSC Bulletin

June 6, 2003

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

The Ontario Securities Commission

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June 24, 2003
10:00 a.m. **Dual Capital Management Limited,
Warren Lawrence Wall, Shirley Joan
Wall**

s. 127

J. Superina in attendance for Staff

Panel: PMM

June 25, 2003
10:00 a.m. **The Farini Companies Inc.,
and Darryl Harris**

s. 127

A. Clark in attendance for Staff

Panel: HLM/KDA

October 7 to 10,
2003 **Gregory Hyrniw and Walter Hyrniw**

s. 127

Y. Chisholm in attendance for Staff

Panel: TBA

October 20 to 31,
2003 **Ricardo Molinari, Ashley Cooper,
Thomas Stevenson, Marshall Sone,
Fred Elliott, Elliott Management Inc.
and Amber Coast Resort
Corporation**

s. 127

I. Smith in attendance for Staff

Panel: TBA

**1.1.2 Notice of Multilateral Instrument 45-105 Trades
To Employees, Senior Officers, Directors, and
Consultants and Rule 45-801 Implementing
Multilateral Instrument 45-105 Trades to
Employees, Senior Officers, Directors, and
Consultants**

**MULTILATERAL INSTRUMENT 45-105 TRADES TO
EMPLOYEES, SENIOR OFFICERS, DIRECTORS, AND
CONSULTANTS**

AND

**RULE 45-801 IMPLEMENTING MULTILATERAL
INSTRUMENT 45-105 TRADES TO EMPLOYEES,
SENIOR OFFICERS, DIRECTORS, AND CONSULTANTS**

The Commission is publishing in today's Bulletin:

- *Multilateral Instrument 45-105 Trades to Employees, Senior Officers, Directors, and Consultants* (the Instrument); and
- *Rule 45-801 Implementing Multilateral Instrument 45-105 Trades to Employees, Senior Officers, Directors, and Consultants* (the Implementing Rule).

The Commission made each of the Instrument and the Implementing Rules as rules on May 13, 2003. Each of the Instrument and the Implementing Rule were delivered to the Minister of Finance on May 22, 2003. If the Minister does not reject the Instrument and the Implementing Rule or return them to the OSC for further consideration by July 21, 2003, or if the Minister approves the Instrument and Implementing Rule, the Instrument and Implementing Rule will come into force on August 15, 2003.

The documents are published in Chapter 6 of the Bulletin.

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**

**Global Privacy Management Trust and Robert
Cranston**

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

Philip Services Corporation

S. B. McLaughlin

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

**1.1.3 Notice of Memorandum of Understanding
Between the Minister of Finance and the OSC**

**MEMORANDUM OF UNDERSTANDING BETWEEN
THE MINISTER OF FINANCE AND
THE ONTARIO SECURITIES COMMISSION**

Subsection 3.7(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, requires the Commission and the Minister of Finance to enter into a Memorandum of Understanding (MOU) every five years. The MOU must set out:

- (a) the respective roles and responsibilities of the Minister and the Chair;
- (b) the accountability relationship between the Commission and the Minister;
- (c) the responsibility of the Commission to provide to the Minister business plans, operational budgets and plans for proposed significant changes in the operations or activities of the Commission; and
- (d) any other matter that the Minister may require.

The MOU between the Commission and the Minister dated May 26, 2003 is being published today in the Bulletin and is effective immediately.

Questions may be referred to:

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General Counsel and Director, International Affairs
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email: swolburghjenah@osc.gov.on.ca

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

**1.1.4 Memorandum of Understanding Dated
May 26, 2003 Between the Minister of
Finance of Ontario and the OSC**

**MEMORANDUM OF UNDERSTANDING
DATED MAY 26, 2003
BETWEEN
THE MINISTER OF FINANCE OF ONTARIO
(herein called the "Minister")**

AND

**THE ONTARIO SECURITIES COMMISSION
(herein called the "Commission")**

A INTRODUCTION

1. The Commission is a statutory corporation without share capital and comprised of members appointed by the Lieutenant Governor in Council. The Commission is an agent of Her Majesty in right of Ontario (section 3(12) of the *Securities Act*) and is classified by the Management Board of Cabinet (Management Board) as a Regulatory Agency with a governing board.
2. Under the *Securities Act* and the *Commodity Futures Act* (the "Statutes"), the Commission is responsible for the administration of the Statutes and for discharging the powers and duties assigned to it under the Statutes and any other relevant legislation.
3. The mandate of the Commission under section 1.1 of the *Securities Act* and section 1.1 of the *Commodity Futures Act* is to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in their integrity.
4. The *Securities Act* requires that every five years the Commission and the Minister shall enter into a memorandum of understanding setting out:
 - a. the respective roles and responsibilities of the Minister and the Chair of the Commission (the "Chief Executive Officer" or "Chair");
 - b. the accountability relationship between the Commission and the Minister;
 - c. the responsibility of the Commission to provide to the Minister business plans,

operational budgets and plans for proposed significant changes in the operations or activities of the Commission; and

- d. any other matters that the Minister may require.
5. The *Securities Act* further requires that the Commission shall promptly give the Minister or his/her designate (the "Minister") such information about its activities, operations and financial affairs as the Minister requests.
6. The Minister and the Chair are committed to a strong and independent Commission that is empowered to fulfill its statutory mandate efficiently and effectively and share the goal of establishing and maintaining a co-operative relationship that facilitates the efficient administration of the Commission and fulfilment of its statutory responsibilities.
7. The purpose of this Memorandum of Understanding ("Memorandum") is to clarify the operational roles, responsibilities and relationship between the Commission and the Minister and record their mutual understanding in respect of these matters.
8. The Memorandum does not affect, modify, limit or interfere with the responsibilities of the Minister, the Commission or the Chair under the Statutes or any other legislation. In the event of a conflict between the provisions of the Memorandum and the Statutes or such other legislation, the Statutes or such other legislation shall prevail.

B GUIDING PRINCIPLES

9. The parties agree that they will adhere to the principles set out below in their relationship.
10. The Minister recognizes that the Commission is a statutory entity and that the Commission, the Chair and the Executive Director of the Commission (the "Chief Operating Officer" or "COO") exercise powers and perform duties in accordance with their respective mandates under the Statutes and other relevant legislation. The Commission's regulatory and adjudicative decisions must be made and be seen by the public to be made in an independent and impartial manner.

11. The Commission shall operate as an arms-length agency of the Government of Ontario.
12. Commission staff are employees of the Commission and are accountable to the Chair and the COO. Commission staff are not members of the Ontario Public Service.
13. The Commission acknowledges that it is accountable to the Minister as set out in the Statutes in exercising its statutory mandate. The fundamental principle of accountability will be observed in the management, administration and operations of the Commission.
14. As an agency of the Government, the Commission agrees to abide by the management principles established by the Government of Ontario. These principles include ethical behaviour, accountability, excellence in management, wise use of public funds, high quality service to the public and fairness in the marketplace.
15. All members, employees and special employees will be subject to Commission By-law No. 2 relating to conflicts of interest in connection with the conduct of the affairs of the Commission.
16. The parties to this Memorandum are committed to avoiding duplication of work or services.
17. The parties to this Memorandum recognize that the timely exchange of information and effective consultation when necessary are essential to discharging their respective responsibilities.
18. The Commission undertakes to report to, and share information with, the Minister as required by the Statutes and this Memorandum.

C ROLES AND RESPONSIBILITIES

The Minister

The Minister is accountable to the Legislature for the Commission's fulfilment of its mandate and its compliance with government policies, and for reporting to the Legislature on the affairs of the Commission. In addition to the rights and duties of the Minister as set out in the Statutes, the Minister is responsible for:

19. monitoring the activities of the Commission to ensure that its mandate is being fulfilled. To this end, the Minister may designate a person to examine any financial or accounting procedures, activities or practices of the Commission, as provided in section 3.8(2) of the *Securities Act*;
20. reporting to Cabinet and the Legislature on the affairs of the Commission, including tabling reports in the Legislature as required. This includes the requirement that the Minister shall lay the Commission's annual report before the Assembly within one month of receiving the Commission's report;
21. reviewing the Commission's annual business plan and submitting the plan to Management Board, as required by the Agency Establishment and Accountability Directive;
22. as may be permitted, ensuring that the Commission is advised and consulted when significant new directions for the Commission are contemplated or when initiatives are taken to amend any legislation or regulations that affect the Commission;
23. ensuring that the Commission is aware of policy directions or decisions of the Government that may impact the Commission's business plan;
24. meeting with the Chair as necessary (at a minimum, once a year) to discuss issues relating to the effective discharge of the Commission's mandate and the need for services or support to be provided by the Ministry to the Commission;
25. making recommendations to Cabinet relating to the appointment and reappointment of the Chair, Vice-Chair(s) and Commission members pursuant to the process established by legislation or by Management Board, as applicable, following consultation with the Chair, as appropriate;
26. ensuring that members appointed to the Commission are aware of all policies, directives, guidelines and procedures for Cabinet appointees as applicable;
27. ensuring that the Commission is aware of Management Board Directives; and
28. ensuring that the Commission receives such information and assistance as

required or as requested to meet its responsibilities under the Statutes, other relevant legislation, applicable Management Board Directives and this Memorandum.

The Chair and Board of Directors

In addition to the rights and duties as set out in the Statutes, the Chair and Board of Directors are responsible and accountable to the Minister for:

29. overseeing the management of the financial and other affairs of the Commission in accordance with its statutory mandate and business plan;
30. ensuring the provision of high quality regulatory services that protect the public interest and enhance public confidence in the regulated sectors;
31. ensuring that the Commission adopts procedures and otherwise conducts itself in accordance with good governance practices;

Furthermore, the Chair is responsible and accountable to the Minister for:

32. providing any necessary orientation of new members of the Commission, ensuring that new members are made aware of the conflict of interest provisions in Commission By-law No. 2, and developing an effective performance measurement system for evaluating Commission members in a manner consistent with best practices;
33. reviewing with the Minister the Commission's performance based results included in the Commission's statement of priorities on an annual basis;
34. ensuring that significant policy initiatives undertaken by the Commission, and other matters relating to its operations, that would be of importance to the Minister are brought to the attention of the Minister in a timely fashion, as well as being addressed at the next scheduled monthly work-in-progress meeting;
35. ensuring the Commission's compliance with applicable Management Board Directives;
36. causing the Commission to prepare and deliver to the Minister the Commission's statement of priorities, annual report including financial statements and any other information about the

Commission's activities, operations and financial affairs as the Minister requests;

Nominating Committee, and Compensation Committee.)

37. causing the Commission to prepare, submit and review with the Minister its business plan for the current year and at least two years beyond following its adoption by the Commission;
38. at the request of the Minister, preparing material, attending and/or making a presentation before Cabinet, the Legislature or Committees of either, on matters affecting or pertaining to the Commission;
39. notifying the Minister of upcoming vacancies in order-in-council appointments to the Commission and making recommendations to the Minister on persons appropriate to fill such vacancies; and
40. providing the Commission with such information, assistance and advice as the Commission requires to meet its responsibilities under the Statutes.

The Board of Directors

Furthermore, the Board of Directors is responsible and accountable to the Minister for:

41. subject to the approval of the Minister, making by-laws governing a variety of corporate matters, including:
 - a. the administration, management and conduct of the affairs of the Commission;
 - b. the appointment of an auditor;
 - c. the powers, functions and duties of the Chair, each Vice-Chair and officers employed by the Commission;
 - d. the remuneration and benefits of the Chair, each Vice-Chair and the other members of the Commission; and
 - e. the appointment, operation or dissolution of committees of the Board and the delegation of duties of the Board to such committees. (For example, the Board has established the following standing committees: Audit and Finance Committee, Corporate Governance and

The Deputy Minister

The Deputy Minister is accountable to the Minister for the performance of the Ministry in providing administrative support to the Commission and for carrying out the roles and responsibilities assigned to him by the Minister, Management Board Directives and this Memorandum. In accordance with the *Public Service Act* (and applicable Government directives), the Deputy Minister may delegate any of the powers and duties assigned to him by law. The Deputy Minister is responsible for:

42. advising and assisting the Minister in discharging assigned ministerial responsibility with respect to the Commission;
43. monitoring the activities of the Commission on behalf of the Minister to ensure that its mandate is being fulfilled and that it is acting in accordance with applicable Government policies;
44. informing the Commission of all directives, guidelines, policies and decisions of the Ministry and Government that apply to or may affect the Commission;
45. ensuring that the Commission receives such information and assistance as required or requested to meet its responsibilities under the Statutes, other relevant legislation, applicable Management Board Directives, and this Memorandum; and
46. undertaking on behalf of the Minister assessments of whether or not the Commission is fulfilling its legislative mandate, identifying any need for corrective action and recommending to the Minister ways to resolve issues that have been identified.

The Chief Operating Officer

The COO of the Commission is responsible and accountable to the Chair for:

47. the development, implementation and ongoing monitoring of an effective performance measurement and management system for the Commission under the direction of the Chair. The performance measures relating to the Commission's goals and priorities once approved by the Commission and prior to

March 31, each year, will be forwarded to the Minister for approval;

48. ensuring that the Commission provides high quality service to the public in carrying out its responsibilities;
49. ensuring the development and maintenance of the necessary information, case management and reporting systems in support of the efficient functioning of the Commission;
50. keeping the Chair and the Board of Directors informed and up-to-date on program operations;
51. preparing documents and reports as requested by the Board of Directors including corporate plans and budgets, annual business plans and quarterly reports; and
52. the maintenance of documentation and proper controls to support expenditures and keep track of material variances between projected and actual expenditures.

D FINANCIAL ARRANGEMENTS

53. The operations of the Commission are funded by fees collected from market participants and details regarding the Commission's authority with respect to the fees and revenue it collects are set out in section 3.4 of the *Securities Act*.
54. The Commission acknowledges that property and/or services ordered/purchased by the Commission are purchased by it for the use of the Crown in right of Ontario, and are not subject to the goods and services tax.

E REPORTING REQUIREMENTS

55. The Commission shall forward for the Minister's approval an annual business plan.
56. The business plan shall meet the requirements set out in Schedule D of the Agency Establishment and Accountability Directive.
57. Within six months after the end of each fiscal year, the Commission shall deliver to the Minister an annual report on the affairs of the Commission for that fiscal year. Within one month of receiving the Commission's annual report, the Minister shall lay the report before the Assembly.

58. The annual report shall include the Commission's audited financial statements for the most recently completed financial year and the auditor's report thereon; a description of activities during the financial year reported on; a description of performance achieved as against the objectives and targets set out in the Commission's business plan; a discussion of significant variances between actual and planned results and an explanation of actions to be taken, if any, to address these variances; a description of the Commission's corporate governance structure; and the names of the appointees to the Commission, including when each was first appointed and when the current term of appointment expires.

59. The Commission will ensure that all reports and other material set out in Appendix A, required to be submitted to the Minister are submitted in a timely manner, as outlined in the Appendix.

F AUDIT ARRANGEMENTS

60. Pursuant to the *Securities Act*, the Commission shall prepare financial statements according to generally accepted accounting principles. The financial statements must present the financial position, results of operations and changes in the financial position of the Commission for its most recently completed financial year.
61. The Commission shall appoint one or more auditors licensed under the *Public Accountancy Act* or the Provincial Auditor to audit the financial statements of the Commission for each financial year.
62. The Chair shall promptly provide the Minister with a copy of any report from an audit of the Commission conducted pursuant to paragraph 61 of this Memorandum. The Chair shall have an opportunity to comment on any audit report that is submitted to the Minister or Management Board prior to such submission.
63. The Commission shall advise the Minister annually of any outstanding audit recommendations.

G ADMINISTRATIVE ARRANGEMENTS

64. The Commission may participate in government-wide shared services or arrangements, where applicable.

- 65. The Commission shall respond to access requests and privacy investigations and shall fulfill all requirements under the *Freedom of Information and Protection of Privacy Act* (FOIPPA) with support from the Ministry of Finance FOIPPA Co-ordinator.
- 66. The Commission will be subject to the following Management Board Directives, Operational Policy and Guidelines: Agency Establishment and Accountability; Agencies-Government Appointees; Enhancing Privacy; Computer Matching of Personal Information; Freedom of Information and Privacy; Management of Recorded Information; and Visual Identity.
- 67. Where the same matters dealt with in these Directives are the subject of provisions in the *Securities Act*, the regulations and the rules thereunder, the latter provisions will govern. For greater clarity, the provision under the heading "Remuneration" in the "Government Appointees" Directive that provides for remuneration of appointees is not applicable to the Commission by virtue of section 3.2 of the *Securities Act*.

Memorandum to Management Board for approval.

IN WITNESS WHEREOF this Memorandum has been signed by the Minister and by the Chair of the Commission on behalf of the Commission

"Janet Ecker" May 26, 2003
 The Honourable Janet Ecker
 Minister of Finance Date

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

H TIME PERIOD AND PROCESS FOR REVIEW AND AMENDMENT

- 68. This Memorandum, to be executed by the Minister and the Chair on behalf of the Commission, becomes effective when executed by the parties. It shall remain in effect for a period of five years from the date of signature unless earlier amended or replaced. If not earlier amended or replaced, this Memorandum must be reviewed before expiry and renewed or revised. It shall remain in effect until superceded by a new memorandum of understanding approved by Management Board and executed by the parties.
- 69. This Memorandum shall be reviewed upon the request of either party to it. This Memorandum must be either affirmed for continuance or revised upon the appointment of a new Minister or Chair.
- 70. The Minister is responsible for recommending to Management Board the approval of this Memorandum prior to execution by the parties. If this Memorandum is amended, the Minister shall submit a copy of the amended

Appendix "A"

**Ontario Securities Commission
Statutory Reporting Requirements and
Communications with the Minister of Finance**

**Reporting Required under the Securities Act and
Commodity Futures Act (CFA)**

The following is a list of statutory reporting requirements (Commission to the Minister):

- **MOU with the Minister:** The Commission and the Minister shall enter into an MOU every five years, beginning with the 1998-99 fiscal year. (*Securities Act*, s. 3.7(1))
- **Provision of Information to the Minister:** The Commission shall promptly give the Minister such information about its activities, operations and financial affairs as the Minister requests. (*Securities Act*, s. 3.8(1))
- **Annual Report and Audited Financial Statements:** Within six months after the end of each fiscal year (i.e., September 30), the Commission shall deliver to the Minister an annual report, including the Commission's audited financial statements, on the affairs of the Commission for that fiscal year. (*Securities Act*, s. 3.10(1))
- **Statement of Priorities:** The Commission is to deliver its statement of priorities to the Minister within 90 days after the end of its financial year (i.e., June 30). (*Securities Act*, s. 143.9(1))

Statutory Requirements for Ministerial Approval

- **Ministerial Approval of By-laws:** The Commission must deliver to the Minister a copy of every by-law passed by it for Ministerial approval. (*Securities Act*, s. 3.2(4))
- **Ministerial Approval of Short-term Borrowing:** The Minister must approve terms and conditions of any short-term (up to two years) borrowing by the Commission. (*Securities Act*, s. 3.3(2))
- **Ministerial Approval of Commission Regulations:** Concurrently with making a rule and subject to the approval of the Minister, the Commission may make a regulation that amends or revokes any provision of a regulation made by the LGIC under the *Securities Act* or by the Commission under subsection 143(3) of the *Securities Act* or subsection 65(3) of the CFA, that in the opinion of the Commission is necessary or advisable to effectively implement the rule. (*Securities Act*, s. 143(3)) (CFA, s. 65(3))
- **Ministerial Approval of Non-publication of Notice of Urgent Rule:** The Commission is not

required to publish notice of a proposed rule if it believes there is an urgent need for the rule and without it there is substantial risk of material harm to investors or to the integrity of the capital markets, and if the Minister approves. (*Securities Act*, s. 143.2(5)) (CFA, s. 67(5))

- **Ministerial Approval of Rules:** The Commission must deliver to the Minister a copy of every rule made by it together with the following:
 - (1) A copy of the notices published under section 143.2, unless publication of notice was not required, and copies of all documents referred to in the notices.
 - (2) A summary of the representations made and other documents submitted in respect of the rule as proposed.
 - (3) All other material information that was considered by the Commission in connection with the making of the rule. (*Securities Act*, s. 143.3(1)) (CFA, s. 68(1))
- **Ministerial Approval of MOU's:** The Commission must deliver to the Minister for approval every agreement, memorandum of understanding or arrangement between the Commission and,
 - (1) another securities or financial regulatory authority;
 - (2) any self-regulatory body or organization; or
 - (3) any jurisdiction. (*Securities Act*, s. 143.10(1)) (CFA, s. 74(1))

Other Communications

- **Business Plan –** Not statutorily mandated. The practice is to forward the Plan to the Ministry following Board approval.

**Current Communications Protocol – Rules, Policies,
MOU's**

1. **Ministerial Approval of Rules**
 - The Commission must approve a proposed rule for publication for comment, following which the proposed rule will be published in the Bulletin. The minimum comment period is 90 days. (Note: Publication of notice of a proposed rule is not required in certain circumstances (see *Securities Act*, s. 143.2(5) and CFA, s. 67(5)). One of these is where the Commission believes there is an urgent need for the proposed rule and that, without it, there is a substantial risk of material harm to investors or the integrity of the capital markets. In these circumstances, the Commission

must have prior approval of the Minister to make the rule without publication of notice.)

- If the Commission does not propose any material changes to the proposed rule after the comment period, the rule must go back to the Commission to be approved/made. It must then be delivered to the Minister for approval. A notice of the final rule must be published in the Bulletin.
- If material changes are made to the rule then the Commission must approve its re-publication for further comment. The Ministry will be notified prior to any re-publication and provided with a copy of the changes to rule and the notice.
- Following any further comment period, the rule must be approved/made by the Commission. Once approved by the Commission it will be sent to the Minister for approval and published in the Bulletin.
- Within 60 days after a rule is delivered to the Minister, the Minister may,
 - approve the rule,
 - reject the rule, or
 - return it to the Commission for further consideration.
- A rule that is approved by the Minister comes into force 15 days after it is approved unless there is a later day specified in the rule, in which case it comes into force on that later day.
- If the Minister does not approve a rule, reject it or return it to the Commission for further consideration, the rule comes into force:
 - if a day is specified in the rule that is at least 75 days after the rule is delivered to the Minister, then on that date;
 - if no date is specified, then on the 75th day after the rule is delivered to the Minister; or
 - if the date specified is within 75 days after the rule is delivered to the Minister, then on the 75th day after the rule is delivered to the Minister.

2. Policies

- There is no statutory requirement that policies be approved by the Minister. However, the Commission has adopted an informal practice of sending to the Minister (for information purposes) a copy of every proposed and final policy.

3. Ministerial Approval of MOU's

- The Commission must deliver to the Minister for approval every agreement, MOU or arrangement between the Commission and,
 - another securities or financial regulatory authority;
 - any self-regulatory body or organization; or
 - any jurisdiction.
- The Commission will provide the Minister with a copy of the proposed MOU together with a copy of the notice that will be published in the Bulletin.
- The Minister may approve or reject the agreement, MOU or arrangement within 60 days after it is published in the Bulletin.
- If the Minister approves the MOU within the 60 day period, the MOU is effective on the date approved. If the Minister does not approve or reject the MOU before the expiration of 60 days, the MOU comes into effect on the 60th day after the date of its publication in the Bulletin.

4. Commission Regulations

- Concurrently with making a rule, and subject to the approval of the Minister, the Commission may make a regulation that amends or revokes any provision of a regulation made by the LGIC or by the Commission under section 143(3) of the *Securities Act* or section 65(2) of the CFA that in the opinion of the Commission is necessary or advisable to effectively implement the rule.
- The proposed regulation must be made by the Commission and sent to the Minister for final approval.

5. Other

- The Commission provides the Ministry with an overview of rule-making and MOU activity at the Commission on a regular basis.
- WIP meetings are scheduled on a regular basis.

1.1.5 Speech by David Brown - Giving Investors Reason for Confidence: A Robust Response to the Financial Reporting Scandals

**GIVING INVESTORS REASON FOR CONFIDENCE:
A ROBUST RESPONSE TO THE FINANCIAL
REPORTING SCANDALS**

**REMARKS BY DAVID A. BROWN, Q.C.
CHAIR, ONTARIO SECURITIES COMMISSION
AT THE CANADIAN SOCIETY OF NEW YORK
THE HARVARD CLUB, NEW YORK, NEW YORK
JUNE 4, 2003**

I'm pleased to have the opportunity to speak to you today.

Our Canadian capital market structure and regulation are quite similar to yours. Or at least, they were until mid-summer last year when the Sarbanes-Oxley legislation was passed, requiring the Securities and Exchange Commission to put new rules in place. Changes to the listing requirements at the New York Stock Exchange were proposed as well. Today, I will tell you about the changes we are making to the regulation of our capital markets and how these changes in many important ways mirror the changes made in the U.S. capital markets.

Many Canadian industries and practices are quite similar to those in place in the United States, but differ in some details, to account for our different cultures and corporate laws. For example, in our country we drive on the right side of the road like you do, which is quite fortunate, and our speed limits are quite similar to yours, but we measure speeds in kilometers, not miles. In both of our countries, packaged goods come wrapped in a litany of warnings about unsafe uses for the product, but our labels have to be in two languages, not just one. And a referee on a playing field on our side of the border will only allow the players three downs, not four, but the game is still football.

When it comes to securities regulation, we start with a system in which we see significant structural similarities. We both have disclosure-based regimes; we require accounting according to Generally Accepted Accounting Principles, or GAAP; we provide tools for investors and we both take a tough approach to enforcement. There are slight differences in our GAAPs, in the detail of our regulation, and in the sanctions we mete out. These differences, I believe, exist partly because our markets have evolved in different legal systems, but also partly to reflect differences in our markets' make-up, for instance in the capitalization of our firms or in the proportion of controlled firms accessing our market.

But overall, we see our market as very similar to yours. We also see a similarity in some unhealthy incentives that have crept unnoticed into our market structure over time. What I will discuss today are the robust, made-in-Canada solutions that are sensitive to the circumstances of Canada's markets and securities laws but also largely equivalent and equally robust as the changes being brought about here in the U.S.

This has been a difficult year for financial markets. It's been a difficult year for investors; and, yes, it's been a difficult year for securities regulators. To paraphrase an ancient Chinese curse, we've been living in "interesting" times. They've been the kind of interesting times that make you appreciate a little boredom every now and then.

Canadian business did not produce its own Enron or WorldCom over the past two years. But no country can afford to sit back and think the problem couldn't happen to them. No country is immune to corporate or individual greed. All markets face the same potential pressures. The 1990s saw a dramatic growth in investors and capital, a sense of optimism unmatched in decades, and continuous pressure to beat the Street's expectations. In this environment, there was significant incentive for many to put ethics aside. As Warren Buffet puts it, by the 1990s, "CEOs who traveled the high road did not encounter heavy traffic ... These otherwise decent people simply followed the career of Mae West: 'I was Snow White, but I drifted.'"

I'd like to share with you comments made by Mr. Claude Lamoureux, who as President and CEO of the Ontario Teachers' Pension Plan, is at the helm of a fund holding more than \$66 billion. That gives him sixty-six billion reasons to be concerned about good corporate governance.

Here is what he had to say earlier this year to the Canadian Club in Toronto, and I quote: "Good corporate governance matters to all of us. But let's not kid ourselves. Investor confidence has been badly shaken by incompetent corporate governance. It's time for investors to strike back. Every shareholder should question the performance and ethical commitment of corporate leaders as well the best governance efforts of regulators, institutional investors, accountants and corporate lawyers." End quote. He certainly has a direct and forceful way with words.

Mr. Lamoureux's comments were about Canadian corporate governance, but he could equally have made his comments here in New York. The corporate culture we have in Canada is very similar to the corporate culture you have in the United States. When your Sarbanes-Oxley legislation was passed and the New York Stock Exchange listing proposals were made, we recognized solutions to the root-causes of some of the unhealthy incentives that exist in our market as well as in yours. It became clear to us that we needed to address the structural arrangements and incentives in our jurisdiction every bit as much as you did in yours. We faced the same crisis in character as you did.

But out of this crisis is emerging a regulatory regime that is far more robust, and better able to ensure markets that are fair and aboveboard. In Canada, we are dealing with the same issues that Sarbanes-Oxley and NYSE listing proposals are addressing here. We are doing it in a way that is made-in-Canada and right for the Canadian market. And we are doing it in a way that is every bit as robust as it is being done in the United States.

Even before the enactment of Sarbanes-Oxley, a number of Canadian initiatives were well underway:

- A new Canadian Public Accountability Board was created, chaired by former Bank of Canada Governor, Gordon Thiessen, to conduct annual reviews of the audit practices of accounting firms auditing public corporations. The board was created by the accounting profession in cooperation with provincial and federal regulators. Its mandate is to accomplish objectives similar to your Public Company Accounting Oversight Board. A significant majority of its members are independent of the accounting profession.
- The Canadian Institute of Chartered Accountants published for comment new requirements for auditor independence, combining the stringent new requirements proposed by the SEC with the latest initiatives by the International Federation of Accountants (IFAC).
- Our self-regulatory organization the Investment Dealers Association (the Canadian equivalent to your NASD) introduced a new draft policy governing analyst standards. A committee established by the dealers association and the stock exchanges had begun studying the issue in 1999, in response to concerns that were being raised about the role that analysts play in promoting stocks in the marketplace. The policy now incorporates some recently adopted U.S. standards as well as most of that committee's 33 recommendations. Increasingly, research reports are becoming cooperative cross-border ventures, with reports produced in Toronto being distributed in New York and other U.S. cities, and vice versa. It is not just a matter of integrating rules. We have to attempt to facilitate, as much as possible, the increasing integration of the markets themselves, while remaining mindful of the inherent differences in those markets. Research will be regulated in a way that acknowledges its cross-border nature, but addresses the conflicts that are specific to the Canadian markets.

When the Sarbanes-Oxley Act was passed, it became clear that even as the measures I have just described were moving forward, the Sarbanes-Oxley Act would fundamentally change the governance of public corporations and the regulation of financial markets.

Canadian governments and regulators responded quickly to address the regulatory gaps exposed by Sarbanes-Oxley. At both the provincial and federal levels, our governments are strongly in favour of taking measures to support investor confidence. They have moved quickly to make important contributions to restoring that confidence.

- Last month the Province of Ontario proclaimed into law a series of amendments to the *Securities Act* and the *Commodity Futures Act*. These amendments give the OSC rule-making authority

to promote management accountability, auditor independence, and stronger audit committees. It gives the OSC the authority to levy an administrative penalty of up to one million dollars, and the ability to order the disgorgement of profits made as a result of a breach of the *Securities Act*. The legislation also gives the courts authority to impose higher fines and longer jail terms – a strong signal that stiffer sentences are needed in this area.

- The federal finance minister announced in his February budget that increased federal resources will be made available to combat criminal activity in our capital markets, to expand Royal Canadian Mounted Police investigative capacity in this area and increase resources for criminal prosecutions.
- The federal government is also considering amendments to the Canada Business Corporations Act to impose higher corporate governance standards on CBCA companies.

Shortly after the passage of Sarbanes-Oxley, we launched a very public review of the merits of introducing similar reforms in Canada. The process began with an open letter to market participants, alerting them to the fundamental changes of the U.S. reforms and their potential impact on Canada and our ability to compete for capital. We sought advice from stock exchanges, self-regulatory organizations, industry associations, public interest groups and groups of market participants formed to address the crisis in investor confidence. We consulted with governments and market participants from all segments of the industry. We debated the issues with market commentators and other regulators. We attended conferences and seminars and met with focus groups. And, most importantly, we listened.

Here's what we were told:

We were told that Canadians are entitled to a regulatory regime that is as comprehensive and dynamic as the regime established by our neighbours. We were told that it would be a mistake to think that we can write the issue off as an American problem. The big scandals erupted south of the border, but they emitted after-shocks that cannot be restrained by political borders. There was recognition that Canada was not immune to the nature of the scandals that occurred here in the U.S.

We were told that equivalent regulatory protection does not mean identical protection. Canada and the United States are different countries. We were told that we need to take into account the different composition of the Canadian market. Canada has a much higher proportion of small-cap public companies than the United States and a much higher proportion of controlled companies. Roughly 80 per cent of public companies in Canada are closely-held, compared to only 20 per cent in the U.S. However, there was something of a contradiction here: we were also told that we should avoid a two-tier market. In the United States, all listed companies are covered by Sarbanes-Oxley.

We heard from market participants, and governments demonstrated their concerns. Our challenge as regulators was to address all of the issues, including the concern about Canada's distinct regulatory character. We had to introduce reforms that are every bit as robust as U.S. reforms; but tailored specifically to Canadian markets and their unique needs.

In other words, we needed a made-in-Canada solution.

But any solution must actually solve the problems. It must ensure that Canada is an appealing place to invest. It must ensure that Canadian listed companies can raise money on the global capital markets. And it must ensure that our market rules are compatible with those of our largest trading and investment partner.

The North American markets are too integrated for Canadians – or for Americans – to think that we could simply ignore a set of new, robust market standards in the United States, as though our markets have no relationship with each other.

On June 27, the Ontario Securities Commission will introduce three new rules for comment. This course of action, emerging from the consultation and public discussion of the past 10 months, is appropriate for Ontario and Canada – indeed essential. The rules deal with:

1. CEO and CFO certification of annual and interim disclosures;
2. the role and composition of audit committees; and
3. support for the work of the Canadian Public Accountability Board in its oversight of auditors of public companies.

These rules will be accompanied by a rigorous cost-benefit analysis. Their schedule for implementation is roughly comparable to the SEC draft rules, which have implementation dates ranging from this spring to the fall of 2004.

I should point out that at this time, we have near-unanimity nationally on the three rules we are proposing. Twelve of our 13 provincial and territorial securities regulators will join with us in these initiatives.

Indeed, support for a robust regulatory approach is tremendous across Canada. Canadian market participants want to know that corporate financial statements mean what they appear to mean, that auditors are responsible to shareholders, and that someone is examining the examiners – or in this case the auditors. Canadian listed companies realize that their ability to raise capital – in New York, Europe, or even in Canada – depends largely on the degree of respect earned by Canadian regulation and the Canadian market.

These three rules satisfy these concerns. They are as robust as the rules here in the United States. We believe they will be as effective as the U.S. rules in restoring

investor confidence. But they are Canadian rules, with input from Canadian participants, to deal with unique Canadian circumstances.

The first rule will require CEOs and CFOs of all Canadian public companies to personally certify four times a year that their issuer's annual and interim filings do not contain a misrepresentation, and they fairly present the issuer's financial condition.

In our view, fair presentation includes:

- the selection and proper application of appropriate accounting policies;
- disclosure of financial information that is informative and reasonably reflects the underlying transactions;
- and inclusion of additional disclosure necessary to provide investors with a materially accurate and complete picture of financial condition, results of operations and cash flows.

CEOs and CFOs will also be required to certify that they have reasonable internal controls in place, and the rule will specify that they must evaluate the effectiveness of these controls and disclose any deficiencies to the firm's audit committee and auditors.

This requirement will be phased-in after one year.

This rule is comparable to similar measures undertaken by the SEC in response to Sarbanes-Oxley.

We believe that it is crucial for this rule to apply to all Canadian public companies. It will not be overly burdensome for smaller issuers to satisfy. In our consultations, stakeholders told us that we should not have a two-tiered approach for CEO/CFO certification. After all, if the CEO and CFO cannot stand behind the company's financial information, the company should not be publicly traded.

The second rule concerns the role and composition of audit committees. The recent U.S. scandals have demonstrated the dangers of permitting management to oversee the relationship between an issuer and its external auditors. There is an inherent conflict of interest. It is exacerbated when the external auditors start to forget that their client is the shareholders, and start to think it's management. That is bound to happen when management hires and fires them, provides oversight and awards compensation.

International best practices suggest that the external auditors should report to a body that is independent of management. Here in the United States, the Sarbanes-Oxley Act requires the external auditors to report to the audit committee of the board that is completely independent of management.

We have heard from our stakeholders that Canadian investors should be afforded equivalent protection. We agree. Accordingly, we will introduce into Canada rules

regulating the composition and responsibilities of audit committees that conform to those that have been introduced in the United States and internationally recognized best practices – and are equally as robust. But again we must be sensitive to the unique needs of our market and the nature of Canadian corporate law.

We believe that our proposed new rule achieves this objective. It requires every audit committee to have a minimum of three members. Each member must be independent, with no direct or indirect material relationship with the issuer or its management. Each member must be financially literate. And issuers must disclose whether or not there is a financial expert serving on its audit committee.

The definition of an audit committee financial expert in the rule will be virtually identical to the definition that has been adopted in the United States. The committee's responsibilities will be comparable, including those related to the appointment, compensation, retention and oversight of the external auditor.

We believe these provisions are appropriate for our larger and more liquid companies – those listed on the TSX. But what about small issuers? We heard that it would be unfair to hold them to all of the same standards; that it would constitute an unfair burden on their resources, and an unacceptable barrier to their ability to access the public markets and compete. Here in the United States, small issuers, too small to qualify their shares for listing on a U.S. exchange or Nasdaq, are exempt from many of the provisions of the Sarbanes-Oxley Act.

Since a small Canadian issuer listed on TSX Venture Exchange generally would not be large enough to qualify as a listed company on a major exchange in the United States, they too will be accorded accommodations to meet their needs. These issuers will be exempted from the requirement that members of the audit committee be independent and financially literate and the disclosure requirements related to the audit committee financial expert. However, they will be required to comply with the remainder of the rule. We view this exemption as an appropriate balance between enhancing investor confidence and meeting the needs of our smaller issuers.

We also recognize the unique needs of closely-held companies. Consistent with parallel U.S. regulation, the draft rule permits an independent director of a company to be a member of the audit committee of an affiliated entity. Thus, independent directors of a parent company would be permitted to be members of the audit committee of a subsidiary.

The third rule that we are releasing for comment puts some teeth into the Canadian Public Accountability Board. It will require financial statements of public companies to be audited by a firm that is in good standing with the board.

These three draft rules recognize that Canada is an independent country with its own unique market. But they

also recognize that we share in the global need to ensure investor confidence.

Ladies and gentlemen, our system and structure for securities regulation must be dynamic and in a constant state of evolution to respond to constantly changing market realities. It has to reflect the broader base of investors, and the need to maintain their confidence in the market's integrity. It has to reflect the fact that we live in an interconnected world.

We have met the challenge that we set for ourselves. We've consulted with stakeholders. We've listened to what they have to say. Canadian measures to restore investor confidence will be as robust as those implemented in the U.S., but they will reflect the differences in Canadian markets:

- we will have comparable rules dealing with analyst standards and potential conflicts of interest;
- we will have comparable reforms to increase auditor independence;
- we will have tough new sanctions to deal with violators;
- CEOs and CFOs of all Canadian public companies will be required to certify financial results;
- audit firms will be required to be in good standing with the new Canadian Public Accountability Board in order to issue audit opinions for public companies; and
- audit committees, independent of management, will have oversight responsibilities in connection with the audit and financial reporting.

These reforms have support from investors, the business community and other Canadian securities commissions.

They will help ensure a Canadian market that is fair to Canadians, and a Canadian economy that is able to compete.

Thank you.

1.1.6 OSC Staff Notice 11-729 Withdrawal of Staff Notice

**ONTARIO SECURITIES COMMISSION
STAFF NOTICE 11-729
WITHDRAWAL OF STAFF NOTICE**

Commission staff has reviewed OSC Notice 57-701 – *Revocation of Cease Trade Orders* (26 OSCB 2319 and 18 OSCB 5) and determined that it is no longer required. Accordingly, the notice is withdrawn effective immediately.

Questions regarding this notice may be directed to:

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June 4, 2003.

1.3 News Releases

1.3.1 OSC Issues Reasons In the Matter of Andrew Keith Lech

FOR IMMEDIATE RELEASE
June 2, 2003

OSC ISSUES REASONS IN THE MATTER OF
ANDREW KEITH LECH

TORONTO – The Ontario Securities Commission has released reasons relating to its decision, on May 16, 2003, to extend a temporary cease trade order against Andrew Keith Lech. In its reasons, the Commission referred to the evidence tendered by Michael Vear, a forensic accountant in the enforcement branch of the Commission.

Based upon this evidence, Commissioners Lorne Morphy and Derek Brown, and Vice-Chair Paul Moore, stated that they were “satisfied that satisfactory information had not been provided by Lech to the Commission within the 15 day period after the making of the temporary order on May 1, 2003, and that the length of time required to conclude the hearing could be prejudicial to the public interest”.

Copies of the reasons are available on the Commission’s website at www.osc.gov.on.ca.

For Media Inquiries: Eric Pelletier
Manager, Media Relations
416-593-8913

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

1.3.2 CSA News Release - Issuers: Check Your SEDI Filings

For Immediate Release
June 2, 2003

ISSUERS: CHECK YOUR SEDI FILINGS

Toronto – Following the successful May 5, 2003 launch of the System for Electronic Disclosure by Insiders (SEDI), all SEDI issuers were required to file issuer profile supplements by May 30, 2003. Issuers who have not filed issuer profile supplements have not met their legal obligations and may be subject to regulatory action. They should file the required documents immediately or their insiders will be unable to meet their filing requirements that begin June 9. As well, starting June 9, issuers will be required to file issuer event reports on SEDI within one business day of events such as mergers, amalgamations, stock splits and consolidations, among other events.

To have accurately filed the issuer profile supplement, an issuer would have registered as a SEDI user and then filed insider affairs contact information and a complete list of the securities the company issues to insiders. To ensure that this information is complete, log in to SEDI (www.sedi.ca) and view the details of the issuer profile supplement. Click “Issuer profile supplement” in the top right navigation bar, and then click “View issuer profile and supplement” in the left navigation bar to view the issuer profile supplement. Click “View security designation” to view a list of all security designations that have been added to the issuer profile supplement.

Insiders will begin filing insider profiles and insider reports in SEDI June 9, 2003. The Canadian Securities Administrators Staff Notice 55-309, which sets out the SEDI filing requirements, is available at www.csa-acvm.ca or from securities commissions at the web sites listed below. Additional information about registering, creating accounts and profiles, and filing issuer event and insider reports, is available in the SEDI User Guide also accessible from these web sites or from the SEDI online Help. Issuers are encouraged to remind their insiders of the requirement to file reports online.

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, within moments of filing.

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).

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

**FOR IMMEDIATE RELEASE
June 2, 2003**

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

TORONTO – At the request of the respondents, the hearing of this matter scheduled for Tuesday, June 3, 2003 has been adjourned to a date to be confirmed by the Secretary's Office.

A copy of the Notice of Hearing and Statement of Allegations is available at 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
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1-877-785-1555 (Toll Free)

1.3.4 Commission Releases Decision in the Matter of Stephen Duthie

**FOR IMMEDIATE RELEASE
June 2, 2003**

**COMMISSION RELEASES DECISION
IN THE MATTER OF STEPHEN DUTHIE**

TORONTO – The Commission has released its decision in the Stephen Duthie matter. Duthie was a fixed income trader at Phoenix Research and Trading Corporation. Phoenix was registered with the Commission as an ICPM. Phoenix provided investment advisory and portfolio management services to, among other entities, the Phoenix Fixed Income Arbitrage Limited Partnership (“PFIA LP”), a hedge fund. Duthie has never been registered with the Commission.

The hearing panel found that, commencing in late 1998 and throughout 1999, Duthie traded in various U.S. benchmark treasuries for the account of PFIA LP. By early January 2000, Duthie had accumulated a US\$3.3 billion long position in 6% U.S. treasuries. His trading in these positions was directional and unhedged and contrary to PFIA LP’s investment parameters.

The panel found that unitholders received inaccurate information concerning the value of their investments as a result of Duthie’s mispricing. PFIA LP incurred a loss in excess of US\$100 million by virtue of Duthie’s improper trading activity.

The panel held that Duthie’s trading breached his obligations to his client, PFIA LP. Further, although Duthie asserted that he was not an “adviser” within the meaning of the Act, the panel disagreed. It held that Duthie was engaged in registrable activity and ought to have been registered. The panel stated that:

As an arbitrage trader, Duthie had discretion to buy and sell, and in exercising that discretion he was, in effect, advising his client as to an appropriate investment with a mandate to carry out that advice. That such activity is contemplated within the definition of adviser is confirmed by section 99 of the General Regulation, and in particular, category 3 thereof. Duthie was therefore required to be registered as an adviser.

The panel held that, through mispricing and the use of contingency collateral, “Duthie was able to obscure his unauthorized trading from being uncovered”. It concluded that Duthie’s conduct was “duplicious” and “if not fraudulent, was both unfair and improper”. The Commission reprimanded Duthie, ordering that:

- (a) Trading in any securities by Duthie cease for 20 years, except for personal trading through a registered broker after a period of 5 years;

- (b) Duthie resign any position he holds as a director or officer of a reporting issuer;
- (c) Duthie is prohibited from becoming or acting as a director or officer of any issuer for 20 years; and
- (d) Duthie pay costs in the amount of \$90,000.

The Commission’s decision is available on the Commission’s website, www.osc.gov.on.ca.

For Media Inquiries: Eric Pelletier
Manager, Media Relations
416-593-8913

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 The Boyd Group 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
MANITOBA AND ONTARIO**

AND

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

AND

**IN THE MATTER OF
THE BOYD GROUP INC.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Makers") in each of the Provinces of Manitoba and Ontario (the "Jurisdictions") has received an application from The Boyd Group Inc. (the "Company" or the "Applicant") for a decision under the securities legislation (the "Legislation") of the Jurisdictions that the Company be deemed to have ceased to be a reporting issuer or the equivalent thereof under the Legislation.

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

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

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

The Fund

1. Boyd Group Income Fund (the "Fund") is an unincorporated open-ended mutual fund trust established under the laws of the Province of Manitoba pursuant to a declaration of trust, with its head office in Winnipeg, Manitoba.
2. The Fund is currently a reporting issuer or the equivalent in the Provinces of Manitoba and Ontario as a result of (a) a plan of arrangement (the "Arrangement") under section 185 of *The Corporations Act* (Manitoba) involving the Fund, the Company, Boyd Fund Limited ("Fund Subco"), Boyd Group Holdings Inc. ("New Boyd Holdco"), 4612094 Manitoba Inc. and the holders of the Company's securities; and (ii) the filing in Manitoba, Ontario, Saskatchewan, Alberta and British Columbia of the Fund's long form prospectus on February 14, 2003 in respect of an initial public offering of trust units (the "Units") of the Fund. The Fund is not in default of any requirements of the Legislation in such provinces.
3. The authorized capital of the Fund consists of an unlimited number of Units. As of April 11, 2003, there were 3,562,492 Units issued and outstanding. The Units are posted and listed for trading on the Toronto Stock Exchange under the symbol "BYD.UN".

The Company

4. The Company is a corporation amalgamated under the laws of the Province of Manitoba, with its head office in Winnipeg, Manitoba.
5. The Company is currently a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any requirements of the Legislation of such Jurisdictions.
6. The authorized capital of the Company consists of an unlimited number of Class I Shares, an unlimited number of Class II Shares and an unlimited number of Class III Shares. As of April 11, 2003, there were issued and outstanding 3,489,367 Class I Shares owned by the Fund and 2,062,863 Class II Shares owned by New Boyd Holdco. There are presently no issued and outstanding Class III Shares. The Company also has outstanding a class of notes, all of which are held by the Fund.

General

7. Upon the completion of the Arrangement on February 28, 2003, the Class A (Restricted Voting) Shares of the predecessor corporation to the Company were delisted from the Toronto Stock Exchange and no securities of the Company are now listed or quoted on any exchange or market.
8. The Applicant does not have any other securities, including debt securities, outstanding other than as disclosed herein.
9. The Fund is the principal issuer, and its Units are listed on the Toronto Stock Exchange.
10. The Company does not presently intend to seek public financing by way of offering its securities

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

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

THE DECISION by the Decision Makers under the Legislation is that the Company is deemed to have ceased to be a reporting issuer under the Legislation.

May 20, 2003.

"Chris Besko"

2.1.2 Southward Energy Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - corporation deemed to have ceased to be a reporting issuer after all of its outstanding securities acquired by another corporation pursuant to an arrangement agreement.

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

**IN THE MATTER OF
SOUTHWARD ENERGY LTD.**

MRRS DECISION DOCUMENT

1. WHEREAS, the local securities regulatory authority or regulator (the "Decision Maker") in Alberta and Ontario (the "Jurisdictions") has received an application from Southward Energy Ltd. ("Southward") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Southward be deemed to have ceased to be a reporting issuer under the Legislation;
2. AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Alberta Securities Commission is the principal regulator for this application;
3. AND WHEREAS Southward has represented to the Decision Maker that:
 - 3.1 Southward was incorporated pursuant to the *Business Corporations Act* (Alberta) (the "ABCA") on April 24, 1981;
 - 3.2 Southward's head office and principal address is located in Calgary, Alberta;
 - 3.3 Southward is a reporting issuer in British Columbia, Alberta and Ontario;
 - 3.4 the authorized share capital of Southward consists of an unlimited number of common shares (the "Common Shares"), as of May 9, 2003;

- 3.5 as of May 9, 2003, 24,513,825.66667 Common Shares are issued and outstanding;
 - 3.6 the Common Shares were delisted from the Toronto Stock Exchange on May 2, 2003 and no securities of Southward are listed or quoted on any exchange or market;
 - 3.7 Southward has made a concurrent application to the British Columbia Securities Commission pursuant to section 88 of the *Securities Act* (British Columbia) and section 2 of the British Columbia Instrument 11-502, that Southward be deemed to have ceased to be a reporting issuer on May 19, 2003;
 - 3.8 pursuant to an arrangement agreement dated March 16, 2003 between Southward Energy Ltd. and 1022971 Alberta Ltd. ("1022971"), (the "Arrangement Agreement"), the parties thereto agreed, among other things, to take all reasonable action necessary to give effect to a Plan of Arrangement (the "Arrangement") under section 193 of the ABCA;
 - 3.9 at the special meeting of shareholders of Southward (the "Securityholders") held on April 28, 2003, the Securityholders of Southward approved the Arrangement;
 - 3.10 the Arrangement was approved by Final Order of the Court of Queen's Bench of Alberta on April 28, 2003, and on the filing of Articles of Arrangement under the ABCA, the Arrangement was made effective on April 30, 2003;
 - 3.11 under the Arrangement, each issued and outstanding Common Share (other than Common Shares held by dissenting Securityholders and non-board lot holders) was acquired by 1022971 for \$4.77 per Common Share;
 - 3.12 as a result of the Arrangement, 1022971 became, and is currently, the sole securityholder of Southward;
 - 3.13 Southward has no securities, including debt securities, outstanding, other than the Common Shares;
 - 3.14 Southward does not intend to seek public financing by way of an offering of its securities;
 - 3.15 Southward is not in default of the securities legislation of the Jurisdictions;
4. AND WHEREAS under the System, the MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
 5. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the legislation that provides the Decision Maker with the jurisdiction to meet the Decision has been met;
 6. THE DECISION of the Decision Maker under the Legislation is that Southward is deemed to have ceased to be a reporting issuer under the Legislation.

May 27, 2003.

"Patricia M. Johnston"

2.1.3 Altamira Management Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief – Portfolio manager granted relief from self-dealing prohibition in securities legislation for the purpose of allowing mutual funds managed by it to purchase or sell debt securities of any issuer from or to the account of a related principal dealer – Related dealer “responsible person” under securities legislation.

Applicable Ontario Statute

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., clause 118(2)(b) and subclause 121(2)(a)(ii).

Instruments Cited

National Instrument 33-105 – Underwriting Conflicts; National Instrument 44-101 – Short Form Prospectus Distributions; National Instrument 81-102 – Mutual Funds.

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

AND

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

AND

**IN THE MATTER OF
ALTAMIRA MANAGEMENT LTD.
(the “Applicant”)**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia, and Newfoundland & Labrador (the “Jurisdictions”) has received an application from the Applicant for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that the provision (the “Self-Dealing Prohibition”) contained in the Legislation, which prohibits a portfolio manager from knowingly causing any investment portfolio managed by it to purchase or sell securities of any issuer from or to the account of a responsible person, any associate of a responsible person or the portfolio manager, does not apply to the Applicant in connection with the purchase from or sale to (a “Trade”) the account of National Bank Financial Inc. (“NB Financial”) by the existing or future mutual funds whose investment portfolios are, or will be, managed by the Applicant (collectively, the “Altamira Funds”) of

(i) debt securities issued or fully and unconditionally guaranteed by the federal or provincial governments (“Government Debt Securities”), or

(ii) debt securities of an issuer other than the federal and provincial governments (“Non-Government Debt Securities”);

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

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

1. Altamira Investment Services Inc. currently acts, and may in the future act, as manager (the “Manager”) of the Altamira Funds. The Manager’s head office is in Toronto, Ontario.
2. The Applicant, a wholly owned subsidiary of the Manager, currently acts, and may in the future act, as portfolio adviser of the Altamira Funds.
3. Natcan Investment Management Inc. is currently a sub-advisor to each of the following Altamira Funds: Altamira Precision Canadian Index Fund, Altamira Precision Dow 30 Index Fund, Altamira Precision European Index Fund, Altamira Precision European RSP Index Fund, Altamira Precision International RSP Index Fund, Altamira Precision U.S. RSP Index Fund, Altamira Precision U.S. Midcap Index Fund, Altamira High Yield Bond Fund, Altamira Dividend Fund and Altamira Canadian Value Fund.
4. On August 12, 2002, National Bank of Canada acquired all of the issued and outstanding shares of the Manager (the “Acquisition”). As a result of the Acquisition, the Applicant is now an affiliate of NB Financial, as National Bank of Canada now owns all of the issued and outstanding shares of both the Applicant and NB Financial.
5. The securities of each of the Altamira Funds are qualified for distribution in each of the provinces and territories of Canada pursuant to a simplified prospectus and annual information form that has been prepared and filed in accordance with applicable securities legislation. Accordingly, each of the Altamira Funds is a reporting issuer in each of the provinces and territories of Canada, where such concept exists.
6. Each of the Altamira Fund’s investment objectives permits investment in debt securities.
7. In recent years, the amount of Government Debt Securities available for investment in Canada has declined significantly due to government deficit reduction programs. As a result, investors in debt

securities have had to rely increasingly on Non-Government Debt Securities. However, because of the limited supply of Non-Government Debt Securities in the primary market, holders of outstanding Non-Government Debt Securities have tended not to sell their holdings prior to the maturity date of their Non-Government Debt holdings. This has, in turn, led to the limited availability of Non-Government Debt Securities in the secondary market. Moreover, because of their limited availability, the Non-Government Debt Securities that are available in the secondary market are usually sold at prices that are higher than if they were purchased in the primary market, assuming no change in the markets and in the status of the issuer.

8. The debt securities market is primarily a dealers' market where a dealer provides buy or sell price quotes (as the case may be) and, if the price quotes are accepted, the resulting Trade is effected with the dealer acting as principal.
9. National Bank Financial is a principal dealer in the primary and secondary Canadian debt securities market.
10. The Self-Dealing Prohibition, combined with the circumstances described in paragraphs 7 to 9 above, has made it even more difficult for the Applicant to acquire debt securities for the Altamira Funds in the secondary market.
11. On July 10, 2002, the Ontario Securities Commission, as principal regulator under the System, issued a decision (the "July 10 Decision") exempting Scotia Cassels Investment Counsel Inc., RBC Global Investment Management Inc. and certain other portfolio managers affiliated with registered dealers from the Self-Dealing Prohibition contained in the Legislation, subject to certain terms and conditions.
12. As the Acquisition was completed after the July 10 Decision was issued, the Applicant was not a party to the application in respect thereof. Accordingly, the Applicant and the Altamira Funds cannot rely on the July 10 Decision for relief from the Self-Dealing Prohibition.

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

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

THE DECISION of the Decision Makers under the Legislation is that the Self-Dealing Prohibition does not apply so as to enable the Applicant to cause the Altamira Funds to purchase Government Debt Securities or Non-

Government Securities from, or sell such debt securities to, the account of NB Financial in the secondary market,

PROVIDED THAT

- A. at the time of causing an Altamira Fund to Trade in Government Debt Securities or Non-Government Debt Securities pursuant to this Decision, the following conditions are satisfied:
 - (1) the Trade
 - (a) represents the business judgment of the Applicant uninfluenced by considerations other than the best interests of the Altamira Fund, or
 - (b) is, in fact, in the best interests of the Altamira Fund;
 - (2) the Trade is consistent with, or is necessary to meet, the investment objective of the Altamira Fund as disclosed in its simplified prospectus;
 - (3) the terms of the Trade are better than the terms quoted by one or more dealers who are neither affiliates nor associates of NB Financial (the "Independent Dealers"); and
 - (4) if the Trade is a purchase of Non-Government Debt Securities,
 - (a) the purchase is not made from NB Financial during the 60-day period after the distribution of such Non-Government Debt Securities, if NB Financial acted
 - (i) as underwriter in the distribution of the Non-Government Debt Securities, or
 - (ii) as a selling group member selling more than 5% of the underwritten securities;
 - (b) the issuer of the Non-Government Debt Securities is not a "related issuer" or "connected issuer", as defined in National Instrument 33-105 Underwriting Conflicts, of NB Financial;

- (c) NB Financial is not
- (i) the issuer of the Non-Government Debt Securities, or
 - (ii) a promoter of the issuer of the Non-Government Debt Securities; and
- (d) the Non-Government Debt Securities have been given, and continue to have, an "approved rating" by an "approved rating organization" as such terms are defined in section 1.1 of National Instrument 44-101 - Short Form Prospectus Distributions;
- B. prior to effecting any Trade pursuant to this Decision,
- (1) the simplified prospectus of the Altamira Fund discloses that it may purchase or sell Government Debt Securities or Non-Government Debt Securities from or to the account of NB Financial pursuant to this Decision, and
 - (2) the annual information form of the Altamira Fund describes the policies or procedures referred to in paragraph (C) below;
- C. prior to effecting any Trade pursuant to this Decision, the Altamira Fund has in place written policies or procedures to ensure that,
- (1) there is compliance with the conditions of this Decision,
 - (2) in connection with any Trade in Government Debt Securities or Non-Government Debt Securities with NB Financial,
 - (a) each Altamira Fund maintains an itemized daily record of all such Trades showing, for each Trade,
 - (i) the name and principal amount of the debt securities,
 - (ii) if the Trade is in Government Debt Securities, the relevant benchmark Canada bond (the "Benchmark Bond"), the bid-ask price of the Benchmark Bond, and the price that was paid or received by the Altamira Fund on the Trade,
- (iii) if the Trade is in Non-Government Debt Securities, the relevant Benchmark Bond (or, in the case of US\$-Pay Non-Government Debt Securities, the relevant US Treasury Bond), the bid-ask price of the Benchmark Bond or US Treasury Bond, and the spread over the Benchmark Bond or US Treasury Bond that was paid or received by the Managed Fund on the Trade,
- (iv) the time and date of the Trade, and
- (v) the name of the dealer on the Trade,
- (b) the Applicant maintains written records of the quotations received from Independent Dealers, and each Altamira Fund maintains a daily consolidated record of the quotations (including the price, quantity, times and date) received from one or more Independent Dealers, in respect of each Trade made with NB Financial, and
- (c) the Manager conducts a timely review of each Altamira Fund's Trades with NB Financial to confirm that each Trade
- (i) represented the business judgment of the Applicant uninfluenced by considerations other than the best interests of the Altamira Fund, or

- (ii) was, in fact, in the best interests of the Altamira Fund;

D. the following particulars of each Trade pursuant to this Decision are set out in a report certified by the Applicant and filed on SEDAR, in respect of each Altamira Fund and no later than 30 days after the end of the month in which one or more such Trades were made:

- (1) the issuer of the debt securities;
- (2) the principal amount of debt securities purchased or sold by the Altamira Fund;
- (3) the price at which the purchase or sale was made;
- (4) the fact that the trade was made with NB Financial, and
 - (a) in the case of a Trade in Government Debt Securities, the price paid or received by the Altamira Fund, or
 - (b) in the case of a Trade in Non-Government Debt Securities, the spread over the relevant Benchmark Bond or US Treasury Bond that was paid or received by the Altamira Fund; and
- (5) a certification by the Applicant that the Trade
 - (a) represented the business judgment of the Applicant uninfluenced by considerations other than the best interest of the Altamira Fund, or
 - (b) was, in fact, in the best interests of the Altamira Fund; and

E. this Decision, as it relates to the jurisdiction of a Decision Maker, will terminate after the coming into force of any legislation or rule of that Decision Maker dealing with the matters regulated by section 4.2 of National Instrument 81-102 Mutual Funds.

May 30, 2003.

"H. Lorne Morphy"

"Theresa McLeod"

2.1.4 The Toronto-Dominion Bank - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief granted to certain vice presidents of a reporting issuer from the insider reporting requirements subject to certain conditions – vice presidents satisfy criteria contained in Canadian Securities Administrators Staff Notice 55-306 Applications for Relief from the Insider Reporting Requirements by Certain Vice-Presidents.

Statutes Cited

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

Regulations Cited

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

Rules Cited

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

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

AND

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

AND

**IN THE MATTER OF
THE TORONTO-DOMINION BANK**

MRRS DECISION DOCUMENT

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

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 TD has represented to the Decision Makers that:

1. TD is a Canadian chartered bank governed by the *Bank Act* (Canada).
2. TD is a reporting issuer (or equivalent) in each of the provinces and territories of Canada that provides for a reporting issuer regime. To the best of its knowledge, TD is not in default of any requirements under the Legislation.
3. Currently it is estimated that approximately **753** individuals are insiders of TD by reason of being a senior officer or director of TD or a subsidiary of TD. In TD's current organizational structure approximately **94** officers hold the office of Senior Vice President and above ("TD Senior Management").
4. As of May 6, 2003 approximately **659** TD employees held the title of "Vice President" or its equivalent (hereinafter referred to as "Vice President"). Of TD's **659** Vice Presidents, approximately **573** satisfy the Exempt VP Criteria (as defined below). The approximately **86** TD employees holding the title of Vice President who do not satisfy the Exempt VP Criteria are referred to herein as the "Insider VPs".
5. TD has made this application to seek the requested relief in respect of approximately **573** Vice Presidents who, in the opinion of TD's Compliance Department, satisfy the Exempt VP Criteria (as defined below) hereinafter referred to as "Exempt VPs".
6. TD Senior Management, Insider VPs and all Exempt VPs are reminded regularly of the prohibition on insider trading applies whenever anyone has information regarding a "material fact" or "material change" (as defined in the Legislation).
7. Notwithstanding the relief requested hereby, all officers of the Bank who hold the rank of Vice President and above will continue to be bound by TD's internal compliance policy (the "Windows Policy") which restricts employee trading in TD securities during "blackout periods" preceding the release of TD's quarterly financial results.
8. The Windows Policy permits trading in TD securities by affected employees only during a period commencing a short time after the public release of TD's financial results and ending six weeks thereafter provided affected employees are not otherwise restricted such as by being in

possession of material non-public information concerning TD. TD's Compliance Department advises on an annual basis of the forthcoming year's "window dates" and periodic reminders are given to each such person shortly before a window opens or closes.

9. In addition to the Windows Policy, the Firewalls Policy establishes processes to protect and manage material non-public information concerning TD, its customers and suppliers. The Firewalls Policy addresses three areas: 1. Restrictions on the control and use of material non-public information by TD employees; 2. The "Watch List", which is maintained by designated persons in the Compliance Department and tracks securities issuers and related material non-public information (in addition to the restrictions in the Windows Policy, TD would be periodically placed on the Watch List for those officers with knowledge of material non-public information, in periods leading up to other major announcements.); and 3. The granting of prior trading approvals for certain TD officers and other designated employees for trades in any security including TD issued securities. In addition to obtaining trading approvals, these officers and designated employees must maintain their trading accounts at TD Waterhouse. Exceptions may be granted in limited circumstances but only with approval from designated persons in the Compliance Department. Trading accounts for those officers and employees covered by the Firewalls policy are monitored by designated staff in the Compliance Department.
10. Designated staff in TD's Compliance Department reviewed 1) the organizational structure of TD; 2) the function of each Vice President; and 3) the distribution of material non-public information about TD through each of its business lines and functional groups and assessed whether material non-public information about TD was provided to a particular Vice President function in the ordinary course based on criteria contained in Canadian Securities Administrators Staff Notice 55-306 Applications for Relief from the Insider Reporting Requirements by Certain Vice-Presidents (the "Staff Notice").
11. TD has made this application to seek relief from the insider reporting requirement for individuals employed by TD who meet the following criteria set out in the Staff Notice (the "Exempt VP Criteria"):
 - (a) the individual is a vice-president;
 - (b) the individual is not in charge of a principal business unit, division or function of TD or a "major subsidiary" of TD (as that term is defined in NI 55-101);

- (c) the individual does not in the ordinary course receive or have access to information regarding material facts or material changes concerning TD or any Related Issuer (as defined below) before the material facts or material changes are generally disclosed; and
 - (d) the individual is not an insider of TD in any capacity other than as a vice president;
12. TD's Compliance Department will apply the same analysis each time a Vice President is appointed or an existing Vice President makes a lateral change. TD's Compliance Department will review and update TD's Exempt VP analysis annually.
13. If an individual who is designated as an Exempt VP no longer satisfies the Exempt VP Criteria, designated staff of TD's Compliance Department under the supervision of the General Counsel will ensure that the individual is informed about his or her renewed obligation to file an insider report on trades in securities of TD.
14. TD is an insider of each of TD Mortgage Investment Corporation, TD Capital Trust and TD Capital Trust II (the three entities being referred to herein as the "Related Issuers") by virtue of owning more than 10% of the voting securities of each entity. Therefore, the Exempt VPs are also insiders of each of the Related Issuers by virtue of being senior officers of TD.
15. Each of the Related Issuers has received relief pursuant to MRRS Decision Documents from filing and distributing continuous disclosure documents related to such entities so long as TD provides its continuous disclosure documents to holders of securities of such entities in accordance with the terms of the decisions. This relief is premised on the view that information about the affairs and financial performance of TD, as opposed to that of the entity, is meaningful to the holder of securities of the entity given the structure of these securities. For the purpose of insider trading reporting, the securities of these entities should also be treated like securities of TD.
16. TD is seeking a decision that TD's Exempt VPs also be exempted from filing requirements related to securities of the Related Issuers. Individuals who hold the office of Vice President or higher in the Related Issuers would continue to file insider trading reports in respect of those issuers.
17. In connection with this application, TD has filed with the Decision Makers a summary of its internal policies and procedures relating to monitoring and restricting the trading activities of its insiders and other persons whose trading activities are restricted by TD.

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

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

THE DECISION of the Decision Makers under the Legislation is that the requirement contained in the Legislation to file insider reports with respect to trades in securities of TD or securities of the Related Issuers shall not apply to insiders of TD who satisfy the Exempt VP Criteria for so long as such insiders satisfy the Exempt VP Criteria provided that:

- (a) TD agrees to make available to the Decision Makers, upon request, to the extent permitted by law, a list of all individuals who are relying on the exemption granted by this Decision as at the time of the request; and
- (b) the relief granted will cease to be effective on the date when NI 55-101 is amended.

May 30, 2003.

"H. Lorne Morphy"

"Robert W. Korthals"

2.2 Orders

2.2.1 Northern Shield Resources Inc. - ss. 83.1(1)

Headnote

Subsection 83.1(1) – Company will be a reporting issuer in Alberta upon completion of amalgamation. Company to be listed on the TSX Venture Exchange after execution of a Qualifying Transaction – Company deemed to be a reporting issuer in Ontario for the purposes of the Act as of the date the Exchange issues a final Exchange bulletin evidencing final Exchange acceptance of the Qualifying Transaction.

Statutes Cited

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

Policies Cited

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

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

AND

**IN THE MATTER OF
NORTHERN SHIELD RESOURCES INC.**

**ORDER
(Subsection 83.1(1))**

UPON the application of Northern Shield Resources Inc. ("Northern") for an Order pursuant to subsection 83.1(1) of the Act deeming Northern to be a reporting issuer for the purpose of Ontario Securities law;

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

AND UPON Northern representing to the Commission as follows:

1. Northern is an Ottawa-based mining exploration corporation with properties in Ontario. Northern was incorporated under the *Canada Business Corporations Act* (the "CBCA") on December 10, 1999.
2. The authorized share capital of Northern consists of an unlimited number of common shares (the "Northern Common Shares") and an unlimited number of Class "A" preferred shares, Class "B" preferred shares, Class "C" preferred shares and Class "D" preferred shares. As of March 25, 2003 there were 19,171,824 Northern Common Shares and no preferred shares were outstanding.

3. Northern is not a reporting issuer in any jurisdiction and the Northern Common Shares are not listed for trading on any exchange or trading system.
4. First Canadian Energy Ltd. ("First Canadian") is a Calgary-based capital pool company which has no current business or operations. First Canadian was incorporated under the *Business Corporations Act* (Alberta) on February 7, 1996. As a condition of the completion of the Amalgamation (defined below), First Canadian will be continued under the CBCA.
5. The authorized share capital of First Canadian consists of an unlimited number of common shares (the "First Canadian Common Shares"). As of March 25, 2003 there were 3,400,000 First Canadian Common Shares outstanding.
6. First Canadian is a reporting issuer in Alberta and First Canadian Common Shares are currently not listed for trading on any exchange or trading system. The First Canadian Common Shares were listed on the TSX Venture Exchange (the "Exchange") following First Canadian's initial public offering, but were subsequently delisted as First Canadian did not complete a Qualifying Transaction within the prescribed time period.
7. Northern and First Canadian entered into an amalgamation agreement dated July 17, 2002 pursuant to which Northern and First Canadian will amalgamate (the "Amalgamation"), subject to the approval of the shareholders of each of First Canadian and Northern, under Section 181 of the CBCA.
8. The Amalgamation is intended to constitute First Canadian's qualifying transaction ("Qualifying Transaction"), within the meaning of Policy 2.4 of the Exchange relating to capital pool companies.
9. Pursuant to the Amalgamation each shareholder (other than registered shareholders who properly exercise their dissent rights in accordance with dissent procedures) will receive, as consideration for their Northern Common Shares or First Canadian Common Shares, one common share ("Amalco Common Share") of the amalgamated corporation ("Amalco") for every one Northern Common Share and for every one First Canadian Common Share, respectively.
10. Upon completion of the Amalgamation, Northern will have a significant connection to Ontario in that fifty-eight per cent of the total number of Northern's equity securities will be held by registered and beneficial shareholders resident in Ontario and that the mind and management of Northern is located in Ontario.

11. Amalco will continue under the name Northern Shield Resources Inc.
12. Upon completion of the Amalgamation, Amalco will be authorized to issue an unlimited number of common shares and an unlimited number of preferred shares.
13. Subject to the final approval of the Exchange, Amalco Common Shares issued pursuant to the Amalgamation will be listed and posted for trading on the Exchange. Amalco will be a reporting issuer in both Alberta and British Columbia once Amalco Common Shares have been listed and posted for trading on the Exchange.
14. Shareholders of Northern and shareholders of First Canadian approved the Amalgamation on April 4, 2003.
15. The Exchange has conditionally approved the Qualifying Transaction.

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

IT IS HEREBY ORDERED pursuant to subsection 83.1(1) of the Act that Northern be deemed a reporting issuer for the purposes of the Act as of the date the Exchange issues a final Exchange bulletin evidencing final Exchange acceptance of the Qualifying Transaction.

May 27, 2003.

"Iva Vranic"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 Reasons for Decision

3.1.1 Angelito Cantillas and Norita Cantillas

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

AND

IN THE MATTER OF
THE REGISTRATIONS OF
ANGELITO CANTILLAS AND NORITA CANTILLAS

OPPORTUNITY TO BE HEARD BY THE DIRECTOR
PURSUANT TO SUBSECTION 26(3) OF THE SECURITIES ACT

Date: May 29, 2003

Director: David M. Gilkes
Manager, Registrant Regulation
Capital Markets Branch

Submissions: Hang Tai
Registration Officer

Angelito Cantillas
Norita Cantillas
Registrants

DECISION AND REASONS FOR DECISION

The decision of the Director is to impose terms and conditions upon the registrations of Angelito Cantillas and Norita Cantillas (the Registrants) as salespersons. These are the reasons for the decision.

Background

On July 18, 2001, the Ontario Securities Commission (OSC) registered Mr. Cantillas as a salesperson with Education Fund Services Inc. (EFS) while Ms. Cantillas was registered as a salesperson with EFS by the OSC on December 2, 1999. On September 25, 2002, EFS submitted notices to the OSC that both Angelito and Norita Cantillas had resigned for cause. On September 20, 2002, Global Education Marketing Corp. (**Global**) sponsored the applications for transfer of registration of Angelito and Norita Cantillas.

Following established practice, Staff researched the resignations for cause to determine the circumstances surrounding the resignation. On March 28, 2003, Staff sent letters to the Registrants and Global proposing terms and conditions requiring monthly reporting to the OSC, be imposed on the registrations of Angelito Cantillas and Norita Cantillas. The Registrants did not accept the proposal and requested the opportunity to be heard by the Director pursuant to subsection 26(3) of the Act, which states:

(3) Refusal – The Director shall not refuse to grant, renew, reinstate or amend registration or impose terms and conditions thereon without giving the applicant an opportunity to be heard.

The other provision relevant to this decision is subsection 26(2) of the Act, which states:

(2) Terms and conditions – The Director may in his or her discretion restrict a registration by imposing terms and conditions thereon and, without limiting the generality of the foregoing, may restrict the duration of registration and may restrict the registration to trades in certain securities or a certain class of securities.

The Registrants provided written submissions dated April 8, 2003 and received by the OSC on April 11, 2003.

Summary of The Registrants' Submission

The Registrants asked that their registrations be allowed to continue without terms and conditions. Mr. Cantillas and Ms. Cantillas were both Divisional Directors at EFS and had salespersons working under their supervision. Mr. Cantillas noted that he and his representatives did not have a high client cancellation rate until a new Director joined his group. According to Mr. Cantillas this new Director and Associate Directors led to the high client cancellation rates.

Summary of Staff's Submission

Staff of the OSC recommended that standard terms and conditions for monthly reporting to the OSC be imposed on the registrations of Angelito Cantillas and Norita Cantillas. The high client cancellation rates of staff supervised by the registrants raises concerns about the continued suitability of Angelito and Norita Cantillas for registration.

Suitability for registration has three components: proficiency (education and experience), integrity, and financial soundness. The results of the salespersons under the supervision provided by the registrants raises questions relating to the proficiency and integrity of Angelito Cantillas and Norita Cantillas in the positions they held at EFS. The monetary dispute between the Cantillas and EFS, was not a factor in Staff's recommendation to impose terms and conditions.

Director's Findings

I find that terms and conditions as set out in Exhibit "A" and Exhibit "B", should be imposed upon the registrations of Angelito Cantillas and Norita Cantillas, respectively.

The registrants do not appear to have the proficiency necessary to supervise staff. I find that the position of Staff is consistent with the OSC mandate of investor protection and for these reasons, I find that terms and conditions should be imposed on the registrations of Angelito Cantillas and Norita Cantillas.

May 29, 2003.

"David M. Gilkes"

Exhibit A

**Conditions for Registration of
Angelito Cantillas (the Applicant)**

1. Written monthly supervision reports (copy attached) are to be submitted to the Ontario Securities Commission (Attention: Manager, Registrant Regulation) reporting on the details of the Applicant's sales activities and his dealings with clients. The first monthly report covering the period from March 28, 2003 to April 28, 2003 is due by May 13, 2003. Subsequent reports are due 15 calendar days after the end of each relevant monthly reporting. These conditions are to continue for a period of 2 years.

2. The Applicant shall not be registered as an officer of Global Educational Marketing Corp., or supervise its registered salespersons.

Approved Officer for
Global Educational Marketing Corp.

Applicant

Print Name of Signatory Above

Date

MONTHLY SUPERVISION REPORT

I hereby certify that strict supervision has been conducted for the month ending _____ of the trading activities of _____ by the undersigned. I further certify the following:

1. All orders from the sales representative have been reviewed and approved by his/her enrolment director.
2. An audit of the files maintained by the sales representative for the clients who purchased scholarship plans during the preceding month has been conducted and reviewed for suitability of investment.
3. No client complaints have been received during the preceding month. (If there have been, please outline the nature of the complaint and follow-up action initiated by the company.)
4. All payments to the company for the purchase of scholarship plans must be made payable to the scholarship plan dealer. Payments are not accepted in cash.
5. Spot audits relative to the salesperson's client accounts have been conducted during the preceding month to ensure compliance with these procedures and no violations of these procedures were discovered.

Approved Officer of Registered Firm

Print name of signatory above

Date

Exhibit B

**Conditions for Registration of
Norita Cantillas (the Applicant)**

1. Written monthly supervision reports (copy attached) are to be submitted to the Ontario Securities Commission (Attention: Manager, Registrant Regulation) reporting on the details of the Applicant's sales activities and his dealings with clients. The first monthly report covering the period from March 28, 2003 to April 28, 2003 is due by May 13, 2003. Subsequent reports are due 15 calendar days after the end of each relevant monthly reporting. These conditions are to continue for a period of 2 years.
2. The Applicant shall not be registered as an officer of Global Educational Marketing Corp., or supervise its registered salespersons.

Approved Officer for
Global Educational Marketing Corp.

Applicant

Print Name of Signatory Above

Date

MONTHLY SUPERVISION REPORT

I hereby certify that strict supervision has been conducted for the month ending _____ of the trading activities of _____ by the undersigned. I further certify the following:

1. All orders from the sales representative have been reviewed and approved by his/her enrolment director.
2. An audit of the files maintained by the sales representative for the clients who purchased scholarship plans during the preceding month has been conducted and reviewed for suitability of investment.
3. No client complaints have been received during the preceding month. (If there have been, please outline the nature of the complaint and follow-up action initiated by the company.)
4. All payments to the company for the purchase of scholarship plans must be made payable to the scholarship plan dealer. Payments are not accepted in cash.
5. Spot audits relative to the salesperson's client accounts have been conducted during the preceding month to ensure compliance with these procedures and no violations of these procedures were discovered.

Approved Officer of Registered Firm

Print name of signatory above

Date

3.1.2 Andrew Keith Lech

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

AND

IN THE MATTER OF
ANDREW KEITH LECH

Hearing: Friday, May 16, 2003

Panel: Paul M. Moore, Q.C. - Vice-Chair
(Chair of the
Panel)
H. Lorne Morphy, Q.C. - Commissioner
Derek Brown - Commissioner

Appearances: Alexandra S. Clark - For Staff of
the Ontario
Securities
Commission
Andrew Keith Lech - Self-
Represented

REASONS FOR DECISION

I. Proceeding

[1] This proceeding is a hearing pursuant to section 127 of the *Securities Act* (the Act) in the matter of Andrew Keith Lech. The hearing is being held pursuant to a notice of hearing that was issued on May 7, 2003 and the related statement of allegations of staff of the Commission.

[2] On May 1, 2003 this Commission issued a temporary order under section 127 of the Act that trading in securities by Lech cease and that the exemptions contained in Ontario securities law not apply to Lech. This order was set to expire on May 16, 2003 unless extended by the Commission.

[3] According to the Notice of Hearing, the Commission is being asked to make the following orders in the public interest;

- a) to extend the temporary order made May 1, 2003 until the conclusion of this hearing pursuant to s. 127(7);
- b) at the conclusion of this hearing, to make an order pursuant to clause 2 of s. 127(1) that trading in any securities by Lech cease until further ordered by this Commission;
- c) at the conclusion of this hearing, to make an order pursuant to clause 3 of s. 127(1) that any exemptions contained in Ontario

securities law do not apply to Lech until further ordered by this Commission; and

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

II. Position of Lech

[4] Lech was not represented by counsel at the hearing. He advised the panel that he was in discussions with certain lawyers for legal representation.

[5] Lech requested that the hearing be adjourned so that he could conclude his arrangements for legal representation.

[6] Counsel for staff outlined the various steps that had been taken by staff to make Lech aware of the proceedings against him and the desirability of his being represented by counsel.

[7] Lech advised the panel that he was in agreement with the request by staff that this panel make an order extending the temporary order originally made in this matter and that this hearing be adjourned.

III. Evidence

[8] In view of the fact that Lech was not represented by counsel at the hearing, we requested counsel for staff, notwithstanding Lech's consent to extend the order, to lead evidence to establish the basis for the extension of the order.

[9] We heard from Michael Vear, a forensic accountant in the enforcement branch of the staff of the Commission.

IV. Conclusion

[10] Based on Vear's testimony, we were satisfied that satisfactory information had not been provided by Lech to the Commission within the 15 day period after the making of the temporary order on May 1, 2003, and that the length of time required to conclude the hearing could be prejudicial to the public interest, unless the temporary order was extended.

[11] By reason of this and the consent of Lech we made an order to extend the temporary order made on May 1, 2003 until further order of the Commission and adjourned the hearing sine die, subject to being brought on on 7 days notice.

May 27, 2003.

"Paul M. Moore" "H. Lorne Morphy" "Derek Brown"

3.1.3 Stephen Duthie

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

AND

IN THE MATTER OF
STEPHEN DUTHIE

Hearing: April 16, 17, 21-23 and 28, 2003

Panel: H. Lorne Morphy, Q.C. - Commissioner
Chair of the
Panel)
Robert W. Davis, FCA - Commissioner

Appearances: Tracy Pratt - For Staff of
the Ontario
Securities
Commission

Stephen Duthie - Self-
Represented

REASONS FOR DECISION

[1] Stephen Duthie was a fixed income arbitrage trader with Phoenix Research and Trading Corporation ("Phoenix Canada") before it closed. Staff of the Commission seek a section 127 order against Duthie as a result of his conduct as a trader for Phoenix Canada.

[2] The Phoenix Group was a hedge fund management group structured as a master-feeder fund arrangement. Unitholders invested in feeder funds which in turn, together with other investors, purchased units in master funds. One of these master funds was The Phoenix Income Arbitrage Limited Partnership ("PFIA-LP").

[3] Pursuant to agreements, Phoenix Canada rendered investment advice and portfolio management services to the master funds, including PFIA-LP.

[4] Duthie was responsible for PFIA-LP's U.S. portfolio. In the trading of this portfolio, Duthie exercised his discretion as to the specific income securities which he bought or sold for PFIA-LP. This discretion was, however, not unlimited but subject to both the investment parameters of PFIA-LP and the internal guidelines of Phoenix Canada.

[5] Duthie reported to Ronald Mock, who was the CEO and president of Phoenix Canada. Mock testified, as did other employees of Phoenix Canada, that the limits on discretionary trading were well-established and well-known to the staff of Phoenix Canada, including Duthie, and that compliance with these limits was obligatory.

[6] Commencing in late 1998 and throughout 1999, Duthie traded in various U.S. benchmark treasuries for the account of PFIA-LP. His trading was directional and unhedged, contrary to the investment parameters of PFIA-

LIP and Phoenix Canada guidelines. By this trading in unhedged long bonds, PFIA-LP was exposed to market risk. The evidence was that through misstating the actual price of the long bonds, as of December 31, 1999, Duthie gave the PFIA-LP U.S. portfolio a value of more than US \$80 million in excess of its actual value. Through this mispricing and the use of contingency collateral, Duthie was able to obscure his unauthorized trading from being uncovered.

[7] His mispricing resulted in inaccurate information being given to unitholders as to the value of their investments.

[8] By reason of his trading activity, by early January 2000, PFIA-LP had incurred a loss in excess of U.S. \$100 million which caused its collapse. At that time, Duthie had accumulated a long position of US \$3.3 billion 6% U.S. Treasury notes.

[9] Duthie's trading was contrary to the mandate given to him as a trader, and was a serious breach of his obligation to act in the best interests of his client, PFIA-LP.

[10] In so trading, and by masking his trading activity to prevent it from being uncovered, including his mispricing, Duthie's actions were intentional and he must have appreciated the consequences of what he was doing.

[11] Duthie has never been registered with the Commission as an adviser or in any other capacity. Staff alleged that Duthie engaged in registerable activity and should have been registered under section 25 of the *Securities Act* (the Act).

[12] Paragraph 25(1)(c) of the Act provides that no person shall act as an adviser unless the person is registered as an adviser. Adviser is defined in subsection 1(1) of the Act as "a person or company engaging in or holding himself, herself or itself out as engaging in the business of advising others as to the investing in or the buying or selling of securities". Section 99 of the General Regulation under the Act states:

Every person or company that is required to register as an adviser shall be registered and classified into one or more of the following categories:

1. Financial advisers, being persons or companies that engage in or hold themselves out as engaging in the business of advising others as to investing in or the buying or selling of securities on a basis that does not require their classification in another category of adviser.
2. Investment counsel, being persons or companies that engage in or hold themselves out as engaging in the business of advising others as to the investing in or the buying or selling of

specific securities or that are primarily engaged in giving continuous advice as to the investment of funds on the basis of the particular objectives of each client.

3. Portfolio managers, being persons or companies that are registered for the purpose of managing the investment portfolio of clients through discretionary authority granted by one or more clients.
4. Securities advisers, being persons or companies that hold themselves out as engaging in the business of advising others either through direct advice or through publications or writings, as to the investing in or the buying or selling of specific securities, not purporting to be tailored to the needs of specific clients.
5. International advisers (investment counsel, portfolio managers or securities advisers), being persons or companies that have registered under the Act in reliance on Ontario Securities Commission Rule 35-502 Non-Resident Advisers and that are,
 - i. investment counsel,
 - ii. investment counsel and portfolio managers, or
 - iii. securities advisers.

[13] Duthie strongly maintains that he was not an adviser as he was not paid for providing investment advice. We do not accept that submission. As an arbitrage trader, Duthie had discretion to buy and sell, and in exercising that discretion he was, in effect, advising his client as to an appropriate investment with a mandate to carry out that advice. That such activity is contemplated within the definition of adviser is confirmed by section 99 of the General Regulation, and in particular, category 3 thereof. Duthie was therefore required to be registered as an adviser.

[14] Duthie's improper trading activity was clearly contrary to the purposes of the Act as found in section 1.1, namely:

- (a) to provide protection to investors from unfair, improper or fraudulent practices; and
- (b) to foster fair and efficient capital markets and confidence in capital markets.

[15] Duthie's conduct, if not fraudulent, was both unfair and improper.

[16] It should also be noted that section 2.1 of the Act sets out the principles to consider in pursuing those

purposes. The second of these principles states that "requirements for maintenance of high standards of fitness and business conduct to ensure honest and responsible conduct by market participants" are one of the primary means for achieving the purposes of the Act.

[17] Duthie was a market participant, as the definition of a market participant includes a registrant, and a registrant is defined as a person or company registered or required to be registered under the Act.

[18] Having regard to Duthie's conduct, which we have found to be contrary to the purposes of the Act, and his failure to register, it is in the public interest that Duthie be sanctioned under section 127 of the Act. Furthermore, in our view, Duthie is undeserving of registration until he can demonstrate that he can meet the high standards of fitness and business conduct required of market participants.

[19] Staff submitted that if we found the conduct of Duthie duplicitous, a cease trade order of 15 to 20 years was appropriate except for personal trading through a registered dealer after five years. Staff also submitted that he should be prohibited from being a director or officer of a reporting issuer for 15 to 20 years.

[20] Duthie did not make any submissions regarding sanctions.

[21] Staff also requested a costs order to cover part of the costs of Staff's investigation. Based on the bill of costs which was filed, Staff suggested that an order should be made in the range of \$85,000 to \$95,000.

[22] Duthie also made no submissions regarding costs.

[23] We find that Duthie's conduct was duplicitous. In the public interest, we are ordering that:

- (a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Duthie shall cease for 20 years from the date of our order, except for personal trading through a registered broker after a period of five years;
- (b) pursuant to paragraph 6 of subsection 127(1), Duthie is reprimanded;
- (c) pursuant to paragraph 7 of subsection 127(1), Duthie resign any position he holds as a director or officer of a reporting issuer;
- (d) pursuant to paragraph 8 of subsection 127(1), Duthie is prohibited from becoming or acting as a director or officer of any issuer for 20 years from the date of this order; and

- (e) pursuant to section 127.1 of the Act, Duthie shall pay costs of the Commission in the amount of \$90,000.

May 27, 2003.

"H. Lorne Morphy"

"Robert W. Davis"

3.1.4 Carson Jen

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

AND

**IN THE MATTER OF
THE APPLICATION FOR REGISTRATION OF
CARSON JEN**

**WRITTEN SUBMISSIONS TO THE DIRECTOR
PURSUANT TO SUBSECTION 26(3) OF THE
SECURITIES ACT**

Date: May 30, 2003

Director: Winfield Liu
Senior Legal Counsel
Market Regulation

Submissions: Allison McBain Registration Officer
Gordon Pansegrau Counsel for the
Applicant

DECISION AND REASONS FOR DECISION

The decision of the Director is to deny Mr. Jen's application for registration as an associate investment counsel and portfolio manager. The reasons for the decision are set out below.

Background

Mr. Jen is seeking registration as an associate investment counsel and portfolio manager. As part of the registration application he requested, by letter dated September 24, 2002, an exemption under section 4.1 of Ontario Securities Commission Rule 31-502 – Proficiency Requirements for Registrants (the "Rule"), from the proficiency requirements contained in section 3.3 of the Rule. The applicant provided additional submissions in support of the application under letters dated November 11 and December 13, 2002. Staff informed Mr. Jen by letter dated January 23, 2003, that they recommended to the Director that the application for registration not be granted on the basis that the applicant was not suitable for registration. Pursuant to subsection 26(3) of the Securities Act, the Director shall not refuse to grant registration without giving the applicant an opportunity to be heard. Mr. Jen has chosen to be heard by making written submissions dated February 14, 2003.

The Rule sets out the proficiency requirements for persons seeking registration as a dealer or adviser. Subsection 3.3(1) deals with requirements for associate officers of investment counsel or portfolio managers.

- 3.3(1) An individual may be granted registration as an associate representative, associate partner or associate officer of an

investment counsel or portfolio manager if the individual has

- (a) completed
 - (i) the Canadian Investment Manager Program and the first year of the Chartered Financial Analyst Examination Program; or
 - (ii) the Chartered Financial Analyst Examination Program; and
- (b) been employed for
 - (i) two years performing research involving the financial analysis of investments, or
 - (ii) two years as a registered salesperson of a broker, investment dealer or securities dealer.

Section 1.2 of Companion Policy 31-502CP states that:

1.2 The Director will consider granting an exemption to any of sections 2.1 to 2.5 and 3.1 to 3.3 of the Rule to any person or company if the Director is satisfied that the person or company has qualifications or experience that are equivalent to, or more appropriate in the circumstances, than the qualifications or experience required under the section.

Mr. Jen completed the Canadian Securities Course in 1989 and Part 1 of the Chartered Financial Analyst Examination Program ("CFA") in July 2002. Prior to that he obtained a Bachelor of Engineering which he completed in 1974 and a Masters of Business Administration in 1978. In 1985 he obtained his CMA designation from the Society of Management Accountants of Alberta.

Summary of the Applicant's Submission

The applicant began his employment with Elliott & Page Limited in February 2002 and has become involved in the management of the Equity Index Funds. During his involvement with these funds he gained experience with many aspects of the management of index funds such as portfolio construction, index fund tracking error, the Barra Risk Modelling System, hedging and synthetic stock replication. His work has also included some duties related to fixed income securities, money market and actively-managed equity portfolios. It is submitted that the experience that Mr. Jen has acquired is sufficient to

warrant the granting of any exemption from the proficiency requirements.

Summary of Staff's Submission

Staff noted that Mr. Jen had completed a Masters of Business Administration degree in 1978 but felt that while some of the courses in that program were relevant, in many cases they were not. Furthermore, the MBA degree was completed many years ago. Mr. Jen had also obtained his CMA designation but, once again, that was completed a number of years ago in 1985. Staff's view of his work experience was that the emphasis on management of index funds, although providing experience with passively-managed funds, did not provide sufficient experience with actively-managed funds.

Director's Findings

The proficiency requirements for an associate officer of an investment counsel or portfolio manager as set out in subsection 3.3(1) of the Rule contemplate two components. The first is formal course work consisting of the completion of the CFA or a combination of the first year of the CFA and the Canadian Investment Management Program. In addition, there is a requirement for two years of employment performing financial analysis of investments or as a registered salesperson. Completion of the specified programs set out in section 3.3 is an important component of the proficiency requirements.

Mr. Jen has approximately three years of employment relating to management of equity funds. In particular, his time seems to have been spent largely with passively-managed index funds although there was some minor involvement with other types of funds including actively-managed funds. Nonetheless, I find that the practical experience that he has would likely meet the proficiency requirement of two years of employment performing research involving financial analysis of investments.

The requirements of paragraph 3.3(1)(a), however, have not been completed. It has been submitted that the applicant's work experience is sufficient to justify an exemption from completing the requirements of that subsection.

Section 1.2 of the Companion Policy gives some guidance in considering a request for an exemption. The Director may grant an exemption if the Director is satisfied that the qualifications or experience of the applicant are equivalent to or, are more appropriate in the circumstances, than the qualifications or experience required under the relevant section of the Rule. As noted, the Rule contemplates that the requirement for work experience is in addition to the completion of course work. In order for work experience to be a sufficient basis for an exemption from completing the specified programs the experience must exceed the basic requirement of two years employment to the extent that the experience could be considered the equivalent of the CFA or CIM programs. In the present case, I do not find the applicant's work experience to be so extensive, either in terms of the variety or nature of the responsibilities

undertaken during the employment or the duration of time, as to warrant the granting of an exemption from the requirement to complete the required course work. Accordingly, I find that the applicant is not suitable for registration since all relevant proficiency requirements have not been met.

May 30, 2003.

"Winfield Liu"

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
701 Media Group Inc.	21 May 03	02 Jun 03		04 Jun 03
Arcamatrix Corporation	27 May 03	06 Jun 03		
Armstrong Corporation	02 Jun 03	13 Jun 03		
Ateba Technology & Environmental Inc.	23 May 03	04 Jun 03	04 Jun 03	
Battery Technologies Inc.	30 May 03	11 Jun 03		
**Beta Brands Incorporated	22 May 03	03 Jun 03		
Cairngorm Mines Limited	23 May 03	04 Jun 03	04 Jun 03	
Canadian Spooner Industries Corporation	26 May 03	06 Jun 03		
**Compressario Corporation	22 May 03	03 Jun 03	03 Jun 03	
Denroy Manufacturing Corporation	23 May 03	04 Jun 03		
Derlak Enterprises Inc.	23 May 03	04 Jun 03	04 Jun 03	
Dura Products International Inc.	23 May 03	04 Jun 03	04 Jun 03	
Enblast Productions Inc.	23 May 03	04 Jun 03	04 Jun 03	
e-Manufacturing Networks Inc.	28 May 03	09 Jun 03		
EStation Network Services, Inc.	23 May 03	04 Jun 03	04 Jun 03	
E Ventures Inc.	23 May 03	04 Jun 03	04 Jun 03	
Euro-Net Investments Ltd.	27 May 03	06 Jun 03		
Goldpark China Limited	21 May 03	02 Jun 03		04 Jun 03
Intelligent Web Technologies Inc.	21 May 03	02 Jun 03	02 Jun 03	
MedX Health Corp.	23 May 03	04 Jun 03		
Meteor Creek Resources Inc.	23 May 03	04 Jun 03	04 Jun 03	
*Noble China Inc.	21 May 03	02 Jun 03	02 Jun 03	
Nu-Life Corp.	21 May 03	02 Jun 03	02 Jun 03	
Scintilore Explorations Limited	23 May 03	04 Jun 03	04 Jun 03	

Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Revoke
Seven Seas Petroleum Inc.	28 May 03	09 Jun 03		
Southern Reef Ventures Inc.	26 May 03	06 Jun 03		
St. Anthony Resources Inc.	26 May 03	06 Jun 03		
Tagalder (2000) Inc.	23 May 03	04 Jun 03	04 Jun 03	
Telum International Corporation	22 May 03	03 Jun 03	03 Jun 03	
The Chipperry Chip Factory, Inc.	23 May 03	04 Jun 03		
The Mandarin Golf and Country Club Inc.	23 May 03	04 Jun 03	04 Jun 03	
The NRG Group Inc.	22 May 03	03 Jun 03	03 Jun 03	
Tintina Mines Limited	28 May 03	09 Jun 03		
Transpacific Resources Inc.	28 May 03	09 Jun 03		
Vector Intermediaries Inc.	28 May 03	09 Jun 03		
Visa Gold Explorations Inc.	28 May 03	09 Jun 03		
Vital Retirement Living Inc.	22 May 03	03 Jun 03	03 Jun 03	
WebEngine Corporation	27 May 03	06 Jun 03		
World Wide Minerals Ltd.	21 May 03	02 Jun 03	02 Jun 03	

* Correction of Name

** Correction of Dates

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
Afton Food Group Ltd.	21 May 03	03 Jun 03	03 Jun 03		
Aspen Group Resources Corporation	21 May 03	03 Jun 03	03 Jun 03		
Devine Entertainment Corporation	22 May 03	04 Jun 03	04 Jun 03		
Finline Technologies Ltd.	21 May 03	03 Jun 03	03 Jun 03		
Hydromet Environmental Recovery Ltd.	21 May 03	03 Jun 03	03 Jun 03		
Polyphalt Inc.	21 May 03	03 Jun 03	03 Jun 03		
Ivernia West Inc.	22 May 03	04 Jun 03	04 Jun 03		
Slater Steel Inc.	21 May 03	03 Jun 03	03 Jun 03		

Chapter 6

Request for Comments

6.1.1 Notice of Multilateral Instrument 45-105 Trades to Employees, Senior Officers, Directors, and Consultants

MULTILATERAL INSTRUMENT 45-105 TRADES TO EMPLOYEES, SENIOR OFFICERS, DIRECTORS, AND CONSULTANTS

Multilateral Instrument 45-105 *Trades to Employees, Senior Officers, Directors, and Consultants* (the Instrument) is an initiative of the securities regulatory authorities (the Participating Regulators) in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Nunavut, the Yukon Territory and the Northwest Territories (the Jurisdictions). The Instrument has been, or is expected to be, adopted as a rule in each of Alberta, Saskatchewan, Ontario, Manitoba, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador, as an exemption order in British Columbia, as a regulation in the Northwest Territories, and as a policy in New Brunswick, the Yukon Territories, and Nunavut.

Provided all necessary ministerial approvals are obtained, the Instrument will come into force on August 15, 2003.

Substance and Purpose

The securities legislation in each Jurisdiction currently contains exemptions from the registration requirement and the prospectus requirement for trades in securities of an issuer's own issue to the issuer's employees. Furthermore, certain Jurisdictions have additional instruments that modify and expand the statutory employee exemptions, including:

- OSC Rule 45-503 *Trades to Employees, Executives and Consultants* (the OSC Rule 45-503)
- British Columbia Instrument 45-507 *Trades to Employees, Executives and Consultants* (the BC Instrument)
- Alberta Securities Commission Blanket Order 45-506 (the ASC Order)
- Nova Scotia Securities Commission Blanket Order No. 45-501 *Trades to Employees, Executives and Consultants* (the Nova Scotia Order)
- Saskatchewan Securities Commission General Ruling/Order 45-907 *Trades to Employees, Executives and Consultants* (the Saskatchewan Order)

The additional instruments listed above provide exemptions from the registration requirement and the prospectus requirement for trades to an issuer's non-employee directors and certain consultants, as well as other related relief. The Instrument consolidates and, as much as possible, harmonizes the requirements in each of OSC Rule 45-503, the BC Instrument, the ASC Order, the Nova Scotia Order and the Saskatchewan Order.

Summary of the Instrument

The Instrument has six parts.

Part 1 contains the definitions of terms and phrases used in the Instrument that are not defined in or interpreted under a national definition instrument in force in a Jurisdiction. National Instrument 14-101 *Definitions* sets out definitions for commonly used terms and should be read together with the Instrument.

Part 2 provides exemptions from the dealer registration requirement and the prospectus requirement in each of the following circumstances:

1. **Basic Trades** – Section 2.1 contains basic dealer registration and prospectus exemptions for trades by an issuer in securities of the issuer's own issue to
 - (a) an employee, senior officer, director, or consultant of the issuer or an affiliated entity of the issuer; and
 - (b) a permitted assign.

A "permitted assign" includes, for an employee, senior officer, director, or consultant of an issuer or of an affiliated entity of the issuer,

- (i) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the employee, senior officer, director, or consultant,
- (ii) a holding entity of the employee, senior officer, director, or consultant,
- (iii) an RRSP or RRIF of the employee, senior officer, director, or consultant,
- (iv) a spouse of the employee, senior officer, director, or consultant,
- (v) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the spouse of the employee, senior officer, director, or consultant,
- (vi) a holding entity of the spouse of the employee, senior officer, director, or consultant, or
- (vii) an RRSP or RRIF of the spouse of the employee, senior officer, director, or consultant.

Section 2.1 also provides dealer registration and prospectus exemptions for trades in securities of the issuer (or options to acquire securities of the issuer) by a control person to any of the parties identified above.

If an issuer is a reporting issuer in any jurisdiction but not a "listed issuer", the exemptions in section 2.1 may not be available for a trade to certain investor relations persons, senior officers, directors or consultants (or their trustees, custodians, etc) unless prior shareholder approval has been obtained. This restriction will not apply in British Columbia.

2. Trades Among Employees, etc. – Section 2.2 provides dealer registration and prospectus exemptions for trades from current or former employees, senior officers, directors, and consultants to current employees, senior officers, directors, and consultants. However, these exemptions are only available where:

- (a) the issuer of the securities is not a reporting issuer in any jurisdiction;
- (b) participation in the trade by the employee, senior officer, director, or consultant is voluntary; and
- (c) the price of the security being traded is established by a generally applicable formula contained in a written agreement among some or all of the security holders of the issuer to which the transferee is or will become a party.

3. Conversions or Exchanges – Section 2.3 provides dealer registration and prospectus exemptions for trades that are, or are incidental to, the issuance of securities upon the exercise of an exchange or conversion right that was originally distributed:

- (a) to a person or company described in subsection 2.1(1), and
- (b) under a prospectus exemption that would cause Multilateral Instrument 45-102, *Resale of Securities* (MI 45-102) to impose a "seasoning period" on the first trade of the security.

4. Trades Among Permitted Transferees – Section 2.4 provides dealer registration and prospectus exemptions for certain trades between an employee, senior officer, director, or consultant and a trustee, custodian or administrator acting on their behalf, their holding entity, their RRSP or RRIF, their spouse or an RRSP or RRIF of their spouse. However, the exemption is only available for a trade in a security that was originally distributed:

- (a) to a person or company described in subsection 2.1(1); and
- (b) under a prospectus exemption that would cause MI 45-102 to impose a "seasoning period" on the first trade of the security.

Part 3 of the Instrument sets out resale restrictions for securities acquired under Part 2 of the Instrument. Section 3.1 provides that the first trade of a security acquired under Part 2 must comply with section 2.6 of MI 45-102.¹ Section 3.2 provides a dealer registration exemption for the resale of securities of a non-reporting issuer provided the conditions in section 2.14 of MI 45-102 are met. In each case, the resale provisions refer to the *first trade of a security acquired under an exemption in Part 2 or by a*

¹ The resale provisions in section 3.1 will not apply in Manitoba.

person or company described in subsection 2.1(1). As a result, Part 3 will apply to the resale of securities by former employees, senior officers, directors, and consultants.

Part 4 of the Instrument provides an exemption from the issuer bid requirements that could otherwise apply to a trade by an employee, director, etc. to an issuer. However, the exemption will only apply if the trade is either to fulfil a withholding tax obligation or to provide payment of an exercise price of a stock option.

Part 5 provides for the granting of exemptions from the Instrument.

Part 6 establishes an effective date for the Instrument.

Summary of Comments Received

The Instrument was published for comment on November 1, 2002. During the subsequent 90-day comment period, the Participating Regulators received submissions from seven commenters (listed in Schedule A). The Participating Regulators would like to take this opportunity to thank each of the commenters for their views on the Instrument.

Several commenters expressed their appreciation to the Participating Regulators for proposing a rule that consolidates the numerous and differing policies and rules currently in place. It was noted that the Instrument would have "clear cost savings and benefits to issuers" and would generally promote the efficient regulation of capital markets in Canada.

A summary of the comments received and the responses of the Participating Regulators are contained in Schedule B.

Significant Changes to the Instrument

Set out below are the significant differences between the Instrument and the version of the Instrument that was published for comment on November 1, 2002. In the view of the Participating Regulators, none of the changes may be considered material changes.

1. **Permitted assign**

The term "permitted assign" has been added to section 1.1 of the Instrument. This new definition now includes (i) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the spouse of the employee, senior officer, director, or consultant; and (ii) the holding entity of a spouse of an employee, senior officer, director, or consultant.

2. **Definition of plan**

The definition of "plan" in section 1.1 has been amended to clarify that it includes plans established or maintained by issuers that provide a mechanism through an administrator for employees, senior officers, directors, and consultants to acquire securities in the issuer using their own resources.

3. **Definition of related person**

The definition of "related person" in section 1.1 of the Instrument has been expanded to include companies that are permitted assigns of directors and senior officers.

4. **Approval by security holders**

The requirement for prior security holder approval in subsection 2.1(4) has now been restricted to apply only to those issuers that are reporting issuers *and* not listed issuers. Consequently, certain private companies and foreign listed issuers that are not reporting issuers will not be subject to the security holder approval requirement.

The definition of "security holder approval" has been clarified.

A new subsection 2.1(6) has also been included to provide a transition period for issuers complying with the prior security holder approval requirement.

5. **Transition Issues**

As initially published, the exemptions in sections 2.3 and 2.4 would have only been available for trades in securities acquired under an exemption in Part 2. We have now amended sections 2.3 and 2.4 to extend the exemptions to any securities that were acquired by a person or company referred to in subsection 2.1(1) provided that the securities were acquired under an exemption that makes the first trade of a security subject to a "seasoning period" under MI 45-102. This amendment allows the exemptions in sections 2.3 and 2.4 to be used notwithstanding that the security in question was originally acquired under an exemption in a previous local instrument.

6. **First trade registration relief in Manitoba**

Section 3.2 has been amended to make the registration exemption available for first trades that occur in Manitoba.

7. Issuer bid relief

As initially published, the exemption in section 4.1 was limited to securities of the issuer that were originally distributed under an exemption contained in Part 2. This exemption has now been extended to apply to the acquisition of any securities of the issuer that were acquired by a person or company described in subsection 2.1(1).

Authority for the Instrument (Ontario)

The following provisions of the *Securities Act* (Ontario) provide the Ontario Securities Commission (the OSC) with authority to make the Instrument:

- paragraph 143(1)8 authorizes the OSC to provide for exemptions from the registration requirements under the Act or for the removal of exemptions from those requirements;
- paragraph 143(1)20 authorizes the OSC to provide for exemptions from the prospectus requirements under the Act and for the removal of exemptions from those requirements;
- paragraph 143(1)28 authorizes the OSC to regulate issuer bids, including by providing for exemptions in addition to those set out in subsections 93(1) and (3) of the Act; and
- paragraph 143(1)48 authorizes the OSC to specify the conditions under which any particular type of trade that would not otherwise be a distribution shall be a distribution.

The Instrument and the material required by the *Securities Act* (Ontario) to be delivered to the Minister of Finance were delivered on May 22, 2003. If the Minister does not reject the Instrument or return it to the OSC for further consideration by July 21, 2003, or if the Minister approves the Instrument, the Instrument will come into force on August 15, 2003.

Alternatives Considered²

The Participating Regulators considered maintaining the *status quo*, with each regulator preserving its existing registration and prospectus requirements. However, the Participating Regulators determined that a harmonized instrument would better serve issuers, investors and other market participants. No other alternatives were considered.

Unpublished Materials³

In developing the Instrument, the Participating Regulators did not rely upon any significant unpublished study, report or other written materials.

Anticipated Costs and Benefits

The Instrument harmonizes the existing prospectus, registration and issuer bid requirements for trades to employees, senior officers, directors, and consultants. The Participating Regulators (other than the Manitoba Securities Commission) believe that harmonizing such requirements will ease the regulatory burden of issuers by reducing the sheer number of requirements that would otherwise require consideration. Because the Instrument does not incorporate the filing or disclosure requirements previously contained in the BC Instrument, the ASC Order or the Nova Scotia Order, the Participating Regulators (other than the Manitoba Securities Commission) also believe that the cost of complying with securities legislation will be lowered. There are no filing or disclosure requirements under the securities legislation of Manitoba for the employee exemption.

The Instrument will not result in any additional costs.

In the view of the Participating Regulators, other than the Manitoba Securities Commission, the benefits of making the Instrument will therefore outweigh the costs. The Manitoba Securities Commission has not undertaken an analysis of the Instrument.

Related Amendments

Local Amendments

Each of OSC Rule 45-503, BC Instrument, ASC Order, Nova Scotia Order and the Saskatchewan Order will be revoked upon the coming into force of the Instrument.

² This section does not apply in Manitoba.

³ This section does not apply in Manitoba.

Request for Comments

The OSC has concurrently made Commission Rule 45-801 *Implementing Multilateral Instrument 45-105 Trades to Employees, Senior Officers, Directors, and Consultants*. No Ontario regulations will be revoked or amended in connection with the making of the Instrument.

The text of the Instrument follows.

June 6, 2003.

SCHEDULE A
LIST OF COMMENTERS

Stikeman Elliott LLP

Securities Law Subcommittee of the Business Law Section of the Ontario Bar Association

Borden Ladner Gervais LLP

The Canadian Advocacy Committee of the Association for Investment Management and Research

Thompson Dorfman Sweatman
Barristers & Solicitors

Thea L. Koshman

Blake, Cassels & Graydon LLP

SCHEDULE B

SUMMARY OF COMMENTS AND RESPONSES

#	Theme	Comments	Response
1.	Definition of "plan"	One commenter suggested expanding the definition of "plan" in MI 45-105 to accommodate plans established or maintained by issuers that provide a mechanism through an administrator for employees, consultants, or directors to acquire securities in the issuer using their own resources.	The Participating Regulators agree with the comment and have amended the definition of plan in MI 45-105 to mean a plan or program established or maintained by an issuer providing for the acquisition of securities of the issuer by persons and companies described in subsection 2.1(1), as compensation or as an incentive or benefit for services provided by its employees, senior officers, directors, or consultants.
2.	Definition of "senior officer"	One commenter suggested that MI 45-105 include a definition for "senior" officer to capture the concept of an officer appointed by the board of directors or equivalent governing body of an entity at a level equivalent to or superior to, for example, the office of Vice-President.	The Participating Regulators do not think that a definition of "senior" is required. Each of the participating jurisdictions has a local statute that contains a definition of senior officer. The Participating Regulators are satisfied that the local definitions of this term are adequate for the purposes of MI 45-105.
3.	Subsection 2.1(1)(a) and (b) - scope of exemptions	<p>One commenter suggested that the definition of holding entity in MI 45-105 be expanded to include the holding entity of the spouse of an individual referred to in section 2.1(a) of MI 45-105.</p> <p>One commenter suggested that the "trustee, custodian, or administrator" exemption in section 2.1(1)(b) be expanded to apply to all other persons and entities specified in section 2.1(1).</p> <p>One commenter noted that as many consultants will be entities rather than individuals, consideration should be given to extending the exemptions to employees, directors, and senior officers of consultants.</p>	<p>The comment has been addressed by defining the categories of persons and companies that can acquire securities under MI 45-105 to include (i) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the spouse of an employee, senior officer, director, and consultant, and (ii) a holding entity of the spouse of the employee, senior officer, director, or consultant. These categories are included in the new defined term "permitted assign".</p> <p>The Participating Regulators do not think that expansion of the exemptions to include employees, senior officers, and directors of consultants is necessary. A consulting company will be in a position to trade any securities acquired under the exemptions to employees, senior officers, or directors of the consulting company once the seasoning period with respect to the securities has expired. The Participating Regulators will monitor this exemption on an application-by-application basis and consider whether an expansion is justified.</p>
4.	Subsection 2.1(4) - "not a listed issuer" and "non-reporting issuer"	One commenter stated that it was not clear whether the term "not a listed issuer" in subsection 2.1(4) of MI 45-105 was a distinct concept from a "non-reporting issuer".	"Not a listed issuer" is a separate and distinct concept from a "non-reporting issuer". An issuer that is not a listed issuer is any issuer that is not listed on any of the exchanges set out in MI 45-105. A non-reporting issuer could be either a listed issuer or an issuer that is not a listed issuer. In any event, subsection 2.1(4) of MI 45-105 has been amended to make it clear that the security holder approval requirement applies to issuers that are reporting issuers in any jurisdiction in Canada and are not listed issuers.

#	Theme	Comments	Response
5.	Subsection 2.1(4) - "as compensation"	One commenter noted that the words "as compensation" contained at the end of subsection 2.1(4) of MI 45-105 before subsection 2.1(4)(a) were not quite appropriate, as for example, a trustee, custodian, or administrator would not be receiving compensation by way of the security.	The Participating Regulators agree that the words "as compensation" in subsection 2.1(4) of MI 45-105 should not apply to a trade to the persons and companies set out in paragraph (d) of subsection 2.1(4). The words "if the security is issued or granted as compensation" have been removed from above paragraph (a) through (d). The following words have been inserted immediately after paragraph (d): "if the security is issued or granted, directly or indirectly, as compensation for an individual referred to in paragraph (a), (b), or (c) and...".
6.	Subsection 2.1(4) - "fully diluted"	One commenter suggested the relevant calculations described in subparagraphs (i) through (iv) following paragraph (h) in subsection 2.1(4) should be done on a fully diluted basis.	The Participating Regulators agree that the relevant calculations described in subsection 2.1(4) should be done on a fully diluted basis and have amended the subsection by adding the words "on a fully diluted basis" after the word "compensation" contained in the paragraph immediately following paragraph (d) in subsection 2.1(4).
7.	Subsection 2.1(5) - "consent resolution"	One commenter suggested adding a definition for the term "consent resolution", which is used in subsection 2.1(5) of MI 45-105.	The term "consent resolution" has been deleted from subsection 2.1(5) of MI 45-105. Instead of requiring delivery of a consent resolution, subsection 2.1(5) of MI 45-105 will require delivery of a "resolution that will, when signed, evidence the security holder approval".
8.	Subsection 2.1(4) and (5) - scope of security holder approval	<p>Three commenters requested that the Participating Regulators reconsider the scope of the shareholder approval requirement contained in subsection 2.1(4) of MI 45-105 for trades by issuers that are not listed issuers.</p> <p>One commenter noted that, in subsection 2.1(4) of MI 45-105, issuers that are not listed issuers includes issuers that are non-reporting issuers. The commenter pointed out that, in Ontario, non-reporting issuers seeking to issue securities to officers, directors, or investor relations consultants could no longer rely on the "private company" exemption and would generally be required to rely on: (i) the closely held issuer exemption in section 2.1 of Ontario Securities Commission Rule 45-501 <i>Exempt Distributions</i> ("OSC Rule 45-501"); (ii) the accredited investor exemption in section 2.3 of OSC Rule 45-501; or (iii) Ontario Securities Commission Rule 45-503 <i>Trades to Employees, Executives, and Consultants</i> ("OSC Rule 45-503"). In many circumstances, the exemptions in (i) and (ii) will not be available. Therefore, the shareholder approval requirement may prove to be unnecessarily restrictive. While the requirement may be justifiable in other contexts, it is burdensome for non-reporting issuers, particularly issuers that are private companies.</p>	The Participating Regulators have amended subsection 2.1(4) of MI 45-105 to reduce the number of issuers that will be subject to the requirement. The security holder approval requirement will apply to an issuer that "is a reporting issuer in any jurisdiction in Canada and not a listed issuer". As a result, private issuers and many foreign issuers will not be required to obtain security holder approval before using the exemptions in MI 45-105.

#	Theme	Comments	Response
		<p>Two commenters suggested that there was no reason to require foreign issuers that were not listed issuers to obtain shareholder approval prior to using the exemptions in MI 45-105. One commenter argued that maintaining the requirement for all issuers that are not listed issuers results in the removal of a currently available exemption in Ontario for non-listed issuers under section 3.3 of OSC Rule 45-503. The other commenter argued that it seems anomalous to require a foreign company with a <i>de minimus</i> market in Canada to obtain shareholder approval in order to allow a Canadian director or senior officer to participate in a plan offered by the company. The commenter suggested restricting the requirement for shareholder approval to reporting issuers who are not listed issuers.</p> <p>One commenter stated that the definition of listed issuer in MI 45-105 is too narrow. The commenter argued that the definition should be expanded to include any issuer that has securities listed on an exchange or quoted on a quotation and trade reporting system that is regulated by an ordinary member of the International Organization of Securities Commissions. The commenter points to the definition of foreign exchange-traded security in section 1.1 of National Instrument 21-101 <i>Marketplace Operation</i>.</p>	<p>The current list of exchanges is derived from the list of exchanges used in OSC Rule 45-503 (inclusive of "foreign-listed issuers"). The Participating Regulators are not inclined to expand on the list of exchanges in MI 45-105 at this time, but will monitor applications and may consider adding exchanges to the list at a later date.</p>
9.	Subsection 2.1(4) and (5) - "grandfathering" securityholder approval	<p>One commenter suggested "grandfathering" the grant of securities or plans that received shareholder approval prior to the implementation of MI 45-105, but which did not comply with subsection 2.1(5) of MI 45-105. The commenter noted that it would seem unfair to require issuers to have such grants or issuances re-approved by shareholders if the issuances or grants have already been approved.</p>	<p>A new subsection (6) has been added to section 2.1 of MI 45-105. Subsection 2.1(6) states that subsection (5) will not apply for a period of 12 months after the effective date of the Instrument if prior security holder approval has been obtained. This effectively "grandfathers" prior security holder approval for a period of 12 months.</p>
10.	Subsection 2.2(3) - price formula	<p>One commenter suggested that subsection 2.2(3) of MI 45-105 be changed to state that if shareholder approval for the trade is obtained, the written price formula as set out in subsection 2.2(3)(c) is not be required.</p>	<p>The Participating Regulators do not agree that shareholder approval is a proper substitute for the written price formula as set out in subsection 2.1(3)(c) of MI 45-105.</p>
11.	Section 2.3 - conversions or exchanges.	<p>One commenter suggested that conversions or exchanges of securities by the personal representatives of employees, senior officers, directors, or consultants and holders of securities who are permitted transferees of such persons should be permitted under MI 45-105.</p>	<p>Section 2.3 of MI 45-105 would operate to permit the conversions or exchanges referred to by the commenter.</p>
12.	Subsection 2.3(1) - "in connection with"	<p>One commenter suggested broadening the use of the word "incidental" in subsection 2.3(1) of MI 45-105 by adding the words "in connection with or" immediately before</p>	<p>The Participating Regulators do not think it is appropriate to expand subsection 2.3(1) at this time. The primary purpose of section 2.3 of MI 45-105 is to provide a mechanism by which</p>

#	Theme	Comments	Response
		"incidental".	convertible or exchangeable securities can be converted or exchanged by persons and companies described in subsection 2.1(1) of MI 45-105. The Participating Regulators believe the existing wording achieves this result without the risk of including trades where the primary purpose may not be a simple conversion or exchange of a security by a person or company described in subsection 2.1(1) of MI 45-105.
13.	Section 3.1 and 3.2 - resale restrictions.	<p>One commenter stated that the language of section 3.1 of MI 45-105 appears to preclude reliance on any section of MI 45-102 other than section 2.6 of MI 45-102 for the first trade of securities acquired under Part 2 of MI 45-105. As a result, the commenter argues, the prospectus exemption in section 2.14 of MI 45-102 may not be available for first trades outside Canada for securities acquired under MI 45-105.</p> <p>One commenter suggested that the registration exemption contained in section 3.2 of MI 45-105 be extended to include the first trade of a security acquired under any exemption. The commenter noted that the prospectus exemption contained in section 2.14 of Multilateral Instrument 45-102 Resale of Securities ("MI 45-102") applies to securities acquired under an "exemption".</p>	<p>The Participating Regulators do not agree that the language of section 3.1 of MI 45-105 precludes reliance on section 2.14 of MI 45-102 for first trades outside Canada. Section 2.6 of MI 45-102 states that the first trade of a security that has been made subject to section 2.6 of MI 45-102 will be a distribution unless certain conditions are satisfied. A trade can occur outside section 2.6 of MI 45-102 if a prospectus is filed or if an exemption from the prospectus requirement is available. Section 2.14 of MI 45-102 provides an exemption from the prospectus requirement if certain conditions are met. The exemption in section 2.14 of MI 45-102 is available for any trade that is a distribution, if the conditions in section 2.14 are satisfied.</p> <p>Section 3.2 of MI 45-105 has been amended to apply to the first trade of a security that was acquired by a person or company described in subsection 2.1(1) of MI 45-105.</p>
14.	Section 4.1 - issuer bid exemption.	<p>One commenter noted a problem with the practical application of the issuer bid exemption contained in section 4.1 of MI 45-105. An issuer can use the exemption to acquire its own securities as long as the issuer is acquiring securities that were initially acquired under MI 45-105 or on the secondary market. The commenter notes that it is difficult and at times impossible to identify the source of the securities being delivered to the issuer in connection with the stock exercise or withholding for tax purposes. For example, the securities being tendered may have been acquired under another exemption from the registration and prospectus requirements. Also, the commenter notes that the exemption would not be available for issuer bids involving securities granted before the introduction of MI 45-105. The commenter submits that the issuer bid exemption should be available in all cases where a security is acquired by the issuer to fulfill tax withholding obligations or to provide payment on the exercise of an option. The commenter suggests removing the words "acquired under Part 2, or in the secondary market" from section 4.1 of MI 45-105.</p>	<p>Section 4.1 has been amended to apply to acquisitions by an issuer of securities of the issuer that were acquired by a person or company described in subsection 2.1(1) of MI 45-105, regardless of how the person or company acquired the security.</p>

#	Theme	Comments	Response
		<p>One commenter suggested that the issuer bid exemption in section 4.1 of MI 45-105 should not be restricted to apply only to trades to fulfill a withholding tax obligation or to provide payment of an exercise price of a stock option. The commenter could identify no policy reason for restricting the exemption as proposed.</p>	<p>The purpose of the issuer bid exemption in section 4.1 of MI 45-105 is to facilitate acquisitions under a variety of incentive and compensation plans offered by issuers. Typically, under these plans, acquisitions by issuers of their own securities occur for the two purposes as set out in the exemption. Giving a complete exemption from the issuer bid requirements to issuers for any purchase from employees would potentially defeat the protections of the issuer bid requirements.</p>
15.	<p>Filing Form 45-102F2 - subsection 2.7(2) of MI 45-102</p>	<p>Two commenters addressed issues regarding the requirement in subsection 2.7(2) of MI 45-102 for a qualifying issuer to file a Form 45-102F2 when securities are issued by a qualifying issuer under MI 45-105. One commenter suggested that the filing requirement contained in subsection 2.7(2) of MI 45-102 should be referenced in MI 45-105. The commenter pointed out that without a reference to the filing requirement in MI 45-105 there is a strong possibility that the reporting obligation will be overlooked. The other commenter suggested that MI 45-105 and MI 45-102 be amended to codify the current administrative practise in Ontario of allowing annual filing of reports of trades.</p>	<p>The Participating Regulators do not agree that it is necessary to refer to the Form 45-102F2 in MI 45-105. Issuers are becoming more familiar with the Form 45-102F2, particularly issuers that intend to rely on the shortened hold period by being qualified issuers. Also, staff notice 45-302 provides that the Form 45-102F2 need only be filed in limited circumstances. Finally, amendments have been proposed to MI 45-102 that will eliminate the requirement to file a Form 45-102F2.</p>
16.	<p>Subsection 2.1(4) - application in British Columbia.</p>	<p>One commenter noted that the British Columbia Securities Commission ("BCSC") invited comment on whether the BCSC should impose the shareholder approval requirement contained in section 2.1(4) of MI 45-105 that applies to issuers that are not listed issuers. The commenter supports the application of the shareholder approval requirement in all provinces and "strongly encourages" the BCSC to impose the requirement in section 2.1(4) of MI 45-105. The commenter does not believe that doing so would negatively affect issuers.</p> <p>One commenter suggested the shareholder approval requirement should not apply in any jurisdiction. The commenter argued it is not a relevant consideration in determining whether the employee, senior officer, director, or consultant requires a prospectus.</p>	<p>The BCSC thanks the commenters for providing comments on this issue. The BCSC has decided not to add the requirement for shareholder approval as it would be a substantial change from the exemptions that have been in effect in British Columbia for a number of years. As such, the BCSC believes adding the requirement would negatively affect issuers.</p> <p>Other than British Columbia, the Participating Regulators believe the shareholder approval requirement for companies that are reporting issuers and not listed, and that exceed the specified thresholds is necessary for reasons that go beyond the protection that a prospectus would offer employees, senior officers, directors, and consultants. Requiring shareholder approval in the circumstances described provides an additional oversight mechanism for the use of these exemptions by an issuer.</p>
17.	<p>Exceptions for British Columbia and Manitoba</p>	<p>One commenter suggested that there should not be any exceptions in MI 45-105 for British Columbia and Manitoba.</p>	<p>The exceptions for British Columbia and Manitoba take into account regional differences in the local legislation, and the experiences of the local regulator. Specifically, Manitoba does not have a closed system of regulation. As such, it must be excepted out of the first trade provisions of MI 45-105. See the discussion above (number 16) for the BCSC's response to the comments on its exceptions.</p>

Request for Comments

#	Theme	Comments	Response
18.	Reporting Requirements	Two commenters supported removing the requirement to file reports of distributions under MI 45-105.	The Participating Regulators agree.
19.	Fee Requirement for Non-reporting Issuers	One commenter suggested maintaining the fee requirement for non-reporting issuers to, among other things, track the use of the exemption.	The Participating Regulators do not believe it is appropriate to maintain the fee requirement, particularly in the absence of a reporting requirement. It would not be appropriate to impose these obligations on foreign issuers only, as this would discourage the use of the exemptions in the participating jurisdictions, to the prejudice of employees, senior officers, directors, and consultants in those jurisdictions.

6.1.2 Multilateral Instrument 45-105 Trades to Employees, Senior Officers, Directors, and Consultants

**MULTILATERAL INSTRUMENT 45-105
TRADES TO EMPLOYEES, SENIOR OFFICERS,
DIRECTORS, AND CONSULTANTS**

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**MULTILATERAL INSTRUMENT 45-105
TRADES TO EMPLOYEES, SENIOR OFFICERS,
DIRECTORS, AND CONSULTANTS**

PART 1 Definitions and Interpretation

1.1 Definitions

In this Instrument:

"affiliated entity" means, for an issuer, a person or company that controls or is controlled by the issuer or that is controlled by the same person or company that controls the issuer;

"associate", when used to indicate a relationship with a person or company, means

- (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling the person or company to more than 10% of the voting rights attached to outstanding voting securities of the issuer,
- (b) any partner of the person or company,
- (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which the person or company serves as trustee or in a similar capacity,
- (d) in the case of a person, a relative of that person, including
 - (i) a spouse of that person, or
 - (ii) a relative of that person's spouseif the relative has the same home as that person;

"associated consultant" means, for an issuer, a consultant of the issuer or of an affiliated entity of the issuer if

- (a) the consultant is an associate of the issuer or of an affiliated entity of the issuer, or
- (b) the issuer or an affiliated entity of the issuer is an associate of the consultant;

"compensation" means an issuance or grant of securities in exchange for services provided or to be provided and includes an issuance or grant of securities for the purpose of providing an incentive;

"consultant" means, for an issuer, a person or company, other than an employee, senior officer, or director of the issuer, that

- (a) is engaged to provide services to the issuer or an affiliated entity of the issuer, other than services provided in relation to a distribution,
- (b) provides the services under a written contract with the issuer or an affiliated entity of the issuer, and
- (c) spends or will spend a significant amount of time and attention on the affairs and business of the issuer or an affiliated entity of the issuer

and includes, for an individual consultant, a company of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner;

"control person" means any person or company that holds or is one of a combination of persons or companies that holds

- (a) a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or
- (b) more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holding of those securities does not affect materially the control of that issuer;

"holding entity" means a person or company that is controlled by an individual;

"investor relations activities" means any activities or communications, by or on behalf of the issuer or a security holder of the issuer, that promote or could reasonably be expected to promote the purchase or sale of securities of the issuer, but does not include

(a) the dissemination of information or preparation of records in the ordinary course of the business of the issuer

(i) to promote the sale of products or services of the issuer, or

(i) to raise public awareness of the issuer

that cannot reasonably be considered to promote the purchase or sale of securities of the issuer, or

(b) activities or communications necessary to comply with the requirements of

(i) securities legislation or securities directions of any jurisdiction of Canada or the securities laws of any foreign jurisdiction governing the issuer, or

(ii) any exchange or market on which the issuer's securities trade;

"investor relations person" means a person or company that is a registrant or provides services that include investor relations activities;

"issuer bid requirements" means all of the requirements under securities legislation that apply to an issuer bid;

"listed issuer" means an issuer, any of the securities of which

(a) trade on or are listed and not suspended, or the equivalent, from trading on

(i) the Toronto Stock Exchange,

(ii) TSX Venture Exchange Inc.,

(iii) the American Stock Exchange LLC.,

(iv) The New York Stock Exchange, Inc.,

(v) the London Stock Exchange Limited, or

(vi) any successor to any of the entities listed in paragraphs (i) to (v), or

(b) are quoted on the Nasdaq National Market or the Nasdaq SmallCap Market or any successor to either of those entities;

"MI 45-102" means Multilateral Instrument 45-102 *Resale of Securities*;

"permitted assign" means, for an employee, senior officer, director, or consultant of an issuer or of an affiliated entity of the issuer

(a) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the employee, senior officer, director, or consultant,

(b) a holding entity of the employee, senior officer, director, or consultant,

(c) an RRSP or RRIF of the employee, senior officer, director, or consultant,

(d) a spouse of the employee, senior officer, director, or consultant,

(e) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the spouse of the employee, senior officer, director, or consultant,

(f) a holding entity of the spouse of the employee, senior officer, director, or consultant, or

- (g) an RRSP or RRIF of the spouse of the employee, senior officer, director, or consultant;

"plan" means a plan or program established or maintained by an issuer providing for the acquisition of securities of the issuer by persons and companies described in subsection 2.1(1) as compensation or as an incentive or benefit for services provided by its employees, senior officers, directors, or consultants;

"related person", for an issuer, means

- (a) a director or senior officer of the issuer or of an affiliated entity of the issuer,
- (b) an associate of a director or senior officer of the issuer or of an affiliated entity of the issuer,
- (c) a permitted assign of a director or senior officer of the issuer or of an affiliated entity of the issuer,

"RRSP" means a registered retirement savings plan as defined in the *Income Tax Act* (Canada);

"RRIF" means a registered retirement income fund as defined in the *Income Tax Act* (Canada);

"security holder approval", for a grant or issuance of securities of an issuer as compensation or under a plan, means approval

- (a) given by a majority of the votes cast at a meeting of security holders of the issuer other than votes attaching to securities beneficially owned by related persons to whom securities may be issued as compensation or under that plan, or
- (b) evidenced by a resolution signed by all the security holders entitled to vote at a meeting, if the issuer is not required to hold a meeting;

"support agreement" includes an agreement to provide assistance in the maintenance or servicing of indebtedness of the borrower and an agreement to provide consideration for the purpose of maintaining or servicing indebtedness of the borrower; and

"secondary market" means an exchange or market where securities are bought and sold after their original issue.

1.2 Interpretation

- (1) In this Instrument, a person or company is considered to control another person or company if the first person or company provides, directly or indirectly, the principal direction or influence over the business and affairs of the second person or company by virtue of
 - (a) ownership or direction of voting securities in the second person or company,
 - (b) a written agreement or indenture,
 - (c) being or controlling the general partner of a limited partnership, or
 - (d) being a trustee of a trust.
- (2) In this Instrument, participation in a trade is considered voluntary if
 - (a) in the case of an employee, the employee or the employee's permitted assign is not induced to participate in the trade by expectation of employment or continued employment of the employee with the issuer or an affiliated entity of the issuer,
 - (b) in the case of a senior officer, the senior officer or the senior officer's permitted assign is not induced to participate in the trade by expectation of appointment, employment, continued appointment or continued employment of the senior officer with the issuer or an affiliated entity of the issuer, and
 - (c) in the case of a consultant, the consultant or the consultant's permitted assign is not induced to participate in the trade by expectation of engagement of the consultant to provide services or continued engagement of the consultant to provide services to the issuer or an affiliated entity of the issuer.

PART 2 Exemptions

2.1 Trades and Distributions to Employees, Senior Officers, Directors, and Consultants

- (1) Subject to subsections (3) and (4), the dealer registration requirement does not apply to a trade by a control person of an issuer in a security of the issuer or an option to acquire a security of the issuer, or a trade by an issuer in a security of its own issue, with
- (a) an employee, senior officer, director, or consultant of the issuer or of an affiliated entity of the issuer, or
 - (b) a permitted assign of a person or company referred to in paragraph (a)
- if participation in the trade is voluntary.
- (2) The prospectus requirement does not apply to a distribution in the circumstances described in subsection (1).
- (3) Except in British Columbia, the exemptions in subsections (1) and (2) are not available for a trade to an investor relations person if the number of securities issued or the amount of other remuneration paid or payable directly or indirectly to the investor relations person by the issuer, an affiliated entity of the issuer, or a security holder of the issuer, is dependent in whole or in part on the trading price or trading volume of the issuer's securities.
- (4) Except in British Columbia, unless prior security holder approval has been obtained for the issuance or grant of the security or the plan under which the issuance or grant is made, the exemptions in subsections (1) and (2) are not available for a trade of a security of an issuer that is a reporting issuer in any jurisdiction in Canada and not a listed issuer to
- (a) an employee or consultant that is an investor relations person,
 - (b) a consultant that is an associated consultant,
 - (c) a senior officer or director, or
 - (d) a permitted assign of a person or company referred to in paragraph (a), (b), or (c),
- if the security is issued or granted, directly or indirectly, as compensation for an individual in paragraphs (a), (b), or (c) and if the issuance or grant together with all of the issuer's previously issued or granted securities for compensation, on a fully diluted basis, could result, at any time, in
- (i) the number of securities reserved for issuance under options to acquire the securities granted to related persons exceeding 10 percent of the outstanding issue,
 - (ii) the issuance to related persons, within a 12 month period, of a number of securities exceeding 10 percent of the outstanding issue,
 - (iii) the number of securities reserved for issuance under options to acquire the securities granted to any related person exceeding five percent of the outstanding issue, or
 - (iv) the issuance to any one related person and the related person's associates, within a 12 month period, of a number of securities exceeding five percent of the outstanding issue.
- (5) Subject to subsection (6), for the purpose of obtaining security holder approval under subsection (4), the issuer must, prior to the meeting of security holders being held to vote on the issue, or, if the issuer is not required to hold a meeting, then concurrently with the delivery to security holders of the resolution that will, when signed, evidence the security holder approval, provide to security holders information respecting the compensation or plan in sufficient detail to permit security holders to form a reasoned judgment concerning the matter, including
- (a) the eligibility of employees, senior officers, directors, and consultants to be issued or granted securities as compensation or under the plan,

- (b) the maximum number of securities issuable, or in the case of options, the number of securities issuable on exercise of the options, as compensation or under the plan,
 - (c) particulars relating to any financial assistance or support agreement to be provided to participants by the issuer or any affiliated entity of the issuer to facilitate the purchase of securities as compensation or under the plan, including whether the assistance or support is to be provided on a full-, part-, or non-recourse basis,
 - (d) in the case of options, the maximum term and the basis for the determination of the exercise price,
 - (e) particulars relating to the options or other entitlements to be granted as compensation or under the plan, including transferability, and
 - (f) if applicable, the number of votes attaching to securities that, to the issuer's knowledge at the time the information is provided, will not be included for the purpose of determining whether security holder approval has been obtained.
- (6) Subsection (5) does not apply to an issuance or grant of a security under subsection (1) or (2) for a period of 12 months after the effective date of this Instrument if security holder approval for the issuance or grant or the plan under which the issuance or grant was made was obtained prior to the effective date of this Instrument.
- (7) The dealer registration requirement does not apply to a trade by an affiliated entity of an issuer in furtherance of a trade under subsection (1).

2.2 Trades and Distributions by Current or Former Employees, Senior Officers, Directors, or Consultants to Employees, Senior Officers, Directors, and Consultants of a Non-Reporting Issuer

- (1) Subject to subsection (3), the dealer registration requirement does not apply to a trade of a security of an issuer by a
- (a) current or former employee, senior officer, director, or consultant of the issuer or affiliated entity of the issuer, or
 - (b) trustee, custodian, or administrator acting on behalf, or for the benefit, of a current or former employee, senior officer, director, or consultant of the issuer or affiliated entity of the issuer
- to an employee, senior officer, director, or consultant of the issuer or an affiliated entity of the issuer, or to a trustee, custodian, or administrator acting on behalf of an employee, senior officer, director, or consultant of the issuer or affiliated entity of the issuer.
- (2) The prospectus requirement does not apply to a distribution in the circumstances described in subsection (1).
- (3) The exemptions in subsections (1) and (2) are only available if
- (a) participation in the trade is voluntary,
 - (b) the issuer of the security is not a reporting issuer in any jurisdiction of Canada, and
 - (c) the price of the security being traded is established by a generally applicable formula contained in a written agreement among some or all of the shareholders of the issuer to which the transferee is or will become a party.

2.3 Trades and Distributions for Conversion or Exchange

- (1) The dealer registration requirement does not apply to a trade that is, or is incidental to, the issuance or transfer by an issuer of a security of its own issue to the holder of a previously-issued security of the issuer that was distributed to a person or company described in subsection 2.1(1) under an exemption that, except in those jurisdictions listed in section 2.1 of MI 45-102, makes the first trade of the security subject to section 2.6 of MI 45-102 if the new security is acquired in accordance with the terms and conditions of the previously-issued security
- (a) through the exercise of a right

- (i) of the holder to purchase, convert, or exchange, or otherwise acquire, or
 - (ii) of the issuer to require the holder to purchase, convert or exchange, or
 - (b) by way of an automatic conversion or exchange.
- (2) The prospectus requirement does not apply to a distribution in the circumstances described in subsection (1).

2.4 Trades and Distributions Among Permitted Transferees

- (1) The dealer registration requirement does not apply to a trade of a security that was acquired by a person or company described in subsection 2.1(1) under an exemption that, except in those jurisdictions listed in section 2.1 of MI 45-102, makes the first trade of the security subject to section 2.6 of MI 45-102 provided that the trade is:
- (a) between any of:
 - (i) an employee of the issuer or an affiliated entity of the issuer;
 - (ii) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the employee;
 - (iii) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the spouse of the employee;
 - (iv) a holding entity of the employee;
 - (v) a holding entity of the spouse of the employee;
 - (vi) an RRSP or RRIF of the employee;
 - (vii) a spouse of the employee; or
 - (viii) an RRSP or RRIF of the spouse of the employee;
 - (b) between any of:
 - (i) a senior officer of the issuer or an affiliated entity of the issuer;
 - (ii) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the senior officer;
 - (iii) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the spouse of the senior officer;
 - (iv) a holding entity of the senior officer;
 - (v) a holding entity of the spouse of the senior officer;
 - (vi) an RRSP or RRIF of the senior officer;
 - (vii) a spouse of the senior officer; or
 - (viii) an RRSP or RRIF of the spouse of the senior officer;
 - (c) between any of:
 - (i) a director of the issuer or an affiliated entity of the issuer;
 - (ii) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the director;
 - (iii) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the spouse of the director;
 - (iv) a holding entity of the director;

- (v) a holding entity of the spouse of the director;
 - (vi) an RRSP or RRIF of the director;
 - (vii) a spouse of the director; or
 - (viii) an RRSP or RRIF of the spouse of the director; or
- (d) between any of:
- (i) a consultant of the issuer or an affiliated entity of the issuer;
 - (ii) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the consultant;
 - (iii) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the spouse of the consultant;
 - (iv) a holding entity of the consultant;
 - (v) a holding entity of the spouse of the consultant;
 - (vi) an RRSP or RRIF of the consultant;
 - (vii) a spouse of the consultant;
 - (viii) an RRSP or RRIF of the spouse of the consultant;
 - (ix) a company of which the consultant is an employee or shareholder; or
 - (x) a partnership of which the consultant is an employee or partner.
- (2) The prospectus requirement does not apply to a distribution in the circumstances described in subsection (1).
- (3) For the purposes of the exemption in subsections (1) and (2) all references to employee, senior officer, director, or consultant include a former employee, senior officer, director, or consultant.

PART 3 Resale Restrictions

3.1 First Trades

Except in those jurisdictions listed in section 2.1 of MI 45-102, the first trade of a security acquired under Part 2 is subject to section 2.6 of MI 45-102.

3.2 First Trades in Securities of Non-Reporting Issuer

The dealer registration requirement does not apply to the first trade of a security that was acquired by a person or company described in subsection 2.1(1) if the conditions in section 2.14 of MI 45-102 are satisfied.

PART 4 Issuer Bid Exemption

4.1 Issuer Bid Exemption

The issuer bid requirements do not apply to the acquisition by an issuer of securities of the issuer that were acquired by a person or company described in subsection 2.1(1) if

- (a) the purpose of the acquisition by the issuer is to
 - (i) fulfill withholding tax obligations, or
 - (ii) provide payment of the exercise price of a stock option,
- (b) the acquisition by the issuer is made in accordance with the terms of a plan that specifies how the value of the securities acquired by the issuer is determined,

- (c) in the case of securities acquired as payment of the exercise price of a stock option, the date of exercise of the option is chosen by the option holder, and
- (d) the aggregate number of securities acquired by the issuer within a 12 month period under this section does not exceed five percent of the outstanding securities of the class or series at the beginning of the period.

PART 5 Exemption

5.1 Exemption

- (1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) In Ontario, only the regulator may grant an exemption under subsection (1).

PART 6 Effective Date

6.1 Effective Date

This Instrument comes into force on August 15, 2003.

6.1.3 Notice of Commission Rule 45-801 Implementing Multilateral Instrument 45-105 Trades to Employees, Senior Officers, Directors, and Consultants

ONTARIO SECURITIES COMMISSION NOTICE

**COMMISSION RULE 45-801 IMPLEMENTING
MULTILATERAL INSTRUMENT 45-105
TRADES TO EMPLOYEES, SENIOR OFFICERS,
DIRECTORS, AND CONSULTANTS**

The Ontario Securities Commission has, under section 143 of the *Securities Act* (Ontario) (the "Act"), made Commission Rule 45-801 *Implementing Multilateral Instrument 45-105 Trades to Employees, Senior Officers, Directors, and Consultants* (the "Implementing Rule") as a rule under the Act.

The Implementing Rule and the material required by the Act to be delivered to the Minister of Finance were delivered on May 22, 2003. If the Minister does not reject the Implementing Rule or return it to the Commission for further consideration by July 21, 2003, or if the Minister approves the Implementing Rule, the Implementing Rule will come into force on August 15, 2003.

Substance, Purpose and Summary of the Implementing Rule

Multilateral Instrument 45-105 *Trade to Employees, Senior Officers, Directors, and Consultants* (the Multilateral Instrument) has been implemented, or is expected to be implemented, by the securities regulatory authorities in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, Nunavut and the Northwest Territories. The purpose of the Multilateral Instrument is to harmonize existing prospectus, registration and issuer bid requirements applicable to trades to employees, senior officers, directors and consultants.

As a result of making the Multilateral Instrument as a rule, existing Commission Rule 45-503 *Trades to Employees, Executives and Consultants* ("Rule 45-503") will no longer be necessary. The Implementing Rule therefore revokes Rule 45-503. However, it preserves the wording of section 2.1 of Rule 45-503, which provides that the registration and prospectus exemptions contained in paragraphs 35(1)19 and 72(1)(n) of the Act do not apply. By maintaining this prohibition, the Commission ensures that the Multilateral Instrument will constitute a complete code for trades to employees.

The Implementing Rule also preserves the wording of section 7.1 of Rule 45-503. This section prevents the use of a company as a mechanism to avoid the registration and prospectus requirements through the transfer of the ownership of a company that has previously acquired securities under an exemption contained in the Multilateral Instrument.

Summary of Changes to the Implementing Rule

Section 1.3 of the Implementing Rule has been added to preserve the prohibition currently found in section 7.1 of Rule 45-501. In the view of the Commission, this change is not a material change to the Implementing Rule.

Summary of Comments Received

The Commission received no comments on the Implementing Rule.

Regulations or Rules to be Revoked or Amended

No regulations will be revoked or amended in connection with making the Implementing Rule.

Alternatives Considered

No alternatives to the Implementing Rule were considered.

Anticipated Costs and Benefits

The Implementing Rule facilitates the making of the Multilateral Instrument as a rule in Ontario. The Implementing Rule will not impose additional costs upon issuers or other market participants. The Commission therefore believes that the benefits outweigh the costs.

Unpublished Studies, Etc.

In preparing the Implementing Rule, the Commission did not rely upon any significant unpublished study, report or other written materials.

Authority for the Instrument

The following provisions of the Act provide the Commission with authority to make the Instrument:

- paragraph 143(1)8 authorizes the Commission to provide for exemptions from the registration requirements under the Act or for the removal of exemptions from those requirements; and
- paragraph 143(1)20 authorizes the Commission to provide for exemptions from the prospectus requirements under the Act and for the removal of exemptions from those requirements.

Text of Implementing Rule

The text of the Implementing Rule follows.

June 6, 2003.

6.1.4 OSC Rule 45-801 Implementing Multilateral Instrument 45-105 Trades to Employees, Senior Officers, Directors, and Consultants

**ONTARIO SECURITIES COMMISSION
RULE 45-801
IMPLEMENTING MULTILATERAL INSTRUMENT 45-105
TRADES TO EMPLOYEES, SENIOR OFFICERS, DIRECTORS, AND CONSULTANTS**

- 1.1 Revocation of Rule 45-503**– Ontario Securities Commission Rule 45-503 *Trades to Employees, Executives and Consultants* is revoked.
- 1.2 Removal of Exemption for Trades under Paragraph 35(1)19 and Clause 72(1)(n) of the Act** – The exemptions contained in paragraph 35(1)19 and clause 72(1)(n) of the *Securities Act* (Ontario) are not available for a trade.
- 1.3 Removal of Certain Exemptions for Trades of Securities of Certain Companies** – The exemption contained in section 2.1 of Ontario Securities Commission Rule 45-501 *Exempt Distributions* is not available for a trade in a security of a subsidiary company of an employee or an executive, or a consultant company, if the company has acquired securities under an exemption contained in Multilateral Instrument 45-105 *Trades to Employees, Senior Officers, Directors, and Consultants* and at the time of the trade holds the securities, unless a trade of the securities acquired by the company to the purchaser would have been permitted under section 9.1 of Rule 45-501.
- 1.4 Effective Date** – This rule comes into force on August 15, 2003.

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 SecuritiesSource (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

<u>Transaction Date</u>	<u>Purchaser</u>	<u>Security</u>	<u>Total Purchase Price (\$)</u>	<u>Number of Securities</u>
21-May-2003	4 Purchasers	AirQ Inc. - Warrants	6,200,000.00	79,947,370.00
20-May-2003	Front Street Investment Management	America Mineral Fields Inc. - Units	90,000.00	200,000.00
16-Jan-2003	Salida Capital Corp.	Apache Corporation - Common Shares	610,000.00	10,000.00
21-May-2003	Business Development Bank of Canada;Primaxis Technology Ventures Inc.	Atsana Semiconductor Corp. - Units	1,283,450.00	9,500,000.00
27-May-2003	Rinaldis Pasquale and Starr Rick	Bio-Diagnostics Inc. - Common Shares	19,500.00	6,500.00
23-May-2003	3 Purchasers	Bolivar Gold Corp. - Warrants	0.00	102,057.00
17-Apr-2003	William C. Milligan;Markirmi Investment Inc.	BPI American Opportunities Fund - Units	253,018.48	2,145.00
25-Apr-2003	Lindia Farano	BPI American Opportunities Fund - Units	93,638.51	833.00
25-Apr-2003	Peter Raback	BPI Canadian Opportunities RSP Fund - Units	38,890.53	414.00
11-Apr-2003	James Hogan	BPI Global Opportunites III Fund - Units	100,000.00	1,180.00
17-Apr-2003	Christopher Lyons	BPI Global Opportunites III Fund - Units	100,000.00	1,154.00
25-Apr-2003	Gordon Mclean and Mrs. Wendy Mclean	BPI Global Opportunites III Fund - Units	100,000.00	1,137.00
22-May-2003	6 Purchasers	Brooklyn Energy Corporation - Common Shares	2,651,000.00	2,410,000.00
19-May-2003	David Cynamon	Bumble Bee Seafoods. L.P. - Units	250,000.00	250.00

Notice of Exempt Financings

15-May-2003	26 Purchasers	Canada Dominion Resources Limited Partnership V - Warrants	9,162,506.12	11,365,299.00
15-May-2003	22 Purchasers	Canada Dominion Resources Limited Partnership V - Warrants	7,532,866.65	7,921,868.00
15-May-2003	3 Purchasers	Canadian Public Venture Capital I Inc. - Common Shares	52,500.00	210,000.00
20-May-2003	7 Purchasers	Castleworth Ventures Inc. - Units	200,000.00	200,000.00
23-May-2003	Dynamic Venture Opportunities Fund Ltd. and New Venture Equity Limited	ChondroGene Limited - Common Shares	2,000,000.00	4,000,000.00
20-May-2003	Kevin Lawlor	CHX Technologies Inc. - Common Shares	10,000.00	2,500.00
21-May-2003	64 Purchasers	Clearwater Seafoods Income Fund - Special Warrants	29,891,128.00	2,819,880.00
22-May-2003	10 Purchasers	Crowflight Minerals Inc. - Units	420,500.00	2,102,500.00
13-May-2003 to 27-May-2003	17 Purchasers	Discovery Biotech Inc. - Common Shares	52,500.00	17,500.00
28-May-2003	62 Purchasers	Discovery Biotech Inc. - Common Shares	345,600.00	115,200.00
28-May-2003	49 Purchasers	Discovery Biotech Inc. - Common Shares	212,400.00	70,800.00
28-May-2003	70 Purchasers	Discovery Biotech Inc. - Common Shares	326,700.00	108,900.00
28-May-2003	30 Purchasers	Discovery Biotech Inc. - Common Shares	112,500.00	37,500.00
23-May-2003	3 Purchasers	Drillers Technology Corp. - Special Warrants	4,229,010.00	3,132,600.00
23-May-2003	7 Purchasers	Dynamic Fuel Systems Inc. - Common Shares	218,000.00	87,200.00
23-May-2003	16 Purchasers	Euston Capital Corp. - Common Shares	95,400.00	31,800.00
30-May-2003	9 Purchasers	Euston Capital Corp. - Common Shares	42,000.00	14,000.00
23-May-2003	3 Purchasers	Frontera Copper Corporation - Common Shares	225,000.00	450,000.00
16-May-2003	GATX/MN Venture Finance	GEOCOM tms Inc. - Warrants	0.00	0.00
13-May-2003	N/A	Hydro One Inc. - Coupons	1,260,086.00	2,239,000.00
29-May-2003	5 Purchasers	Imark Corporation - Common Shares	60,000.00	600,000.00

•Notice of Exempt Financings

21-May-2003	AIC Funds	International Speedway Corporation - Common Shares	5,269,797.50	110,000.00
15-May-2003	4 Purchasers	Kingwest Avenue Portfolio - Units	240,000.00	13,233.00
01-May-2003	William Knapp Limited	Lancaster Fixed Income Fund II - Trust Units	11,506,592.00	953,985.00
01-May-2003	Worwin Foundation	Lancaster Short Bond Fund - Trust Units	4,756,106.00	469,252.00
11-Apr-2003	Helen V. Brown	Landmark Global Opportunities Fund - Units	101,724.70	1,009.00
22-May-2003	James Bell and Nadine Bell	Magenta Mortgage Investment Corporation - Shares	50,000.00	5,000.00
09-Apr-2003	Kenneth G. Allan and Neris V. Allan	Magenta Mortgage Investment Corporation - Shares	160,000.00	16,000.00
16-May-2003	4 Purchasers	Manhattan Minerals Corp. - Units	825,150.20	1,178,786.00
22-May-2003	Lee Errett	MediaOne Network Inc. - Common Shares	125,000.00	2,535.00
27-May-2003	Falconbridge Pension Plan	Merrill Lynch Financial Assets Inc. - Certificate	1,461,201.00	1,500,000.00
23-May-2003	Frank Tenaglia	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
23-May-2003	Terry Jakobi	Microsource Online, Inc. - Common Shares	12,000.00	2,000.00
23-May-2003	Robert Rice	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
28-May-2003	Vaughn Dobson	Microsource Online, Inc. - Common Shares	7,800.00	1,300.00
22-May-2003	John Hill;Robert Ganske	N-able Technologies Inc. - Shares	14,800.00	14,800.00
21-May-2003	SWIFT	National Bank Canada New York - Units	15,000,000.00	15,000,000.00
01-Apr-2003	Francesco C. Labriciosa	Navaho Networks Inc. - Common Shares	75,000.00	75,000.00
01-Apr-2003	Fred Murell	Navaho Networks Inc. - Common Shares	100,000.00	100,000.00
01-Apr-2003	Chris St. Hillaire	Navaho Networks Inc. - Common Shares	75,000.00	75,000.00
15-May-2003	3 Purchasers	Norske Skog Canada Limited - Notes	2,830,665.23	2,000,000.00
16-May-2003	Credit Risk Advisors;Bank of Montreal	Oxford Industries, Inc. - Notes	271,391.08	200.00

Notice of Exempt Financings

22-May-2003	Detlef Vonruczicki and Crymble & Sinclair Consulting	Oxford Software Developers Inc. - Common Shares	3,000.00	3,000.00
01-May-2003	4 Purchasers	PowerGenix Systems, Inc. - Common Shares	60,147.36	1,284,053.00
01-May-2003	4 Purchasers	PowerGenix Systems, Inc. - Convertible Debentures	17,315.80	4.00
21-May-2003	CI Funds;Credit Risk Advisors	Province Healthcare Company - Notes	2,968,900.00	2,200.00
22-May-2003	Silvercreek Mgmt Inc.	Regal Entertainment Group - Notes	2,751,400.00	3.00
16-May-2003	Donald Ferris;Peter Stetsko	Ridgeway Petroleum Corp. - Units	30,000.00	15,000.00
23-May-2003	83 Purchasers	Second World Trader Inc. - Units	32,998.00	299.00
20-May-2003	William &/or Jennifer Graham	Societe Generale Acceptance NV - Notes	169,112.50	25.00
13-May-2003	Guardian Capital Inc.	SWIFT Trust - Notes	5,880,000.00	6,000,000.00
13-May-2003	CI Funds Inc.	SWIFT Trust - Notes	5,880,000.00	6,000,000.00
25-Apr-2003	Gordon Mclean and Mrs. Wendy Mclean	Trident Global Opportunities Fund - Units	100,000.00	988.00
22-May-2003	7 Purchasers	True North Gems Inc. - Shares	1,221,200.00	1,526,500.00
13-May-2003	SWIFT Trust	Trumbull Rated Loan Fund 2003-1, Ltd - Notes	4,145,224.00	4,229,820.00
13-May-2003	SWIFT Trust	Trumbull Rated Loan Fund 2003-1, Ltd - Notes	1,960,000.00	2,000,000.00
13-May-2003	SWIFT Trust	Trumbull Rated Loan Fund 2003-1, Ltd - Notes	4,145,224.00	4,229,820.00
23-May-2003	13 Purchasers	TUSK Energy Inc. - Subscription Receipts	14,337,745.00	4,700,900.00
07-Jan-2003	Silvercreek Management Inc. Sivercreek Management Inc.	Tyco International Group S.A. - Convertible Debentures	3,000,000.00	2.00
23-May-2003	9 Purchasers	WAM Industries Ltd. - Common Shares	1,777,334.00	1,777,334.00
26-May-2003	CBC Pension;EdgeStone Capital Venture	Yaletown Ventures I Limited Partnership - Units	10,500,000.00	10,500.00

**NOTICE OF INTENTION TO DISTRIBUTE SECURITIES AND ACCOMPANYING DECLARATION UNDER SECTION 2.8 OF
MULTILATERAL INSTRUMENT 45-102 RESALE OF SECURITIES - FORM 45-102F3**

<u>Seller</u>	<u>Security</u>	<u>Number of Securities</u>
Ralph Sickinger	Carma Financial Services Corporation - Common Shares	795,000.00
Larry Melnick	Champion Natural Health.com Inc. - Shares	119,765.00
Chengfeng Zhou	China Ventures Inc. - Shares	7,411,000.00
John H. Kruzick	DRC Resources Corporation - Common Shares	404,900.00
Estill Holdings Limited	EMJ Data Systems Ltd. - Common Shares	344,500.00
Lili Schad	Husky Injection Molding Systems Ltd. - Common Shares	100,000.00
Susan M.S. Gastle	Microbix Biosystems Inc. - Common Shares	7,548.00
William J. Gastle	Microbix Biosystems Inc. - Common Shares	494,133.00
Paros Enterprises Limited	Morguard Corporation - Common Shares	2,000,000.00
Northfield Inc.	NFX Gold Inc. - Common Shares	3,850,000.00
Velan Holding Co. Ltd.	Velan Inc. - Shares	150,000.00

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IPOs, New Issues and Secondary Financings

Issuer Name:

Alliance Pipeline Limited Partnership
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Shelf Prospectus dated June 2, 2003
Mutual Reliance Review System Receipt dated June 2, 2003

Offering Price and Description:

\$500,000,000
Senior Notes

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.

Promoter(s):

-

Project #548238

Issuer Name:

Borealis Retail Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated May 30, 2003
Mutual Reliance Review System Receipt dated June 2, 2003

Offering Price and Description:

\$ * - * - Units @ \$10.00 per Unit

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
CIBC World Markets Inc.

Promoter(s):

Borealis Real Estate Management Inc.

Project #548000

Issuer Name:

Brompton Equal Weight Income Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated May 28, 2003
Mutual Reliance Review System Receipt dated May 28, 2003

Offering Price and Description:

Maximum \$ * - * Units Price: \$10.00 per Unit

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Dundee Securities Corporation
First Associates Investments Inc.
Newport Securities Inc.

Research Capital Corporation
Acadian Securities Incorporated

Promoter(s):

Brompton EWI Management Limited

Project #545376

Issuer Name:

Brookfield Properties Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated May 28, 2003
Mutual Reliance Review System Receipt dated May 28, 2003

Offering Price and Description:

US\$100,000,000.00 - 4,000,000 Class AAA Preference Shares, Series G Price: US\$25.00 per Series G Preference Share

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Trilon Securities Corporation
HSBC Securities (Canada) Inc.
Desjardins Securities Inc.
Research Capital Corporation

Promoter(s):

-

Project #545457

Issuer Name:

Canadian Hydro Developers, Inc.
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated June 2, 2003
Mutual Reliance Review System Receipt dated June 2, 2003

Offering Price and Description:

Up to \$20,000,000.00 - * Common Shares Price: \$ * per
Common Share

Underwriter(s) or Distributor(s):

FirstEnergy Capital Corp.
Acumen Capital Finance Partners Limited
Canaccord Capital Corporation

Promoter(s):

-
Project #548098

Issuer Name:

Credential Select Conservative Portfolio
Principal Regulator - British Columbia

Type and Date:

Preliminary Simplified Prospectus dated May 30, 2003
Mutual Reliance Review System Receipt dated May 30, 2003

Offering Price and Description:

Class A Units

Underwriter(s) or Distributor(s):

Credential Asset Management Inc.
Credential Asset Management Inc.
Credential Aset Management Inc.

Promoter(s):

Ethical Funds Inc.

Project #546730

Issuer Name:

Innergex Power Income Fund
Principal Regulator - Quebec

Type and Date:

Preliminary Prospectus dated May 28, 2003
Mutual Reliance Review System Receipt dated May 28, 2003

Offering Price and Description:

\$ * - * Trust Units

Price: \$ * per Trust Unit

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
TD Securities Inc.
CIBC World Markets Inc.
Desjardins Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.

Promoter(s):

Innergex Management Inc.

Project #545447

Issuer Name:

Inviro Medical Inc.
Principal Regulator - British Columbia

Type and Date:

Preliminary Prospectus dated May 29, 2003
Mutual Reliance Review System Receipt dated June 2, 2003

Offering Price and Description:

1,160,634 Preferred Shares Issuable Upon the Exercise of
1,160,634 Special Warrants

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

Dr. Fraser Rosslyn Sharp

Project #547919

Issuer Name:

Mavrix Canadian Income Trust Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated May 26, 2003
Mutual Reliance Review System Receipt dated May 28, 2003

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

-

Promoter(s):

Mavrix Fund Management Inc.

Project #545467

Issuer Name:

Rogers Communications Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated May 28, 2003
Mutual Reliance Review System Receipt dated May 28, 2003

Offering Price and Description:

CDN\$250,000,000.00 - 12,722,647 CLASS B NON-
VOTING SHARES Price: \$19.65 per Share

Underwriter(s) or Distributor(s):

TD Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Griffiths McBurney & Partners

Promoter(s):

-

Project #545248

Issuer Name:

Skylon International Advantage Yield Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated May 30, 2003
Mutual Reliance Review System Receipt dated June 2, 2003

Offering Price and Description:

Cdn. \$ * (MAXIMUM) U.S. \$ * (MAXIMUM) * SERIES A UNITS * SERIES B UNITS Price: \$25.00 per Series A Unit U.S.\$10.00 per Series B Unit Minimum Purchase: 100 Series A Units or 150 Series B Units

Underwriter(s) or Distributor(s):

TD Securities Inc.

Promoter(s):

Skylon Advisors Inc.
Skylon Capital Corp.

Project #547855

Issuer Name:

Superior Plus Income Fund
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated May 28, 2003
Mutual Reliance Review System Receipt dated May 28, 2003

Offering Price and Description:

\$167,200,000.00 - 8,000,000 Trust Units Price: \$20.90 per Trust Unit

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
FirstEnergy Capital Corp.
HSBC Securities (Canada) Inc.

Promoter(s):

-
Project #545706

Issuer Name:

The Capstone Canadian Equity Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated May 30, 2003
Mutual Reliance Review System Receipt dated June 2, 2003

Offering Price and Description:

Units

Underwriter(s) or Distributor(s):

Capstone Consultants Limited
Capstone Consultants Limited

Promoter(s):

Morgan Meighen & Associates Limited
Project #547465

Issuer Name:

AltaLink, L.P.
Principal Regulator - Alberta

Type and Date:

Final Prospectus dated May 28, 2003
Mutual Reliance Review System Receipt dated May 30, 2003

Offering Price and Description:

4.45% Senior Bonds, Series 03-1, due June 5, 2008 = \$100,000,000
5.43% Senior Bonds, Series 03-2, due June 5, 2013 = \$200,000,000

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Gasgrain & Company Limited

Promoter(s):

-
Project #538377

Issuer Name:

ARISE Technologies Corporation
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated May 27, 2003
Mutual Reliance Review System Receipt dated June 2, 2003

Offering Price and Description:

Minimum: 1,200,000 Units (\$900,000) - Maximum: 4,000,000 Units (\$3,000,000) Price: \$0.75 per Unit

Underwriter(s) or Distributor(s):

Northern Securities Inc.

Promoter(s):

Ian MacLellan
Project #525981

Issuer Name:

Bolivar Gold Corp. (formerly TecnoPetrol Inc.)
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated May 29, 2003
Mutual Reliance Review System Receipt dated May 30, 2003

Offering Price and Description:

\$ 19,230,000.00 - 25,640,000 UNITS (each consisting of one common share and one-half of one warrant)

Underwriter(s) or Distributor(s):

Dundee Securities Corporation
Griffiths McBurney & Partners
Sprott Securities Inc.

Promoter(s):

-
Project #533026

Issuer Name:

Capital Alliance Ventures Inc.

Type and Date:

Amendment #2 dated May 26, 2003 to Final Prospectus dated October 23, 2002

Received on May 29, 2003

Offering Price and Description:

(Class A Shares)

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #482810

Issuer Name:

Templeton Growth Fund, Ltd.

Templeton Growth RSP Fund

Templeton International Stock Fund

Templeton International Stock RSP Fund

Templeton Emerging Markets Fund

Templeton Emerging Markets RSP Fund

Templeton Global Smaller Companies Fund

Templeton Global Smaller Companies RSP Fund

Templeton Global Balanced Fund

Templeton Global Balanced RSP Fund

Templeton Global Bond Fund

Templeton Canadian Stock Fund

Templeton Canadian Asset Allocation Fund

Templeton Balanced Fund

Franklin U.S. Large Cap Growth Fund

Franklin U.S. Large Cap Growth RSP Fund

Franklin U.S. Small Cap Growth Fund

Franklin U.S. Small Cap Growth RSP Fund

Franklin Flex Cap Growth Fund

Franklin Flex Cap Growth RSP Fund

Franklin World Health Sciences and Biotech Fund

Franklin World Health Sciences and Biotech RSP Fund

Franklin World Telecom Fund

Franklin World Telecom RSP Fund

Franklin Technology Fund

Franklin Technology RSP Fund

Franklin World Growth Fund

Franklin World Growth RSP Fund

Franklin High Income Fund

Franklin Strategic Income Fund

Bissett Canadian Equity Fund

Bissett Small Cap Fund

Bissett Large Cap Fund

Bissett Microcap Fund

Bissett American Equity Fund

Bissett American Equity RSP Fund

Bissett Multinational Growth Fund

Bissett Multinational Growth RSP Fund

Bissett International Equity Fund

Bissett Canadian Balanced Fund

Bissett Dividend Income Fund

Bissett Bond Fund

Bissett Income Fund

Mutual Beacon Fund

Mutual Beacon RSP Fund

Mutual Discovery Fund

Mutual Discovery RSP Fund

Franklin Templeton Treasury Bill Fund

Franklin Templeton U.S. Money Market Fund

Franklin Templeton Money Market Fund

Templeton Growth Tax Class of Franklin Templeton Tax Class Corp.

Templeton International Stock Tax Class of Franklin Templeton Tax Class Corp.

Templeton Emerging Markets Tax Class of Franklin Templeton Tax Class Corp.

Templeton Global Smaller Companies Tax Class of Franklin Templeton Tax Class Corp.

Templeton Canadian Stock Tax Class of Franklin Templeton Tax Class Corp.

Franklin Technology Tax Class of Franklin Templeton Tax Class Corp.

Franklin World Growth Tax Class of Franklin Templeton Tax Class Corp.

Franklin Japan Tax Class of Franklin Templeton Tax Class Corp.

Bissett Canadian Equity Tax Class of Franklin Templeton Tax Class Corp.

Bissett Small Cap Tax Class of Franklin Templeton Tax Class Corp.

Templeton European Tax Class of Franklin Templeton Tax Class Corp.

Franklin U.S. Large Cap Growth Tax Class of Franklin Templeton Tax Class Corp.

Franklin U.S. Small Cap Growth Tax Class of Franklin Templeton Tax Class Corp.

Franklin Flex Cap Growth Tax Class of Franklin Templeton Tax Class Corp.

Franklin World Health Sciences and Biotech Tax Class of Franklin Templeton Tax Class Corp.

Franklin World Telecom Tax Class of Franklin Templeton Tax Class Corp.

Bissett Multinational Growth Tax Class of Franklin Templeton Tax Class Corp.

Bissett Bond Tax Class of Franklin Templeton Tax Class Corp.

Mutual Beacon Tax Class of Franklin Templeton Tax Class Corp.

Mutual Discovery Tax Class of Franklin Templeton Tax Class Corp.

Franklin Templeton Money Market Tax Class of Franklin Templeton Tax Class Corp.

Franklin Templeton U.S. Money Market Tax Class of Franklin Templeton Tax Class Corp.

Franklin Templeton Diversified Income Portfolio

Franklin Templeton Balanced Income Portfolio

Franklin Templeton Balanced Growth Portfolio

Franklin Templeton Growth Portfolio

Franklin Templeton Maximum Growth Portfolio

Franklin Templeton Global Growth Portfolio

Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated May 29, 2003

Mutual Reliance Review System Receipt dated June 3, 2003

Offering Price and Description:

Units

Underwriter(s) or Distributor(s):

Franklin Templeton Investments Corp.

Franklin Templeton Investments Corp.

Bissett Investment Management, a division of Franklin
Templeton Investments Corp.
Franklin Templeton Investments Corp.

Promoter(s):

-

Project #529555

Issuer Name:

Hawker Resources Inc.
Principal Regulator - Alberta

Type and Date:

Final Prospectus dated May 29, 2003
Mutual Reliance Review System Receipt dated May 29,
2003

Offering Price and Description:

14,286,000 Common Shares @ \$3.15/Share =
\$45,000,900,

Underwriter(s) or Distributor(s):

Peters & Co. Limited
FirstEnergy Capital Corp.
Griffiths McBurney & Partners
Tristone Capital Inc.

Promoter(s):

-

Project #531455

Issuer Name:

Household Financial Corporation Limited
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated May 13, 2003 to Final Short Form
Shelf Prospectus dated November 20, 2002
Mutual Reliance Review System Receipt dated May 29,
2003

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
HSBC Securities (Canada) Inc.

Promoter(s):

-

Project #491726

Issuer Name:

imaxx Money Market Fund
imaxx Canadian Bond Fund
imaxx Canadian Fixed Pay Fund
imaxx Canadian Equity Growth Fund
imaxx Canadian Equity Value Fund
imaxx US Equity Growth Fund
imaxx US Equity Value Fund
imaxx Global Companies Fund
imaxx Global Sectors Fund
imaxx TOP Conservative Portfolio
imaxx TOP Balanced Portfolio
imaxx TOP RSP Balanced Portfolio
imaxx TOP Growth Portfolio
imaxx TOP RSP Growth Portfolio
imaxx TOP Aggressive Growth Portfolio
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated May 29, 2003
Mutual Reliance Review System Receipt dated May 30,
2003

Offering Price and Description:

A and F Class Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #532914

Issuer Name:

Keystone Altamira Capital Growth Fund
 Keystone Altamira Equity Fund
 Keystone Altamira RSP Science and Technology Fund
 Keystone Altamira RSP e-business Fund
 Keystone Altamira RSP Global Equity Fund
 Keystone AGF American Fund
 Keystone AGF Bond Fund
 Keystone AGF Equity Fund
 Keystone AIM Trimark Canadian Equity Fund
 Keystone AIM Trimark Global Equity Fund
 Keystone Beutel Goodman Bond Fund
 Keystone CI American Growth Fund
 Keystone CI Signature High Income Fund
 Keystone CI Signature Select Canadian Fund
 Keystone Saxon Smaller Companies Fund
 Keystone Premier Global Elite 100 Fund
 Keystone Premier RSP Global Elite 100 Fund
 Keystone Premier Euro Elite 100 Fund
 Keystone Premier RSP Euro Elite 100 Fund
 Keystone Altamira Science and Technology Capital Class
 (of Mackenzie Financial Capital Corporation)
 Keystone Altamira E-Business Capital Class
 (of Mackenzie Financial Capital Corporation)
 Keystone Altamira Global Equity Capital Class
 (of Mackenzie Financial Capital Corporation)
 Keystone Premier Euro Elite 100 Capital Class
 (of Mackenzie Financial Capital Corporation)
 Keystone Premier Global Elite 100 Capital Class
 (of Mackenzie Financial Capital Corporation)
 Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form
 dated May 26, 2003
 Mutual Reliance Review System Receipt dated May 30,
 2003

Offering Price and Description:

Series A, F, I, O and R Securities

Underwriter(s) or Distributor(s):

-

Promoter(s):

Mackenzie Financial Corporation
 Project #524778

Issuer Name:

Methanex Corporation
 Principal Regulator - British Columbia
Type and Date:
 Final Short Form Prospectus dated May 28, 2003
 Mutual Reliance Review System Receipt dated May 29,
 2003

Offering Price and Description:

\$504,693,451.00 - 37,946,876 Common Shares @
 \$13.30/share

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
 CIBC World Markets Inc.
 Scotia Capital Inc.
 TD Securities Inc.
 Citigroup Global Markets Canada Inc.
 UBS Securities Canada Inc.

Promoter(s):

-

Project #543283

Issuer Name:

Norrep Performance 2003 Flow-Through Limited
 Partnership
 Principal Regulator - Alberta
Type and Date:
 Final Prospectus dated May 29, 2003
 Mutual Reliance Review System Receipt dated May 29,
 2003

Offering Price and Description:

Units

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:

QSA Canadian Equity Fund
 QSA e-business Fund
 Principal Regulator - Ontario
Type and Date:
 Final Simplified Prospectuses dated May 23, 2003
 Mutual Reliance Review System Receipt dated May 30,
 2003

Offering Price and Description:

Series A and Series B units

Underwriter(s) or Distributor(s):

Acker Finley Asset Management Inc.

Promoter(s):

-

Project #530453

Issuer Name:

Long Duration Bond Fund
Real Return Bond Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated May 30, 2003
Mutual Reliance Review System Receipt dated June 2, 2003

Offering Price and Description:

Class O, I and P Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #529425

Issuer Name:

Series S-1 Income Fund
Principal Regulator - Alberta

Type and Date:

Final Prospectus dated May 28, 2003
Mutual Reliance Review System Receipt dated May 28, 2003

Offering Price and Description:

Units

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.

TD Securities Inc.

BMO Nesbitt Burns Inc.

RBC Dominion Securities Inc.

National Bank Financial Inc.

Scotia Capital Inc.

Desjardins Securities Inc.

HSBC Securities (Canada) Inc.

Bieber Securities Inc.

Canaccord Capital Corporation

Dundee Securities Corporation

First Associates Investments Inc.

Wellington West Capital Inc.

Promoter(s):

Canadian Income Fund Group Inc.

Citadel Series Management Ltd.

Project #530105

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:

Amended and Restated Simplified Prospectuses and Annual Information Forms dated May 29, 2003 Amending and Restating the Simplified Prospectuses and Annual Information Forms dated April 29, 2003
Mutual Reliance Review System Receipt dated June 3, 2003

Offering Price and Description:

Sales Charge Units, Deferred Sales Charge Class Units, DCA Sales Charge Class Units and DCA Deferred Sale Charge Class Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

Hartford Investments Canada Corp.

Project #519524

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Altimum Mutuals Inc. Attention: Edith Reid 94 Barbican Trail St. Catharines ON L2T 4A8	Mutual Fund Dealer Limited Market Dealer	May 29/03
New Registration	All-Canadian Investor Services Inc. Attention: Michael Parente 911 Golf Links Road Suite 106 Ancaster ON L9K 1H9	Mutual Fund Dealer	May 30/03
Change of Name	GAM USA Inc. 135 East 157 th Street New York NY 10022 USA	From: Global Asset Management (USA) Inc. To: GAM USA Inc.	Apr 21/03

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