The Ontario Securities Commission

OSC Bulletin

June 13, 2003

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

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Table of Contents

Chapter 1 Notices / News Releases **4281**
1.1 Notices **4281**
1.1.1 Current Proceedings Before The Ontario Securities Commission 4281
1.1.2 Notice of Proposed Amendments to National Instrument 21-101 Marketplace Operation, Companion Policy 21-101CP and Forms 21-101F1, 21-101F2, 21-101F3, 21-101F4, 21-101F5 and 21-101F6 and National Instrument 23-101 Trading Rules and Companion Policy 23-101CP 4283
1.1.3 Notice of Minister of Finance Approval of OSC Rule 13-502 Fees, Forms 13-502F1, 13-502F2, 13-502F3 and 13-502F4, and Companion Policy 13-502CP and Notice of Revocation of Schedule 1 to Regulation 1015 Made Under the Securities Act, and Notice of Amendments to Regulation 1015 Made Under the Securities Act, Policy 12-602, OSC Rules 45-501, 45-502 and 45-503 4283
1.1.4 Notice of Proposed Amendments to the Securities Act and Commodity Futures Act... 4284
1.2 Notices of Hearing **4285**
1.2.1 Discovery Biotech Inc. and Graycliff Resources Inc. - s. 127 4285
1.3 News Releases **4287**
1.3.1 Investor Alert: Aggressive Stock Promotions Target Unwary Investors 4287
1.3.2 Investor Alert: Alpha Project and FEDI Investment Schemes 4288
1.3.3 OSC Issues Temporary Cease Trade Order Against Discovery Biotech Inc. and Graycliff Resources Inc. 4288
1.3.4 OSC Issues Temporary Cease Trade Order Against Brian Anderson et al. 4289
1.3.5 CSA News Release - Insiders and Issuers: SEDI Filing Requirements Begin Today 4289
1.3.6 OSC Issues Notice of Hearing and Statement of Allegations Against Discovery Biotech Inc. and Graycliff Resources Inc. 4290

Chapter 2 Decisions, Orders and Rulings **4291**
2.1 Decisions **4291**
2.1.1 Multibanc Financial Corp. and Multibanc NT Financial Corp. - MRRS Decision 4291
2.1.2 Barrick Gold Corporation and Homestake Canada Inc. - MRRS Decision 4292
2.1.3 E. I. du Pont de Nemours and Company - MRRS Decision 4295
2.1.4 SEI Investments Canada Company - MRRS Decision 4299
2.1.5 Scotia Cassels Investment Counsel Limited - MRRS Decision 4301
2.1.6 Infowave Software, Inc. - MRRS Decision 4302
2.1.7 The Bank of Nova Scotia - MRRS Decision 4303
2.1.8 Scotia Split Corp. - MRRS Decision 4306
2.1.9 TD Commodity & Energy Trading Inc. - MRRS Decision 4307
2.1.10 Endeavour Flow-Through Limited Partnership I - MRRS Decision 4312
2.1.11 CDC IXIS North America Inc. - MRRS Decision 4313
2.1.12 The Westaim Corporation - MRRS Decision 4319
2.2 Orders **4321**
2.2.1 Mackenzie Financial Corporation - s. 147 4321
2.2.2 Discovery Biotech Inc. and Graycliff Resources Inc. - ss. 127(1) and 127(5) 4322
2.2.3 Ivernia West Inc. - s. 144 4323
2.2.4 Brian Anderson et al. - ss. 127(1) and 127(5) 4325
2.2.5 Neuberger Berman, LLC - s. 147 4326
2.2.6 Zemex Corporation - s. 83 4328
2.2.7 MTW Solutions Online Inc. - s. 144 4329
2.2.8 Roador Industries Ltd. - ss. 83.1(1) 4331

Chapter 3 Reasons: Decisions, Orders and Rulings **4333**
3.1 Reasons for Decision **4333**
3.1.1 Martin Joseph Bernier 4333

Chapter 4 Cease Trading Orders **4337**
4.1.1 Temporary, Extending & Rescinding Cease Trading Orders 4337
4.2.1 Management & Insider Cease Trading Orders 4338

Chapter 5 Rules and Policies **4339**
5.1.1 OSC Rule 13-502 Fees 4339

Chapter 6 Request for Comments **4377**
6.1.1 Notice of Proposed Amendments to National Instrument 21-101 Marketplace Operation and Companion Policy 21-101CP and National Instrument 23-101 Trading Rules and Companion Policy 23-101CP 4377
6.1.2 Amendments to National Instrument 21-101 Marketplace Operation 4391
6.1.3 Amendments to National Instrument 23-101 Trading Rules 4399

Chapter 7 Insider Reporting **4401**

Chapter 8 Notice of Exempt Financings 4469
Reports of Trades Submitted on Form 45-501F1 4469
Notice of Intention to Distribute Securities and Accompanying Declaration Under Section 2.8 of Multilateral Instrument 45-102 Resale of Securities - Form 45-102F3 4474
Reports Made Under Subsection 2.7(1) of Multilateral Instrument 45-102 Resale of Securities With Respect to an Issuer that has Ceased to be a Private Company or Private Issuer - Form 45-102F1 4474

Chapter 9 Legislation 4475
9.1.1 Notice of Proposed Amendments to the Securities Act and Commodity Futures Act... 4475
9.1.2 Amendments to the Securities Act and Commodity Futures Act 4476

Chapter 11 IPOs, New Issues and Secondary Financings 4499

Chapter 12 Registrations 4505
12.1.1 Registrants 4505

Chapter 13 SRO Notices and Disciplinary Proceedings 4507
13.1.1 RS Sets Hearing Date in the Matter of Donald Greco 4507

Chapter 25 Other Information .... (nil)

Index 4509

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

JUNE 13, 2003

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

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

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
Suite 1700, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

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H. Lorne Morphy, Q.C.	—	HLM
Robert L. Shirriff, Q.C.	—	RLS
Wendell S. Wigle, Q. C.	—	WSW

SCHEDULED OSC HEARINGS

DATE: TBA

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

s. 127

M. Britton in attendance for Staff

Panel: TBA

DATE: TBA

Robert Davies

s. 127

T. Pratt in attendance for Staff

Panel: HLM/RWD

DATE: TBA

Teodosio Vincent Pangia, Agostino Capista and Dallas/North Group Inc.

s. 127

Y. Chisholm in attendance for Staff

Panel: TBA

June 16, 2003

10:00 a.m.

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

s. 127

K. Manarin in attendance for Staff

Panel: TBA

* BMO settled Sept. 23/02
\+ April 29, 2003

June 16, 2003

11:00 a.m.

Discovery Biotech Inc. and Graycliff Resources Inc.

s.127

K. Daniels in attendance for Staff

Panel: HLM/RWD/HPH

June 18, 2003 10:00 a.m.	**Brian Anderson, Leslie Brown, Douglas Brown, David Sloan and flat Electronic Data Interchange (a.k.a. F.E.D.I.)** s. 127 K. Daniels in attendance for Staff Panel: HLM/WSW/RLS
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**

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

1.1.2 Notice of Proposed Amendments to National Instrument 21-101 Marketplace Operation, Companion Policy 21-101CP and Forms 21-101F1, 21-101F2, 21-101F3, 21-101F4, 21-101F5 and 21-101F6 and National Instrument 23-101 Trading Rules and Companion Policy 23-101CP

NOTICE OF PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 21-101 MARKETPLACE OPERATION, COMPANION POLICY 21-101CP AND FORMS 21-101F1, 21-101F2, 21-101F3, 21-101F4, 21-101F5 AND 21-101F6

AND

NOTICE OF PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 23-101 TRADING RULES AND COMPANION POLICY 23-101CP

The Commission is publishing in Chapter 6 of today's Bulletin proposed amendments to National Instrument 21-101 Marketplace Operation, Companion Policy 21-101CP, Form 21-101F1, Form 21-101F2, Form 21-101F3, Form 21-101F4, Form 21-101F5 and Form 21-101F6, National Instrument 23-101 Trading Rules and Companion Policy 23-101CP.

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

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

AND

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

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

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

The Rule and Companion Policy came into force on March 31, 2003. The amendments to the Regulation and the Consequential Amendments also took effect on March 31, 2003.

The Notice of Minister of Finance Approval was previously published in Chapter 1 of the Bulletin on April 4, 2003. The Rule and Companion Policy were not published at that time. The Rule and the Companion Policy, and Consequential Amendments, were previously published in Chapter 5 of the Bulletin on January 31, 2003 at (2003) 26 OSCB 891. FAQs concerning the implementation of the Rule were published in Chapter 1 of the Bulletin on March 14, 2003 at (2003) 26 OSCB 2166. On May 16, 2003, proposed amendments to the Rule and the Companion Policy were published for comment in Chapter 6 of the Bulletin at (2003) 26 OSCB 3768.

The Rule and Companion Policy, and Consequential Amendments, are published in Chapter 5 of the Bulletin and at http://www.osc.gov.on.ca. The Rule and Companion Policy, and Consequential Amendments, will be published in *The Ontario Gazette* on June 14, 2003.

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

NOTICE OF PROPOSED AMENDMENTS TO THE SECURITIES ACT AND COMMODITY FUTURES ACT

The Commission is publishing in today's Bulletin part of Bill 41, *The Right Choices Act (Budget Measures), 2003* which includes proposed amendments to the *Securities Act* and *Commodity Futures Act*.

Portions of Bill 41 are being published in Chapter 9 of this Bulletin.

1.2 Notices of Hearing

1.2.1 Discovery Biotech Inc. and Graycliff Resources Inc. - s. 127

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

AND

DISCOVERY BIOTECH INC.
AND GRAYCLIFF RESOURCES INC.

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Commission will hold a hearing pursuant to section 127 of the *Securities Act*, at the offices of the Ontario Securities Commission, 20 Queen Street West, 17th Floor Hearing Room on Monday, June 16, 2003 at 11:00 a.m. or as soon thereafter as the hearing can be held:

TO CONSIDER whether, pursuant to section 127 of the Act, it is in the public interest for the Commission:

a) to extend the temporary order made June 4, 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 of Discovery Biotech Inc. ("Discovery") by Discovery and its employees and agents and Graycliff Resources Inc. ("Graycliff") and its employees and agents cease until further order by this Commission;

c) to make such orders as the Commission considers appropriate.

BY REASON OF the allegations set out in the Statement of Allegations dated June 5, 2003 and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceedings may be represented by counsel at the hearing;

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to any further notice eof the proceeding.

June 10, 2003.

"John Stevenson"

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

AND

DISCOVERY BIOTECH INC.
AND GRAYCLIFF RESOURCES INC.

STATEMENT OF ALLEGATIONS
OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission make the following allegations:

Background

1. Discovery Biotech Inc. ("Discovery") is an Ontario Corporation with offices in Toronto and Burlington, Ontario.

2. Graycliff Resources Inc. ("Graycliff") is an Ontario Corporation with offices in Toronto, Ontario.

3. Discovery common shares were being sold by persons who are the employees or agents of Discovery and/or Graycliff.

4. Discovery common shares were being sold to members of the public in purported reliance upon Rule 45-501, which allows for exempt distributions.

5. Agents or employees of Discovery and/or Graycliff were making certain representations to potential purchasers respecting the Discovery common shares, and in particular:

   a) that listing of Discovery common shares on NASDAQ would occur in the future;

   b) that Discovery was pursuing United States Food and Drug Administration ("FDA") approval for the Discovery Breastscan device;

   c) that the value of Discovery common shares would be higher in the future;

   d) that sales of Discovery common shares could be made to persons who are not accredited investors in accordance with Rule 45-501.

6. The sales of Discovery common shares were being made in breach of sections 25 and 53 of the Securities Act, R.S.O. 1990 c.S.5.

7. The representations made to members of the public, as described in paragraph 5, in respect of the future listing of Discovery common shares and their future value are prohibited by s. 38 of the *Securities Act*.

Conduct Contrary to the Public Interest

8. The conduct of Discovery, its employees and agents and the conduct of Graycliff, its employees and agents is contrary to the public interest.

9. Such additional allegations as Staff may advise and the Commission may permit.

June 10, 2003.

1.3 News Releases

1.3.1 Investor Alert: Aggressive Stock Promotions Target Unwary Investors

FOR IMMEDIATE RELEASE
June 5, 2003

INVESTOR ALERT: AGGRESSIVE STOCK PROMOTIONS TARGET UNWARY INVESTORS

TORONTO -- The Ontario Securities Commission (OSC) is warning investors to watch out for unsolicited investment offers, after receiving complaints about aggressive telephone stock promotions. Typical complaints describe high-pressure sales tactics and verbal promises that the stock will soon be listed at a higher price. These types of promises violate the Ontario Securities Act.

High-pressure sales tactics are a warning sign to investigate before you invest; a great investment opportunity should stand up to the test of further research. Ontario securities law is designed to maintain fair and efficient capital markets. Unfortunately, unscrupulous individuals closely scrutinize the laws, looking for new ways to exploit unsuspecting investors.

One example of this is the "pump and dump" schemes that operated in the late 1990's. These operations used aggressive sales tactics to sell penny stocks to investors at inflated prices. After maximizing their own profit by creating an artificial market for the stocks, they left those same investors holding worthless shares. The penny stock dealers defended their actions by pointing out that sellers are free to ask any price for their securities on the open market – it is up to the buyer to decide what price they want to pay. While this philosophy is a cornerstone of the free market economy, these companies were not upholding the spirit of the law. OSC Staff established that the "pump and dump" operators were "not acting in the public interest" and the Commission put them out of business.

In a more recent example, the OSC has received complaints about abuse of the "Accredited Investor" exemption. Generally, a prospectus must be issued before a registered representative can sell shares to the public, however there are exemptions to these requirements. The "Accredited Investor" exemption allows a company to sell securities to qualifying investors without a prospectus.

To qualify as an accredited investor you must have more than $1,000,000 in financial assets, net of liabilities. This includes cash and securities but not your home. Alternatively, you must have personal annual income over $200,000 or total annual income combined with a spouse of $300,000 for at least two years. The reasoning behind this exemption is that if you meet these criteria, you can afford professional advice and can afford to take on a higher risk with your investment activities. If you do not meet these criteria, you may be taking on more risk than you can afford.

Some unscrupulous salespeople have persuaded investors who do not meet the "Accredited Investor" criteria to sign a form stating they are accredited, and invest in high-risk ventures. They do this by suggesting that the government unfairly allows wealthy people to take advantage of the really great investment opportunities. The reality is that the exemption rule is in place to make it easier for small businesses to access capital, and provide protection to investors.

To protect your money:

- Be wary of unsolicited offers received over the Internet or by telephone

- Check the registration and background of the person or company offering you the investment - call the OSC Contact Centre toll-free at 1-877-785-1555 or view the Registrants List online in the Market Participants section of the OSC website www.osc.gov.on.ca

- Never sign documents you have not read, or do not accurately reflect your financial situation. If someone asks you to fill out a form with false information, ask yourself if this is the kind of person you should rely on for investment advice.

For further information or to file a complaint, contact the Ontario Securities Commission at 1-877-785-1555.

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

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

1.3.2 Investor Alert: Alpha Project and FEDI Investment Schemes

FOR IMMEDIATE RELEASE
June 5, 2003

INVESTOR ALERT: ALPHA PROJECT AND FEDI INVESTMENT SCHEMES

TORONTO -- The Ontario Securities Commission is warning investors to beware of investment schemes being marketed under the name of either the Alpha Project or the Flat Electronic Data Interchange, (FEDI). Investors are being solicited to invest in a product that is not registered under the Ontario Securities Act, by people who may not be registered to sell securities in Ontario, in contravention of the Ontario Securities Act.

The schemes supposedly involve investment in a desk or a seat in FEDI, which is claimed to be "equivalent to owning a seat on the Chicago Mercantile (Commodity) Exchange or a seat on the New York City Stock Exchange". Potential investors, who are asked to sign confidentiality agreements before they are given any information about the purported investment schemes, are being pressured to invest US $125,000 on an urgent basis. Under the schemes, investors' money is said to be sent and managed offshore.

The schemes appears to incorporate many elements about which investors should be wary, including confidentiality agreements, funds being sent offshore, an ill-defined ownership structure, mysterious foreign millionaires, very high returns, guarantees of no risk and assurances of full insurance of funds, in this case by organizations that do not actually insure investments.

It is understood that investors in the following areas, at a minimum, may have attended information sessions about these schemes: Toronto and surrounding areas, Ottawa, Sarnia, Calgary, Vancouver, Victoria, and several jurisdictions in the United States, including Michigan.

People considering investing in these schemes are strongly encouraged to consult a registered investment advisor before investing. Anyone with further information or who would wish to file a complaint about these schemes is encouraged to contact the Ontario Securities Commission at 416-593-8314 or toll free at 1-877-785-1555.

For Media Inquiries:	Eric Pelletier Manager, Media Relations 416-595-8913
For Investor Inquiries:	OSC Contact Centre 416-593-8314 1-877-785-1555 (Toll Free)

1.3.3 OSC Issues Temporary Cease Trade Order Against Discovery Biotech Inc. and Graycliff Resources Inc.

FOR IMMEDIATE RELEASE
June 5, 2003

OSC ISSUES TEMPORARY CEASE TRADE ORDER AGAINST DISCOVERY BIOTECH INC. AND GRAYCLIFF RESOURCES INC.

TORONTO – The Ontario Securities Commission yesterday issued a temporary order.

The temporary order identifies Discovery Biotech Inc. ("Discovery") and Graycliff Resources Inc. ("Graycliff") as Ontario corporations. Discovery has offices in Toronto and Burlington, Ontario. Graycliff has offices in Toronto. The order indicates that it appears that sales of the common shares of Discovery are being affected by persons who are the employees or agents of Discovery and/or Graycliff. Sales of the common shares are being sold to members of the public in breach of the *Securities Act*. It further appears to the Commission that agents or employees of Discovery and/or Graycliff are making prohibited representations respecting the future value of Discovery common shares and their listing on NASDAQ.

The order prohibits trading in Discovery common shares by Discovery and Graycliff, and their respective employees and agents.

This order shall expire on June 19, 2003 unless further extended by order of the Commission. Staff will issue a Notice of Hearing and Statement of Allegations in the near future dealing with a hearing to extend the temporary order.

Staff also today executed search warrants issued pursuant to the *Provincial Offences Act*, at the office of Discovery and Graycliff located at 326 Adelaide Street, Toronto, Ontario and at the office of Discovery at 3430 South Service Road, Burlington, Ontario.

In executing these warrants, Staff were assisted by Metro Toronto Police Services and Halton Regional Police Services.

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

For Media Inquiries:	Eric Pelletier Manager, Media Relations 416-595-8913
For Investor Inquiries:	OSC Contact Centre 416-593-8314 1-877-785-1555 (Toll Free)

1.3.4 OSC Issues Temporary Cease Trade Order Against Brian Anderson et al.

FOR IMMEDIATE RELEASE
June 5, 2003

OSC ISSUES TEMPORARY CEASE TRADE ORDER AGAINST BRIAN ANDERSON ET AL

TORONTO – The Ontario Securities Commission today issued a temporary order.

The temporary order directs Brian Anderson, Leslie Brown, Douglas Brown, David Sloan and an entity known as Flat Electronic Data Interchange (a.k.a. F.E.D.I) to cease trading in certain investments defined by the order. The order also prohibits the Respondents from providing certain documents to the public which are attached to the temporary order.

This order shall expire on June 20, 2003 unless further extended by order of the Commission. Staff will issue a Notice of Hearing and Statement of Allegations in the near future dealing with a hearing to extend the temporary order.

Details of the activities of the Respondent are set out in the temporary order which may be found on the Commission's web-site at **www.gov.on.ca.**

For Media Inquiries:	Eric Pelletier Manager, Media Relations 416-595-8913
For Investor Inquiries:	OSC Contact Centre 416-593-8314 1-877-785-1555 (Toll Free)

1.3.5 CSA News Release - Insiders and Issuers: SEDI Filing Requirements Begin Today

For Immediate Release
June 9, 2003

INSIDERS AND ISSUERS: SEDI FILING REQUIREMENTS BEGIN TODAY

Toronto – As of today, insiders are required to begin filing insider reports on the System for Electronic Disclosure by Insiders (SEDI). Before filing reports on www.sedi.ca, insiders or their agents must register as SEDI users and create insider profiles. Insiders who do not have an immediate need to file insider reports are encouraged to register later, a few days in advance of their first anticipated filing.

To comply with securities regulation, insider activity must be reported within 10 calendar days after a transaction takes place. Insiders of SEDI issuers are responsible for filing accurate and timely information about their transactions, including the:

- type of security;
- opening balance;
- date of the transaction;
- type of transaction, such as a buy or sell;
- value or number of securities involved in the transaction;
- the type of currency; and,
- closing balance.

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

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. Information about registering, creating accounts and profiles, and filing issuer event and insider reports, is also available in the SEDI User Guide available from the web sites, or on 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 it being filed.

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

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1.3.6 OSC Issues Notice of Hearing and Statement of Allegations Against Discovery Biotech Inc. and Graycliff Resources Inc.

FOR IMMEDIATE RELEASE
June 10, 2003

OSC ISSUES NOTICE OF HEARING AND STATEMENT OF ALLEGATIONS AGAINST DISCOVERY BIOTECH INC. AND GRAYCLIFF RESOURCES INC.

TORONTO – The Ontario Securities Commission today issued a Notice of Hearing and a Statement of Allegations against Discovery Biotech Inc. and Graycliff Resources Inc.

The Statement of Allegations states that it appears that sales of the common shares of Discovery were being made by persons who are the employees or agents of Discovery and/or Graycliff. It is further alleged that the common shares were being sold to members of the public in breach of the *Securities Act*. It is further alleged that agents or employees of Discovery and/or Graycliff were making prohibited representations respecting the future value of Discovery common shares and their anticipated future listing on NASDAQ.

On June 4, 2003 the Commission issued a temporary order prohibiting the trading in Discovery common shares by Discovery and Graycliff and their respective employees and agents. The hearing on June 16, 2003 will be to consider an application by Staff to extend this temporary order.

Copies of the Notice of Hearing and Statement of Allegations are available on the Commission's web-site at **www.osc.gov.on.ca.**

For Media Inquiries:	Eric Pelletier Manager, Media Relations 416-595-8913
For Investor Inquiries:	OSC Contact Centre 416-593-8314 1-877-785-1555 (Toll Free)

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Multibanc Financial Corp. and Multibanc NT Financial Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Reporting issuer deemed to have ceased to be reporting issuers - only one security holder remaining.

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

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1), 6(3) and 83.
Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 1(6).

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

AND

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

AND

**IN THE MATTER OF
MULTIBANC FINANCIAL CORP.
AND MULTIBANC NT FINANCIAL CORP.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the Decision Maker) in each of Alberta, Saskatchewan, Ontario, Quebec and Newfoundland and Labrador (the Jurisdictions) has received an application from Multibanc Financial Corp. (MFC) and Multibanc NT Financial Corp. (MNTFC) (collectively, the Issuers) for:

i. a decision under the securities legislation of the Jurisdictions (the Legislation) that the Issuers be deemed to cease to be reporting issuers under the Legislation; and

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

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

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

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

1. The Issuers are corporations governed by the *Business Corporations Act* (Ontario) (the OBCA) with their registered offices located at 1 First Canadian Place, Suite 965, Toronto, Ontario, M5X 1B1.

2. The Issuers have been reporting issuers since the initial public offering of MNTFC's capital shares (the Capital Shares) and MFC's preferred shares (the Preferred Shares) in January 1987. On March 6, 2000, the Issuers redeemed the Capital Shares and Preferred Shares in accordance with their terms.

3. The Issuers are not reporting issuers or the equivalent in any jurisdiction in Canada other than the Jurisdictions.

4. The authorized capital of MFC consists of 3,500,000 Preferred Shares and an unlimited number of common shares. The authorized capital of MFNTC consists of 3,500,000 participating redeemable retractable preferred shares (Class A Shares), an unlimited number of participating redeemable retractable preferred shares (Series 1, Class B Shares) issued in series, an unlimited number of redeemable retractable preferred shares (Class C Shares), an unlimited number of Capital Shares and an unlimited number of special voting shares.

5. The only issued shares of the Issuers are 1,000 common shares of MFC and 1,000 special voting shares of MNTFC, all of which are held by MBNT Financial Holdings Limited (MBNT). No shares are held by the public.

6. The Issuers have no other securities, including debt securities, outstanding other than the shares held by MBNT.

7. The Issuers do not intend to seek public financing by way of an offering of its securities.

8. No securities of the Issuers are traded on a marketplace as defined in National Instrument 21-101.

9. The Issuers are not in default of any of their obligations as reporting issuers under the Legislation.

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 Issuers are deemed to have ceased to be reporting issuers under the Legislation;

June 2, 2003.

"John Hughes"

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

June 2, 2003.

"H. Lorne Morphy," Q.C. "Robert W. Korthals"

2.1.2 Barrick Gold Corporation and Homestake Canada Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – variation of decision granting exemption to issuer of exchangeable shares from certain continuous disclosure requirements, subject to certain conditions. Conditions amended to permit issuer to issue debt obligations to its parent and its parent's subsidiaries.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 144.

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

AND

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

AND

IN THE MATTER OF
BARRICK GOLD CORPORATION

AND

HOMESTAKE CANADA INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the Decision Maker) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Yukon Territory, the Northwest Territories and Nunavut (the Jurisdictions) has received an application from Barrick Gold Corporation (Barrick) and Homestake Canada Inc. (HCI) (together, the Filer), for a decision pursuant to the securities legislation of the Jurisdictions (the Legislation) that the decision dated September 18, 2001 granted to Barrick and HCI by the Decision Maker in each Jurisdiction (the Existing Decision) be varied so that:

(a) paragraph 4(f) is deleted and replaced with the following so that HCI is permitted to issue debt to Barrick and/or its subsidiaries:

HCI does not issue any third preference shares or fourth preference shares or debt obligations, other than debt obligations issued to Barrick and/or its subsidiaries, banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions.

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 Filer has represented to the Decision Makers as follows:

1. On December 14, 2001, Homestake Merger Co., a U.S. subsidiary of Barrick, merged with Homestake Mining Company (Homestake) pursuant to an agreement and plan of merger dated June 24, 2001 (the Merger). In connection with the Merger, the exchangeable shares issued to the public by HCI (the Exchangeable Shares) remained outstanding, but each such Exchangeable Share became exchangeable for 0.53 Barrick common shares, rather than for one share of Homestake common stock.

2. In contemplation of the Merger, the Existing Decision was obtained to, among other things, exempt HCI from the requirements contained in the Legislation of the Jurisdictions in which HCI is a reporting issuer (or equivalent) to issue a press release and file a report upon the occurrence of a material change, to file and deliver an annual report, where applicable, to file and deliver interim and annual financial statements and to file an information circular or analogous report, provided the conditions of the Existing Decision, including in particular the requirement that holders of Exchangeable Shares receive all disclosure material furnished to holders of Barrick common shares pursuant to the Legislation, were satisfied.

3. HCI intends to undertake an internal borrowing whereby it will borrow funds from its ultimate parent, Barrick, or one of its subsidiaries.

4. Barrick was formed by the amalgamation of three mining companies on July 14, 1984 under the *Business Corporations Act* (Ontario). Its head office is located at BCE Place, Canada Trust Tower, Suite 3700, 161 Bay Street, P.O. Box 212, Toronto, ON M5J 2S1.

5. The authorized capital of Barrick consists of (i) an unlimited number of common shares, (ii) an unlimited number of first preferred shares, issuable in series of which one has been designated as first preferred shares, series C special voting share, and (iii) an unlimited number of second preferred shares, issuable in series. As of April 30, 2003, Barrick had 541,460,118 common shares, one first preferred share series C special voting share and no second preferred shares outstanding.

6. Barrick is a reporting issuer (or equivalent) in each of the provinces and territories of Canada and is not on the list of reporting issuers in default in any of those jurisdictions.

7. The Barrick common shares are listed and posted for trading on The Toronto Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the Swiss Exchange and the Paris Bourse.

8. HCI is a corporation governed by the *Business Corporations Act* (Ontario).

9. HCI is an indirect subsidiary of Barrick.

10. The authorized capital of HCI consists of (i) an unlimited number of Class A common shares, (ii) an unlimited number of Class B common shares, (iii) an unlimited number of Exchangeable Shares, (iv) an unlimited number of third preference shares, issuable in series, of which 10,000,000 have been designated as third preference shares, series 1, and (v) an unlimited number of fourth preference shares. As of April 30, 2003, 100,000 Class A common shares, 1,570,522 Exchangeable Shares (excluding shares held by Barrick and its affiliates), 103,986,397 Class B common shares, no third preference shares and 277,775,266 fourth preference shares were outstanding. All of HCI's outstanding shares, other than the Exchangeable Shares held by the public, are held by Barrick and its affiliates.

11. HCI is a reporting issuer (or equivalent) in Ontario, Quebec, British Columbia, Saskatchewan, Manitoba and Nova Scotia and is not on the list of reporting issuers in default in any of those jurisdictions.

12. The Exchangeable Shares are listed and posted for trading on The Toronto Stock Exchange.

13. Each Exchangeable Share provides the holder thereof with the economic and voting equivalent, to the extent practicable, of 0.53 Barrick common shares and the holders of Exchangeable Shares receive the same disclosure that Barrick provides to holders of Barrick common shares.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Existing Decision is varied to replace the existing paragraph 4(f) with the following:

> HCI does not issue any third preference shares or fourth preference shares or debt obligations, other than debt obligations issued to Barrick and/or its subsidiaries, banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions.

May 30, 2003.

"Harold P. Hands" "Robert W. Korthals"

2.1.3 E. I. du Pont de Nemours and Company - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Prospectus and registration relief granted to a foreign issuer in relation to an offer to acquire all of the outstanding stock options of a Canadian affiliate made contemporaneously with a take-over bid of the affiliate by a wholly-owned subsidiary of the foreign issuer. Exemption for issuances made "in connection with a take-over bid" technically not available. Prospectus and registration relief granted for issuances of options and shares on the exercise of options to former employees and directors.

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 35(1)16, and 72(1)(j).

Ontario Rules

OSC Rule 45-503 - Trades to Employees, Executives and Consultants.

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

AND

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

AND

IN THE MATTER OF
E. I. DU PONT DE NEMOURS AND COMPANY

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, Ontario, Nova Scotia, Newfoundland and Labrador, and New Brunswick (collectively, the "Jurisdictions") has received an application from E. I. du Pont de Nemours and Company (the "Filer" or "EID") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file and obtain a receipt for a preliminary prospectus and prospectus (the "Prospectus Requirements" and together with the Registration Requirements, the "Registration and Prospectus Requirements") shall not apply to certain trades by the Filer, Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Administrator") and DuPont Canada Inc. option holders who are resident in the Jurisdictions (the "Option Holders");

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

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

1. The Filer is a Delaware corporation. The Filer operates globally, manufacturing a wide range of products for distribution and sale to many different markets, including the transportation, textile, construction, motor vehicle, agricultural, home furnishings, medical, packaging, electronics and the nutrition and health markets.

2. The authorized share capital of EID consists of 1,164,048,508 shares of common stock (the "EID Shares"), par value U.S. $0.30 per share. As at March 31, 2003, approximately 1,083,007,081 EID Shares were issued and outstanding.

3. As at March 31, 2003, there were 281 registered holders of EID Shares resident in Canada (representing 0.25% of the total number of registered stock holders) and holding in aggregate 170,487 EID Shares (representing 0.02% of the total issued and outstanding EID Shares).

4. EID is not a reporting issuer, or the equivalent, under the securities legislation of any province or territory of Canada and EID has no intention of becoming a reporting issuer, or the equivalent, in any such province or territory.

5. The EID Shares are listed on the New York Stock Exchange (the "NYSE") under the symbol "DD".

6. There is presently no market in Canada for any securities of the Filer, and no such market is expected to develop.

7. EID is a reporting issuer in the United States and it is subject to the disclosure and other regulatory requirements of the applicable securities laws of the United States and the listing rules of the NYSE.

8. On April 17, 2003, DCI Acquisition Inc. (the "Offeror"), a subsidiary of the Filer made an offer (the "Offer") to purchase all of the outstanding class A common shares, series 1 (the "Common Shares") of DuPont Canada Inc. ("DuPont Canada"), other than Common Shares already held by the Offeror and its affiliates. The Offer was made only for Common Shares and not made for any options to purchase Common Shares of DuPont Canada ("DuPont Canada Options"). As at April 17, 2003, the Offeror and its affiliates held 212,591,160 Common Shares of DuPont Canada representing 76% of the total issued and outstanding Common Shares.

9. In a letter dated April 17, 2003 (the "Option Exchange Letter"), the Filer offered Option Holders the opportunity, subject to obtaining all necessary regulatory approvals, and to the acquisition by the Offeror of Common Shares under the Offer, to receive options to acquire EID Shares ("EID Options") in exchange for the surrender of such holder's options under the DuPont Canada Employee Stock Option Plan.

10. The exchange of options was designed to preserve, to the extent possible, the intrinsic value of the DuPont Canada Options. The number of EID Options an Option Holder will receive in exchange for the surrender of its options and the exercise price of those options will differ from the number of, and exercise price of, the DuPont Canada Options. However the EID Options will otherwise be subject to the same terms and conditions, including the dates of vesting, post-employment exercisability provisions, assignment and transfer restrictions and expiration as the DuPont Canada Options.

11. Option Holders who elect to surrender their options and receive EID Options will be provided with materials from the Administrator, as administrator for the EID Options, explaining how to exercise the EID Options.

12. Option Holders who receive EID Options and who exercise EID Options for EID Shares will, at that time, become entitled to receive copies of all annual reports and all other materials distributed to EID's shareholders.

13. Participation by Option Holders in the offer set forth in the Option Exchange Letter is voluntary; none of the Option Holders has been induced to participate in the offer set forth in the Option Exchange Letter by the expectation of employment or continued employment or further advancement with DuPont Canada or any of its affiliates.

14. The issuance of EID Shares to residents of the Jurisdictions on the exercise of their EID Options will be made in accordance with all applicable laws in the United States. The NYSE is the principal trading market for the EID Shares. Because there is no active market in Canada and none is expected to develop, it is expected that any resale of the EID Shares by residents of the Jurisdictions will occur through the facilities of the NYSE.

15. The following table sets forth the approximate number of Option Holders in each of the Jurisdictions (as well as the number of current former employees in respect of which relief is claimed) as at April 4, 2003. Following the exchange of options and assuming that all Option Holders accept the offer provided in the Option Exchange Letter, and assuming all EID Options received are exercised for EID Shares, it is expected that there will be 3,688 (3407 + 281) holders of EID Shares with registered addresses in Canada.

Province	**Total Number of Option Holders**	**Number of Former Employees who hold DuPont Canada Options**
Alberta	21	1
British Columbia	15	nil
Manitoba	12	1
Saskatchewan	11	nil
Québec	130	3
Ontario	3,210	219
Nova Scotia	3	1
New Brunswick	3	1
Newfoundland and Labrador	2	1
Total	**3,407**	**227**

16. It is anticipated that, following the exchange of options and assuming that all Option Holders accept the offer provided in the Option Exchange Letter and assuming all EID Options are exercised for EID Shares, holders whose registered address is in Canada will hold, in the aggregate, substantially less than 5% of the outstanding EID Shares and will not represent more than 5% of the total number of holders of EID Shares.

17. With the exception of Legislation of the Province of New Brunswick, applicable Legislation in the Jurisdictions currently provides exemptions from the Registration and Prospectus Requirements that would apply to permit the issuance of options to employees and directors of an affiliate. There are no directors of DuPont Canada resident in the Province of New Brunswick. Accordingly, EID requires relief from the Registration and Prospectus Requirements in the Province of New Brunswick with respect to the issuance of EID Options to employees of its affiliate, DuPont Canada, who are resident in the Province of New Brunswick.

18. Although a number of former employees and directors of DuPont Canada continue to hold DuPont Canada Options granted to them while they were employees of DuPont, no Jurisdiction provides a registration or prospectus exemption to permit EID to issue EID Options to former employees or directors of DuPont Canada. Currently, directors of DuPont Canada are resident in the Provinces of Ontario, Québec and Manitoba and there are no former directors who are Option Holders and who are not now either officers or employees of DuPont Canada. However, it is possible that at the time of the exchange, some directors of DuPont Canada may have left their position and some current employees of Dupont Canada may no longer be employees. Accordingly, EID requires relief from the Registration and Prospectus Requirements of the Jurisdictions with respect to the issuance of EID Options to former employees and directors of DuPont Canada in accordance with the Option Exchange Letter.

19. Except in the Provinces of New Brunswick and Newfoundland and Labrador, applicable Legislation in the Jurisdictions currently provides registration and prospectus exemptions for the issuance by the Administrator of EID Shares on exercise of the EID Options to employees, directors and executives; however, no Jurisdiction provides a registration and prospectus exemption for the issuance by the Administrator of EID Shares to former employees and directors. It is possible that, at the time of the exercise of the EID Options, some directors of DuPont Canada may have left their position and current employees may no longer be employees of DuPont Canada. Accordingly, the Administrator requires relief from the Registration and Prospectus Requirements with respect to the issuance of EID Shares on exercise of EID Options pursuant to the Option Exchange Letter to former employees and directors of DuPont Canada and, in addition, in the case of the Provinces of New Brunswick and Newfoundland and Labrador in respect of the issuance of EID Shares on exercise of EID Options pursuant to the Option Exchange Letter to employees, directors, and executives of DuPont Canada.

20. With the exception of the Legislation of the Provinces of Québec, New Brunswick, Manitoba, and Newfoundland and Labrador, applicable Legislation in the Jurisdictions currently provides, whether by rule, regulation, policy or blanket order, exemptions from the Registration and Prospectus Requirements which might otherwise apply to first trades, by or through the Administrator, in EID Shares acquired by residents of the Jurisdictions in connection with the Option Exchange Letter. Accordingly, EID requires relief from the Registration Requirements in the Provinces of Québec, New Brunswick, Manitoba, and Newfoundland and Labrador and relief from the Prospectus Requirements in the Province of Québec, with respect to first trades by or through the Administrator in EID Shares acquired on exercise of EID Options pursuant to the Option Exchange Letter.

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

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

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

(a) The Registration and Prospectus Requirements do not apply to the issuance by EID of EID Options to Option Holders in accordance with the terms of the Option Exchange Letter or to the issuance by or through the Administrator of EID Shares on the exercise of EID Options by the holders thereof in accordance with the terms of the Option Exchange Letter, provided that the first trade in EID Shares acquired pursuant to the Decision shall be deemed a distribution or primary distribution to the public under the Legislation of such Jurisdiction;

(b) The Registration and Prospectus Requirements do not apply to the first trade in EID Shares acquired pursuant to the Decision made by or through the Administrator provided,

    (i) in a Jurisdiction other than Quebec, the conditions in section 2.14(1) of Multilateral Instrument 45-102 - Resale of Securities are satisfied, and

(ii) in Quebec, the first trade is either made (A) between Option Holders or former Option Holders or (B) through an exchange or market outside Canada.

June 3, 2003.

"Harold P. Hands" "Robert W. Korthals"

2.1.4 SEI Investments Canada Company - MRRS Decision

Headnote

Variation of a prior order to permit investments by additional "top" funds in securities of additional "underlying" funds and to allow for future-oriented relief.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c. S.5., as am., s. 144.

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

AND

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

AND

**IN THE MATTER OF
SEI INVESTMENTS CANADA COMPANY
AND
CORE BALANCED FUND
BALANCED GROWTH FUND
BALANCED INCOME FUND
BALANCED GROWTH PLUS FUND
DIVERSIFIED EQUITY FUND
GLOBAL EQUITY FUND
CONSERVATIVE INCOME FUND
DIVERSIFIED INCOME FUND
INCOME GROWTH FUND
CONSERVATIVE BALANCED FUND**

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application (the "Application") from SEI Investments Canada Company ("SEI"), in its own capacity and on behalf of Core Balanced Fund, Balanced Growth Fund, Balanced Income Fund, Balanced Growth Plus Fund, Diversified Equity Fund and Global Equity Fund (the "Original Top Funds") for a decision (the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") to vary the MRRS Decision Document dated May 16, 2001 styled "In the matter of SEI Investments Canada Company and Core Balanced Fund, Balanced Growth Fund, Balanced Income Fund, Balanced Growth Plus Fund, Diversified Equity Fund, Global Equity Fund" (the "Original Decision Document") to:

(i) amend the definition of "Top Fund" and "Top Funds" in the Original Decision Document by adding Conservative Income Fund, Diversified Income Fund, Income Growth Fund, Conservative Balanced Fund (the "New Top Funds") and other mutual funds managed by SEI after the date hereof that have as their investment objective the investment in another mutual fund or mutual funds managed by SEI; and

(ii) amend the definition of "Underlying Fund" and "Underlying Funds" in the Original Decision Document by adding Enhanced Global Bond Fund, Money Market Fund, Real Return Bond Fund, Long Duration Bond Fund (the "Additional Underlying Funds") and other mutual funds established by SEI.

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

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

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

1. SEI is a corporation incorporated under and governed by the laws of Nova Scotia and is the manager of each of the Top Funds and Underlying Funds named in the Original Decision Document. Since the date of the Original Decision Document, SEI has established the New Top Funds.

2. The New Top Funds are newly created mutual funds and are to be distributed on a continuous basis in each of the Jurisdictions commencing on the date of a final decision document for their combined simplified prospectus and annual information forms.

3. SEI is also the manager of the Additional Underlying Funds which it wishes to be available for investment by the Original Top Funds and the New Top Funds.

4. With respect to the Additional Underlying Funds:

    (a) Enhanced Global Bond Fund and Money Market Fund are currently distributed on a continuous basis in the Jurisdictions pursuant to a combined simplified prospectus and annual information form dated May 17, 2002; and

(b) Real Return Bond Fund and Long Duration Bond Fund have been offered for sale on a private placement basis but are to be distributed on a continuous basis in the Jurisdictions commencing on the date of a final decision document for their combined simplified prospectus and annual information form (a decision document dated April 17, 2003 has been issued for their combined preliminary simplified prospectus and annual information form (SEDAR project #529425)).

5. Each of the New Top Funds and the Additional Underlying Funds is an unincorporated open-end mutual fund trust created under the laws of the Province of Ontario by a trust agreement. Each of the New Top Funds and the Additional Underlying Funds is or, at the date of commencement of distribution, will be a reporting issuer under the securities legislation in each of the Jurisdictions and is not, or will not be, on the list of defaulting reporting issuers maintained under such securities legislation.

6. From time to time SEI may establish additional mutual funds which have investment objectives similar to the Original Top Funds and the New Top Funds or which have investment objectives that make them an appropriate investment as the Underlying Funds or the Additional Underlying Funds.

7. The other representations in the Original Decision Document are equally applicable to the New Top Funds, the Additional Underlying Funds and any similar mutual funds established by SEI.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Original Decision Document is amended as of the date of this Decision to:

(a) amend the definition of "Top Fund" and "Top Funds" in the Original Decision Document by adding Conservative Income Fund, Diversified Income Fund, Income Growth Fund, Conservative Balanced Fund and other mutual funds managed by SEI after the date hereof that have as their investment objective the investment in another mutual fund or mutual funds managed by SEI;

(b) amend the definition of "Underlying Fund" and "Underlying Funds" in the Original Decision Document by adding Enhanced Global Bond Fund, Money Market Fund, Real Return Bond Fund, Long Duration Bond Fund and other mutual funds established by SEI; and

(c) amend the definition of "Prospectus" in the Original Decision Document to include the simplified prospectus and annual information form of each Top Fund.

June 5, 2003.

"Harold P. Hands" "Robert Korthals"

2.1.5 Scotia Cassels Investment Counsel Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from requirement to obtain specific and informed written consent from clients once in each twelve-month period with respect to certain funds – subject to conditions.

Applicable Ontario Legislation

Ontario Regulation 1015, R.R.O. 1990, sec. 227(2)(b)(ii), 233.

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, ALBERTA AND NEWFOUNDLAND
AND LABRADOR**

AND

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

AND

**IN THE MATTER OF
SCOTIA CASSELS INVESTMENT COUNSEL LIMITED**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the **Decision Maker**) in each of the Provinces of Ontario, Alberta and Newfoundland and Labrador (the **Jurisdictions**) has received an application from Scotia Cassels Investment Counsel Limited (**Scotia Cassels**) for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the restriction against an adviser exercising discretionary authority with respect to a client's account to purchase or sell the securities of a related issuer of the registrant without the specific and informed written consent of the client once in each twelve month period after the adviser has disclosed to the client all relevant facts and obtained the initial written consent of the client (the **Annual Consent Requirement**) not apply to one or more mutual funds or pooled funds managed or to be managed by Scotia Cassels or an affiliate or associate of Scotia Cassels (the **Funds**) subject to certain conditions.

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 Scotia Cassels has represented to the Decision Makers that:

1. Scotia Cassels is a corporation incorporated under the laws of Canada and is registered as an investment counsel/portfolio manager and commodity trading counsel and manager in Ontario and as a portfolio manager and investment counsel in Alberta and Newfoundland and has an equivalent adviser registration in each of the other provinces and the Yukon Territory.

2. All discretionary management clients of Scotia Cassels receive a Statement of Policies which lists the related issuers of Scotia Cassels. These related issuers include the Funds. In the event of a significant change in its Statement of Policies, Scotia Cassels will provide to each of its clients a copy of the revised version of, or amendment to, the Statement of Policies.

3. Scotia Cassels manages some of its clients assets on a discretionary basis with segregated, separate portfolios of securities for each client and may trade in the securities of one or more of the Funds. All discretionary clients of Scotia Cassels enter into an investment management account agreement with Scotia Cassels in which the client specifically consents to Scotia Cassels exercising its discretion under the agreement to trade in the securities of one or more of the Funds.

4. Units of each of the Funds may be offered on a continuous basis and will be acquired by residents of the Jurisdictions either under a prospectus filed by the Fund or on a private placement basis.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that Scotia Cassels is exempt from the Annual Consent Requirement under the Legislation in respect of the exercise of discretionary management authority to invest in the securities of the Funds set out in Scotia Cassels Statement of Policies provided Scotia Cassels has secured the specific and informed consent of the client in advance of the exercise of discretionary authority in respect of the Funds.

June 3, 2003.

"Harold P. Hands" "Robert W. Korthals"

2.1.6 Infowave Software, Inc. - MRRS Decision

Headnote

Exemption from the requirement to deliver comparative annual financial statements to its security holders concurrently with the filing of its annual 2002 financial statements.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c. S.5, as am., s. 80(b)(iii).

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

AND

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

AND

**IN THE MATTER OF
INFOWAVE SOFTWARE, INC.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Manitoba and Ontario has received an application from Infowave Software, Inc. ("Infowave") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation for Infowave to send to its shareholders its audited annual consolidated financial statements concurrently with the filing of such financial statements as required by the Legislation, or no later than the end of the period during which such financial statements are required by the Legislation to be filed, as applicable, shall not apply to Infowave;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the British Columbia Securities Commission (the "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 Infowave has represented to the Decision Makers that:

1. Infowave was amalgamated under the laws of British Columbia, is a reporting issuer under the Legislation and is not in default of the Legislation;

2. Infowave's authorized capital consists of an unlimited number of common shares of which 66,229,578 common shares are issued and outstanding;

3. the common shares of Infowave are listed and posted for trading on the TSX;

4. Infowave contemplates entering into a transaction that will require the approval of its shareholders in accordance with applicable legislation and the rules and policies of the Toronto Stock Exchange;

5. the application contains intimate financial information regarding Infowave's business affairs;

6. Infowave will hold an annual and extraordinary meeting of its shareholders (the "Annual Meeting") on June 30, 2003, at which the shareholders will be asked to approve resolutions effecting the transaction;

7. it is expected that it will take until late May, 2003 for management of Infowave to prepare and for the directors of Infowave to complete their review and approval of, the management information circular to be mailed to shareholders in connection with the transaction (the "Circular");

8. Infowave is required under the Legislation to send a copy of Infowave's annual financial statements for the 12 month period ending December 31 (the "2002 Financial Statements") to its shareholders concurrently with the filing of the 2002 Financial Statements with the Jurisdictions or no later than June 3, 2003, and to file written confirmation of compliance with this requirement;

9. under the Legislation, Infowave is required to file the 2002 Financial Statements by no later than June 19, 2003 in Manitoba and May 20, 2003 in the Jurisdictions other than Manitoba;

10. Infowave intends to file the 2002 Financial Statements in each Jurisdiction via SEDAR no later than May 20, 2003 in compliance with the Legislation;

11. Infowave intends to deliver the 2002 Financial Statements with the Circular to its shareholders on or before June 3, 2003 in compliance with National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer; and

12. Infowave substantially released its 2002 Financial Statements, without an auditor's report thereon, by press release on February 6, 2003 and those financial statements are available for viewing by the public on SEDAR;

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 for Infowave to send to its shareholders the 2002 Financial Statements, concurrently with the filing of such financial statements as required by the Legislation, or no later than the end of the period during which such financial statements are required by the Legislation to be filed, as applicable, shall not apply to Infowave, provided that Infowave:

(a) concurrently with the filing of the 2002 Financial Statements with the Jurisdictions, issues a press release indicating (i) that it proposes to deliver the 2002 Financial Statements to shareholders entitled to receive them, with the notice of meeting and Circular for the Annual Meeting, and (ii) that shareholders may obtain copies of the 2002 Financial Statements and MD&A on request, or may view them on the SEDAR website; and

(b) delivers the 2002 Financial Statements to shareholders entitled to receive them in accordance with the procedures outlined in National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer no later than June 3, 2003.

AND THE FURTHER DECISION of the Decision Makers is that the Decision Makers will keep the application for this Decision and this Decision confidential until the earlier of:

(a) the date Infowave issues a press release announcing the transaction; and

(b) June 3, 2003.

May 20, 2003.

"Brenda Leong"

2.1.7 The Bank of Nova Scotia - 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
ALBERTA, BRITISH COLUMBIA, MANITOBA, NEWFOUNDLAND AND LABRADOR, NOVA SCOTIA, ONTARIO, QUEBEC, AND SASKATCHEWAN

AND

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

AND

IN THE MATTER OF
THE BANK OF NOVA SCOTIA

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Manitoba, Newfoundland and Labrador, Nova Scotia, Ontario, Québec and Saskatchewan (collectively, the "Jurisdictions") has received an application from The Bank of Nova Scotia ("Scotiabank" or the "Bank") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to file insider reports with respect to securities of the Bank and with respect to securities of reporting issuers of which the Bank is an insider shall not apply to certain individuals who are insiders of Scotiabank by reason of having the title of Vice-President or performing functions similar to those normally performed by an individual occupying such office ("acting in a similar capacity");

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 Quebec Commission Notice 14-101;

AND WHEREAS Scotiabank has represented to the Decision Makers that:

1. Scotiabank is a Schedule I Canadian chartered bank governed by the *Bank Act* (Canada), having its head office in Halifax, Nova Scotia and executive offices in Toronto, Ontario.

2. Scotiabank is a reporting issuer (or equivalent) in each province and territory of Canada, and is not in default of any requirements under the Legislation.

3. Scotiabank common shares are listed and posted for trading on The Toronto Stock Exchange, the London Stock Exchange and the New York Stock Exchange. The preferred shares trade on The Toronto Stock Exchange.

4. (a) At April 30, 2003, it is estimated that approximately 1,000 individuals are insiders of Scotiabank by reason of being a senior officer or director of Scotiabank or a subsidiary of Scotiabank.

   (b) Of these, all but approximately 609 individuals are currently exempt from the insider reporting requirements of the Legislation by reason of existing orders and/or the exemptions contained in National Instrument 55-101 *Exemption from certain Insider Reporting Requirements* ("NI 55-101").

   (c) Exemptive relief from insider reporting requirements is sought under this application for present and future insiders of the Bank, which includes approximately 479 persons who are currently insiders of the Bank and meet the criteria for exemption.

   (d) The Bank is and may from time to time be an insider of certain reporting issuers, as a result of which the Bank's insiders would be required to file insider reports in respect of those reporting issuers, subject to applicable exemptions. Accordingly, the Bank is seeking exemptive relief in this application from the insider reporting requirements both with respect to securities of the Bank and with respect to securities of reporting issuers of which the Bank is an insider, presently or in future. As at April 30, 2003, the Bank was an insider of eight reporting issuers, namely: Scotia Mortgage Investment Corporation, Automodular Corporation, Conor Pacific Group Inc., Datawest Solutions Inc., Sierra Wireless, Inc., Sterne Stackhouse Inc., BNS Capital Trust, Scotiabank Capital Trust.

5. Scotiabank has made this application to seek the requested relief in respect of individuals who are, or may be in future, insiders of the Bank and who satisfy the following criteria to be designated as an "Exempt Insider" (the "Exempt Insider Criteria"):

   (a) the individual is a Vice-President or person acting in a similar capacity;

   (b) the individual is not in charge of a principal business unit, division or function of the Bank or a "major subsidiary" of the Bank (as such term is defined in NI 55-101);

   (c) i) in the case of relief from insider reporting requirements with respect to securities of the Bank, the individual does not in the ordinary course receive or have access to information as to material facts or material changes concerning the Bank before the material facts or material changes are generally disclosed;

   ii) in the case of relief from insider reporting requirements with respect to securities of a reporting issuer in respect of which the Bank is an insider, the individual has satisfied the criteria in paragraph 5(c)(i) above and the individual does not in the ordinary course receive or have access to information as to material facts or material changes concerning such reporting issuer before the material facts or material changes are generally disclosed; and

   (d) the individual is not an insider of the Bank or the reporting issuer, as the case may be, in any other capacity.

6. (a) For purposes of this application and identification of Exempt Insiders, Scotiabank's Group Compliance department, in consultation with the

heads of various business units and operational groups and certain other officers, has assessed each Vice-President and person acting in a similar capacity in relation to their principal function and in relation to access in the ordinary course to non-public material information about Scotiabank.

(b) It is proposed that Scotiabank's Group Compliance department will reassess Exempt Insiders as individual roles change (such as advancement/promotion or departmental change) and a similar assessment will be made in respect of all new appointments, to determine in each event whether the individual, respectively, will continue to be or will be an Exempt Insider.

(c) It is proposed that an assessment will be made in respect of each reporting issuer of which the Bank is an insider, to determine Exempt Insiders with respect to filing reports of securities of that reporting issuer.

(d) Appropriate notification of the requirement to file insider reports will be provided to insiders who do not meet the criteria for exemption.

7. Scotiabank has well-established internal policies and procedures relating to monitoring and restricting the trading activities of its insiders and other persons. These include "windows" and "blackout" period policies, monitoring of personal trading accounts and requirements for pre-clearance of certain trades. The policies and procedures also relate to identification and handling of non-public material information and prohibit improper communication and use of such information.

8. In connection with this application, Scotiabank 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 Scotiabank.

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 requirements contained in the Legislation to file insider reports

i) with respect to securities of the Bank; and

ii) with respect to securities of reporting issuers of which the Bank is an insider, presently or in future,

shall not apply to insiders of Scotiabank, existing and future, who satisfy the Exempt Insider Criteria, for so long as such insiders satisfy the Exempt Insider Criteria, provided that:

(a) Scotiabank 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.

June 4, 2003.

"Paul M. Moore" "Harold P. Hands"

2.1.8 Scotia Split Corp. - MRRS Decision

Headnote

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

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

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF
SCOTIA SPLIT CORP.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the Decision Maker) in each of Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia, and Newfoundland and Labrador (the Jurisdictions) has received an application from Scotia Split Corp. (the Issuer) for:

(i) a decision pursuant to the securities legislation of the Jurisdictions (the Legislation) that the Issuer be deemed to cease to be a reporting issuer under the Legislation; and

(ii) in Ontario only, an order under the *Business Corporations Act* (Ontario) (the OBCA) that the Issuer be deemed to have ceased to be offering its securities to the public.

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

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

1. The Issuer is a corporation governed by the OBCA with its registered office located at 40 King Street West, 26th Floor, Scotia Plaza, Toronto, Ontario, M5W 2X6.

2. The Issuer's authorized capital consists of an unlimited number of capital shares (the Capital Shares), an unlimited number of preferred shares (the Preferred Shares), and an unlimited number of class A shares (the Class A Shares).

3. The Issuer has been a reporting issuer in the Jurisdictions since an initial public offerings of Capital Shares and Preferred Shares on April 12, 1996.

4. The Issuer is not in default of any of its obligations under the Legislation.

5. All of the Capital Shares and Preferred Shares were redeemed by the Issuer on May 1, 2003, and were de-listed from the Toronto Stock Exchange as of the close of business on May 1, 2003.

6. There are currently 100 Class A Shares issued and outstanding, all of which are owned by one security holder, MBNT Financial Holdings Limited. The Class A Shares are not traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation.

7. Other than the Class A Shares, the Issuer has no other securities, including debt securities, outstanding.

8. Immediately following the granting of the requested relief, the Issuer will not be a reporting issuer in any jurisdiction in Canada.

9. The Issuer does not intend to seek public financing by way of an offering of its securities.

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

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

THE DECISION OF the Decision Makers under the Legislation is that the Issuer is deemed to have ceased to be a reporting issuer under the Legislation;

June 6, 2003.

"John Hughes"

AND IT IS FURTHER ORDERED by the Ontario Securities Commission under subsection 1(6) of the OBCA that the Issuer is deemed to have ceased to be issuing its securities to the public for purposes of the OBCA.

June 6, 2003.

"Harold P. Hands" "H. Lorne Morphy"

2.1.9 TD Commodity & Energy Trading Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief granted from prospectus and registration requirements in connection with certain over-the-counter derivatives transactions entered into between sophisticated or "qualified" parties – relief granted in Ontario from fees otherwise payable in connection with these over-the-counter derivatives transactions.

Ontario Statutes

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

Ontario Regulations

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., Schedule I.

Ontario Rules

None.

Ontario Policies

None.

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

AND

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

AND

IN THE MATTER OF TD COMMODITY & ENERGY TRADING INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (Decision Maker) in each of the provinces and territories of Canada (collectively, the Jurisdictions) has received an application from TD Commodity & Energy Trading Inc. (Applicant) for a decision under the securities legislation of the Jurisdictions (the Legislation) that (i) the requirements in the Legislation to be registered to trade in a security (Registration Requirement) and to file and obtain a receipt for a preliminary prospectus and a prospectus in respect of such security (Prospectus

Requirement) shall not apply to trades in over-the-counter (OTC) derivatives entered into between the Applicant and certain counterparties, and (ii) any fees required to be paid under the Legislation in respect of such OTC derivatives transactions shall not be required to be paid in the Jurisdictions;

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

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

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

1. The Applicant is a corporation organized under the laws of Canada. The Applicant is a direct, wholly-owned subsidiary of TD Securities Inc. (TD Securities). TD Securities is a direct, wholly-owned subsidiary of The Toronto-Dominion Bank (TD Bank), a bank listed on Schedule I of the *Bank Act* (Canada). TD Securities is registered under the Legislation as a dealer in the categories of "broker" and "investment dealer" and is a member of the Investment Dealers Association of Canada.

2. The head office of the Applicant is located in Calgary, Alberta. The Applicant is not registered as a dealer or adviser under the securities legislation in any province or territory of Canada. The Applicant is also not a reporting issuer in any province or territory of Canada.

3. The Applicant proposes to design, create and market a full range of commodity-related derivative products that address the broad operational, risk management and investment needs of its clients. Such derivative products may also include interest rate, foreign exchange, equity and credit-related components and will be settled either physically or in cash.

4. The Applicant will originate and market all of the Applicant's derivative products business and both the Applicant and its affiliates will act as counterparties to the Applicant's clients in respect of both cash and physically settled derivative products.

5. The Applicant is proposing to engage in the marketing and trading of OTC derivatives with certain counterparties in the Jurisdictions. The OTC derivatives in which the Applicant proposes to transact are designed on a case-by-case basis to fit the needs of the particular client. These OTC derivatives will consist of one or more of an option, a forward contract, a swap or a contract for differences of a type commonly considered to be a derivative, in which:

   (a) the agreement relating to, and the material economic terms of the option, forward contract, swap or contract for differences have been customized to the purposes of the parties to the agreement and the agreement is not part of a fungible class of agreements that are standardized as to their material economic terms;

   (b) the creditworthiness of a party having an obligation under the agreement would be a material consideration in entering into or determining the terms of the agreement; and

   (c) the agreement is not entered into or traded on or through an organized market, stock exchange or futures exchange and is not cleared by a clearing corporation.

6. The underlying interest of the OTC derivatives transacted between the Applicant and the counterparties will consist entirely of a commodity, an interest rate, a foreign exchange rate, a security, an index, a benchmark or other variable, another OTC derivative, or some relationship between, or combination of, one or more of any of them.

7. The counterparties to such transactions will consist exclusively of parties that meet the following criteria:

   (a) they are Qualified Parties, as defined in Appendix 1 to this MRRS Decision Document;

   (b) they have a high level of business and financial sophistication;

   (c) they have access to their own in-house or external advisors who can assist in the determination of the suitability of the transaction and the creditworthiness of the Applicant; and

   (d) in the ordinary course of their businesses (or investing activity), they enter into OTC derivative trades in order to hedge or otherwise manage specific risks.

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

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

the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the Applicant and the Applicant's counterparties who are Qualified Parties shall each be exempt from the Registration Requirement and the Prospectus Requirement in respect of trades in OTC derivatives subject to the following conditions:

(i) each trade involves an OTC derivative of which the underlying interest consists entirely of a commodity, an interest rate, a foreign exchange rate, a security, an index, a benchmark or other variable, or another OTC derivative, or some relationship between, or combination of, one or more of any of them; and

(ii) each trade is marketed by the Applicant and is between either the Applicant and a Qualified Party or two Qualified Parties, each acting as principal.

AND THE FURTHER DECISION of the Decision Maker of Ontario under the Legislation is that trades entered into in reliance on this Decision are hereby exempted from the fees which would otherwise be payable in connection with such OTC derivative transactions pursuant to the Legislation.

June 9, 2003.

"H. P. Hands" "H. L. Morphy"

APPENDIX A

OVER-THE-COUNTER DERIVATIVES QUALIFIED PARTIES

Interpretation

(1) The terms "subsidiary" and "holding body corporate" used in paragraphs (w), (x) and (y) of subsection (3) of this Appendix have the same meaning as they have in the *Business Corporations Act* (Ontario).

(2) All requirements contained in this Appendix that are based on the amounts shown on the balance sheet of an entity apply to the consolidated balance sheet of the entity.

Qualified Parties Acting as Principal

(3) The following are Qualified Parties for all OTC derivatives transactions, if acting as principal:

Banks

(a) A bank listed in Schedule I or II to the *Bank Act* (Canada).

(b) The Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada).

(c) A bank subject to the regulatory regime of a country that is a member of the Basle Accord, or that has adopted the banking and supervisory rules set out in the Basle Accord, if the bank has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of $25 million or its equivalent in another currency.

Credit Unions and Caisses Populaires

(d) A credit union central, federation of caisses populaires, credit union or regional caisse populaire, located, in each case, in Canada.

Loan and Trust Companies

(e) A loan corporation or trust corporation registered under the *Loan and Trust Corporations Act* (Ontario) or under the *Trust and Loan Companies Act* (Canada), or under comparable legislation in any other province or territory of Canada.

(f) A loan company or trust company subject to the regulatory regime of a country that is a member of the Basle Accord, or that has adopted the banking and supervisory

rules set out in the Basle Accord, if the loan company or trust company has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of $25 million or its equivalent in another currency.

Insurance Companies

(g) An insurance company licensed to do business in Canada or a province or territory of Canada;

(h) An insurance company subject to the regulatory regime of a country that is a member of the Basle Accord, or that has adopted the banking and supervisory rules set out in the Basle Accord, if the insurance company has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of $25 million or its equivalent in another currency.

Sophisticated Entities

(i) A person or company that, together with its affiliates:

(i) has entered into one or more transactions involving OTC derivatives with counterparties that are not its affiliates, if

(A) the transactions had a total gross dollar value of or equivalent to at least $1 billion in notional principal amount; and

(B) any of the contracts relating to one of these transactions was outstanding on any day during the previous 15-month period, or

(ii) had total gross marked-to-market positions of or equivalent to at least $100 million aggregated across counterparties, with counterparties that are not its affiliates in one or more transactions involving OTC derivatives on any day during the previous 15-month period.

Individuals

(j) An individual who, either alone or jointly with the individual's spouse, has a net worth of at least $5 million, or its equivalent in another currency, excluding the value of his or her principal residence.

Governments/Agencies

(k) Her Majesty in right of Canada or any province or territory of Canada and each crown corporation, instrumentality and agency of a Canadian federal, provincial or territorial government.

(l) A national government of a country that is a member of the Basle Accord, or that has adopted the banking and supervisory rules set out in the Basle Accord, and each instrumentality and agency of that government or corporation wholly-owned by that government.

Municipalities

(m) Any Canadian municipality with a population in excess of 50,000 and any Canadian provincial or territorial capital city.

Corporations and other Entities

(n) A company, partnership, unincorporated association or organization or trust, other than an entity referred to in paragraph (a), (b), (c), (d), (e), (f), (g) or (h), with total revenue or assets in excess of $25 million or its equivalent in another currency, as shown on its last financial statement, to be audited only if otherwise required.

Pension Plan or Fund

(o) A pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a provincial pension commission, if the pension fund has total net assets, as shown on its last audited balance sheet, in excess of $25 million, provided that, in determining net assets, the liability of a fund for future pension payments shall not be included.

Mutual Funds and Investment Funds

(p) A mutual fund or non-redeemable investment fund if each investor in the fund is a Qualified Party.

(q) A mutual fund that distributes its securities in any of the Jurisdictions, if the portfolio manager of the fund is registered as an adviser, other than a

securities adviser, under any of the Legislation.

(r) A non-redeemable investment fund that distributes its securities in any of the Jurisdictions, if the portfolio manager of the fund is registered as an adviser, other than a securities adviser, under any of the Legislation.

(s) A mutual fund or non-redeemable investment fund established and located outside Canada that distributes its securities primarily abroad and only distributes its securities in Canada in reliance upon exemptions from the prospectus requirements of the Legislation.

Brokers/Investment Dealers

(t) A person or company registered under the Legislation or securities legislation elsewhere in Canada as a broker or an investment dealer or both.

(u) A person or company registered under the Legislation as an international dealer if the person or company has total assets, as shown on its last audited balance sheet, in excess of $25 million or its equivalent in another currency.

Futures Commission Merchants

(v) A person or company registered under the CFA as a dealer in the category of futures commission merchant, or in an equivalent capacity elsewhere in Canada.

Affiliates

(w) A wholly-owned subsidiary of any of the organizations described in paragraph (a), (b), (c), (d), (e), (f), (g), (h), (j), (n), (o), (t), (u) or (v).

(x) A holding body corporate of which any of the organizations described in paragraph (w) is a wholly-owned subsidiary.

(y) A wholly-owned subsidiary of a holding body corporate described in paragraph (x).

(z) A firm, partnership, joint venture or other form of unincorporated association in which one or more of the organizations described in paragraph (w), (x) or (y) have a direct or indirect controlling interest.

Guaranteed Party

(aa) A party whose obligations in respect of the OTC derivatives transaction for which the determination is made is fully guaranteed by another Qualified Party.

Qualified Party Not Acting as Principal

(4) The accounts of a person, company, pension fund or pooled fund trust that are fully managed by a portfolio manager or financial intermediary referred to in paragraphs (a), (d), (e), (g), (t), (u), (v) or (x) of paragraph (3) or a broker or investment dealer acting as a trustee or agent for the person, company, pension fund or pooled fund trust under section 148 of the Ontario Regulation are Qualified Parties, in respect of all OTC derivative transactions.

Subsequent Failure to Qualify

(5) A party is a Qualified Party for the purpose of any OTC derivatives transaction if it, he or she is a Qualified Party at the time it, he or she enters into the transaction.

Qualified Party for Specified Commodity Derivative Transaction

(6) A commercial user is a Qualified Party with respect to any specified commodity derivative transaction. For these purposes:

"commercial user" means a person or company that enters into a specified commodity derivative transaction, if

(a) the person or company deals in its business with a specified commodity, and

(b) the transaction involves a specified commodity derivative of which the underlying interest, or a material component of the underlying interest, is

(i) a specified commodity referred to in paragraph (a),

(ii) a related specified commodity to a specified commodity referred to in paragraph (a), or

(iii) a specified commodity derivative, the underlying interest of which is

A. a specified commodity, or

B. a related specified commodity to a specified commodity

referred to in paragraph (a);

"related specified commodity" means a specified commodity that is part or all of an underlying interest of a specified commodity derivative that is used by a commercial user to hedge its exposure to a risk resulting from its use of another specified commodity in its business;

"specified commodity" means

(a) whether in the original or a processed state, an agricultural product, forest product, product of the sea, mineral, metal, hydrocarbon fuel product or precious stone or other gem,

(b) a pollutant emission level,

(c) electricity,

(d) a liability from an insurance contract, and

(e) a matter designated by the Commissions as a specified commodity, if that designation has not been revoked; and

"specified commodity derivative" means an OTC derivative of which an underlying interest is:

(a) a specified commodity, or

(b) another OTC derivative of which the underlying interest is a specified commodity.

2.1.10 Endeavour Flow-Through Limited Partnership I - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

**IN THE MATTER OF
ENDEAVOUR FLOW-THROUGH LIMITED
PARTNERSHIP I**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the Decision Maker) in each of the provinces of Alberta, Saskatchewan, Ontario and Nova Scotia (the Jurisdictions) has received an application from Endeavour Flow-Through Limited Partnership I (Endeavour) for a decision under the securities legislation of the Jurisdictions (the Legislation) that Endeavour be deemed to cease to be a reporting issuer or its equivalent under the Legislation;

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

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

AND WHEREAS Endeavour has represented to the Decision Makers that:

1. Endeavour is a limited partnership formed under the laws of Ontario and governed by an amended and restated limited partnership agreement made as of September 6, 2002;

2. Endeavour is a reporting issuer or its equivalent under the Legislation;

3. Endeavour became a reporting issuer on September 9, 2002 by receiving a receipt for its prospectus regarding an offering of limited partnership units (the Offering);

4. The Offering was terminated and Endeavour has no present intention of seeking public financing by way of an offering of its securities in Canada;

5. Other than failing to file financial statements (collectively the Financial Statements) for the initial interim period ending September 30, 2002, and for the year ended December 31, 2002, Endeavour is not in default of any of its obligations as a reporting issuer under the Legislation;

6. Endeavour did not prepare the Financial Statements because the Offering was terminated and the only security holder of Endeavour is Endeavour Limited Partner Inc.;

7. No securities of Endeavour are traded on a marketplace as defined in National Instrument 21-101;

8. Endeavour Limited Partner Inc. is the sole security holder of Endeavour and holds 1 issued and outstanding limited partnership unit of Endeavour. There are no securities, including debt obligations, other than the limited partnership unit held by Endeavour Limited Partner Inc., currently issued and outstanding.

9. Endeavour will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the granting of this decision;

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

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

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

June 10, 2003.

"John Hughes"

2.1.11 CDC IXIS North America Inc. - MRRS Decision

Headnote

MRRS for Exemptive Relief Applications - application for relief from the registration requirements and the prospectus requirements in connection with certain trades in over-the-counter ("OTC") derivatives entered into between certain wholly-owned subsidiaries of the applicant and certain counterparties - application for relief from fees required to be paid in respect of such OTC derivatives transactions - relief granted subject to the conditions that (i) each trade involves an OTC Derivative which meets certain conditions, and (ii) each trade is between a subsidiary and Qualified Party (as defined), each acting as principal, and is marketed by a subsidiary.

Applicable Ontario Statutes

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

Applicable Ontario Regulations

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

Rules Cited

Proposed OSC Rule (not in force) 91-504 - Over-the-Counter Derivatives.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO AND QUEBEC

AND

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

AND

IN THE MATTER OF
CDC IXIS NORTH AMERICA INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario and Quebec (collectively, the "Jurisdictions") has received an application from CDC IXIS North America Inc. (the "Applicant") for a decision under the securities legislation (the "Legislation") of the Jurisdictions that (i) the requirements in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and a prospectus in respect of such security (the "Prospectus Requirement") shall not apply to trades in over-the-counter derivatives ("OTC Derivatives") entered into between certain subsidiaries of the Applicant (the "Subsidiaries") and certain counterparties, and (ii) any fees required to be

paid under the Legislation in respect of such OTC derivatives transactions shall not be required to be paid in the Jurisdictions;

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. The Applicant is a corporation organized under the laws of the State of New York. The Applicant is the holding company for the North American operations of CDC Finance-CDC IXIS ("CDC IXIS"), a French bank. The Applicant is 100% owned by CDC IXIS.

2. CDC IXIS is a fully licensed bank under French law. It is controlled by Caisse des Dépôts et Consignations, a special national legislative entity of the Republic of France.

3. The Applicant, through its Subsidiaries, services clients consisting primarily of institutional investors, financial institutions, corporations, governments and high net worth individuals. The Applicant, through its Subsidiaries, provides its clients with a broad range of financial services, including direct investment, arbitrage, financing, asset securitization, investment advisory services, portfolio immunization and credit enhancement, securities sales and trading activities in the United States and international capital markets.

4. The Applicant's Subsidiaries include:

    (a) Caisse des Dépôts Securities Inc. ("CDC Securities"), a broker/dealer and investment adviser registered with the Securities and Exchange Commission (the "SEC") and the National Association of Securities Dealers. CDC Securities is also registered as an international dealer under the *Securities Act* (Ontario), as a futures commission merchant with the U.S. Commodity Futures Trading Commission, and as a commodity pool operator and commodity trading adviser with the National Futures Association.

    (b) CDC Derivatives Inc., a broker/dealer registered with the SEC, whose business consists of eligible OTC derivative instruments, as defined by SEC Rule 3b-13, and which benefits from a guarantee from CDC IXIS in respect of all its obligations arising out of all financial and capital markets transactions.

    (c) CDC Financial Products Inc. and CDC Funding Corp., which transact capital markets and borrowing activities in the United States and which also benefit from a guarantee from CDC IXIS.

5. As subsidiaries of a French bank, the Applicant and each of the Subsidiaries are subject to regulation by the Banque de France and to direct oversight by the Commission Bancaire, the regulatory arm of the Banque de France. Among other things, the Commission Bancaire conducts periodic audits of the Applicant and the Subsidiaries and monitors their compliance with applicable regulatory capital requirements under French banking legislation.

6. Neither the Applicant nor any of its Subsidiaries is a reporting issuer in either of the Jurisdictions.

7. The Applicant, through its Subsidiaries, designs, creates and markets a range of derivative products that address the broad financing, risk management and investment needs of its clients.

8. The Applicant is proposing to engage, through certain of its Subsidiaries, in the marketing and trading of OTC Derivatives with certain counterparties in the Jurisdictions. These OTC Derivatives may consist of one or more of the following: an option, a forward contract, a swap or a contract for differences of a type commonly considered to be a derivative, in which:

    8.1 the agreement relating to, and the material economic terms of the option, forward contract, swap or contract for differences have been customized to the purposes of the parties to the agreement and the agreement is not part of a fungible class of agreements that are standardized as to their material economic terms;

    8.2 the creditworthiness of a party having an obligation under the agreement would be a material consideration in entering into or determining the terms of the agreement; and

    8.3 the agreement is not entered into or traded on or through an organized market, stock exchange or futures exchange and is not cleared by a clearing corporation.

9. The underlying interest of the OTC Derivatives transacted between the Subsidiaries and the counterparties will consist entirely of an interest rate, Canadian or foreign currency, a foreign exchange rate, a commodity, a security, an index, a benchmark or other variable, another OTC Derivative, or some relationship between, or combination of, one or more of any of them.

10. The counterparties to such transactions will consist exclusively of parties that meet the following criteria:

    10.1 they are Qualified Parties, as defined in Appendix 1 to this MRRS Decision Document;

    10.2 they have a high level of business and financial sophistication;

    10.3 they have access to their own independent advisors who can assist in the determination of the suitability of the transaction and the creditworthiness of the relevant Subsidiary; and

    10.4 they enter into OTC Derivative trades in order to hedge or otherwise manage specific risks associated with their businesses or investments as part of the ordinary course of their businesses (or investing activity).

11. Each of the Subsidiaries which will engage in such OTC Derivative trading activities will be wholly-owned, directly or indirectly, by one or more companies whose voting shares are 100% owned by the Applicant.

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

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

THE DECISION of the Decision Makers under the Legislation is that the Subsidiaries and their counterparties who are Qualified Parties shall each be exempt from the Registration Requirement and the Prospectus Requirement in respect of trades in OTC Derivatives subject to the following conditions:

(i) each trade involves an OTC Derivative of which the underlying interest consists entirely of an interest rate, Canadian or foreign currency, a foreign exchange rate, a commodity, a security, an index, a benchmark or other variable, or another OTC Derivative, or some relationship between, or combination of, one or more of any of them; and

(ii) each trade is between a Subsidiary and Qualified Party, each acting as principal, and is marketed by a Subsidiary.

AND IT IS FURTHER ORDERED that trades entered into in reliance on this Decision be hereby exempted from the notice requirements and fees that would otherwise apply in connection with such OTC Derivative transactions under the Ontario Securities Legislation.

June 10, 2003.

"Robert W. Davis" "Harold P. Hands"

APPENDIX 1

OVER-THE-COUNTER DERIVATIVES QUALIFIED PARTIES

Interpretation

(1) The terms "subsidiary" and "holding body corporate" used in paragraphs (w), (x) and (y) of subsection (3) of this Appendix have the same meaning as they have in the *Business Corporations Act* (Ontario).

(2) All requirements contained in this Appendix that are based on the amounts shown on the balance sheet of an entity apply to the consolidated balance sheet of the entity.

Qualified Parties Acting as Principal

(3) The following are Qualified Parties for all OTC derivatives transactions, if acting as principal:

Banks

(a) A bank listed in Schedule I, II or III to the Bank Act (Canada).

(b) The Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada).

(c) A bank subject to the regulatory regime of a country that is a member of the Basle Accord, or that has adopted the banking and supervisory rules set out in the Basle Accord, if the bank has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of $25 million or its equivalent in another currency.

Credit Unions and Caisses Populaires

(d) A co-operative credit society, credit union central, federation of caisses populaires, credit union or regional caisse populaire, in each case, located in Canada.

Loan and Trust Companies

(e) A loan corporation or trust corporation registered under the Loan and Trust Corporations Act (Ontario) or under the Trust and Loan Companies Act (Canada), or under comparable legislation in any other province or territory of Canada.

(f) A loan company or trust company subject to the regulatory regime of a country that is a member of the Basle Accord, or that has adopted the banking and supervisory rules set out in the Basle Accord, if the loan company or trust company has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of $25 million or its equivalent in another currency.

Insurance Companies

(g) An insurance company licensed to do business in Canada or a province or territory of Canada;

(h) An insurance company subject to the regulatory regime of a country that is a member of the Basle Accord, or that has adopted the banking and supervisory rules set out in the Basle Accord, if the insurance company has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of $25 million or its equivalent in another currency.

Sophisticated Entities

(i) A person or company that, together with its affiliates:

(i) has entered into one or more transactions involving OTC Derivatives with counterparties that are not its affiliates, if

(A) the transactions had a total gross dollar value of or equivalent to at least $1 billion in notional principal amount; and

(B) any of the contracts relating to one of these transactions was outstanding on any day during the previous 15-month period, or

(ii) had total gross marked-to-market positions of or equivalent to at least $100 million aggregated across counterparties, with counterparties that are not its affiliates in one or more transactions involving OTC Derivatives on any day during the previous 15-month period.

Individuals

(j) An individual who, either alone or jointly with the individual's spouse, has a net worth of at least $5 million, or its equivalent in another currency, excluding the value of his or her principal residence.

Governments/Agencies

(k) Her Majesty in right of Canada or any province or territory of Canada and each crown corporation, instrumentality and agency of a Canadian federal, provincial, or territorial government.

(l) A national government of a country that is a member of the Basle Accord, or that has adopted the banking and supervisory rules set out in the Basle Accord, and each instrumentality and agency of that government or corporation wholly-owned by that government.

Municipalities

(m) Any Canadian municipality with a population in excess of 50,000 and any Canadian provincial or territorial capital city.

Corporations and other Entities

(n) A company, partnership, unincorporated association or organization, trust or estate, other than an entity referred to in paragraph (a), (b), (c), (d), (e), (f), (g) or (h), with total revenue or assets in excess of $25 million or its equivalent in another currency, as shown on its last financial statements, to be audited only if otherwise required.

Pension Plan or Fund

(o) A pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a provincial pension commission, if the pension fund has total net assets, as shown on its last audited balance sheet, in excess of $25 million, provided that, in determining net assets, the liability of a fund for future pension payments shall not be included.

Mutual Funds and Investment Funds

(p) A mutual fund or non-redeemable investment fund if each investor in the fund is a Qualified Party.

(q) A mutual fund that distributes its securities in any of the Jurisdictions, if the portfolio manager of the fund is registered as an adviser under the Legislation or securities legislation elsewhere in Canada.

(r) A non-redeemable investment fund that distributes its securities in any of the Jurisdictions, if the portfolio manager of the fund is registered as an adviser under the Legislation or securities legislation elsewhere in Canada.

Brokers/Investment Dealers

(s) A person or company registered under the Legislation or securities legislation elsewhere in Canada as a broker or an investment dealer or both.

(t) A person or company registered under the Legislation as an international dealer if the person or company has total assets, as shown on its last audited balance sheet, in excess of $25 million or its equivalent in another currency.

Futures Commission Merchants

(u) A person or company registered under the *Commodity Futures Act* (Ontario) as a dealer in the category of futures commission merchant, or in an equivalent capacity elsewhere in Canada.

Charities

(v) A registered charity under the *Income Tax Act* (Canada) with assets not used directly in charitable activities or administration, as shown on its last audited balance sheet, of at least $5 million or its equivalent in another currency.

Affiliates

(w) A wholly-owned subsidiary of any of the organizations described in paragraph (a), (b), (c), (d), (e), (f), (g), (h), (j), (n), (o), (s), (t) or (u).

(x) A holding body corporate of which any of the organizations described in paragraph (w) is a wholly-owned subsidiary.

(y) A wholly-owned subsidiary of a holding body corporate described in paragraph (x).

(z) A firm, partnership, joint venture or other form of unincorporated association in which one or more of the organizations described in paragraph (w), (x) or (y) have a direct or indirect controlling interest.

Guaranteed Party

(aa) A party whose obligations in respect of the OTC Derivative transaction for which the determination is made is fully guaranteed by another Qualified Party.

Qualified Party Not Acting as Principal

(4) The accounts of a person, company, pension fund or pooled fund trust that are fully managed by a portfolio manager or financial intermediary referred to in paragraphs (a), (d), (e), (g), (s), (t), (u) or (w) of paragraph (3) or a broker or investment dealer acting as a trustee or agent for the person, company, pension fund or pooled fund trust are Qualified Parties, in respect of all OTC Derivative transactions.

Subsequent Failure to Qualify

(5) A party is a Qualified Party for the purpose of any OTC Derivative transaction if it, he or she is a Qualified Party at the time it, he or she enters into the transaction.

Qualified Party for Specified Commodity Derivative Transaction

(6) A commercial user is a Qualified Party with respect to any specified commodity derivative transaction. For these purposes:

"commercial user" means a person or company that enters into a specified commodity derivative transaction, if

(a) the person or company deals in its business with a specified commodity, and

(b) the transaction involves a specified commodity derivative of which the underlying interest, or a material component of the underlying interest, is

(i) a specified commodity referred to in paragraph (a),

(ii) a related specified commodity to a specified commodity referred to in paragraph (a), or

(iii) a specified commodity derivative, the underlying interest of which is

(A) a specified commodity, or

(B) a related specified commodity to a specified commodity referred to in paragraph (a);

"related specified commodity" means a specified commodity that is part or all of an underlying interest of a specified commodity derivative that is used by a commercial user to hedge its exposure to a risk resulting from its use of another specified commodity in its business;

"specified commodity" means

(a) whether in the original or a processed state, an agricultural product, forest product, product of the sea, mineral, metal, hydrocarbon fuel product or precious stone or other gem,

(b) a pollutant emission level,

(c) electricity,

(d) a liability from an insurance contract, and

(e) a matter designated by the Commissions as a specified commodity, if that designation has not been revoked; and

"specified commodity derivative" means an OTC derivative of which an underlying interest is:

(a) a specified commodity, or

(b) another OTC derivative of which the underlying interest is a specified commodity.

2.1.12 The Westaim Corporation - MRRS Decision

Headnote

The Westaim Corporation for Exemptive Relief Application – Requesting a waiver under section 121(2) to exempt any person who is subject to the insider reporting requirements due to the fact that they are a director or senior officer of a subsidiary from insider reporting requirements.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., 121(2).

Applicable National Instruments

National Policy 12-201- Mutual Reliance Review System for Exemptive Relief Applications.

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

AND

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

AND

IN THE MATTER OF
THE WESTAIM CORPORATION

MRRS DECISION DOCUMENT

WHERAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from The Westaim Corporation ("Westaim") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that, subject to certain conditions, the insider reporting requirements ("Insider Reporting Requirements") contained in the Legislation shall not apply to certain directors and senior officers of the subsidiaries of Westaim;

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

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

1. the head office of Westaim is in Calgary, Alberta;

2. Westaim was incorporated under the laws of the Province of Alberta on May 7, 1996;

3. Westaim is authorized to issue an unlimited number of common shares, an unlimited number of Class A preferred shares, and an unlimited number of Class B preferred shares;

4. Westaim is a reporting issuer or equivalent under the Legislation of all of the Jurisdictions and is not in default of the requirements contained in the Legislation;

5. none of the subsidiaries of Westaim is a "Significant Subsidiary", defined as a subsidiary of Westaim for which:

    (i) the value of the assets of the subsidiary, on a consolidated basis with its subsidiaries, as reflected in the most recently filed annual audited balance sheet of Westaim, are 10 percent or more of the consolidated assets of Westaim shown on that balance sheet; or

    (ii) the revenues of the subsidiary, on a consolidated basis with its subsidiaries, as reflected in the most recently filed audited statement of income and loss of Westaim, are 10 percent or more of the consolidated revenues of Westaim shown on that statement of income and loss;

6. none of the directors ("Directors") and senior officers ("Senior Officers" of the subsidiaries of Westaim:

    (i) receive, in the ordinary course, information as to material facts or material changes concerning Westaim before the material facts or material changes are generally disclosed; or

    (ii) participate in the day-to-day management or operation of Westaim;

7. Westaim undertakes to conduct a continuing review of the facts upon which this application is predicated and to maintain an up-to-date record of all Directors and Senior Officers, as well as those Directors or Senior Officers who become, or cease to be, exempted by this Decision; and

8. Westaim shall, upon the request of Decision Makers or its staff, furnish any information reasonably necessary to determine whether a Director or Senior Officer is or is not exempted by this order;

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

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that

provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the Directors and Senior Officers, other than those Directors and Senior Officers:

1. who do or will receive, in the ordinary course, knowledge of material facts or material changes with respect to Westaim prior to general disclosure of such facts or changes;

2. is or becomes a Director or Senior Officer of a Significant Subsidiary of Westaim or any company which, after the date hereof, becomes a Significant Subsidiary of Westaim;

3. who are or who will be insiders of Westaim other than as a Director or Senior Officer of a subsidiary of Westaim; or

4. who are denied the exemptions contained in this Decision by another order of the Decision Makers;

are exempt from the Insider Reporting Requirements with respects to their ownership of the securities of Westaim.

October 11, 2000.

"Kenneth Parker"

2.2 Orders

2.2.1 Mackenzie Financial Corporation - s. 147

Headnote

Subsection 107(3) of the Regulation and section 147 of the Act – Adviser exempted from the requirement that the capital calculation required under subsection 107(3) of the Regulation, which is included with the audited financial statements filed annually, shall include consolidated reporting of assets and liabilities of a trust company subsidiary, provided, among other conditions, that the annual filing be accompanied by an unaudited balance sheet accounting for the subsidiary using the equity method of accounting.

Statute Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s.147.

Regulation Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., s. 107(3).

Related Orders Cited

Re M.R.S. Trust Company, Order of the Commission dated May 9, 2000;
Re Mackenzie Financial Corporation, Order of the Commission dated October 4, 2002; and
Re M.R.S. Trust Company, Order of the Commission dated May 9, 2003.

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

AND

**IN THE MATTER OF
MACKENZIE FINANCIAL CORPORATION**

**ORDER
(Section 147 of the Act)**

UPON the application of Mackenzie Financial Corporation (Mackenzie) to the Ontario Securities Commission (the Commission) pursuant to section 147 of the *Securities Act* (Ontario) (the Act) for an order that Mackenzie be exempt from the requirement to consolidate the assets and liabilities of its wholly-owned subsidiary, M.R.S. Trust Company (M.R.S. Trust), which might otherwise be required under generally accepted accounting principles, as part of determining compliance with the capital requirement set out in subsection 107(3) of the Regulation made under the Act (the Regulation).

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

AND UPON it being represented to the Commission that:

1. Mackenzie is registered with the Commission as an adviser in the categories of investment counsel and portfolio manager, and therefore must comply with the subsection 107(3) of the Regulation.

2. M.R.S. Trust is also registered with the Commission as an adviser in the categories of investment counsel and portfolio manager.

3. Section 107 of the Regulation creates minimum capital requirements for various categories of registrants. These are based on a working capital concept.

4. Minimum capital requirements are intended to ensure that registrants maintain a minimum level of liquidity and solvency in their business.

5. The financial statements of Mackenzie must be prepared in accordance with generally accepted accounting principles (GAAP) and this requires the consolidation of M.R.S. Trust.

6. As a trust company, M.R.S. Trust does not classify its balance sheet between current and non-current assets and liabilities.

7. The Commission has previously recognized this issue and granted M.R.S. Trust relief from Subsection 107(3) of the Regulation until May 9, 2003 provided it meets certain financial tests imposed under applicable trust corporation legislation. An order has been granted by the Commission extending such relief.

8. Under applicable trust legislation, M.R.S. Trust must satisfy liquidity requirements determined by its board of directors in the normal course of managing the entity in a sound and prudent fashion.

9. Under applicable trust legislation, M.R.S. Trust is also subject to an assets-to-capital multiple limit of 17.5 times, as approved by the Office of the Superintendent of Financial Institutions.

10. Financial institutions, including M.R.S. Trust, do not generally separate assets and liabilities between current and long-term because this is not considered to be meaningful disclosure. This is consistent with GAAP and is referenced in section 1510.09 of the Canadian Institute of Chartered Accountants Handbook.

11. Complying with Subsection 107(3) of the Regulation, which requires the determination of working capital from financial statements prepared in accordance with GAAP and which do not present current assets and liabilities, is not possible without exemptive relief.

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

IT IS HEREBY ORDERED, pursuant to section 147 of the Act, that Mackenzie shall not be required to consolidate the assets and liabilities of M.R.S. Trust with those of Mackenzie for the purposes of determining Mackenzie's compliance with the requirements set out under subsection 107(3) of the Regulation provided that:

1. For purposes of determining Mackenzie's compliance with the requirements set out in subsection 107(3) of the Regulation, Mackenzie shall file concurrently with its annual audited financial statements filed pursuant to section 139 of the Regulation, an unaudited balance sheet for Mackenzie accounting for M.R.S. Trust using the equity method of accounting;

2. M.R.S. Trust remains in compliance with the provisions of the M.R.S. Order; and

3. This Order will terminate one year after the coming into force of any change in Ontario securities laws that would have the effect of removing the requirement that an adviser consolidate the assets and liabilities of a trust company subsidiary for purposes of determining compliance with a working capital requirement, but does not include any amendment, rule or regulation that is specifically identified by the Commission as not applicable for these purposes.

May 9, 2003.

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

2.2.2 Discovery Biotech Inc. and Graycliff Resources Inc. - ss. 127(1) and 127(5)

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

AND

IN THE MATTER OF
DISCOVERY BIOTECH INC.
AND
GRAYCLIFF RESOURCES INC.

TEMPORARY ORDER
(Subsection 127(1) & 127(5))

WHEREAS it appears to the Commission:

1. Discovery Biotech Inc. ("Discovery") is an Ontario Corporation with offices in Toronto and Burlington, Ontario;

2. Graycliff Resources Inc. ("Graycliff") is an Ontario Corporation with offices in Toronto, Ontario;

3. The sales of Discovery common shares are being effected by persons who are the employees or agents of Discovery and/or Graycliff;

4. Common Shares of Discovery are being sold to members of the public in reliance upon Rule 45-501, which allows for exempt distributions;

5. Agents or employees of Discovery and/or Graycliff are making prohibited representations respecting the future value of Discovery common shares and the future listing of Discovery shares;

6. The sales of Discovery common shares are being made in breach of sections 25 and 53 of the *Securities Act*, R.S.O. 1990 c.S.5;

AND WHEREAS the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest;

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

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

IT IS ORDERED pursuant to subsection 127(1) of the *Act* that all trading by Discovery and its agents and employees and by Graycliff and its agents and employees in Discovery common shares shall cease;

IT IS FURTHER ORDERED that pursuant to subsection 127(6) of the *Act* this order shall take effect

immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission.

June 4, 2003.

"Paul Moore"

2.2.3 Ivernia West Inc. - s. 144

Headnote

Section 144 – variation of Management Cease Trade Order to remove some of the persons named.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 144.

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

AND

**IN THE MATTER OF
J. TREVOR EYTON, DAVID HOUGH,
DAVID ARMSTRONG, WALTER MURRAY,
KENNETH SANGSTER,
ALAN DE'ATH, BRENDAN MCMORROW,
TREVOR WATTERS, PETER LINDEGGER, TONY MUIR,
FERGUS GRAHAM, ANGLO AMERICAN PLC,
SIMON R. THOMPSON, BEN KEISLER, HILMAR RODE,
MICHAEL GORDON, DAVE MORRIS,
DON CUNNINGHAM, RESOURCES
INVESTMENT TRUST PLC,
CHARLES JAMES PAYAN DAWNEY,
CHARLES ANDREW FOWLER,
DAVID JAMES HUTCHINS,
JOHN MERFYN ROBERTS,
KJELD RANDOLPH THYGESEN AND
HOWARD DRUMMON**

**ORDER
(Section 144)**

WHEREAS J. Trevor Eyton, David Hough, David Armstrong, Walter Murray, Kenneth Sangster, Alan De'ath, Brendan McMorrow, Trevor Watters, Peter Lindegger, Tony Muir, Fergus Graham, Anglo Amerian plc, Simon R. Thompson, Ben Keisler, Hilmar Rode, Michael Gordon, Dave Morris, Don Cunningham, Resources Investment Trust plc, Charles James Payan Dawney, Charles Andrew Fowler, David James Hutchins, John Merfyn Roberts, Kjeld Randolph Thygesen and Howard Drummon (collectively the Respondents) were subject to a temporary order issued by the Manager, Corporate Finance, (the Manager) on behalf of the Ontario Securities Commission (the Commission), pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, on May 22, 2003 (the Cease Trade Order), directing that trading by the Respondents in the securities of Ivernia West Inc. (Ivernia) cease temporarily;

AND WHEREAS the Manager issued the Cease Trade Order because Ivernia failed to file with the Commission annual audited financial statements for the year ended December 31, 2002 (the Annual Financial Statements) and because the Respondents were named in an Affidavit of Alan De'ath, Vice-President and Chief Financial Officer of Ivernia, as being directors, officers or

insiders of Ivernia that had, or may have had, access to undisclosed material facts or material changes with respect to Ivernia;

AND WHEREAS Anglo American plc. and Messrs. Thompson, Keisler, Rode, Gordon, Morris and Cunningham (the Applicants) have applied to the Commission pursuant to section 144 of the Act for an order varying the Cease Trade Order so as to remove all references to the Applicants;

AND UPON Anglo American plc having represented to the Commission on behalf of the Applicants that:

1. Anglo American plc (Anglo) indirectly owns 18.71% of the issued and outstanding common shares of Ivernia.

2. Simon R. Thompson is a member of Anglo's Executive Committee.

3. Ben Keisler is an Executive Vice President and the General Counsel of Anglo.

4. None of Messrs. Rode, Gordon, Morris and Cunningham are officers, directors or insiders of Ivernia under the Act.

5. Anglo does not currently have and has not had representation on Ivernia's board of directors since before Ivernia became a reporting issuer in the Province of Ontario in 2000.

6. No officers or directors of Anglo serve as officers of Ivernia, or vice-versa.

7. Since the end of the period covered by the last financial statements filed by Ivernia, Anglo and Messrs. Thompson and Keisler:

   a) have not had access to material undisclosed information with respect to Ivernia by way of their relationship to Ivernia as insiders; and

   b) have not traded in the securities of Ivernia.

8. Anglo's shareholdings in Ivernia do not provide Anglo and Messrs. Thompson and Keisler with any greater access to material information or material changes concerning Ivernia than other shareholders of Ivernia.

9. The only material information or material change with respect to Ivernia which Anglo or Messrs. Thompson and Keisler have, or may have had, access to since September 30, 2002 would be information pertaining to the possible sale by Ivernia of its interest in the Lisheen Joint Venture to Anglo and the loan by Anglo to an Ivernia subsidiary.

10. Anglo and Messrs. Thompson and Keisler will not trade in the securities of Ivernia until the earliest of:

    a) the date that is two full business days following the receipt by the Commission of the Annual Financial Statements;

    b) the date the Cease Trade Order or any successor cease trade order expires; and

    c) the date on which Anglo and Messrs. Thompson and Keisler do not have knowledge of a material fact or material change with respect to Ivernia that has not been generally disclosed.

AND WHEREAS the Commission is of the opinion that it is not prejudicial to the public interest to make this order;

IT IS ORDERED pursuant to subsection 144(1) of the Act that the Cease Trade Order is varied effective as of May 22, 2003 so as not to include Anglo American plc, Simon R. Thompson, Ben Keisler, Hilmar Rode, Michael Gordon, Dave Morris and Don Cunningham and that all references to these persons be removed from the Cease Trade Order.

June 4, 2003.

"Margo Paul"

2.2.4 Brian Anderson et al. - ss. 127(1) and 127(5)

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

AND

IN THE MATTER OF
BRIAN ANDERSON, LESLIE BROWN,
DOUGLAS BROWN, DAVID SLOAN AND
FLAT ELECTRONIC DATA INTERCHANGE
(a.k.a. F.E.D.I.)

TEMPORARY ORDER
Subsection 127(1) & 127(5)

WHEREAS it appears to the Commission that:

1. Brian Anderson is a person resident in White Rock, British Columbia who attends in the Province of Ontario for the purpose of making presentations to Ontario residents;

2. Leslie Brown is a person resident in Paris, Ontario;

3. Douglas Brown is a person resident in Paris, Ontario;

4. David Sloan was present in Ontario on June 4, 2003;

5. On the evening of June 4, 2003, the individual Respondents conducted a presentation (the Presentation) in respect the Flat Electronic Data Interchange ("F.E.D.I.") at the Wyndham Bristol Place Hotel, Etobicoke;

6. At the Presentation, the documents attached to this order were made available to persons attending the seminar:

   i) "What is F.E.D.I. and How Do They Make Their Income?" (Schedule A)

   ii) "F.E.D.I. Flow Chart" (Schedule B)

   iii) "Bank Wire Coordinates" (Schedule C)

   iv) "Bank Wire Transfer Procedure" (Schedule D)

   v) "Joint Venture Agreement" (Schedule E)

   vi) "Email from Gordon Rothwell dated May 15, 2003" (Schedule F)

   vii) "Email from bjanderson dated April 17, 2003" (Schedule G)

   viii) "Email from Brian D. Anderson dated May 13, 2003" (Schedule H)

7. Persons who attended the Presentation were told that F.E.D.I. is a scriptural based public trust;

8. Persons who attended the Presentation were invited to participate in F.E.D.I., which was described as the Flat Electronic Data Interchange. It was purported that F.E.D.I. will become the world's fifth Electronic Data Interchange and that it would be the first such exchange to be backed by gold;

9. Persons who attended the Presentation were told that F.E.D.I. will be servicing the Arab world and that it has been funded by contributions made by major Arab families in the amount of $500,000,000 (US), backed by gold;

10. Persons who attended the Presentation were invited to participate in F.E.D.I. by making an investment of $125,000 (US), which investment would provide the investor with a seat or desk (the "Desk") on F.E.D.I.;

11. Persons who attended the Presentation were told that F.E.D.I. would be operational in July, 2003;

12. Persons who attended the Presentation were told that their investments would be fully insured by AON Reed Stenhouse of Canada;

13. Persons who attended the Presentation were told that the opportunity to purchase a Desk was limited, that only 20 Desks remained and that their investment must be made by the weekend of June 7, 2003;

14. Persons who attended the Presentation were told that their principal investment would be returned in October, 2003 and that they would receive income from their investment at the rate of 30% per month, for a ten year period;

15. As set out in Schedule E, the Joint Venture Agreement represents, among other representations, that:

    I [Brian Anderson] have done my due diligence and asked all the hard questions. There is no downside to this program. In the event of failure of any kind, our investment capital will be returned to us within 30 banking days..."

16. The Desks are securities as defined by the *Securities Act*,

17. Persons who attended the Presentation were not provided with a prospectus which would qualify a Desk for sale in Ontario;

18. The Respondents are not registered pursuant to the *Securities Act* for the purpose of trading securities in the Province of Ontario;

19. The sales of Desks are being made in breach of sections 25 and 53 of the *Securities Act*, R.S.O. 1990 c.S.5;

AND WHEREAS the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest;

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

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

IT IS ORDERED pursuant to subsection 127(5) of the *Act* that:

i) pursuant to subsection 127(1)2 all trading by the Respondents in Seats shall cease; and

ii) pursuant to subsection 127(1)5(ii) the Respondents shall not provide to a person or company copies of those documents attached hereto as schedules A to H

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

June 5, 2003.

"Paul Moore"

[Schedules A-H are not reproduced in this publication but can be found in OSC's website at www.osc.gov.on.ca]

2.2.5 Neuberger Berman, LLC - s. 147

Headnote

Section 147 of the Act – Registrant registered in the categories of international advisor and international dealer under the Act – section 4.1 of Rule 35-502 – Registrant exempt from the requirement in subsection 21.10(3) of the Act that it file annual audited financial statements prepared in accordance with Canadian GAAP with the Commission.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 21.10(3), 147.

Rules Cited

Ontario Securities Commission Rule 35-502 – Non Resident Registrant, s. 4.1.

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

AND

RULE 35-502
MADE UNDER THE SECURITIES ACT,
R.R.O. 1990 (THE "RULE")

AND

IN THE MATTER OF
NEUBERGER BERMAN, LLC

ORDER
(Section 147 of the Act)

UPON the application of Neuberger Berman, LLC ("the Registrant") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 147 of the Act that the Registrant be exempt from the requirement under subsection 21.10(3) of the Act relating to the filing of financial statements prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP");

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

AND UPON the Registrant having represented to the Commission that:

1. The Registrant is registered with the Commission as an adviser in the category of international adviser (investment counsel and portfolio manager) and as a dealer in the category of international dealer.

2. The Registrant is a limited liability corporation organized under the laws of the State of Delaware and having its principal place of business at 605

Third Avenue, New York, NY 10158. The Registrant is a security trading and brokerage firm and is registered as an investment adviser and as a broker-dealer with the United States Securities and Exchange Commission and is also a member of the National Association of Securities Dealers and the New York Stock Exchange. Neuberger is also registered as a commodity pool operator, a commodity trading adviser and a futures commission merchant with the Commodity Futures Trading Commission and is regulated by the National Futures Association. Neuberger is a member of the Securities Investor Protection Corporation (SIPC).

3. Pursuant to Section 4.1 of the Rule an international adviser may apply in an abbreviated manner for an exemption from the requirement to file annual audited financial statements prepared in accordance with Canadian GAAP as required under subsection 21.10(3) of the Act only if it is not registered in any category of registration in addition to international adviser. As the Registrant is registered with the Commission under both the categories of international adviser (investment counsel and portfolio manager) and international dealer, it does not qualify to file for the exemption from the requirement to file annual audited financial statements provided for in section 4.1 of the Rule.

4. In the absence of the requested ruling, subsection 21.10(3) of the Act would require the Registrant to file with the Commission, annual audited financial statements prepared in accordance with Canadian GAAP. The Registrant is not otherwise required to prepare its financial statements in accordance with Canadian GAAP and is not otherwise required to file annual audited financial statements with the Commission because it is staff practice to not require a registrant who is registered in Ontario solely in the category of international dealer to provide annual financial statements.

5. The requirement to prepare annual audited financial statements in accordance with Canadian GAAP will be expensive and time-consuming for the Registrant and will place unnecessary compliance burdens on the Registrant.

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

IT IS ORDERED, pursuant to section 147 of the Act, that, for so long as the Registrant is registered only in the categories of international adviser and international dealer under the Act, the Registrant is exempt from the requirement under subsection 21.10(3) of the Act that it file annual audited financial statements prepared in accordance with Canadian GAAP with the Commission in connection with its registration as an adviser in the category of international adviser in Ontario.

June 10, 2003.

"Robert W. Davis" "Harold P. Hands"

2.2.6 Zemex Corporation - s. 83

Headnote

Section 83 – as a result of a plan of arrangement, the issuer has only one security holder - issuer deemed to have ceased to be reporting issuer under the Act.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1), 6(3) and 83.

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

AND

IN THE MATTER OF
ZEMEX CORPORATION

ORDER
(Section 83)

UPON the application of Zemex Corporation (the Filer) to the Ontario Securities Commission (the Commission) for an order, pursuant to section 83 of the Act, deeming the Filer to have ceased to be a reporting issuer under the Act;

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

AND UPON the Filer having represented to the Commission that:

1. The Filer was incorporated, and is subsisting, under the *Canada Business Corporations Act* (the CBCA) on June 5, 1998.

2. The Filer is a reporting issuer in the Province of Ontario and is not in default of any requirement under Ontario securities law.

3. On May 8, 2003, Cementos Pacasmayo S.S.A. (Cementos), 6012639 Canada Inc. (6012639) and the Filer completed a plan of arrangement (the Arrangement) in accordance with the CBCA pursuant to which:

   (i) all of the outstanding common shares of the Filer were acquired by 6012639 and the shareholders of the Filer became entitled to receive U.S.$8.80 in cash per common share (payment to be made upon the presentation and surrender by or on behalf of such holders to the depositary, CIBC Mellon Trust Company, of the certificate or certificates representing such shares);

   (ii) each outstanding option to purchase common shares vested automatically, notwithstanding that any conditions to vesting may not have been satisfied;

   (iii) each outstanding option to purchase common shares with an exercise price per share greater than or equal to U.S.$8.80 per share was terminated; and

   (iv) each outstanding option to purchase common shares with an exercise price per share of less than U.S.$8.80 per share was deemed to be acquired by 6012639 for a payment in cash equal to the difference between U.S.$8.80 per share and the exercise price of such option, and each such option was deemed thereafter to be terminated.

4. The common shares of the Filer were delisted from The Toronto Stock Exchange on May 9, 2003 and from the New York Stock Exchange on May 6, 2003. The Filer does not have any of its securities trading on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.

5. As a result of the completion of the Arrangement, 601639, a subsidiary of Cementos, acquired all of the outstanding common shares of the Filer and all of the outstanding "in the money" options to purchase common shares of the Filer.

6. Other than the common shares, the Filer has no other securities, including options, warrants or debt securities outstanding.

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

8. The Filer will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the requested Order being granted.

AND UPON the Commission being satisfied that it would not be prejudicial to the public interest to deem the Filer to have ceased to be a reporting issuer;

IT IS ORDERED, pursuant to section 83 of the Act, that the Filer is deemed to have ceased to be a reporting issuer under the Act.

June 9, 2003.

"Iva Vranic"

2.2.7 MTW Solutions Online Inc. - s. 144

Headnote

Request for partial revocation of cease trade order. Cease trade order originally issued against MTW Solutions Online Inc. (MTW) for its failure to file interim financial statements for quarter ended September 30, 2001. Request granted for limited purpose of permitting Applicants to transfer common shares of MTW to fulfil the terms of a court-sanctioned settlement agreement. All remaining common shares of MTW remain subject to cease trade order.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., section 144.

Policies Cited

Ontario Securities Commission 5.9 Escrow Guidelines – Industrial Issuers.

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

AND

IN THE MATTER OF
MTW SOLUTIONS ONLINE INC.

ORDER
(Section 144)

WHEREAS by an assignment made pursuant to section 6 of the Act and dated March 10, 1995, as amended on November 9, 1995 (the "Assignment"), the Ontario Securities Commission (the "Commission") assigned to each Director (as defined in the Act) certain powers and duties of the Commission under section 144 of the Act to revoke or vary any decision made by a Director;

WHEREAS a temporary cease trade order was issued against MTW Solutions Online Inc. (the "Company") on December 7, 2001, which order was extended by the Director on December 19, 2001 (the "Cease Trade Order");

AND WHEREAS the Cease Trade Order was imposed on the basis that the Company was in default of certain filing requirements and the Company remains in default of such filing requirements;

AND WHEREAS James L. Tuff and Jonathan M. Mah (the "Applicants") are holders of common shares (the "Shares") in the capital of the Company;

AND WHEREAS the Applicants have made an application to the Commission for an order of partial revocation of the Cease Trade Order pursuant to section 144 of the Act in order to fulfil the terms of a court-sanctioned settlement agreement, as amended, pursuant to which the Applicants (through two Ontario corporations wholly owned by the Applicants) have agreed to transfer their Shares to 627324 Ontario Ltd. and Russmir Capital Ltd.;

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

AND UPON the Applicants having represented to the Commission as follows:

1. The Company is engaged in the development, marketing, distribution and integration of database software, including payroll and other accounting applications. The Company was incorporated under the laws of the Province of Ontario on April 16, 1996.

2. The authorized capital of the Company consists of an unlimited number of Shares, of which 12,543,001 Shares were issued and outstanding as of January 6, 2003. As of the same date, there were 2,033,000 options to acquire 2,033,000 Shares outstanding.

3. The Company had three shareholders at the time of its incorporation: the Applicants and Willy Wong (the "Founders" and each, a "Founder"), each holding an equal share of 2,250,000 Shares in the capital of the Company. In March 1998, the Company offered up to 2,000,000 common shares at a price of $0.75 per share in an initial public offering (the "IPO").

4. In order to comply with the requirements of Commission Policy 5.9 *Escrow Guidelines – Industrial Issuers*, the Applicants entered into an escrow agreement (the "Escrow Agreement") at the time of the IPO and deposited into escrow the 2,250,000 Shares owned by each of them.

5. As a result of the IPO, the amount of equity in the Company held by each Founder was reduced from one-third to 18.2%. At that time, the Founders (who were all directors of the Company) were joined by three new directors: Grant Eckberg, Gregory Bailey and Ricardo Ferreira.

6. The Shares are listed on the TSX Venture Exchange under the stock symbol YMW. On the last trading day prior to the imposition of the Cease Trade Order, the trading price of the Shares was $0.01 per Share.

7. James L. Tuff ("Tuff") was a director and president of the Company from the date of its incorporation and chief executive officer since December 1997. Tuff left his position as officer on October 24, 2000 and as director on June 5, 2001. Jonathan M. Mah ("Mah") was a director and vice-president, operations and secretary of the Company from the date of its incorporation until his departure on October 24, 2000.

8. Pursuant to the terms of the Escrow Agreement, the Shares held in escrow were to be released on a *pro rata* basis on certain release dates. As of the date hereof, the Applicants have no remaining Shares in escrow. The remaining escrowed shares were released under the terms of the Escrow Agreement on December 6, 2002.

9. Other parties (either direct or indirect) to the Escrow Agreement included Willy Wong, Director of the Company; Grant Eckberg, Director, President, Chief Executive Officer and Secretary of the Company; Deborah Fedorak, spouse of Grant Eckberg; and 560071 B.C. Inc., a company owned equally by each of Grant Eckberg and Deborah Fedorak.

10. On December 12, 2000, the Applicants began litigation by way of Statement of Claim filed against the Company, Willy Wong, Grant Eckberg, Gregory Bailey and Ricardo Ferreira (collectively, the "Defendants"). The Statement of Claim alleges, *inter alia*, that the Applicants were wrongfully terminated from their managerial positions at the Company.

11. A court-sanctioned settlement agreement was entered into between the Applicants and the Defendants, evidenced by Minutes of Settlement (Ontario Superior Court of Justice Court File No. CV-202273), as amended (the "Settlement Agreement"). In accordance with the terms of the Settlement Agreement, Russmir Capital Inc. and 627324 Ontario Ltd. (the "Purchasers") will purchase 2,281,500 common shares in the Company from each of the Applicants, including the 675,000 Shares held in escrow by each of the Applicants.

12. The Applicants' relationship with management and the board of directors of the Company has deteriorated and as a result, a continuing relationship between the Applicants and the Company is no longer feasible. The Applicants have therefore been unable to convince the Company to remedy its filing default.

13. Russmir Capital Inc. ("Russmir") is wholly owned by Vivienne Bailey ("Ms. Bailey"), who is also the sole officer of Russmir. Ms. Bailey is a director of the Company and is therefore an "insider" of the Company (as such term is defined under the Act).

14. 627324 Ontario Ltd. ("OnCorp") is wholly owned by Gregory Bailey ("Mr. Bailey"), who is also the sole officer of OnCorp. Mr. Bailey is Ms. Bailey's son.

15. Each of Mr. and Ms. Bailey fits within the definition of "accredited investor" contained in section 1.1 of OSC Rule 45-501 *Exempt Distributions*.

16. The Applicants understand that the Cease Trade Order will remain in effect once the Applicants have transferred their 4,563,000 Shares total (2,281,500 Shares each) to Russmir and OnCorp and that all other Shares will remain subject to the Cease Trade Order.

17. The Applicants understand that if and when an application is made to the Commission to fully revoke the Cease Trade Order, the Commission may require, as a condition of fully revoking the Cease Trade Order, that, *inter alia*, the Company remedy its filing default(s) and ensure that its public disclosure record is updated.

UPON considering the application and the recommendation of the Staff of the Commission;

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

IT IS ORDERED, pursuant to section 144 of the Act, that the Cease Trade Order is hereby partially revoked on the following conditions:

(a) only the 675,000 Shares currently held by each of the Applicants may be traded as described in paragraph (b) below;

(b) the Applicants may each only transfer 2,281,500 Shares (4,563,000 Shares total) to 627324 Ontario Ltd. and Russmir Capital Ltd. on or prior to June 9, 2003 in accordance with the terms of the Settlement Agreement; and

(c) once the Applicants have transferred their 4,563,000 Shares total (2,281,500 Shares each) to 627324 Ontario Ltd. and Russmir Capital Ltd., the Cease Trade Order will remain in effect and all other Shares will remain subject to the Cease Trade Order.

June 6, 2003.

"Iva Vranic"

2.2.8 Roador Industries Ltd. - ss. 83.1(1)

Headnote

Subsection 83.1(1) - issuer deemed to be a reporting issuer in Ontario – issuer has been a reporting issuer in Alberta since May 11, 1998 and a reporting issuer in British Columbia since November 26, 1999, pursuant to the merger of the Alberta and Vancouver Stock Exchanges. – the issuer is listed and posted for trading on the TSX Venture Exchange – continuous disclosure requirements of the Alberta and British Columbia are substantially the same as those of Ontario.

Statutory Provisions

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

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

AND

IN THE MATTER OF
ROADOR INDUSTRIES LTD.

ORDER
(Subsection 83.1(1))

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

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

AND UPON Roador Industries Ltd. representing to the Commission as follows:

1. CXW Capital Corp. ("CXW") was incorporated under the *Business Corporations Act* (Alberta) on January 19, 1998 and then continued under the *Business Corporations Act* (Ontario) on December 9, 2002. On January 30, 2003, CXW changed its name to Roador Industries Ltd. (the "Corporation").

2. The head office of the Corporation is located at 200 Trowers Road, Unit 5, Woodbridge, Ontario L4L 5Z7.

3. The authorized capital of the Corporation consists of an unlimited number of common shares of which 15,360,003 common shares are issued and outstanding as at February 12, 2003.

4. The Corporation became a reporting issuer under the *Securities Act* (Alberta) (the "Alberta Act") on May 11, 1998 and became a reporting issuer under the *Securities Act* (British Columbia) (the "B.C. Act") on November 26, 1999, pursuant to the merger of the Alberta and Vancouver Stock Exchanges. The Company is not in default of any requirements of the Alberta Act and the B.C. Act.

5. The Corporation's common shares are traded on the TSX Venture Exchange (the "TSX Venture") under the trading symbol "RDR" and the Corporation is in compliance with all requirements of the TSX Venture.

6. The continuous disclosure requirements of the Alberta Act and the B.C. Act are substantially the same as the requirements under the Act.

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

8. Neither the Corporation nor any of its directors, officers, nor, to the knowledge of the Corporation, its directors and officers, any of its controlling shareholders has: (i) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, (ii) entered into a settlement agreement with a Canadian securities regulatory authority, or (iii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

9. Neither the Corporation nor any of its directors, officers nor, to the best knowledge of the Corporation, its directors and officers, any of its controlling shareholders, is or has been subject to: (i) any known ongoing or concluded investigations by: (a) a Canadian securities regulatory authority, or (b) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

10. Except for David Williams, a director of the Corporation, none of the directors or officers of the Corporation, nor to the best knowledge of the Corporation, its directors and officers, any of its controlling shareholders, is or has been at the time of such event a director or officer of any other issuer which is or has been subject to: (i) any cease trade or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or (ii) any bankruptcy or insolvency proceedings,

or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

11. David Williams is a director of Octagon Industries Inc. ("Octagon"), a reporting issuer in the provinces of British Columbia and Alberta. On May 29, 2001, a cease trade order was issued against Octagon by the British Columbia Securities Commission for failure to file an annual report for the company's fiscal year ended December 31, 2000 and was revoked on August 28, 2001. On August 12, 2001, Octagon's trustee sent a proposal to unsecured creditors of Octagon (the "Proposal") pursuant to the Bankruptcy and Insolvency Act. A majority of the unsecured creditors approved the Proposal at a general meeting of the unsecured creditors held on August 25, 2001. Following Court approval, the Proposal will be binding on Octagon's unsecured creditors.

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

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

June 9, 2003.

"Iva Vranic"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 Reasons for Decision

3.1.1 Martin Joseph Bernier

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

AND

IN THE MATTER OF
MARTIN JOSEPH BERNIER

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

Date: June 4, 2003

Director: Susan Greenglass
Senior Legal Counsel, Market Regulation
Capital Markets

Written submissions were provided by:

Martin Joseph Bernier
Christopher Jepson, Legal Counsel,
Registrant Legal Services, Capital Markets

DIRECTOR'S DECISION

Background

On July 2, 2002, Martin Joseph Bernier was granted registration by the Ontario Securities Commission (the Commission) as a salesperson for Assante Financial Management Ltd. (Assante) in the categories of mutual fund dealer and limited market dealer. Mr. Bernier resides in Saskatchewan. Staff of the Commission became aware that Mr. Bernier had engaged in the trading of securities in Ontario prior to being registered under the *Securities Act* (Ontario) (the Act).

Mr. Bernier applied for renewal of his registration as a salesperson under the Act. By letter dated February 18, 2003 (the February 18 letter) to Mr. Bernier, staff of the Commission advised that they had reviewed his application for renewal of registration as a salesperson and recommended that the application be approved subject to the following terms and conditions:

> During 2003 and in any event no later than August 17, 2003, the Applicant shall have successfully completed one of The Canadian Investment Funds Course offered by the Investment Funds Institute of Canada or the Conduct and Practices Handbook Course offered by the Canadian Securities Institute, notwithstanding that the Applicant may have successfully completed either or both of these courses prior to registration.

In the February 18 letter, staff stated as follows:

> The reason for this recommendation is that:
>
> > You engaged in the trading of securities in Ontario without appropriate registration. This indicates an inadequate level of understanding of the ethical and regulatory responsibilities of a securities industry professional. It is therefore in the public interest that you renew your proficiency in these areas.
>
> Staff has recommended that the terms and conditions attach to your registration for a period of 180 days, after which they would be removed unless the Director has reason to believe you are not suitable for unconditional renewal of registration at that time.
>
> Pursuant to subsection 26(3) of the Act, before a decision is made by the Director, you have the opportunity to be heard. You may take the opportunity to be heard either by making written submissions to the Director or by appearing in person before the Director.

Mr. Bernier requested to be heard through a written submission, which was dated March 3, 2003.

Summary of Mr. Bernier's submission

Mr. Bernier asked that the Commission approve the renewal of his registration without terms and conditions. Mr. Bernier noted that he has been licensed with the Saskatchewan Securities Commission since 1989, initially as a salesperson with a national Scholarship Trust Plan (RESP) and since 1991 as a mutual fund salesperson. Since 1991, he has also been licensed as an insurance salesperson pursuant to the Saskatchewan Insurance Act. Mr. Bernier noted that he is a member of the Canadian Association of Insurance and Financial Advisors (now Advocis) and The Financial Planning Standards Council of Canada which require a minimum of 30 hours annually of continuing education and places a heavy emphasis on ethics.

Mr. Bernier also noted that, over the last six years, he has received the Chartered Financial Planner designation as well as the Registered Financial Planner designation. In

addition, he has successfully completed the Partners, Directors and Officers examination as well as the Branch manager's examination and the Canadian Securities Course.

Mr. Bernier submitted that he services three accounts in Ontario. According to Mr. Bernier, all are long time clients developed in Saskatchewan. Mr. Bernier submitted that when they relocated to Ontario, he continued to service their accounts at their request. Mr. Bernier noted that he has not marketed or solicited new business in Ontario and does not intend to.

Mr. Bernier submitted that when he was made aware of the need for registration by Assante, he agreed to do so. Mr. Bernier further submitted that he acted in a professional manner and put his clients and their needs ahead of his own.

Summary of Staff's submission

Staff noted that the Commission has, over time, articulated three fundamental elements of suitability for registration: competence (which includes prescribed proficiency and knowledge of the requirements of Ontario securities law), integrity (which includes honesty and good faith, particularly in dealings with clients, and compliance with Ontario securities law) and financial soundness. Staff submitted that failure to obtain registration in Ontario before engaging in registrable activity in the jurisdiction indicates a lack of competence and, possibly, a lack of integrity in that this individual, at best, has shown an inadequate level of understanding of the ethical and regulatory responsibilities of a securities industry professional and, at worst, has chosen to ignore the requirements of Ontario securities law. Staff submitted that it is in the public interest that Mr. Bernier renew his proficiency by taking one of the courses specified in Ontario Securities Commission Rule 31-502 *Proficiency Requirements* that include significant coverage of regulatory and ethical responsibilities.

Decision

Having reviewed and considered the written submissions provided, I find that the terms and conditions set out in Appendix A should be imposed upon the registration of Mr. Bernier. Specifically, Mr. Bernier should be required to complete either: (1) The Canadian Investment Funds Course offered by the Investment Funds Institute of Canada, or (2) the Conduct and Practices Handbook Course offered by the Canadian Securities Institute within 180 days from the date of this decision. I also agree with Staff's recommendation that the terms and conditions should attach to Mr. Bernier's registration for a period of 180 days, after which they would be removed unless there is reason to believe that Mr. Bernier is not suitable for unconditional renewal of registration at that time.

Requiring appropriate registration before engaging in the trading of securities in Ontario is a basic requirement of the regulatory system. Although Mr. Bernier submitted that the three accounts that he services in Ontario were long time clients developed in Saskatchewan, nonetheless he engaged in the trading of securities in Ontario without appropriate registration under the Act. I agree with Staff's position, as set out in the February 18 letter, that engaging in the trading of securities without appropriate registration indicates an inadequate level of understanding of the ethical and regulatory responsibilities of a securities industry professional. I am of the view that it is in the public interest for Mr. Bernier to renew his proficiency by taking one of the courses set out in Appendix A that include coverage of regulatory and ethical responsibilities required by a registrant.

June 4, 2003.

"Susan Greenglass"

APPENDIX A

TERMS AND CONDITIONS OF REGISTRATION OF MARTIN JOSEPH BERNIER

Within 180 days from the date of this decision, the Applicant shall have successfully completed one of The Canadian Investment Funds Course offered by the Investment Funds Institute of Canada or the Conduct and Practices Handbook Course offered by the Canadian Securities Institute, notwithstanding that the Applicant may have successfully completed either or both of these courses prior to registration.

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Extending & Rescinding Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Revoke
Arcamatrix Corporation	27 May 03	06 Jun 03	06 Jun 03	
Armistice Resources Ltd.	06 Jun 03	18 Jun 03		
Armstrong Corporation	02 Jun 03	13 Jun 03		
Battery Technologies Inc.	30 May 03	11 Jun 03	11 Jun 03	
Beta Brands Incorporated	22 May 03	03 Jun 03		06 Jun 03
Canadian Spooner Industries Corporation	26 May 03	06 Jun 03	06 Jun 03	
Canadian Spooner Resources Inc.	06 Jun 03	18 Jun 03		
Denroy Manufacturing Corporation	23 May 03	04 Jun 03		06 Jun 03
Dion Entertainment Corp.	05 Jun 03	17 Jun 03		
e-Manufacturing Networks Inc.	28 May 03	09 Jun 03	09 Jun 03	
Euro-Net Investments Ltd.	27 May 03	06 Jun 03	06 Jun 03	
HNR Ventures Inc.	05 Jun 03	17 Jun 03		
Immune Network Ltd.	06 Jun 03	18 Jun 03		
JPY Holdings Ltd.	06 Jun 03	18 Jun 03		
MedX Health Corp.	23 May 03	04 Jun 03	04 Jun 03	
Metalcoat International Corp.	05 Jun 03	17 Jun 03		
Seven Seas Petroleum Inc.	28 May 03	09 Jun 03	09 Jun 03	
Southern Reef Ventures Inc.	26 May 03	06 Jun 03	06 Jun 03	
St. Anthony Resources Inc.	26 May 03	06 Jun 03	06 Jun 03	
The Chippery Chip Factory, Inc.	23 May 03	04 Jun 03		06 Jun 03
The Learning Library Inc.	03 Jun 03	13 Jun 03		
Tintina Mines Limited	28 May 03	09 Jun 03		11 Jun 03
Transpacific Resources Inc.	28 May 03	09 Jun 03		11 Jun 03
Vector Intermediaries Inc.	28 May 03	09 Jun 03	09 Jun 03	

Company Name	Date of Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Revoke
Vindicator Industries Inc.	06 Jun 03	18 Jun 03		
Visa Gold Explorations Inc.	28 May 03	09 Jun 03	09 Jun 03	
WebEngine Corporation	27 May 03	06 Jun 03	06 Jun 03	
World Wide Minerals Ltd.	21 May 03	02 Jun 03	02 Jun 03	05 Jun 03

4.2.1 Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
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 5

Rules and Policies

5.1.1 OSC Rule 13-502 Fees

ONTARIO SECURITIES COMMISSION
RULE 13-502
FEES

TABLE OF CONTENTS

PART 1 DEFINITIONS
1.1 Definitions

PART 2 CORPORATE FINANCE PARTICIPATION FEES
2.1 Application
2.2 Participation Fee
2.3 Time of Payment
2.4 Form Requirements
2.5 Calculation of Capitalization for Class 1 Reporting Issuers
2.6 Calculation of Capitalization for Class 2 Reporting Issuers
2.7 Calculation of Capitalization for Class 3 Reporting Issuers
2.8 Participation Fee for a New Reporting Issuer
2.9 Late Fee
2.10 Reliance on Published Information

PART 3 CAPITAL MARKETS PARTICIPATION FEES
3.1 Participation Fee
3.2 Time of Payment
3.3 Form Requirement
3.4 Calculation of Specified Ontario Revenue for a Member of the IDA
3.5 Calculation of Specified Ontario Revenues for a Member of the MFDA
3.6 Calculation of Specified Ontario Revenues for Others
3.7 Late Fee

PART 4 ACTIVITY FEES
4.1 Activity Fees
4.2 Investment Fund Families

PART 5 CURRENCY CALCULATIONS
5.1 Currency Calculations

PART 6 EXEMPTIONS
6.1 Exemptions

PART 7 EFFECTIVE DATE AND TRANSITIONAL
7.1 Effective Date
7.2 Transitional

ONTARIO SECURITIES COMMISSION
RULE 13-502
FEES

PART 1 DEFINITIONS

1.1 Definitions

(1) In this Instrument,

"capitalization" means, for a reporting issuer, the capitalization determined in accordance with section 2.5, 2.6 or 2.7;

"capital markets activities" means

(a) activities for which registration under the Act or an exemption from registration is required, and

(b) investment fund management and administration;

"Class 1 reporting issuer" means a reporting issuer that is incorporated or that exists under the laws of Canada or a jurisdiction and that has a class of equity securities listed and posted for trading, or quoted on, a marketplace in either or both of Canada or the United States of America;

"Class 2 reporting issuer" means a reporting issuer that is incorporated or that exists under the laws of Canada or a jurisdiction other than a Class 1 reporting issuer;

"Class 3 reporting issuer" means a reporting issuer that is not incorporated and that does not exist under the laws of Canada or a jurisdiction;

"corporate debt" means debt issued in Canada by a company or corporation that has a remaining term to maturity of one year or more;

"education savings plan" means an agreement between one or more persons and another person or organization, in which the other person or organization agrees to pay or cause to be paid, to or for one or more beneficiaries designated in connection with the agreement, scholarship awards to further the beneficiaries' education;

"entity" means a company, syndicate, partnership, trust or unincorporated organization;

"equity security" has the meaning ascribed to that term in subsection 89(1) of the Act;

"IDA" means the Investment Dealers' Association of Canada;

"investment fund" means a mutual fund, a non-redeemable investment fund or a scholarship plan;

"investment fund family" means two or more investment funds that have

(a) the same manager, or

(b) managers that are affiliated entities of each other;

"investment fund manager" means the person or company that directs the business, operations and affairs of an investment fund;

"marketplace" has the meaning ascribed to that term in National Instrument 21-101 Market Operation;

"MFDA" means the Mutual Fund Dealers Association of Canada;

"Ontario percentage" means, for the financial year of a person or company

(a) that has a permanent establishment in Ontario, the percentage of the income of the person or company allocated to Ontario for the financial year in the corporate tax filings made for the person or company under the ITA, or

(b) that does not have a permanent establishment in Ontario, the percentage of the total revenues of the person or company attributable to capital markets activities in Ontario;

"registrant firm" means a person or company registered as one or both of a dealer or an adviser under the Act;

"scholarship plan" means an issuer of a document constituting, or representing an interest in, an education savings plan and that issues securities that are related to discrete pools of assets referable to more than one education savings plan;

"specified Ontario revenues" means, for a registrant firm or an unregistered investment fund manager, the revenues determined in accordance with section 3.4, 3.5 or 3.6;

"subsidiary entity" has the meaning ascribed to "subsidiary" under GAAP; and

"unregistered investment fund manager" means an investment fund manager that is not registered under the Act.

(2) In this Rule, the person or company of which another person or company is a subsidiary entity is considered to be a parent of the subsidiary entity.

PART 2 CORPORATE FINANCE PARTICIPATION FEES

2.1 Application - This Part does not apply to an investment fund other than an investment fund that does not have an investment fund manager.

2.2 Participation Fee

(1) A reporting issuer shall pay, for each of its financial years, the participation fee shown in Appendix A that applies to the reporting issuer according to the capitalization of the reporting issuer, as determined under section 2.5, 2.6 or 2.7, as at the end of its previous financial year.

(2) Subsection (1) does not apply to a reporting issuer that is a subsidiary entity for a financial year of the subsidiary entity, if

(a) the parent of the subsidiary entity is a reporting issuer;

(b) the parent of the subsidiary entity has paid the participation fee required for itself by subsection (1) for the financial year; and

(c) the net assets and gross revenues of the subsidiary entity represent more than 90 percent of the net assets and gross revenues of the parent for the previous financial year of the parent of the subsidiary entity.

2.3 Time of Payment

(1) A reporting issuer shall pay the participation fee no later than the date on which its annual financial statements are required to be filed.

(2) If the financial statements of a Class 2 reporting issuer or a Class 3 reporting issuer that calculates its participation fee under paragraph 2.7(b) are not available by the date referred to in subsection (1), the Class 2 reporting issuer or Class 3 reporting issuer shall pay the participation fee for a financial year on the basis on a good faith estimate of its capitalization as at the end of that financial year.

(3) A Class 2 reporting issuer or Class 3 reporting issuer that paid a participation fee under subsection (2) shall, when it files its annual financial statements for the applicable financial year, calculate the participation fee on the basis of those financial statements, and

(a) pay any amount of the participation fee not paid under subsection (2); or

(b) be entitled to receive from the Commission a refund of any amount paid under subsection (2) in excess of the participation fee payable for that financial year.

2.4 Form Requirements

(1) A reporting issuer shall file a Form 13-502F1, completed in accordance with its terms, at the time that it pays the participation fee required by this Part.

(2) A Class 2 reporting issuer or Class 3 reporting issuer shall file a Form 13-502F2, completed in accordance with its terms, in connection with the adjustment of a payment made under subsection 2.3(2) in accordance with subsection 2.3(3).

2.5 Calculation of Capitalization for Class 1 Reporting Issuers - The capitalization of a Class 1 reporting issuer at the end of a financial year of the Class 1 reporting issuer is the aggregate of

(a) the market value of each class or series of equity securities of the reporting issuer outstanding on that date, calculated by multiplying

(i) the total number of securities of the class or series outstanding on that date; and

(ii) the simple average of the closing price of the class or series of securities as of the last trading day of each of the months of the financial year of the reporting issuer on

(A) the marketplace in Canada on which the highest volume of the class or series of securities were traded in that financial year, or

(B) if none of the class or series of securities were traded on a marketplace in Canada, the marketplace in the United States of America on which the highest volume of the class or series of securities were traded in that financial year, and

(b) as determined by the reporting issuer, the market value, at the end of the financial year, of each class or series of corporate debt or preferred shares

(i) of the reporting issuer, and

(ii) a subsidiary entity of the reporting issuer that is exempt from the requirement to pay a participation fee under subsection 2.2(2).

2.6 Calculation of Capitalization for Class 2 Reporting Issuers - The capitalization of a Class 2 reporting issuer at the end of a financial year of the reporting issuer is the aggregate of each of the following items, as shown in its audited balance sheet as at the end of the financial year,

(a) retained earnings or deficit;

(b) contributed surplus;

(c) share capital or owners' equity, options, warrants and preferred shares;

(d) long term debt, including the current portion;

(e) capital leases, including the current portion;

(f) minority or non-controlling interest;

(g) items classified on the balance sheet between current liabilities and shareholders' equity, and not otherwise referred to in this subsection (1); and

(h) any other item forming part of shareholders' equity not otherwise referred to in this subsection (1).

2.7 Calculation of Capitalization for Class 3 Reporting Issuers - The capitalization of a Class 3 reporting issuer at the end of a financial year of the Class 3 reporting issuer is

(a) if the Class 3 reporting issuer has any debt or equity securities listed or traded on a marketplace located anywhere in the world, the aggregate of the value of each class or series of securities so listed or traded, calculated by multiplying

(i) the number of securities of the class or series outstanding on the date,

(ii) the simple average of the closing price of the class or series of securities as of the last trading day of each of the months of the financial year of the reporting issuer on the marketplace on which the highest volume of the class or series of securities were traded in that financial year, and

(iii) the percentage of the class or series registered in the name of, or held beneficially by, an Ontario person; or

(b) if the Class 3 reporting issuer has no debt or equity securities listed or traded on a marketplace located anywhere in the world, calculated by multiplying

(i) the amount determined under section 2.6 for the Class 3 reporting issuer, as if its capitalization were determined under that section, and

(ii) the percentage of outstanding equity securities of the Class 3 reporting issuer registered in the name of, or held beneficially by, Ontario persons.

2.8 Participation Fee for a New Reporting Issuer

(1) Despite sections 2.2 and 2.3, a person or company that becomes a reporting issuer by filing a prospectus that relates to a distribution of securities shall pay a participation fee at the time that the person or company becomes a reporting issuer, calculated by multiplying

(a) the participation fee for the person or company based on a capitalization determined under subsection (2); and

(b) the number of entire months remaining in the financial year of the person or company after it becomes a reporting issuer, divided by 12.

(2) The capitalization of a reporting issuer referred to in subsection (1) for the purpose of calculating the participation fee shall be determined as provided under section 2.5, 2.6 or 2.7, adjusted by

(a) assuming the completion of all distributions contemplated by the prospectus as at the date of filing of the prospectus;

(b) for a Class 1 reporting issuer or a Class 3 reporting issuer, using the issue price of the securities being distributed under the prospectus, as disclosed in the prospectus, as the amount required to be calculated under subparagraph 2.5(a)(ii), paragraph 2.5(b) or paragraph 2.7(a)(ii); and

(c) for a Class 2 reporting issuer; basing its capitalization on the audited financial statements for the most recent financial year contained in the prospectus, adjusted as provided in paragraph (a).

(3) Despite sections 2.2 and 2.3, a person or company that becomes a reporting issuer by filing a non-offering prospectus shall pay a participation fee at the time that the person or company becomes a reporting issuer, calculated by multiplying

(a) the participation fee for the person or company based on a capitalization determined under section 2.6, based on the audited financial statements for the most recent financial year contained in the prospectus; and

(b) the number of entire months remaining in the financial year of the person or company after it becomes a reporting issuer, divided by 12.

(4) Despite sections 2.2 and 2.3, a person or company that becomes a reporting issuer as the result of being deemed to be a reporting issuer by the Commission shall pay a participation fee at the time that the person or company becomes a reporting issuer, calculated by multiplying

(a) for

(i) a Class 1 reporting issuer, the participation fee based on a capitalization determined under section 2.5,

(ii) a Class 2 reporting issuer, the participation fee based on a capitalization determined under section 2.6, and

(iii) a Class 3 reporting issuer, the participation fee based on a capitalization determined under section 2.7, and

(b) the number of entire months remaining in the financial year of the person or company after it becomes a reporting issuer, divided by 12.

(5) The section does not apply to a reporting issuer formed from a statutory amalgamation or arrangement, or a person or company continuing from a transaction to which clause 72(1)(i) of the Act applies.

2.9 Late Fee

(1) Subject to subsection (2), a reporting issuer that is late in paying a participation fee under this Part shall pay an additional fee of one percent of the participation fee payable apart from this section for each business day on which the participation fee remains due and unpaid.

(2) A reporting issuer is not required to pay a fee under this section in excess of 25 percent of the participation fee otherwise payable under this Part.

2.10 Reliance on Published Information

(1) Subject to subsection (2), in determining its capitalization for purposes of this Part, a reporting issuer may rely upon information made available by a marketplace on which securities of the reporting issuer trade.

(2) Subsection (1) does not apply if the reporting issuer has knowledge both

(a) that the information made available by the marketplace is inaccurate; and

(b) of the correct information.

PART 3 CAPITAL MARKETS PARTICIPATION FEES

3.1 Participation Fee - A person or company that is a registrant firm shall pay, for each calendar year, and an unregistered investment fund manager shall pay, for each of its financial years, the participation fee shown in Appendix B that applies to the registrant firm or unregistered investment fund manager according to the specified Ontario revenues of the registrant firm or unregistered investment fund manager for its previous financial year earned from capital markets activities.

3.2 Time of Payment

(1) A registrant firm shall pay the participation fee referred in section 3.1 by December 31 of each year.

(2) An unregistered investment fund manager shall pay the participation fee referred in section 3.1 no later than 90 days after the end of each financial year of the unregistered investment fund manager.

3.3 Form Requirement

(1) A registrant firm shall file a Form 13-502F3, completed in accordance with its terms, by December 1 of each year.

(2) An unregistered fund manager shall file a Form 13-502F3, completed in accordance with its terms, at the time that it pays the participation fee required by this Part.

(3) If the annual financial statements of a registrant firm have not been completed by December 1 in a year, the registrant firm shall

(a) file the Form 13-502F3 due on that date on the basis of a good faith estimate of its specified Ontario revenues as at the end of its previous financial year, and

(b) pay its participation fee by December 31 based on the estimate of the Ontario specified revenues contained in the Form 13-502F3.

(4) A registrant firm that filed its Form 13-502F3 under subsection (3) shall, when its annual financial statements for the applicable financial year have been completed,

(a) file a revised Form 13-502F3 reflecting the annual financial statements;

(b) calculate the participation fee on the basis of those financial statements; and

(c) either

(i) pay any amount of the participation fee not paid under subsection (3), or

(ii) be entitled to receive from the Commission a refund of any amount paid under subsection (3) in excess of the participation fee payable.

(5) A registrant firm shall file a Form 13-502F4, completed in accordance with its terms, in connection with the adjustment in accordance with subsection 3.3(4).

3.4 **Calculation of Specified Ontario Revenue for a Member of the IDA** - The specified Ontario revenue for a financial year of a registrant firm that is a member of the IDA is calculated by multiplying

(a) the amount indicated by the registrant firm as the Total Revenue on the Summary statement of income contained in the Joint Regulatory Financial Questionnaire and Report of the IDA for the financial year; and

(b) the Ontario percentage of the member of the IDA for the financial year.

3.5 **Calculation of Specified Ontario Revenues for a Member of the MFDA** - The specified Ontario revenues for a financial year of a registrant firm that is a member of the MFDA is calculated by multiplying

(a) the amount indicated by the registrant firm as its Total Revenue on the Summary statement of the Financial Questionnaire and Report of the MFDA for the financial year; and

(b) the Ontario percentage of the member of the MFDA for the financial year.

3.6 **Calculation of Specified Ontario Revenues for Others**

(1) The specified Ontario revenues for a financial year of a registrant firm that is not a member of the IDA or the MFDA or of an unregistered investment fund manager is calculated by multiplying

(a) the gross revenues earned from capital markets activities of the registrant firm or unregistered investment fund manager contained in its audited financial statements for the financial year, less the reductions of that amount taken under subsections (2) and (3); and

(b) the Ontario percentage of the registrant firm or unregistered investment fund manager for the financial year.

(2) A person or company may reduce the amount referred to in subsection (1) by deducting the following items otherwise included in total revenue:

(a) redemption fees earned on the redemption of investment fund securities sold on a deferred sales charge basis; and

(b) administration fees relating to the recovery of costs from investment funds managed by the person or company for operating expenses paid on behalf of the investment fund by the person or company.

(3) A person or company may reduce the amount referred to in subsection (1) by deducting the following expenses incurred by the person or company in the applicable financial year:

(a) advisory or sub-advisory fees paid by the person or company to another registrant firm in Ontario; and

(b) trailing commissions paid by the person or company to another registrant firm in Ontario.

3.7 Late Fee

(1) Subject to subsection (2), a person or company that is late in paying a participation fee under this Part shall pay an additional fee of one percent of the participation fee payable apart from this section for each business day on which the participation fee remains due and unpaid.

(2) A person or company is not required to pay a fee under subsection (1) in excess of 25 percent of the participation fee otherwise payable under this Part.

PART 4 ACTIVITY FEES

4.1 Activity Fees - A person or company that files a document or takes an action listed in Appendix C shall, concurrently with the filing of the document or taking of the action, pay the activity fee shown in Appendix C beside the description of the document or action.

4.2 Investment Fund Families - Despite section 4.1, only one activity fee need be paid for an application made by or on behalf of investment funds in an investment fund family, if the application pertains to each investment fund.

PART 5 CURRENCY CALCULATIONS

5.1 Currency Calculations - Any calculation of money required to be made under this Rule that results in a currency other than Canadian dollars shall be translated into a Canadian dollar amount at the daily noon exchange rate posted by the Bank of Canada website on the date for which the calculation is made.

PART 6 EXEMPTIONS

6.1 Exemptions - The Director may grant an exemption from the provisions of this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

PART 7 EFFECTIVE DATE AND TRANSITIONAL

7.1 Effective Date - This Rule comes into force on March 31, 2003.

7.2 Transitional

(1) Each reporting issuer to whom Part 2 will apply shall pay an initial participation fee, no later than 90 days after this Rule came into force, for the remainder of its current financial year.

(2) The fee referred to in subsection (1) shall be calculated by multiplying

(a) the participation fee provided for under Appendix A applicable to the capitalization of the reporting issuer, as determined under section 2.5, 2.6 or 2.7, as at the end of the previous financial year of the reporting issuer, and

(b) the number of entire months remaining in the current financial year of the reporting issuer after the date that this Rule comes into force, divided by 12.

(3) Each unregistered investment fund manager shall pay an initial participation fee, no later than 90 days after this Rule came into force, for the remainder of its current financial year.

(4) The fee referred to in subsection (3) shall be calculated by multiplying

(a) the participation fee provided for under Appendix B applicable to the specified Ontario revenues of the unregistered investment fund manager, as determined under section 3.6, as at the end of the previous financial year of the unregistered investment fund manager; and

(b) the number of entire months remaining in the current financial year of the unregistered investment fund manager after the date that this Rule came into force, divided by 12.

(5) An investment fund the securities of which are in continuous distribution shall pay any fees owing to the Commission based on the amount of securities distributed in Ontario up to the date that this Rule came into force, as determined under the fee requirements that existed before this Rule came into force, on the earlier of

(a) 90 days after this Rule came into force; and

(b) the time of filing of the pro forma prospectus of the investment fund after this Rule came into force.

APPENDIX A – CORPORATE FINANCE PARTICIPATION FEES

Capitalization	Participation Fee
$0 to under $25 million	$1,000
$25 million to under $50 million	$2,500
$50 million to under $100 million	$7,500
$100 million to under $250 million	$15,000
$250 million to under $500 million	$25,000
$500 million to under $1 billion	$35,000
$1 billion to under $5 billion	$50,000
$5 billion to under $10 billion	$65,000
$10 billion to under $25 billion	$75,000
Over $25 billion	$85,000

APPENDIX B – CAPITAL MARKETS PARTICIPATION FEES

Specified Ontario Revenues	Participation Fee
$0 to under $500,000	$1,000
$500,000 to under $1 million	$5,000
$1 million to under $5 million	$10,000
$5 million to under $10 million	$25,000
$10 million to under $25 million	$50,000
$25 million to under $50 million	$75,000
$50 million to under $100 million	$150,000
$100 million to under $200 million	$250,000
$200 million to under $500 million	$500,000
$500 million to under $1 billion	$650,000
Over $1 billion	$850,000

APPENDIX C - ACTIVITY FEES

	Document or Activity		Fee
A.	**Prospectus Filing**		
1)	Preliminary or Pro Forma Prospectus in Form 41-501F1, (including if PREP procedures are used)		
	a)	with Canadian gross proceeds of $5 million or less, or if no proceeds are disclosed	$1,000
	b)	with Canadian gross proceeds of more than $5 million to $20 million	$5,500
	c)	with Canadian gross proceeds of more than $20 million	$7,500
	d)	non-offering prospectus	$2,000
	Notes: *(i)*	*This applies to most issuers, including investment funds that prepare prospectuses in accordance with Form 41-501F1; investment funds that prepare prospectuses in accordance with Form 81-101F1, Form 15 or Form 45 will pay the fees shown in item 5 below.*	
	(ii)	*In calculating gross proceeds, include any "green shoe" options and underwriters' over-allotment options.*	
	(iii)	*These filing fees and calculation of gross proceeds are applicable to a preliminary prospectus in Form 41-501F1 filed in connection with special warrant offerings.*	
	(iv)	*Where a single prospectus document is filed on behalf of one or more investment funds or issuers, the applicable fee is payable for each investment fund or issuer.*	
2)	Additional fee for Preliminary or Pro Forma Prospectus in Form 41-501F1 of a resource issuer that is accompanied by engineering reports		$2,000
3)	Final Prospectus in Form 41-501F1 showing gross proceeds, or supplemented PREP prospectus showing gross proceeds, if the corresponding preliminary prospectus did not disclose gross proceeds, or pricing supplement to a PREP prospectus in Form 41-501F1, filed by any person or company, including an investment fund Note: *Where a single prospectus document is filed on behalf of one or more investment funds, the applicable fee is payable for each investment fund*		The fee is the amount appropriate to the gross proceeds of the distribution stated in this column opposite item A.1(a), (b) or (c), less $1,000
4)	Preliminary Short Form Prospectus in Form 44-101F3 (including if shelf or PREP procedures are used) or a Registration Statement on Form F-9 or F-10 filed by an issuer that is incorporated or that exists under the laws of Canada or a jurisdiction in connection with a distribution solely in the United States under MJDS as described in 71-101CP.		$2,000
5)	Prospectus Filing by or on behalf of Certain Investment Funds		
	a)	Preliminary or Pro Forma Simplified Prospectus and Annual Information Form in Form 81-101F1 and Form 81-101F2	$600
	b)	Preliminary or Pro Forma Prospectus in Form 15	$600
	c)	Preliminary or Pro Forma Prospectus in Form 45	$600
	d)	Final Simplified Prospectus and Annual Information Form in Form 81-101F1 and Form 81-101F2, Final Prospectus in Form 15, and Final Prospectus in Form 45	None
	Note:	*Where a single prospectus document is filed on behalf of one or more investment funds, the applicable fee is payable for each investment fund.*	

	Document or Activity	Fee
B.	**Fees relating to Rule 45-501 Exempt Distributions**	
1.	Application for recognition, or renewal of recognition, as an accredited investor	$500
C.	**Filing of Rights Offering Circular in Form 45-101F**	$2,000
D.	**Filing of Prospecting Syndicate Agreement**	$500
E.	**Applications for Discretionary Relief**	
1)	Application under clause 72(1)(m), sections 74, 104, and 127, subsection 140(2), or section 147 of the Act (not including an application under section 3.1 of Rule 31-503 Limited Market Dealers)	$5,500 (plus $2,000 if the applicant does not pay a participation fee)
2)	Application for exemption from Multilateral Instrument 45-102, OSC Rule 45-501, OSC Rule 45-502, OSC Rule 45-503, National Instrument 51-101, OSC Rule 56-501, OSC Rule 61-501, National Instrument 62-101, National Instrument 62-103, or OSC Rule 62-501	$5,500 (plus $2,000 if the applicant does not pay a participation fee)
3)	Except as provided in items 1 and 2 above, application for discretionary relief from, or regulatory approval under, any other section of the Act, Regulation and any Rule of the Commission, excluding the following applications for which no fee is required: Note: *Where an application is made by or on behalf of one or more investment funds in an investment fund family, see section 4.2 of the Rule.*	$1,500 per section up to a maximum of $5,500 (plus $2,000 if the applicant does not pay a participation fee)
i)	application under subsection 38(3), subsection 72(8) or section 83 of the Act	
ii)	application under section 144 of the Act for an order revoking a cease-trade order to permit trades solely for the purpose of establishing a tax loss in accordance with OSC Policy 57-602	
(iii)	relief from section 213 of the *Loan and Trust Corporations Act* (Ontario)	
(iv)	application for waiver of the requirements of OSC Rule 51-501	
(v)	application where the discretionary relief or regulatory approval is evidenced by the issuance of a receipt for the applicant's final prospectus[1]	
F.	**Pre-Filings** Note: *The fee for a pre-filing shall be credited against the applicable fee payable if and when the formal filing is actually proceeded with; otherwise, the fee is non-refundable.*	the lower of $2,000 and the amount that would have been payable pursuant to this Appendix if the formal filing were made without the pre-filing
G.	**Take-Over Bid and Issuer Bid Documents**	
1)	Filing of a take-over bid or issuer bid circular under section 98 of the Act	$5,500 (plus $2,000 if the filer or an affiliate of the filer does not pay a participation fee)
2)	Filing of a notice of change or variation under subsection 98(2) or subsection 98(4) of the Act	$500

1 For example, an application for relief from OSC Rule 41-501 or NI81-101.

	Document or Activity	Fee
H.	**Filing an initial annual information form under National Instrument 44-101**	$2,000
I.	**Registration-Related Activity**	
1.	New registration of a firm in any category of registration *Note:* *If a firm is registering as both a dealer and an adviser, it will be required to pay two activity fees.*	$800
2.	Change in registration category *Note:* *This would include a dealer becoming an adviser or vice versa, or changing a category of registration within the general categories of dealer or adviser. A dealer adding a category of registration, such as a dealer becoming both a dealer and an adviser, would be covered in the preceding section.*	$800
3.	Registration of a new director, officer or partner (trading and/or advising), salesperson or representative *Note:* *Registration of a new non-trading or non-advising director, officer or partner does not trigger an activity fee.* *Note:* *If an individual is registering as both a dealer and an adviser, they will be required to pay two activity fees*	$400 per person
4.	Change in status from a non-trading and/or non-advising capacity to a trading and/or advising capacity	$400 per person
5.	Registration of a new registrant firm, or the continuation of registration of an existing registrant firm, resulting from or following an amalgamation of registrant firms	$6,000
6.	Application for amending terms and conditions of registration	$1,500
J.	**Notice to Director under section 104 of the Regulation**	$1,500
K.	**Request for certified statement from the Commission or the Director under section 139 of the Act**	$500
L.	**Commission Requests**	
1)	Request for a photocopy of Commission records	$0.50 per page
2)	Request for a search of Commission records	$10
M.	**Late Filing**	
1)	Fee for late filing of any of the following documents:	
	a) Annual financial statements and interim financial statements b) Renewal annual information form filed in accordance with National Instrument 44-101 ("Renewal AIF") c) Annual information form, other than Renewal AIF, (d) Annual management report of fund performance and quarterly management report of fund performance (e) Management's discussion and analysis (f) Material change report (g) Report on Form 45-501F1 under subsection 72(3) (h) Report of distributions under OSC Rule 45-503 (i) Strip bond information statement under subsection 4.2(3) of OSC Rule 91-501 (j) Report on Form 38 under subsection 117(1) of the Act (k) any other notice, document, report or form required by Ontario securities law to be filed or submitted within a prescribed period	$100 per business day (Subject to a maximum of $5,000 for all documents within one financial year)

Document or Activity	Fee
2) Fee for late filing of insider report on Form 55-102F2	$50 per business day, per issuer (subject to a maximum of $1,000 per issuer within one financial year)

FEE RULE

FORM 13-502F1
ANNUAL PARTICIPATION FEE FOR REPORTING ISSUERS

Reporting Issuer Name: ______________________

Participation Fee for the Financial Year Ending: ______________________

Complete Only One of 1, 2 or 3:

1. Class 1 Reporting Issuers (Canadian Issuers – Listed in Canada and/or the U.S.)

Market value of equity securities:

Total number of equity securities of a class or series outstanding at the end of the issuer's most recent financial year ________

Simple average of the closing price of that class or series as of the last trading day of each of the months of the financial year (under paragraph 2.5(a)(ii)(A) or (B) of the Rule) X ________

Market value of class or series = ________

________(A)

(Repeat the above calculation for each class or series of equity securities of the reporting issuer that are listed and posted for trading, or quoted on a marketplace in Canada or the United States of America at the end of the financial year)

________(A)

Market value of corporate debt or preferred shares of Reporting Issuer or Subsidiary Entity referred to in Paragraph 2.5(b)(ii): ________(B)

[Provide details of how determination was made.]

(Repeat for each class or series of corporate debt or preferred shares) ________(B)

Total Capitalization (add market value of all classes and series of equity securities and market value of debt and preferred shares) (A) + (B) = ________

Total fee payable in accordance with Appendix A of the Rule ________

Reduced fee for new Reporting Issuers (see section 2.8 of the Rule) ________

Total Fee Payable x Number of months remaining in financial year year or elapsed since most recent financial year / 12

Late Fee, if applicable ________
(please include the calculation pursuant to section 2.9 of the Rule)

2. Class 2 Reporting Issuers (Other Canadian Issuers)

Financial Statement Values (use stated values from the audited financial statements of the reporting issuer as at its most recent audited year end):

Retained earnings or deficit ________

Contributed surplus ________

Share capital or owners' equity, options, warrants and preferred shares (whether such shares are classified as debt or equity for financial reporting purposes) ________

Long term debt (including the current portion) ________

Capital leases (including the current portion) ________

Minority or non-controlling interest ________

Items classified on the balance sheet between current liabilities and shareholders' equity (and not otherwise listed above) ________

Any other item forming part of shareholders' equity and not set out specifically above ________

Total Capitalization ________

Total Fee payable pursuant to Appendix A of the Rule ________

Reduced fee for new Reporting Issuers (see section 2.8 of the Rule)

Total Fee Payable x Number of months remaining in financial year
year or elapsed since most recent financial year
12 ________

Late Fee, if applicable (please include the calculation pursuant to section 2.9 of the Rule) ________

3. Class 3 Reporting Issuers (Foreign Issuers)

Market value of securities:
If the issuer has debt or equity securities listed or traded on a marketplace located anywhere in the world (see paragraph 2.7(a) of the Rule):
Total number of the equity or debt securities outstanding at the end of the reporting issuer's most recent financial year ________

Simple average of the published closing market price of that class or series of equity or debt securities as of the last trading day of each of the months of the financial year on the marketplace on which the highest volume of the class or series of securities were traded in that financial year. X ________

Percentage of the class registered in the name of, or held beneficially by, an Ontario person X ________

(Repeat the above calculation for each class or series of equity or debt securities of the reporting issuer) = ________

Capitalization (add market value of all classes and series of securities) ________

Or, if the issuer has no debt or equity securities listed or traded on a marketplace located anywhere in the world (see paragraph 2.7(b) of the Rule):

Financial Statement Values (use stated values from the audited financial statements of the reporting issuer as at its most recent audited year end):

Retained earnings or deficit ________

Contributed surplus ________

Share capital or owners' equity, options, warrants and preferred shares (whether such shares are classified as debt or equity for financial reporting purposes) ________

Long term debt (including the current portion) ________

Capital leases (including the current portion) ________

Minority or non-controlling interest ________

Items classified on the balance sheet between current liabilities and shareholders' equity (and not otherwise listed above) ________

Any other item forming part of shareholders' equity and not set out specifically above ________

Percentage of the outstanding equity securities registered in the name of, or held beneficially by, an Ontario person X ________

Capitalization ________

Total Fee payable pursuant to Appendix A of the Rule ________

Reduced fee for new Reporting Issuers (see section 2.8 of the Rule)

Total Fee Payable x Number of months remaining in financial year
year or elapsed since most recent financial year
12 ________

Late Fee, if applicable
(please include the calculation pursuant to section 2.9 of the Rule) ________

Notes and Instructions

1. This participation fee is payable by reporting issuers other than investment funds that do not have an unregistered investment fund manager.

2. The capitalization of income trusts or investment funds that have no investment fund manager, which are listed or posting for trading, or quoted on, a marketplace in either or both of Canada or the U.S. should be determined with reference to the formula for Class 1 Reporting Issuers. The capitalization of any other investment fund that has no investment fund manager should be determined with reference to the formula for Class 2 Reporting Issuers.

3. All monetary figures should be expressed in Canadian dollars and rounded to the nearest thousand. Closing market prices for securities of Class 1 and Class 3 Reporting Issuers should be converted to Canadian dollars at the [daily noon] in effect at the end of the issuer's last financial year, if applicable.

4. A reporting issuer shall pay the appropriate participation fee no later than the date on which it is required to file its annual financial statements.

5. The number of listed securities and published market closing prices of such listed securities of a reporting issuer may be based upon the information made available by a marketplace upon which securities of the reporting issuer trade, unless the issuer has knowledge that such information is inaccurate and the issuer has knowledge of the correct information.

6. Where the securities of a class or series of a Class 1 Reporting Issuer have traded on more than one marketplace in Canada, the published closing market prices shall be those on the marketplace upon which the highest volume of the class or series of securities were traded in that financial year. If none of the class or series of securities were traded on a marketplace in Canada, reference should be made to the marketplace in the United States on which the highest volume of that class or series were traded.

7. Where the securities of a class or series of securities of a Class 3 Reporting Issuer are listed on more than one exchange, the published closing market prices shall be those on the marketplace on which the highest volume of the class or series of securities were traded in the relevant financial year.

FEES RULE
FORM 13-502F2

ADJUSTMENT OF FEE PAYMENT
UNDER SUBSECTION 2.4(2) OF RULE 13-502

Reporting Issuer Name: ____________________

Participation Fee for the Financial Year Ending: ____________________

8. State the amount paid under subsection 2.3(3) of Rule 13-502: ____________
9. Show calculation of actual capitalization based on audited financial statements:

Financial Statement Values (use stated values from the audited financial statements of the reporting issuer as at its most recent audited year end):

Retained earnings or deficit ________

Contributed surplus ________

Share capital or owners' equity, options, warrants and preferred shares (whether such shares are classified as debt or equity for financial reporting purposes) ________

Long term debt (including the current portion) ________

Capital leases (including the current portion) ________

Minority or non-controlling interest ________

Items classified on the balance sheet between current liabilities and shareholders' equity (and not otherwise listed above) ________

Any other item forming part of shareholders' equity and not set out specifically above ________

Total Capitalization ________

Total Fee payable: ________

10. Difference between 1 and 2: ________
11. Indicate refund due (balance owing): ________

FEES RULE
FORM 13-502 F3

PARTICIPATION FEE CALCULATION FOR REGISTRANT FIRMS AND UNREGISTERED FUND MANAGERS

Notes and Instructions

1. Registrant firms are required to complete each Part that applies to their particular category of registration. Firms may have multiple registration categories and will be required to complete each relevant part as outlined below:

   Part I - Investment Dealers Association of Canada members
   Part II - Mutual Fund Dealers Association of Canada members
   Part III – Advisers,[1] other Dealers[2] and unregistered Investment Fund Managers

2. The components of revenue reported in each Part should be based on the same principles as the comparative statement of income which is prepared in accordance with generally accepted accounting principles ("GAAP"), or such equivalent principles applicable to the audited financial statements of international dealers and advisers and foreign investment fund managers, except that revenues should be reported on an unconsolidated basis. It is recognized that the components of the revenue classification may vary between firms. However, it is important that each firm be consistent between periods.

3. Each Part should be read in conjunction with the related notes and instructions of that section where applicable.

4. Members of the Investment Dealers Association of Canada may refer to Statement E of the Joint Regulatory Financial Questionnaire and Report for guidance.

5. Members of the Mutual Fund Dealers Association of Canada may refer to Statement D of the MFDA Financial Questionnaire and Report for guidance.

6. Comparative figures are required for the registrant firms' and unregistered investment fund managers' year end date.

7. Participation fee revenue will be based on the portion of total revenue that can be attributed to Ontario. The percentage attributable to Ontario for the reported year end should be the provincial allocation rate used in the corporate tax return for the same fiscal period. For firms that do not have a permanent establishment in Ontario, the percentage attributable to Ontario will be based on the proportion of total revenues generated from capital markets activities in Ontario. Refer to Part IV.

8. All figures should be expressed in Canadian dollars and rounded to the nearest thousand.

9. Information reported on this questionnaire must be certified by two members of senior management in Part V to attest to its completeness and accuracy.

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[1] Includes all adviser categories as per section 99 of the Regulations in the *Securities Act* (Ontario) such as financial advisers, investment counsel, portfolio managers and securities advisers. This category also includes non- resident advisers and international advisers.

[2] Includes all dealer categories as per section 98 of the Regulations in the *Securities Act* (Ontario) except MFDA members which are treated separately in Part II.

Revenue for Participation Fee

Firm Name: ______________________

Participation Fee for the Calendar Year: ______________________

Part I – Investment Dealers Association of Canada Members

REVENUE SUBJECT TO PARTICIPATION FEE	Current Year $	Prior Year $
1. Line 18 of Statement E of the Joint Regulatory Financial Questionnaire and Report		

Part II – Mutual Fund Dealers

REVENUE SUBJECT TO PARTICIPATION FEE	Current Year $	Prior Year $
1. Line 12 of Statement D of the MFDA Financial Questionnaire and Report		

Part III – Advisers, Other Dealers, and Unregistered Investment Fund Managers

	Current Year $	Prior Year $
1. Gross Revenue as per the audited financial statements (note 1)		
Less the following items:		
2. Redemption Fees (note 2)		
3. Administration Fees (note 3)		
4. Advisory or Sub-Advisory fees paid to other Ontario registrant firms (note 4)		
5. Trailer fees paid to other Ontario registrant firms (note 5)		
6. Line 12 of Statement D (reported above if dually registered) (note 6)		
7. Total Deductions – sum of lines 2 to 6		
8. **REVENUE SUBJECT TO PARTICIPATION FEE** (line 1 less line 7)		

[See Notes and Instructions for Part III]

Notes and Instructions - Part III

1. Gross Revenue is defined as the sum of all revenues reported on a gross basis as per the audited financial statements prepared in accordance with GAAP, or such equivalent principles applicable to the audited financial statements of international dealers and advisers and foreign investment fund managers, except that revenues should be reported on an unconsolidated basis. Items reported on a net basis must be adjusted for purposes of the fee calculation.

2. Redemption fees earned upon the redemption of investment fund units sold on a deferred sales charge basis are permitted as a deduction from total revenue on this line.

3. Administration fees permitted as a deduction from line 1 are limited solely to those that represent the recovery of costs from the mutual funds for operating expenses paid on their behalf by the registrant firm or unregistered investment fund manager. Operating expenses include legal, audit, trustee, custodial and safekeeping fees, registrar and transfer agent charges, taxes, rent, advertising, unitholder services and financial reporting costs.

4. Where the advisory services of **another Ontario registrant firm** are used by the registrant firm to advise on a portion of its assets under management, such sub-advisory costs are permitted as a deduction on this line.

5. Trailer fees paid to **other Ontario registrant firms** are permitted as a deduction on this line.

6. To the extent that a registrant firm is also registered under the category of a mutual fund dealer defined in subsection 98(7) of the Regulations in the *Securities Act* (Ontario) and to the extent that revenues attributable to this category of registration were already reported in Part II, this amount may be deducted from total revenue on this line.

Part IV – Calculation of Revenue Attributable to Ontario

Firm Name: ____________________

Participation Fee for the Financial Year Ending: ____________________

Gross Revenue subject to Participation Fee:	$
Line 1 from Part I	________
Line 1 from Part II	________
Line 8 from Part III	________
Total	________
Percentage attributable to Ontario (based on most recent tax return)	________%
Specified Revenue attributed to Ontario	________
Total Fee payable (refer to Appendix B of the Rule)	________

Part V - Management Certification

Registrant Firm Name: ____

We have examined the attached statements and certify that, to the best of our knowledge, they present fairly the revenues of the firm for the period ended ______________________ and are prepared in agreement with the books of the firm.

We certify that the reported revenues of the firm are complete and accurate and in accordance with generally accepted accounting principles.

Name and Title	Signature	Date
1. ________________________________	____________________________	____________________
__________________________________		
2. ________________________________	____________________________	____________________
__________________________________		

FEES RULE
FORM 13-502F4

ADJUSTMENT OF FILING OR FEE PAYMENT
UNDER SUBSECTION 3.3(4) OF RULE 13-502

Registrant Firm Name: ____________________

Participation Fee for the Calendar Year: ____________________

1. State the amount of the participation fee estimated under the filing of Form 13-502F3 previously made:__________
2. Show the amount of the participation fee based on the audited financial statements for the last completed financial year: __________
3. **[Include revised and completed Form 13-502F3.]**
4. Difference between 1 and 2: __________
5. Indicate refund due (balance owing): __________

ONTARIO SECURITIES COMMISSION
COMPANION POLICY 13-502CP
FEES

TABLE OF CONTENTS

PART 1 PURPOSE OF COMPANION POLICY
1.1 Purpose of Companion Policy

PART 2 PURPOSE AND GENERAL APPROACH OF THE RULE
2.1 Purpose and General Approach of the Rule
2.2 Participation Fees
2.3 Activity Fees
2.4 No Refunds
2.5 Indirect Avoidance of Rule

PART 3 CORPORATE FINANCE PARTICIPATION FEES
3.1 Application to Investment Funds
3.2 Fees Payable in Advance
3.3 Determination of Corporate Debt Market Value
3.4 Class 3 Reporting Issuers
3.5 "Green Shoes" and Over-Allotment Options

PART 4 CAPITAL MARKET PARTICIPATION FEES
4.1 Fees Payable in Advance
4.2 Late Fees
4.3 Form of Payment of Fees
4.4 "Capital Market Activities"
4.5 Owner's Equity

PART 5 ACTIVITY FEES
5.1 Late Filing Fee
5.2 Permitted Deductions
5.3 Investment Funds
5.4 Calculation Examples

ONTARIO SECURITIES COMMISSION
COMPANION POLICY 13-502CP
FEES

PART 1 PURPOSE OF COMPANION POLICY

1.1 **Purpose of Companion Policy** - The purpose of this Companion Policy is to state the views of the Commission on various matters relating to Rule 13-502 Fees (the "Rule"), including

(a) an explanation of the overall approach of the Rule;

(b) explanation and discussion of various parts of the Rule; and

(c) examples of some matters described in the Rule.

PART 2 PURPOSE AND GENERAL APPROACH OF THE RULE

2.1 Purpose and General Approach of the Rule

(1) The general approach of the Rule is to establish a fee regime that accomplishes three primary purposes – to reduce the overall fees charged to market participants from what existed previously in Ontario, to create a clear and streamlined fee structure and to adopt fees that accurately reflect the Commission's costs of providing services.

(2) The fee regime implemented by the Rule is based on the concept of "participation fees" and "activity fees".

2.2 Participation Fees

(1) Participation fees generally are designed to represent the benefit derived by market participants from participating in Ontario's capital markets. Reporting issuers, registrant firms and unregistered investment fund managers are required to pay participation fees annually. The participation fee is based on a measure of the market participant's size, which is intended to serve as a proxy for the market participant's use of the Ontario capital markets. The amounts of the participation fees have been based on the cost of a broad range of regulatory services that cannot be practically or easily attributed to individual activities or entities. Participation fees replace most of the continuous disclosure filing fees and other activity fees formerly charged to market participants under the previous fees regime.

(2) The Rule provides for

(a) corporate finance participation fees, which are applicable to reporting issuers other than most investment funds; and

(b) capital markets participation fees, which are applicable to registrant firms and unregistered investment fund managers.

2.3 **Activity Fees** - Activity fees are designed to represent the direct cost of Commission staff resources expended in undertaking certain activities requested of staff by market participants, for example in connection with the review of prospectuses, applications for discretionary relief or the processing of registration documents. Market participants are charged activity fees only for activities undertaken by staff at the request of the market participant. Activity fees are charged for a limited number of activities only and are flat rate fees based on the average cost to the Commission of providing the service.

2.4 No Refunds

(1) Generally speaking, a person or company that pays a fee under the Rule is not entitled to a refund of that fee. For example, there is no refund available for an activity fee paid in connection with an action that is subsequently abandoned by the payor of the fee. Also, there is no refund available for a participation fee paid by a reporting issuer, registrant firm or unregistered investment fund manager that loses that status later in the financial year for which the fee was paid.

(2) An exception to the principle discussed in subsection (1) is provided for in subsection 2.3(3) of the Rule. This provision allows for the adjustment of a participation fee paid by a Class 2 or some Class 3 reporting issuers

based on a good faith estimate of its capitalization as at the end of a financial year if its financial statements are not available.

(3) The Commission will also consider requests for adjustments to fees paid in the case of incorrect calculations made by fee payors.

2.5 **Indirect Avoidance of Rule** -The Commission may examine arrangements or structures implemented by market participants and their affiliates that raise the suspicion of being structured for the purpose of reducing the fees payable under the Rule. In particular, the Commission will be interested in circumstances in which revenues from registrable activities carried on by a corporate group are not treated as revenues of a registrant firm, thereby possibly artificially reducing the specified Ontario revenue calculations used in determining fees payable under the Rule.

PART 3 CORPORATE FINANCE PARTICIPATION FEES

3.1 **Application to Investment Funds** - Section 2.1 of the Rule excludes investment funds from the application of Part 2 of the Rule, except if they do not have an investment fund manager. An investment fund that has an investment fund manager does not have to pay corporate finance participation fees because its manager will be paying the capital markets participation fees in respect of revenues generated from managing the investment fund. However, if the investment fund does not have an investment fund manager, the fund is made subject to the corporate finance participation fees to ensure that it does not have an unfair advantage over other reporting issuers that are required to pay such fees.

3.2 Fees Payable in Advance

(1) Section 2.2 of the Rule prescribes the annual payment of a participation fee by each reporting issuer other than those that are exempt from this fee under section 2.1 of the Rule. Subsection 2.2(1) of the Rule requires the payment of a fee, for each of its financial years, to be based on the capitalization of the reporting issuer as at the end of its previous financial year. Subsection 2.3(1) of the Rule requires the payment of this participation fee to be no later than the date on which the reporting issuer's annual financial statements are required to be filed.

(2) The Commission notes that the effect of sections 2.2 and 2.3 of the Rule is that a participation fee is payable in advance by a reporting issuer for its current financial year, even though the fee is based on the capitalization of the reporting issuer at the end of its previous financial year.

(3) Section 2.8 of the Rule pertains to the payment of a participation fee for a new reporting issuer. This section is consistent with the principle that a participation fee is payable in advance. A new reporting issuer is required to pay a participation fee when it becomes a reporting issuer for the remainder of its current financial year; the reporting issuer is required to calculate an annual participation fee in accordance with the requirements of section 2.8 of the Rule, and pay a proportionate amount based on the number of months left in the financial year.

(4) A person or company that ceases to be a reporting issuer in a financial year is not entitled to any refund of the participation fee payable for that financial year, as discussed in subsection 2.4(1) of this Policy.

3.3 Determination of Corporate Debt Market Value

(1) Section 2.5 of the Rule requires the calculation of the capitalization of a Class 1 reporting issuer to include the market value, at the end of the financial year for which a participation fee is being calculated, of each class or series or corporate debt or preferred shares of the reporting issuer or, if applicable, a subsidiary entity of the reporting issuer. It is noted that the requirement that corporate debt or preferred shares be valued in accordance with market value excludes from the calculation corporate debt or preferred shares that are not traded in a market and that therefore do not have a market. For instance, corporate debt of an issuer to its bankers generally would have no market value and would not be included in these calculations.

(2) The Commission recognizes that the determination of the market value of corporate debt or preferred shares is a more difficult task than the determination of the market value of equity securities, which are usually listed and for which trading prices are generally readily available. Therefore, the Commission wishes to allow reporting issuers to use the best available source for pricing its corporate debt and preferred shares. The Commission notes that, at the time of this Policy, the best available source may be one or more of

(a) pricing services;

(b) quotations from one or more dealers; or

(c) transaction prices on recent transactions.

3.4 **Class 3 Reporting Issuers** - Paragraph 2.7(b) of the Rule requires that the participation fee for a Class 3 reporting issuer that has no debt or equity securities listed or traded on a marketplace located anywhere in the world be determined by reference to the percentage of outstanding equity securities of any class of the Class 3 reporting issuer registered in the name of, or held beneficially by, Ontario persons. It is noted that this calculation would be made on the basis of the aggregate numbers of all outstanding equity securities of all classes of equity securities of the Class 3 reporting issuer.

3.5 **"Green Shoes" and Over-Allotment Options** - Paragraph 2.8(2)(b) of the Rule requires that the participation fee for Class 1 and Class 3 reporting issuers be based on the issue price of the securities being distributed under a prospectus. The Commission notes that this calculation should assume the issue of any securities under "green shoes" or over-allotment options.

PART 4 CAPITAL MARKET PARTICIPATION FEES

4.1 Fees Payable in Advance

(1) As with corporate finance participation fees, capital market participation fees are paid in advance by a registrant firm or an unregistered investment fund manager. The discussion contained in section 3.2 of this Policy is relevant to capital market participation fees as well as corporate finance participation fees.

(2) Subsections 3.2(1) and 3.3(1) of the Rule require each registrant firm to file its Form 13-502F3 respecting its participation fee by December 1, and to pay its participation fee by December 31, in each year. The fixing of one date for each of the filing and fee payment by a registrant firm is consistent with the National Registration Database ("NRD") system to be implemented by the Canadian securities regulatory authorities; the NRD system contemplates a common renewal date for all registrants of December 31 in each year. This participation fee is paid for the next calendar year, based on the specified Ontario revenues for its previous financial year, even if the financial year of the registrant firm ends on December 31. Therefore, a registrant firm with a financial year end of December 31 will, by December 1, 2002, file its Form 13-502F3, and pay its participation fee by December 31, 2002, in order to pay its participation fee for the 2003 calendar year. Even though that filing and payment will satisfy the registrant firm's obligations contained in Part 3 of the Rule for the 2003 calendar year, the calculation of the participation fee will be based on the specified Ontario revenues of the registrant firm for the financial year ended December 31, 2002.

(3) A registrant firm with a financial year end of June 30, will, for instance, file a Form 13-502F3 by December 1, 2002 and pay its participation fee by December 31, 2002. That filing and payment will satisfy the registrant firm's obligations contained in Part 3 of the Rule for the 2003 calendar year, but the calculation of the participation fee will be based on the specified Ontario revenues of the registrant firm for the financial year ended June 30, 2002.

(4) An unregistered investment fund manager must file its Form 13-502F3 and pay its participation fee within 90 days after the end of each of its financial years. The participation fee for an unregistered fund manager is for its current financial year, rather than for a calendar year, and is calculated on the basis of the audited financial statements of the unregistered investment fund manager for its previous financial year. Therefore, an unregistered investment fund manager having a financial year end of June 30, will in 2003 file its Form 13-502F3 and pay its participation fee by September 29, 2003. That payment will satisfy the unregistered investment fund manager's obligations contained in Part 3 of the Rule for its financial year of July 1, 2003 to June 30, 2004, but the calculation of the participation fee will be based on the specified Ontario revenues of the unregistered investment fund manager firm for the financial year ended June 30, 2003.

4.2 **Late Fees** - Section 3.7 of the Rule prescribes the payment of additional fees in case of overdue payment of fees. The Commission notes that it will, in appropriate circumstances, consider tardiness in the payment of fees as a matter going to the fitness for registration of a registrant firm in considering the registration status of that registrant firm. The Commission may also consider other appropriate measures in the case of late payment of fees by an unregistered investment fund manager, such as prohibiting the delinquent unregistered investment fund manager from continuing to manage any investment fund or cease trading the investment funds managed by that manager.

4.3 **Form of Payment of Fees** - Unregistered fund managers will not be participants in the NRD, so it will be necessary for them to make filings and pay fees under Part 3 of the Rule by paper copy. The filings and payment should be sent to the Ontario Securities Commission, Investment Funds.

4.4 **"Capital Market Activities"** - A number of the capital market participation fees involve consideration of the capital market activities undertaken by a person or company. The term "capital market activities" is defined in Section 1.1 of the Rule to include "activities for which registration under the Act or an exemption from registration is required". The Commission is of the view that these activities would include, without limitation, trading in securities, providing securities-related advice and portfolio management services. The Commission notes that corporate advisory services may not require registration or an exemption from registration and would therefore, in those contexts, not be capital markets activities.

4.5 **Owners' Equity** - A Class 2 reporting issuer and a Class 3 reporting issuer that has no debt or equity securities listed or traded on a marketplace located anywhere in the world, calculate its capitalization on the basis of certain items reflected in its audited balance sheet. One such item is "share capital or owners' equity". The Commission notes that "owners' equity" is designed to describe the equivalent of share capital for non-corporate issuers, such as partnerships or trusts.

PART 5 ACTIVITY FEES

5.1 Late Filing Fee

(1) Item M.1 of Appendix C of the Rule lists the documents the late filing of which will be subject to a fee of $100 per business day, up to a maximum of $5,000 for all documents within one financial year. The last item in the list refers to "any other notice, document, report or form required by Ontario securities law to be filed or submitted within a prescribed period".

(2) It is noted that the phrase "Ontario securities law" includes "a decision of the Commission or a Director to which [a] person or company is subject". Some orders or decisions of the Commission or a Director have granted exemptions to investment funds from certain conflict-of-interest provisions of the Act or National Instrument 81-102, on the condition that reports of certain transactions are filed on SEDAR within a prescribed period. The purpose of this condition would ensure transparency in such transactions. Market participants are reminded that the fee for late filing contained in the Rule would be applicable to those filings, as well as to filings required under the Act, the Regulation or the Rules.

5.2 Permitted Deductions

(1) For the purpose of calculating specified Ontario revenues that would be the basis for determining the participation fee payable by a registrant firm that is not a member of the IDA or MFDA or an unregistered investment fund manager, subsections 3.6(2) and (3) permit certain deductions to be made. These deductions are intended to prevent "double counting" of revenues that would otherwise occur in the absence of the deductions.

(2) It is noted that the permitted deduction of administration fees is limited solely to those that represent the recovery of costs from investment funds for operating expenses paid on their behalf's by the registrant firm or unregistered investment fund manager. No registrant firm or unregistered investment fund manager may make a deduction for more than the amount of administration fees it has paid on behalf of an investment fund managed by the registrant firm or unregistered investment fund manager.

5.3 **Investment Funds** - Section 4.2 of the Rule provides for the payment of only one fee for an application made by or on behalf of investment funds in an investment fund family, if the application pertains to each investment fund. It is contemplated that discretionary relief required by investment funds in an investment fund family in circumstances that are the same for all of them can be sought by way of a single application.

5.4 **Calculation Examples** - Appendices A through E contain some examples of how fees would be calculated under the Rule.

Appendix A
Reporting Issuer

Assume that:

- a reporting issuer is an Ontario corporation that was not previously a reporting issuer in Ontario
- the issuer's financial year-end is December 31
- the issuer obtains a receipt for the prospectus in connection with its initial public offering on August 17
- the issuer's capitalization on August 17, as determined in accordance with section 2.6 of the Rule, is $22 million, before taking into account the proceeds of an IPO
- the issuer becomes listed on the Toronto Stock Exchange in November, and its capitalization as of December 31 as determined in accordance with section 2.5 of the Rule is $55 million

Item	Participation Fee	Activity Fee
files an application pursuant to section 74 of the Act for relief from sections 25 and 53 of the Act prior to becoming a reporting issuer		$7,500[1] ($5,500 plus $2,000 because issuer does not pay a participation fee)
files a preliminary prospectus in connection with initial public offering, where the preliminary prospectus shows gross proceeds of $4 million		$1,000[2]
files a final prospectus		nil
becomes a reporting issuer under the Act upon the issuance of a receipt for a prospectus on August 17	$833.33[3] ($2,500 times 4 full remaining months divided by 12)	
files a material change report within prescribed period		nil
files application pursuant to section 38(3) of the Act		nil
files application for relief pursuant to clause 80(b)(iii) of the Act		$1,500
files application for relief pursuant to sections 104 and 121 of the Act		$5,500
files AIF pursuant to Rule 51-501		nil
files annual proxy materials		nil
timing - files annual financial statements on May 20 (within prescribed period)		nil
files a Notice of Intention to Make an Issuer Bid		nil
files a Form 42 Report of Issuer Bid		nil
files insider trading report within prescribed period		nil
files preliminary prospectus that does not disclose gross proceeds		$1,000[4]
files final prospectus with gross proceeds of $75 million		$6,500[5] ($7,500 less $1,000)
files initial AIF under National Instrument 44-101		$2,000[6]
files preliminary short form prospectus		$2,000
files short form prospectus		nil
files material change report 5 days late		$500[7]

1 See item E.1 of Appendix C of the Rule.

2 See item A.1(a) of Appendix C of the Rule.

3 See subsection 2.8(1) and Appendix A of the Rule.

4 See item A.1(a) of Appendix C of the Rule.

5 See item A.1(c) of Appendix C of the Rule.

6 See item H of Appendix C of the Rule.

7 See item M.1 of Appendix C of the Rule.

Appendix B
Dealer – Member of the Investment Dealers Association of Canada

Assume that:

- Financial year-end is December 31st
- Firm had specified Ontario revenues of $150 million as at December 31, 2001
- audited financial statements have to be filed

Item	Participation Fee	Activity Fee
files Form 13-502F1 stating specified Ontario revenues of $150 million	$250,000[8]	
files annual financial statements		nil
1 renewal of registration		nil
3 appointments of new trading officers/directors		$400 x 3 = $1,200[9]
24 appointments of salespersons		$400 x 24 = $9,600[10]
28 new branches		Nil
4 branch closures		Nil
12 terminations of salespersons		Nil
1 termination of officer		Nil
2 requests for change in the status of officers from non-trading to trading		$400 x 2 = $800[11]

8 See Appendix B of the Rule.

9 See item I.3 of Appendix C of the Rule.

10 See item I.3 of Appendix C of the Rule.

11 See item I.4 of Appendix C of the Rule.

Appendix C
Mutual Fund Dealer ("MFD")

Assume that:

- MFD's financial year-end is March 31st
- MFD had specified Ontario revenues of $35 million as at March 31, 2001
- MFD currently has 12 sales representatives and 2 branch offices
- audited financial statements have to be filed
- MFD is applying for discretionary relief from a registration requirement in the Act

Item	Participation Fee	Activity Fee
files Form 13-502F3 stating specified Ontario revenues of $35 million	$75,000[12]	
files for discretionary relief of one requirement under the Act		$1,500[13]
files annual financial statements		Nil
1 renewal of registration		Nil
2 appointments of new officers/directors		$400 x 2 = $800[14]
8 appointments of new salespersons		$400 x 8 = $3,200[12]
3 new branches		Nil
change in business name		Nil
2 terminations of sales representatives		Nil
1 termination of officer		Nil
2 requests for change in the status of officers		$400 x 2 = $800[15]

12 See Appendix B of the Rule.

13 See item E.3 of Appendix C of the Rule.

14 See item I.3 of Appendix C of the Rule.

15 See item I.4 of Appendix C of the Rule.

Appendix D
Investment Counsel/Portfolio Manager ("ICPM")

Assume that:

- ICPM's financial year-end is December 31st
- ICPM had specified Ontario revenues of $600 million as at December 31, 2001
- audited financial statements have to be filed

Item	Participation Fee	Activity Fee
files Form 13-502F3 stating specified Ontario revenues of $600 million	$650,000[16]	
files annual financial statements		Nil
1 renewal of registration		Nil
5 appointments of new advising officers		$400 x 5 = $2,000[17]
1 appointments of new non-advising officer		Nil
1 application for exemption from Rule 31-502 requirements		$1,500[18]

16 See Appendix B of the Rule.

17 See item I.3 of Appendix C of the Rule.

18 See item E.3 of Appendix C of the Rule.

Appendix E
Unregistered Investment Fund Manager ("UIFM")

Assume that:

- UIFM's financial year-end is December 31st
- UIFM had specified Ontario revenues of $375 million as at December 31, 2001
- UIFM currently manages 40 investment funds, 38 (IF1-IF38) of which are in continuous distribution and subject to NI81-101, while 2 (IF39 and IF40) are listed and traded on the Toronto Stock Exchange
- UIFM is establishing 5 new investment funds (IF41-IF45) that are all going to be in continuous distribution and are subject to NI81-101
- IF41 and IF42 need exemption from one section of the Act
- IF43, IF44 and IF45 need exemptions from four sections of NI81-102
- UIFM is establishing one new investment fund (IF46) that will do a one-time offering and whose securities will be listed and traded on the Toronto Stock Exchange
- IF46 needs exemptions from six sections of NI81-102
- audited financial statements for IF1-IF40 have to be filed
- material changes occurred for IF39 and IF40
- current SP and AIF of IF1-IF38 have to be renewed

Item	Participation Fee	Activity Fee
Files Form 13-502F2 stating specified Ontario revenues of $375 million	$500,000[19]	
Files 1 application on behalf of IF41 and IF 42 for relief from one section of the Act		$1,500[20]
Files 1 application on behalf of IF43, IF44 and IF45 for relief from four sections of NI81-102		$5,500[21]
Files preliminary SP and AIF for IF41-IF45 in a single document		$600 x 5=$3,000[22]
Files annual financial statements for IF1-IF40 within prescribed period		Nil
Files application on behalf of IF46 for relief from six sections of NI81-102		$5,500
Files preliminary prospectus in Form 41-501F1 for IF46, with gross proceeds bulleted		$1,000[23]
Files pro forma SP and AIF for IF1-IF38 in a single document		$600 x 38=$22,800[24]
Files final SP and AIF for IF41-IF45 in a single document		Nil[25]
Files amendment to SP and AIF for IF1-IF20 in a single document		Nil
Files final prospectus in Form 41-501F1 for IF46, with gross proceeds of $75 million		$7,500-$1,000=$6,500[26]
Files material change report for IF39-IF40		Nil
Files final SP and AIF for IF1-IF38 in a single document		Nil

19 See Section 3.1 and Appendix B of the Rule.

20 See item E.3 of Appendix C and section 4.2 of the Rule of the Rule.

21 See item E.3 of Appendix C and section 4.2 of the Rule.

22 See item A.5(a) of Appendix C of the Rule.

23 See item A.1(a) of Appendix C of the Rule.

24 See item A.5(a) of Appendix C of the Rule.

25 See item A.5(d) of Appendix C of the Rule.

26 See item A.3(a), in conjunction with item A.1(c), of Appendix C of the Rule.

RULE 13-502 – FEES, INCLUDING FORMS 13-502F1, 13-502F2, 13-502F3 AND 13-502F4, AND COMPANION POLICY 13-502CP – FEES

CONSEQUENTIAL AMENDMENTS

AMENDMENTS TO ONTARIO SECURITIES COMMISSION POLICY 12-602, RULES 45-501, 45-502 AND 45-503, AND COMPANION POLICY 91-504CP

Part 1 AMENDMENT

1.1 **Policy 12-602 Amendment** – Policy 12-602 Deeming a Reporting Issuer in Certain Other Canadian Jurisdictions to be a Reporting Issuer in Ontario is amended by deleting subsection 4.1(9) and substituting for that subsection:

"(9) the filing fee prescribed under Rule 13-502 Fees."

1.2 **Rule 45-501 Amendment** – Rule 45-501 Exempt Distributions is amended by

(a) deleting section 7.3 and substituting for that section:

"7.3 [deleted]";

(b) deleting section 7.4 and substituting for that section:

"7.4 [deleted]";

(c) deleting subsection 7.5(4) and substituting for that subsection:

"(4) [deleted]";

(d) deleting subsection 7.5(5) and substituting for that subsection:

(5) [deleted]";

(e) deleting subsection 7.5(6) and substituting for that subsection:

(6) [deleted]";

(f) deleting section 7.6 and substituting for that section:

"7.6 [deleted]"; and

(g) deleting section 7.7 and substituting for that section:

"7.7 Report of a Trade Made under Section 2.12 – If a trade is made in reliance upon an exemption from the prospectus requirement in section 2.12, the issuer shall, not later than thirty days after the financial year end of the issuer in which the trade occurred, file a report, in duplicate, prepared in accordance with Form 45-501F1."

1.3 **Form 45-501F1 Amendment** – Form 45-501F1 – Securities Act (Ontario) Report under Section 72(3) of the Act or Section 7.5(1) of Rule 45-501 is amended by

(a) deleting item 8 and substituting for that item:

"8. Has the seller paid a participation fee for the current financial year in accordance with Rule 13-502?"; and

(b) deleting instruction 3 and substituting for that instruction:

"3. If the seller has not paid a participation fee for the current financial year, or if this form is filed late, a fee may be payable under Rule 13-502. Otherwise, no fee is payable to the Commission in connection with the filing of this form. Cheques must be made payable to the Ontario Securities Commission."

1.4 **Rule 45-502 Amendment** – Rule 45-502 Dividend or Interest Reinvestment and Stock Dividend Plans is amended by deleting Part 6, by renumbering Part 7 as Part 6, and by renumbering section 7.1 as section 6.1.

1.5 **Rule 45-503 Amendment** – Rule 45-503 Trades to Employees, Executives and Consultants is amended by deleting Part 11, by renumbering Part 12 as Part 11, and by renumbering section 12.1 as section 11.1.

1.6 **Companion Policy 91-504CP Amendment** – Companion Policy 91-504CP to Ontario Securities Commission Rule 91-504 Over-the-Counter Derivatives is amended by

(a) deleting subsection 6.4(2) and substituting for that subsection:

"(2) Any OTC derivative transaction effected in reliance upon a paragraph of section 72 of the Act enumerated in subsection 72(3) triggers the requirement of the filing of a Form 45-501F1 and payment of the requisite filing fee, if any, under Rule 13-502."; and

(b) deleting subsections 6.4(3) and 6.4(4).

Part 2 EFFECTIVE DATE

2.1 **Effective Date** – This amendment comes into force on the date that Ontario Securities Commission Rule 13-502 Fees comes into force.

Chapter 6

Request for Comments

6.1.1 Notice of Proposed Amendments to National Instrument 21-101 Marketplace Operation and Companion Policy 21-101CP and National Instrument 23-101 Trading Rules and Companion Policy 23-101CP

NOTICE OF PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 21-101 MARKETPLACE OPERATION AND COMPANION POLICY 21-101CP

AND

NATIONAL INSTRUMENT 23-101 TRADING RULES AND COMPANION POLICY 23-101CP

I. INTRODUCTION

The Canadian Securities Administrators (the CSA or we) are publishing proposals for comment that would amend National Instrument 21-101 *Marketplace Operation* (NI 21-101), National Instrument 23-101 *Trading Rules* (NI 23-101) and the related companion policies (together, the ATS Rules).

These amendments and have been approved for publication in British Columbia, Alberta and Ontario and are being published at this time by only the Ontario Securities Commission. CMVQ staff will submit the proposed amendments to the CVMQ on July 8, 2003. British Columbia, Alberta and, if approved, the CVMQ, will publish the amendments on July 11, 2003. The comment period for all jurisdictions will end on September 11, 2003.

II. BACKGROUND

The purpose of the ATS Rules is to create a framework that permits competition between traditional exchanges and other marketplaces, while ensuring that trading is fair and efficient.[1]

The regulatory objectives are

- to provide investor choice as to execution methodologies or types of marketplaces,
- to improve price discovery,
- to decrease execution costs, and
- to improve market integrity

There are three parts to the ATS Rules:

1. a framework that outlines how marketplaces[2] are authorized to do business and how they are regulated,
2. requirements relating to data transparency and market integration to minimize any negative impact of having multiple markets trading the same securities, and
3. market regulation rules.

The Current Regime

The current requirements in the ATS Rules as of December 1, 2001 (the 2001 ATS Rules) are summarized below.

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[1] See Notices for background at (1999), 22 OSCB (ATS Supp), (2000), 23 OSCB (Supp) and (2001), 24 OSCB (Supp).

[2] Marketplaces are exchanges, quotation and trade reporting systems and alternative trading systems (ATSs).

1. *Equity Securities*

(i) Transparency

The 2001 ATS Rules set out pre-trade and post-trade requirements for marketplaces that trade exchange-trade securities and foreign exchange-traded securities.[3]

The CSA postponed implementation of the requirement to provide pre-trade and post-trade information to a data consolidator until December 31, 2003 because of the cost of developing the information processor and the uncertainty with respect to how the market would develop. Consequently, all marketplaces are currently exempt from the requirement to provide information to an information processor provided that the marketplace provides its order and trade information to an information vendor.

(ii) Market Integration

Market integration was designed in two phases.[4] In Phase 1, each marketplace is required to connect to the marketplace designated as the principal market (the marketplace with the largest trading volume in a particular security for the previous calendar year). Full integration was postponed until after December 31, 2003 because we wanted to see how many new marketplaces developed before making a commitment to a particular solution for integration (creation of a market integrator or requiring each marketplace to connect to each other). Marketplaces are currently subject to the Phase 1 requirements and are complying either directly or indirectly.

(iii) Market Regulation

All marketplaces are required to enter into a contract with a regulation services provider (RSP). The subscribers of the marketplace are required to agree to be bound by the requirements of the RSP.[5] For equity securities, the RSP is Market Regulation Services Inc. (RS Inc.) and the ATSs and their subscribers are required to comply with the rules of the RS Inc. – the Universal Market Integrity Rules (UMI Rules).

2. *Government Debt Securities and Corporate Debt Securities*

(i) Transparency

Marketplaces and inter-dealer bond brokers are required to provide order and trade information on designated benchmark government debt securities to an information processor in real-time.

For corporate debt securities, marketplaces are required to provide order information to an information processor. In addition, marketplaces, inter-dealer bond brokers, and dealers executing trades outside of a marketplace are required to provide to an information processor trade information regarding corporate debt securities within one hour of the trade, subject to volume caps of $2 million for investment grade corporate debt securities and $200,000 for non-investment grade corporate debt securities.[6] The existing ATSs executing trades of fixed income securities have been exempted from the pre-trade and post-trade transparency requirements until December 31, 2003. In addition, the CSA have not designated an information processor and therefore, the information currently being provided to CanPX is being done voluntarily.

(ii) Market Integration

Because the existing fixed income ATSs have received exemptions from the transparency requirements, and because we have not completed the designation of CanPX as the information processor, market integration for marketplaces trading fixed income securities does not apply.[7]

(iii) Market Regulation

In the 2001 ATS Rules, we provided an exemption for all marketplaces executing trades of fixed income securities, inter-dealer bond brokers and dealers executing trades of corporate debt securities from the requirement to enter into a contract with an

[3] NI 21-101, Part 7.

[4] NI 21-101, Part 9.

[5] NI 23-101, Part 8.

[6] NI 21-101, Part 8 and Companion Policy 21-101CP, Part 10.

[7] NI 21-101, Part 9.

RSP provided that they comply with IDA Policy No. 5 Member Firms Trading in Domestic Debt Markets, as amended (IDA Policy No. 5).[8]

III. SUBSTANCE AND PURPOSE OF THE PROPOSED AMENDMENTS

Over the last 18 months, CSA staff have been working on the following initiatives:

- set up an industry committee to look at data consolidation and market integration for the equity markets;
- worked with the IDA to hire a consultant to survey market participants regarding the market integrity issues in the fixed income market and conduct a follow-up examination of some of the dealers;
- established and met with the Bond Market Transparency Committee to look at the appropriate levels of transparency for government debt securities and corporate debt securities; and
- working with the self-regulatory organizations[9] (SROs) to develop a process for implementing the requirement for an electronic audit trail.

The proposed amendments to the ATS Rules (the Proposed Amendments), which are attached and summarized below, are the results of these initiatives.

(a) Data Consolidation and Market Integration for Equity Securities

The CSA struck an industry committee to look at data consolidation and market integration for the equity markets (the Industry Committee). The Industry Committee was chaired by Gerry Rocchi of Barclays Global Investors Canada and we want to extend our thanks and appreciation to Mr. Rocchi for his work and leadership in chairing the committee. The members of the Industry Committee consisted of representatives from marketplaces, investors, dealers and regulators. The Industry Committee examined whether there was a need for a data consolidator and market integrator for equity securities.

The Industry Committee issued a report on March 7, 2003, which is attached to this Notice as "Appendix A". The Industry Committee recommended that the CSA replace the data consolidation requirements with the establishment of certain technology standards that will enable RS Inc. to get the data it needs to conduct surveillance of market activity. These standards will be established by RS Inc., in consultation with the industry and will be approved by the CSA. They also recommended that there be no requirement for a market integrator, instead the regulators will rely on best execution and fair access requirements to achieve the same result.

We intend to implement the Committee's recommendations by:

(i) establishing a standards committee made up of representatives of industry participants to determine the standards to be applicable to marketplaces trading equity securities[10]; and

(ii) amending the rules to reflect the recommendations. Specifically, we

(1) will allow information on orders and trades to be sent to an information vendor that meets the standards set by a regulation services provider (RS Inc.),[11]

(2) have deleted the concept of "market integrator"[12] and will focus on ensuring compliance with best execution requirements for dealers and fair access requirements for marketplaces.[13]

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8 NI 23-101, sections 8.5, 9.3 and 10.3.

9 The SROs working with the CSA are the IDA, RS Inc., Bourse de Montréal, and the Mutual Fund Dealers Association of Canada.

10 Proposed Amendments to Companion Policy 21-101CP, subsection 1.1(8) regarding Part 9.

11 Proposed Amendments to NI 21-101, subsection 1.1(5) regarding Part 7.

12 Proposed Amendments to NI 21-101, subsection 1.1(2) regarding section 1.1.

13 NI 21-101, existing section 5.1, NI 23-101, existing section 3.1 and Proposed Amendments to NI 21-101, paragraph 1.1(4)(b) regarding the addition of section 6.13.

During the discussions of the Industry Committee, it became clear that there is a need for more study as to the appropriate level of transparency for options. Consequently, the CSA have provided an exemption from the transparency requirements for 3 years with respect to options.[14]

(b) Changes Regarding Market Regulation for Fixed Income Securities

The CSA and IDA retained Deloitte & Touche to conduct a survey of market participants. The survey asked market participants whether they thought the current regulation of the debt market was sufficient and asked them to identify problems or issues in the trading practices of participants in the fixed income market. The report prepared by Deloitte & Touche was published on December 13, 2002[15] (the Deloitte & Touche Report). Based on the findings of that report, the IDA, with input from CSA staff, developed and conducted an examination of the dealers to look at the issues raised in the Deloitte & Touche Report and to determine whether the dealers were complying with IDA Policy No. 5 and other requirements related to trading debt securities.

The purpose of interviewing market participants regarding the market integrity issues in the fixed income market and the follow-up examination sweep of some of the dealers was to see if there is a need for new rules or a different way of monitoring the fixed income markets. As a result of the IDA review, the CSA are of the view that there is currently no need to add any rules relating to market integrity for the fixed income markets. The issues that have been identified by the IDA examinations include a lack of clarity surrounding the requirements in IDA Policy No. 5 and a need for more detailed policies and procedures at some of the member firms. In any case, it is our current view that these issues and any follow-up items can be dealt with through the IDA as the regulator of dealers and ATSs. Consequently, the CSA are of the view that at the current time, it is appropriate for the IDA to act as an RSP for debt market participants.[16] We note that the inter-dealer bond brokers have been exempted from the requirement to contract with an RSP provided that they comply with IDA Policy No. 5.[17]

(c) Data Consolidation for Government Debt Securities

In December 2001, the CSA struck a committee to provide guidance on issues related to the fixed income market. The Bond Market Transparency Committee (BMTC) consists of two representatives from each of the buy side, sell side, inter-dealer bond brokers, government issuers, regulators and a representative of each of CanPX and an ATS.

Much of the discussion of the BMTC focused on the appropriate level of transparency for government debt securities and corporate debt securities. While there appears to be consensus regarding the level of transparency for corporate debt securities, there are still differing views on the appropriate level of transparency for government debt securities. Some BMTC members believe there should be full transparency for inter-dealer bond brokers and systems that are anonymous auction markets. Others believe that all marketplaces and IDBs should be subject to the same transparency requirements no matter what type of execution methodology is used. Some believe that new entrants should be exempt from the transparency requirements until they develop their business, but others believe that this unfairly disadvantages existing participants.

Although the CSA are committed to gradually increasing transparency, we believe that it is premature to impose transparency requirements in the government debt market. In our view, the market should determine the appropriate level of transparency. Consequently, we have granted all participants an exemption from providing order and trade information regarding government debt securities to an information processor for three years.[18] In Companion Policy 21-101CP, we have outlined our view regarding where the initial transparency requirements may be at the end of the three-year period.[19] From the time of the implementation of these amendments until the expiration of the exemption, the CSA will continue to discuss with the industry the appropriate transparency levels for government debt securities and corporate debt securities and monitor how the market develops. If the levels in Companion Policy 21-101CP are inappropriate or it is determined that the model for transparency should be similar to the equity model (standards), NI 21-101 and the related Companion Policy will be amended accordingly.

Specific Request for Comment

The CSA wish to seek comment on whether to maintain the status quo for three years by granting an exemption from the transparency requirements for government debt securities or require that IDBs and all marketplaces provide post-trade

14 Proposed Amendments to NI 21-101, section 1.1(5) regarding section 7.5.

15 (2002), 25 OSCB 8341.

16 Proposed Amendments to Companion Policy 23-101CP, paragraph 1.1(3)(b) regarding the addition of section 7.5.

17 Proposed Amendments to NI 23-101, subsection 1.1(4) regarding the deletion of subsection 9.3(2) and Proposed Amendment to Companion Policy 23-101CP, paragraph 1.1(3)(a) regarding section 7.3.

18 Proposed Amendments to NI 21-101, subsection 1.1(6) regarding section 8.3.

19 Proposed Amendments to Companion Policy 21-101CP, subsection 1.1(9) regarding section 10.1.

information regarding government debt securities to the information processor subject to volume caps and on a fully anonymous basis (no name of subscriber or marketplace).

(d) Data Consolidation for Corporate Debt Securities

The requirements with respect to the corporate debt securities will be maintained. Marketplaces, inter-dealer bond brokers and dealers will have to provide post-trade information regarding designated corporate debt securities to an information processor, subject to volume caps.[20]

To that end, we will recommend that each Commission find that it is not contrary to the public interest for CanPX to act as an information processor for corporate debt securities under National Instrument 21-101 *Marketplace Operation* for a period of three years."[21] Once each Commission makes a decision regarding CanPX, we will notify CanPX by letter and publish that letter informing the public of the decision. During the three-year period, staff will analyze, both whether it is appropriate to maintain the information processor model of transparency or to move to the model adopted in the equity market and whether the level of transparency imposed is appropriate.

(e) Market Integration for Debt Securities

We have adopted the same model as on the equity side. We will remove the "market integrator" concept and focus on ensuring compliance with best execution and fair access requirements.

(f) Electronic Audit Trail Requirements

The electronic audit trail requirements for all dealers are set out in Part 11 of NI 23-101. The implementation date of December 31, 2003 was selected to be consistent with the implementation of T+1 which at that time was June 2004. However, because of the delay in implementation of T+1 and the resources and changes necessary to implement an electronic audit trail, we have delayed implementation.

The CSA and SROs published a notice on March 28, 2003[22], which stated that over the next few months:

- RS and the Bourse will determine what data must be transmitted to the RSP,
- an industry committee will be struck to determine if there is a need to have common technology standards,
- the SROs will survey dealers to determine their readiness for an electronic audit trail; and
- the CSA and SROs will provide a detailed transition plan.

We have delayed the implementation of the electronic audit trail requirements until the earlier of January 1, 2007 and the date upon which an SRO or RSP implements an electronic audit trail requirement.[23]

(g) Other Amendments

There are a number of other amendments that we have made to the ATS Rules. Most of them are being made to clarify the existing provisions. They are summarized below:

1. NI 21-101

- amendment to Part 10 regarding the disclosure of transaction fees to reflect the changes to data consolidation[24]

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20 Proposed Amendments to NI 21-101, subsection 1.1(6) regarding Part 8 and Proposed Amendments to Companion Policy 21-101CP, subsection 1.1(9) regarding section 10.1.

21 This language reflects section 16.2 of Companion Policy 21-101CP.

22 (2003), 26 OSCB 2461.

23 Proposed Amendment to NI 23-101, paragraph 1.1(6)(h) regarding subsection 11.2(6).

24 Proposed Amendment to NI 21-101, subsection 1.1(8) regarding Part 10.

- deletion of the requirement for a marketplace to keep the client identifier or account information, variation, correction or cancellation information from a client and client instructions or consents regarding order handling.[25] These provisions are unnecessary because the dealer maintains this information.

2. Forms 21-101F1, 21-101F2, 21-101F3, 21-101F4, 21-101F5 and 21-101F6

- amendment to the forms to reflect CSA Notice 21-302[26], published on January 24, 2003 that indicates that the CSA intends to keep all forms confidential[27]

3. Companion Policy 21-101CP

- clarification that a marketplace is an exchange, quotation and trade reporting system or an ATS[28]

- notification that marketplaces should use publicly available information to calculate the thresholds in section 6.7 of the Instrument[29]

- amendment of the policy to conform to CSA Notice 21-302[30] published on January 24, 2003 that indicates that the CSA intends to keep all forms confidential[31]

4. NI 23-101

- clarification that persons or companies are exempt from certain provisions of NI 23-101 if they comply with similar requirements of an RSP[32]

- clarification that the subscriber is subject to the orders or directions made by the regulation services provider in its capacity as the regulation services provider for the ATS[33]

- addition of an insider marker to correspond with the requirements of RS Inc.[34]

- clarification that the record kept in Part 11 may be transmitted to the securities regulatory authority upon request[35]

5. Companion Policy 23-101CP

- clarification that persons or companies are exempt from certain provisions of NI 23-101 if they comply with similar requirements of an RSP[36]

IV. COMMENTS AND QUESTIONS

We invite all interested parties to make written submissions with respect to the Proposed Amendments. Submissions received by September 11, 2003 will be considered.

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25 Proposed Amendments to NI 21-101, subsection 1.1(9) regarding Part 11.

26 (2003), 26 OSCB 523.

27 Proposed Amendments to Forms 21-101F1, 21-101F2, 21-101F3, 21-101F4, 21-101F5 and 21-101F6, section 1.1.

28 Proposed Amendments to Companion Policy 21-101CP, subsection 1.1(2) regarding section 2.1.

29 Proposed Amendments to Companion Policy 21-101CP, subsection 1.1(3) regarding subsection 3.4(7).

30 (2003), 26 OSCB 523.

31 Proposed Amendments to Companion Policy 21-101CP, subsection 1.1(5) regarding subsection 6.1(2).

32 Proposed Amendments to NI 23-101, subsection 1.1(2) regarding section 2.1.

33 Proposed Amendments to NI 23-101, paragraph 1.1(3)(a) regarding subsection 8.4(c).

34 Proposed Amendments to NI 23-101, paragraph 1.1(6)(c) regarding Part 11.

35 Proposed Amendments to NI 23-101, paragraphs 1.1(6)(d), (e) and (g) regarding Part 11.

36 Proposed Amendments to Companion Policy 23-101CP, subsection 1.1(2) regarding section 2.1.

You should send submissions to all of the CSA listed below in care of the OSC, in duplicate, as indicated below:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
The Manitoba Securities Commission
Ontario Securities Commission
Office of the Administrator, New Brunswick
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Registrar of Securities, Nunavut

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8
E-mail: jstevenson@osc.gov.on.ca

Submissions should also be addressed to the Commission des valeurs mobilières du Québec as follows:

Denise Brosseau,
Secretary
Commission des valeurs mobilières du Québec
800 Victoria Square, Stock Exchange Tower
P.O. Box 246,22nd Floor
Montréal, Québec H4Z 1G3
Telephone:514-940-2150
Fax:514-864-6381
e-mail:consultation-en-cours@cvmq.com

If you are not sending your comments by e-mail, please send us two copies of your letter, together with a diskette containing your comments (in either Word or WordPerfect format).

We cannot maintain confidentiality of submissions because securities legislation in certain provinces requires us to publish a summary of written comments received during the comment period.

Questions may be referred to any of:

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APPENDIX A

REPORT TO THE CANADIAN SECURITIES ADMINISTRATORS MARKET STRUCTURES COMMITTEE

INDUSTRY COMMITTEE ON DATA CONSOLIDATION AND MARKET INTEGRATION IN CANADA

MARCH 7, 2003

Executive Summary

The Industry Committee on Data Consolidation and Market Integration is pleased to submit its report to the Canadian Securities Administrators (CSA) Market Structures Committee.

The Committee found strong support for a market-driven solution to the issues of data consolidation and market integration in an environment of multiple equity security marketplaces. In the views of the Committee, a market-driven solution, augmented by clarification of best execution obligations, development of common standards on data consolidation, and unrestricted opportunity for connectivity between marketplaces, offers the most efficient, flexible and effective choice available to Canada today. The proposed market-driven principles facilitate the development of competitive and innovative alternative marketplaces in Canada that are also consistent with market integrity and investor protection requirements. It is the recommendation of this Committee that the CSA facilitate this solution with the following actions:

1. Adopt the principles expressed in this report.
2. Participate in the development of minimum standards for market data feeds.
3. Develop and publish additional clarification of the meaning of best execution.
4. Amend National Instrument 21-101, along with related Rules and Companion Policies, that deal with data consolidation and market integration, to conform with the enclosed recommendations.

The members of the Committee are available to answer any questions you may have.

Background

In order to accommodate the entrance of new marketplaces in Canada while maintaining leadership in the global capital markets in terms of efficiency and integrity, the CSA has established appropriate rules and policies to help manage this environment. Most recently, the CSA announced the Marketplace Operations rules which came into force on December 1, 2001, under the Securities Act Rules for The Regulation of Marketplaces and Trading (National Instrument 21-101 and related Rules and Companion Policies).

Fundamentally, NI 21-101 (also known as the "ATS Rules"), along with the related companion policy 21-101CP, set out a phased approach to data consolidation and market integration. The Instrument also outlined other elements including clarification on the best execution obligations of market participants, a short selling rule and other measures.

Both data consolidation (of pre- and post-trade data) and market integration were determined in the regime to be an integral part of the facilitation of multiple marketplaces in Canada, which would otherwise lead to certain fragmentation problems.

The concept of market integration was proposed to provide a mechanism to ensure that orders received best execution. Market integration was to be accomplished by requiring all marketplaces to connect to and abide by the terms of a "market integrator" or to connect to all other marketplaces in the absence of a market integrator. In the interim, each marketplace was to connect to the principal exchange for a security. It was originally presumed that all marketplaces in some manner must eventually be linked to each other and have the ability to route orders to each other to obtain best execution and to avoid locked and crossed markets.

Data consolidation in turn was prescribed as a necessary precursor to facilitating effective best execution and for ensuring market integrity. Data consolidation was to be accomplished by requiring all marketplaces to provide pre- and post-trade data to an "Information Processor" by January 1, 2004. The Information Processor concept was specifically defined in the ATS Rules and it was intended that this entity would disseminate one consolidated feed to the market. In the interim, all marketplaces were to provide data to an information vendor.

Although data consolidation and market integration are separate ideas, they are related in that they are geared to addressing public policy concerns with market fragmentation.

Subsequent to the publication of the ATS Rules in late 2001, there has been feedback regarding possible alternatives to mandating market integration and data consolidation. In addition, the ATS market structure together with the Universal Market Integrity Rules ("UMIR") and an independent equity market regulator, Market Regulation Services Inc. ("RS") have been fully implemented. However, there is no sanctioned data consolidation system in place, nor any market integration. In advance of the deadline in NI 21-101, the CSA must establish a review process designed to determine the best methods for moving forward on a Data Consolidation system.

The Industry Committee on Data Consolidation and Market Integration was formed to advise the CSA on the best methods for moving forward, and committed to reporting on the following questions:

1. Is data consolidation and market integration necessary in the Canadian market?

2. What are the solutions?

3. Can the market provide the solutions?

4. What are the barriers to the market providing the solutions (costs, systems, etc.)?

5. Who will bear the cost of the solution?

6. What should regulators and market participants do to facilitate the implementation of the solution?

Process

The Committee was formed with representation from key constituents from the Canadian capital market. The Committee was composed of market participants, exchanges, alternative trading systems, data providers, and RS. CSA members also participated in the discussions.

The Committee agreed to an expeditious process. Four meetings were held to address the questions. The initial meeting was used to establish all the key issues. The second and third meetings required research to be prepared by participants. The final meeting was used to obtain an overall agreement on the key issues and what was the best model for moving forward. Minutes were prepared for all meetings.

The Committee focussed on a number of key issues including whether a market solution is possible in any particular area and what regulatory requirements might be required to accommodate a flexible market approach. They discussed what actions must be taken to make a market-based solution effective. The participants also discussed what areas required further examination outside of the mandate of the Committee.

The following section outlines the key recommendations of the Committee.

Recommendation Summary for Cash Markets

The Committee decided to contain the scope of discussions to address current realities in Canada. These key assumptions provided the context for the recommendations:

a) The recommendations must be relevant to marketplaces that trade Canadian equities; and

b) The recommendations must apply to marketplaces that offer execution on the same securities

It was determined by the Committee that a mandated centralization of market integration and data consolidation is unnecessary to ensure the continued integrity of Canadian capital markets. Nonetheless, it was deemed imperative that market integrity and best execution principles be key considerations in developing the proposed recommendations. Also, market solutions must ensure that market efficiency and efficacy be fostered and costs to the Canadian industry be mitigated.

In this context, it was determined that existing industry technology capabilities and relationships could adequately accommodate market integration and data consolidation requirements and current industry synergies should be utilized. It was felt that this paradigm would foster market innovation and competitiveness and justify costs based on commercially viable means.

Based on the analysis and opinions expressed by the Committee, the recommendations were made in the following key areas:

1) Market Driven – Data consolidation and market integration should be achieved largely via a principles-based approach, using market-driven implementation.

2) Market Integration - There should be no mandated market integration, however, data consolidation is required to ensure best execution. The CSA, with RS input, needs to further define best execution and what constitutes a Canadian trade.

3) Data consolidation – This is required but should not be centralized. An open standards approach should be pursued. A task force should be assigned to define the specifications for a consolidated feed and to establish standards.

4) Market Integrity - RS needs to further define how UMIR will evolve, given the proposed paradigm.

Individual Recommendations for Cash Markets

1. Market Driven

The Committee determined that market driven solutions appear to be a fair and reasonable course of action to accommodate the divergent interests of the trading community at large.

Consolidation of marketplace data should have a standardized format but its use should be open to a variety of business and commercial applications. Mandating the centralization of this function was not recommended. However, the wide availability of consolidated data was identified as important to the overall marketplace.

In terms of market integration, any prescribed market integration was assessed to run the risk of being overly restrictive and inflexible to changes in the market (these changes include technology, marketplace models, trading strategies etc.). It was acknowledged that Canada's market structures already experience less fragmentation than in the U.S. It was determined that access and order management vendors in Canada and the U.S. currently offer a full range of options to manage order flow generated from Canada. Options range from fully automated smart order routing to manual selection of destinations by traders on their desktop terminals. Buy and sell side traders can choose from many technology providers to access any marketplace. Competitive forces provide comprehensive and cost effective solutions today. Best execution rules and market supply and demand should determine the means by which traders access a particular marketplace. Again, traders and firms should make best market determinations freely and have the option to choose how best to manage this process.

In short, market forces have solved the issue of connectivity. Regulation should therefore focus on the rules of the marketplace, rather than how different market centers would connect between and among themselves.

Any market driven solutions should be simple, efficient, low cost, flexible and address interoperability concerns.

2. Market Integration

The Committee determined that mandated market integration is not required to ensure market integrity in an environment where adequate data consolidation of pre- and post-trade data is available to market participants.

It was deemed that this approach would encourage utilizing existing industry capabilities and relationships and would also foster a cost effective and commercially viable solution. This approach also relies on market participants being responsible for best execution. The best execution obligation of market participants should ensure market integrity in instances where direct market integration would have otherwise provided it.

This does not imply that marketplace should or would not connect to one another if there are compelling reasons to do so. In fact, the Committee encouraged open standards so that no marketplace should be restrictive in their access criteria or limit the ability of another marketplace to connect to them for reasons that are anti-competitive. It was also expressed that exceptions may arise where there are objective commercial reasons or liability concerns. Marketplaces should however, be allowed to charge connectivity fees to other marketplaces in the same manner as they would other access participants. Failure to pay fees and lack of credit worthiness are reasons to terminate/prevent access to participants.

The Committee determined that best execution decisions should be the purview of brokers and investors as long as these decisions comply with UMIR. Brokers and investors currently make the decision on how to manage and direct order flow. With additional marketplaces in Canada, this behaviour should be no different. This is currently the case with inter-listed stocks whereby brokers and investors may direct order flow to either a Canadian or a U.S. exchange.

In a practical manner, brokers and vendors can accommodate best execution criteria. However, best execution requires marketplace access. Business drivers and correspondent relationships will drive and facilitate early access. Decisions for access will have to take into account a marketplace's business model, participant demand, liquidity, and risk of transacting on the marketplace. The Committee recommends that marketplaces be required to give access to other marketplaces that seek it, on reasonable terms, but that marketplaces should not be forced to connect to other marketplaces.

It was also determined that best execution needs to be further defined to address a variety of criteria under the proposed model. The required further definition is likely to be focussed on the order-routing practices and other processes of market participants that provide assurance that the overall processes of participants are designed to provide best execution. This is particularly true because the processes of market participants in ensuring best execution effectively replaces the "system-enforced" execution of market integration. It was also understood that current access vendors would be able to facilitate best execution on behalf of market participants using consolidated displays and direct marketplace access via their desktop terminals. Access vendors and order management systems currently exist in Canada to address order routing based on a variety of best execution attributes.

Traders and investors also currently may choose which market to trade an inter-listed equity security based on price, volume, market impact, currency shifts, or other factors. Trading strategies may also play into whether one trader will use an order management system, choose one market over another or both etc. An arbitrage trader will use different best execution criteria than a portfolio manager. The key issue is choice. Market driven solutions will offer this choice. Further, additional clarity on best execution expectations of participant processes will facilitate the provision of this choice.

The CSA in consultation with RS will undertake to define the standards for best execution given the Committee's proposed recommendations. These parties have also committed to define what constitutes a "Canadian Trade" (this definition should include where the security traded, what is an eligible security, parties to the trade etc.).

3. Data Consolidation

As discussed, adequate data consolidation of pre and post trade data available to market participants is required to facilitate best execution and market integrity. The Committee determined that this can be provided without a costly mandated/centralized approach and that market driven, commercially viable options exist.

With the exception of special types of orders, pre- and post-trade data consolidation is necessary in Canada amongst marketplaces offering execution on the same securities. Data consolidation does not, in and of itself, interfere with the potentially competing needs in the market for transparency and anonymity. In the view of RS, order information (pre-trade consolidation) for marketplaces that do not operate as auction markets is necessary to facilitate a market participant's compliance with best execution obligations. Pre-trade consolidation may not be necessary where a market only handles special types of trades such as Call Market Orders, Special Terms Orders, Market-on-Close Orders and Volume-Weighted Average Price Orders, which order types are currently recognized in UMIR. Appropriate additional provisions and exemptions should be added to UMIR to accommodate future products and facilities introduced by marketplaces.

Fundamentally, the key objectives of data consolidation are to:

- Provide visibility and transparency to all key stakeholders of continuous marketplaces' pre and post trade information;
- Facilitate best execution while allowing flexible trading methodologies;
- Facilitate effective market regulation and market integrity;
- Minimize additional costs to the investment community;
- Allow key stakeholders to utilize existing technology capabilities and commercial relationships.

To adequately address these objectives the Committee recommended an open standards based model for consolidating data. It was deemed that data consolidation can be provided in a cost-effective, flexible, efficient and competitive manner by the market under a standards-based framework. The proposed framework outlines a model whereby a consolidated feed specification be developed that can be used by market participants for best execution purposes and for RS to perform market surveillance and regulation. The objective of the consolidated feed is to standardize content and messaging to mitigate fragmentation issues that disparate messaging protocols may create. Multiple vendors and marketplaces could use and distribute the consolidated feed however, each marketplace would be required to send their pre and post trade data to RS in the consolidated format for market regulation purposes only and not for redistribution by RS. Standards within the feed would be used to facilitate best execution and to address market integrity concerns.

The feed protocol should consider emerging global standards to lower barriers to entry, ensure the potential for cost effective integration of market innovations, and ensure Canadian participants are neither disadvantaged by the requirement to support regional disparities, nor unduly burdened with any costs of conversion. The emerging open trading standard is FIX, being evolved by the industry to manage the full life cycle of a trade, and used in Canada today in some form by every access vendor. This would not preclude the use of the STAMP protocol currently deployed by Canada's primary markets for trade execution and data dissemination. The choice would need to necessarily balance the comparative utility of FIX and the short-term cost of conversion by current users with the probability of eventual conversion to FIX by all users and the interim requirement to

maintain multiple protocols to satisfy all needs. There would be little risk of a failure of demand and supply for the consolidated feed and evolving requirements and technology place an advantage on a flexible, market-based solution.

The Committee also discussed what the standards should be and how RS would use the consolidated feed to adequately perform market regulation functions. It was concluded that data consolidation in a market-based setting requires the establishment of standards such as timestamps, connectivity, communication protocols, reference data, reporting, content, etc. The Committee recommends that these standards should be developed and published by RS, in consultation with industry and regulatory participants. To this end, the Committee recommends that a task force be initiated and deliberations should commence as soon as is practical. Once launched, RS may certify all entities that distribute the consolidated feed.

In addition to establishing standards and defining details for the consolidated feed, it was concluded that additional data consolidation details are also required to address best execution and market integrity issues. In particular, it was identified that there may need to be mechanisms to account for fragmentation concerns arising from physically dislocated marketplaces and the latency issues inherent in this paradigm as it relates to matters such as trade-throughs, short sales, front running, and locked and crossed markets. It may not be possible to remove latency but practical measures may be applied to quantify the latency and its impact. Some level of tolerance may need to be applied by RS in respect of latency (this will be discussed further under the Market Integrity section). The task force will be charged with identifying appropriate standards that can help manage these issues.

With the timely development of appropriate standards, market-based data consolidation solutions are likely to be available at or shortly after January 1, 2004.

The Committee also noted that a market-based solution requires that entities distributing consolidated feeds be informed of new marketplace applicants and there should be a requirement that marketplace applicants demonstrate arrangements with at least one such entity prior to receiving recognition as an exchange or registration as an ATS.

4. *Market Integrity*

As indicated, given the proposed recommendations RS will need to contemplate the manner in which it can effectively regulate the market and adequately monitor compliance with UMIR.

The task force, in conjunction with RS, will provide the standards by which to compare marketplace transactions in the context of best execution and market integrity considerations. RS will in turn need to define how to use the consolidated data and standards to manage inherent market fragmentation issues in an operational context. Although the proposed consolidated feed model will give RS the necessary data to do this, additional consideration needs to be given to how best to address managing trade- throughs, short sales, front running, locked and crossed markets, and other situations, including any possible amendments to UMIR. RS may need to develop additional tools to properly utilize the consolidated feed, and will need to consider how the related costs are shared.

RS will also need to consider latency issues between marketplaces and may need to develop its position on latency when monitoring transactions for compliance with UMIR. In particular, latency issues may arise for transactions that depend on the last sale price such as short sales.

Committee Members noted that market forces and arbitragers should be able to address locked and crossed market situations, with possible exceptions for new marketplaces which have yet to achieve adequate vendor and trader penetration. The continuation of a requirement for the non-principal marketplace to connect to the principal marketplace may also address this issue.

Recommendations for Derivatives Markets

The Montreal Exchange has asserted that data consolidation is not required for ATSs offering trading in options, as options are not fungible between clearing organizations. This involves situations with bundling of execution and clearing services, and raises questions as to the meaning of best execution for options in such an environment. Moreover, the options market is less mature than the cash markets. Reflecting the uncertainty caused by these elements, it is proposed to allow a two-year transition period and to review the matter at that time.

APPENDIX 1

Committee Members

Chair	Gerry Rocchi	Barclays Global Investors Canada
Investors	Morgan McCague	Ontario Teachers' Pension Plan Board
Dealers	Jim Mountain	Scotia Capital
	Ray Tucker	TD Newcrest Inc.
Data Vendors	Kirsti Suutari	Reuters Canada Ltd.
	Marc Gunter	E*TRADE Technologies Corporation
Regulators	Tom Atkinson	Market Regulation Services Inc.
	Noelle Wood	Market Regulation Services Inc.
Markets	Richard Nesbitt	TSX Markets
	Bruce Garland	Bloomberg Tradebook
	Joe Lombard	Archipelago Canada
	Luc Bertrand	Bourse de Montréal Inc.
Technology	John Cieslak	TSX IT&T
CSA Contacts	Randee Pavalow	Ontario Securities Commission
	Tracey Stern	Ontario Securities Commission
	Ann Leduc	Commission des valeurs mobilières du Québec
	Yves Cloutier	Commission des valeurs mobilières du Québec

6.1.2 Amendments to National Instrument 21-101 Marketplace Operation

AMENDMENTS TO NATIONAL INSTRUMENT 21-101 MARKETPLACE OPERATION

PART 1 AMENDMENTS

1.1 Amendments

(1) This Instrument amends National Instrument 21-101 Marketplace Operation.

(2) Section 1.1 is amended by repealing the definition of "market integrator".

(3) Section 5.2 is amended by repealing "or user" and substituting ", user or a person or company with access to the recognized exchange or recognized quotation and trade reporting system".

(4) Part 6 is amended by:

(a) adding in section 6.12 "or a person or company with access to the ATS" after "a subscriber"; and

(b) adding the following section:

"**6.13 Access Requirements** – An ATS shall

(a) establish written standards for granting access to trading on it;

(b) not unreasonably prohibit, condition or limit access by a person or company to services offered by it; and

(c) keep records of

(i) each grant of access, including, for each subscriber, the reasons for granting access to an applicant, and

(ii) each denial or limitation of access, including the reasons for denying or limiting access to an applicant.".

(5) Part 7 is amended by repealing sections 7.1, 7.2, 7.3, 7.4 and 7.5 and substituting the following:

"**7.1 Pre-trade Information Transparency - Exchange-Traded Securities**

(1) A marketplace that displays orders of exchange-traded securities to a person or company shall provide accurate and timely information regarding orders for the exchange-traded securities displayed on the marketplace to an information processor as required by the information processor or, if there is no information processor, any information vendor that meets the standards set by a regulation services provider ~~with which~~ the marketplace has executed a contract under NI 23-101 as required by the information vendor.

(2) Subsection (1) does not apply if the marketplace only displays orders to its employees or to persons or companies retained by the marketplace to assist in the operation of the marketplace.

7.2 Post-trade Information Transparency – Exchange-Traded Securities – A marketplace shall provide accurate and timely information regarding orders for exchange-traded securities executed on the marketplace to an information processor as required by the information processor or, if there is no information processor, any information vendor that meets the standards set by a regulation services provider with which the marketplace has executed a contract under NI 23-101 as required by the information vendor.

7.3 Pre-trade Information Transparency – Foreign Exchange-Traded Securities

(1) A marketplace that displays orders of foreign exchange-traded securities to a person or company shall provide accurate and timely information regarding orders for the foreign exchange-traded securities displayed on the marketplace to any information vendor.

(2) Subsection (1) does not apply if the marketplace only displays orders to its employees or to persons or companies retained by the marketplace to assist in the operation of the marketplace.

7.4 **Post-trade Information Transparency – Foreign Exchange-Traded Securities –** A marketplace shall provide accurate and timely information regarding orders for foreign exchange-traded securities executed on the marketplace to any information vendor.

7.5 **Exemption for Options** – This Part does not apply to exchange-traded securities that are options and foreign exchange-traded securities that are options until January 1, 2007.".

(6) Part 8 is amended by:

(a) repealing sections 8.1, 8.2, 8.3, 8.4 and 8.5 and substituting the following:

"**8.1 Pre-Trade and Post-Trade Information Transparency Requirements - Government Debt Securities**

(1) A marketplace that displays orders of government debt securities shall provide to an information processor accurate and timely information regarding orders for government debt securities displayed on the marketplace as required by the information processor.

(2) Subsection (1) does not apply if the marketplace only displays orders to its employees or to persons or companies retained by the marketplace to assist in the operation of the marketplace.

(3) A marketplace shall provide to an information processor accurate and timely information regarding details of trades of government debt securities executed on the marketplace as required by the information processor.

(4) An inter-dealer bond broker shall provide to an information processor accurate and timely information regarding orders for government debt securities executed through the inter-dealer bond broker as required by the information processor.

(5) An inter-dealer bond broker shall provide to an information processor accurate and timely information regarding details of trades of government debt securities executed through the inter-dealer bond broker as required by the information processor.

8.2 Pre-Trade and Post-Trade Information Transparency Requirements - Corporate Debt Securities

(1) A marketplace that displays orders of corporate debt securities shall provide to an information processor accurate and timely information regarding orders for corporate debt securities displayed on the marketplace as required by the information processor.

(2) Subsection (1) does not apply if the marketplace only displays orders to its employees or to persons or companies retained by the marketplace to assist in the operation of the marketplace.

(3) A marketplace shall provide to an information processor accurate and timely information regarding details of trades of corporate debt securities executed on the marketplace as required by the information processor.

(4) An inter-dealer bond broker shall provide to an information processor accurate and timely information regarding details of trades of corporate debt securities executed through the inter-dealer bond broker as required by the information processor.

(5) A dealer executing trades of corporate debt securities outside of a marketplace shall provide to an information processor accurate and timely information regarding details of trades of corporate debt securities traded by or through the dealer as required by the information processor.

8.3 Exemption for Government Debt Securities - Section 8.1 does not apply until January 1, 2007."; and

(b) renumbering existing sections 8.6 and 8.7 as sections 8.4 and 8.5.

(7) Part 9 is amended by:

(a) striking out the title of Part 9 and substituting "REQUIREMENTS FOR MARKETPLACES";

(b) repealing sections 9.1, 9.2 and 9.3;

(c) adding "or an information vendor" after "to an information processor" in existing subsection 9.4(2); and

(d) renumbering existing section 9.4 as section 9.1.

(8) Part 10 is amended by repealing sections 10.1 and 10.2 and substituting the following:

"**10.1 Disclosure of Transaction Fees for Marketplaces** - If a marketplace charges a transaction fee to participants of another marketplace to execute a trade by accessing an order on the first marketplace, the marketplace

(a) shall disclose a schedule of all transaction fees to

(i) an information processor; or

(ii) if there is no information processor, an information vendor that meets the standards set by a regulation services provider; or

(b) shall make its schedule of transaction fees publicly available.".

(9) Part 11 is amended by:

(a) repealing subparagraphs 11.2(1)(c)(xii), (xvi) and (xviii) and renumbering the subparagraphs accordingly;

(b) striking out "," after "of the order" in existing subparagraph 11.2(1)(c)(xvii) and substituting "; and";

(c) striking out the reference to the market integrator in subparagraph 11.2(1)(d)(viii); and

(d) adding in paragraph 11.3(1)(b) after the reference to section 5.1 "or 6.13".

PART 2 EFFECTIVE DATE

2.1 Effective Date – This Instrument comes into force on December 31, 2003.

AMENDMENTS TO FORMS 21-101F1, 21-101F2, 21-101F3, 21-101F4, 21-101F5 and 21-101F6

PART 1 AMENDMENTS

1.1 **Amendments** -This Instrument amends Forms 21-101F1, 21-101F2, 21-101F3, 21-101F4, 21-101F5 and 21-101F6 by striking out the following:

"□ THE FILER CONSENTS TO HAVING THE INFORMATION ON THIS FORM AND ATTACHED EXHIBITS PUBLICLY AVAILABLE."

PART 2 EFFECTIVE DATE

2.1 **Effective Date** – This Instrument comes into force on December 31, 2003.

AMENDMENTS TO COMPANION POLICY 21-101CP - TO NATIONAL INSTRUMENT 21-101 MARKETPLACE OPERATION

PART 1 AMENDMENTS

1.1 Amendments

(1) This Amendment amends Companion Policy 21-101CP.

(2) Section 2.1 is amended by repealing subsection (1) and substituting the following:

"(1) The Instrument uses the term "marketplace" to encompass the different types of trading systems that match trades. A marketplace is an exchange, a quotation and trade reporting system or an ATS. Paragraphs (c) and (d) of the definition of "marketplace" describe marketplaces that the Canadian securities regulatory authorities consider to be ATSs. A dealer that internalizes its orders of exchange - traded securities and does not print trades on an exchange or quotation and trade reporting system is considered to be a marketplace pursuant to paragraph (d) of the definition of "marketplace" and an ATS.".

(3) Section 3.4 is amended by striking out subsection 3.4(7) and substituting the following:

"(7) Any marketplace that is required to provide notice under section 6.7 of the Instrument will determine the calculation based on publicly available information."

(4) Subsection 5.1(3) is amended by:

(a) striking out the reference to section 8.3; and

(b) including a reference to sections 7.3 and 8.2.

(5) Section 6.1 is amended by repealing subsection 6.1(2) and substituting the following:

"(2) The forms filed by a marketplace under the Instrument will be kept confidential. The Canadian securities regulatory authorities are of the view that the forms contain intimate financial, commercial and technical information and that the interests of the filers in non-disclosure outweigh the desirability of adhering to the principle that the forms be available for public inspection.".

(6) Section 7.1 is amended by adding the following after "standards for access.":

"In addition, the reference to "a person or company" in subsection (b) includes a system or facility that is operated by a person or company.".

(7) Part 8 is amended by:

(a) striking out the title and substituting "REQUIREMENTS ONLY APPLICABLE TO ATSs"; and

(b) adding the following:

"**8.2 Access Requirements** – Section 6.13 of the Instrument sets out access requirements that apply to an ATS. The Canadian securities regulatory authorities note that the requirements regarding access do not prevent an ATS from setting reasonable standards for access. In addition, the reference to "a person or company" in subsection (b) includes a system or facility that is operated by a person or company.".

(8) Part 9 is amended by repealing sections 9.1 and 9.2 and substituting the following:

"PART 9 INFORMATION TRANSPARENCY REQUIREMENTS FOR EXCHANGE-TRADED SECURITIES

9.1 Information Transparency Requirements for Exchange-Traded Securities

(1) Subsection 7.1(1) of the Instrument requires a marketplace that displays orders of exchange-traded securities to any person or company to provide information to an information processor or, if there is no information processor, to any information vendor that meets the standards set by a regulation services provider with which the marketplace has executed a contract under NI 23-101. Section 7.2 requires the marketplace to provide information regarding trades of exchange-traded securities to an information processor or, if there is no

information processor, any information vendor that meets the standards set by a regulation services provider with which the marketplace has executed a contract under NI 23-101. A regulation services provider, in consultation with the industry and subject to the approval of the Canadian securities regulatory authorities, will determine the standards. Those standards will be publicly available and will be updated as necessary by the regulation services provider.

(2) Section 7.5 of the Instrument states that the pre-trade and post-trade transparency requirements in Part 7 do not apply to exchange-traded securities and foreign exchange-traded securities that are options until January 1, 2007. The Canadian securities regulatory authorities are of the view that additional study is necessary to determine the appropriate transparency standards for options.".

(9) Part 10 is amended by repealing sections 10.1 and 10.2 and substituting the following:

"10.1 Information Transparency Requirements for Unlisted Debt Securities

(1) The requirement to provide transparency of information regarding orders and trades of government debt securities in section 8.1 of the Instrument does not apply until January 1, 2007. The Canadian securities regulatory authorities will continue to review the transparency requirements, to determine if the transparency requirements summarized in subsections (2) and (3) below should be amended. One of the issues we will consider is to what extent systems displaying executable prices compete with inter-dealer bond brokers and therefore should be subject to the same level of transparency as the inter-dealer bond brokers.

(2) The requirements of the information processor for government debt securities are as follows:

(a) Marketplaces trading government debt securities and inter-dealer bond brokers are required to provide in real time quotation information displayed on the marketplace for all bids and offers with respect to unlisted debt securities designated by the information processor, including details as to type, issuer, coupon and maturity of security, best bid price, best ask price and total disclosed volume at such prices; and

(b) Marketplaces trading government debt securities and inter-dealer bond brokers are required to provide in real time details of trades of all government debt securities designated by the information processor, including details as to the type, issuer, series, coupon and maturity, price and time of the trade and the volume traded;

(3) The requirements of the information processor for corporate debt securities are as follows:

(a) Marketplaces trading corporate debt securities, inter-dealer bond brokers and dealers trading corporate debt securities outside of a marketplace are required to provide details of trades of all designated corporate debt securities, including details as to the type, issuer, class, series, coupon and maturity, price and time of the trade and, subject to the caps set out below, the volume traded, within one hour of the trade. If the total par value of a trade of an investment grade corporate debt security is greater than $2 million, the trade details provided to the information processor shall report the trade as "$2 million+". If the total par value of a trade of a non-investment grade corporate debt security is greater than $200,000, the trade details provided to the information processor shall report the trade as "$200,000+".

(b) Although subsection 8.2(1) of the Instrument requires marketplaces to provide information regarding orders of corporate debt securities, the information processor has not required this information to be provided.

(4) The marketplace upon which the trade is executed will not be shown, unless the marketplace determines that it wants its name to be shown.

(5) The information processor will use transparent criteria and a transparent process to select the designated government debt securities and designated corporate debt securities. The information processor will make the criteria and the process publicly available.

(6) An "investment grade corporate debt security" is a corporate debt security that is rated by one of the listed rating organizations at or above one of the following rating categories or a rating category that preceded or replaces a category listed below:

Rating Organization	Long Term Debt	Short Term Debt
Fitch, Inc.	BBB	F3
Dominion Bond Rating Service Limited	BBB	R-2
Moody's Investors Service, Inc.	Baa	Prime-3
Standard & Poors Corporation	BBB	A-3

(7) A "non-investment grade corporate debt security" is a corporate debt security that is not an investment grade corporate debt security.

(8) The information processor will publish the list of designated government debt securities and designated corporate debt securities. The information processor will give reasonable notice of any change to the list.

(9) The information processor may request changes to the transparency requirements by filing an amendment to Form 21-101F5 with the Canadian securities regulatory authorities pursuant to subsection 14.2(1) of the Instrument. The Canadian securities regulatory authorities will review the amendment to Form 21-101F5 to determine whether the proposed changes are contrary to the public interest, to ensure fairness and to ensure that there is an appropriate balance between the standards of transparency and market quality (defined in terms of market liquidity and efficiency) in each area of the market. The proposed changes to the transparency requirements will also be subject to consultation with market participants.".

(10) Part 11 is amended by:

(a) repealing sections 11.1 and 11.4;

(b) repealing the second sentence of existing section 11.2 beginning with "This requirement applies...";

(c) striking out the reference to subsection 9.4(1) in existing section 11.2 and substituting a reference to subsection 9.1(1);

(d) striking out the reference to subsection 9.4(2) in existing section 11.3 and substituting a reference to subsection 9.1(2);

(e) adding "or an information vendor" after "information processor" in existing section 11.3;

(f) renumbering existing section 11.2 as section 11.1 and section 11.3 as section 11.2; and

(g) adding the following section:

"**11.3 Market Integration** – Although the Canadian securities regulatory authorities have removed the concept of a market integrator, we continue to be of the view that market integration is important to our marketplaces. We expect to achieve market integration by focusing on compliance with fair access and best execution requirements. We will continue to monitor the market to ensure that the lack of a market integrator does not unduly affect the market.".

(11) Part 12 is amended by striking out section 12.1 and substituting the following:

"**12.1 Disclosure of Transaction Fees for Marketplaces** – Section 10.1 of the Instrument requires that each marketplace disclose a schedule of transaction fees to an information processor, or if there is no information processor, an information vendor that meets the standards set by a regulation services provider, or the marketplace is required make its schedule of transaction fees publicly available. It is not the intention of the Canadian securities regulatory authorities that a commission fee charged by a dealer for dealer services be disclosed. Each marketplace is required to publicly post a schedule of all trading fees that are applicable to outside marketplace participants that are accessing an order and executing a trade displayed through an information processor or information vendor. The requirement to disclose transaction fees does not require a combined price calculation by each marketplace.".

(12) Part 16 is amended by adding the following subsection to section 16.2:

"(3) The forms filed by an information processor under the Instrument will be kept confidential. The Canadian securities regulatory authorities are of the view that they contain intimate financial, commercial and technical information and that the interests of the filers in non-disclosure outweigh the desirability of adhering to the principle that all forms be available for public inspection.".

PART 2 EFFECTIVE DATE

2.1 Effective Date - This Amendment comes into force on December 31, 2003.

6.1.3 Amendments to National Instrument 23-101 Trading Rules

AMENDMENTS TO NATIONAL INSTRUMENT 23-101 TRADING RULES

PART 1 AMENDMENTS

1.1 Amendments

(1) This Instrument amends National Instrument 23-101 Trading Rules.

(2) Part 2 is amended by striking out "the rules, policies and other similar instruments" in section 2.1 and substituting "similar requirements".

(3) Part 8 is amended by:

(a) amending subsection 8.4(c) by adding "in its capacity as a regulation services provider" after "directions made by the regulation services provider"; and

(b) repealing section 8.5.

(4) Part 9 is amended by repealing subsection 9.3(2).

(5) Part 10 is amended by repealing section 10.3.

(6) Part 11 is amended by:

(a) striking out "and" at the end of paragraph 11.2(1)(p);

(b) striking out "." and adding "; and" at the end of paragraph 11.2(1)(q);

(c) adding the following paragraph:

"(r) an insider marker.";

(d) adding in subsection 11.2(5) "a securities regulatory authority or" before "a regulation services provider";

(e) adding in subsection 11.2(5) "the securities regulatory authority or" before each reference to "the regulation services provider";

(f) striking out "After December 31, 2003," in subsection 11.2(6);

(g) adding in subsection 11.2(6) "a securities regulatory authority or" before "a regulation services provider"; and

(h) striking out "." in subsection 11.2(6) after "form" and adding the following:

"by the earlier of January 1, 2007 and the date on which a self-regulatory entity or a regulation services provider implements a rule, policy or other similar instrument to which the dealer is subject that requires transmission of the record in electronic form.".

PART 2 EFFECTIVE DATE

2.1 Effective Date – This Instrument comes into force on December 31, 2003.

AMENDMENTS TO COMPANION POLICY 23-101CP – TO NATIONAL INSTRUMENT 23-101 TRADING RULES

PART 1 AMENDMENTS TO COMPANION POLICY 23-101CP TRADING RULES

1.1 Amendments

(1) This Amendment amends Companion Policy 23-101CP.

(2) Section 2.1 is amended by:

(a) striking out, in the first sentence, "rules, policies and other similar instruments" and substituting "similar requirements"; and

(b) striking out, in the second sentence, "rules, policies and other similar instruments" and substituting "requirements".

(3) Part 7 is amended by:

(a) adding the following in section 7.3 after the sentence ending with "set by the regulation services provider.":

"However, section 9.3 of the Instrument provides inter-dealer bond brokers with an exemption from sections 9.1 and 9.2 of the Instrument if the inter-dealer bond broker complies with the requirements of IDA Policy No. 5 Code of Conduct for IDA Member Firms Trading in Domestic Debt Markets, as amended, as if that policy was drafted to apply to the inter-dealer bond broker."; and

(b) adding the following section:

"**7.5 Regulation Services Provider for Unlisted Debt Securities** – At this time, the IDA qualifies as a regulation services provider for marketplaces that trade unlisted debt securities, inter-dealer bond brokers and dealers executing trades of unlisted debt securities outside of a marketplace.".

(4) Part 8 is amended by:

(a) adding in section 8.2 "the securities regulatory authority or" before each reference to "the regulation services provider" in the first and second sentences;

(b) deleting "information services provider" in the first sentence of section 8.2 and substituting "regulation services provider; and

(c) adding the following section:

"**8.3 Electronic Audit Trail** – Subsection 11.2(6) of the Instrument requires dealers and inter-dealer bond brokers to transmit certain information to a securities regulatory authority or a regulation services provider in electronic form by the earlier of January 1, 2007 and the date on which a self-regulatory entity or a regulation services provider implements a rule requiring the transmission in electronic form. The Canadian securities regulatory authorities and the self-regulatory entities are working with the industry to develop standards for these electronic transmission requirements.".

PART 2 EFFECTIVE DATE

2.1 Effective Date – This Amendment comes into force on December 31, 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 SecuritiesScource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

Exempt Financings

The Ontario Securities Commission reminds issuers and other parties relying on exemptions that they are responsible for the completeness, accuracy, and timely filing of Forms 45-501F1 and 45-501F2, and any other relevant form, pursuant to section 27 of the *Securities Act* and OSC Rule 45-501 ("Exempt Distributions").

REPORTS OF TRADES SUBMITTED ON FORM 45-501F1

Transaction Date	Purchaser	Security	Total Purchase Price ($)	Number of Securities
01-Jun-2003	Larry Torkin	ABC American -Value Fund - Units	150,000.00	23,190.00
01-Jun-2003	Frank Eberdt	ABC Fully-Managed Fund - Units	150,000.00	18,750.00
01-Jun-2003	Irwin & Netta Greenblatt	ABC Fundamental - Value Fund - Units	150,000.00	10,870.00
12-May-2000	4 Purchasers	Addenda Bond Pooled Fund - Units	22,340,000.00	3,593,759.00
12/15/00 02-Feb-2001	4 Purchasers	Addenda Bond Pooled Fund - Units	124,360,000.00	25,027,575.00
7/13/01 30-May-2003	6 Purchasers	Alternum Capital - North American Value Hedge Fund - Limited Partnership Units	501,437.04	1,019.00
30-May-2003	17 Purchasers	Andromed Inc. - Common Shares	2,383,125.00	1,906,500.00
28-May-2003	Kevin Filo	Aurora Platinum Corp. - Common Shares	32,100.00	15,000.00
30-May-2003	4 Purchasers	Avenue Financial Corporation - Convertible Debentures	175,000.00	175,000.00
27-May-2003	AGF Precious Metals Fund	Biogan International, Inc. - Special Warrants	100,000.00	3,333,333.00
23-May-2003	3 Purchasers	Bioniche Life Sciences Inc. - Debentures	8,396,000.00	1,376,470.00
02-May-2003	Peter Turk	BPI American Opportunities Fund - Units	178,689.82	1,579.00
16-May-2003	George Yee	BPI American Opportunities Fund - Units	150,000.00	1,312.00
09-May-2003	Lidia Farano	BPI American Opportunities RSP Fund - Units	98,774.16	1,043.00

02-May-2003	3 Purchasers	BPI Global Opportunites III Fund - Units	271,607.52	3,072.00
09-May-2003	James Hagan	BPI Global Opportunites III Fund - Units	98,914.91	1,122.00
16-May-2003	Catherine Seymour;Gaetan Ranger	BPI Global Opportunites III Fund - Units	29,794.96	333.00
03-Jun-2003	4 Purchasers	Canadian Public Venture Capital I Inc. - Common Shares	155,000.00	620,000.00
30-May-2003	JMM Trading	Canico Resource Corp. - Common Shares	1,787,500.00	250,000.00
21-May-2003	Yorkton Securities Inc.	Canico Resource Corp. - Common Shares	367,500.00	50,000.00
29-May-2003	Okavango Holdings Ltd.	CareVest First Mortgage Investment Corporation - Preferred Shares	25,000.00	25,000.00
06-Jun-2003	BMO Nesbitt Burns;Inc.;BMO Nesbitt Burns;Inc.	Cephalon, Inc. - Notes	2,713,800.00	2.00
16-May-2003	Eva Boey	CI Multi-Manager Opportunites Fund - Units	5,870.85	62,264.00
31-May-2003	3 Purchasers	Contemporary Investment Corp. - Common Shares	271,980.00	271,980.00
10-May-2003	Regent Mercantile Bancorp.	Coronation Minerals Inc. - Units	30,000.00	250,000.00
04-Apr-2003	Friends of Lubovitch	Creststreet Resource Fund Limited - Shares	94,590.00	9,000.00
23-May-2003	Frieds of Lubavitch	Creststreet Resource Fund Limited - Shares	66,517.80	5,866.00
08-May-2003	France Miller	Cruise and Vacation shoppes (Canada) Inc. - Common Shares	32,695.00	10,000.00
02-Jun-2003	5 Purchasers	Daystrike Trading Limited Partnership - Limited Partnership Units	110,870.00	66.00
15-May-2003	Dominion Citrus Limited	Delta Foods International Ltd. - Common Shares	3,052,416.00	1,364.00
23-May-2003	Bank of Montreal	Deutsche Borse AG - Notes	4,987,550.00	5,000,000.00
02-Jun-2007	17 Purchasers	Discovery Biotech Inc. - Common Shares	113,499.00	37,833.00
02-Jun-2003	41 Purchasers	Discovery Biotech Inc. - Common Shares	184,200.00	61,400.00
02-Jun-2003	50 Purchasers	Discovery Biotech Inc. - Common Shares	503,400.00	167,800.00
04-Jun-2003	9 Purchasers	Discovery Biotech Inc. - Common Shares	97,500.00	32,500.00

29-May-2003	5 Purchasers	Dynamic Fuel Systems Inc. - Common Shares	137,250.00	183,000.00
05-Jun-2003	4 Purchasers	Dynamic Fuel Systems Inc. - Common Shares	172,500.00	69,000.00
28-May-2003	4 Purchasers	E-Scotia Limited Partnership - Units	87.50	88.00
31-Oct-2002	14 Purchasers	Echo Energy Inc. - Units	1,276,825.00	728,519.00
30-May-2003	Canadian Imperial Bank of Commerce	Falls Management Company - Notes	23,000,000.00	1.00
02-Jun-2003	UBS Trust	GAM Diversity Inc. - Shares	140,950.00	195.00
28-May-2003	13 Purchasers	Give and Go Holdings Corp. - Common Shares	37,847,242.16	62,926,095.00
5/30/03 03-Jun-2003	Covington Fund I Inc.	Impath Networks Inc. - Preferred Shares	800,000.00	122,698,756.00
27-May-2003	J. Michael Cain Lynden	IMAGIN Diagnostics, Inc. - Common Shares	3,000.00	1,000.00
26-May-2003	Ivest Corporation Inc.	Internetsecure Inc. - Special Warrants	300,000.00	227,273.00
28-May-2003	12 Purchasers	Intrepid Minerals Corporation - Units	2,496,675.00	4,161,125.00
30-May-2003	8 Purchasers	Jaguar Mining Inc. - Special Warrants	550,000.00	550,000.00
22-May-2003	Celtic House Venture Partners Fund IIA LP	JamSession Corporation - Shares	462.81	16,816.00
30-May-2003	N/A	Jonpol Explorations Limited - Flow-Through Shares	162,000.00	1,620,000.00
03-Jun-2003	Shelley Mohr	KBSH Private - U.S. Equity Fund - Units	8,285.00	8,756.00
29-May-2003	3 Purchasers	Klondike Gold Corp. - Units	65,000.00	625,000.00
03-Jun-2003	Holmer Gold Mines Limited	Lake Shore Gold Corp. - Common Shares	35,500.00	50,000.00
02-May-2003	Pescara Fund of Funds	Landmark Global Opportunities Fund - Units	100,000.00	982,704.00
16-May-2003	Pescara Fund of Funds	Landmark Global Opportunities Fund - Units	100,000.00	956.00
23-May-2003	CPP Investment Board Real Estate Holdings Inc.	LaSalle Canada Realty Ltd. - Common Shares	1,054,972.05	10,550.00
29-May-2003	UBS Wireless Services Inc.	Look Communications Inc. - Common Shares	1,945,957.00	3,413,960.00
29-May-2003	UBS Wireless Services Inc.	Look Communications Inc. - Common Shares	3,247,438.00	5,697,260.00

30-May-2003	National Life	Maple Mortgage Trust Advisors - Notes	25,000,000.00	1.00
30-May-2003	Opvest Inc.	Maple Mortgage Trust Advisors - Notes	20,000,000.00	1.00
16-May-2003	7 Purchasers	Market Neutral Preservation Fund - Units	377,100.61	37,513.00
05-Jun-2003	3 Purchasers	Menu Foods Limited Partnership - Units	12,992,000.00	1,856,000.00
30-May-2003	Robert Freitas	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
04-Jun-2003	Rajbinder Soomal	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
04-Jun-2003	Gurbinder Soomal	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
01-Jun-2003	8 Purchasers	MMCAP Limited Partnership Fund - Limited Partnership Units	766,000.00	766.00
25-May-2003	1436244 Ontario Inc.	Morgan Stanley Institutional Fund, Inc. - Shares	249,997.77	33,921.00
25-May-2003	1436244 Ontario Inc.	Morgan Stanley Institutional Fund, Inc. - Units	249,997.77	33,921.00
01-Apr-2003	Francesco C. Labriciossa	Navaho Networks Inc. - Common Shares	152,000.00	152,000.00
28-May-2003	5 Purchasers	Norampac Inc. - Notes	6,500,000.00	6,500,000.00
30-May-2003	Valoree Jack;Ronald Jack	Northern Continental Resources Inc. - Units	10,500.00	42,000.00
29-May-2003	59 Purchasers	Northern Orion Explorations Ltd. - Special Warrants	20,756,801.91	159,667,707.00
13-May-2003	40 Purchasers	Northern Shield Resources Inc. - Units	418,200.00	1,798,276.00
5/23/03 04-Jun-2003	20 Purchasers	Online Hearing.com Inc. - Convertible Debentures	71,500.00	71,500.00
29-May-2003	9 Purchasers	Open Access Limited - Notes	3,425,000.00	9.00
29-May-2003	41 Purchasers	Pan-Global Ventures Ltd. - Flow-Through Shares	5,802,600.00	7,639,500.00
22-May-2003	N/A	PanGeo Pharma Inc. - Units	155,560.00	200,000.00
29-May-2003	Fidelity Investments Canada	PETCO Animal Supplies, Inc. - Common Shares	9,825.00	500.00
27-May-2003	15 Purchasers	Photonami Inc. - Common Shares	793,768.00	748,838.00
26-May-2003	Ivest Corporation Inc.	PHS Network - Common Shares	10,000.00	40,000.00

28-May-2003	7 Purchasers	Plazacorp Development I Limited Partnership - Limited Partnership Units	3,930,036.93	68.00
30-May-2003	Axis Investment Fund Inc.	PointShot Wireless Inc. - Units	123,494.00	123,494.00
16-May-2003	Dresdner Rosenberg Capital;Templeton Investment	Promina Group Limited - Shares	2,789,773.68	2,403,700.00
28-May-2003	4 Purchasers	Rhodia SA - Notes	766,250.00	2,015,000.00
30-May-2003	Tom M. Rebane	Shore Gold Inc. - Units	4,980.00	6,000.00
27-May-2003	Bank One;N.A. the Canada Branch of Bank One	Solar Trust - Certificate	36,796,404.00	38,020,452.00
30-May-2003	Heather Tucker;Tim Neeb	Solutioninc Technologies Limited - Units	100,000.00	1,000,000.00
14-May-2003	6 Purchasers	Symagery Microsystems Inc. - Preferred Shares	7,500,000.00	43,053,961.00
31-May-2003	1298777 Ontario Ltd.;Maudre Clarke	TD Harbour Capital Balanced Fund - Trust Units	1,711,122.91	17,082,189.00
30-May-2003	Peter Kertes	Telemetry Fund (Cayman) I, Ltd - Shares	137,080.00	100,000.00
03-Jun-2003	Canada Life Assurance Co.	Textron Financial Corporation - Notes	4,081,085.02	3.00
30-May-2003	Ontario Teachers Pension Plan Board	The Drake Absolute Return Fund, Ltd. - Units	20,527,500.00	15,000.00
23-May-2003	Allstate Insurance Co.;Columbia Management Advisors	The Hartford Financial Services Group, Inc. - Common Shares	241,150.00	5,300.00
30-May-2003	4 Purchasers	The McElvaine Investment Trust - Trust Units	100,692.61	6,224.00
23-May-2003	N/A	Transition Therapeutics Inc. - Common Shares	160,000.00	500,000.00
04-Jun-2003	N/A	Transition Therapeutics Inc. - Common Shares	147,800.00	461,875.00
02-May-2003	Allan Ringler Services Inc.	Trident Global Opportunities Fund - Units	35,473.75	349.00
29-May-2003	17 Purchasers	TriQuest Energy Corp. - Common Shares	8,060,395.00	1,937,100.00
29-May-2003	3 Purchasers	True North Gems Inc. - Flow-Through Shares	33,600.00	42,000.00
27-May-2003	5 Purchasers	Twin Rinks Limited Partnership - Units	900,000.00	6.00
30-May-2003	Janne M. Duncan	Vertex Balanced Fund - Trust Units	15,000.00	1,288.00

30-May-2003	4 Purchasers	Vertex Fund - Trust Units	87,656.25	3,329.00
29-May-2003	Belzberg Technologies Inc.	VIANET Direct, Inc. - Common Shares	68,481.00	66,668.00
26-May-2003	Ivest Corporation Inc.	VoiceGenie Technologies Inc. - Common Shares	224,310.00	150,000.00

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

Seller	Security	Number of Securities
Patrick A. Gouveia	Atlas Cold Storage Income Trust - Trust Units	604,972.00
The Catherine and Maxwell Meighen Foundation	Canadian General Investments, Limited - Common Shares	9,100.00
Discovery Capital Corporation	CardioComm Solutions Inc. - Common Shares	2,000,000.00
Perdana Technology Venture	EleTel Inc. - Common Shares	5,480,000.00
James A. Estill	EMJ Data Systems Ltd. - Common Shares	59,200.00
Iean Tait	Homebank Technologies Inc. - Common Shares	15,688,263.00
Steven Hulaj	Nextair Inc. - Common Shares	2,304,000.00
Michael D. McInnis	Riverstone Resources Inc. - Common Shares	200,000.00
Michael R. Faye	Spectra Inc. - Common Shares	450,000.00
The Catherine and Maxwell Meighen Foundation	Third Canadian General Investment Trust Limited - Common Shares	71,900.00
Great Pacific Capital Corp.	Westshore Terminals Income Fund - Trust Units	415,900.00

REPORTS MADE UNDER SUBSECTION 2.7(1) OF MULTILATERAL INSTRUMENT 45-102 RESALE OF SECURITIES WITH RESPECT TO AN ISSUER THAT HAS CEASED TO BE A PRIVATE COMPANY OR PRIVATE ISSUER - FORM 45-102F1

Issuer	Date the Company Ceased to be a Private Company or Private Issuer
Hawk Energy Corp.	5/22/03
Homebank Technologies Inc.	6/4/03

Chapter 9

Legislation

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

NOTICE OF PROPOSED AMENDMENTS TO THE SECURITIES ACT AND COMMODITY FUTURES ACT

On May 22, 2003, proposed amendments to the *Securities Act* and the *Commodity Futures Act* were introduced by the Minister of Finance as part of the Government's Spring 2003 Budget Bill. The proposed amendments are included in Bill 41, *The Right Choices Act (Budget Measures), 2003.*

The proposed amendments are not yet in effect. When Bill 41 receives Royal Assent, the proposed *Securities Act* and *Commodity Futures Act* amendments are proposed to come into force on a day to be named by proclamation of the Lieutenant Governor.

The proposed amendments to the *Securities Act* and *Commodity Futures Act* are mostly technical in nature and relate to the amendments recently made to the *Securities Act* and *Commodity Futures Act* under the *Keeping the Promise for a Strong Economy Act (Budget Measures), 2002* (formerly Bill 198). Among the most significant changes being proposed to the *Securities Act* are amendments to:

- Introduce a safe harbour for forward-looking information contained in a prospectus, offering memorandum, take-over bid circular, directors' circular or a director's and officer's circular. The safe harbour is intended to parallel the safe harbour contained in section 138.4(9) of Part XXXIII.1 "Civil Liability for Secondary Market Disclosure".[1]

- Clarify the definition of forward-looking information to specify that it applies to all disclosures regarding possible events, conditions or results of operation that is based on assumptions about future economic conditions and courses of action and not just future-oriented financial information.

- Clarify the application of the safe harbour for oral forward-looking information in the context of the secondary market civil liability regime. The changes are intended to parallel the safe harbour for oral forward-looking information that exists in the United States.

- Clarify that a breach of the prohibition in section 126.2 of the Act against the making of misleading or untrue statements does not give rise to a civil cause of action for damages.

The relevant portions of Bill 41 are reprinted below and may also be viewed on the Ontario Legislative Assembly's web site at www.ontla.on.ca and the Commission's web site at www.osc.gov.on.ca. We are also publishing for your information a black-lined version of Part XXIII.1 of the *Securities Act* entitled "Civil Liability for Secondary Market Disclosure" to show the changes being made to this part through Bill 41.

Questions may be referred to either of:

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[1] Part XXII.1 of the *Securities Act* was added to the *Securities Act* as part of the *Keeping the Promise for a Strong Economy Act (Budget Measures), 2002.* This part has not yet been proclaimed in force.

9.1.2 Amendments to the Securities Act and Commodity Futures Act

THE RIGHT CHOICES ACT (BUDGET MEASURES), 2003

EXPLANATORY NOTE

The Bill implements measures contained in the 2003 Budget. The major elements of the Bill are described below.

SCHEDULE C
AMENDMENTS TO THE COMMODITY FUTURES ACT

Currently, section 59.2 of the *Commodity Futures Act* prohibits the making of misleading or untrue statements that significantly affect or would reasonably be expected to have a significant effect on the market price or a value of a commodity or contract. The section is amended so that it prohibits the making of misleading or untrue statements that would reasonably be expected to have a significant effect on the market price or value of a commodity or contract.

Subsection 60 (2.1) of the Act provides that, in specified circumstances, a person is not entitled to participate in a proceeding in which an order may be made under paragraph 10 of subsection 60 (1) against another person to disgorge amounts obtained as a result of non-compliance. An amendment provides that, in the specified circumstances, a person is also not entitled to participate in a proceeding in which an order may be made under paragraph 9 of subsection 60 (1) against another person to pay an administrative penalty.

SCHEDULE H
AMENDMENTS TO THE LIMITATIONS ACT, 2002

The Schedule to the *Limitations Act, 2002* is amended in relation to the limitation periods set out in the *Securities Act*. Currently, the Schedule lists the special limitation periods in specified provisions of the *Securities Act* that prevail over the general limitation periods established by the *Limitations Act, 2002*. The amendment adds to that list the special limitation period specified in section 138.14 of the *Securities Act* for actions commenced under section 138.3 (liability for secondary market disclosure) of the Act.

SCHEDULE K
AMENDMENTS TO THE SECURITIES ACT

The definition of "forward-looking information" in section 138.1 of the *Securities Act* is moved to subsection 1 (1) of the Act and is amended to specify that it includes all disclosure regarding possible events, conditions or results of operations, not just future-oriented financial information.

The definition of "mutual fund" in subsection 1 (1) of the Act is amended by deleting the authority for the Commission to designate an issuer or class of issuers as mutual funds or designating them not to be mutual funds.

A definition of "non-redeemable investment fund" is added to the Act.

Section 3.4 of the Act is amended in connection with the requirement that the Ontario Securities Commission pay into the Consolidated Revenue Fund certain money received by it to settle enforcement proceedings. The Minister of Finance is authorized to establish guidelines about the allocation of money received by the Commission in specified circumstances.

Clause 75 (3) (a) of the Act is amended to correct an error in a cross-reference.

Currently, section 126.2 of the Act prohibits the making of misleading or untrue statements that significantly affect or would reasonably be expected to have a significant effect on the market price or value of a security. It is amended so that it prohibits misleading or untrue statements that would reasonably be expected to have a significant effect on the market price or value of a security. A further amendment specifies that a breach of this prohibition does not give rise to a cause of action for damages.

Subsection 127 (3.1) of the Act provides that, in specified circumstances, a person is not entitled to participate in a proceeding in which an order may be made under paragraph 10 of subsection 127 (1) against another person to disgorge amounts obtained as a result of non-compliance. An amendment provides that, in the specified circumstances, a person is also not entitled to participate in a proceeding in which an order may be made under paragraph 9 of subsection 127 (1) against another person to pay an administrative penalty.

Technical amendments are made to subsections 130 (1), 130.1 (1), 131 (1) and (2) of the Act concerning liability for misrepresentation in various types of documents.

The new section 132.1 provides that a person or company is not liable for a misrepresentation in forward-looking information contained in specified types of documents in the circumstances described in that section.

Technical amendments are made to sections 138.1 to 138.14 of the Act. They include replacing references to "proceeding" with "action" in those sections.

Subsection 138.4 (9) of the Act establishes a statutory defence in specified circumstances for persons and companies when there is a misrepresentation in a public oral statement containing forward-looking information. The new subsections 138.4 (9.1) and (9.2) of the Act provide that, in specified circumstances, a person or company shall be deemed to have satisfied certain requirements for the statutory defence.

An amendment to subsection 142 (2) of the Act provides that the Crown is exempt from liability under sections 126.1 (fraud and market manipulation), 126.2 (misleading or untrue statements) and 130.1 (liability for misrepresentation in offering memorandum) of the Act.

An amendment to subsection 143 (1) of the Act specifies that the Commission may make rules under the Act to provide that Part XXIII.1 (Civil Liability for Secondary Market Disclosure) of the Act applies to certain acquisitions or dispositions of an issuer's security, and to provide that the Part does not apply to certain transactions or classes of transactions.

SCHEDULE C
AMENDMENTS TO THE COMMODITY FUTURES ACT

1. Clause 59.2 (b) of the *Commodity Futures Act*, as enacted by the Statutes of Ontario, 2002, chapter 22, section 11, is repealed and the following substituted:

(b) would reasonably be expected to have a significant effect on the market price or value of a commodity or contract.

2. Subsection 60 (2.1) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 12, is repealed and the following substituted:

Exception

(2.1) A person or company is not entitled to participate in a proceeding in which an order may be made under paragraph 9 or 10 of subsection (1) solely on the basis that the person or company may be entitled to receive any amount paid under the order.

Commencement

3. (1) Subject to subsection (2), this Schedule comes into force on the day *The Right Choices Act (Budget Measures), 2003* receives Royal Assent.

Same

(2) Section 1 comes into force on a day to be named by proclamation of the Lieutenant Governor.

SCHEDULE H
AMENDMENTS TO THE LIMITATIONS ACT, 2002

1. The Schedule to the *Limitations Act, 2002*, as amended by the Statutes of Ontario, 2002, chapter 24, Schedule B, section 50, is amended by striking out,

Securities Act	section 129.1, subsection 136 (5) and section 138

and substituting the following:

Securities Act	section 129.1, subsection 136 (5) and sections 138 and 138.14

Commencement

2. This Schedule comes into force on the day *The Right Choices Act (Budget Measures), 2003* receives Royal Assent.

SCHEDULE K
AMENDMENTS TO THE SECURITIES ACT

1. (1) Subsection 1 (1) of the *Securities Act*, as amended by the Statutes of Ontario, 1994, chapter 11, section 350, 1994, chapter 33, section 1, 1997, chapter 19, section 23, 1999, chapter 6, section 60, 1999, chapter 9, section 193, 2001, chapter 23, section 209 and 2002, chapter 22, section 177, is amended by adding the following definition:

"forward-looking information" means disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action and includes future oriented financial information with respect to prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection; ("information prospective")

(2) The definition of "mutual fund" in subsection 1 (1) of the Act, as re-enacted by the Statutes of Ontario, 2002, chapter 22, section 177, is repealed and the following substituted:

"mutual fund" means an issuer whose primary purpose is to invest money provided by its security holders and whose securities entitle the holder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets, including a separate fund or trust account, of the issuer; ("fonds mutuel")

(3) Subsection 1 (1) of the Act, as amended by the Statutes of Ontario, 1994, chapter 11, section 350, 1994, chapter 33, section 1, 1997, chapter 19, section 23, 1999, chapter 6, section 60, 1999, chapter 9, section 193, 2001, chapter 23, section 209 and 2002, chapter 22, section 177, is amended by adding the following definition:

"non-redeemable investment fund" means an issuer,

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

(b) that does not invest,

  (i) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or

  (ii) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and

(c) that is not a mutual fund; ("fonds d'investissement à capital fixe")

(4) Subsection 1 (1.1) of the Act, as re-enacted by the Statutes of Ontario, 2002, chapter 22, section 177, is amended by striking out ""non-redeemable investment fund"".

2. (1) Clause 3.4 (2) (b) of the Act, as re-enacted by the Statutes of Ontario, 2002, chapter 22, section 178, is repealed and the following substituted:

(b) that is designated under the terms of the order or settlement for allocation to or for the benefit of third parties.

(2) Section 3.4 of the Act, as enacted by the Statutes of Ontario, 1997, chapter 10, section 37 and amended by 2002, chapter 22, section 178, is amended by adding the following subsection:

Same

(2.1) The Minister may establish guidelines respecting the allocation of money received by the Commission pursuant to an order described in subsection (2) or money received by the Commission as a payment to settle enforcement proceedings commenced by the Commission.

3. Clause 75 (3) (a) of the Act, as re-enacted by the Statutes of Ontario, 2002, chapter 22, section 180, is amended by striking out "subsection (2)" and substituting "subsections (1) and (2)".

4. (1) Clause 126.2 (b) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 182, is repealed and the following substituted:

(b) would reasonably be expected to have a significant effect on the market price or value of a security.

(2) Section 126.2 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 182, is amended by adding the following subsection:

Same

(2) A breach of subsection (1) does not give rise to a statutory right of action for damages otherwise than under Part XXIII or XXIII.1.

5. Subsection 127 (3.1) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 183, is repealed and the following substituted:

Exception

(3.1) A person or company is not entitled to participate in a proceeding in which an order may be made under paragraph 9 or 10 of subsection (1) solely on the basis that the person or company may be entitled to receive any amount paid under the order.

6. Subsection 130 (1) of the Act is amended by striking out the portion before clause (a) and substituting the following:

Liability for misrepresentation in prospectus

(1) Where a prospectus, together with any amendment to the prospectus, contains a misrepresentation, a purchaser who purchases a security offered by the prospectus during the period of distribution or during distribution to the public has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against,

. . . . .

7. Subsection 130.1 (1) of the Act, as enacted by the Statutes of Ontario, 1999, chapter 9, section 218, is repealed and the following substituted:

Liability for misrepresentation in offering memorandum

(1) Where an offering memorandum contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation, the following rights:

1. The purchaser has a right of action for damages against the issuer and a selling security holder on whose behalf the distribution is made.

2. If the purchaser purchased the security from a person or company referred to in paragraph 1, the purchaser may elect to exercise a right of rescission against the person or company. If the purchaser exercises this right, the purchaser ceases to have a right of action for damages against the person or company.

8. (1) Subsection 131 (1) of the Act is amended by striking out the portion before clause (a) and substituting the following:

Liability for misrepresentation in circular

(1) Where a take-over bid circular sent to the security holders of an offeree issuer as required by Part XX, or any notice of change or variation in respect of the circular, contains a misrepresentation, a security holder may, without regard to whether the security holder relied on the misrepresentation, elect to exercise a right of action for rescission or damages against the offeror or a right of action for damages against,

. . . . .

(2) Subsection 131 (2) of the Act is repealed and the following substituted:

Same

(2) Where a directors' circular or a director's or officer's circular delivered to the security holders of an offeree issuer as required by Part XX, or any notice of change or variation in respect of the circular, contains a misrepresentation, a security holder has, without regard to whether the security holder relied on the misrepresentation, a right of action for damages against every director or officer who signed the circular or notice that contained the misrepresentation.

9. The Act is amended by adding the following section:

Defence to liability for misrepresentation

132.1 (1) A person or company is not liable in an action under section 130, 130.1 or 131 for a misrepresentation in forward-looking information if the person or company proves all of the following things:

1. The document containing the forward-looking information contained, proximate to that information,

   i. reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and

   ii. a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information.

2. The person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

Exception

(2) Subsection (1) does not relieve a person or company of liability respecting forward-looking information in a financial statement or forward-looking information in a document released in connection with an initial public offering.

10. (1) The definition of "core document" in section 138.1 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed and the following substituted:

"core document" means,

(a) where used in relation to,

   (i) a director of a responsible issuer who is not also an officer of the responsible issuer,

   (ii) an influential person, other than an officer of the responsible issuer or an investment fund manager where the responsible issuer is an investment fund, or

   (iii) a director or officer of an influential person who is not also an officer of the responsible issuer, other than an officer of an investment fund manager,

   a prospectus, a take-over bid circular, an issuer bid circular, a directors' circular, a rights offering circular, management's discussion and analysis, an annual information form, an information circular, annual financial statements and interim financial statements of the responsible issuer,

(b) where used in relation to,

   (i) a responsible issuer or an officer of the responsible issuer,

   (ii) an investment fund manager, where the responsible issuer is an investment fund, or

   (iii) an officer of an investment fund manager, where the responsible issuer is an investment fund,

   a prospectus, a take-over bid circular, an issuer bid circular, a directors' circular, a rights offering circular, management's discussion and analysis, an annual information form, an information circular, annual financial statements, interim financial statements and a report required by subsection 75 (2) of the responsible issuer, and

(c) such other documents as may be prescribed by regulation for the purposes of this definition; ("document essentiel")

(2) The definition of "forward-looking information" in section 138.1 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed.

(3) Clause (g) of the definition of "liability limit" in section 138.1 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed and the following substituted:

(g) in the case of each person who made a public oral statement, other than an individual referred to in clause (d), (e) or (f), the greater of,

(i) $25,000, and

(ii) 50 per cent of the aggregate of the person's compensation from the responsible issuer and its affiliates;

(4) The definition of "responsible issuer" in section 138.1 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed and the following substituted:

"responsible issuer" means,

(a) a reporting issuer, or

(b) any other issuer with a real and substantial connection to Ontario, any securities of which are publicly traded; ("émetteur responsable")

11. Clauses 138.2 (a) and (b) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, are repealed and the following substituted:

(a) the purchase of a security offered by a prospectus during the period of distribution;

(b) the acquisition of an issuer's security pursuant to a distribution that is exempt from section 53 or 62, except as may be prescribed by regulation;

12. (1) The English version of subsection 138.3 (1) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a person or company who acquires or disposes of an issuer's security" in the portion before clause (a) and substituting "a person or company who acquires or disposes of the issuer's security".

(2) The English version of subclause 138.3 (1) (d) (i) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed and the following substituted:

(i) the responsible issuer or any person or company acting on behalf of the responsible issuer to release the document, or

(3) The English version of subsection 138.3 (2) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a person or company who acquires or disposes of an issuer's security" in the portion before clause (a) and substituting "a person or company who acquires or disposes of the issuer's security".

(4) Subsection 138.3 (3) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out the portion before clause (a) and substituting the following:

Influential persons

(3) Where an influential person or a person or company with actual, implied or apparent authority to act or speak on behalf of the influential person releases a document or makes a public oral statement that relates to a responsible issuer and that contains a misrepresentation, a person or company who acquires or disposes of the issuer's security during the period between the time when the document was released or the public oral statement was made and the time when the misrepresentation contained in the document or public oral statement was publicly corrected has, without regard to whether the person or company relied on the misrepresentation, a right of action for damages against,

. . . . .

(5) The English version of subsection 138.3 (4) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a person or company who acquires or disposes of an issuer's security" in the portion before clause (a) and substituting "a person or company who acquires or disposes of the issuer's security".

(6) Subsection 138.3 (5) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

(7) Subsection 138.3 (6) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(8) Subsection 138.3 (7) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed and the following substituted:

No implied or actual authority

(7) In an action under subsection (2) or (3), if the person who made the public oral statement had apparent authority, but not implied or actual authority, to speak on behalf of the issuer, no other person is liable with respect to any of the responsible issuer's securities that were acquired or disposed of before that other person became, or should reasonably have become, aware of the misrepresentation.

13. (1) Subsection 138.4 (1) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(2) Subsection 138.4 (2) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

(3) Subsection 138.4 (3) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(4) Subsection 138.4 (4) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(5) Subsection 138.4 (5) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(6) Subsection 138.4 (6) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(7) Subsection 138.4 (7) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "the courts" in the portion before clause (a) and substituting "the court".

(8) The English version of clause 138.4 (7) (e) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed and the following substituted:

(e) the existence, if any, and the nature of any system designed to ensure that the responsible issuer meets its continuous disclosure obligations;

(9) Subsection 138.4 (8) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(10) Subsections 138.4 (9) and (10) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, are repealed and the following substituted:

Forward-looking information

(9) A person or company is not liable in an action under section 138.3 for a misrepresentation in forward-looking information if the person or company proves all of the following things:

1. The document or public oral statement containing the forward-looking information contained, proximate to that information,

   i. reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and

   ii. a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information.

2. The person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

Same

(9.1) The person or company shall be deemed to have satisfied the requirements of paragraph 1 of subsection (9) with respect to a public oral statement containing forward-looking information if the person who made the public oral statement,

(a) made a cautionary statement that the oral statement contains forward-looking information;

(b) stated that,

(i) the actual results could differ materially from a conclusion, forecast or projection in the forward-looking information, and

(ii) certain material factors or assumptions were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information; and

(c) stated that additional information about,

(i) the material factors that could cause actual results to differ materially from the conclusion, forecast or projection in the forward-looking information, and

(ii) the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information,

is contained in a readily-available document or in a portion of such a document and has identified that document or that portion of the document.

Same

(9.2) For the purposes of clause (9.1) (c), a document filed with the Commission or otherwise generally disclosed shall be deemed to be readily available.

Exception

(10) Subsection (9) does not relieve a person or company of liability respecting forward-looking information in a financial statement required to be filed under this Act or forward-looking information in a document released in connection with an initial public offering.

(11) Subsection 138.4 (11) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(12) Subsection 138.4 (12) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

(13) Subsection 138.4 (13) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

(14) Subsection 138.4 (14) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(15) Subsection 138.4 (15) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

14. Subparagraph 3 i of subsection 138.5 (2) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed and the following substituted:

i. if the issuer's securities trade on a published market, the trading price of the issuer's securities on the principal market (as such terms are defined in the regulations) for the 10 trading days following the public correction of the misrepresentation or the disclosure of the material change in the manner required under this Act, or

15. (1) Subsection 138.6 (1) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

(2) Subsection 138.6 (2) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

16. Subsection 138.7 (1) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

17. Subsection 138.8 (1) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "No proceeding" at the beginning and substituting "No action".

18. (1) Section 138.9 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(2) Clause 138.9 (a) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

19. Section 138.10 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed and the following substituted:

Restriction on discontinuation, etc., of action

138.10 An action under section 138.3 shall not be discontinued, abandoned or settled without the approval of the court given on such terms as the court thinks fit including, without limitation, terms as to costs, and in determining whether to approve the settlement of the action, the court shall consider, among other things, whether there are any other actions outstanding under section 138.3 or under comparable legislation in other provinces or territories in Canada in respect of the same misrepresentation or failure to make timely disclosure.

20. Section 138.11 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

21. Section 138.12 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

22. Section 138.13 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed and the following substituted:

No derogation from other rights

138.13 The right of action for damages and the defences to an action under section 138.3 are in addition to, and without derogation from, any other rights or defences the plaintiff or defendant may have in an action brought otherwise than under this Part.

23. (1) Section 138.14 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "proceeding" in the portion before clause (a) and substituting "action".

(2) Subclause 138.14 (a) (ii) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

(3) Subclause 138.14 (b) (ii) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

(4) Subclause 138.14 (c) (ii) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

24. Subsection 142 (2) of the Act, as amended by the Statutes of Ontario, 1994, chapter 11, section 378 and 2002, chapter 22, section 186, is amended by striking out the portion before clause (a) and substituting the following:

Exceptions

(2) Subsections 13 (1), (3) and (4), sections 60, 122, 126, 126.1, 126.2, 129, 130, 130.1, 131, 134 and 135, Part XXIII.1 and section 139 do not apply to,

. . . . .

25. Paragraph 55.2 of subsection 143 (1) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 187, is repealed and the following substituted:

55.2 Providing for the application of Part XXIII.1 to the acquisition of an issuer's security pursuant to a distribution that is exempt from section 53 or 62 and to the acquisition or disposition of an issuer's security in connection with or pursuant to a takeover bid or issuer bid.

55.2.1 Prescribing transactions or classes of transactions for the purposes of clause 138.2 (d).

Commencement

26. (1) Subject to subsection (2), this Schedule comes into force on the day *The Right Choices Act (Budget Measures), 2003* receives Royal Assent.

Same

(2) Sections 4 and 10 to 23 come into force on a day to be named by proclamation of the Lieutenant Governor.

Unofficial Blackline Version

PART XXIII.1
CIVIL LIABILITY FOR SECONDARY MARKET DISCLOSURE

INTERPRETATION AND APPLICATION

Definitions

138.1 In this Part,

"compensation" means compensation received during the 12 month period immediately preceding the day on which the misrepresentation was made or on which the failure to make timely disclosure first occurred, together with the fair market value of all deferred compensation including, without limitation, options, pension benefits and stock appreciation rights, granted during the same period, valued as of the date that such compensation is awarded; ("rémunération")

"control person" means,

(a) a person or company who holds a sufficient number of the voting rights attached to all outstanding voting securities of an issuer, or

(b) each person or company or combination of persons or companies acting in concert by virtue of an agreement, arrangement, commitment or understanding, which holds in total a sufficient number of the voting rights attached to all outstanding voting securities of an issuer,

to affect materially the control of the issuer, and, where a person or company, or combination of persons or companies, holds more than 20 per cent of the voting rights attached to all outstanding voting securities of an issuer, the person or company, or combination of persons or companies, shall, in the absence of evidence to the contrary, be deemed to hold a sufficient number of the voting rights to affect materially the control of the issuer; ("personne qui a le contrôle")

"core document" means,

(a) where used in relation to,

(i) a director of a responsible issuer who is not also an officer of the responsible issuer,

(ii) an influential person, other than an officer of the responsible issuer or an investment fund manager where the responsible issuer is an investment fund, or

(iii) a director or officer of an influential person, other than an officer of an investment fund manager, who is not also an officer of the responsible issuer,

a prospectus, a take-over bid circular, an issuer bid circular, a directors' circular, a rights offering circular, management's discussion and analysis, an annual information form, an information circular, ~~and~~ annual financial statements, and interim financial statements of the responsible issuer, or

(b) where used in relation to,

(i) a responsible issuer or an officer of the responsible issuer,

(ii) an investment fund manager where the responsible issuer is an investment fund, or

(iii) an officer of an investment fund manager where the responsible issuer is an investment fund,

a prospectus, a take-over bid circular, an issuer bid circular, a directors' circular, a rights offering circular, management's discussion and analysis, an annual information form, an information circular, annual financial statements, interim financial statements, and a report required by subsection 75 (2), of the responsible issuer, and

(c) such other documents as may be prescribed by regulation for the purposes of this definition; ("document essentiel")

"document" means any written communication, including a communication prepared and transmitted only in electronic form,

(a) that is required to be filed with the Commission, or

(b) that is not required to be filed with the Commission and,

(i) that is filed with the Commission,

(ii) that is filed or required to be filed with a government or an agency of a government under applicable securities or corporate law or with any stock exchange or quotation and trade reporting system under its by-laws, rules or regulations, or

(iii) that is any other communication the content of which would reasonably be expected to affect the market price or value of a security of the responsible issuer; ("document")

"expert" means a person or company whose profession gives authority to a statement made in a professional capacity by the person or company including, without limitation, an accountant, actuary, appraiser, auditor, engineer, financial analyst, geologist or lawyer; ("expert")

"failure to make timely disclosure" means a failure to disclose a material change in the manner and at the time required under this Act; ("non-respect des obligations d'information occasionnelle")

"forward-looking information" means ~~all~~ disclosure regarding possible events, conditions or results ~~(including future~~ that is based on assumptions about future economic conditions and courses of action and includes future oriented financial information with respect to prospective results of operations, ~~a prospective~~ financial position or ~~prospective changes in financial position that is based on assumptions about future economic conditions and courses of action)~~cash flows that is presented as either a forecast or a projection; ("information prospective") **[This definition was moved to s. 1(1) of the Securities Act.]**

"influential person" means, in respect of a responsible issuer,

(a) a control person,

(b) a promoter,

(c) an insider who is not a director or senior officer of the responsible issuer, or

(d) an investment fund manager, if the responsible issuer is an investment fund; ("personne influente")

"issuer's security" means a security of a responsible issuer and includes a security,

(a) the market price or value of which, or payment obligations under which, are derived from or based on a security of the responsible issuer, and

(b) which is created by a person or company on behalf of the responsible issuer or is guaranteed by the responsible issuer; ("valeur mobilière d'un émetteur")

"liability limit" means,

(a) in the case of a responsible issuer, the greater of,

(i) 5 per cent of its market capitalization (as such term is defined in the regulations), and

(ii) $1 million,

(b) in the case of a director or officer of a responsible issuer, the greater of,

(i) $25,000, and

(ii) 50 per cent of the aggregate of the director's or officer's compensation from the responsible issuer and its affiliates,

(c) in the case of an influential person who is not an individual, the greater of,

(i) 5 per cent of its market capitalization (as defined in the regulations), and

(ii) $1 million,

(d) in the case of an influential person who is an individual, the greater of,

(i) $25,000, and

(ii) 50 per cent of the aggregate of the influential person's compensation from the responsible issuer and its affiliates,

(e) in the case of a director or officer of an influential person, the greater of,

(i) $25,000, and

(ii) 50 per cent of the aggregate of the director's or officer's compensation from the influential person and its affiliates,

(f) in the case of an expert, the greater of,

(i) $1 million, and

(ii) the revenue that the expert and the affiliates of the expert have earned from the responsible issuer and its affiliates during the 12 months preceding the misrepresentation, and

(g) in the case of each person or company who made a public oral statement, other than an individual ~~under clause (a), (b), (c),~~referred to in clauses (d), (e) or (f), the greater of

(i) $25,000, and

(ii) 50 per cent of the aggregate of the person or company's compensation from the responsible issuer and its affiliates; ("limite de responsabilité")

"management's discussion and analysis" means the section of an annual information form, annual report or other document that contains management's discussion and analysis of the financial condition and results of operations of a responsible issuer as required under Ontario securities law; ("rapport de gestion")

"public oral statement" means an oral statement made in circumstances in which a reasonable person would believe that information contained in the statement will become generally disclosed; ("déclaration orale publique")

"release" means, with respect to information or a document, to file with the Commission or any other securities regulatory authority in Canada or a stock exchange or to otherwise make available to the public; ("publication")

"responsible issuer" means,

(a) a reporting issuer, or

(b) any other issuer with a real and substantial connection to Ontario any securities of which are publicly traded; ("émetteur responsable")

"trading day" means a day during which the principal market (as defined in the regulations) for the security is open for trading. ("jour de Bourse")

Application.

138.2 This Part does not apply to,

(a) the ~~acquisition~~purchase of ~~an issuer's~~a security ~~under~~offered by a prospectus during the period of distribution;

(b) the acquisition of an issuer's security pursuant to ~~an exemption~~a distribution that is exempt from section 53 or 62, except as may be prescribed by regulation;

(c) the acquisition or disposition of an issuer's security in connection with or pursuant to a take-over bid or issuer bid, except as may be prescribed by regulation; or

(d) such other transactions or class of transactions as may be prescribed by regulation.

LIABILITY

Liability for secondary market disclosure

Documents released by responsible issuer

138.3 (1) Where a responsible issuer or a person or company with actual, implied or apparent authority to act on behalf of a responsible issuer releases a document that contains a misrepresentation, a person or company who acquires or disposes of ~~an~~the issuer's security during the period between the time when the document was released and the time when the misrepresentation contained in the document was publicly corrected has, without regard to whether the person or company relied on the misrepresentation, a right of action for damages against,

(a) the responsible issuer;

(b) each director of the responsible issuer at the time the document was released;

(c) each officer of the responsible issuer who authorized, permitted or acquiesced in the release of the document;

(d) each influential person, and each director and officer of an influential person, who knowingly influenced,

(i) the responsible issuer or any person or company acting on behalf of the responsible issuer to release the document, or

(ii) a director or officer of the responsible issuer to authorize, permit or acquiesce in the release of the document; and

(e) each expert where,

(i) the misrepresentation is also contained in a report, statement or opinion made by the expert,

(ii) the document includes, summarizes or quotes from the report, statement or opinion of the expert, and

(iii) if the document was released by a person or company other than the expert, the expert consented in writing to the use of the report, statement or opinion in the document.

Public oral statements by responsible issuer

(2) Where a person with actual, implied or apparent authority to speak on behalf of a responsible issuer makes a public oral statement that relates to the business or affairs of the responsible issuer and that contains a misrepresentation, a person or company who acquires or disposes of ~~an~~the issuer's security during the period between the time when the public oral statement was made and the time when the misrepresentation contained in the public oral statement was publicly corrected has, without regard to whether the person or company relied on the misrepresentation, a right of action for damages against,

(a) the responsible issuer;

(b) the person who made the public oral statement;

(c) each director and officer of the responsible issuer who authorized, permitted or acquiesced in the making of the public oral statement;

(d) each influential person, and each director and officer of the influential person, who knowingly influenced,

(i) the person who made the public oral statement to make the public oral statement, or

(ii) a director or officer of the responsible issuer to authorize, permit or acquiesce in the making of the public oral statement; and

(e) each expert where,

(i) the misrepresentation is also contained in a report, statement or opinion made by the expert,

(ii) the person making the public oral statement includes, summarizes or quotes from the report, statement or opinion of the expert, and

(iii) if the public oral statement was made by a person other than the expert, the expert consented in writing to the use of the report, statement or opinion in the public oral statement.

Influential persons

(3) Where an influential person or a person or company with actual, implied or apparent authority to act or to speak on behalf of the influential person releases a document or makes a public oral statement that relates to a responsible issuer and that contains a misrepresentation, a person or company who acquires or disposes of ~~an~~the issuer's security during the period between the time when the document was released or the public oral statement was made and the time when the misrepresentation contained in the document or public oral statement was publicly corrected has, without regard to whether the person or company relied on the misrepresentation, a right of action for damages against,

(a) the responsible issuer, if a director or officer of the responsible issuer, or where the responsible issuer is an investment fund, the investment fund manager, authorized, permitted or acquiesced in the release of the document or the making of the public oral statement;

(b) the person who made the public oral statement;

(c) each director and officer of the responsible issuer who authorized, permitted or acquiesced in the release of the document or the making of the public oral statement;

(d) the influential person;

(e) each director and officer of the influential person who authorized, permitted or acquiesced in the release of the document or the making of the public oral statement; and

(f) each expert where,

(i) the misrepresentation is also contained in a report, statement or opinion made by the expert,

(ii) the document or public oral statement includes, summarizes or quotes from the report, statement or opinion of the expert, and

(iii) if the document was released or the public oral statement was made by a person other than the expert, the expert consented in writing to the use of the report, statement or opinion in the document or public oral statement.

Failure to make timely disclosure

(4) Where a responsible issuer fails to make a timely disclosure, a person or company who acquires or disposes of ~~an~~the issuer's security between the time when the material change was required to be disclosed in the manner required under this Act and the subsequent disclosure of the material change has, without regard to whether the person or company relied on the responsible issuer having complied with its disclosure requirements, a right of action for damages against,

(a) the responsible issuer;

(b) each director and officer of the responsible issuer who authorized, permitted or acquiesced in the failure to make timely disclosure; and

(c) each influential person, and each director and officer of an influential person, who knowingly influenced,

(i) the responsible issuer or any person or company acting on behalf of the responsible issuer in the failure to make timely disclosure, or

(ii) a director or officer of the responsible issuer to authorize, permit or acquiesce in the failure to make timely disclosure.

Multiple roles

(5) In ~~a proceeding~~an action under this section, a person who is a director or officer of an influential person is not liable in that capacity if the person is liable as a director or officer of the responsible issuer.

Multiple misrepresentations

(6) In ~~a proceeding~~an action under this section,

(a) multiple misrepresentations having common subject matter or content may, in the discretion of the court, be treated as a single misrepresentation; and

(b) multiple instances of failure to make timely disclosure of a material change or material changes concerning common subject matter may, in the discretion of the court, be treated as a single failure to make timely disclosure.

No implied or actual authority

(7) In ~~a proceeding~~an action under subsection (2) or subsection (3), if the person who made the public oral statement had apparent authority, but not implied or actual authority, to speak on behalf of the issuer, no other person is liable with respect to any of the responsible issuer's securities that were acquired or disposed of before that other person became, or should reasonably have become, aware of the misrepresentation.

Burden of proof and defences

Non-core documents and public oral statements

138.4 (1) In ~~a proceeding~~an action under section 138.3 in relation to a misrepresentation in a document that is not a core document, or a misrepresentation in a public oral statement, a person or company is not liable, subject to subsection (2), unless the plaintiff proves that the person or company,

(a) knew, at the time that the document was released or public oral statement was made, that the document or public oral statement contained the misrepresentation;

(b) at or before the time that the document was released or public oral statement was made, deliberately avoided acquiring knowledge that the document or public oral statement contained the misrepresentation; or

(c) was, through action or failure to act, guilty of gross misconduct in connection with the release of the document or the making of the public oral statement that contained the misrepresentation.

Same

(2) A plaintiff is not required to prove any of the matters set out in subsection (1) in ~~a proceeding~~an action under section 138.3 in relation to an expert.

Failure to make timely disclosure

(3) In ~~a proceeding~~an action under section 138.3 in relation to a failure to make timely disclosure, a person or company is not liable, subject to subsection (4), unless the plaintiff proves that the person or company,

(a) knew, at the time that the failure to make timely disclosure first occurred, of the change and that the change was a material change;

(b) at the time or before the failure to make timely disclosure first occurred, deliberately avoided acquiring knowledge of the change or that the change was a material change; or

(c) was, through action or failure to act, guilty of gross misconduct in connection with the failure to make timely disclosure.

Same

(4) A plaintiff is not required to prove any of the matters set out in subsection (3) in ~~a proceeding~~an action under section 138.3 in relation to,

(a) a responsible issuer;

(b) an officer of a responsible issuer;

(c) an investment fund manager; or

(d) an officer of an investment fund manager.

Knowledge of the misrepresentation or material change

(5) A person or company is not liable in ~~a proceeding~~an action under section 138.3 in relation to a misrepresentation or a failure to make timely disclosure if that person or company proves that the plaintiff acquired or disposed of the issuer's security,

(a) with knowledge that the document or public oral statement contained a misrepresentation; or

(b) with knowledge of the material change.

Reasonable investigation

(6) A person or company is not liable in ~~a proceeding~~an action under section 138.3 in relation to,

(a) a misrepresentation if that person or company proves that,

(i) before the release of the document or the making of the public oral statement containing the misrepresentation, the person or company conducted or caused to be conducted a reasonable investigation, and

(ii) at the time of the release of the document or the making of the public oral statement, the person or company had no reasonable grounds to believe that the document or public oral statement contained the misrepresentation; or

(b) a failure to make timely disclosure if that person or company proves that,

(i) before the failure to make timely disclosure first occurred, the person or company conducted or caused to be conducted a reasonable investigation, and

(ii) the person or company had no reasonable grounds to believe that the failure to make timely disclosure would occur.

Factors to be considered by court

(7) In determining whether an investigation was reasonable under subsection (6), or whether any person or company is guilty of gross misconduct under subsection (1) or (3), the ~~courts~~court shall consider all relevant circumstances, including,

(a) the nature of the responsible issuer;

(b) the knowledge, experience and function of the person or company;

(c) the office held, if the person was an officer;

(d) the presence or absence of another relationship with the responsible issuer, if the person was a director;

(e) the existence, if any, and the nature of any system designed to ensure that the responsible issuer meets its continuous disclosure obligations;

(f) the reasonableness of reliance by the person or company on the responsible issuer's disclosure compliance system and on the responsible issuer's officers, employees and others whose duties would in the ordinary course have given them knowledge of the relevant facts;

(g) the period within which disclosure was required to be made under the applicable law;

(h) in respect of a report, statement or opinion of an expert, any professional standards applicable to the expert;

(i) the extent to which the person or company knew, or should reasonably have known, the content and medium of dissemination of the document or public oral statement;

(j) in the case of a misrepresentation, the role and responsibility of the person or company in the preparation and release of the document or the making of the public oral statement containing the misrepresentation or the ascertaining of the facts contained in that document or public oral statement; and

(k) in the case of a failure to make timely disclosure, the role and responsibility of the person or company involved in a decision not to disclose the material change.

Confidential disclosure

(8) A person or company is not liable in ~~a proceeding~~an action under section 138.3 in respect of a failure to make timely disclosure if,

(a) the person or company proves that the material change was disclosed by the responsible issuer in a report filed on a confidential basis with the Commission under subsection 75 (3);

(b) the responsible issuer had a reasonable basis for making the disclosure on a confidential basis;

(c) where the information contained in the report filed on a confidential basis remains material, disclosure of the material change was made public promptly when the basis for confidentiality ceased to exist;

(d) the person or company or responsible issuer did not release a document or make a public oral statement that, due to the undisclosed material change, contained a misrepresentation, and

(e) where the material change became publicly known in a manner other than the manner required under this Act, the responsible issuer promptly disclosed the material change in the manner required under this Act.

Forward-looking information

(9) A person or company is not liable in ~~a proceeding~~an action under section 138.3 for a misrepresentation in forward-looking information if the person or company proves ~~that,~~all of the following things:

(~~a~~1) ~~the~~The document or public oral statement containing the forward-looking information contained, proximate to ~~the forward-looking~~that information,

(i) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and

(ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information~~; and~~.

(~~b~~2) ~~the~~The person or company had a reasonable basis for drawing the conclusions or making the forecasts ~~or~~and projections set out in the forward-looking information.

(9.1) The person or company shall be deemed to have satisfied the requirements of paragraph 1 of subsection (9) with respect to a public oral statement containing forward-looking information if the person who made the public oral statement,

(a) made a cautionary statement that the oral statement contains forward-looking information;

(b) stated that

(i) the actual results could differ materially from a conclusion, forecast or projection in the forward-looking information, and

(ii) certain material factors or assumptions were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information; and

(c) stated that additional information about,

(i) the material factors that could cause actual results to differ materially from the conclusion, forecast or projection in the forward-looking information, and

(ii) the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information,

is contained in a readily-available document or in a portion of such a document and has identified that document or that portion of the document.

(9.2) For the purposes of clause (9.1) (c), a document filed with the Commission or otherwise generally disclosed shall be deemed to be readily available.

Same

(10) Subsection (9) does not ~~apply to~~relieve a person or company ~~in respect~~ of liability respecting forward-looking information ~~contained~~ in ~~the prospectus of the responsible issuer filed~~a financial statement required to be filed under this Act or forward-looking information in a document released in connection with ~~the~~an initial public ~~distribution of securities of the responsible issuer or contained in financial statements prepared by the responsible issuer~~offering.

Expert report, statement or opinion

(11) A person or company, other than an expert, is not liable in ~~a proceeding~~an action under section 138.3 with respect to any part of a document or public oral statement that includes, summarizes or quotes from a report, statement or opinion made by the expert in respect of which the responsible issuer obtained the written consent of the expert to the use of the report, statement or opinion if the consent had not been withdrawn in writing before the document was released or the public oral statement was made, if the person or company proves that,

(a) the person or company did not know and had no reasonable grounds to believe that there had been a misrepresentation in the part of the document or public oral statement made on the authority of the expert; and

(b) the part of the document or oral public statement fairly represented the report, statement or opinion made by the expert.

Same

(12) An expert is not liable in ~~a proceeding~~an action under section 138.3 with respect to any part of a document or public oral statement that includes, summarizes or quotes from a report, statement or opinion made by the expert, if the expert proves that, the written consent previously provided was withdrawn in writing before the document was released or the public oral statement was made.

Release of documents

(13) A person or company is not liable in ~~a proceeding~~an action under section 138.3 in respect of a misrepresentation in a document, other than a document required to be filed with the Commission, if the person or company proves that, at the time of release of the document the person or company did not know and had no reasonable grounds to believe that the document would be released.

Derivative information

(14) A person or company is not liable in ~~a proceeding~~an action under section 138.3 for a misrepresentation in a document or a public oral statement, if the person or company proves that,

(a) the misrepresentation was also contained in a document filed by or on behalf of another person or company, other than the responsible issuer, with the Commission or any other securities regulatory authority in Canada or a stock exchange and was not corrected in another document filed by or on behalf of that other person or company with the Commission or that other securities regulatory authority in Canada or stock exchange before the release of the document or the public oral statement made by or on behalf of the responsible issuer;

(b) the document or public oral statement contained a reference identifying the document that was the source of the misrepresentation; and

(c) when the document was released or the public oral statement was made, the person or company did not know and had no reasonable grounds to believe that the document or public oral statement contained a misrepresentation.

Where corrective action taken

(15) A person or company, other than the responsible issuer, is not liable in ~~a proceeding~~an action under section 138.3 if the misrepresentation or failure to make timely disclosure was made without the knowledge or consent of the person or company and, if, after the person or company became aware of the misrepresentation before it was corrected, or the failure to make timely disclosure before it was disclosed in the manner required under this Act,

(a) the person or company promptly notified the board of directors of the responsible issuer or other persons acting in a similar capacity of the misrepresentation or the failure to make timely disclosure; and

(b) if no correction of the misrepresentation or no subsequent disclosure of the material change in the manner required under this Act was made by the responsible issuer within two business days after the notification under clause (a), the person or company, unless prohibited by law or by professional confidentiality rules, promptly and in writing notified the Commission of the misrepresentation or failure to make timely disclosure.

DAMAGES

Assessment of damages

138.5 (1) Damages shall be assessed in favour of a person or company that acquired an issuer's securities after the release of a document or the making of a public oral statement containing a misrepresentation or after a failure to make timely disclosure as follows:

1. In respect of any of the securities of the responsible issuer that the person or company subsequently disposed of on or before the 10th trading day after the public correction of the misrepresentation or the disclosure of the material change in the manner required under this Act, assessed damages shall equal the difference between the average price paid for those securities (including any commissions paid in respect thereof) and the price received upon the disposition of those securities (without deducting any commissions paid in respect of the disposition), calculated taking into account the result of hedging or other risk limitation transactions.

2. In respect of any of the securities of the responsible issuer that the person or company subsequently disposed of after the 10th trading day after the public correction of the misrepresentation or the disclosure of the material change in the manner required under this Act, assessed damages shall equal the lesser of,

   i. an amount equal to the difference between the average price paid for those securities (including any commissions paid in respect thereof) and the price received upon the disposition of those securities (without deducting any commissions paid in respect of the disposition), calculated taking into account the result of hedging or other risk limitation transactions, and

   ii. an amount equal to the number of securities that the person disposed of, multiplied by the difference between the average price per security paid for those securities (including any commissions paid in respect thereof determined on a per security basis) and,

      A. if the issuer's securities trade on a published market, the trading price of the issuer's securities on the principal market (as those terms are defined in the regulations) for the 10 trading days following the public correction of the misrepresentation or the disclosure of the material change in the manner required under this Act, or

      B. if there is no published market, the amount that the court considers just.

3. In respect of any of the securities of the responsible issuer that the person or company has not disposed of, assessed damages shall equal the number of securities acquired, multiplied by the difference between the average price per security paid for those securities (including any commissions paid in respect thereof determined on a per security basis) and,

   i. if the issuer's securities trade on a published market, the trading price of the issuer' securities on the principal market (as those terms are defined in the regulations) for the 10 trading days following the public correction of the misrepresentation or the disclosure of the material change in the manner required under this Act, or

   ii. if there is no published market, the amount that the court considers just.

Same

(2) Damages shall be assessed in favour of a person or company that disposed of securities after a document was released or a public oral statement made containing a misrepresentation or after a failure to make timely disclosure as follows:

1. In respect of any of the securities of the responsible issuer that the person or company subsequently acquired on or before the 10th trading day after the public correction of the misrepresentation or the disclosure of the material change in the manner required under this Act, assessed damages shall equal the difference between the average price received upon the disposition of those securities (deducting any commissions paid in respect of the disposition) and the price paid for those securities (without including any commissions paid in respect thereof), calculated taking into account the result of hedging or other risk limitation transactions.

2. In respect of any of the securities of the responsible issuer that the person or company subsequently acquired after the 10th trading day after the public correction of the misrepresentation or the disclosure of the material change in the manner required under this Act, assessed damages shall equal the lesser of,

   i. an amount equal to the difference between the average price received upon the disposition of those securities (deducting any commissions paid in respect of the disposition) and the price paid for those

securities (without including any commissions paid in respect thereof), calculated taking into account the result of hedging or other risk limitation transactions, and

ii. an amount equal to the number of securities that the person disposed of, multiplied by the difference between the average price per security received upon the disposition of those securities (deducting any commissions paid in respect of the disposition determined on a per security basis), and,

A. if the issuer's securities trade on a published market, the trading price of the issuer's securities on the principal market (as those terms are defined in the regulations) for the 10 trading days following the public correction of the misrepresentation or the disclosure of the material change in the manner required under this Act, or

B. if there is no published market, the amount that the court considers just.

3. In respect of any of the securities of the responsible issuer that the person or company has not acquired, assessed damages shall equal the number of securities that the person or company disposed of, multiplied by the difference between the average price per security received upon the disposition of those securities (deducting any commissions paid in respect of the disposition determined on a per security basis) and,

i. if the issuer's securities trade on a published market, the trading price of the issuer's securities on the principal market (as such terms are defined in the regulations) for the 10 trading days following the public correction of the misrepresentation or the disclosure of the material change in the manner required under this Act, or

ii. if there is no published market, then the amount that the court considers just.

Same

(3) Despite subsections (1) and (2), assessed damages shall not include any amount that the defendant proves is attributable to a change in the market price of securities that is unrelated to the misrepresentation or the failure to make timely disclosure.

Proportionate liability

138.6 (1) In ~~a proceeding~~an action under section 138.3, the court shall determine, in respect of each defendant found liable in the action, the defendant's responsibility for the damages assessed in favour of all plaintiffs in the action, and each such defendant shall be liable, subject to the limits set out in subsection 138.7 (1), to the plaintiffs for only that portion of the aggregate amount of damages assessed in favour of the plaintiffs that corresponds to that defendant's responsibility for the damages.

Same

(2) Despite subsection (1), where, in ~~a proceeding~~an action under section 138.3 in respect of a misrepresentation or a failure to make timely disclosure, a court determines that a particular defendant, other than the responsible issuer, authorized, permitted or acquiesced in the making of the misrepresentation or the failure to make timely disclosure while knowing it to be a misrepresentation or a failure to make timely disclosure, the whole amount of the damages assessed in the action may be recovered from that defendant.

Same

(3) Each defendant in respect of whom the court has made a determination under subsection (2) is jointly and severally liable with each other defendant in respect of whom the court has made a determination under subsection (2).

Same

(4) Any defendant against whom recovery is obtained under subsection (2) is entitled to claim contribution from any other defendant who is found liable in the action.

Limits on damages

138.7 (1) Despite section 138.5, the damages payable by a person or company in ~~a proceeding~~an action under section 138.3 is the lesser of,

(a) the aggregate damages assessed against the person or company in the action, and,

(b) the liability limit for the person or company less the aggregate of all damages assessed after appeals, if any, against the person or company in all other actions brought under section 138.3, and under comparable legislation in other provinces or territories in Canada in respect of that misrepresentation or failure to make timely disclosure, and less any amount paid in settlement of any such actions.

Same

(2) Subsection (1) does not apply to a person or company, other than the responsible issuer, if the plaintiff proves that the person or company authorized, permitted or acquiesced in the making of the misrepresentation or the failure to make timely disclosure while knowing that it was a misrepresentation or a failure to make timely disclosure, or influenced the making of the misrepresentation or the failure to make timely disclosure while knowing that it was a misrepresentation or a failure to make timely disclosure.

PROCEDURAL MATTERS

Leave to proceed

138.8 (1) No ~~proceeding~~action may be commenced under section 138.3 without leave of the court granted upon motion with notice to each defendant. The court shall grant leave only where it is satisfied that,

(a) the action is being brought in good faith; and

(b) there is a reasonable possibility that the action will be resolved at trial in favour of the plaintiff.

Same

(2) Upon an application under this section, the plaintiff and each defendant shall serve and file one or more affidavits setting forth the material facts upon which each intends to rely.

Same

(3) The maker of such an affidavit may be examined on it in accordance with the rules of court.

Same

(4) A copy of the application for leave to proceed and any affidavits filed with the court shall be sent to the Commission when filed.

Notice

138.9 A person or company that has been granted leave to commence ~~a proceeding~~an action under section 138.3 shall,

(a) promptly issue a news release disclosing that leave has been granted to commence ~~a proceeding~~an action under section 138.3;

(b) send a written notice to the Commission within seven days, together with a copy of the news release; and

(c) send a copy of the statement of claim or other originating document to the Commission when filed.

Restriction on discontinuation, etc., of ~~proceeding~~action

138.10 ~~A proceeding~~An action under section 138.3 shall not be ~~stayed,~~ discontinued, abandoned or settled ~~or dismissed for delay~~ without the approval of the court given on such terms as the court thinks fit including, without limitation, terms as to costs, and in determining whether to approve the settlement of the ~~proceeding~~action, the court shall consider, among other things, whether there are any other ~~proceedings~~actions outstanding under section 138.3 or under comparable legislation in the other provinces or territories in Canada in respect of the same misrepresentation or failure to make timely disclosure.

Costs

138.11 Despite the *Courts of Justice Act* and the *Class Proceedings Act, 1992*, the prevailing party in ~~a proceeding~~an action under section 138.3 is entitled to costs determined by a court in accordance with applicable rules of civil procedure.

Power of the Commission

138.12 The Commission may intervene in ~~a proceeding~~an action under section 138.3 and in an application for leave under section 138.8.

No derogation from other rights

138.13 The right of action for damages and the defences to ~~a proceeding~~an action under section 138.3 are in addition to and without derogation from any other rights or defences the plaintiff or defendant may have in ~~a~~an ~~proceeding~~action brought otherwise than under this Part.

Limitation period

138.14 No ~~proceeding~~action shall be commenced under section 138.3,

(a) in the case of misrepresentation in a document, later than the earlier of,

(i) three years after the date on which the document containing the misrepresentation was first released, and

(ii) six months after the issuance of a news release disclosing that leave has been granted to commence ~~a proceeding~~an action under section 138.3 or under comparable legislation in the other provinces or territories in Canada in respect of the same misrepresentation;

(b) in the case of a misrepresentation in a public oral statement, later than the earlier of,

(i) three years after the date on which the public oral statement containing the misrepresentation was made, and

(ii) six months after the issuance of a news release disclosing that leave has been granted to commence ~~a proceeding~~an action under section 138.3 or under comparable legislation in another province or territory of Canada in respect of the same misrepresentation; and

(c) in the case of a failure to make timely disclosure, later than the earlier of,

(i) three years after the date on which the requisite disclosure was required to be made, and

(ii) six months after the issuance of a news release disclosing that leave has been granted to commence ~~a proceeding~~an action under section 138.3 or under comparable legislation in another province or territory of Canada in respect of the same failure to make timely disclosure.

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
American Seafoods Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated June 3, 2003
Mutual Reliance Review System Receipt dated June 4, 2003
Offering Price and Description:
$ * - Income Deposit Securities (IDSs)
Underwriter(s) or Distributor(s):
CIBC World Market Inc.
Promoter(s):
-
Project #548802

Issuer Name:
Arctic Glacier Income Fund
Principal Regulator - Manitoba
Type and Date:
Preliminary Short Form Prospectus dated June 6, 2003
Mutual Reliance Review System Receipt dated June 6, 2003
Offering Price and Description:
$25,175,000.00 - 2,650,000 Units @ $9.50 per unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #549433

Issuer Name:
Bell Canada
Principal Regulator - Quebec
Type and Date:
Preliminary Shelf Prospectus dated June 5, 2003
Mutual Reliance Review System Receipt dated June 6, 2003
Offering Price and Description:
$3,000,000,000.00 - Debt Securities (Unsecured)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #549324

Issuer Name:
Column Canada Issuer Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 9, 2003
Mutual Reliance Review System Receipt dated June 9, 2003
Offering Price and Description:
$335,000,000 - MultiClass Pass-Through Certificates, Series 2003-WEM
Underwriter(s) or Distributor(s):
Credit Suisse First Boston Canada Inc.
RBC Dominion Securities Inc.
Promoter(s):
Column Canada Financial Corporation
Project #549647

Issuer Name:
Focus Energy Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 6, 2003
Mutual Reliance Review System Receipt dated June 6, 2003
Offering Price and Description:
$25,410,000.00 - 2,100,000 Units Price: $12.10 per Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
FirstEnergy Capital Corp.
J.F. Mackie & Company
Promoter(s):
-
Project #549530

Issuer Name:
GGOF Dividend Growth Fund
GGOF Canadian Large Cap Fund
GGOF Monthly Dividend Fund Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated June 4, 2003
Mutual Reliance Review System Receipt dated June 6, 2003
Offering Price and Description:
I Class Units, F Class Shares and Units
Underwriter(s) or Distributor(s):
Guardian Group of Funds Ltd.
Guardian Group of Funds Ltd.
Jones Heward Investment Management Inc.
Promoter(s):
Guardian Group of Funds Ltd.
Project #548985

Issuer Name:
Inter Pipeline Fund (formerly Koch Pipelines Canada, L.P.)
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 9, 2003
Mutual Reliance Review System Receipt dated June 9, 2003
Offering Price and Description:
$95,250,000.00 - 15,000,000 Class A Units Price: $6.35 per Class A Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Promoter(s):
-
Project #549297

Issuer Name:
New Canada Fund
World Investment Fund
U.S. Equity Fund
Canadian Income Fund
High Yield Bond Fund
Canadian Money Market Fund
Canadian Diversified Investment Fund
Canadian Equity Fund
Canadian Bond Fund
Canadian Balanced Retirement Savings Fund
Principal Regulator - Alberta
Type and Date:
Preliminary Simplified dated June 4, 2003
Mutual Reliance Review System Receipt dated June 6, 2003
Offering Price and Description:
Class O Units
Underwriter(s) or Distributor(s):
Mawer Investment Management
Mawer Investment Management
Promoter(s):
Mawer Investment Management
Project #549043

Issuer Name:
Canadian Equity Fund
Canadian Small Company Equity Fund
U.S. Large Company Equity Fund
U.S. Small Company Equity Fund
EAFE Equity Fund
Emerging Markets Equity Fund
Canadian Fixed Income Fund
Money Market Fund
International Synthetic Fund
U.S. Large Cap Synthetic Fund
U.S. MidCap Synthetic Fund
Canadian Index Fund
Canadian Large Cap Index Fund
Canadian Fixed Income Index Fund
Enhanced Global Bond Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 27, 2003
Mutual Reliance Review System Receipt dated June 4, 2003
Offering Price and Description:
Class O, I, P Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
SEI Investments Canada Company
Project #529959

Issuer Name:
Cardiome Pharma Corp
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated June 5, 2003
Mutual Reliance Review System Receipt dated June 9, 2003
Offering Price and Description:
3,810,000 Common Shares and 1,905,000 Warrants Upon Exercise of Special Warrants 3,762,000 Special Warrants @ $2.10 = $7,900,200 & 48,000 $2.30 = $110,400
Underwriter(s) or Distributor(s):
Yorkton Securities Inc.
Sprott Securities Inc.
TD Securities Inc.
First Associates Investments Inc.
Promoter(s):
-
Project #545189

Issuer Name:
Fidelity Focus Consumer Industries Fund
Fidelity Focus Financial Services Fund
Fidelity Focus Health Care Fund
Fidelity Focus Technology Fund
Fidelity RSP Focus Financial Services Fund
Fidelity RSP Focus Health Care Fund
Fidelity RSP Focus Technology Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated May 30, 2003 to Final Simplified Prospectuses and Annual Information Forms dated October 8, 2002
Mutual Reliance Review System Receipt dated June 5, 2003
Offering Price and Description:
Series A, Series F and Series O Units
Underwriter(s) or Distributor(s):
Fidelity Investments Canada Limited
Fidelity Investments Canada Limited
Promoter(s):
Fidelity Investments Canada Limited
Project #475446

Issuer Name:
Fidelity Canadian Disciplined Equity Class
Fidelity Canadian Growth Company Class
Fidelity True North Class
Fidelity American Disciplined Equity Class
Fidelity American Opportunities Class
Fidelity Growth America Class
Fidelity Small Cap America Class
Fidelity Europe Class
Fidelity Far East Class
Fidelity Global Disciplined Equity Class
Fidelity International Portfolio Class
Fidelity Japan Class
Fidelity NorthStar Class
Fidelity Focus Consumer Industries Class
Fidelity Focus Financial Services Class
Fidelity Focus Health Care Class
Fidelity Focus Natural Resources Class
Fidelity Focus Technology Class.
Fidelity Focus Telecommunications Class
Fidelity Canadian Balanced Class
Fidelity Canadian Short Term Income Class
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 30, 2003
Mutual Reliance Review System Receipt dated June 5, 2003
Offering Price and Description:
Series A and Series F Shares
Underwriter(s) or Distributor(s):
Fidelity Investments Canada Limited
Fidelity Investments Canada Limited
Promoter(s):
Fidelity Investments Canada Limited
Project #526348

Issuer Name:
HSBC MM Canadian Bond Pooled Fund
HSBC MM Canadian Equity Pooled Fund
HSBC MM Canadian Small Cap Equity Pooled Fund
HSBC MM International Equity Pooled Fund
HSBC MM US Equity Pooled Fund
HSBC MM US Small/Mid Cap Equity Pooled Fund
Principal Regulator - British Columbia
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated June 9, 2003
Mutual Reliance Review System Receipt dated June 9, 2003
Offering Price and Description:
Trust Units
Underwriter(s) or Distributor(s):
HSBC Investment Funds (Canada) Inc.
HSBC Investment Funds (Canada) Inc.
Promoter(s):
HSBC Asset Management (Canada) Limited
Project #518564

Issuer Name:
Hydro One Inc.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated June 2, 2003
Mutual Reliance Review System Receipt dated June 4, 2003
Offering Price and Description:
$2,000,000,000.00 - Medium Term Notes (unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Casgrain & Company Limited
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
Laurentian Bank Securities Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #544256

Issuer Name:
Conservative Income Fund
Diversified Income Fund
Income Growth Fund
Conservative Balanced Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 4, 2003
Mutual Reliance Review System Receipt dated June 5, 2003
Offering Price and Description:
Class O Units, Class I Units and Class P Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
SEI Investments Canada Company
Project #532680

Issuer Name:
Leith Wheeler U.S. Equity Fund
Leith Wheeler Money Market Fund
Leith Wheeler Balanced Fund
Leith Wheeler Canadian Equity Fund
Leith Wheeler Fixed Income Fund
Principal Regulator - British Columbia
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated June 4, 2003
Mutual Reliance Review System Receipt dated June 9, 2003
Offering Price and Description:
Mutual fund units at net asset value
Underwriter(s) or Distributor(s):
Leith Wheeler Investment Counsel Ltd.
Leith Wheeler Investment Counsel Ltd.
Promoter(s):
-
Project #534300

Issuer Name:
Lorus Therapeutics Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated June 3, 2003
Mutual Reliance Review System Receipt dated June 5, 2003
Offering Price and Description:
$28,500,000.00 - 22,800,000 Units @ $1.25/Unit
Underwriter(s) or Distributor(s):
Loewen, Ondaatje, McCutcheon Limited
Dundee Securities Corporation
Harris Partners Limited
Haywood Securities Inc.
Promoter(s):
-
Project #544882

Issuer Name:
National Bank High Yield Bond Fund
National Bank Strategic Yield Class
National Bank/Fidelity True North Fund
National Bank European Small Capitalization Fund
National Bank Emerging Markets Fund
National Bank/Fidelity Focus Financial Services Fund
National Bank/Fidelity Growth America Fund
National Bank/Fidelity International Portfolio Fund
National Bank/Fidelity Global Asset Allocation Fund
National Bank/Fidelity Canadian Asset Allocation Fund
National Bank Global Equity RSP Fund
National Bank Global Equity Fund
National Bank Canadian Opportunities Fund
National Bank Global Technologies RSP Fund
National Bank Future Economy RSP Fund
National Bank Global Technologies Fund
National Bank Natural Resources Fund
National Bank Future Economy Fund
National Bank Québec Growth Fund
National Bank American RSP Index Fund
National Bank Canadian Index Fund
National Bank Small Capitalization Fund
National Bank International RSP Index Fund
National Bank Bond Fund
National Bank Secure Diversified Fund
National Bank Moderate Diversified Fund
National Bank Balanced Diversified Fund
National Bank Growth Diversified Fund
National Bank Conservative Diversified Fund
National Bank Protected Global RSP Fund
National Bank Protected Canadian Equity Fund
National Bank Protected Growth Balanced Fund
National Bank Protected Retirement Balanced Fund
National Bank Protected Canadian Bond Fund
National Bank Canadian Index Plus Fund
National Bank American Index Plus Fund
National Bank Treasury Management Fund
National Bank Asia-Pacific Fund
National Bank European Equity Fund
National Bank Global RSP Bond Fund
National Bank Canadian Equity Fund
National Bank Dividend Fund
National Bank Retirement Balanced Fund
National Bank Mortgage Fund
National Bank U.S. Money Market Fund
National Bank Corporate Cash Management Fund
National Bank Money Market Fund
National Bank Treasury Bill Plus Fund
Principal Regulator - Quebec
Type and Date:
Amendment #1 dated June 2, 2003 to Final Simplified Prospectuses and Annual Information Forms dated April 1, 2003
Mutual Reliance Review System Receipt dated June 6, 2003
Offering Price and Description:
Investors Series, Advisor Series, Institutional Series, O Series and M Series
Underwriter(s) or Distributor(s):
National Bank Securities Inc.
National Bank Securities Inc.

National Bank Securities Inc
Promoter(s):
National Bank Securities Inc.
Project #513819

Issuer Name:
Superior Plus Income Fund
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated June 4, 2003
Mutual Reliance Review System Receipt dated June 4, 2003
Offering Price and Description:
$167,200,000.00 - 8,000,000 Trust Units @ $20.90 per 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

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Chapman Inc. Attention: Ronald D. McLaughlin 30 Wellington Street East Suite 306 Toronto ON M5E 1B1	Limited Market Dealer	Jun 11/03

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 RS Sets Hearing Date in the Matter of Donald Greco

NOTICE TO PUBLIC

Subject: Market Regulation Services Inc. sets hearing date *In the Matter of Donald Greco*

Market Regulation Services Inc. ("RS") will hold a Hearing before a Panel of the Hearing Committee (the "Hearing Panel") of RS commencing on June 19, 2003 at 9:30 a.m. and on June 20, 2003 at 1:00 p.m., or as soon thereafter as the Hearing can be held, at the offices of RS, 145 King Street West, 9th floor, Toronto, Ontario. The Hearing is open to the public.

For further details, please refer to RS Notice to Public number 2003-005 published May 2, 2003.

The decision of the Hearing Panel and the terms of any discipline imposed will be published by RS as a Disciplinary Notice.

Reference:

Jane P. Ratchford
Chief Counsel
Investigations and Enforcement
Market Regulation Services Inc.

Telephone: 416-646-7229

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Index

Afton Food Group Ltd.
Cease Trading Orders 4338

Anderson, Brian
News Release 4289
Order - ss. 127(1) and 127(5) 4325

Arcamatrix Corporation
Cease Trading Orders 4337

Armistice Resources Ltd.
Cease Trading Orders 4337

Armstrong Corporation
Cease Trading Orders 4337

Aspen Group Resources Corporation
Cease Trading Orders 4338

Bank of Nova Scotia, The
MRRS Decision 4303

Barrick Gold Corporation
MRRS Decision 4292

Battery Technologies Inc.
Cease Trading Orders 4337

Bernier, Martin Joseph
Reasons for Decision 4333

Beta Brands Incorporated
Cease Trading Orders 4337

Brown, Douglas
News Release 4289
Order - ss. 127(1) and 127(5) 4325

Brown, Leslie
News Release 4289
Order - ss. 127(1) and 127(5) 4325

Canadian Spooner Industries Corporation
Cease Trading Orders 4337

Canadian Spooner Resources Inc.
Cease Trading Orders 4337

CDC IXIS North America Inc.
MRRS Decision 4313

Chapman Inc.
New Registration 4505

Chippery Chip Factory, Inc., The
Cease Trading Orders 4337

Commodity Futures Act, Amendments
Notice 4284
Legislation 4475
Legislation 4476

Companion Policy 13-502CP, Fees
Notice 4283
Rules and Policies 4339

Companion Policy 21-101CP, Marketplace Operation
Notice 4283
Request for Comments 4377
Request for Comments 4391

Companion Policy 23-101CP, Trading Rules
Notice 4283
Request for Comments 4377
Request for Comments 4399

Companion Policy 91-504CP, Over-the-Counter Derivatives
Notice 4283
Rules and Policies 4339

Current Proceedings Before The Ontario Securities Commission
Notice 4281

Denroy Manufacturing Corporation
Cease Trading Orders 4337

Devine Entertainment Corporation
Cease Trading Orders 4338

Dion Entertainment Corp.
Cease Trading Orders 4337

Discovery Biotech Inc.
Notice of Hearing 4285
News Release 4288
News Release 4290
Order - ss. 127(1) and 127(5) 4322

E. I. du Pont de Nemours and Company
MRRS Decision 4295

e-Manufacturing Networks Inc.
Cease Trading Orders 4337

Endeavour Flow-Through Limited Partnership I
MRRS Decision 4312

Euro-Net Investments Ltd.
Cease Trading Orders 4337

Finline Technologies Ltd.
Cease Trading Orders 4338

Flat Electronic Data Interchange
News Release 4289
Order - ss. 127(1) and 127(5) 4325

Graycliff Resources Inc.
Notice of Hearing 4285
News Release 4288
News Release 4290
Order - ss. 127(1) and 127(5) 4322

Greco, Donald
SRO Notices and Disciplinary Proceedings 4507

HNR Ventures Inc.
Cease Trading Orders 4337

Homestake Canada Inc.
MRRS Decision 4292

Hydromet Environmental Recovery Ltd.
Cease Trading Orders 4338

Immune Network Ltd.
Cease Trading Orders 4337

Infowave Software, Inc.
MRRS Decision 4302

Ivernia West Inc.
Order - s. 144 4323
Cease Trading Orders 4338

Investor Alert: Aggressive Stock Promotions Target Unwary Investors
News Release 4287

Investor Alert: Alpha Project and FEDI Investment Schemes
News Release 4288

JPY Holdings Ltd.
Cease Trading Orders 4337

Learning Library Inc., The
Cease Trading Orders 4337

Mackenzie Financial Corporation
Order - s. 147 4321

MedX Health Corp.
Cease Trading Orders 4337

Metalcoat International Corp.
Cease Trading Orders 4337

MTW Solutions Online Inc.
Order - s. 144 4329

Multibanc Financial Corp.
MRRS Decision 4291

Multibanc NT Financial Corp.
MRRS Decision 4291

National Instrument 21-101, Marketplace Operation
Notice 4283
Request for Comments 4377
Request for Comments 4391

National Instrument 23-101, Trading Rules
Notice 4283
Request for Comments 4377
Request for Comments 4399

Neuberger Berman, LLC
Order - s. 147 4326

OSC Policy 12-602, Deeming a Reporting Issuer in Certain Other Canadian Jurisdictions to be a Reporting Issuer in Ontario
Notice 4283
Rules and Policies 4339

OSC Rule 13-502, Fees
Notice 4283
Rules and Policies 4339

OSC Rule 45-501, Exempt Distributions
Notice 4283
Rules and Policies 4339

OSC Rule 45-502, Dividend or Interest Reinvestment and Stock Dividend Plans
Notice 4283
Rules and Policies 4339

OSC Rule 45-503, Trades to Employees, Executives and Consultants
Notice 4283
Rules and Policies 4339

Polyphalt Inc.
Cease Trading Orders 4338

Regulation 1015, Changes to
Notice 4283
Rules and Policies 4339

Roador Industries Ltd.
Order - ss. 83.1(1) 4331

Seven Seas Petroleum Inc.
Cease Trading Orders 4337

Scotia Cassels Investment Counsel Limited
MRRS Decision 4301

Scotia Split Corp.
MRRS Decision 4306

Securities Act, Amendments
Notice ... 4284
Legislation ... 4475
Legislation ... 4476

SEDI Filing Requirements
News Release ... 4289

SEI Investments Canada Company
MRRS Decision ... 4299

Slater Steel Inc.
Cease Trading Orders ... 4338

Sloan, David
News Release ... 4289
Order - ss. 127(1) and 127(5) ... 4325

Southern Reef Ventures Inc.
Cease Trading Orders ... 4337

St. Anthony Resources Inc.
Cease Trading Orders ... 4337

TD Commodity & Energy Trading Inc.
MRRS Decision ... 4307

Tintina Mines Limited
Cease Trading Orders ... 4337

Transpacific Resources Inc.
Cease Trading Orders ... 4337

Vector Intermediaries Inc.
Cease Trading Orders ... 4337

Vindicator Industries Inc.
Cease Trading Orders ... 4337

Visa Gold Explorations Inc.
Cease Trading Orders ... 4337

WebEngine Corporation
Cease Trading Orders ... 4337

Westaim Corporation, The
MRRS Decision ... 4319

World Wide Minerals Ltd.
Cease Trading Orders ... 4337

Zemex Corporation
Order - s. 83 ... 4328

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