The Ontario Securities Commission

OSC Bulletin

August 8, 2003

Volume 26, Issue 32

(2003), 26 OSCB

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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Published under the authority of the Commission by:
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Toronto, Ontario
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The OSC Bulletin is published weekly by Carswell, under the authority of the Ontario Securities Commission.

Subscriptions are available from Carswell at the price of $549 per year.

Subscription prices include first class postage to Canadian addresses. Outside Canada, these airmail postage charges apply on a current subscription:

U.S.	$175
Outside North America	$400

Single issues of the printed Bulletin are available at $20 per copy as long as supplies are available.

ISSN 0226-9325

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

AUGUST 8, 2003

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

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Harold P. Hands	—	HPH
Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
H. Lorne Morphy, Q.C.	—	HLM
Robert L. Shirriff, Q.C.	—	RLS
Suresh Thakrar	—	ST
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	**Teodosio Vincent Pangia, Agostino Capista and Dallas/North Group Inc.** s. 127 Y. Chisholm in attendance for Staff Panel: TBA
September 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
October 7 to 10, 2003	**Gregory Hyrniw and Walter Hyrniw** s. 127 Y. Chisholm in attendance for Staff Panel: HLM/HPH/KDA
October 20 to 31, 2003 10:00 a.m.	**Ricardo Molinari, Ashley Cooper, Thomas Stevenson, Marshall Sone, Fred Elliott, Elliott Management Inc. and Amber Coast Resort Corporation** s. 127 E. Cole in attendance for Staff Panel: RLS/HPH

October 20 to November 7, 2003	**M.C.J.C. Holdings Inc. and Michael Cowpland**
10:00 a.m.	s. 127
	M. Britton in attendance for Staff
	Panel: WSW/PKB/RWD
November 3-10, 12 and 14-21, 2003	**Patrick Fraser Kenyon Pierrepont Lett, Milehouse Investment Management Limited, Pierrepont Trading Inc., BMO Nesbitt**
10:00 a.m.	**Burns Inc.*, John Steven Hawkyard+ and John Craig Dunn**
	s. 127
	K. Manarin in attendance for Staff
	Panel: HLM/MTM/ST

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

ADJOURNED SINE DIE

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

Global Privacy Management Trust and Robert Cranston

Philip Services Corporation

Robert Walter Harris

S. B. McLaughlin

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

1.1.2 CSA Notice 11-304 Responses to Comments Received on Concept Proposal - Blueprint for Uniform Securities Laws for Canada

CANADIAN SECURITIES ADMINISTRATORS

NOTICE 11-304

RESPONSES TO COMMENTS RECEIVED ON CONCEPT PROPOSAL
BLUEPRINT FOR UNIFORM SECURITIES LAWS FOR CANADA

On January 30, 2003, the Canadian Securities Administrators (CSA) published a concept proposal entitled *Blueprint for Uniform Securities Laws for Canada* (the Concept Proposal). The comment period expired on April 30, 2003. There was a significant response to the Concept Proposal with 89 comment letters received. The list of commenters is attached as Appendix A to this Notice.

The USL project to develop uniform securities legislation for consideration by each of the provincial and territorial governments of Canada complements the Ministers' initiative to implement a passport system or one-stop shopping for issuers and registrants.

The CSA thank the commenters and appreciate their time and effort in responding to the Concept Proposal. The comments were thoughtful, thorough and will be very useful in assisting the USL Steering Committee in drafting uniform legislation. Appendix B to this Notice provides a detailed summary of all comments received together with the CSA responses. The full text of all the comment letters can be viewed on the Alberta Securities Commission web site at http://www.albertasecurities.com/policies/comment.html.

The vast majority of the commenters are supportive of the USL initiative. There is general support for:

- passport or one-stop shopping for issuers and registrants;
- uniform securities legislation for registration, prospectuses and exemptions; and
- delegation of decision making powers from one securities regulatory authority to another.

Some commenters qualify their support. The two most frequently occurring qualifications of support are:

- the objective of the USL should be both achieving and maintaining uniform securities laws, with many commenters questioning whether it is possible to achieve these objectives within the existing framework of securities regulation in Canada; and
- the USL's scope does not put enough emphasis on simplification and streamlining of regulatory requirements.

The CSA are very much concerned with both achieving and maintaining uniformity. In this regard, the CSA plan to enter into protocols to ensure that regulators co-ordinate changes to securities law. We also intend to propose to our governments that they consider adopting an inter-governmental protocol to co-ordinate securities legislation.

Although the primary objective of the USL project is to develop uniform securities legislation, simplification and streamlining are complementary objectives of the project. Uniform registration requirements, a streamlined national registration system, and consolidation of overlapping and differing registration and prospectus exemptions into a uniform exemptions rule are significant examples of simplification and streamlining.

The CSA believe that the USL project is an important step in the process of regulatory reform, regardless of the ultimate solution that may be adopted for our capital markets.

NEXT STEPS

The USL Steering Committee is currently overseeing the drafting of a Uniform Securities Act (USA) and a Model Securities Administration Act (MAA). Work is underway on both draft statutes, and the contributions of the commenters are being considered continually during this process. We expect to publish consultation drafts of the USA and MAA in Fall 2003 for comment.

July 31, 2003.

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APPENDIX A:

LIST OF COMMENTERS

Commenter	Abbreviation
Canadian Advocacy Committee of the Association for Investment Management and Research	AIMR
Alberta Minister of Economic Development	Alberta Minister of Economic Development
Association of Canadian Pension Management	Association of Canadian Pension Management
Barclays Global Investors Canada Limited	Barclay Global Investors
Burnet, Duckworth & Palmer LLP	BD&P
Bennett Jones LLP	Bennett Jones
Bourse de Montréal Inc.	Bourse de Montréal
Canaccord Capital Corporation	Canaccord
Canadian Bankers Association	Canadian Bankers Association
Canadian Capital Markets Association	Canadian Capital Markets Association
Canadian Council of Chief Executives	Canadian Council of Chief Executives
Canadian Institute of Chartered Accountants	Canadian Institute of Chartered Accountants
Canadian Investor Relations Institute	Canadian Investor Relations Institute
Canadian Listed Company Association	Canadian Listed Company Association
Certified General Accountant Association of Canada	Certified General Accountants Association of Canada
Certified General Accountants Association of Manitoba	Certified General Accountants Association of Manitoba
Certified Management Accountants of Alberta	Certified Management Accountants of Alberta
Clark, Wilson	Clark, Wilson
CSI Global Education Inc.	CSI Global Education Inc.
Davies Ward Phillips & Vineberg LLP	Davies
EnCana Corporation	EnCana
Fasken Martineau DuMoulin LLP	Fasken Martineau
Fidelity Investments Canada Limited	Fidelity
Financial Planners Standards Council	Financial Planners Standards Council
Groia & Company	Groia & Company
Investment Dealers Association of Canada	IDA
The Investment Funds Institute of Canada	IFIC

Commenter	Abbreviation
Imperial Oil Limited	Imperial Oil
Institute of Chartered Accountants of Alberta	Institute of Chartered Accountants of Alberta
Institute of Chartered Accountants of Manitoba	Institute of Chartered Accountants of Manitoba
Investment Counsel Association of Canada	Investment Counsel Association of Canada
International Swaps and Derivatives Associates, Inc.	ISDA
KPMG LLP	KPMG
Members of the Canadian Listed Companies Association: American Insulock Inc., AMI Resources Inc., Badger and Co., Canadian Imperial Venture Corp., CON-SPACE Communications Ltd., Davis & Company, DIVERSAFLOW Corporation Ltd., Dome Ventures Corporation, Energold Mining Ltd., Emgold Mining Corporation, ESTec Systems Corp., Freeport Resources Inc., Glenbriar Technologies Inc., Impact Minerals International Inc., International Barytex Resources Ltd., International Northair Mines Ltd., Intermap Technologies Corp., Lexacal Investment Corp., Midasco Capital Corp., Navigator Exploration Corp., NDT Ventures Ltd., New Guinea Gold Corporation, Northern Empire Minerals Ltd., Patent Enforcement and Royalties Ltd., Prospector Consolidated Resources Inc., Rand Edgar Investment Corp., Redhawk Resources, Inc., Sherwood Mining Corporation, St. Eugene Mining Corporation Limited, Stornoway Ventures Ltd., Stratacom Technology Inc., StrongBow Resources Inc., Tagish Lake Gold Corp., Tenajon Resources Corp., The SunBlush Technologies Corporation, TIR Systems Ltd., Total Telcom Inc., Troon Ventures Ltd., VisionQuest Enterprise Group Inc. and Vulcan Minerals Inc.	Members of the Canadian Listed Companies Association
Mutual Fund Dealers Association of Canada	MFDA
Odlum Brown	Odlum Brown
Ogilvy Renault	Ogilvy Renault
Securities Law Subcommittee of the Ontario Bar Association	Ontario Bar Association
Ontario Teachers' Pension Plan	Ontario Teachers' Pension Plan
Osler, Hoskin & Harcourt LLP	Oslers
Prospectors & Developers Association of Canada	PDAC
Phillips, Hager & North Investment Management Ltd.	Phillips, Hager & North
Simon Romano and Robert Nicholls, partners at Stikeman Elliott LLP	Romano and Nicholls
Royal Bank of Canada	Royal Bank of Canada
Market Regulation Services Inc.	RS Inc.
Securities Transfer Association of Canada	STAC
Shareholder Association for Research and Education	SHARE
Talisman Energy Inc.	Talisman
Torys LLP	Torys
Total Telcom Inc.	Total Telcom
TSX Group	TSX Group

APPENDIX B:

SUMMARY OF COMMENTS AND RESPONSES

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USL PROPOSAL

SUMMARY OF COMMENTS AND RESPONSES

#	Theme	Comments	Responses
	General Comments		
1.	**The USL Project** General support (AIMR; Alberta Minister of Economic Development; Association of Canadian Pension Management; Barclays Global Investors; BD&P; Bennett Jones; Bourse de Montréal; Canadian Bankers Association; Canadian Capital Markets Association; Canadian Council of Chief Executives; Canadian Institute of Chartered Accountants; Canadian Investor Relations Institute; Certified General Accountants Association of Canada; Certified General Accountants Association of Manitoba; Certified Management Accountants of Alberta; Clark, Wilson; CSI Global Education Inc.; Davies; EnCana; Fasken Martineau; Fidelity; IDA; IFIC; Imperial Oil; Institute of Chartered Accountants of Alberta; Institute of Chartered Accountants of Manitoba; Investment Counsel Association of Canada; KPMG; MFDA; Odlum Brown; Ogilvy Renault; Ontario Teachers' Pension Plan; Oslers; PDAC; Phillips, Hager & North; Romano and Nicholls; Royal Bank of Canada; RS Inc.; Talisman; Torys; TSX Group)	The CSA have received over 80 comment letters on the Concept Proposal. The vast majority of commenters are very supportive of the USL.[1] Many commenters applaud the CSA for taking the initiative to advance the USL and are impressed with the progress that the CSA have made since the USL Project's commencement. Many commenters also express support for what they see as positive spin-off benefits of the USL such as increased cooperation and coordination among securities regulatory authorities. One commenter supports the structure of the USL which can be implemented within Canada's existing constitutional framework in a manner which is respectful of the unique nature of the Canadian confederation while at the same time achieving a high degree of uniformity. Some commenters qualify their support of the USL. The two most frequently occurring qualifications are: • That the USL's scope does not put enough emphasis on the simplification and streamlining of regulatory requirements (see comment 4 below); and • The objective of the USL should be both achieving and maintaining uniform securities laws. These commenters are concerned that the USL contemplates differences at the outset and does not give particulars of how the CSA will maintain uniformity once it is achieved (see comment 7 below).	The CSA thank the commenters for their support which will be invaluable in advancing the USL Project. The CSA believe that this is an extremely important and achievable initiative that will fundamentally improve Canada's system of securities regulation. The CSA also agree that there are numerous spin-off benefits to the USL that will also improve our system of securities regulation. Please see comments 4 and 7 below for the responses to these comments.

[1] Please note that in this summary, "USL" refers to the entire body of legislation (both statutory and subordinate) that is being developed under the CSA's USL Project.

#	Theme	Comments	Responses
2.	**The USL Project** General concerns (Romano and Nicholls; Torys)	Two commenters are concerned that the cost and amount of work to achieve uniformity of securities laws may be underestimated and that the goal may be too ambitious under the current timetable. One commenter suggests focusing on a limited number of reforms, for example the adoption of a passport system.	The CSA believe that uniform laws are important to meaningful regulatory reform. Therefore, the resource expenditure on the USL is appropriate.
3.	**Changes to the Infrastructure of Securities Regulation** Creation of a national securities regulatory authority (Barclays Global Investors; Canaccord; Canadian Bankers Association; Fasken Martineau; Fidelity; Groia & Company; Imperial Oil; Investment Counsel Association of Canada; Ogilvy Renault; Ontario Teachers' Pension Plan; Oslers; Romano and Nicholls; Royal Bank of Canada; TSX Group)	A number of commenters support the creation of a national securities regulatory authority in Canada.	The objective under the USL is the harmonization of existing laws as well as streamlining and simplifying the current regulatory regime where the appropriate policy debate and public consultation have occurred. The creation of a national securities regulatory authority goes beyond the scope of the USL. A number of initiatives are currently under way which are looking into major reforms to the current regulatory regime. Such initiatives include the work of the provincial Ministers responsible for securities regulation (who have proposed the creation of a passport system) and the work of the Wise Persons' Committee established by the federal Department of Finance to review the structure of Canadian securities regulation.

#	Theme	Comments	Responses
4.	**Scope of the USL** Objectives of the USL (Canaccord; Canadian Listed Company Association; Fidelity; Members of the Canadian Listed Company Association; Romano and Nicholls)	Several commenters express the view that while the harmonization of securities laws is important, it is equally important that securities laws be streamlined and simplified.	The CSA agree that simplification and streamlining are also important objectives. These are complementary objectives to the USL's overall objective of uniformity. The USL does contemplate significant streamlining and simplification. For example, the CSA are proposing to consolidate the many overlapping and slightly different registration and prospectus exemptions that exist in jurisdictions into a uniform exemptions rule. The CSA believe, however, that achieving uniform laws is an important threshold step to comprehensive, Canada-wide streamlining and simplification of the securities regulatory system. The Concept Proposal contains many examples of immediate simplifications that can be achieved through the combined result of harmonized laws and legal delegation. For example, a streamlined national registration system, whereby a registrant in one jurisdiction could become registered in another jurisdiction by notifying its home jurisdiction regulator, will be easier to implement with uniform registration requirements across Canada.
5.	**Regulatory Approach** Principles versus rules-based regulation (Canaccord; Canadian Listed Company Association; Fidelity; Members of the Canadian Listed Company Association; Odlum Brown)	Several commenters express the view that the current securities regulatory system is too "rules-based" and that the CSA should use the USL as an opportunity to adopt a principles-based approach to regulation.	The CSA are also concerned about regulatory complexity. In this regard, the USL attempts to harmonize and streamline securities legislation. Our securities legislation is based on both principles and prescriptive rules. The adoption of a solely principles-based approach to all aspects of securities regulation would represent a fundamental policy change that has not been studied or debated by the CSA.

#	Theme	Comments	Responses
6.	**Political considerations impacting the USL Project** Political buy-in (KPMG; Torys; TSX Group)	Several commenters point to a number of political considerations that may affect the ability of jurisdictions to adopt uniform legislation in the short term and maintain uniformity in the long term. For example, one commenter notes that provincial legislatures have the authority to approve or reject securities legislation and at all times must respond to the constituents they represent. The commenter also notes that existing legislatures cannot bind future legislatures who may have entirely different views of what is in the best interest of their constituents.	The CSA agree that there are political considerations that, although out of the CSA's control, must be kept in mind. The CSA believe that it is an opportune time to introduce legislation that represents significant improvement to the current securities regulatory regime.
7.	**Achieving and maintaining uniformity** General (AIMR; IDA; KPMG; Ogilvy Renault; Ontario Bar Association; Romano and Nicholls; Torys; TSX Group)	A number of commenters express concern over the number of differences between the laws of each jurisdiction that are contemplated by the Concept Proposal. They urge the CSA to maximize uniformity rather than enshrine regional differences. One commenter identifies over 20 incidents where harmony is not sought and submits that this demonstrates a lack of commitment necessary to ensure the success of the USL. In addition, a number of commenters express concern over the possibility of differences between the laws of jurisdictions developing over time. One commenter notes that the USL, as it now stands, does not obligate provincial and territorial governments or their securities regulatory authorities to coordinate amendments to any uniform securities legislation so as to maintain uniformity over time.	The CSA acknowledge that the Concept Proposal does not contemplate absolute uniformity in all areas. However, the CSA continue to work towards common positions in these areas and have achieved consensus on a number of them. The CSA are committed to achieving uniformity in all but very limited, justifiable circumstances. The CSA plan to enter into protocols to ensure that securities regulatory authorities coordinate changes to securities laws. In addition, the CSA may suggest to provincial and territorial governments a protocol for coordinating amendments to securities legislation.
8.	**Proportionate regulation** General (TSX Group)	One commenter suggests that the Concept Proposal seems deficient in addressing the needs of emerging issuers. The commenter suggests that a two-tier regime may be desirable to effectively address the needs of emerging companies as well as more senior issuers.	The CSA are currently studying this issue in the context of our Proportionate Regulation Project.
9.	**Canadian securities laws and the global community** Uniformity with the U.S. (Romano and Nicholls)	One commenter recommends harmonizing Canadian securities laws where practicable with U.S. securities laws.	The CSA believe that Canadian securities laws should be tailored to Canadian circumstances but should not create barriers to cross-border activity.

#	Theme	Comments	Responses
10.	**Proliferation of rules** (Romano and Nicholls)	One commenter suggests that the rule making process, while perhaps conceptually sound, has in practice begun swiftly to lead to over-regulation. The commenter also suggests that although the comment process is an improvement over past means of regulation, it is now too easy to regulate and practitioners are drowning in new (and often highly technical) rules. The commenter submits that the costs of keeping up are clearly outweighing the benefits in most cases.	Securities regulatory authorities are currently required to follow rule making processes which require them to justify the need for any new rules. These processes will continue to exist under the USL.
11.	**Transitional rules** (Romano and Nicholls)	One commenter submits that securities regulatory authorities should provide realistic transitional provisions in rules because their sudden introduction can cause problems in pending transactions.	The CSA agree that rules should contain realistic transitional provisions. The CSA recognize that appropriate transitional provisions are critical for effective implementation of the USL.
	Local Rules		
12.	**Local Rules** General (AIMR; Association of Canadian Pension Management; Barclays Global Investors; Bennett Jones; Canadian Capital Markets Association; Canadian Council of Chief Executives; Fasken Martineau; IDA; IFIC; MFDA; Ogilvy Renault; Ontario Bar Association; Oslers; PDAC; Phillips Hager & North; Romano and Nicholls; Royal Bank of Canada; Torys; TSX Group)	A number of commenters are of the view that allowing securities regulatory authorities to implement local rules under the USL may reinforce the current fragmentation of securities laws and, ultimately, undermine the USL's goal of harmonized legislation. Most of these commenters encourage the CSA to severely limit the scope of the variances from uniformity that are allowed under the USL. Many of these commenters make particular recommendations in this regard, such as: • Requiring legislatures to approve any regulatory initiative that is not adopted nationally; • Requiring that every amendment to the USL be agreed to unanimously (although the commenter recognizes that such an approach may be overly restrictive); • Requiring that there be a compelling local need for a different rule together with a required waiting period and mandatory "mediation process" before a non-uniform rule can take effect; • Ensuring that any variations are supplementary and do not enable a single jurisdiction to undermine harmonized rules or effectively veto efforts to update a harmonized platform;	The CSA agree that structural disincentives must be built into the USL to ensure that uniformity of securities laws is maintained over the long term. The CSA believe that the implementation of protocols for amending the USL among jurisdictions both at the government and securities regulatory authority levels and a protocol among securities regulatory authorities for the introduction of local rules under the USL will build in the appropriate structures to ensure uniformity over the long-term. The protocol among the securities regulatory authorities will require each jurisdiction to come to the CSA table prior to acting unilaterally in a specific area. This will ensure that issues that have multi-jurisdictional importance will be developed on a pan-Canadian basis and that only truly local issues will be dealt with by a jurisdiction on an individual basis.

#	Theme	Comments	Responses
		• Ensuring that the principles of the USL expressly state that a local rule should only be implemented in exceptional circumstances and that each local rule should be examined every two years to see whether those exceptional circumstances continue to exist such that maintenance of the local rule can be justified; • Requiring that a securities regulatory authority obtain the approval of a majority of the other jurisdictions before it adopts a local rule that would apply to issuers or registrants with a head office outside the local jurisdiction; • Having explicit parameters guiding what would be considered a legitimate reason to permit a jurisdiction to formulate local rules; • Specifying how disagreements between jurisdictions as to whether a local rule should be adopted would be managed; • Requiring a securities regulatory authority that is proposing a local rule that would lessen harmonization or cooperation to establish to the satisfaction of the CSA members and publicly disclose that it is in the public interest to adopt the local rule, notwithstanding non-uniform effect. The securities regulatory authority should also be required to explain why the benefits of the new rule outweigh the costs associated with the additional regulatory fragmentation it will cause; and • Imposing an obligation on a securities regulatory authority to provide to other CSA members and to publish for public comment the reasons for a decision to opt-out of a particular element of the USL and to provide an empirical cost/benefit analysis in support of the position.	

#	Theme	Comments	Responses
13.	**Local Rules** Local rules to meet regional and local concerns (BD&P; Institute of Chartered Accountants of Alberta; TSX Group)	Two commenters support the proposal to permit in the USL certain local rules to be adopted in limited circumstances to meet regional and local concerns. One commenter notes that Alberta has benefited from a vibrant and accessible capital market and it is important to balance the need for rules to foster investor confidence and the need to avoid undue barriers in companies accessing venture capital. The commenter adds that the western provinces have been successful in maintaining this balance and this should not be lost in the USL. Another commenter notes that a number of initiatives have been now adopted in multiple jurisdictions that originated from local initiatives such as the JCP Program, the SHAIF system and MI 45-103. However, the commenter notes that the use of the power to make local rules should be limited to ensure that it does not result in "de-harmonization" of the USL.	The CSA agree that, although the ability of securities regulatory authorities to make local rules should be limited to ensure long-term uniformity of securities laws, it is nonetheless important to ensure that a jurisdiction is able to address truly local matters and therefore regulate its capital market appropriately. In addition, it is critical to ensure that novel, innovative approaches to regulation that may arise in one jurisdiction at first, but which may become appropriate on a multi-jurisdictional or national basis are not stifled. The CSA believe that the JCP Program, the SHAIF system, the "accredited investor" exemption and MI 45-103 are all excellent examples of ideas that originated in one or two jurisdictions but which were subsequently implemented on a wider scale and have provided benefits to industry participants in many jurisdictions. These examples highlight the fact that local rules often provide substantial relief from securities law requirements rather than imposing additional requirements.
14.	**Local Rules** Local rules to maintain some aspects of current registration regimes (Barclays Global Investors; Davies; Groia & Company; IFIC; Ogilvy Renault; Ontario Bar Association; Oslers; Phillips, Hager & North; Royal Bank of Canada)	A number of commenters are concerned with allowing jurisdictions to continue some aspects of their current registration regimes under the USL through the use of local rules since this will lead to non-uniformity.	The CSA believe that it is necessary to allow individual jurisdictions to enact local rules to deal with particular aspects of their local markets. However, the CSA recognize that individual jurisdictions should be discouraged from implementing rules that in effect maintain their current registration regimes at the expense of uniformity.
15.	**Local Rules** Legal delegation (PDAC)	One commenter supports the simplified approval process and reduced processing costs the legal delegation model offers but expresses concern that the existence of local rules will not permit the process to be as efficient as it could be since local rules will require each securities regulatory authority to either be intimately familiar with the local rules of other jurisdictions or continue to be involved in each matter to ensure that local rules are being adhered to and enforced in the correct manner.	The CSA agree that the proposed legal delegation model will result in substantial efficiencies for both regulators and industry participants. The CSA acknowledge the concerns raised by the commenter in relation to local rules. These concerns will be addressed as the delegation model is developed.

#	Theme	Comments	Responses
	Interpretation and Application		
16.	**Interpretation and Application** Securities regulatory authorities and their staff (IFIC; Oslers; PDAC; Torys)	A number of commenters note that securities regulatory authorities' staff in all jurisdictions must interpret and enforce the USL uniformly to achieve true uniformity of securities laws. These commenters emphasize the need for mechanisms to ensure uniform application. Two commenters also note that uniform rules would be undermined if securities regulatory authorities continue to apply unwritten rules or administrative practices. One of these commenters recommends that securities regulatory authorities commit to applying the USL and local rules but cease applying unwritten policies. The commenter recommends that the USL contain a statement of principles that provides that the USL should be interpreted, applied and enforced in a harmonized and consistent manner.	The CSA agree that, in order to achieve true uniformity, laws must not only be uniform in their wording, but must be interpreted uniformly across jurisdictions. The CSA are aware that currently, similar provisions are interpreted differently by the staff and members of different securities regulatory authorities. The CSA believe that, under the USL, there will be no principled reason for the staff of different securities regulatory authorities to interpret and therefore apply word-for-word uniform provisions differently. However, the CSA agree that this is an issue that must be addressed. The CSA believe that education of securities regulatory authority staff (e.g. providing them with the appropriate policy background of a particular provision) will be key as will information flow between staff of different securities regulatory authorities (e.g. canvassing the input of the staff of other securities regulatory authorities when interpreting a new provision). In addition, it will be important for securities regulatory authorities, collectively, to ensure (perhaps through "internal audits") that staff are interpreting and applying the uniform laws in a consistent manner across jurisdictions.
17.	**Interpretation and Application** Courts (TSX Group)	One commenter suggests that maintaining uniformity over the long term may lie in the differences in the way the courts in each jurisdiction interpret uniform law and rules, a matter outside the control of securities regulatory authorities and governments alike.	The CSA agree that, in some instances, judicial interpretation of securities laws by courts in different jurisdictions may result in inconsistent interpretation of the uniform law. However, the CSA believe that, given the overarching principles underlying the USL and its stated objectives, there should be no principled reason for differing interpretations of the uniform law by courts in different jurisdictions. In addition, although a court ruling in another jurisdiction is only of persuasive value, the CSA believe that it will be given considerable weight given the background and nature of the legislation. This will hopefully result in consistent interpretation across jurisdictions over time.

#	Theme	Comments	Responses
	Cost-Benefit Analysis		
18.	**Cost-Benefit Analysis** (Canadian Listed Company Association; IFIC)	Two commenters submit that the CSA should conduct a cost-benefit analysis of the USL. One of these commenters believes that a cost-benefit analysis similar to that found in most proposed rules of the SEC is appropriate for the USL given the sweeping nature of its proposed reforms.	The CSA will take this comment into consideration.
	Forum Shopping		
19.	**Forum Shopping** Regulatory arbitrage (IFIC; TSX Group)	One commenter believes that under the USL, it will be possible for market participants to structure their affairs so that they are subject to a seemingly "better" jurisdiction. The commenter recommends putting safeguards in place to prevent individuals and issuers from engaging in regulatory arbitrage. One commenter recommends clearly defining criteria for the selection of a principal jurisdiction to reduce the risk that an issuer may favour one jurisdiction over others when choosing where to incorporate, locate its head office or complete an offering.	The goal of the USL is to eliminate differences and reduce opportunities for regulatory arbitrage. The CSA intend to provide objective criteria for determining an industry participant's principal jurisdiction.
20.	**Forum Shopping** Proceedings (Bennett Jones)	One commenter is concerned that the delegation of authority contemplated by the USL could exacerbate the problem of forum shopping if provisions are not built into the new legislation to address the issue. The commenter suggests that protections be introduced to ensure that proceedings are heard in the jurisdiction that has the closest connection to the subject matter of the proceeding to prevent issuers or others from being dragged into an inconvenient forum for tactical reasons. The commenter notes that such an approach would be similar to the procedure used to determine the principal jurisdiction for MRRS applications and short form prospectus reviews.	The inclusion of provisions relating to the problem of forum shopping in the USL may be possible in the future once harmonized securities laws exist and the delegation model has been further developed. However, one securities regulatory authority cannot prevent another securities regulatory authority from asserting jurisdiction over a matter.
	Sunset Clauses		
21.	**Removal of obsolete or unnecessary rules** (Romano and Nicholls)	One commenter submits that the USL should require securities regulatory authorities to review their rules periodically, with a view to removing obsolete or unnecessary ones, by providing generally for sunset clauses in rules.	As the CSA develop protocols for rule making, we will consider this comment.

#	Theme	Comments	Responses
	Legal Delegation		
22.	**Legal Delegation** General support (BD&P; Bourse de Montréal; Canadian Council of Chief Executives; IDA; Investment Counsel Association of Canada; Ogilvy Renault; Ontario Bar Association; PDAC; Royal Bank of Canada; Torys; TSX Group)	A number of commenters support the proposed legal delegation model as a means to achieve harmonization and eliminate duplicative review by securities regulatory authorities. Many of these commenters suggest that delegation is critical to the achievement of harmonization.	The CSA acknowledge the comments.
23.	**Legal Delegation** General concerns (IDA; Ogilvy Renault; Ontario Bar Association; PDAC; TSX Group)	A number of commenters express specific concerns about aspects of the proposed legal delegation model including: • Whether optional and revocable delegation will be an impediment to a truly coordinated regulatory environment; • How the lack of a mechanism to ensure legislation remains uniform may lead to the system breaking down; • The need for a memorandum of understanding between each of the provinces and territories and their respective securities regulatory authorities, setting out, at a minimum, the parameters of any delegation, any opting-out privileges and a dispute resolution mechanism; and • The nature of a dispute resolution mechanism. One commenter submits that a delegating jurisdiction should only exercise its power to overrule the delegate jurisdiction in circumstances where the decision of the delegate jurisdiction is judged to be patently contrary to the public interest and that such a determination should only occur with the approval of the Minister responsible for securities regulation in that province.	The CSA are aware that delegation raises a number of operational issues and is developing an inter-jurisdictional memorandum of understanding (MOU) which will specify the parameters of any delegation as well as how any delegation may be revoked. The MOU may be based, in part, on the existing MOU for MRRS. The CSA contemplate that delegation will not involve a case-by-case review by a delegating jurisdiction of a delegate jurisdiction's decision. Therefore, no opt-outs are contemplated. In addition, there will be no ability for a delegating jurisdiction to refuse to give effect to a decision made by a delegate jurisdiction.

#	Theme	Comments	Responses
24.	**Legal Delegation** Legal delegation – nature of delegation (IDA)	One commenter states that real delegation means a commitment by securities regulatory authorities to rely on decisions in the interests of the investing public in their jurisdiction by other securities regulatory authorities even if those decisions are not the decisions the securities regulatory authority would have made. The commenter is of the view that comprehensive delegation on all regulatory decision-making is essential.	The CSA contemplate that delegation will not involve a case-by-case review by a delegating jurisdiction of a delegate jurisdiction's decision. Therefore, no opt-outs are contemplated. In addition, there will be no ability for a delegating jurisdiction to refuse to give effect to a decision made by a delegate jurisdiction.
25.	**Legal Delegation** Legal delegation – applicability to SROs (RS Inc.)	One commenter suggests that the USL should specifically recognize that one of the regulatory functions that may be delegated between securities regulatory authorities is the oversight of SROs. There may be as many benefits to SROs to the "one stop shopping" approach recommended in the Concept Proposal as there are for other industry participants.	The legal delegation powers in the USL will allow the CSA to consider delegation of a variety of regulatory functions.
	Alternative Approaches to Regulatory Reform		
26.	**Alternative Approaches** Modified MRRS system (Romano and Nicholls)	One commenter submits that the CSA should work towards more modest and achievable goals such as establishing a better MRRS system for exemption applications and for the handling of registration related matters, one that in fact truly embodies actual mutual reliance.	The CSA believe that the legal delegation model proposed under the USL will be a vast improvement over the current MRRS system and will allow an industry participant to deal with one securities regulatory authority only on a specific issue without the concern that there may be opt-outs.

#	Theme	Comments	Responses
27.	**Alternative Approaches** Passport system (Ontario Bar Association; Romano and Nicholls; Torys; TSX Group)	Several commenters submit that the CSA should adopt a passport system whereby the approval of any one regulator is sufficient on a national basis. One commenter notes that the passport system could be restricted such that a Canadian jurisdiction could only accept compliance with the rules of one of the major Canadian securities jurisdictions, such as Alberta, B.C., Ontario and Québec, as compliance with its own rules. This would still allow industry participants to deal with one Canadian regulator only. One commenter suggests that consideration be given to implementing a "passport system" for reporting issuer status. Such a system would be similar to that proposed under the delegation provisions in that it would allow an issuer to comply with only the continuous disclosure requirements of its principal jurisdiction, the effect of which would be to enable it to maintain a current continuous disclosure record in each jurisdiction. If a passport system is adopted, the commenter recommends, based on cost considerations, that issuers be able to use such a "passport" only in those jurisdictions in which they choose to offer their securities.	The CSA believe that uniform laws will make effective delegation between jurisdictions easier to achieve. The CSA believe the USL will achieve the suggested result through uniform continuous disclosure requirements.
28.	**Alternative Approaches** Functional division of regulatory responsibility (Ogilvy Renault; Royal Bank of Canada)	Two commenters suggest that regulatory responsibility should be divided among securities regulatory authorities on the basis of function. This approach would encourage the development of expertise in certain areas, ensure consistency and allow securities regulatory authorities to effectively allocate resources.	Under the proposed delegation model, what the commenter suggests would be possible.

#	Theme	Comments	Responses
	Information Sharing		
29.	**Information Sharing** (Barclays Global Investors; Bourse de Montréal; Fasken Martineau; IFIC; PDAC; Phillips, Hager & North; RS Inc.)	The following issues were raised by a number of commenters regarding the information sharing provisions to be included in the USL: • The importance of making the provincial authorities responsible for freedom of information and protection of privacy legislation aware of the importance of an open information sharing regime among all provinces; • Whether the information sharing provision contained in the USL should be paramount to applicable freedom of information legislation or whether privacy rights enshrined in freedom of information legislation should be preserved; • The need for securities regulatory authorities to determine what information is or is not necessary to share; • The importance of ensuring that the release of investigative information extends to SROs along with regulatory agencies; • The introduction of privacy legislation in various jurisdictions in the near future should ensure that each SRO operating in a jurisdiction is on the same footing as the applicable securities regulatory authority; and • The importance of sharing of information in the investigation process.	The CSA believe that the ability of securities regulatory authorities to share information is essential given that capital market activities often cross provincial or national borders and therefore are recommending that the USL contain an information sharing provision which is paramount to freedom of information and protection of privacy legislation. However, the CSA are cognizant of the balance between the public interest and the rights of individuals. The CSA note that several CSA jurisdictions already have a provision in their securities legislation which overrides freedom of information legislation. The CSA will ensure the release of investigative information under the USL extends to SROs along with regulatory agencies. The CSA agree that the potential benefits of broad information sharing powers to SROs are significant and therefore it is important to ensure that SROs have the same powers as securities regulatory authorities. The CSA note that with the introduction of private sector privacy legislation in various jurisdictions across Canada, it is important to ensure that SROs are placed on the same footing as securities regulatory authorities which will likely require that they be subject to freedom of information legislation as opposed to private sector privacy legislation.

#	Theme	Comments	Responses
	Powers of Investigation, Confidentiality and Penalties Available to a Provincial Court		
30.	**Powers of Investigation, Confidentiality and Penalties Available to a Provincial Court** (Fasken Martineau; Groia & Company; IDA; SHARE)	One commenter notes that one reason given in the Concept Proposal for putting the powers of investigation and penalties a court may impose in the respective Administration Acts is that they are of more concern to securities regulatory authorities themselves than the regulated community. The commenter states that methods of investigation and penalties that can be imposed are of paramount concern to the persons who will be subject to them. One commenter states that there is no reason in principle why investigative powers and procedures, confidentiality, and penalties should not be the same across Canada. Two other commenters also agree that penalties should be made uniform.	The objective under the USL is to make uniform, to the greatest extent possible, investigative procedures and penalties. However, the CSA's first priority is the harmonization of those laws applicable to issuers, investors and intermediaries that will achieve greater efficiency of regulation without unduly burdening the market.
31.	**Powers of Investigation, Confidentiality and Penalties Available to a Provincial Court** Quantum of penalties (SHARE)	One commenter is of the view that stronger financial deterrents are required to maintain compliance and enhance investor protection and confidence. The commenter supports the proposed increase to the quantum of penalties available on conviction of an offence tried in a provincial court.	The CSA acknowledge the comment.
	Administration Acts		
32.	**Administration Acts** Inclusion of administrative and procedural provisions into an Administration Act (Barclays Global Investors; IFIC; TSX Group)	Two commenters accept that differences among provincial and territorial Administration Acts may be necessary to fit within the procedural framework that applies to regulatory agencies in each province and territory. One commenter recommends harmonizing, to the greatest extent possible, the procedural frameworks that apply to securities regulatory authorities in each province and territory.	The CSA acknowledges the comments.

#	Theme	Comments	Responses
33.	**Administrative Provisions** Inclusion of administrative and procedural provisions into an Administration Act (PDAC)	One commenter submits that securities regulatory authorities and provincial legislatures should attempt to be consistent in the delegation of investigative powers from securities regulatory authorities to staff. The commenter notes that, given the multi-jurisdictional nature of securities trading, it is important for investigations to be commenced in multiple provinces at the same time. The commenter suggests that, in jurisdictions where investigations may only be commenced upon an order of the securities regulatory authority rather than at a staff level there is an unnecessary delay.	The CSA acknowledge that there are differences across jurisdictions.
	Self-regulation and Marketplaces		
34.	**Self-regulation** Self-regulation generally (AIMR; IDA)	One commenter offers general support for self-regulation that embodies a clear and principled approach to regulation, with a primary focus on promoting efficient capital markets while placing the interests of clients and investors first. One commenter is encouraged that under the USL, the basic framework for regulation of SROs will remain substantially similar to the current system. The commenter believes that the current relationship has worked appropriately. The commenter agrees that a flexible approach to regulation is necessary. The capital markets' efficiency is inextricably related to its sophisticated regulatory environment, including its SROs. Self-regulation is integral to developed, efficient capital markets. Innovative and rapidly changing products require proactive decision-making and timely responses, a challenge which SRO staff, working with knowledgeable and experienced professionals within the industry, can meet.	The CSA acknowledge the comments.
35.	**Self-regulation** Regulation of registrants (IDA)	One commenter supports the USL provisions regarding the incorporation of the SRO model for regulating registrants who are members of an SRO.	The CSA acknowledge the comment.

#	Theme	Comments	Responses
36.	**Self-regulation** Marketplaces (Barclays Global Investors; Bourse de Montréal; Canadian Capital Markets Association; IDA; IFIC; RS Inc.; TSX Group)	A number of commenters support revising the term “stock exchange” by deleting the term “stock” to better reflect the products currently traded, especially with respect to asset classes that have never traded on stock exchanges, such as bonds. Several commenters support including the concept of a “marketplace” in the USL that is broader than the current category of “exchange.” One commenter notes that not all “marketplaces” are empowered to regulate the conduct of the persons who access them. The commenter recommends that only those marketplaces that directly undertake member and/or market regulation should be afforded the powers contemplated to be granted to recognized entities.	The CSA have deleted the reference to “stock” with respect to an exchange. The CSA acknowledge the comments. To clarify the discussion in the Concept Proposal, the USL will include the concept of a "marketplace" but does not propose recognition of "marketplaces". The current regulatory structure for marketplaces is provided in NI 21-101 and will be maintained under the USL.
37.	**Self-regulation** Market participants (Canadian Capital Markets Association)	One commenter supports a focus on “market participants” which, in the commenter’s opinion, better reflects the realities of today’s and tomorrow’s capital markets both in Canada and abroad.	The CSA acknowledge the comment.
38.	**Self-regulation** Definition of “participant” (RS Inc.)	One commenter recommends interpreting or defining the term “participant” broadly enough to include a wider range of persons and entities.	No definition of participant is contemplated. The CSA note that “participant” is intended to capture members, participating organizations or any other persons or entities that are subject to the regulation of an organization with self-regulatory functions. In addition, the definition of SRO includes the situation where an entity performs regulatory functions for another regulated entity.

#	Theme	Comments	Responses
39.	**Self-regulation** Lead regulator approach (Bourse de Montréal; MFDA; Ogilvy Renault)	One commenter is of the view that all marketplaces should be regulated but that multiple regulation by several jurisdictions should be prevented. The commenter recommends a lead regulator type oversight of marketplaces in Canada to prevent duplication and encourage competition with international markets.	Currently, securities regulatory authorities regulate exchanges under a "lead regulator" model. This model entails recognition of the exchange by a "lead regulator." The non-lead jurisdictions rely on the lead regulator to regulate the exchange. This model significantly decreases the potential for duplication. Under the USL, a delegation model is contemplated, whereby a jurisdiction will be able to avoid duplication by delegating, among other things, its oversight responsibility to another jurisdiction. The discretion to exercise this delegation power is with each securities regulatory authority.
		One commenter wants all CSA jurisdictions to have the ability to receive applications from organizations seeking recognition as an SRO in that jurisdiction to facilitate organizations being formally recognized as an SRO across Canada. Alternatively, one commenter submits that SROs should be recognized nationally through one securities regulatory authority.	Currently, SROs are subject to a "principal regulator" model whereby all securities regulatory authorities recognize an SRO but the principal regulator coordinates the review and oversight of the SRO. The USL will provide each securities regulatory authority with the power to recognize an SRO operating in its jurisdiction. However, the discretion to exercise that power or to delegate it to another securities regulatory authority will lie with each securities regulatory authority.
40.	**Self-regulation** Power of securities regulatory authorities – ability to enforce the rules and policies of recognized entities (Bourse de Montréal; IDA; RS Inc.)	One commenter supports the continued ability of securities regulatory authorities to enforce the rules and policies of recognized entities while one commenter opposes giving securities regulatory authorities the ability to enforce the rules and policies of recognized entities.	The CSA believe that the power to enforce SRO rules and policies is essential to the fulfillment of securities regulatory authorities' oversight mandate and will assist in eliminating duplicative investigations and enforcement proceedings in situations where a party has breached requirements of both the SRO and the securities regulatory authority. This power currently exists in B.C. and Alberta.
		One commenter suggests that any provision respecting the enforcement of rules of recognized entities by a securities regulatory authority make it clear that any disciplinary or enforcement action at that level is without prejudice to any past, existing or future disciplinary or enforcement action undertaken by the recognized entity.	The CSA will include this provision in the USL.

#	Theme	Comments	Responses
41.	**Self-regulation** Jurisdiction of SROs (RS Inc.)	One commenter is of the view that the problem of SRO jurisdiction should be viewed in a broader context than just the power to deal with former members. The commenter proposes that any provisions dealing with SROs include a statutory framework for the jurisdiction of SROs. The commenter is of the view that a statutory basis of jurisdiction for each SRO will ensure that the ambit of its jurisdiction is the same with respect to participants in each marketplace that it regulates and in each jurisdiction in which it regulates.	The USL will provide an SRO with the power to regulate a participant or the participants of another recognized entity. Each SRO has been recognized for a particular purpose (e.g. IDA – member regulation, RS Inc.– market regulation). Any proposed broadening of jurisdiction of a particular SRO should be dealt with in the context of its recognition order and structure.
42.	**Self-regulation** Powers of recognized entities – regulation of former members (Bourse de Montréal; IDA; Institute of Chartered Accountants of Manitoba; MFDA; RS Inc.)	A number of commenters agree with the proposal to grant recognized entities the power to regulate former members. They submit that this power, along with the power to compel witnesses to attend and produce documents at disciplinary hearings, will enhance the ability of recognized entities to regulate their members One commenter recommends the power to regulate former members be limited to those individuals or companies that have been members within a three year period. One commenter questions how the power of a securities regulatory authority over former members of a recognized entity will be enforced. The commenter suggests that without the ultimate penalty of termination of membership, enforcement might not have the necessary “teeth” to be effective. The commenter suggests that perhaps the sanctions available to securities regulatory authorities are such that this power is effective.	The CSA will include the power to regulate former members in the USL and will consider whether it is appropriate to include a limitation period. SROs have sanctioning powers that extend beyond termination e.g. fines. For this reason, jurisdiction over former members is a valuable power and is one that SROs unanimously support.

#	Theme	Comments	Responses
43.	**Self-regulation** Powers recognized entities – other powers (Bourse de Montréal; IDA; MFDA; RS Inc.)	A number of commenters submit that SROs should be provided with the following powers and immunities: • The power to compel witnesses to attend and produce documents at the investigative stage; • The power to file their decisions with the appropriate court so that they are enforceable as orders of that court or that the applicable securities regulatory authority be allowed to file SRO decisions with the court on behalf of SROs; • The power to seek a court-ordered monitor of a firm in difficulty; • Statutory immunity for SROs and their staff. In essence, the commenter would like a provision similar to the one under current legislation that protects a securities regulatory authority and its staff; and • Statutory immunity for negligence for regulatory decisions made in good faith by SROs. The commenter submits that the consequences of losing a lawsuit for "negligent regulation" would be catastrophic to the ability of the SRO to regulate. In addition, the SRO must deal with the attendant costs of this and similar lawsuits.	Outside the USL, the CSA are reviewing requests by SROs to obtain the power to compel witnesses to attend and produce documents at the investigative stage, the power to file their decisions with a court of competent jurisdiction and the power to seek a court-appointed monitor. CSA staff will work with SROs to determine if these powers are appropriate and how broad they should be. The CSA agree that SROs and their staff should have the same statutory immunity that securities regulatory authorities enjoy when they exercise powers delegated to them by securities regulatory authorities. Such an immunity would be provided for under the USL. The CSA are reviewing the request by SROs to extend statutory immunity for negligence for regulatory decisions made in good faith to SROs. CSA staff will work with SROs to determine if this power is appropriate and how broad it should be.
44.	**Self-regulation** Effective oversight (Barclays Global Investors; IFIC)	One commenter emphasizes the need for SROs to work towards achieving appropriate oversight of their members and enforcement of their rules to firmly establish SROs as valuable assets to the Canadian marketplace. Another commenter emphasizes the need for securities regulatory authorities to provide active oversight of SROs to ensure that markets remain open to innovation and new products.	The CSA acknowledge the comment. Securities regulatory authorities have developed an extensive oversight program for SROs. The oversight program includes the review of all rules of an SRO, examinations of its operations and filing requirements.

#	Theme	Comments	Responses
45.	**Self-regulation** Elimination of duplicative requirements (Barclays Global Investors; IDA; IFIC)	Several commenters recommend that securities regulatory authorities work with SROs to create a system that eliminates potential overlap and gives market participants a single and clear set of requirements they must follow. One of these commenters supports the CSA's recognition of the importance of the USL's objective to eliminate overlap between securities regulatory authority and SRO rules. The commenter supports the proposal to continue the SRO model of regulation of registrants in those jurisdictions where it currently exists.	In the context of their oversight program, securities regulatory authorities work with the SROs to minimize duplication and ensure requirements are clear. The CSA acknowledge the comment.
46.	**Self-regulation** Voluntary surrender of recognition (Oslers)	One commenter is unclear as to what will happen in a situation where a securities regulatory authority is not satisfied that the conditions set out in the USL for a voluntary surrender of recognized status are met. The commenter does not believe that a securities regulatory authority can compel a recognized entity to continue to carry on business as a recognized entity if the entity does not want to do so. The commenter submits that if a recognized entity notifies a securities regulatory authority that it is voluntarily surrendering its recognition, the securities regulatory authority must accept the voluntary surrender whether it agrees with the terms or conditions or not and, if the latter, must step into the breach left by the recognized entity when it surrenders its recognition and regulate in the place of the recognized entity.	The voluntary surrender requirements are meant to permit an orderly wind-up of the SRO and ensure that the winding up of an SRO's regulatory functions is done in the public interest. For example, a securities regulatory authority must ensure that there is a proper transfer of SRO functions to another SRO or securities regulatory authority or a return of delegated power back to the securities regulatory authority. In addition, with respect to an exchange, it is important to ensure that the trades or outstanding positions are properly cleared and settled. The intention is not to compel a recognized entity to carry on business.
47.	**Self-regulation** Legal delegation – further delegation to SROs (RS Inc.)	One commenter recommends permitting the delegation of powers from securities regulatory authorities to SROs. The commenter notes that the Concept Proposal does not address the question of whether securities regulatory authorities should be empowered to delegate enforcement actions to SROs where the subject matter falls within the jurisdiction of both the securities regulatory authority and one or more SROs. While SROs and securities regulatory authorities have coordinated investigations and proceedings, consideration should be given to providing a mechanism for a "consolidated" proceeding that would permit all issues to be resolved in a timely and consistent manner in a single forum without duplication of effort on the part of securities regulatory authorities and defendants.	The CSA will consider how broadly delegation will be applied. It will be up to each individual securities regulatory authority to determine which areas it will delegate.

#	Theme	Comments	Responses
48.	**Self-regulation** Conflicts (Bourse de Montréal)	One commenter recommends clearly establishing that the role of an SRO is to regulate its members and marketplaces exclusively and explicitly providing that SROs should not carry on lobbying activities for their members.	The issue of whether SROs should carry on other functions is beyond the scope of the USL Project.
49.	**Self-regulation** Conflicts (SHARE)	One commenter raises concerns about the ability of SROs to exist as a publicly traded entity and simultaneously fulfil their role as quasi-regulators. The commenter views the dual nature of publicly traded SROs to be problematic and a breeding ground for potential conflicts. The commenter is opposed to allowing SROs to be publicly traded and urges the CSA to provide the strongest protections to ensure that potential conflicts in the operation of publicly traded SROs do not compromise investor protections.	The CSA acknowledge the comment.
	Registration		
50.	**Registration** General support (AIMR)	One commenter supports having one set of regulations, or an act, that covers all trading activities and one securities regulatory authority regulating these activities since under this scenario, issues arising from inconsistencies between different acts are eliminated. The commenter further submits that a registrant, whether trading futures and options or other securities, is much the same and therefore, the requirements for capital, proficiency, bonding and reporting should be the same. The commenter also offers support for most of the proposals made in the area of registration requirements.	The CSA acknowledge the comment.

#	Theme	Comments	Responses
51.	**Registration** Registration trigger (AIMR; Davies; IDA; IFIC; Ogilvy Renault; Ontario Bar Association)	A number of commenters recommend adopting a business trigger for registration since the trade trigger is overly broad and requires numerous exemptions and discretionary relief applications. One commenter notes that the development of an appropriate definition of "carrying on business" will result in Canada being brought into line internationally with the standards of other respected securities regulators. One commenter agrees with adopting the trade trigger at this time to achieve uniformity and, if appropriate, replacing it with a business trigger once additional policy work has been completed and industry consultations have occurred. One commenter believes that only one trigger should be used by all securities regulatory authorities.	The CSA recognize that an in-the-business trigger would have advantages but would have to be carefully implemented to avoid unintended effects. The CSA are considering this issue.
52.	**Registration** Firm-only registration (Ogilvy Renault; Phillips, Hager & North; Romano and Nicholls)	A number of commenters suggest implementing a "firm-only" registration regime for dealers and advisers which allows for the imposition of penalties against individuals.	The CSA believe that the move to a registration system which requires only firms to register represents a significant policy shift from the current registration regimes in most jurisdictions. Given that the appropriate policy work and industry consultations have not occurred at the CSA level, the CSA are not prepared to move to firm-only registration at this time.
53.	**Registration** Permanent registration (Bourse de Montréal; Phillips, Hager & North)	Two commenters believe that a permanent registration system which requires the annual filing of specified information would be more efficient and less burdensome than an annual registration system.	The CSA believe that the move to a permanent registration system represents a policy shift from the current registration regimes in most jurisdictions. Given that the appropriate policy work and industry consultations have not occurred at the CSA level, the CSA are not prepared to move to permanent registration at this time.
54.	**Registration** Simplification of registration categories (AIMR; CSI Global Education Inc.; Davies; Fasken Martineau; IDA)	Several commenters support the proposed registration categories and believe that harmonized and simplified registration categories will reduce costs, administrative burden and investor confusion. One commenter agrees that registration needs to be flexible and responsive enough to respond to new activities in the market.	The CSA acknowledge the comments. The CSA agree with the comment. The goal of the USL is to create platform legislation which can accommodate future changes to respond to changing markets.

#	Theme	Comments	Responses
55.	**Registration** Security issuer category (PDAC)	One commenter supports replacing the "security issuer" category of registration with a registration exemption for issuers distributing their own securities but expresses concern with any conditions that may be imposed. The commenter urges the CSA to not make this exemption overly restrictive.	The CSA have not determined all the conditions which would attach to the security issuer exemption but expect that they may be similar to the terms and conditions currently imposed on registrants in the security issuer category.
56.	**Registration** Mutual fund dealers (IFIC)	One commenter supports the proposal to: (a) Permit mutual fund dealers to provide advice concurrent with trading; (b) Not permit mutual fund dealers to exercise discretionary trading authority; (c) Require mutual fund dealers to be a member of an SRO where the requirement currently exists; and (d) Require mutual fund dealers to be subject to the capital, supervisory, proficiency, sales conduct and other requirements established by securities regulatory authorities and SROs.	The CSA acknowledge the comment.
57.	**Registration** Mutual fund dealers (Fasken Martineau; IFIC; Ogilvy Renault; Phillips, Hager & North; Romano and Nicholls; Royal Bank of Canada)	Several commenters suggest harmonizing the ability of mutual fund dealers to trade exempt securities. One commenter states that differing practices with respect to mutual fund dealers trading in exempt securities among CSA jurisdictions are not warranted by either investor protection or efficiency goals. If mutual fund dealers are permitted to trade in exempt securities, one commenter emphasizes the fact that they must have the required qualifications.	The CSA recognize that the rules relating to the ability of mutual fund dealers to trade in exempt products are not uniform across the CSA jurisdictions and are discussing this issue.

#	Theme	Comments	Responses
58.	**Registration** Restrictions on mutual fund salespersons (IFIC)	One commenter emphasizes the importance of distinguishing between the powers of a mutual fund dealer and those of a salesperson with regard to the sale of exempt products. The commenter submits that if a mutual fund dealer has chosen not to sell some or any exempt products, salespersons employed by that dealer should not have the right to sell those products as an individual because these salespersons will create potential liability for their dealer and confusion for clients.	The comment raises two distinct issues: • The issue of whether a mutual fund salesperson may sell exempt products when his or her dealer has chosen not to goes to the private relationship between the dealer and the salesperson. The issue of potential liability should be addressed in that context; and • The issue of salespersons carrying on multiple businesses is the subject matter of the work of the CSA committee responsible for non-employment relationships. This committee is in the process of developing recommendations with respect to salespersons carrying on multiple businesses and will be preparing a paper for public comment.

#	Theme	Comments	Responses
59.	**Registration** Obligations of registrants (AIMR; CSI Global Education Inc.; Fasken Martineau; IDA)	Several commenters support the proposal to conform securities regulatory authorities' requirements and SRO requirements. One commenter requests clarification regarding the statement "SRA and SRO rules would be conformed". One commenter notes that under the USL, investment dealers and mutual fund dealers will be subject to the capital requirements of their governing SRO but other solvency requirements such as bonding, insurance and margin requirements will be harmonized. The commenter queries why the USL will not permit investment dealers to remain subject to solvency requirements other than capital requirements of their governing SROs where these requirements are the subject of substantial regulation. The commenter also notes that, under the USL, those registrants' obligations with respect to issues of "integrity" such as know-your-client and suitability rules would, for SRO members, remain subject to SRO rules. The commenter supports the proposal to harmonize proficiency requirements and conform them to SRO requirements.	The CSA acknowledge the comment. The CSA recognize that eliminating overlap between securities regulatory authorities' rules and SRO rules is an important objective and will continue to work with SROs to eliminate duplicative requirements. The statement "SRA and SRO rules would be conformed" means that to the greatest extent possible, differing requirements would be made uniform. The USL will contain registration requirements (e.g. proficiency, solvency, integrity) applicable to all registrants. However, registrants that are members of an SRO will be exempted from the USL requirements provided they comply with the requirements of an SRO that have been approved by securities regulatory authorities.
60.	**Registration** Proficiency requirements (CSI Global Education Inc.; Romano and Nicholls)	One commenter supports the proposal to harmonize registrant proficiency requirements. One commenter suggests that harmonized proficiency requirements will need to be adjusted to the needs of non-Canadian firms, mutual fund dealer/investment dealer differences and restricted dealers and submits that they should be reviewed with an eye to competitiveness (e.g. the less demanding U.S. and U.K. adviser requirements).	The harmonized proficiency requirements will be on a category-by-category basis. The CSA are not prepared to lower proficiency requirements for non-Canadian dealers operating in Canada at this time simply because they may be subject to lower standards in their home jurisdiction.
61.	**Registration** Bonding and insurance requirements (Phillips, Hager & North)	One commenter notes that, among the 13 jurisdictions, bonding and insurance requirements are quite different and therefore harmonization in this area would be most welcome.	The CSA agree with the comment.

#	Theme	Comments	Responses
62.	**Registration** Residency and incorporation requirements (Davies; IFIC; Romano and Nicholls; Royal Bank of Canada)	Several commenters support eliminating residency requirements. One commenter suggests eliminating residency and Canadian incorporation requirements both at the securities regulatory authority level and the SRO level. Two commenters state that they do not appear to serve any investor protection benefits. One commenter strongly urges the CSA to develop a common position on whether there should be residency requirements for registrants.	Currently, very few jurisdictions have residency and Canadian incorporation requirements. In Québec, mutual fund dealers fall under the jurisdiction of the Bureau des services Financiers which does not have the power to exempt a mutual fund dealer from any requirements, including residency requirements. The CVMQ has an exempting power that it uses to exempt dealers under its jurisdiction from residency requirements and the requirement to have a principal establishment in the province. The CVMQ recognises that residency requirements should be softened and has decided to grant, with conditions and on a discretionary basis, exemptions from residency requirements and the requirement to have a principal establishment in Québec. Amendments to Québec's Regulation Respecting Securities are currently being considered in Québec to achieve uniformity in Canada.
63.	**Registration** Process for registration, renewal of registration and de-registration (IDA)	One commenter supports the USL's goal to harmonize the registration and de-registration regime.	The CSA acknowledge the comment.
64.	**Registration** National streamlined registration system (AIMR; IDA; Ogilvy Renault; Oldum Brown; Phillips, Hager & North; Torys)	Several commenters support the concept of a streamlined national registration system. One commenter hopes that the system goes beyond mere procedure and amounts to a true delegation to the securities regulatory authority accepting the delegation. One commenter suggests that as an immediate solution to differing registration systems (which have been responsible for impeding innovation e.g. difficulties with implementing NRD), one of the larger provincial registration regimes should be adopted (perhaps by lottery) as the system for the entire country. One commenter states that in addition to a streamlined national registration system, all registration requirements should be uniform across CSA jurisdictions.	The CSA anticipate that with legal delegation and harmonized registration rules, the streamlined registration system will amount to a true delegation whereby a registrant deals only with its principal regulator regardless of the number of Canadian jurisdictions in which it operates. The CSA are developing uniform registration rules as part of the USL and prefer not to simply adopt one jurisdiction's registration regime.

#	Theme	Comments	Responses
65.	**Registration** Non-resident advisers (Oslers; Romano and Nicholls)	One commenter submits that in order to harmonize the adviser registration requirements that apply across the provinces and territories of Canada, the USL should clarify the circumstances in which registration as an adviser is necessary. One commenter questions the incorporation of OSC Rule 35-502 in the USL as an approach to the regulation of non-resident advisers. The commenter submits that OSC Rule 35-502 is inconsistent with the approach of other regulators, hampers Canadian investors' access to foreign portfolio management expertise in a cost-effective way and unnecessarily restricts privately placed funds. The commenter suggests allowing non-resident advisers who are resident and regulated in the U.S. and other appropriate jurisdictions to provide advice to mutual funds and other collective investment schemes and to accredited investors who have opened accounts on an unsolicited basis without being registered in Canada.	The USL will follow the general approach in OSC Rule 35-502. However, certain aspects of that rule are under consideration.
66.	**Registration** Universal registration system (Barclays Global Investors; Fasken Martineau; Groia & Company; IDA; IFIC; Ogilvy Renault; Ontario Bar Association; Phillips, Hager & North; Romano and Nicholls; Royal Bank of Canada)	Several commenters support not including the universal registration system in the USL. Some commenters are concerned however that it will re-emerge in local rules. In particular, one commenter is concerned that the concept of a limited market dealer will re-emerge within the restricted dealer category. The commenter believes that allowing securities regulatory authorities to retain aspects of the universal registration system is not consistent with uniformity. Some commenters believe that investor protection would be greatly increased by a consistent registration system across the country, which at the same time, would assist in reducing the costs for industry participants in complying with varying registration requirements. One commenter does not believe that the exempt securities markets in certain jurisdictions require more comprehensive regulation than the exempt securities markets in other jurisdictions.	The CSA are considering these comments.

#	Theme	Comments	Responses
67.	**Registration** Universal registration system (Oslers)	One commenter strongly supports any initiative that would harmonize the dealer registration requirements of all provinces and territories of Canada The commenter does not believe that registration as a dealer should be required in order to make trades to institutional or other sophisticated purchasers who would be permitted to acquire securities under prospectus exemptions. The commenter is concerned that if Ontario and Newfoundland & Labrador choose to enact local rules to continue some aspects of the universal registration system, the categories of registration set out in the USL may be too narrow to replace the current limited market dealer and international dealer registration categories. Presumably, entities currently registered in those categories would be required to register as a "restricted dealer". The commenter urges the CSA to ensure that, if universal registration is maintained in any jurisdiction, it remains possible to register as a restricted dealer for the purpose of making trades to prospectus-exempt purchasers and that the procedure, conditions and requirements for that registration not be made any more onerous than those which currently apply to registration as a limited market dealer. Further, the commenter submits that non-Canadian resident dealers should be able to register as a restricted dealer for the purpose of making prospectus-exempt trades on a basis that is no more onerous than the current process for registration as an international dealer. Finally, the commenter urges the CSA to encourage any jurisdiction maintaining a universal registration system to consider recognizing registration status in another Canadian province as equivalent for that purpose. In particular, if Newfoundland & Labrador maintain universal registration, the commenter proposes that an Ontario-registered international dealer should be permitted to make exempt-market trades in Newfoundland & Labrador without separately becoming registered in that province.	The CSA support the harmonization of registration categories and are considering what changes should be made.

#	Theme	Comments	Responses
68.	**Registration** Transitional matters (Oslers)	As a transitional matter, one commenter urges the CSA to ensure that existing registrants in all existing categories are granted deemed registration status in any new categories that are created and that care is taken to ensure that the scope of their existing business activities is not curtailed by new restrictions or limitations imposed upon the new registration categories. The commenter submits that the time and expense of requiring existing registrants to register in the new categories, and the regulatory resources that would be necessary to review and process those applications, is not justified nor would any public interest be served. Further, current registrants should not be required to reduce the scope of their current activities because of changes in the available registration categories, or be required to curtail them pending the processing of an application for registration in a less restrictive category.	The CSA agree with this comment and will keep it in mind during the drafting and implementation phases of the USL.
69.	**Registration** Regulation of financial planners (Financial Planners Standards Council)	One commenter asks the CSA to recognize the Certified Financial Planner certification for financial planners.	This recommendation goes beyond the scope of the USL. However, the CSA note that such a change, if appropriate, could be implemented through rule changes in the future.
	Prospectus Requirements		
70.	**Prospectus Requirement** Prospectus trigger (IFIC)	One commenter agrees that the existing prospectus trigger should be maintained as this trigger is an appropriate way of permitting the distribution of securities. However, the commenter is concerned by the statement in the Concept Proposal that the prospectus trigger will be retained in "most" jurisdictions. The commenter believes that the prospectus trigger should be adopted in all Canadian jurisdictions in order to have uniformity.	The intention under the USL is to have a uniform prospectus trigger.
71.	**Prospectus Requirement** Harmonization of long form prospectus rules (Davies; PDAC; TSX Group)	Three commenters support the CSA's initiative to harmonize the rules relating to the form and content requirements for long form prospectuses.	The CSA acknowledge the comment.

#	Theme	Comments	Responses
72.	**Prospectus Requirement** Integrated disclosure system (Davies; KPMG; PDAC; Romano and Nicholls; TSX Group)	Several commenters support facilitating the development of an integrated disclosure system (IDS). One commenter cautions that if additional continuous disclosure requirements are required, there is a risk of increasing compliance costs for issuers. The commenter is unclear as to how costs and professional fees will be reduced by requiring an alternative form of offering document rather than a prospectus. The commenter wonders if the alternative offering document will be similar to an AIF.	The CSA acknowledge the comment. The CSA are sensitive to the issue of compliance costs. Under the CSA's IDS proposal, the document that an issuer would prepare to go to market would be a prospectus focussed on the description of the offering and would generally be briefer than a short form prospectus. It would incorporate the AIF and other continuous disclosure documents by reference.
73.	**Prospectus Requirement** Integrated disclosure system (Barclays Global Investors)	One commenter notes that the Concept Proposal includes only limited information regarding how the USL will accommodate an IDS. The commenter points out that there are a number of different initiatives in this area and that it is essential that these initiatives and any detailed proposals adopted as a result of the USL be consistent.	The USL will provide a flexible framework to accommodate alternative offering systems in the future.
74.	**Prospectus Requirement** Alternative offering systems (Canadian Listed Company Association; IDA; Members of the Listed Company Association; Phillips, Hager & North; TSX Group)	Several commenters express support for the replacement of the prospectus system with a system based on continuous disclosure under a material information standard. They specifically support the BCSC's proposed continuous market access system (CMA). One such commenter further notes that investors would receive sufficient information on which to make a decision with an AIF and more timely continuous disclosure. The commenter believes that currently, certain prospectus information is stale by the time it reaches investors. Another commenter considers it vital that the CSA adopt a CMA system to improve the ability of issuers to access capital quickly, easily and on a national basis. The commenter is very concerned that the CSA may take a piecemeal approach and escalate costs with enhanced continuous disclosure and broad civil remedies without any move towards deregulation. Another commenter is of the view that the adoption of a CMA system is essential to offset the increased costs of enhanced continuous disclosure and increased liability.	The CSA have concluded that the USL will include a modified version of the IDS model proposed by the CSA in January 2000. The USL will be drafted in a manner that will accommodate other future offering systems.

#	Theme	Comments	Responses
75.	**Prospectus Requirement** Alternative offering systems (IDA)	One commenter notes that the USL will be drafted flexibly to incorporate an eventual move to an integrated disclosure regime. This raises the issue of eventual integration into the USL. If the intention is to incorporate the streamlined issuance model, the time lag will be considerable given the need for comprehensive amendments to provincial legislation. On the other hand, if the IDS model is included in the rules and regulations, rather than legislation, there is no certainty the streamlined issuance proposal will be uniform across jurisdictions. The commenter suggests that the USL, particularly as it relates to public and private financings, would be more effective if it incorporates IDS. It would facilitate the harmonization of inter-jurisdictional regulations and further, it would obviate the need for harmonizing the long form prospectus rules.	The CSA believe that the proposed Uniform Act should contemplate alternative offering systems, and the systems themselves should be contained in the rules. The CSA agree that any alternative offering system that is to have national reach must be uniform across jurisdictions but note that including it in the legislation is not necessary for that purpose. The CSA have accelerated work on IDS and it will be implemented in as timely a manner as possible. Long form prospectuses would still be necessary for initial public offerings, issuers who are not eligible to use IDS and issuers who do not wish to use IDS.

#	Theme	Comments	Responses
76.	**Prospectus Requirement** Foreign prospectuses (AIMR; Barclays Global Investors; IFIC; Romano and Nicholls; SHARE)	Several commenters support the move towards accepting foreign prospectuses. One commenter states that the proposed test, that a regulator must positively determine that a "foreign prospectus contains full, true and plain disclosure", seems inappropriate because it would be difficult for a regulator to meet that test. The commenter suggests the alternative of specifying acceptable jurisdictions and authorizing minimal review. The commenter also notes that Canadian GAAP issues, continuous disclosure and other ongoing requirements would likely need to be adapted to accept foreign standards. Two commenters believe that prospectuses prepared in a foreign jurisdiction, even if they contain full, true and plain disclosure, should only be recognized if certain conditions are met. One commenter expresses concern about the potential policy ramifications of accepting foreign prospectuses. The commenter acknowledges the potential efficiency benefits both for issuers and investors in allowing issuers to issue one prospectus, but does not believe that acceptance of prospectuses prepared in accordance with the laws of a foreign jurisdiction, where the securities regulatory authority determines that the foreign prospectus contains full, true and plain disclosure, is sufficient. The commenter submits that the minimum standard should be disclosure equivalent to prescribed Canadian standards. While this presumes full, true and plain disclosure, it reassures investors that prescribed standards are being complied with rather than reliance on a principles-based evaluation which is open to subjective interpretation. The commenter submits that the CSA should study the regulatory regimes in other countries to determine credibility in advance of reforms that allow the CSA to accept foreign prospectus. Lastly, the commenter opposes any policy regime that results in reducing disclosure requirements for issuers.	The CSA acknowledge the comments. The CSA agree that the test to accept a foreign prospectus should not impose an obligation on a securities regulatory authority to determine full, true and plain disclosure and intend to draft the provision accordingly. The CSA have initiatives under way, such as proposed NI 52-107 dealing with accounting and audit standards, to facilitate offerings by foreign issuers. The discussion in the Concept Proposal on this point was intended to advise that the prospectus requirement provisions in the USL would contemplate acceptance of foreign prospectuses. However, the conditions on which the CSA will accept a foreign prospectus are being developed. The CSA acknowledge the commenters' suggestions. The CSA agree with the commenter about the need to consider carefully the ramifications of accepting foreign prospectuses. The USL would do no more than facilitate the use of foreign prospectuses if and when securities regulatory authorities or regulators consider it appropriate or when rules prescribe the terms and conditions on which they will be accepted without the need for discretionary relief. The CSA anticipate that in the near term, acceptance of foreign prospectuses would occur only case by case. The CSA agree that any foreign prospectus accepted in Canada should be prepared in accordance with comparable standards. Through initiatives such as proposed NI 52-107 and proposed NI 71-102, consideration has already been given to standards in other jurisdictions. The CSA are familiar with the regulatory regimes in the jurisdictions from which we are most frequently asked to accept disclosure documents. The CSA agree that acceptance of foreign documents should not result in disclosure that is inferior.

#	Theme	Comments	Responses
77.	**Prospectus Requirement** Needs of emerging issuers (TSX Group)	One commenter suggests continuing the capital pool company (CPC) prospectus program to address the needs of emerging issuers.	The CSA agree and intend to maintain the CPC program. In addition, the CSA, through the Proportionate Regulation Project, are studying the regulatory system as a whole to determine whether it imposes an appropriate level of regulation on junior and senior issuers.
	Derivatives		
78.	**Derivatives** The "exchange contract" model of regulation of derivatives (Bennett Jones)	One commenter supports the effort to harmonize the basic concepts and approach of securities law to derivatives trading and, in particular, the effort to regulate derivatives with reference to "futures contracts" and "exchange contracts" as is currently the case in B.C. and Alberta.	The CSA acknowledge the comment.
79.	**Derivatives** Regulation of exchange contracts as securities (Ogilvy Renault)	One commenter sees no difficulty with regulating exchange contracts as securities provided that appropriate exemptions are in place.	Exchange contracts will not be included in the definition of "security" in Ontario and Manitoba because the equivalent products are regulated under commodity futures legislation.
80.	**Derivatives** Definition of "exchange contract" (Bourse de Montréal)	One commenter is of the view that a harmonized definition of "exchange contract" would be helpful. The commenter recommends the definition proposed under the USL, which provides that futures contracts and options guaranteed by a clearing agency and traded on an exchange according to standardized terms are exchange contracts.	The definition of "exchange contract" will be harmonized in all jurisdictions except Ontario and Manitoba.
81.	**Derivatives** Definitions of "futures contract" and "exchange contract" (Bennett Jones)	One commenter recommends updating the existing definitions of both "futures contract" and "exchange contract". The commenter notes that the existing definitions were originally formulated some years ago with reference to the perceived characteristics of derivative instruments as they then existed. However, the commenter points out that developments in financial products have been significant in recent years, with the result that the "futures contract" and "exchange contract" definitions, as they currently exist, appear to be inadequate.	The CSA will consider this comment in developing definitions under the USL for jurisdictions other than Ontario and Manitoba.
82.	**Derivatives** Registration exemptions for exchange contracts (Bourse de Montréal)	One commenter recommends incorporating registration exemptions for exchange contracts into the USL and offers its assistance in determining whether other exemptions are needed.	In provinces other than Ontario and Manitoba, the USL will provide registration exemptions for trades in exchange contracts that are similar to the ones currently available in Alberta and B.C.

#	Theme	Comments	Responses
83.	**Derivatives** Prohibited representations respecting commodity exchanges (Bennett Jones)	One commenter encourages the CSA to consider whether existing prohibitions on the making of representations are, in all respects, consistent with the functions of commodities exchanges. In particular, the commenter notes that s. 92(1)(d) of the *Securities Act* (Alberta), which provides that unless otherwise permitted by the Executive Director of the ASC, no person or company shall represent that the person or company or any other person or company will assume all or any part of an obligation under an exchange contract. The commenter states that as it understands the operations of certain commodities exchanges, if one of the parties to an exchange contract does not perform its obligations, the relevant commodities exchange will, in effect, guarantee performance and will assume the obligation of the defaulting counter-party, so as to ensure the expectations of the other counter-party are respected. The commenter points out that this basic function of commodities exchanges is designed to ensure market integrity and stability, both of which are desirable objectives from the perspective of commodities regulation. Therefore, the commenter does not believe that it is appropriate that a guarantee of such nature or the prospect of assumption of an obligation under an exchange contract by a commodities exchange should constitute a prohibited representation in connection with a trade in an exchange contract.	The CSA will consider whether this prohibition is appropriate given the basic functions and operations of commodity exchanges.
84.	**Derivatives** Retention of commodity futures legislation in Ontario and Manitoba (AIMR; Barclays Global Investors; Bourse de Montréal Inc.; Fasken Martineau; IFIC; Phillips, Hager & North; Romano and Nicholls)	A number of commenters suggest eliminating the regulation of commodity futures and commodity options under separate commodity futures legislation. Several commenters submit that there should be no carve out from derivatives regulation for jurisdictions with their own commodity futures legislation. One commenter states that the Ontario approach is vague, confusing and misunderstood.	Ontario and Manitoba will maintain their commodity futures legislation and will be carved out from the part of the USL that regulates exchange-traded derivatives.
85.	**Derivatives** OTC derivatives (Canadian Bankers Association; ISDA; Oslers; Romano and Nicholls)	Several commenters discourage the regulation by securities regulatory authorities of OTC derivatives and note that the Concept Proposal reflects an approach rejected by the Ontario Minister of Finance. These commenters also submit that that national implementation of the Alberta/B.C. approach to the regulation of OTC derivatives will impede the financial markets in which derivatives operate.	The USL will be drafted to maintain the status quo in both Ontario and the other jurisdictions with respect to the regulation of OTC derivatives. However, an exemption for financial institutions and registrants trading in financial derivatives will be incorporated into the regulatory regime for OTC derivatives that would apply in jurisdictions other than Ontario.

#	Theme	Comments	Responses
	Capital Raising Exemptions		
86.	**Capital Raising Exemptions** General comments (Barclays Global Investors; Canadian Listed Companies Association; Clark, Wilson; Fasken Martineau; IFIC; PDAC; Phillips, Hager & North; Royal Bank of Canada; Torys; TSX Group)	A number of commenters recommend reconciling the capital raising exemptions available in various Canadian jurisdictions and express the view that the capital raising exemptions contained in MI 45-103 are more appropriate for Canadian capital markets than those in OSC Rule 45-501, especially for emerging issuers. Two commenters observe that MI 45-103 does not harmonize capital raising exemptions in Canada since it has not been adopted by all jurisdictions and contains varying rules for participating jurisdictions within the rule itself. The commenters submit that these inconsistencies must be eliminated if a truly uniform securities regime is to be created.	The CSA are in the process of drafting a uniform exemptions rule and will be considering and discussing all of the capital raising exemptions. These comments will be considered in the context of those discussions. The CSA recognize the importance of harmonized capital raising regimes.
87.	**Capital Raising Exemptions** Prescribed minimum amount exemption (Clark, Wilson; Davies; Fasken Martineau; IFIC; Ogilvy Renault; Oslers; Romano and Nicholls)	A number of commenters support including the prescribed minimum amount exemption in the USL. Some of these commenters note that in the absence of clear evidence it has been used in an abusive or fraudulent manner, the exemption should not be removed, although they acknowledge that it has some flaws. Two commenters believe that the exemption should be removed. One of these commenters submits that use of the exemption results in inadequate diversification of investments in some cases since it requires investors to invest a minimum amount of money in one transaction.	This exemption has been considered in the context of the capital raising exemptions in MI 45-103. The jurisdictions that have adopted MI 45-103 are monitoring the continued usefulness of this exemption. The OSC recently considered the merits of a prescribed minimum amount exemption as part of the extensive public consultation and review process that preceded the November 2001 amendments (which introduced the accredited investor model) to the Ontario exempt distributions rule, OSC Rule 45-501. As a result of this consultation and review process, the OSC concluded that the accredited investor exemption was an appropriate replacement for the former prescribed minimum amount exemption, and that it would not be appropriate to retain the prescribed minimum amount exemption in addition to the accredited investor exemption. The CSA will consider the comments raised by the commenters, the experience of jurisdictions that have adopted MI 45-103 and the experience of Ontario following the implementation of OSC Rule 45-501 in the context of developing a proposed uniform exemptions rule.

#	Theme	Comments	Responses
88.	**Capital Raising Exemptions** Closely-held issuer exemption (Clark, Wilson; Davies; Ogilvy Renault; Oslers; Ontario Bar Association; Romano and Nicholls; Torys)	One commenter recommends adopting the closely-held issuer exemption contained in OSC Rule 45-501 once certain clarifying changes are introduced. Two commenters specifically recommend that Ontario eliminate the closely-held issuer exemption while several commenters identify problems with the exemption including the $3,000,000 cap being arbitrary and restrictive, the difficulty of determining beneficial ownership for the purposes of the 35 shareholder test, the difficulty of determining if an issuer is still closely-held for resale purposes and the application of statutory rights of action and other offering memorandum requirements in respect of offering memoranda delivered in connection with a trade.	In the process of drafting a uniform exemptions rule, the CSA will be considering and discussing all of the capital raising exemptions. These comments will be helpful in the context of those discussions.
89.	**Capital Raising Exemptions** Private issuer exemption (Davies; Ontario Bar Association; Oslers; Romano and Nicholls; Torys)	Several commenters support including the private issuer exemption in the USL. Two of these commenters recommend including the private issuer exemption contained in MI 45-103 in the USL. One commenter submits that the number of security holders should be based on registered as opposed to beneficial ownership. The commenter notes that the private issuer exemption in MI 45-103 achieves the objective of identifying, in a non-exhaustive manner, persons who are not members of the public to which a private issuer could issue securities. It provides certainty and utility for small and medium-sized business financings and can be used in the context of private merger and acquisition transactions and internal reorganizations. Another commenter submits that the requirement under the private issuer exemption that an issuer have restrictions on the transfer of designated securities in its constating documents is not necessary because the exemption is only available to “non-public holders”.	In the process of drafting a uniform exemptions rule, the CSA will be considering and discussing all of the capital raising exemptions. These comments will be helpful in the context of those discussions. The CSA would expect issuers to take reasonable steps to ascertain the beneficial holders of their securities as is currently the case for other purposes such as an application by a reporting issuer to cease to be a reporting issuer. The CSA will consider clarifying what taking “reasonable steps” may involve.

#	Theme	Comments	Responses
90.	**Capital Raising Exemptions** Accredited investor exemption (Clark, Wilson; Davies; IFIC; Ogilvy Renault; PDAC)	Several commenters support including a uniform accredited investor exemption in the USL. One commenter criticizes the accredited investor net worth test contained in OSC Rule 45-501 and MI 45-103 ("financial assets" having a net realizable aggregate value of over $1,000,000) for being far too restrictive and suggests that it be expanded to include all assets (instead of only cash and securities), perhaps other than the family home.	In the process of drafting a uniform exemptions rule, the CSA will be considering and discussing all of the capital raising exemptions. These comments will be helpful in the context of those discussions.
91.	**Capital Raising Exemptions** Offering memorandum exemption (Clark, Wilson; Davies; IFIC; Ogilvy Renault; PDAC)	Several commenters recommend adopting the offering memorandum exemption on a national basis. One commenter notes that the offering memorandum exemption is very important for junior issuers as it provides an opportunity to raise funds in the exempt market quickly. Another commenter submits that an offering memorandum delivered to an investor prior to investing should be sufficient to allow investment without further requirements. Another commenter submits that all mutual funds in all jurisdictions should be allowed to use the offering memorandum exemption. One commenter submits that the offering memorandum exemption, as it is currently set out in MI 45-103, should not be included in the USL since the extensive disclosure mandated for the offering memorandum creates a simplified prospectus regime that will exist alongside the current prospectus regime.	In the process of drafting a uniform exemptions rule, the CSA will be considering and discussing all of the capital raising exemptions. These comments will be helpful in the context of those discussions.
92.	**Capital Raising Exemptions** Family, close friends and business associates exemption (Clark, Wilson; Davies; Ontario Bar Association; PDAC; Torys)	Several commenters support including the family, close friends and business associates exemption. One commenter submits that this exemption should be available to both private issuers and reporting issuers.	In the process of drafting a uniform exemptions rule, the CSA will be considering and discussing all of the capital raising exemptions. These comments will be helpful in the context of those discussions.
	Other Exemptions		
93.	**Other Exemptions** DRIP exemption (Romano and Nicholls)	One commenter recommends that the dividend reinvestment plan (DRIP) exemption be extended to income trusts and similar issuers.	In the process of drafting a uniform exemptions rule, the CSA will be considering and discussing all of the exemptions. This comment will be helpful in the context of those discussions.

#	Theme	Comments	Responses
94.	**Other Exemptions** Securities issued under the *Bankruptcy and Insolvency Act* (Canada) (Romano and Nicholls)	One commenter submits that the exemption that applies to trades made in connection with an amalgamation, merger, reorganization or arrangement should be extended to trades made in connection with a proposal under the *Bankruptcy and Insolvency Act* (Canada). The commenter notes that a proposal under that act is court supervised and therefore similar to an arrangement, but is used by smaller issuers for cost reasons.	Trades in connection with a proposal under the *Bankruptcy and Insolvency Act* (Canada) would fall under the proposed exemption since the securities would be traded in connection with a statutory procedure. Please see the description of this exemption at Appendix C, Item 16, at page 73 of the Concept Proposal.
95.	**Other Exemptions** Internal reorganization exemption (Torys)	One commenter notes that Appendix C of the Concept Proposal does not contain an exemption for "internal reorganizations". The commenter submits that an exemption for these types of transactions should be added.	The CSA believe that the proposed exemption contained in Appendix C, Item 16, at page 73 of the Concept Proposal covers such a transaction but if the commenter has examples of internal reorganizations that would not fall within this exemption, the commenter should provide details.
96.	**Other Exemptions** Mining claims exemption (PDAC)	One commenter supports including an exemption for trades in securities as consideration for mining claims or oil and gas rights without the need for the vendor to enter into an escrow agreement. However, the wording of the exemption needs to be broad enough to deal not only with mining claims but any mineral properties or mineral interests including options to acquire such properties or interests as well as royalties. The commenter favours the B.C. approach.	The USL contemplates an exemption for mining claims. Please see Appendix C, Item 8, at page 73 of the Concept Proposal.
97.	**Other Exemptions** Securities for debt (PDAC)	One commenter supports the inclusion of an exemption for trades by an issuer of securities of its own issue to satisfy a bona fide debt, regardless of the amount.	The CSA acknowledge the comment but advise that the exemption will have conditions that may include a limit on the amount of debt that can be satisfied.
98.	**Other Exemptions** Commercial paper exemption (Romano and Nicholls)	One commenter questions the protection afforded by an approved rating given that the credit worthiness of a particular issuer often deteriorates well in advance of the issuer losing its approved rating. The commenter submits that the suggested change may lead to issuers offering dealers high commissions to sell their commercial paper to the public as their credit worthiness deteriorates, but before the rating agency downgrades the issuer. In addition, the commenter notes that it is unclear as to how the condition of the exemption that requires that the "debt is not convertible or exchangeable into or accompanied by a right to purchase another security other than the short-term debt in question" works. The commenter wonders if the words "short-term debt in question" refers to a right to renew or roll-over existing commercial debt?	The CSA do not propose to change the proposal for this exemption. The CSA are proposing to impose the approved rating requirement because it shows that the issuer is substantial enough to get a rating. The CSA believe that this, together with the requirement that the debt not be convertible into another type of security of the issuer, provides better protection for investors than the $50,000 minimum amount. The CSA will consider clarifying issues such as these in a uniform exemptions rule.

#	Theme	Comments	Responses
99.	**Other Exemptions** Security issuer exemption (Torys)	One commenter agrees in principle that issuers should be allowed to distribute their securities on an exempt basis without the need for registration as a "security issuer". The commenter would like to know, however, what the "appropriate conditions" will be.	The CSA are considering the appropriate conditions and will look to the terms and conditions currently imposed on registrants in the security issuer category.
100.	**Other Exemptions** Integrated disclosure system (IDA)	One commenter notes that IDS as proposed by the CSA two years ago would enable a reporting issuer to offer securities by issuing an abbreviated short form prospectus. The commenter is of the view that a streamlined issuance system would eliminate the need for exempt market offerings and the need to harmonize the capital raising exemptions.	Implementation of IDS as currently contemplated by the CSA would not eliminate the need for exempt market offerings. IDS would facilitate quicker access to capital for companies that are reporting issuers with a history of continuous disclosure. The system would not facilitate capital raising for non-reporting issuers. It is essential that companies that have not filed a prospectus to become reporting issuers have a means to access capital and grow. If an effective IDS is eventually adopted and integrated into the USL, it may be that the prospectus and registration exemptions will be rendered unnecessary for reporting issuers. However, as stated above, there will still be a need for prospectus and registration exemptions to allow non-reporting issuers to access capital.
101.	**Other Exemptions** Manitoba exemption for trades in exempt securities of a non-reporting issuer (Ogilvy Renault; Oslers)	Two commenters submit that in the interest of consistency, Manitoba should remove its exemption regarding trades in exempt securities of a non-reporting issuer.	The exemption which will only apply in Manitoba fits a perceived need within its local exempt market. This exemption will only be available for trades between Manitoba residents.
102.	**Other Exemptions** Exemption for direct purchase plans (STAC)	One commenter asks the CSA to consider including an exemption for direct purchase plans (DPPs) in the USL exemptions instrument. The commenter indicates that three jurisdictions have either implemented or are considering the implementation of a DPP exemption. The commenter supports the conditions attached to the exemption in those jurisdictions.	The CSA will consider including an exemption for DPPs in the process of drafting a uniform exemptions rule.

#	Theme	Comments	Responses
	Resale Restrictions		
103.	**Resale Restrictions** Recognition of markets (Clark, Wilson)	One commenter recommends recognizing all securities markets. The commenter submits that an issuer should not be prevented from complying with and benefiting from securities rules simply because it is trading in a market over which Canadian regulators have no control provided that the market offers appropriate regulatory oversight in its home jurisdiction. The commenter suggests that, for instance, if a public company trading in the U.S. complies with its reporting obligations in the U.S. as well as applicable Canadian legislation, it should have benefits accorded Canadian reporting issuers, particularly with respect to the tolling of hold periods.	The CSA acknowledge the comment.
104.	**Resale Restrictions** Elimination of resale restrictions (Canadian Listed Company Association)	One commenter endorses the BCSC proposal to eliminate hold periods and resale restrictions on securities of public companies in a continuous disclosure regime. The market will impose resale restrictions on private placements when appropriate.	The implementation of the IDS system, which is a continuous disclosure-based system, would facilitate the same result.
105.	**Resale Restrictions** Differing resale restrictions across Canada (Oslers)	One commenter submits that the USL must contemplate and address conflicts between the resale rules of various provinces. There should be a basis for determining which province or territory has the closest connection to a particular transaction and the laws of that jurisdiction should be paramount in the event of any conflict.	MI 45-102 already largely harmonizes the resale rules among jurisdictions. The CSA believe that the USL will remove any remaining differences.

#	Theme	Comments	Responses
106.	**Resale Restrictions** Legending of certificates (Bennett Jones; Canadian Capital Markets Association; Ogilvy Renault; Ontario Bar Association; Oslers; Romano and Nicholls)	A number of commenters note that there are several sections in the Concept Proposal that refer to placing a legend on certificates evidencing securities. These commenters do not think that legends achieve their purpose and feel that their usefulness will further diminish given that securities are increasingly issued, cleared and settled in electronic form. One of these commenter notes that the related requirement to certify the security holding creates significant inefficiencies and risks for all parties involved in the clearing and settlement system. The commenter advises that it is proposing alternatives that will give effect to regulatory restrictions, while avoiding the use of certificates. In addition, one of these commenters notes that non-Canadian depositories are often unwilling or unable to accept certificates bearing restrictive legends other than those required by the laws of their own country and submits that a preferable approach to legending is to require that disclosure of the restricted period be made to the ultimate beneficial holders of the security.	The CSA agree that legending is problematic in a book-based system. The CSA will consider this issue in developing the USL.
107.	**Resale Restrictions** Legending of certificates - Manitoba (Oslers)	One commenter notes that the proposal for legending securities of a non-reporting issuer that are privately placed in Manitoba may be problematic in the context of an international offering being extended into Canada by a non-Canadian issuer.	The Manitoba legending requirement only applies for trades between Manitoba residents.
108.	**Resale Restrictions** Alternatives to legending (Oslers)	One commenter suggests that purchasers could be required to covenant not to make resales into Canada (except on an exempt basis) during a restricted period. However, the commenter notes that, as there is no subscription agreement or other written documentation signed by the purchaser in such an offering, the USL should specify that this covenant could be obtained through a unilateral contract formed by appropriate disclosure in the offering document, coupled by the investor's act of purchasing the security. The commenter states that the same concerns regarding legending apply to the requirement to have debt securities represented by a temporary global certificate. The commenter notes that a temporary global certificate is only required by Regulation S under the U.S. *Securities Act of 1933* in very limited circumstances.	The CSA acknowledge the comment and will consider it in developing the uniform rules.

#	Theme	Comments	Responses
	Distributions Outside a Jurisdiction		
109.	**Distributions Outside a Jurisdiction** Regulation of distributions outside a jurisdiction (BD&P; Bennett Jones; Clark, Wilson; Oslers)	Several commenters suggest that Canadian regulators should not be concerned with the protection of investors outside Canada. One of these commenters submits that all jurisdictions should adopt B.C. Instrument 72-503 or its equivalent.	The CSA will consider this comment in developing the uniform rules.
110.	**Distributions Outside a Jurisdiction** Need for a harmonized approach (PDAC)	One commenter notes that a harmonized approach to the regulation of trades outside a jurisdiction is critical. The commenter observes that as securities legislation is essentially "consumer protection" legislation, the focus of the rules should be on the jurisdiction of the purchaser, not the vendor. The commenter recommends that the USL contain an explicit statement as to the scope of application of each provincial act.	The CSA will consider this comment in developing the uniform rules.
111.	**Distributions Outside a Jurisdiction** Prospectus offerings versus exempt offerings (Davies)	One commenter agrees with the USL approach of distinguishing between distributions by way of an exempt offering and distributions qualified by prospectus and also agrees with the criteria proposed for regulating the resale of distributions qualified by prospectus. The commenter assumes that the conditions would only have to be satisfied if there are sufficient connecting factors between the issuer and the local jurisdiction and prefers a safe harbour approach.	The CSA will consider this comment in developing the uniform rules.

#	Theme	Comments	Responses
112.	**Distributions Outside a Jurisdiction** Distributions outside a jurisdiction that are qualified by prospectus (Oslers)	One commenter endorses the approach of proposed MI 72-101 for prospectus offerings outside a jurisdiction. However, the commenter sees no reason to restrict an issuer from making concurrent exempt offerings to eligible Canadian purchasers and therefore recommends the following: • Modifying the proposed restriction that the underwriting agreement prohibit the sale of securities locally to provide that the underwriting agreement must prohibit sales to any person in the local jurisdiction, except for persons who are eligible to purchase those securities under an available exemption; and • Modifying the condition that no efforts be made to prepare the local market so that acts in furtherance of prospectus-exempt trades to persons who are eligible to purchase those securities under an available exemption are not prohibited.	The CSA do not intend to prevent a private placement of securities inside Canada at the same time as a prospectus offering outside Canada. In developing the uniform rules, the CSA will revise the applicable conditions to make it clear that they do not preclude a concurrent private placement to purchasers in Canada.
113.	**Distributions Outside a Jurisdiction** Private placements by Canadian issuers to purchasers outside Canada - connecting factors (Davies)	One commenter is concerned with the proposed structure of the exemption for private placements by Canadian issuers to purchasers outside Canada as it would appear that any Canadian issuer engaged in a private placement outside Canada would be required to meet the conditions of this exemption, despite a lack of connecting factors with Canada that would make it unlikely that any securities would “flowback” into Canada. The approach is therefore inconsistent with the goal of preventing flowback. The commenter notes that current regimes are designed primarily to prevent flowback without automatically deeming a distribution by a Canadian issuer to be a distribution in Canada based solely on the fact of status as a Canadian issuer. The commenter submits that connecting factors that are not related to flowback concerns should be discarded. For example, factors such as the location of the mind and management or location of an issuer’s administration and operation are not related to flowback concerns and should not be included in the USL.	The CSA will consider this comment in developing the uniform rules.

#	Theme	Comments	Responses
114.	**Distributions Outside a Jurisdiction** Private placements by Canadian issuers to purchasers outside Canada - exemption versus safe harbour (Davies)	One commenter notes that the Concept Proposal proposes an exemption for exempt offerings by Canadian issuers outside Canada and would prefer a safe harbour. The commenter is concerned that, in providing an exemption, filings with their attendant expense will have to be made in situations where appropriate restrictions are already in place.	The CSA will consider this comment in developing the uniform rules.
115.	**Distributions Outside a Jurisdiction** Private placements by Canadian issuers to purchasers outside Canada - general (Romano and Nicholls)	One commenter has concerns about the proposal dealing with private placements by Canadian issuers to purchasers outside Canada. The commenter notes that the proposal is either too restrictive or overlooks relatively common situations. For example, there is no differentiation between offerings that are exclusively private placements and private placements that are an adjunct to a prospectus offering in Canada. The commenter submits that in the latter case, there appears to be no reason to impose a 4-month hold period.	The CSA agree that, if there is prospectus level disclosure for an offering in Canada, there is no need to impose a hold period on a concurrent private placement offering outside Canada. In developing the uniform rules, the CSA will make this clear.
116.	**Distributions Outside a Jurisdiction** Private placements by Canadian issuers to purchasers outside Canada - resales of privately-placed securities to non-Canadian purchasers (Oslers)	One commenter requests that specific reference be made to the ability of a Canadian private placement purchaser to resell its securities outside of Canada. The commenter submits that often, these securities will not have been issued by a Canadian reporting issuer and will therefore never become freely tradeable in Canada. In addition, the commenter suggests that if the securities were issued by a Canadian reporting issuer, it is not clear why the Canadian hold period should apply if the holder wishes to make a resale outside of Canada. The commenter submits that there is no Canadian public policy to restrict resales of privately-placed securities to other non-Canadian purchasers, at any time, and that an exemption from both the prospectus and registration requirements should be available for that purpose. The commenter suggests that if thought necessary, these exemptions could be made subject to a requirement that the seller have no reason to believe that the purchaser is Canadian or is acquiring the securities on behalf of a Canadian. The commenter states that Rule 904 of Regulation S under the *Securities Act of 1933* (United States) provides an example of how the conditions for such an exemption might be framed.	The CSA will consider this comment in developing the uniform rules.

#	Theme	Comments	Responses
117.	**Distributions Outside a Jurisdiction** Private placements by Canadian issuers to purchasers outside Canada – conditions – concurrent exempt offerings (Bennett Jones; Ogilvy Renault; Oslers; PDAC)	Several commenters submit that the USL should expressly contemplate Canadian issuers concurrently making exempt offerings of their securities to non-Canadian and Canadian purchasers. Therefore, the commenters recommend that: • The condition that purchasers of the securities must be outside Canada should be reworded to clarify that Canadian purchasers may also concurrently acquire securities in the same offering provided that they are eligible to do so; • The condition that the underwriting agreement prohibit the sale of the securities to any person in Canada should be reworded to clarify that sales to eligible exempt purchasers or purchasers acting through a registered dealer are permitted; and • The condition that there are no directed selling efforts in Canada should be reworded to clarify that it does not preclude concurrent private placement sales within Canada and the related acts in furtherance of those trades.	The CSA do not intend to prevent concurrent private placements of securities inside and outside Canada. An issuer can rely on different exemptions for sales to different persons. In developing the uniform rules, the CSA will revise the applicable conditions to make it clear that they do not preclude a concurrent private placement to purchasers in Canada.
118.	**Distributions Outside a Jurisdiction** Private placements by Canadian or foreign issuers to purchasers outside Canada – conditions – "directed selling efforts" (BD&P)	One commenter takes issue with the term "directed selling efforts" in the context of private placements that occur outside Canada. The commenter submits that, as the term is very unclear, a definition should be provided or the term should be removed altogether. In any event, the commenter believes the "directed selling efforts" prohibition is unnecessary to prevent indirect distributions into Canada given the imposition of restricted periods on any securities sold.	The CSA will consider this comment in developing the uniform rules.

#	Theme	Comments	Responses
119.	**Distributions Outside a Jurisdiction** Private placements by Canadian issuers to purchasers outside Canada – conditions – resale restrictions (Bennett Jones; Oslers)	Two commenters submit that the proposed condition requiring compliance with a restricted period during which the securities cannot be resold to a person in Canada should not be necessary in all cases, provided that other adequate measures are taken to ensure that the securities come to rest outside Canada. One relevant factor should be whether the securities have a principal trading market in Canada. One commenter suggests that serious consideration be given to adopting an approach similar to the tiered approach in the U.S. The commenters submit that if a restricted period is deemed necessary, it should be made clear that resales are permitted to a Canadian purchaser who acquires securities under an available exemption. In addition, it should be made clear that the restricted period runs from the date of the initial distribution outside Canada.	The CSA will consider this comment in developing the uniform rules.
120.	**Distributions Outside a Jurisdiction** Private placements by Canadian issuers to purchasers outside Canada – conditions – disclosure (Oslers)	One commenter does not object to the requirement that disclosure be made that the distribution is exempted from the laws of the relevant Canadian jurisdiction in principle but suggests that it is not clear what the "relevant Canadian jurisdiction" is meant to refer to. The commenter recommends that the requirement be reworded to require disclosure that sales made outside Canada are not subject to the prospectus requirements of Canadian securities laws.	The CSA will consider this comment in developing the uniform rules and clarify what is meant by "relevant Canadian jurisdiction".
121.	**Distributions Outside a Jurisdiction** Private placements by Canadian issuers to purchasers outside Canada – conditions – compliance with foreign laws (BD&P; Bennett Jones; Oslers)	One commenter notes that, for private placements by Canadian issuers outside of Canada, one of the proposed conditions is that the offering comply with the laws of the jurisdiction in which it is made. The commenter notes that this condition was considered and rejected in developing ASC Rule 72-501 because it was deemed unnecessary, as a matter of Alberta law, to require that foreign laws be complied with. The commenter also states that it was recognized that such a condition could greatly increase costs by requiring a legal opinion from the foreign jurisdiction to confirm compliance.	The CSA will consider this comment in developing the uniform rules.

#	Theme	Comments	Responses
122.	**Distributions Outside a Jurisdiction** Private placements by foreign issuers to purchasers outside Canada (Oslers)	One commenter submits that Canadian securities regulatory authorities have no jurisdiction over an offering of securities by a non-Canadian issuer to a purchaser outside Canada. Therefore, the commenter submits that the USL should provide that Canadian securities laws do not apply to such a transaction, even if the issuer's securities trade on a Canadian exchange. The commenter also submits that an issuer should not be held responsible for any indirect distribution of its securities into Canada unless it knew that sales being made to a purchaser resident in another jurisdiction were not being made with investment intent, but rather for the purpose of making an indirect distribution into Canada.	A foreign issuer needs to take precautions against an indirect distribution if the issuer knows or could reasonably foresee that its securities might be resold in Canada. The CSA will make this clear in developing the uniform rules.
123.	**Distributions Outside a Jurisdiction** Availability of foreign issuer offerings in Canada (Phillips, Hager & North)	One commenter notes that Canadian investors are often put at a disadvantage relative to non-Canadian investors when foreign issuers do not include Canada in distributions that are exempt distributions in Canada. In some cases including Canada would require filing of a notice and payment of a fee. Therefore, the commenter recommends the adoption of an exemption for registered portfolio mangers who already own the securities, with restrictions on resale to persons in Canada and solicitation in Canada for foreign-issued securities.	This comment raises policy issues that are outside the scope of the USL Project.
124.	**Distributions Outside a Jurisdiction** Private placements and prospectus offerings by foreign issuers to purchasers outside Canada - offering restrictions (Romano and Nicholls)	One commenter is concerned that the proposal relating to prospectus offerings and private placements by foreign issuers to purchasers outside Canada appears to contemplate imposing offering restriction requirements on foreign issuers that have a minimal market connection to Canada. In the case of foreign issuers that are listed on the TSX, but whose primary market is clearly elsewhere, imposing Canada-specific offering restrictions runs the risk of causing such issuers to consider delisting from an exchange in Canada.	A foreign issuer needs to take precautions against an indirect distribution if the issuer knows or could reasonably foresee that its securities might be resold in Canada. The CSA will make this clear in developing the uniform rules.

#	Theme	Comments	Responses
125.	**Distributions Outside a Jurisdiction** Private placements by foreign issuers to purchasers outside Canada (Davies)	One commenter agrees with the Concept Proposal for a safe harbour as opposed to an exemption for private placements by foreign issuers to purchasers outside Canada. However, the commenter notes that many foreign issuers would not consider that Canadian securities laws would apply unless there was a clear and unequivocal connection to suggest that securities might be subsequently distributed in Canada. The commenter therefore suggests that either the USL not apply to these distributions at all or that a very high threshold be adopted for defining connecting factors that must exist before a foreign issuer is deemed to have made an indirect distribution in Canada.	A foreign issuer needs to take precautions against an indirect distribution if the issuer knows or could reasonably foresee that its securities might be resold in Canada. The CSA will make this clear in developing the uniform rules.
126.	**Distributions Outside a Jurisdiction** Private placements by foreign issuers to purchasers outside Canada – conditions – concurrent offerings (Bennett Jones; Oslers)	Two commenters recommend that a foreign issuer be permitted to make concurrent exempt offerings to purchasers inside and outside Canada and suggest the following: • No offering restrictions be imposed; • Not requiring the offering document to state that the securities are not qualified for sale in Canada; and • Allowing directed selling efforts for exempt offerings.	The CSA do not intend to prevent concurrent private placements of securities inside and outside Canada. An issuer can rely on different exemptions for sales to different persons. In developing the uniform rules, the CSA will revise the applicable conditions to make it clear that they do not preclude a concurrent private placement to purchasers in Canada.
127.	**Distributions Outside a Jurisdiction** Private placements by foreign issuers to purchasers outside Canada – conditions - resale restrictions (Oslers)	One commenter submits that there may be circumstances in which a restricted period should not be imposed such as when securities are not listed on a Canadian exchange or the principal trading market for the securities is outside Canada.	A foreign issuer needs to take precautions against an indirect distribution if the issuer knows or could reasonably foresee that its securities might be resold in Canada. The CSA will make this clear in developing the uniform rules.
128.	**Distributions Outside a Jurisdiction** Offerings outside Canada – conditions – resale restrictions (Oslers)	One commenter questions the rationale behind the different restricted periods for equity and debt securities (four months versus 40 days) proposed under the USL.	The CSA will consider this comment in developing the uniform rules.

#	Theme	Comments	Responses
129.	**Distributions Outside a Jurisdiction** Exempt distributions outside Canada - mergers and take-over bids (Romano and Nicholls)	One commenter notes that it would be highly desirable to deal with the "flowback" jurisdictional issues arising out of other exempt distributions that occur outside Canada, specifically in the context of mergers and take-over bids. Given the nature of such transactions, concerns about "indirect distributions" into Canada would seem to be largely misplaced. However, in certain cases, particularly in the context of bids, the law is very uncertain. It is not commercially reasonable to disadvantage Canadian issuers in making foreign acquisitions by seeking to impose "hold periods" on such transactions where hold periods would not be imposed by the foreign law and no such hold period would apply if the transaction occurred in Canada.	The CSA will consider introducing an exemption for mergers and take-over bids involving the issuance of securities made to persons outside Canada.
130.	**Distributions Outside a Jurisdiction** Distributions outside the local jurisdiction - "flowback" prospectus (Romano and Nicholls)	One commenter notes that the necessity or ability to file a "flowback" prospectus is another area of non-uniformity as demonstrated by the different approaches adopted by B.C., Alberta and Québec versus the other provinces as set out in Part 4.2 of the Companion Policy to NI 71-101.	Changes to MJDS are outside the scope of the USL.
131.	**Distributions Outside a Jurisdiction** Distributions outside the local jurisdiction - securities that trade on an ATS (RS Inc.)	One commenter notes that under NI 21-101, an ATS may trade a "foreign exchange-traded security". The commenter further notes that a "foreign exchange-traded security" is defined as a security that is not listed on a Canadian exchange or quoted on a QTRS but is listed or quoted on an exchange or QTRS that is regulated by an ordinary member of IOSCO. The commenter submits that any exemptions should recognize that many issuers may have securities that trade on an ATS which may effect the steps that must be taken to ensure that the securities do not come to rest in Canada.	The CSA will consider this comment in developing the uniform rules.
	Reporting Issuer Status		
132.	**Reporting Issuer Status** General support (PDAC; TSX Group)	Two commenters recognize and support the need to harmonize the "trigger" for reporting issuer status in all jurisdictions.	The CSA acknowledge the comments.
133.	**Reporting Issuer Status** General concerns (Ogilvy Renault; Ontario Bar Association)	Two commenters criticize the USL for potentially retaining different definitions of reporting issuer in B.C. and Québec. One of the commenters submits that if the definitions are harmonized, an issuer can become a reporting issuer in every Canadian jurisdiction.	Slight differences in the definitions will not preclude an issuer from becoming a reporting issuer in any (or all) Canadian jurisdictions of its choice.

#	Theme	Comments	Responses
134.	**Reporting Issuer Status** Becoming a reporting issuer – filing of a comprehensive disclosure document (Clark, Wilson)	One commenter recommends that an issuer be able to become a reporting issuer upon the filing of a comprehensive disclosure document in a manner similar to the procedure whereby an issuer can become a registrant under the *Securities Exchange Act of 1934* (United States) by filing a registration statement. The commenter submits that any company that wants to become a reporting issuer, regardless of whether it is trading, should have that option if it files the proper information.	The ability to become a reporting issuer through the filing and receipting of non-offering prospectuses will continue under the USL.
135.	**Reporting Issuer Status** Becoming a reporting issuer – listing on a recognized or designated exchange (Davies; PDAC; TSX Group)	One commenter submits that the trigger of "being listed on an exchange that carries on business in and is recognized or designated in that jurisdiction" is restrictive and may be confusing to issuers. Although the USL is an attempt to harmonize current triggers across jurisdictions, it would be more appropriate to only require that an issuer become a reporting issuer in a jurisdiction if it is listed on an exchange that is recognized by that jurisdiction, since an exchange carrying on business in a jurisdiction must be recognized. One commenter requests clarification of the statement that "an exchange must be carrying on business within a jurisdiction and must be recognized or designated for reporting issuer purposes in that jurisdiction before a listing on that exchange results in reporting issuer status". Many issuers that were reporting issuers in one jurisdiction and became reporting issuers in three jurisdictions when CDNX was formed have complained about the extra costs associated with becoming a reporting issuer in multiple jurisdictions. The commenter believes that a listed issuer should become a reporting issuer in at least one province. However, it is not appropriate to become a reporting issuer in multiple jurisdictions simply because the issuer is listed on the TSX Venture Exchange. One commenter submits that a standardized list of "recognized exchanges" should be adopted for the purposes of the definition of reporting issuer on a uniform basis across Canada.	The CSA will consider this comment during the drafting of the Uniform Act and Uniform Rules. The effect of becoming a reporting issuer in a jurisdiction as a result of being listed on a recognized exchange may not be a desired result for some issuers, but the decision to impose reporting issuer status as a result of trading on a particular exchange is a matter for each Canadian jurisdiction to decide. The CSA note that one of the regulatory requirements associated with becoming a reporting issuer in multiple jurisdictions will be considerably mitigated by the implementation of uniform disclosure requirements. The CSA intend to compile a consolidated list of the exchanges recognized in the various jurisdictions but since jurisdictions recognize different exchanges, a harmonized list cannot be adopted.

#	Theme	Comments	Responses
136.	**Reporting Issuer Status** Becoming a reporting issuer – completion of a business combination (Davies)	One commenter notes that the USL makes reference to the provisions in certain jurisdictions that deem parties to certain business combinations to be reporting issuers. Presently there are inconsistencies with respect to the type of transactions that trigger this deeming provision among various jurisdictions. The commenter submits that efforts should be made to standardize these provisions in order to prevent uneven continuous disclosure obligations across Canada, particularly given the enhanced continuous disclosure obligations and corresponding civil liability which are being proposed by the USL.	Slight differences in the definitions will not preclude an issuer from becoming a reporting issuer in any (or all) Canadian jurisdictions of its choice.
137.	**Reporting Issuer Status** Becoming a reporting issuer – reporting issuer status in all jurisdictions (Oslers)	One commenter submits that the USL should provide that an issuer that has become a reporting issuer in any Canadian jurisdiction, in accordance with harmonized rules in the USL for becoming a reporting issuer, automatically and immediately, is deemed to have become a reporting issuer in each province and territory of Canada.	Harmonizing the reporting issuer trigger and continuous disclosure requirements will make it easier to become a reporting issuer in multiple jurisdictions. However, it may not be in the interest of all issuers that a reporting issuer in one jurisdiction automatically becomes a reporting issuer in all jurisdictions. This could result in a junior issuer with limited resources being required to pay fees and seek relief when required, from certain jurisdictions, despite the fact that its shareholder base does not justify this.
138.	**Reporting Issuer Status** Becoming a reporting issuer – foreign issuers (Romano and Nicholls)	One commenter submits that the definition of reporting issuer should be more flexible concerning foreign issuers who participate in transactions with Canadian issuers (e.g. securities exchange take-over bids of a Canadian issuer or other acquisitions of a Canadian entity in exchange for securities). The commenter submits that foreign issuers should either not become Canadian reporting issuers where their Canadian security holdings will be insubstantial or full exemptions from Canadian requirements should be provided.	The CSA will consider this comment when developing the *de minimus* threshold. Proposed NI 71-102 exempts a foreign reporting issuer from Canadian continuous disclosure requirements if it complies with foreign disclosure requirements and files the documents in Canada.

#	Theme	Comments	Responses
139.	**Reporting Issuer Status** Becoming a reporting issuer - *de minimus* exemption from reporting issuer status (Davies; Torys)	One commenter submits that the *de minimus* threshold for exempting an issuer from being a reporting issuer should be reformulated in order to establish a uniform standard across Canada. The commenter suggests that the *de minimus* threshold be expressed in terms of a particular number of security holders of the issuer in the jurisdiction, rather than as a percentage of the market capitalization in the jurisdiction. One commenter notes that reporting issuer status in a jurisdiction would not be triggered if there is a *de minimus* number of shareholders within a jurisdiction. The commenter asks how this will work in practice given Canada's book-based securities registration system.	The CSA will consider these suggestions when developing the *de minimus* threshold. The CSA would expect issuers to take reasonable steps to ascertain the beneficial holders of their securities as is currently the case for other purposes such as an application by a reporting issuer to cease to be a reporting issuer. The CSA will consider clarifying what taking "reasonable steps" may involve.
140.	**Reporting Issuer Status** Ceasing to be a reporting issuer – voluntary surrender of reporting issuer status (Clark, Wilson; Oslers; Torys)	One commenter supports the proposal to provide a mechanism in the USL for the voluntary surrender of reporting issuer status similar to that provided by B.C. Instrument 11-502. One commenter notes that a company can voluntarily surrender its reporting issuer status if, among other things, the company has fewer than 25 security holders. The commenter asks how this will work with book-based registrations and notes that the test for exempt bids is based on registered holders. One commenter submits that a company should be permitted to cease being a reporting issuer in a particular Canadian jurisdiction even if its securities continue to be traded on a market in the U.S., provided that it continues to be subject to the reporting requirements of U.S. securities legislation. The commenter does not see any compelling reason why a company should continue to be required to report in Canada if it has only a few or no shareholders in Canada and its trading market is outside Canada.	The CSA acknowledge the comment. The CSA are of the opinion that beneficial ownership is the relevant factor and expect issuers to take reasonable steps to ascertain the beneficial holders of their securities when seeking to voluntarily surrender reporting issuer status. The CSA will consider clarifying what taking "reasonable steps" may involve. The CSA agree that being listed on a marketplace should not preclude a reporting issuer from using the voluntary surrender provisions. The condition of not being listed on any marketplace will be removed.

#	Theme	Comments	Responses
	Continuous Disclosure Requirements		
141.	**Continuous Disclosure Requirements** Definition of "solicit" (SHARE)	One commenter recommends that the definition of "solicit" currently in NI 51-102 be amended to agree with the definition of that term in the *Canada Business Corporations Act* (Canada).	Under the current legislative framework, this change could not be made in NI 51-102, as it would require amendment of the various Securities Acts. The CSA agree that a uniform Securities Act should contain the rule making authority so the definition of solicit can be amended to agree with the definition in the *Canada Business Corporations Act* (Canada).
142.	**Continuous Disclosure Requirements** Recognizing reporting issuer history (PDAC)	One commenter recommends that a securities regulatory authority be obliged rather than enabled to recognize an issuer's reporting issuer history in another jurisdiction unless the securities regulatory authority determines that it is against the public interest to do so.	The CSA will consider whether, and to what extent, a securities regulatory authority should be obligated to accept an issuer's reporting issuer history in another jurisdiction.
143.	**Continuous Disclosure Requirements** Material change reporting (SHARE)	One commenter states that the appropriate standard for disclosure should be all material information, not just material changes. The commenter also believes that guidance should be provided to issuers on the types of information that may be considered material.	This recommendation would represent a significant change to the current laws. However, the CSA note that NP 51-201 provides guidance on the types of information that may be considered material.
144.	**Continuous Disclosure Requirements** Disclosure of transaction negotiations prior to agreement (Romano and Nicholls)	One commenter submits issuers must be able to shelter themselves from disclosure requirements during confidential transaction negotiations since disclosure may disrupt employee, customer, or supplier relations or cause a run-up in a target's share price or a decline in an acquiror's share price. The liability in Ontario's Bill 198 for a failure to make timely disclosure is relevant in this regard given the tremendous uncertainty that exists regarding disclosure of confidential ongoing negotiations. Therefore, the commenter submits that it is important to add statutory language confirming that there is no need to disclose confidential ongoing negotiations. The commenter notes that if confidentiality is not present, disclosure would be required and states that confidential material change reports are not a satisfactory answer as they cause substantial problems (and may force disclosure) for companies that are also public in the U.S. Also, it is not clear what happens to the reports if the transaction is abandoned.	The CSA believe that the ability of an issuer to file a confidential material change report and the defence available under Bill 198 if a confidential material change report is filed is the correct approach.

#	Theme	Comments	Responses
145.	**Continuous Disclosure Requirements** Deeming certain documents superseded (KPMG)	One commenter recommends that consideration be given to incorporating a concept from the short form prospectus distribution system into the secondary market liability regime by deeming certain continuous disclosure documents (e.g., AIF, annual and interim MD&A and annual and interim financial statements) to be superseded by the filing of the comparable succeeding year's continuous disclosure documents.	No change is required since the continuous disclosure record speaks as of its date.
146.	**Continuous Disclosure Requirements** Continuous disclosure reviews (Davies)	One commenter submits that continuous disclosure reviews should be administered through MRRS or a similar system. This would promote a more even application of the continuous disclosure provisions across Canada through the designation of a lead regulator with primary authority over such reviews. Further, the commenter states that an issuer's response to requests made by a securities regulatory authority in the context of a continuous disclosure review should be afforded some protection in the event that an action is subsequently brought against the issuer for an alleged breach of the continuous disclosure requirements of securities legislation. The commenter submits that without some enhanced protection being afforded to an issuer with respect to its responses in the context of a continuous disclosure review, the continuous disclosure review regime could have the unintended result of making issuers unwilling to discuss or rectify any perceived deficiencies identified by securities regulatory authorities.	The CSA are developing an MRRS system for continuous disclosure reviews as a separate project. The CSA acknowledge the comment and believe that the risk of liability will ensure that disclosure is appropriate at the first instance.
147.	**Continuous Disclosure Requirements** Streamlined issuance system (IDA)	One commenter is concerned that the USL will incorporate NI 51-102 which contains measures to enhance continuous disclosure with a view to relying more on continuous disclosure and less on prospectuses. However, the USL will continue to be a prospectus-based system and does not incorporate a streamlined issuance regime. Issuers will have added disclosure costs without the benefit of a streamlined issuance system.	The CSA have accelerated work on IDS and it will be implemented in as timely a manner as possible.

#	Theme	Comments	Responses
148.	**Continuous Disclosure Requirements** Differential requirements (Canadian Listed Company Association; TSX Group)	One commenter submits that continuous disclosure obligations should be based on a two-tier regime in order to reflect the need for proportionate regulation for senior and emerging issuers. In the case of emerging issuers, the commenter submits that the costs of complying with certain onerous continuous disclosure obligations clearly outweigh any potential benefits to investors. In those circumstances, emerging issuers should be subject to slightly different requirements from those that would apply to senior issuers. One commenter suggests a simple definition for determining size category for certain differential requirements, specifically the TSX and TSX Venture categories.	The CSA are aware that the needs of larger and smaller issuers are not always the same. The CSA, through its Proportionate Regulation Project, are investigating ways to differentiate between larger and smaller issuers. For example, proposed NI 51-102 would differentiate between larger and smaller issuers.
	Trade Disclosure		
149.	**Insider Reporting** Function-based approach (AIMR; BD&P; Davies; Fasken Martineau; IFIC; Ogilvy Renault; PDAC; TSX Group)	A number of commenters support the proposed function-based approach to the definition of "insider". One commenter asks the CSA to provide sufficient guidance to determining insiders. Another commenter submits that the proposal to include in the definition of "insider" an individual working for an issuer in an executive capacity with the usual responsibilities that expose the individual to non-public material information about the issuer is not clear and specific enough and notes that individuals, such as employees, would be in a "special relationship" and thus restricted from trading on undisclosed information. One commenter encourages the CSA to repeal NI 55-101 and similar instruments with the adoption of uniform insider reporting obligations.	The CSA believe that the proposal provides sufficient certainty as to who is subject to reporting requirements. The CSA intend to review all national instruments in the context of the USL Project.
150.	**Insider Reporting** Equity monetization transactions (AIMR; Davies; IFIC; PDAC)	Several commenters support requiring the reporting of equity monetization transactions by insiders under the USL. One of these commenters also expresses general support for the adoption of a broader approach to the disclosure of changes in beneficial ownership that would require an insider to report an acquisition or disposition of any right or obligation to purchase or sell securities of the reporting issuer.	The CSA agree with these comments and are proceeding accordingly.

#	Theme	Comments	Responses
151.	**Insider Reporting** Filing of insider reports (Fasken Martineau; TSX Group)	One commenter agrees that the obligation to file an insider report should not be on the registered owner of the securities but on the person who beneficially owns them. Another commenter does not support the proposed removal of the requirement that a registered owner must file an insider report where the registered owner knows that the beneficial owner did not file one.	The CSA acknowledge the comments.
152.	**Insider Reporting** Transfer reports (Ogilvy Renault)	One commenter submits that the USL should not require an insider to file a transfer report if it owns securities that are placed in the name of a nominee or agent since insider reports should reflect direct ownership by persons who hold shares through nominees or agents and the reports will not be filed through SEDI.	The CSA agree with this comment and propose to delete this requirement.
153.	**Early Warning System** Exemption for offerors acquiring securities under a formal bid (Davies; Oslers)	One commenter supports including an exemption from the early warning requirements for offerors acquiring securities under a formal bid in the USL. Another commenter suggests that careful consideration be given to the ambit of the proposed exemption from the early warning requirements for offerors acquiring securities under a formal bid. The commenter states that where an offeror under a formal bid is reporting purchases under ss. 94(3) or 95.13 of the *Securities Act* (Ontario), reporting under the early warning requirements is clearly duplicative and unnecessary. However, the commenter submits that a deemed acquisition of shares agreed to be deposited pursuant to a bid, which is exempt from s. 94(2) pursuant to s. 185 of the Ontario Regulations, should continue to be reported under the early warning requirements. Accordingly, the commenter submits that the exemption should not extend to the reporting of locked-up shares.	The CSA acknowledge the comment. The proposed exemption for formal bids is a reflection of the view that the primary purpose of an early warning report is to give the marketplace prompt notice of, and an explanation for, an acquisition that could indicate the intention of the acquiror to obtain a control position in the issuer. In the context of a formal bid, an early warning report by the bidder is not considered necessary for this purpose. Moreover, if the bidder is required to file an early warning report of lock-up agreements after the bid is launched, difficulties may arise in regard to the legislative restrictions on additional acquisitions or offers to acquire that apply to transactions that are subject to early warning reports.

#	Theme	Comments	Responses
154.	**Control persons** Definition of "control person" (Davies)	One commenter supports the adoption of a harmonized definition of "control person" based on the current Alberta, Ontario and B.C. provisions. The commenter states that while the application of the definition of "control person" sometimes presents difficulties, a harmonized definition will at least reduce costs by eliminating the need to analyze multiple, differing definitions in the event of trades by a significant shareholder of an issuer that are to be completed contemporaneously in a number of provinces. The commenter recommends a harmonized definition that provides more objective criteria for determining whether a distribution is a control block distribution; for example, a rule based on ownership of 20% of the voting securities, rather than a rebuttable presumption.	The CSA acknowledge the comment and note that departing from the rebuttable presumption approach would constitute a significant change that goes beyond the scope of the USL Project.
155.	**Control persons** Notice requirements (Bennett Jones; Davies; Oslers; PDAC; Romano and Nicholls; TSX Group)	One commenter supports the requirement on control persons to file a pre-trade notice and comply with insider reporting requirements for both public and private transactions while several commenters disagree with the proposal to extend the pre-trade notice requirement to private transactions. Another commenter is concerned that the filing requirements and waiting periods imposed by the USL for control block distributions are not necessary in all control block distributions. The commenter submits that the requirement to file a notice and the waiting period requirements should only apply to trades made under the exemption in section 2.8 of MI 45-102 and trades made under another exemption if they are of a size (individually or in the aggregate with similar trades made over a reasonable period of time) sufficiently large that they may affect the control of the issuer or move the price of the issuer's securities. The commenter submits that if the notice and waiting period requirements are to extend beyond trades made under the exemption in section 2.8 of MI 45-102, trades in securities of non-reporting issuers should be excluded and consideration should be given to shortening the 7-day waiting period.	The CSA are considering removing the pre-trade notice requirement for control persons for public transactions. The CSA have decided not to extend the pre-trade notice requirement to private transactions since we do not believe that such a requirement is appropriate.

#	Theme	Comments	Responses
156.	**Control persons** Disposition by a pledgee (Bennett Jones)	One commenter suggests that it is not clear that the disposition procedure for a pledgee to liquidate a bona fide debt is compatible with personal property security legislation.	The CSA understand this to be a specific comment relating to ss. 2.8 and 2.9 of MI 45-102. The CSA have forwarded the comment to the committee responsible for future amendments to MI 45-102 for their consideration.
	Investment Funds		
157.	**Investment Funds** General support (Fasken Martineau)	One commenter generally supports the various investment fund initiatives currently being considered. The commenter notes that ideally, it would be beneficial if the recommendations for a new mutual fund governance regime could be incorporated into the USL as this might allow certain other self-dealing and conflicts of interest provisions to be revised or eliminated.	The CSA acknowledge the comment. The CSA are working on a mutual fund governance regime that will not be completed in time for introduction with the USL. Therefore, the harmonized self-dealing and conflicts of interest provisions will reside in the Uniform Rules.
158.	**Investment Funds** Definitions (Fasken Martineau)	One commenter supports the adoption of a harmonized definition of “mutual fund”, “non-redeemable investment fund” and “investment fund”.	The CSA acknowledge the comment.
159.	**Investment Funds** Regulation of loan and trust pools, pooled funds managed by a portfolio manager and investments clubs (Barclays Global Investors; Fasken Martineau; IFIC)	Several commenters agree with the proposal to regulate loan and trust pools in the same manner as pooled funds managed by a portfolio manager. One of these commenters agrees with the proposal to adopt an exemption for an investment club which would be uniformly applied across Canada.	The CSA acknowledge the comments.
160.	**Investment Funds** Private funds versus prospectus qualified funds (Barclays Global Investors; IFIC; Oslers)	Several commenters note that Title VII of the Québec Securities Regulation currently requires private funds to comply with many of the same concentration and control restrictions requirements with which traditional mutual funds must comply. The commenters submit that these requirements should be eliminated so that private funds are treated in the same manner in all Canadian jurisdictions and so that the distinction between mutual funds and private funds is maintained. The commenters further submit that in connection with the adoption of USL, to ensure that mutual funds benefit from uniform securities legislation in all respects, Québec should not keep Title VII as a local rule.	Québec will address this issue in the context of a global review of prospectus exemptions to be carried out for the purposes of the USL.

#	Theme	Comments	Responses
161.	**Investment Funds** Self-dealing and conflicts of interest (Oslers)	One commenter agrees with the proposal to harmonize the current securities laws related to mutual fund self-dealing and conflicts of interest until the entire regime is replaced by the CSA in connection with its work to develop a governance regime for mutual funds. The commenter suggests that harmonization of these laws on an interim basis will alleviate confusion and the administrative burden on mutual funds of complying with different provincial laws in this area or obtaining exemptive relief from such laws.	The CSA acknowledge the comment.
162.	**Investment Funds** Point of sale disclosure (Barclay Global Investors; IFIC)	Two commenters encourage the CSA to work with the Joint Forum of Financial Market Regulators regarding a uniform and effective point of sale disclosure regime. One commenter notes that in Consultation Paper 81-403, the Joint Forum of Financial Market Regulators proposes to review an investor's rights of rescission and withdrawal.	The CSA agree and are currently working with the Joint Forum towards the suggested end.
	Take-over and Issuer Bids		
163.	**Take-over and Issuer Bids** General comments (Davies)	One commenter supports the CSA's initiative under the USL to introduce take-over and issuer bid laws in the Canadian jurisdictions that do not currently regulate these transactions and to eliminate the differences that currently exist between Québec's provisions and those of the other jurisdictions.	The CSA acknowledge the comment.

#	Theme	Comments	Responses
164.	**Take-Over and Issuer Bids** Indirect bids (Davies; PDAC; Romano and Nicholls)	One commenter suggests that the current indirect bid provisions are very broad and troublesome. The commenter submits that they should be expressly limited to situations involving clearly abusive transactions. The commenter notes that many public companies legitimately hold over 20% interests in other public companies and the application of the current provisions in such situations is extremely unclear and difficult. The same problem exists in situations involving convertible securities. The commenter further notes that CSA staff generally refuse to give relief on the theory that it is inappropriate unless the 115% exemption is not available and unnecessary where it is. The commenter submits that defining the effective price for a second tier entity is unworkable where the real target has other bona fide businesses or assets. Another commenter suggests that a provision similar to s. 92 of the *Securities Act* (Ontario) which deals with direct and indirect offers would be acceptable. Two commenters generally support (subject to reviewing proposed language) the concept that the take-over and issuer bid requirements apply to both direct and indirect offers so as to prevent an offeror from avoiding regulation by acquiring control of an entity that controls the ultimate target.	The change that this comment suggests goes beyond the scope of harmonization but, under the USL, this comment could be considered through rule making or a policy statement. The application of the indirect bid concept will not necessarily be confined to transactions that are clearly abusive because securities regulatory authorities may determine that the principle of equal treatment of security holders in the context of an indirect bid may need to be upheld even under circumstances that may not be characterized as abusive. It is likely that a provision similar to s. 92 of the *Securities Act* (Ontario) will be included in the USL. Any guidance as to the application of the concept will be contained in a rule or policy statement. The CSA acknowledge the comment.
165.	**Take-over and Issuer Bids** Acting jointly or in concert (Davies; Ogilvy Renault)	Two commenters generally support the proposal to include a list of the situations in which persons or companies are deemed to be acting jointly or in concert with an offeror, subject to reviewing the proposed list of situations.	The CSA acknowledge the comment.

#	Theme	Comments	Responses
166.	**Take-over and Issuer Bids** Exempt take-over bids (Clark, Wilson; Davies; Ogilvy Renault; Oslers; Romano and Nicholls)	One commenter submits that the domestic *de minimus* exemption has too low a threshold and should be expanded to apply where there are fewer than 50 offeree security holders in a jurisdiction provided that they beneficially hold less than 5% of the securities subject to the bid.	The CSA are not prepared to make the recommended change to the *de minimus* exemption. Bids for domestic offeree issuers (or foreign issuers that do not qualify for the exemption based on Canadian security holdings of less than 10%) will normally have to comply with the Canadian bid requirements in at least one Canadian jurisdiction. There does not appear to be a strong public interest reason for requiring compliance with the Canadian bid requirements in some Canadian jurisdictions and not others unless the security holding in a particular jurisdiction is truly nominal.
		Another commenter submits that the *de minimus* exemption for bids made for Canadian targets should apply across the country and that Québec should not apply a separate *de minimus* exemption in respect of the translation of documentation.	Québec does not propose a separate *de minimus* exemption for translation.
		Another commenter submits that the proposed take-over bid exemption for foreign targets should be extended to foreign mergers as well as take-overs and in both cases it should be clarified that Canadian prospectus disclosure requirements do not apply and the foreign issuer does not become a reporting issuer in Canada.	Proposed NI 71-102 would provide an exemption from the securities legislation of the Canadian jurisdictions in regard to disclosure in the information circular where applicable. The take-over bid circular form in the legislation, where prospectus disclosure is prescribed for securities exchange bids, is not required to be used for an exempt bid. With respect to the reporting issuer status, it seems justified on the basis that Canadian security holders of the target should continue to hold securities of a reporting issuer. If the issuer meets the requirements of proposed NI 71-102, it can be exempt from Canadian continuous disclosure documents. If appropriate, it can apply to cease to be a reporting issuer.
		Two commenters express support for the proposed modifications to the take-over exemption for foreign offerees and the inclusion of an exemption for modified Dutch auction issuer bids.	The CSA acknowledge the comment.

#	Theme	Comments	Responses
		Several commenters are concerned with the proposal to base the percentage threshold in the domestic *de minimus* exemption on beneficial rather than registered ownership because such information is difficult to obtain. One of these commenters suggests that the requirement to ascertain beneficial ownership be limited to the non-objecting beneficial owner list available pursuant to NI 54-101. Another commenter suggests that the exemption be based on registered ownership and that a 10% test should be applied. The commenter also states that if beneficial ownership is used as the threshold, the CSA should provide a detailed set of rules for determining beneficial ownership that gives full consideration to the information available to a hostile bidder and the need for certainty. The commenter also urges the CSA to consider rules that would cover the situation where a Canadian target is not subject to the obligation to disclose its beneficial holdings, perhaps because it is not a reporting issuer in Canada, or simply fails to comply with them. One commenter agrees with basing the proposed exemption for foreign offerees on registered ownership and suggests also providing that the test is satisfied if registered ownership of the foreign offeree by Canadians is less than 10% on any day within 60 days prior to the bid.	The CSA thank the commenters for these suggestions. They will be considered in the course of developing the rules relating to take-over bid requirements. The CSA acknowledge the comment.
	Civil Liability		
167.	**Civil Liability** General support (Fasken Martineau)	One commenter supports the proposed modifications to the rights of action for either damages or rescission that will be made available to an investor purchasing a security under a prospectus exemption. The commenter also supports the exclusion of an investor's rights as set out in Section 3(g) of Part XIV of the Concept Proposal and the harmonization of limitation periods as set out in Section 3(h) of Part XIV of the Concept Proposal.	The CSA acknowledge the comment.
168.	**Civil Liability** Current civil liability regime (IDA)	One commenter agrees with the Concept Proposal regarding maintaining the existing civil liability regime for primary market investors, the proposals regarding offering memoranda, take-over bid and issuer bid circulars, liability for failure to deliver documents and the rights of action regarding "front-running" related to investment programs.	The CSA acknowledge the comment.

#	Theme	Comments	Responses
169.	**Civil Liability** Secondary market liability generally (AIMR; IDA; KPMG; Ontario Bar Association; Oslers; PDAC; Torys; TSX Group)	A number of commenters support including a civil liability regime for continuous disclosure in the USL whereby investors that purchase securities on the secondary market may bring a civil action against issuers and other responsible parties for misrepresentations in disclosure documents. One of these commenter hopes that, for the sake of harmonization of securities laws across Canada, the USL will conform in all respects with the civil liability legislation to be introduced shortly in Ontario (Bill 198). Some of these commenters note the importance of the availability of reasonable defences and limitations on liability such as those set out in Ontario's Bill 198. One commenter submits legislative provisions to deal with secondary market liability in the event that the USL does not proceed.	The CSA acknowledge the comments and note that the USL secondary market civil liability regime is modelled on Ontario's Bill 198.

#	Theme	Comments	Responses
170.	**Civil liability** Timing of secondary market in USL (Davies)	One commenter is concerned that while certain elements of the Concept Proposal may aid in enhancing public confidence in the integrity of Canadian capital markets, certain proposals dealing with secondary market liability may fail to achieve this goal and may result in unintended consequences. The commenter questions whether immediate implementation of civil liability for secondary market disclosure is necessary given the need to determine the efficacy of improved disclosure rules and enforcement. The commenter agrees that market participants responsible for misrepresentations should be held accountable and that the investing public is entitled to full, true and plain disclosure. The commenter is not convinced that the most effective means of achieving these goals are through a class-action based private statutory right of action. The commenter is concerned that, notwithstanding the proposed safeguards, the lack of a requirement to provide proof that an investor relied on the misrepresentation or failure to disclose may lead to entrepreneurial lawsuits. The commenter suggests that well-publicized regulatory intervention based on enhanced disclosure rules and regulatory review and enforcement powers may have a more immediate corrective impact.	The secondary market civil liability system in the USL incorporates entirely the CSA's civil remedies proposal, which is also the basis for passed but unproclaimed legislation in Ontario. The impetus for the civil remedies proposal was a recommendation by the Allen Committee in 1997 that Canada have a secondary market civil liability regime. During the development of the civil remedies proposal, the CSA gave very careful consideration to whether the system was actually necessary and to ensuring adequate deterrents to unmeritorious litigation. The CSA are satisfied that these issues have been addressed. The CSA agree that enhanced disclosure rules coupled with effective enforcement will also be helpful in improving the quality of continuous disclosure. However, the CSA remain committed to seeking implementation of the secondary market civil liability regime so that investors have the tools to seek redress when they suffer damages as a result of misleading disclosure.
171.	**Civil liability** Merits of a suit (Canadian Listed Company Association)	One commenter is concerned that the Concept Proposal relies on the court to determine whether an allegation has sufficient merit to proceed to avoid frivolous suits. The commenter is doubtful as to whether the court has the expertise and resources to process these types of reviews in an efficient manner. The commenter notes that the investment industry has established an arbitration procedure for handling disputes and suggests that some type of administrative tribunal or procedure would be more effective in weeding out frivolous actions.	The screening provision contemplated as part of the USL is based on a test that was recommended by the Ontario Law Reform Commission (OLRC) in its 1982 Report on Class Actions. The OLRC was not concerned about the practicality and feasibility of asking a court to, in effect, determine the merits of a proposed action at a very preliminary stage of the proceeding. In support of its recommendation, the OLRC cited a number of different statutes in which courts are called upon to play a similar "gatekeeper" role. The CSA continue to believe that courts have sufficient expertise to deal with these issues.

#	Theme	Comments	Responses
172.	**Civil Liability** Displacing the role of the securities regulatory authority (SHARE)	One commenter supports the implementation of a comprehensive civil liability regime for secondary liability but cautions against allowing such a regime to displace the role of securities regulatory authorities in protecting investors. Civil liability should not replace the ability of a securities regulatory authority to pursue claims on behalf of investors or provide a rationale for governments or securities regulatory authorities to reduce their enforcement budgets. The commenter also endorses the proposal for a class action regime advanced by BCSC in its deregulation proposals.	The CSA do not intend to diminish their enforcement activities as a result of secondary market civil liability. The CSA do not believe that it is necessary to enact a separate class action regime under the USL for investors to exercise their statutory rights of action. Class action legislation has been passed or is already in force in a number of provinces (e.g., Alberta, B.C., Manitoba, Newfoundland & Labrador, Ontario, Québec and Saskatchewan). In those provinces that do not have comprehensive class action legislation, a plaintiff can bring a "representative action" under court rules. Finally, most Canadian jurisdictions already allow for the certification of national class actions.
173.	**Civil Liability** Secondary market liability – U.S. case law (Romano and Nicholls)	One commenter notes that under U.S. case law, rights of indemnity are not available for directors, officers and others facing civil liability since it is seen to be a policy of the government that they be liable. The commenter suggests that while the law in Canada is unclear, the same result may well apply and therefore, the addition of the following clause to the Uniform Act should be considered: "Nothing in this Act derogates from any right of indemnification that any person may have otherwise, under contract or at law or in equity."	The CSA understand that the case law in the U.S. is not as clear, as the commenter suggests, and is more limited in its application (i.e., has been considered in the underwriter context). The CSA are not aware of any Canadian case law that suggests that this would be an issue in Canada and thus necessitate the inclusion of the suggested provision. The CSA note that the Allen Committee also considered the issue of indemnification in its Interim Report. While the Allen Committee supported allowing an issuer to indemnify its directors and officers, the Committee did not consider it necessary to include specific language to this effect in its draft legislation.

#	Theme	Comments	Responses
174.	**Civil Liability** Prospectus and offering memorandum withdrawal rights (Davies; Fasken Martineau; IFIC; Ogilvy Renault; Romano and Nicholls; Torys)	A number of commenters suggest repealing the two-day withdrawal right. One commenter questions whether it is necessary to provide a two-day withdrawal right to purchasers under an offering memorandum in addition to the right of action for damages or rescission in the event of a misrepresentation. Another commenter supports giving investors who purchase a security under an offering memorandum a two-day right of withdrawal. The commenter encourages the CSA to adopt this right of withdrawal across the country. Another commenter suggests that the two-day right of withdrawal for investors who buy securities under an offering memorandum is appropriate for purchasers under the family and friends exemption but may be unnecessary for purchases by accredited investors and possibly others. One commenter submits that withdrawal rights in the prospectus or private placement context should be repealed since they are outdated and not in step with U.S. practices. Another commenter agrees that withdrawal rights are outdated and not in step with U.S. practices and is of the view that a right of action for damages or rescission provides an adequate remedy for investors.	The USL will continue to include a right of withdrawal for prospectuses and will include a withdrawal right wherever an offering memorandum is required to be delivered. The CSA considered this issue carefully but concluded that the removal of the right of withdrawal under a prospectus would amount to a policy change that exceeds the harmonization mandate of the USL Project.
175.	**Civil Liability** Defences – “reasonable basis” requirements (Torys)	One commenter submits that there should be a clear safe harbour from liability in circumstances where a confidential material change report is filed and notes that under Ontario’s Bill 198, defendants are not liable for a failure to make timely disclosure where a confidential material change report is filed if, among other things, the responsible issuer had a reasonable basis for forming the opinion that an earlier public announcement would be unduly detrimental to the interests of the issuer. The commenter suggests that in practice, the “reasonable basis” requirement could become a lightning rod for litigation.	The “reasonable basis” requirement is based on the recommendations of the Allen Committee. The Allen Committee believed that issuers must be required to account for the reasonableness and validity of their judgement in making a confidential filing. If an issuer can escape liability for failing to make disclosure (that was filed confidentially) only if it can satisfy a “reasonableness test”, then the decision to withhold public disclosure will not be made capriciously or out of expedience. The CSA continue to believe that the inclusion of this test strikes a reasonable balance between competing objectives.

#	Theme	Comments	Responses
176.	**Civil Liability** Defences and safe harbours (Members of the Canadian Listed Company Association)	A number of commenters submit that the USL should include defences and safe harbours for issuers and their management against liability for failure to make timely disclosure of material information when they have exercised business judgement and have systems in place. The commenters suggest that directors be permitted to rely on third party expert reports as part of a due diligence defence.	The USL's proposed secondary market civil liability regime is based on the civil liability amendments that were recently passed in Ontario and are awaiting proclamation. Ontario's civil liability regime is in turn based on draft legislation published by the CSA in November 2000. Ontario's civil liability regime provides ten defences, including a separate due diligence defence and a defence where reliance is placed on an expert. In determining whether a defendant has been duly diligent, the court is directed under the legislation to consider all of the relevant circumstances, including but not limited to, the existence, if any, and the nature of any system designed to ensure that the issuer meets its continuous disclosure obligations. The CSA believe that the defences available under the proposed civil liability regime are adequate.
177.	**Civil Liability** Defences – forward-looking (IFIC)	One commenter supports the forward-looking defence that is included in the USL which allows a person or company to use the defence if there is a misrepresentation in a prospectus provided that person or company can prove that it had a reasonable basis for believing that the information was accurate and included cautionary language in the prospectus.	The CSA acknowledge the comment.
178.	**Civil Liability** Defences – derivative information (Romano and Nicholls)	One commenter submits that the derivative information defence should be extended to foreign issuers and other public sources of information in the absence of knowledge of the falsity of the information.	The derivative information defence is intended to be restricted to documents filed by other persons or companies with a securities regulatory authority or exchange in Canada because to the extent such documents also contain a misrepresentation they would be caught by the civil liability regime.
179.	**Civil Liability** Costs (TSX Group)	One commenter is concerned that, with respect to emerging issuers, experts whose reports may be excerpted in continuous disclosure documents may increase their fees to issuers to take into account potential civil liability concerns.	The CSA (and previously the Allen Committee) heard similar concerns when we were developing the civil liability regime and therefore will not be revisiting this issue in the context of the USL.

#	Theme	Comments	Responses
180.	**Civil Liability** Liability caps (Canadian Bankers Association; SHARE)	One commenter opposes the imposition of caps on defendants' exposure. The commenter submits that defendant issuers who knowingly make misrepresentations or fail to disclose material information in a timely manner resulting in harm to investors should be subject to penalties commensurate with the harm caused. Another commenter is concerned with the liability limit applicable to public issuers under legislation recently passed by the Ontario Government (e.g., the greater of $1,000,000 or 5% of market capitalization). The commenter submits that an upper limit of 5% of market capitalization is excessive for large issuers, goes well beyond serving as a reasonable deterrent for improper disclosure practices and could significantly reduce shareholder value and harm investors. The commenter states that the need for such a massive financial penalty needs to be revisited in light of other events and regulatory developments that have occurred since the 1997 Allen Committee recommendations. The existence of significant new deterrents, such as regulatory sanctions, public embarrassment and certification requirements should be taken into account when determining the appropriate level of financial penalty.	The CSA (and previously the Allen Committee) heard similar concerns when we were developing the civil liability regime and therefore will not be revisiting this issue in the context of the USL.

#	Theme	Comments	Responses
181.	**Civil Liability** Proportionate liability (Canadian Institute of Chartered Accountants; SHARE)	One commenter strongly endorses the proposal concerning the right of action with respect to secondary market trades and proportionate liability. However, the commenter strongly believes that the proposal should apply to all claims under securities legislation for financial loss whether arising in primary or in secondary markets. One commenter opposes the proposal for a proportionate liability regime. The commenter submits that knowledge is not the appropriate threshold for distinguishing between joint and several liability and proportionate liability. Joint and several liability should extend beyond misrepresentations made knowingly to include misrepresentations and unacceptable disclosure practices where the defendant ought to have had knowledge.	The CSA believe that changing the nature of primary market liability to proportionate rather than joint and several would be a substantial policy change that falls outside the mandate of the USL. The proportionate liability scheme contemplated under the USL's statutory secondary market civil liability regime is based on the recommendations of the Allen Committee. The Allen Committee's draft legislation provided for proportionate liability unless the defendant knowingly made a misrepresentation or failure to disclose. The CSA are satisfied that the circumstances under which proportionate liability will be converted into joint and several liability do not need to go beyond what the Allen Committee recommended in order to meet the legislation's objective (e.g., deterring misleading disclosure) or to meet the reasonable expectations of the marketplace.
182.	**Civil Liability** Action to enforce issuer and mutual fund rights (IFIC)	One commenter seeks clarification on the "Action to Enforce Issuer and Mutual Fund Rights" section of the USL. The commenter believes that issues such as enforcing a mutual fund's rights are better left to the CSA's fund governance initiative as an independent board is in the best position to make enforcement decisions for the fund without subjecting the fund's investors to the whims of one or a few investors.	The CSA believe that the civil liability provisions provide an important tool for mutual fund investors to seek redress when any person or company buys or sells securities on the basis of portfolio information. In this regard, the CSA do not believe that the existence of an independent governance body should have a bearing on the appropriateness of a civil remedy available directly to investors of the mutual fund.
183.	**Civil Liability** Liability for take-over bid circulars (Clark, Wilson)	One commenter submits that directors should be liable for damages relating to misrepresentation but should have a full defence of good faith reliance on officers or experts. The commenter also submits that experts should be liable only with respect to misrepresentations contained in their reports.	The same defences as are available to both directors and experts in the prospectus context would apply in the take-over bid context.

#	Theme	Comments	Responses
184.	**Civil Liability** Experts – withdrawal of an expert's consent (KPMG)	One commenter suggests expanding the circumstances in which an expert can withdraw previously given consent on annual and interim financial statements to include: • Changes to accounting principles; • Sale of a component of an issuer's business that requires a retroactive change in the presentation and disclosure of its financial results; • Changes in an issuer's internal structure that cause the composition of its reportable segments to change and therefore require restatement of prior period financial statements; • New litigation; and • Adverse interim financial results.	The circumstances noted by the commenter all appear to relate to changes that may occur after the release of annual or interim financial statements. In this context, the CSA do not believe it is necessary to expand the circumstances in which an expert can withdraw a previously given consent because under the secondary market civil liability regime, liability attaches only where an issuer releases a document that contains a misrepresentation.
185.	**Civil Liability** Experts – offering memoranda (PDAC)	One commenter is concerned about the extension of liability for offering memoranda and circulars to experts and hopes that an expert's liability will be restricted solely to the "expertised" portions of such documents and that there will be appropriate limitations on the expert's liability.	The CSA believe that confining an expert's liability to the expertised portion of an offering document is the appropriate limitation.
186.	**Civil Liability** Experts – *scienter* requirement (Clark, Wilson)	One commenter submits that the proposed right of action against auditors or other experts for damages suffered in circumstances where an issuer makes, or fails to correct, public disclosure that contains an untrue statement should be clear that experts, including auditors and lawyers, should not be liable in the absence of *scienter*.	Under the proposed secondary market civil liability regime for "expertised" portions of a document, an expert must show that they were duly diligent in the preparation of the opinion, report or statement to escape liability. The inclusion of a due diligence defence versus a *scienter* requirement was intended to provide a deterrent to poor continuous disclosure. It should be emphasized, however, that under the regime, expert liability will extend only to the "expertised" portions of the disclosure and only to the extent a consent is provided and an issuer uses the expert's opinion or report in the manner contemplated by the consent. Finally, the secondary market civil liability regime is based on a proportionate liability scheme unless the defendant knowingly made a misrepresentation or failure to disclose.

#	Theme	Comments	Responses
187.	**Civil Liability** Director chill (Bennett Jones; Canadian Listed Company Association; Romano and Nicholls)	Several commenters express concern about the effect of the implementation of a secondary market civil liability regime on the availability of and premiums for directors' and officers' liability insurance and the availability of qualified directors who will be willing to act as directors.	The CSA believe that the caps on liability, defences and mechanisms to discourage unmeritorious litigation that are built into the proposed secondary market liability regime will address these concerns to some extent.
188.	**Civil Liability** Limitation on damages and applicability of regime (Romano and Nicholls)	One commenter submits that it may be appropriate to limit the application of the secondary market civil liability regime to situations involving fraud, require that the plaintiff prove fraud rather than require directors and officers to establish defences to avoid liability and limit damages to the lesser of actual losses and the 10-day calculations rather than require the defendant to establish defences and limit damages to the lesser of actual costs and the 10-day calculations as recommended by the Allen Committee.	The commenter appears to be advocating a liability regime similar to the U.S. Rule 10b-5 liability scheme. In the U.S., a plaintiff must prove that the defendant acted with "*scienter*", defined by the U.S. Supreme Court as a "mental state embracing intent to deceive, manipulate or defraud" with most U.S. courts holding that recklessness constitutes *scienter* as well. Under the CSA regime for "core documents" (such as financial statements), a defendant must show that it was duly diligent in the preparation of the document to escape liability. The inclusion of a due diligence liability standard under the CSA's regime was intended to provide a deterrent to poor continuous disclosure. By requiring a defendant to prove due diligence, there is a greater incentive to exercise due diligence in the preparation of disclosure documents which should, in turn, lead to better disclosure. Under the CSA's liability regime, defendants will have 10 potential defences available to them. These defences coupled with the procedural safeguards described previously in the CSA's responses to comments should impose a discipline on the use of the Canadian private right of action. The CSA believe that the proposed secondary market liability regime continues to be both necessary and appropriate in scope.
189.	**Civil Liability** Deemed reliance versus proof of reliance (Bennett Jones; Clark, Wilson)	Two commenters question whether it is appropriate to deem reliance on a misrepresentation in a continuous disclosure document given that these documents are not used for the express purpose of effecting sales of securities. This may encourage opportunistic lawsuits. One commenter suggests that the CSA consider requiring proof of reliance except in circumstances involving wilful misconduct or fraud by the issuer.	The deeming provision removes the necessity to prove reliance which has been a significant hurdle in enforcing common law claims in Canada for negligent misrepresentation. The deemed reliance provision also reflects the fact that investors may suffer damages indirectly because of the effect a misrepresentation has on the market price of a security. As noted above, the CSA believe that the proposed secondary market regime contains adequate safeguards against unmeritorious litigation.

#	Theme	Comments	Responses
190.	**Civil Liability** Liability for failure to file (IDA)	One commenter expresses concern regarding the proposed provision that would specify that potential defendants in an action for failure to file required documents might include a dealer, without some appropriate defences similar to defences being proposed for rights of action under an offering memorandum, being available.	These provisions would only impose liability on a dealer who is obligated under securities laws to file a document (which would only occur if the dealer and the issuer are the same person). Adding defences, however, would substantially change the nature of the liability which is a policy change beyond the mandate of the USL Project.
191.	**Civil liability** Liability for failure to make administrative filings (Romano and Nicholls)	One commenter disagrees with the proposal to provide a right of action for failure to make administrative filings since they are not disclosure documents.	Under the USL, the liability for failure to file would only apply to a person that failed to file a disclosure document, not an administrative document.

#	Theme	Comments	Responses
	Enforcement		
192.	**Enforcement** General comments (AIMR; IDA; IFIC; PDAC; Romano and Nicholls)	One commenter expresses concern that securities regulatory authorities act as lawmaker, law interpreter, investigator and prosecutor. The commenter submits that it may be reasonable to conclude that securities regulatory authorities are not able to decide enforcement matters with impartiality. The commenter suggests a greater judicial role. The same commenter states that Canadian regulators' enforcement practices need to be adjusted. The commenter suggests adopting U.S. practices which allow an accused to settle a case while neither admitting nor denying liability. The commenter notes that this practice protects an accused's position when faced with subsequent civil actions, including class actions.	The CSA note that these comments are beyond the mandate of the USL.
		One commenter expresses support for harmonizing the enforcement orders that a securities regulatory authority can issue after a hearing. Another commenter accepts that securities regulatory authorities must be granted certain powers to issue enforcement orders after hearings in the public interest, but expresses concern that the powers as iterated in the USL are very broad and should be narrowed.	The public interest powers proposed in the USL are a compilation of the powers that currently exist in the various jurisdictions. The CSA do not propose to narrow these powers under the USL.
		Another commenter expresses the view that Canada needs a more coordinated and aggressive approach to enforcement. The commenter suggests a coordinated approach to investigation, prosecution and mutual recognition of penalties imposed by other securities regulatory authorities.	The CSA are aware of the need to reduce or eliminate duplication of enforcement activity. Much effort is made at a staff level to do so when enforcement actions occur in multiple jurisdictions. The delegation provisions proposed under the USL will further facilitate these efforts.
		Another commenter expressed concern as to whether each securities regulatory authority would enforce the USL in a consistent way.	The CSA are aware of the issue and are considering ways to ensure consistent application of the law. This is an objective of the USL.

#	Theme	Comments	Responses
193.	**Enforcement** Prohibitions (IDA; PDAC; Romano and Nicholls)	One commenter submits that the prohibition on holding out registration causes problems for registrants and serves an unclear purpose. The commenter notes that it conflicts with the requirement to disclose CIPF membership. Two commenters support including prohibitions on engaging in unfair practices and fraud and market manipulation in the USL. One commenter suggests that it is not clear that the market manipulation/misleading statement provisions should extend to non-reporting issuers, or at least non-publicly traded issuers, as is the case under Ontario's Bill 198.	The CSA have considered the comment. The CSA contemplate that the USL will prohibit a person from representing that it is registered unless the representation is true and the person specifies the category of registration. The CSA acknowledge the comments. The CSA believe that these prohibitions should extend to all persons.

#	Theme	Comments	Responses
194.	**Enforcement** Sanctions available to be imposed by securities regulatory authorities/fines imposed by courts (AIMR; Davies; IDA; IFIC; Institute of Charted Accountants of Manitoba; Fasken Martineau; Ogilvy Renault; PDAC; Romano and Nicholls)	One commenter suggests that administrative penalties, financial and otherwise, over a specified duration or quantum should be subject to a judicial review or review by an independent tribunal. One commenter asks whether the USL would provide for a maximum duration of enforcement orders. One commenter submits that a substantial financial administrative penalty (e.g. $1,000,000), while *de minimus* for major companies, is not trivial for smaller corporations or individuals. The commenter states that broader punitive powers require more independent review. Furthermore, the commenter submits that administrative penalties should be limited to an aggregate cap that would apply to similar offences. Otherwise, the penalty imposed could easily be well beyond the stated limit given the number of technical provisions involved in any breach. Several commenters address the issue of harmonization of the amount of penalties. Two commenters recommend that the range of penalties should be uniform across jurisdictions and that the CSA should also be required to review penalties that securities regulatory authorities in all jurisdictions impose to assure that there is uniformity in enforcement. One such commenter's remarks apply to court imposed penalties as well as administrative penalties. Another commenter believes that uniform penalties are desirable but acknowledges that each case needs to be considered in the context in which it arises. Another commenter disagrees with the proposal to have varying maximum penalties and suggests that ceilings should be established.	Currently, all sanctions can be appealed to a court of competent jurisdiction on the application of the respondent. The imposition of automatic review is beyond the scope of the USL and would also impose a significant burden on the judicial system. No maximum duration is contemplated. The administrative penalty proposed under the USL is not punitive in nature. The administrative penalty is intended to provide additional flexibility to securities regulatory authorities and enable them to tailor sanctions to suit the particular circumstances of a case. Securities regulatory authorities would continue to be able to impose administrative penalties only if the imposition of the fine would be in the public interest. In addition, administrative penalties under USL would be capped. The overarching requirement that any administrative penalty be in the public interest requires a securities regulatory authority panel to consider the overall effect of any penalty. The suggestion that the CSA review a penalty imposed by a securities regulatory authority would give the CSA powers that properly belong to courts. In relation to comments concerning court-imposed penalties, such penalties may be imposed following a provincial offence prosecution and conviction of an offence and will vary in each jurisdiction.
195.	**Cease trade orders for non compliance with filings** (PDAC)	One commenter submits that cease trade orders for failure to comply with filing requirements should not be permitted without a hearing unless notice and an opportunity to cure is first provided.	Each jurisdiction will address hearing requirements in its Administration Act.

#	Theme	Comments	Responses
196.	**Enforcement** General versus specific offences (Davies; IDA; IFIC)	Two commenters support the proposal that any contravention of securities laws be considered an offence. They agree that securities regulatory authorities should have the flexibility to decide how to treat a contravention without the need to amend legislation each time they wish to add to the list of provisions that may be treated as an offence. One commenter is opposed to the proposal and submits that it is not appropriate to grant securities regulatory authorities this amount of flexibility.	The CSA believe that the proposal that any contravention of securities laws be treated as an offence is necessary in rapidly evolving capital markets to ensure that enforcement powers are sufficiently meaningful to inspire investor confidence.
	Joint Hearings		
197.	**Joint Hearings** Joint hearing procedures (AIMR; IDA; IFIC; PDAC; Royal Bank of Canada)	Several commenters support the concept of joint hearings. Two of these commenters submit that enforcement on the whole should be more coordinated. One commenter suggests that joint hearings should result in coordination of investigations among securities regulatory authorities and SROs across jurisdictions. Another commenter suggests that there be reciprocal imposition of sanctions. One commenter urges the CSA to include joint hearing procedures in the USL. The commenter suggests that these procedures be implemented in an identical manner across the country and emphasizes that the procedures must not be subject to variation or change by any province.	There is already substantial coordination among securities regulatory authorities and SROs of investigations and enforcement. The changes proposed in the USL would further the degree of coordination significantly. However, some of the differences in investigations and enforcement powers tie back to the fact that each securities regulatory authority derives its authority from its respective province or territory. A uniform joint hearing procedure, although useful, is not a high priority at this time. Under the USL, joint hearing procedures could be added at a later time either as a rule or a policy.
198.	**Joint Hearings** Delegation (Ogilvy Renault)	One commenter suggests that joint hearings are contrary to the principle of delegation. The commenter submits that the USL should enable a securities regulatory authority to fully delegate its power to conduct a hearing to another securities regulatory authority without independent review or concurrent participation by the delegating securities regulatory authority. The commenter suggests that this would further emphasize the need for consistency in penalties to be applied.	The delegation provisions contemplated under the USL would allow full delegation of the power to conduct a hearing from one securities regulatory authority to another. However, it may not be desirable in all circumstances to delegate this power. Often, enforcement activities have ties to more than one jurisdiction and a joint hearing approach will be preferable.

#	Theme	Comments	Responses
	General Provisions		
199.	**General provisions** Rule making authority (Ogilvy Renault; Royal Bank of Canada)	One commenter supports providing rule making authority to all securities regulatory authorities. Another commenter supports the harmonization of the heads of rule making authority and the continued oversight of rule making by the Lieutenant Governor-in-Council. However, the commenter notes that, in Ontario and certain other provinces, there has been a degree of politicization of the rule making process. The commenter suggests that affected capital market participants have used the period between the time a rule is published by the relevant securities regulatory authority in final form and the time it is finally approved by the Minister of Finance to lobby or "appeal" to the Minister. While this period was not originally contemplated for these purposes, the commenter suggests that consideration be given to formalizing this process with respect to the basis on which affected participants can appeal and time limits within which to do so.	Rule making procedures will be dealt with by each jurisdiction in its Administration Act.
200.	**General provisions** Rule making authority (Barclays Global Investors; IDA; IFIC)	Several commenters note that rules created by securities regulatory authorities must be subject to government oversight. One commenter also states that rules should be developed through a transparent process. Securities regulatory authorities must ensure that they do not overstep their regulatory mandate. While the rule making process is effective, there have been occasions when the timeliness of the process has been less than desirable. There is a need for clear and reasonable time periods associated with the processes for obtaining public comment and Ministerial approval. The commenter submits that securities regulatory authorities should be granted some degree of flexibility and discretion in determining when republication of proposed rules is required.	Rule making procedures will be dealt with by each jurisdiction in its Administration Act. However, the CSA agree that any rule making process should be transparent at all stages of the process.

#	Theme	Comments	Responses
201.	**Blanket order authority** (IDA; PDAC; Royal Bank of Canada)	Several commenters agree that securities regulatory authorities should have the authority to make blanket orders. One commenter specifically supports empowering all securities regulatory authorities to make blanket orders since the power will increase the ability of all securities regulatory authorities to respond to market developments in a timely and efficient manner. One commenter submits that the authority to make blanket orders should be delegated to a small numbers of securities regulatory authorities so that identical cross-country relief will be provided simultaneously.	The CSA agree with the comments. The CSA agree that the ability of securities regulatory authorities to make blanket orders is integral to their ability to respond to market changes effectively. The proposed delegation provision will be drafted broadly to permit, if appropriate, what the commenter contemplates.
202.	**General provisions** General authority to exempt by order (IDA)	One commenter supports the consolidation of variously worded exempting provisions into one generally worded authority in order to exempt persons and companies from securities law requirements.	The CSA acknowledge the comment.
203.	**General provisions** Filing of documents from a foreign jurisdiction (Romano and Nicholls)	One commenter submits that the USL should allow the filing of documents that are “similar” to documents filed under the USL instead of requiring that the foreign documents are “substantially the same”.	The USL will contain a provision allowing for the filing of documents that comply with the laws of a foreign jurisdiction whose laws are substantially the same as those under the USL.
204.	**General provisions** Non-disclosure provisions (Romano and Nicholls)	One commenter submits that the non-disclosure provisions either should be repealed or should permit disclosure for compliance, establishing a defence or other *bona fide* reason. These provisions purport to prevent a person from advising the senior officers or directors of his employer of an investigation. The scope, constitutionality and appropriateness of these provisions need to be reconsidered as they appear to be overly broad and are not available in the context of much more serious matters such as criminal investigations.	The CSA believe that the non-disclosure provisions are an important element of the investigative process and serve the objective of ensuring its integrity and protecting persons who provide information to a securities regulatory authority in the course of an examination. A securities regulatory authority may make an order for disclosure of information where it considers that it would be in the public interest to do so. This permits a securities regulatory authority to be in a position to properly weigh the relevant interests involved (e.g. the public interest in disclosure versus the interest in preserving the confidentiality of the investigative process). The CSA do not believe it would be appropriate to take away the important protections provided by the non-disclosure provisions.

#	Theme	Comments	Responses
205.	**General provisions** Recovery of costs (Romano and Nicholls)	One commenter submits that the USL should not allow cost sanctions in the absence of a breach of law and that costs should be awarded to a successful defendant.	The comment goes beyond the scope of the USL Project.
	Fees		
206.	**Fees** (Barclays Global Investors; BD&P; Canadian Council of Chief Executives; IFIC; Ogilvy Renault; Royal Bank of Canada)	A number of commenters suggest that the efficiencies realized through the legal delegation model should result in reduced fees. One commenter recommends the adoption of a single fee model for all security regulatory authorities based on the new Ontario model. One commenter submits that securities regulatory authorities should have the ability to demand participation fees attributable to a participant's size or presence in a particular market provided that such fees properly reflect the cost of regulating such market.	The CSA are committed to reviewing fee schedules with a view to passing on cost savings to industry participants with the approval of relevant governments.
	Comments on Existing National Instruments and Other CSA Initiatives		
207.	**Existing National Instruments** (PDAC; Romano and Nicholls)	Two commenters provide comments on existing national instruments.	The primary objective of the USL Project is to harmonize securities laws across Canada. Therefore, the CSA do not propose to amend existing national instruments (other than consequential amendments to ensure consistency with the Uniform Act) at this time. However, the Uniform Act will be a platform act which will allow for significant policy change to take place in the future.
208.	**Proposed National and Multilateral Instruments and Other CSA Initiatives** (Certified General Accountants Association of Canada; Davies; KPMG; Ontario Bar Association; Phillips, Hager & North; Romano and Nicholls; SHARE; Torys; Total Telcom)	A number of commenters provide comments on proposed national and multilateral instruments, such as NI 51-102 and NI 81-106, and on-going CSA initiatives, especially those relating to investor confidence, which will be included in the USL.	Comments relating specifically to proposed national and multilateral instruments and on-going CSA initiatives will be considered during the comment processes for those proposed rules.

#	Theme	Comments	Responses
	Comments on the Interaction of Securities Laws and Corporate Laws		
209.	**Differences Between Securities and Corporate Law Requirements** (Bennett Jones)	One commenter notes that even if inconsistencies between provincial securities acts are eliminated, inconsistencies between securities laws and corporate laws will remain. The commenter appreciates that the CSA are working under an aggressive timetable to implement the USL but suggests that it would be beneficial for the CSA to more clearly define the boundary between corporate law and securities law and to make recommendations for the reduction of differences in areas of overlap.	The CSA thank the commenter for its observation.
210.	**Interaction between Exemptions under Securities Laws and Corporate Statutes** (Bennett Jones)	One commenter is concerned with the interaction between the prospectus exemptions proposed for the USL (including the elimination of the minimum investment exemption) and the concept of "distributing corporation" under the *Business Corporations Act* (Alberta) (ABCA). If the minimum investment exemption is eliminated, companies that have relied on it to distribute securities (to investors who do not meet the definition of accredited investor) may find that they have become "distributing corporations" for the purposes of the ABCA. Also, a company could become a distributing corporation if an investor who once satisfied the "net asset" or "net income" test under the accredited investor exemption ceases to meet those tests after investing. This is potentially a problem given that many companies structure their capital raising efforts so as to ensure that they do not become distributing corporations.	The CSA acknowledge the comment.

1.1.3 Notice of Commission Approval – Amendments to IDA By-law No. 3 Regarding Entrance, Annual and Other Fees

THE INVESTMENT DEALERS ASSOCIATION (IDA)
NOTICE OF COMMISSION APPROVAL
AMENDMENTS TO IDA BY-LAW NO. 3
REGARDING ENTRANCE, ANNUAL AND OTHER FEES

The Ontario Securities Commission approved amendments to IDA By-law No. 3 regarding the Entrance, Annual and Other Fees. In addition, the Alberta Securities Commission approved and the British Columbia Securities Commission did not object to the amendments. The proposal prescribes quarterly billing of the annual fees for the IDA. The amendments are housekeeping in nature. The description and a copy of the amendments are contained in Chapter 13 of this Ontario Securities Commission Bulletin.

1.1.4 CSA Staff Notice 62-303 Identifying the Offeror in a Take-over Bid

CSA STAFF NOTICE 62-303

IDENTIFYING THE OFFEROR IN A TAKE-OVER BID

The purpose of this notice is to clarify who should be considered, and identified as, the offeror in a take-over bid when a company, income trust or other entity uses an acquisition entity, subsidiary or other affiliate to make the bid. CSA staff have observed that in some cases where the parties have acted jointly, only one party has signed the certificate page of the take-over bid circular.

An *offer to acquire* or *take-over bid* includes a direct or indirect offer to acquire securities. If a company, income trust or other party (the primary party) uses an acquisition entity, subsidiary or other affiliate (the named offeror) to make a take-over bid, the primary party may be making an indirect bid and therefore the named offeror and the primary party may be joint offerors.

Where a take-over bid is made by a wholly-owned entity, CSA staff regard the entity's parent to be a joint offeror. In that case, both parties must sign the circular as offerors. If the named offeror is not a wholly-owned entity, CSA staff will consider whether the primary party is a joint offeror under the bid by examining its role in that bid. Questions that staff will consider include:

- Did the primary party play a significant role in initiating, structuring and negotiating the take-over bid?
- Does the primary party control any of the terms of the offer?
- Is the primary party financing the bid, guaranteeing the financing, or integral to obtaining the financing?
- Does the primary party directly or indirectly control the named offeror?
- Did the primary party form, or cause to be formed, the named offeror?
- Are the primary party's securities being offered as consideration under the bid?
- Will the primary party beneficially own the assets or securities of the target?

A *yes* answer to any of these questions may lead staff to conclude that the primary party is making an indirect offer, and is a joint offeror under the bid. When that is the case, both the named offeror and the primary party must sign the bid circular as offerors.

Questions

Please refer your questions to any of:

British Columbia Securities Commission:
Leslie Rose, Senior Legal Counsel: (604) 899-6654
Rosann Youck, Senior Legal Counsel: (604) 899- 6656
Callers in B.C. and Alberta may also dial 1 800 373-6393

Alberta Securities Commission:
Patty Johnston, Director, Legal Services and Policy Development: (403) 297-2074
Marsha Manolescu, Deputy Director, Legislation (403) 297-2091

Saskatchewan Financial Services Commission:
Dean Murrison, Deputy Director, Legal: (306) 787-5879

The Manitoba Securities Commission:
Chris Besko, Legal Counsel - Deputy Director, Legal and Enforcement: (204) 945-2561

Ontario Securities Commission:
Ralph Shay, Director, Take-Over/Issuer Bids, Mergers & Acquisitions: (416) 593-2345
Naizam Kanji, Legal Counsel, Take-Over/Issuer Bids, Mergers & Acquisitions: (416) 593-8060

Commission des valeurs mobiliéres du Québec:
Rosetta Gagliardi, Conseillère en réglementation: (514) 940-2199 ext. 4554
Martin Richard, analyste financier: (514) 940-2199 ext. 4423

August 8, 2003.

1.1.5 Multilateral Instrument 45-105 Trades to Employees, Senior Officers, Directors, and Consultants and OSC Rule 45-801 Implementing Multilateral Instrument 45-105 Trades to Employees, Senior Officers, Directors, and Consultants - Notice of Ministerial Approval

NOTICE OF MINISTERIAL APPROVAL

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

On July 3, 2003, the Minister of Finance approved the following two rules pursuant to subsection 143.3(3) of the *Securities Act* (Ontario):

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

Materials relating to the Instrument and the Implementing Rule were previously published in the Bulletin on November 1, 2002 and June 6, 2003. The Instrument and the Implementing Rule will come into force on August 15, 2003.

The Instrument and the Implementing Rule are published in Chapter 5 of this Bulletin.

1.1.6 Correction to OSC Notice on Proposed Rescission of National Policy No. 25 - Registrants Advertising Disclosure of Interest and National Policy No. 49 - Self-Regulatory Organization Membership

CORRECTION TO OSC NOTICE ON PROPOSED RESCISSION OF NATIONAL POLICY NO. 25 - REGISTRANTS ADVERTISING DISCLOSURE OF INTEREST AND NATIONAL POLICY NO. 49 - SELF-REGULATORY ORGANIZATION MEMBERSHIP

The submission date for comments on Ontario Securities Commission Notice, Proposed Rescission of National Policy No. 25 - *Registrants Advertising Disclosure of Interest* and National Policy No. 49 - *Self-Regulatory Organization Membership* (2003, 26 OSCB 2322) was incorrectly dated. A submission date of May 21, 3003 appeared on page 2355 in Chapter 6 of the OSC Bulletin, Volume 26, Issue 12, dated March 21, 2003. The correct submission date for comments was May 21, 2003.

1.1.7 Notice of Commission Approval - Amendment to TSX Rule 4-901 - General Provisions

THE TORONTO STOCK EXCHANGE INC. (TSX) NOTICE OF COMMISSION APPROVAL AMENDMENT TO TSX RULE 4-901 - GENERAL PROVISIONS

On May 30, 2003, the Commission approved an amendment to TSX Rule 4-901 “General Provisions’’. The amendment was necessary to allow Specialty Price Crosses to be executed on the Exchange during the Specialty Trading Session. The amendments were published for comment on December 6, 2002 at (2002) 25 OSCB 8233.

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Growth Works Capital Ltd. - s. 5.1 of OSC Rule 31-506

Headnote

Section 5.1 of Rule 31-506 SRO Membership - Mutual Fund Dealers - mutual fund dealer exempted, subject to conditions, from the requirements of the Rule that it file an application and prescribed fees with the Mutual Fund Dealers Association of Canada - mutual fund dealer will conduct limited mutual fund dealer activities only - mutual fund dealer subject to terms and conditions of registration.

Applicable Ontario Statutory Provisions

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

Applicable Ontario Rule

Rule 31-506 SRO Membership - Mutual Fund Dealers, ss. 2.1, 5.1.

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

AND

ONTARIO SECURITIES COMMISSION RULE 31-506
SRO MEMBERSHIP – MUTUAL FUND DEALERS
(the "Rule")

AND

IN THE MATTER OF
GROWTH WORKS CAPITAL LTD.

DECISION
(Section 5.1 of the Rule)

UPON the Director having received an application (the "Application") from Growth Works Capital Ltd. ("GWC") for a decision (the "Decision"), pursuant to section 5.1 of the Rule, exempting GWC from the requirements of Section 2.1 of the Rule, which would otherwise require GWC be a member of the Mutual Fund Dealers Association of Canada (the "MFDA");

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

AND UPON the Registrant having represented to the Director that:

1. GWC is a corporation subsisting under the laws of Canada and is registered in British Columbia as a portfolio manager and is seeking registration as an investment counsel/portfolio manager and mutual fund dealer in Ontario;

2. GWC's principal business activity is managing or providing advising services to investment funds whose investment mandate is primarily to make venture capital investments;

3. GWC's activities as a mutual fund dealer will represent activities that are incidental to its principal business activities;

4. GWC will not sell securities of the Funds directly to the general public except as contemplated in Schedule "A" and will arrange for an unrelated selling group, comprised of registered dealers which will include investment dealers who are members of the Investment Dealers Association of Canada and/or mutual fund dealers who are members of the MFDA who will distribute and sell the securities of the Funds and arrange for the distribution and sale of the securities of the funds through investment dealers, brokers, mutual fund dealers, and others.

5. GWC has agreed to the imposition of the terms and conditions on its registration as a mutual fund dealer set out in the attached Schedule "A", which outlines the activities GWC has agreed to adhere to in connection with its application for this decision;

6. the requested relief is currently required in Ontario only and no similar application has been filed in any other jurisdiction;

7. any person or company that is not currently a mutual fund client of GWC on the date of this Decision, will, before they are accepted as a mutual fund client of GWC, receive prominent written notice from GWC that:

The Registrant is not currently a member, and does not intend to become a member of the Mutual Fund Dealers Association; consequently, clients of the Registrant will not have available to them investor protection benefits that would otherwise derive from membership of the Registrant in the MFDA, including coverage under any investor protection plan for clients of members of the MFDA;

8. upon the next general mailing to its mutual fund clients, GWC shall provide to all of its mutual fund clients the written notice referred to in paragraph 7, above;

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

IT IS THE DECISION of the Director, pursuant to section 5.1 of the Rule, that, GWC is exempt from the requirements in section 2.1 of the Rule;

PROVIDED THAT;

The registrant complies with the terms and conditions on its registration under the Act as a mutual fund dealer set out in the attached Schedule "A".

July 30, 2003.

"David M. Gilkes"

Schedule "A"

TERMS AND CONDITIONS OF REGISTRATION OF GROWTH WORKS CAPITAL LTD. AS A MUTUAL FUND DEALER

Definitions

1. For the purposes hereof, unless the context otherwise requires:

(a) "Act" means the *Securities Act*, R.S.O. 1990, c. S.5, as amended;

(b) "Adviser" means an adviser as defined in subsection 1(1) of the Act;

(c) "Client Name Trade" means, for the Registrant, a trade to, or on behalf of, a person or company, in securities of a mutual fund, that is managed by the Registrant or an affiliate of the Registrant, where, immediately before the trade, the person or company is shown on the records of the mutual fund or of an other mutual fund managed by the Registrant or an affiliate of the Registrant as the holder of securities of such mutual fund, and the trade consists of:

(A) a purchase, by the person or company, through the Registrant, of securities of the mutual fund; or

(B) a redemption, by the person or company, through the Registrant, of securities of the mutual fund;

and where, the person or company:

(C) is a client of the Registrant that was not solicited by the Registrant; or

(D) was an existing client of the Registrant on the Effective Date;

(d) "Commission" means the Ontario Securities Commission;

(e) "Effective Date" means May 23, 2001;

(f) "Employee", for the Registrant, means:

(A) an employee of the Registrant;

(B) an employee of an affiliated entity of the Registrant; or

(C) an individual that is engaged to provide, on a *bona fide* basis, consulting, technical, management or other services to the Registrant or to an affiliated entity of the Registrant, under a written contract between the Registrant or the affiliated entity and the individual or a consultant company or consultant partnership of the individual, and, in the reasonable opinion of the Registrant, the individual spends or will spend a significant amount of time and attention on the affairs and business of the Registrant or an affiliated entity of the Registrant;

(g) "Employee", for a Service Provider, means an employee of the Service Provider or an affiliated entity of the Service Provider, provided that, at the relevant time, in the reasonable opinion of the Registrant, the employee spends or will spend, a significant amount of time and attention on the affairs and business of:

(A) the Registrant or an affiliated entity of the Registrant; or

(B) a mutual fund managed by the Registrant or an affiliated entity of the Registrant;

(h) "Employee Rule" means Commission Rule 45-503 Trades To Employees, Executives and Consultants;

(i) "Executive", for the Registrant, means a director, officer or partner of the Registrant or of an affiliated entity of the Registrant;

(j) "Executive", for a Service Provider, means a director, officer or partner of the Service Provider or of an affiliated entity of the Service Provider;

(k) "Exempt Trade", for the Registrant, means:

(i) a trade in securities of a mutual fund that is made between a person or company and an underwriter acting as purchaser or between or among underwriters; or

(ii) a trade in securities of a mutual fund for which the Registrant would have available to it an exemption from the registration requirements of clause 25(1)(a) of the Act if the Registrant were not a "market intermediary" as such term is defined in section 204 of the Regulation;

(l) "Fund-on-Fund Trade", for the Registrant, means a trade that consists of:

(i) a purchase, through the Registrant, of securities of a mutual fund that is made by another mutual fund;

(ii) a purchase, through the Registrant, of securities of a mutual fund that is made by a counterparty, an affiliated entity of the counterparty or an other person or company, pursuant to an agreement to purchase the securities to effect a hedge of a liability relating to a contract for a specified derivative or swap made between the counterparty and another mutual fund; or

(iii) a sale, through the Registrant, of securities of a mutual fund that is made by another mutual fund where the party purchasing the securities is:

(A) a mutual fund managed by the Registrant or an affiliated entity of the Registrant; or

(B) a counterparty, affiliated entity or other person or company that acquired the securities pursuant to an agreement to purchase the securities to effect a hedge of a liability relating to a contract for a specified derivative or swap made between the counterparty and another mutual fund; and

where, in each case, at least one of the referenced mutual funds is a mutual fund that is managed by either the Registrant or an affiliated entity of the Registrant;

(m) "In Furtherance Trade" means, for the Registrant, a trade by the Registrant that consists of any act, advertisement, or solicitation, directly or indirectly in furtherance of any other trade in securities of a mutual fund, where the other trade consists of:

(i) a purchase or sale of securities of a mutual fund that is managed by the Registrant or an affiliated entity of the Registrant; or

(ii) a purchase or sale of securities of a mutual fund where the Registrant acts as the principal distributor of the mutual fund;

and where, in each case, the purchase or sale is made by or through another registered dealer if the Registrant is not otherwise permitted to make the purchase or sale pursuant to these terms and conditions;

(n) "Mutual Fund Instrument" means National Instrument 81-102 Mutual Funds, as amended;

(o) "Permitted Client", for the Registrant, means a person or company that is a client of the Registrant, and that is, or was at the time the person or company became a client of the Registrant:

(i) an Executive or Employee of the Registrant;

(ii) a Related Party of an Executive or Employee of the Registrant;

(iii) a Service Provider of the Registrant or an affiliated entity of a Service Provider of the Registrant;

(iv) an Executive or Employee of a Service Provider of the Registrant; or

(v) a Related Party of an Executive or Employee of a Service Provider of the Registrant;

(p) "Permitted Client Trade" means, for the Registrant, a trade to a person who is a Permitted Client or who represents to the Registrant that he, she or it is a person included in the definition of Permitted Client, in securities of a mutual fund that is managed by the Registrant or an affiliate of the Registrant, and the trade consists of a purchase or redemption, by the person, through the Registrant, of securities of the mutual fund;

(q) "Registered Plan" means a registered pension plan, deferred profit sharing plan, registered retirement savings plan, registered retirement income fund, registered education savings plan or other deferred income plan registered under the Income Tax Act (Canada);

(r) "Registrant" means Growth Works Capital Ltd.;

(s) "Regulation" means R.R.O. 1990, Reg. 1015, as amended, made under the Act;

(t) "Related Party", for a person, means any other person who is:

(i) the spouse of the person;

(ii) the issue of:

(A) the person,

(B) the spouse of the person, or

(C) the spouse of any person that is the issue of a person referred to in subparagraphs (A) or (B) above;

(iii) the parent, grandparent or sibling of the person, or the spouse of any of them;

(iv) the issue of any person referred to in paragraph (iii) above; or

(v) a Registered Plan established by, or for the exclusive benefit of, one, some or all of the foregoing;

(vi) a trust where one or more of the trustees is a person referred to above and the beneficiaries of the trust are restricted to one, some, or all of the foregoing;

(vii) a corporation where all the issued and outstanding shares of the corporation are owned by one, some, or all of the foregoing;

(u) "securities", for a mutual fund, means shares or units of the mutual fund;

(v) "Seed Capital Trade" means a trade in securities of a mutual fund made to a person or company referred to in any of subparagraphs 3.1(1)(a)(i) to 3.1(1)(a)(iii) of the Mutual Fund Instrument;

(w) "Service Provider", for the Registrant, means:

(i) a person or company that provides or has provided professional, consulting, technical, management or other services to the Registrant or an affiliated entity of the Registrant;

(ii) an Adviser to a mutual fund that is managed by the Registrant or an affiliated entity of the Registrant; or

(iii) a person or company that provides or has provided professional, consulting, technical, management or other services to a mutual fund that is managed by the Registrant or an affiliated entity of the Registrant.

2. For the purposes hereof, a person or company is considered to be an "affiliated entity" of an other person or company if the person or company would be an affiliated entity of that other person or company for the purposes of the Employee Rule.

3. For the purposes hereof:

(a) "issue", "niece", "nephew" and "sibling" includes any person having such relationship through adoption, whether legally or in fact;

(b) "parent" and "grandparent" includes a parent or grandparent through adoption, whether legally or in fact;

(c) "registered dealer" means a person or company that is registered under the Act as a dealer in a category that permits the person or company to act as dealer for the subject trade; and

(d) "spouse", for an Employee or Executive, means a person who, at the relevant time, is the spouse of the Employee or Executive.

4. Any terms that are not specifically defined above shall, unless the context otherwise requires, have the meaning:

(a) specifically ascribed to such term in the Mutual Fund Instrument; or

(b) if no meaning is specifically ascribed to such term in the Mutual Fund Instrument, the same meaning the term would have for the purposes of the Act.

Restricted Registration

Permitted Activities

5. The registration of the Registrant as a mutual fund dealer under the Act shall be for the purposes only of trading by the Registrant in securities of a mutual fund where the trade consists of:

(a) a Client Name Trade;

(b) an Exempt Trade;

(c) a Fund-on-Fund Trade;

(d) an In Furtherance Trade;

(e) a Permitted Client Trade; or

(f) a Seed Capital Trade;

provided that, in the case of all trades that are only referred to in clauses (a) or (e), the trades are limited and incidental to the principal business of the Registrant.

2.1.2 Buzzi Unicem S.p.A. - MRRS Decision

Headnote

Mutual Reliance Review System for Applications - German take-over bid made in Ontario - securities of offeree issuer held in bearer form, so that offeror unable to determine the number of Ontario holders or percentage of securities held by Ontario holders - number of Ontario holders and percentage of securities held believed to be *de minimis* – offer made in compliance with laws of Germany - bid exempted from requirements of Part XX, subject to certain conditions. Prospectus and registration relief granted.

Applicable Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 25, 53, 74, 93(1)(e), 95-100 and 104(2)(c).

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

AND

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

AND

IN THE MATTER OF
BUZZI UNICEM S.p.A.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Québec, Nova Scotia, Newfoundland and Labrador, New Brunswick and Prince Edward Island (the "Jurisdictions") has received an application from Buzzi Unicem S.p.A. (the "Applicant") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the following requirements in the Legislation do not apply to trades made in connection with the proposed offer (the "Offer") by the Applicant for the outstanding preferred shares ("Preferred Shares") of Dyckerhoff AG (the "Target"): (i) the formal take-over bid requirements, including the provisions relating to delivery of an offer and take-over bid circular and any notices of change or variation thereto, delivery of a directors' circular and any notices of change or variation thereto, minimum deposit periods and withdrawal rights, take-up of and payment for securities tendered to a take-over bid, disclosure, financing, restrictions upon purchases of securities, identical consideration and collateral benefits (collectively, the "Take-over Bid Requirements"), (ii) the dealer registration requirements (the "Registration Requirements"), and (iii) the prospectus requirements (the "Prospectus Requirements");

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

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

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

1. The Applicant is a corporation incorporated under the laws of Italy. The Applicant's shares are listed for trading on the Milan Stock Exchange. The Applicant is a recognized leader in the production and distribution of cement, ready-mixed concrete and aggregate products.

2. The Applicant's registered office is located at Via Luigi Buzzi, 6, 15033 Casale Monferrato, Italy.

3. The Applicant is not a reporting issuer or the equivalent in any of the Jurisdictions. The Applicant's securities are not listed or quoted for trading on any Canadian stock exchange or market.

4. The Target is a corporation incorporated under the laws of the Federal Republic of Germany, with its shares listed on the Frankfurt (Main) Stock Exchange, the Düsseldorf Stock Exchange and the Luxembourg Stock Exchange. The Target is a leading cement company selling its products in eight countries.

5. The Target's registered office is located in Wiesbaden, Germany.

6. The Target's issued and outstanding share capital consists of 20,667,554 ordinary shares ("Ordinary Shares") and 20,597,999 Preferred Shares. The Preferred Shares constitute "equity shares" for the purposes of the definition of "take-over bid" in the applicable securities legislation in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Québec, Nova Scotia and Newfoundland and Labrador as they carry a residual right to participate in the earnings of the Target and, upon liquidation or winding up of the Target, in its assets.

7. The Target is not a reporting issuer or equivalent in any of the Jurisdictions. The Target's securities are not listed or quoted for trading on any Canadian stock exchange or market.

8. The Applicant currently holds 49.29% of the outstanding Ordinary Shares and has rights to

purchase 41.13% of the outstanding Ordinary Shares. The Applicant also holds 4.98% of the Preferred Shares and has a right to purchase 1.77% of the outstanding Preferred Shares.

9. On June 5, 2003, the Applicant announced its intention to launch a stock swap tender offer whereby holders of Preferred Shares of the Target would be invited to tender their Preferred Shares of the Target in exchange for savings shares ("Savings Shares") of the Applicant at a ratio of 2.4 Saving Shares of the Applicant for every Preferred Share of the Target tendered.

10. The Offer is being made, and the offer document (the "Offer Document") reflecting the terms of the Offer is being prepared, in accordance with the laws of the Federal Republic of Germany and, in particular, in compliance with the German Securities Acquisition and Takeover Act.

11. The Offer Document, which includes as an annex a prospectus prepared in accordance with German law regarding the Savings Shares of the Applicant, will be submitted to the applicable securities regulatory authority in Germany by July 31, 2003 for review. It is expected that the Offer Document, including the prospectus, will be made available to the holders of the Target's Preferred Shares after approval by the German regulator, on or about August 20, 2003. In accordance with German law, the Offer Document, including the prospectus, will be available on the internet under http://buzziunicem-dyckerhoff.com and a public announcement in a national German newspaper will specify where and how the shareholders may obtain a copy of the Offer Document free of charge.

12. As permitted by German law, the Target has issued bearer securities and does not maintain a share register. Accordingly, any information about the Target's shareholdings in Canada can only be determined on a limited enquiry basis by the Target. Based on such enquiry by the Target, the Applicant believes that as of July 2, 2003 there were six holders of Preferred Shares resident in Canada, holding 3,109 Preferred Shares of the Target representing approximately 0.02% of the 20,597,999 Preferred Shares outstanding. The Applicant believes that one of the shareholders resides in Ontario. The Applicant has been unable to determine the Province in which the remaining five shareholders reside.

13. Any material relating to the Offer that is to be sent by the Applicant to holders of the Target's Preferred Shares in Germany will also be sent to holders of such shares residing in the Jurisdictions, along with an English translation for convenience purposes, and will be concurrently filed with the Decision Makers. A public announcement in a national Canadian newspaper, made at the same time as the public announcement in a national German newspaper, will specify where and how the shareholders may obtain a copy of the Offer Document or an English convenience translation free of charge.

14. The *de minimis* take-over bid exemptions found in certain of the Jurisdictions are not available to the Target since the bid is not being made in compliance with the laws of a jurisdiction that is recognized by the applicable Decision Makers for the purposes of the *de minimis* take-over bid exemptions. Also, because the Target does not maintain a share register, the Applicant is unable to determine conclusively the number of holders of the Target's Preferred Shares resident in each of the Jurisdictions, or the number of Preferred Shares held by any such persons.

15. All of the holders of the Target's Preferred Shares to whom the Offer is made will be treated equally.

16. An exemption from the Registration Requirements is not available in certain of the Jurisdictions for trades made in connection with the Offer.

17. An exemption from the Prospectus Requirements is not available in certain of the Jurisdictions for trades made in connection with the Offer.

18. If the requested relief is not granted, holders of the Target's Preferred Shares resident in the Jurisdictions will not have the opportunity to participate in the Offer.

AND WHEREAS under the MRRS, this Decision Document evidences the decision of each 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:

(a) the Applicant is exempt from the Take-over Bid Requirements in making the Offer to the shareholders of the Target who are resident in the Jurisdictions provided that:

(i) the Offer and all amendments to the Offer are made in compliance with the laws of Germany,

(ii) any material relating to the Offer that is sent to the holders of the Target's Preferred Shares in Germany will be sent to the holders of the Target's Preferred

Shares resident in the Jurisdictions as well as an English convenience translation, and copies thereof filed with the Decision Maker in each Jurisdiction; and

(iii) a public announcement in a national Canadian newspaper, made at the same time as the public announcement in a national German newspaper, will specify where and how the shareholders may obtain a copy of the Offer Document or an English convenience translation free of charge;

(b) the Registration Requirements shall not apply to trades made in connection with the Offer; and

(c) the Prospectus Requirements shall not apply to trades made in connection with the Offer provided that the first trade in Savings Shares issued by the Applicant in connection with the Offer shall be a distribution or a primary distribution to the public unless, in all Jurisdiction other than Québec, the conditions of subsection (1) of section 2.14 of Multilateral Instrument 45-102 are satisfied, and, in Québec, the alienation of Saving Shares issued by the Applicant in connection with the Offer are executed through the facilities of an exchange or market outside of Canada.

July 29, 2003.

“Paul M. Moore” “H. Lorne Morphy”

2.1.3 Basis100 Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer bids – convertible debentures – debentures convertible into common shares at a conversion price far in excess of current value of common shares – conversion feature of no material value – debentures trade like non-convertible, unsecured debt – convertible debentures are out-of-the-money – circular to include summary of opinion letter on convertibility feature – applicant exempt from valuation requirement.

Applicable Rule

61-501 – Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions, ss. 3.3, 3.4, and 9.1.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, 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
BASIS100 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, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application (the "Application") from Basis100 Inc. (“Basis100”) for a decision under the securities legislation of the Jurisdictions (the "Legislation") that, in connection with the proposed purchase by Basis100 of a portion of its outstanding 6.00% Convertible Unsecured Debentures due December 30, 2006 (the "Debentures") pursuant to a formal issuer bid (the "Proposed Bid") the requirements in the Legislation to obtain a valuation of the Debentures (the "Valuation Requirement") shall not apply to Basis100;

AND WHEREAS pursuant to 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 or in Quebec Commission Notice 14-101;

AND WHEREAS Basis100 has represented to the Decision Makers that:

1. Basis100 is a company existing under the *Business Corporations Act* (Ontario) as a result of the amalgamation of e-Net Financial Services (Canada) Inc. and Autrex Inc. on October 25, 1999. Its principal office is located in Toronto, Ontario.

2. Basis100 is authorized to issue an unlimited number of common shares (the "Common Shares"). As of July 4, 2003, Basis100 had outstanding 37,267,657 Common Shares. As of July 4, 2003, Basis100 had outstanding Debentures in the aggregate principal amount of $20,000,000.

3. Basis100 is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any requirements of the Legislation. Its Common Shares are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the trading symbol "BAS". The Debentures are listed and posted for trading on the TSX under the trading symbol "BAS.DB".

4. The Debentures were issued pursuant to an indenture dated as of December 21, 2001 (the "Indenture") between Basis100 and CIBC Mellon Trust Company, as trustee, and distributed pursuant to a short form prospectus dated December 17, 2001.

5. The Indenture provides that Basis100 may purchase for cancellation any or all of the Debentures in the open market by tender or by private contract, subject to any regulatory approval required by law. Also, in the event of a change of control, Basis100 is obligated to make an offer to purchase all the Debentures at a price equal to 101% of the Debenture principal amount. There are no other restrictions upon Basis100's ability to purchase the Debentures and there has not been a change of control.

6. The Debentures are convertible at the Debenture holder's option into Common Shares at any time prior to the earlier of December 30, 2006 and the last business day immediately preceding the date specified for redemption by Basis100. The conversion price for the Debentures is $3.75 per Common Share, being a rate of approximately 26.67 Common Shares per $100 principal amount of Debentures.

7. To the knowledge of management of Basis100, no person or company holds more than 10% of the aggregate principal amount of the Debentures other than institutional investors that are not insiders of Basis100.

8. Over the twelve month period prior to July 3, 2003, the Debentures traded at a price range of $70.00 to $34.00 per $100 principal amount of Debentures.

9. As at July 3, 2003, the Debenture closing price on the TSX was $68.00 per $100 principal amount of Debentures.

10. The Debentures are convertible into Common Shares at a conversion price which is significantly in excess of the current market price of the Common Shares. On July 3, 2003, the closing price of the Common Shares on the TSX was $0.61, which was approximately 16.27% of the conversion price of the Debentures at such time. Over the 12 months preceding that date, the Common Shares traded on the TSX in a range between $1.70 and $0.33 per Common Share.

11. Under the Proposed Bid, Basis100 intends to acquire up to an aggregate principal amount of $5,000,000 of Debentures, representing approximately 25% of the outstanding Debentures. Basis100 anticipates using proceeds from the recent sale of some of its assets to fund the Debenture acquisitions.

12. In a letter (the "Opinion Letter") dated July 22, 2003, Griffiths McBurney & Partners ("GMP") advised Basis100 that, in GMP's opinion:

    (a) the convertibility feature of the Debentures is of no material value; and

    (b) the Debentures trade on the TSX like non-convertible, unsecured debt based on Basis100's underlying creditworthiness.

13. The Proposed Bid will proceed by way of issuer bid circular which will include a summary and a copy of the Opinion Letter.

14. The Proposed Bid will be made in compliance with the requirements in the Legislation applicable to formal bids made by issuers, except to the extent exemptive relief is granted by the Decision Makers.

15. The Proposed Bid will be an "issuer bid" within the meaning of the Legislation in the Jurisdictions because the Debentures are convertible debt securities.

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

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation 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, in connection with the Proposed Bid, the Valuation Requirement contained in the Legislation shall not apply to Basis100, provided that Basis100 complies with the other requirements in the Legislation applicable to formal bids made by issuers.

July 31, 2003.

"Ralph Shay"

2.1.4 GlycoDesign Holdings Ltd. - 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, 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
GLYCODESIGN HOLDINGS LTD.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application from GlycoDesign Holdings Ltd. ("New Glyco") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that New Glyco be deemed to have ceased to be a reporting issuer under the Legislation;

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 New Glyco has represented to the Decision Makers that:

1. New Glyco is a corporation resulting from the amalgamation on June 5, 2003 of GlycoDesign Inc. ("Old Glyco") and 4149751 Canada Inc. ("4149751") under the provisions of the *Canada Business Corporations Act* (the "CBCA") (the "Amalgamation") pursuant to a Merger Agreement entered into by and among Inflazyme Pharmaceuticals Ltd. ("Inflazyme"), 4149751 and Old Glyco (the "Merger Agreement").

2. The authorized capital of New Glyco consists of an unlimited number of common shares ("New Glyco Common Shares"), of which there is

currently 101 New Glyco Common Shares issued and outstanding.

3. New Glyco is currently a reporting issuer in the Jurisdictions and became a reporting issuer in the Jurisdictions and in British Columbia and Manitoba as a result the Amalgamation. New Glyco is not a reporting issuer in any other jurisdiction.

4. New Glyco is not in default of any of its obligations as a reporting issuer in the Jurisdictions except the requirement to file annual financial statements within 140 days of January 31, 2003, and the requirements to file interim financial statements within 60 days of April 30, 2003, each of which were due subsequent to the Amalgamation.

5. New Glyco's registered office is located in Vancouver, British Columbia.

6. New Glyco has filed a notice to cease to be a reporting issuer in British Columbia and a letter in Manitoba as required under the securities legislation and requirements in those provinces.

7. On April 8, 2003 Old Glyco, Inflazyme and 4149751 entered into the Merger Agreement pursuant to which the parties agreed to effect an acquisition by Inflazyme (through 4149751) of Old Glyco.

8. Old Glyco was incorporated on December 30, 1993 under the CBCA.

9. Prior to the Amalgamation, Old Glyco was a reporting issuer in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador.

10. Old Glyco's common shares were listed and traded on the Toronto Stock Exchange (the "TSX").

11. 4149751, a wholly-owned subsidiary of Inflazyme, was incorporated on February 28, 2003 under the CBCA for the purpose of effecting the acquisition by Inflazyme of Old Glyco.

12. On May 29, 2003, the Amalgamation was approved by shareholders of Old Glyco.

13. Old Glyco's common shares were delisted from the TSX on or about June 10, 2003. The securities of New Glyco are not traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.

14. As a result of the Amalgamation, the Old Glyco shareholders received common shares of Inflazyme and all of the outstanding New Glyco Common Shares are held by Inflazyme.

15. Other than New Glyco Common Shares, New Glyco has no securities, including debt securities, outstanding.

16. New Glyco 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 New Glyco is deemed to have ceased to be a reporting issuer under the Legislation.

August 1, 2003.

"Robert K. Korthals" "Paul K. Bates"

2.2 Orders

2.2.1 Matisse Investment Management Ltd. - ss. 38(1) of the CFA

Headnote

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

Statutes Cited

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

IN THE MATTER OF
THE COMMODITY FUTURES ACT, R.S.O. 1990, c. 20
(THE "CFA")

AND

IN THE MATTER OF
MATISSE INVESTMENT MANAGEMENT LTD.,
ASSET LOGICS CAPITAL MANAGEMENT INC., AND
STRATEGICNOVA MANAGED FUTURES HEDGE FUND

ORDER
(Subsection 38(1) of the CFA)

UPON the application of Matisse Investment Management Ltd. ("Matisse") and Asset Logics Capital Management Inc. ("Asset Logics" and collectively with Matisse the "Applicants") to the Ontario Securities Commission (the "Commission") for a ruling under subsection 38(1) of the *CFA* that:

(a) Asset Logics and its representatives, partners, officers and employees are not subject to the requirements of paragraph 22(1)(b) of the *CFA* with respect of advising the StrategicNova Managed Futures Hedge Fund (the "Fund"); and

(b) certain non-resident commodity trading advisers ("CTAs") and their representatives, partners, officers and employees are not subject to the requirement of paragraph 22(l)(b) of the *CFA* with respect to the Fund;

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

AND UPON the Applicants having represented to the Commission that:

1. the Fund is a mutual fund trust established under the laws of British Columbia and is a commodity pool;

2. the Fund has filed a prospectus, dated July 19, 2002 (the "Prospectus"), with the Commission and the equivalent securities regulatory authority in all Provinces of Canada to qualify the sale of units of the Fund;

3. the investment objectives, strategy and restrictions of the Fund are described in the current prospectus;

4. Matisse is the manager and portfolio manager of the Fund;

5. effective on the date of the 2003 renewal prospectus:

   (a) Asset Logics will replace Matisse as the Fund's portfolio manager;

   (b) Asset Logics will engage CTAs to manage portions of the Fund's capital and allocate the Fund's capital among the CTAs;

   (c) Asset Logics will only retain CTAs that are registered with, or a member of, the U.S. Commodity Futures Trading Commission and the National Futures Association, or similar regulatory bodies;

   (d) each CTA engaged by Asset Logics will be responsible for making and executing investment decisions for that portion of the Fund's investment portfolio allocated to it; and

   (e) Asset Logics will monitor the performance of the CTAs retained to provide advice to the Fund on a daily basis and allocate and reallocate the Fund's capital among the CTAs based on their performance;

6. Asset Logics is registered as a portfolio manager under the *Securities Act* (British Columbia) and permitted to advise in respect of securities and exchange contracts; and

7. the CTAs may not be registered as advisers under the *CFA*.

AND WHEREAS paragraph 22(1)(b) of the *CFA* prohibits a person or company from acting as an adviser unless the person is registered as an adviser, or is registered as a representative or as a partner or an officer of a registered adviser and is acting on behalf of a registered adviser, and the registration is in accordance with the *CFA* and the regulations;

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

IT IS RULED pursuant to subsection 38(1) of the *CFA* that:

(1) Asset Logics and its representatives, partners, officers and employees are not subject to the requirement of paragraph 22(1)(b) of the *CFA* in respect of the advice it provides to the Fund; and

(2) the CTAs and their representatives, partners, officers and employees are not subject to the requirements of paragraph 22(l)(b) of the *CFA* in respect of advice provided for the benefit of the Fund, so long as:

(i) the obligations and duties of each CTA retained to provide advice for the benefit of the Fund are set out in a written agreement with Asset Logics;

(ii) Asset Logics contractually agrees with the Fund to be responsible for any loss to the Fund that arises out of the failure of the CTA (a) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Fund, or (b) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances, and this responsibility cannot be waived; and

(iii) the current prospectus of the Fund discloses Asset Logics' responsibility for the advice provided for the benefit of the Fund by each of the CTAs and, to the extent applicable, that there may be difficulty enforcing any legal rights against CTAs and all or a substantial portion of the CTAs' assets are situated outside Canada;

PROVIDED THAT:

(A) Asset Logics is registered under the *Securities Act* (British Columbia) in a category of registration that permits it to provide discretionary portfolio management services;

(B) all portfolio management services provided by Asset Logics to the Fund and all advice provide by the CTAs for the benefit of the Fund is provided outside of Ontario;

(C) the Fund, Asset Logics and each of the CTAs continue not to have residences in Ontario; and

(D) this Order shall terminate three years from the date of the Order.

July 25, 2003.

"Robert W. Korthals" "Paul K. Bates"

2.2.2 Capital Guardian Trust Company - s. 147

Headnote

Exemption for pooled funds from the requirement to file with the Commission interim financial statements under section 77(2) of the Act and comparative financial statements under section 78(1) of the Act, subject to conditions.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5 as am., ss. 74(1).
Ontario Securities Commission Rule 45-501 – Exempt Distributions, s. 1.1.
National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR), s. 2.1(1)1.

Regulations Cited

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

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

AND

IN THE MATTER OF
CAPITAL GUARDIAN TRUST COMPANY
AND
CAPITAL GUARDIAN INTERNATIONAL FUND,
CAPITAL GUARDIAN INTERNATIONAL
EQUITY SECTION,
CAPITAL GUARDIAN U.S. EQUITY SECTION and
CAPITAL GUARDIAN EAFE EQUITY SECTION
(The "Existing Pooled Funds")

ORDER
(Subsection 147 of the Act)

UPON the application (the "Application") of Capital Guardian Trust Company ("CGTC"), the manager of the Existing Pooled Funds and other pooled funds established and managed by CGTC from time to time (collectively, the "Pooled Funds"), to the Ontario Securities Commission (the "Commission") for an order pursuant to subsection 147 of the Act exempting the Pooled Funds from filing with the Commission the interim and annual financial statements prescribed by sections 77(2) and 78(1), respectively, of the Act;

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

AND UPON CGTC having represented to the Commission that:

1. CGTC is a corporation existing under the laws of California with its head office in the United States. CGTC is, or will be, the manager of the Pooled Funds. CGTC is registered with the Commission as an international adviser in the categories of investment counsel and portfolio manager.

2. The Pooled Funds are, or will be, open-end mutual fund trusts established under the laws of Ontario. The Pooled Funds will not be reporting issuers in any province or territory of Canada. Units of the Pooled Funds are, or will be, distributed in each of the provinces and territories of Canada without a prospectus pursuant to exemptions from the prospectus delivery requirements of applicable securities legislation.

3. The Pooled Funds represent an administratively efficient model that is designed to permit CGTC to build larger investment portfolios rather that reproduce those same portfolios in individual segregated accounts.

4. The Pooled Funds fit within the definition of "mutual fund in Ontario" in section 1(1) of the Act and are thus required to file with the Commission interim financial statements under section 77(2) of the Act and comparative annual financial statements under section 78(1) of the Act (collectively, the "Financial Statements").

5. Unitholders of the Pooled Funds receive the Financial Statements for the Pooled Funds they hold. The Financial Statements are prepared and delivered to unitholders in the form and for the periods required under the Act and the regulation or rules made thereunder (the "Regulation").

6. Section 2.1(1)1 of National Instrument 13-101 - System for Electronic Document Analysis and Retrieval (SEDAR) ("Rule 13-101") requires that every issuer required to file a document under securities legislation make its filing through SEDAR. The Financial Statements filed with the Commission thus become publicly available.

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

IT IS ORDERED by the Commission pursuant to subsection 147 of the Act that the Pooled Funds be exempted from the requirements in sections 77(2) and 78(1) of the Act to file the Financial Statements with the Commission provided:

(a) The Pooled Funds will prepare and deliver to the unitholders of the Pooled Funds the Financial Statements, in the form and for the periods required under the Act and the Regulation, as if the Financial Statements are required to be filed with the Commission;

(b) The Pooled Funds will retain the Financial Statements indefinitely;

(c) The Pooled Funds will provide the Financial Statements to the Commission or any member, employee or agent of the Commission immediately upon request of the Commission or any member, employee or agent of the Commission;

(d) The Pooled Funds will provide a list of the Pooled Funds relying on this Order to the Investment Funds Branch of the Commission on an annual basis;

(e) Unitholders of the Pooled Funds will be notified that the Pooled Funds are exempted from the requirements in sections 77(2) and 78(1) of the Act to file the Financial Statements with the Commission; and

(f) In all other aspects, the Pooled Funds will comply with the requirements in Ontario securities law for financial statements.

August 1, 2003.

"Harold P. Hands" "Wendell S. Wigle"

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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
Blake River Explorations Ltd.	25 Jul 03	06 Aug 03		
Commercial Consolidators Corp.	01 Aug 03	13 Aug 03		
Epic Energy Inc.	25 Jul 03	06 Aug 03	06 Aug 03	
Finline Technologies Ltd.	24 Jul 03	05 Aug 03	05 Aug 03	
FT Capital Ltd.	30 Jul 03	12 Aug 03		
Globetel Communications Limited	31 Jul 03	12 Aug 03		
Polyphalt Inc.	21 Jul 03	01 Aug 03	01 Aug 03	
Resorts Unlimited Management Inc.	22 Jul 03	01 Aug 03	01 Aug 03	
Unilink Tele.com Inc.	06 Aug 03	18 Aug 03		
Waseco Resources Inc.	29 Jul 03	11 Aug 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		
Hydromet Environmental Recovery Ltd.	21 May 03	03 Jun 03	03 Jun 03	31 Jul 03	
National Construction Inc.	25 Jul 03	07 Aug 03			
Wastecorp. International Investment Inc.	23 Jul 03	05 Aug 03	05 Aug 03		

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Chapter 5

Rules and Policies

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

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

TABLE OF CONTENTS

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

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Instrument:

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

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

(a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling the person or company to more than 10% of the voting rights attached to outstanding voting securities of the issuer,

(b) any partner of the person or company,

(c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which the person or company serves as trustee or in a similar capacity,

(d) in the case of a person, a relative of that person, including

(i) a spouse of that person, or

(ii) a relative of that person's spouse

if the relative has the same home as that person;

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

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

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

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

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

(a) is engaged to provide services to the issuer or an affiliated entity of the issuer, other than services provided in relation to a distribution,

(b) provides the services under a written contract with the issuer or an affiliated entity of the issuer, and

(c) spends or will spend a significant amount of time and attention on the affairs and business of the issuer or an affiliated entity of the issuer

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

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

(a) a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or

(b) more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holding of those securities does not affect materially the control of that issuer;

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

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

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

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

(ii) to raise public awareness of the issuer

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

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

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

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

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

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

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

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

(i) the Toronto Stock Exchange,

(ii) TSX Venture Exchange Inc.,

(iii) the American Stock Exchange LLC.,

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

(v) the London Stock Exchange Limited, or

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

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

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

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

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

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

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

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

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

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

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

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

"related person", for an issuer, means

(a) a director or senior officer of the issuer or of an affiliated entity of the issuer,

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

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

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

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

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

(a) given by a majority of the votes cast at a meeting of security holders of the issuer other than votes attaching to securities beneficially owned by related persons to whom securities may be issued as compensation or under that plan, or

(b) evidenced by a resolution signed by all the security holders entitled to vote at a meeting, if the issuer is not required to hold a meeting;

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

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

1.2 Interpretation

(1) In this Instrument, a person or company is considered to control another person or company if the first person or company provides, directly or indirectly, the principal direction or influence over the business and affairs of the second person or company by virtue of

(a) ownership or direction of voting securities in the second person or company,

(b) a written agreement or indenture,

(c) being or controlling the general partner of a limited partnership, or

(d) being a trustee of a trust.

(2) In this Instrument, participation in a trade is considered voluntary if

(a) in the case of an employee, the employee or the employee's permitted assign is not induced to participate in the trade by expectation of employment or continued employment of the employee with the issuer or an affiliated entity of the issuer,

(b) in the case of a senior officer, the senior officer or the senior officer's permitted assign is not induced to participate in the trade by expectation of appointment, employment, continued appointment or continued employment of the senior officer with the issuer or an affiliated entity of the issuer, and

(c) in the case of a consultant, the consultant or the consultant's permitted assign is not induced to participate in the trade by expectation of engagement of the consultant to provide services or continued engagement of the consultant to provide services to the issuer or an affiliated entity of the issuer.

PART 2 EXEMPTIONS

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

(1) Subject to subsection (3) and (4), the dealer registration requirement does not apply to a trade by a control person of an issuer in a security of the issuer or an option to acquire a security of the issuer, or a trade by an issuer in a security of its own issue, with

(a) an employee, senior officer, director, or consultant of the issuer or of an affiliated entity of the issuer, or

(b) a permitted assign of a person or company referred to in paragraph (a)

if participation in the trade is voluntary.

(2) The prospectus requirement does not apply to a distribution in the circumstances described in subsection (1).

(3) Except in British Columbia, the exemptions in subsections (1) and (2) are not available for a trade to an investor relations person if the number of securities issued or the amount of other remuneration paid or payable directly or indirectly to the investor relations person by the issuer, an affiliated entity of the issuer, or a security holder of the issuer, is dependent in whole or in part on the trading price or trading volume of the issuer's securities.

(4) Except in British Columbia, unless prior security holder approval has been obtained for the issuance or grant of the security or the plan under which the issuance or grant is made, the exemptions in subsections (1) and (2) are not available for a trade of a security of an issuer that is a reporting issuer in any jurisdiction in Canada and not a listed issuer to

(a) an employee or consultant that is an investor relations person,

(b) a consultant that is an associated consultant,

(c) a senior officer or director, or

(d) a permitted assign of a person or company referred to in paragraph (a), (b), or (c),

if the security is issued or granted, directly or indirectly, as compensation for an individual in paragraph (a), (b), or (c) and if the issuance or grant together with all of the issuer's previously issued or granted securities for compensation, on a fully diluted basis, could result, at any time, in

(i) the number of securities reserved for issuance under options to acquire the securities granted to related persons exceeding 10 percent of the outstanding issue,

(ii) the issuance to related persons, within a 12 month period, of a number of securities exceeding 10 percent of the outstanding issue,

(iii) the number of securities reserved for issuance under options to acquire the securities granted to any related person exceeding five percent of the outstanding issue, or

(iv) the issuance to any one related person and the related person's associates, within a 12 month period, of a number of securities exceeding five percent of the outstanding issue.

(5) Subject to subsection (6), for the purpose of obtaining security holder approval under subsection (4), the issuer must, prior to the meeting of security holders being held to vote on the issue, or, if the issuer is not required to hold a meeting, then concurrently with the delivery to security holders of the resolution that will, when signed, evidence the security holder approval, provide to security holders information respecting the compensation or plan in sufficient detail to permit security holders to form a reasoned judgment concerning the matter, including

(a) the eligibility of employees, senior officers, directors, and consultants to be issued or granted securities as compensation or under the plan,

(b) the maximum number of securities issuable, or in the case of options, the number of securities issuable on exercise of the options, as compensation or under the plan,

(c) particulars relating to any financial assistance or support agreement to be provided to participants by the issuer or any affiliated entity of the issuer to facilitate the purchase of securities as compensation or under the plan, including whether the assistance or support is to be provided on a full-, part-, or non-recourse basis,

(d) in the case of options, the maximum term and the basis for the determination of the exercise price,

(e) particulars relating to the options or other entitlements to be granted as compensation or under the plan, including transferability, and

(f) if applicable, the number of votes attaching to securities that, to the issuer's knowledge at the time the information is provided, will not be included for the purpose of determining whether security holder approval has been obtained.

(6) Subsection (5) does not apply to an issuance or grant of a security under subsection (1) or (2) for a period of 12 months after the effective date of this Instrument if security holder approval for the issuance or grant or the plan under which the issuance or grant was made was obtained prior to the effective date of this Instrument.

(7) The dealer registration requirement does not apply to a trade by an affiliated entity of an issuer in furtherance of a trade under subsection (1).

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

(1) Subject to subsection (3), the dealer registration requirement does not apply to a trade of a security of an issuer by a

(a) current or former employee, senior officer, director, or consultant of the issuer or affiliated entity of the issuer, or

(b) trustee, custodian, or administrator acting on behalf, or for the benefit, of a current or former employee, senior officer, director, or consultant of the issuer or affiliated entity of the issuer

to an employee, senior officer, director, or consultant of the issuer or an affiliated entity of the issuer, or to a trustee, custodian, or administrator acting on behalf of an employee, senior officer, director, or consultant of the issuer or affiliated entity of the issuer.

(2) The prospectus requirement does not apply to a distribution in the circumstances described in subsection (1).

(3) The exemptions in subsections (1) and (2) are only available if

(a) participation in the trade is voluntary,

(b) the issuer of the security is not a reporting issuer in any jurisdiction of Canada, and

(c) the price of the security being traded is established by a generally applicable formula contained in a written agreement among some or all of the shareholders of the issuer to which the transferee is or will become a party.

2.3 Trades and Distributions for Conversion or Exchange

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

(a) through the exercise of a right

(i) of the holder to purchase, convert, or exchange, or otherwise acquire, or

(ii) of the issuer to require the holder to purchase, convert or exchange, or

(b) by way of an automatic conversion or exchange.

(2) The prospectus requirement does not apply to a distribution in the circumstances described in subsection (1).

2.4 Trades and Distributions Among Permitted Transferees

(1) The dealer registration requirement does not apply to a trade of a security that was acquired by a person or company described in subsection 2.1(1) under an exemption that, except in those jurisdictions listed in section 2.1 of MI 45-102, makes the first trade of the security subject to section 2.6 of MI 45-102 provided that the trade is:

(a) between any of:

(i) an employee of the issuer or an affiliated entity of the issuer;

(ii) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the employee;

(iii) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the spouse of the employee;

(iv) a holding entity of the employee;

(v) a holding entity of the spouse of the employee;

(vi) an RRSP or RRIF of the employee;

(vii) a spouse of the employee; or

(viii) an RRSP or RRIF of the spouse of the employee;

(b) between any of:

(i) a senior officer of the issuer or an affiliated entity of the issuer;

(ii) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the senior officer;

(iii) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the spouse of the senior officer;

(iv) a holding entity of the senior officer;

(v) a holding entity of the spouse of the senior officer;

(vi) an RRSP or RRIF of the senior officer;

(vii) a spouse of the senior officer; or

(viii) an RRSP or RRIF of the spouse of the senior officer;

(c) between any of:

(i) a director of the issuer or an affiliated entity of the issuer;

(ii) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the director;

(iii) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the spouse of the director;

(iv) a holding entity of the director;

(v) a holding entity of the spouse of the director;

(vi) an RRSP or RRIF of the director;

(vii) a spouse of the director; or

(viii) an RRSP or RRIF of the spouse of the director; or

(d) between any of:

(i) a consultant of the issuer or an affiliated entity of the issuer;

(ii) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the consultant;

(iii) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the spouse of the consultant;

(iv) a holding entity of the consultant;

(v) a holding entity of the spouse of the consultant;

(vi) an RRSP or RRIF of the consultant;

(vii) a spouse of the consultant;

(viii) an RRSP or RRIF of the spouse of the consultant;

(ix) a company of which the consultant is an employee or shareholder; or

(x) a partnership of which the consultant is an employee or partner.

(2) The prospectus requirement does not apply to a distribution in the circumstances described in subsection (1).

(3) For the purposes of the exemption in subsections (1) and (2) all references to employee, senior officer, director, or consultant include a former employee, senior officer, director, or consultant.

PART 3 RESALE RESTRICTIONS

3.1 First Trades

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

3.2 First Trades in Securities of Non-Reporting Issuer

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

PART 4 ISSUER BID EXEMPTION

4.1 Issuer Bid Exemption

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

(a) the purpose of the acquisition by the issuer is to

(i) fulfill withholding tax obligations, or

(ii) provide payment of the exercise price of a stock option,

(b) the acquisition by the issuer is made in accordance with the terms of a plan that specifies how the value of the securities acquired by the issuer is determined,

(c) in the case of securities acquired as payment of the exercise price of a stock option, the date of exercise of the option is chosen by the option holder, and

(d) the aggregate number of securities acquired by the issuer within a 12 month period under this section does not exceed five percent of the outstanding securities of the class or series at the beginning of the period.

PART 5 EXEMPTION

5.1 Exemption

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

(2) In Ontario, only the regulator may grant an exemption under subsection (1).

PART 6 EFFECTIVE DATE

6.1 Effective Date

This Instrument comes into force on August 15, 2003.

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

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

1.1 Revocation of Rule 45-503 – Ontario Securities Commission Rule 45-503 *Trades to Employees, Executives and Consultants* is revoked.

1.2 Removal of Exemption for Trades under Paragraph 35(1)19 and Clause 72(1)(n) of the Act – The exemptions contained in paragraph 35(1)19 and clause 72(1)(n) of the *Securities Act* (Ontario) are not available for a trade.

1.3 Removal of Certain Exemptions for Trades of Securities of Certain Companies – The exemption contained in section 2.1 of Ontario Securities Commission Rule 45-501 *Exempt Distributions* is not available for a trade in a security of a subsidiary company of an employee or an executive, or a consultant company, if the company has acquired securities under an exemption contained in Mulitlateral Instrument 45-105 *Trades to Employees, Senior Officers, Directors, and Consultants* and at the time of the trade holds the securities, unless a trade of the securities acquired by the company to the purchaser would have been permitted under section 9.1 of Rule 45-501.

1.4 Effective Date – This rule comes into force on August 15, 2003.

Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service 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
16-Jul-2003	Eva Weeren	Acuity Pooled Balanced Fund - Trust Units	150,000.00	99,180.00
16-Jul-2003	2022062 Ontario Inc. and Fraser Francis Limited	Alliance Self-Storage Barrie Limited Partnership - Limited Partnership Units	800,000.00	800.00
15-Jul-2003	Ontario Teachers' Pension Plan Board	BDCM Offshore Opportunity Fund A, Ltd. - Shares	20,610,000.00	15,000.00
09-Jul-2003	Excalibur Limited Partnership	Bear Stearns Global Asset Holdings, Ltd. - Notes	2,822,800.00	2,000,000.00
18-Jul-2003	GATX/MM Venture Finance Partnership	Belair Networks Inc. - Option	1.00	1.00
27-Jun-2003	Christine Lap Kwan So	BPI American Opportunities Fund - Units	40,387.00	344.00
11-Jul-2003	Joanne Marshall	BPI American Opportunities Fund - Units	151,369.00	1,243.00
27-Jun-2003	David Smith	BPI Global Opportunites III Fund - Units	25,000.00	267.00
11-Jul-2003	3 Purchasers	BPI Global Opportunites III Fund - Units	102,795.00	1,088.00
04-Jul-2003	Fernando Henriques	BPI Global Opportunites III Fund - Units	100,000.00	1,091.00
11-Jul-2003	Simone Kingdon	BPI Global Opportunites III RSP Fund - Units	25,164.00	249.00
04-Jul-2003	Peter Lo	BPI Global Opportunites III RSP Fund - Units	41,556.00	424.00
25-Jul-2003	Dave & Lisette Sangster and Edwin & Enid Kammin	CareVest First Mortgage Investment Corporation - Preferred Shares	32,000.00	32,000.00

30-Jul-2003	The Canada Life Assurance Company	CAI Capital Corporation - Preferred Shares	27,200.00	272.00
23-Jul-2003	Gulskin Sheff & Associates Inc.	China Ventures Inc. - Common Shares	50,000.00	277,778.00
23-Jul-2003	4 Purchasers	Coniagas Resources Limited - Units	275,000.00	785,716.00
22-Jul-2003	23 Purchasers	Desert Sun Mining Corp. - Units	2,264,300.00	2,058,455.00
15-Jul-2003	Craig Kellough	Dios Exploration Inc. - Units	200,000.00	400,000.00
28-Apr-2003 to 03-Jul-2003	3 Purchasers	EdgeStone Capital Equity Fund II-A - Limited Partnership Interest	11,000,000.00	11,000.00
28-Apr-2003 to 03-Jul-2003	3 Purchasers	EdgeStone Capital Equity Fund II-B, L.P. - Limited Partnership Interest	3,300,000.00	3,300.00
29-Jul-2003	10 Purchasers	Etruscan Resources Inc. - Common Shares	1,500,000.00	1,500,000.00
30-Apr-2003	Walden Services Limited	E&P Limited Partnership, The - Units	198,666.00	200.00
31-Jul-2003	BMO Nesbitt Burns Inc.	Fair Isaac Corporation - Convertible Debentures	1,404,700.00	1.00
25-Jul-2003	Ridge Capital Corp.	First Chicago Investment Corporation - Shares	24,700,000.00	3,800,000.00
14-Jul-2003	Northern Rivers Innovations Fund LP	Genetronics Biomedical Corporation - Preferred Shares	137,480.00	10.00
20-Jun-2003	9 Purchasers	Gold-Ore Resources Ltd. - Units	594,000.00	2,200,000.00
17-Jul-2003	Anton G. Plut	Hallcon Corporation - Shares	7,500.00	150,000.00
17-Jul-2003	Anton G. Plut	Hallcon Corporation - Shares	15,000.00	300,000.00
24-Jul-2003	B.H.W. Investment Ltd. and William Hanchar	HydraLogic Systems Inc. - Convertible Debentures	75,000.00	75,000.00
15-Jul-2003	Maria Nocera	Kingwest Avenue Portfolio - Units	10,500.00	546.00
27-Jun-2003	Andrea Bailes	Landmark Global Opportunities Fund - Units	149,077.00	1,409.00
11-Jul-2003	Palmina Mancini	Landmark Global Opportunities RSP Fund - Units	13,000.00	131.00
22-Jul-2003	Ontario SME Capital Corporation	Media Trade Inc. - Debentures	2,000,000.00	1.00
31-Jul-2003	1436751 Ontario Inc.	N-able Technologies Inc. - Shares	41,500.00	50,000.00
31-Jul-2003	1436751 Ontario Inc.	N-able Technologies International, Inc. - Shares	41,500.00	50,000.00

21-Jul-2003	Transpacific Sales Limited	Optimum Qwest III Q2 Limited Partnership - Limited Partnership Units	250,000.00	250.00
24-Jul-2003	9 Purchasers	Oromonte Resources Inc. - Units	190,000.00	1,900,000.00
25-Jul-2003	Michael P. Despault and Dean Raynal	Oxford Software Developers Inc. - Common Shares	1,250.00	1,250.00
04-Jul-2003	Ronald and Mary Townley	Paradigm Market Neutral Preservation Fund - Units	50,000.00	4,973.00
17-Jul-2003	Kelsey Gunderson	Paragon Pharmacies Ltd. - Common Shares	25,000.00	25,000.00
24-Jul-2003	5 Purchasers	Purcell Energy Ltd. - Subscription Receipts	5,659,500.00	2,310,000.00
18-Jul-2003	Foragen Technologies Limited Partnership	Radient Technologies Inc. - Preferred Shares	600,000.00	2,400,000.00
30-Jun-2003	Absolute Return Concepts Fund	RBC Asset Management - Units	258,153.00	1,744.00
25-Jul-2003	8 Purchasers	Rutter Technologies Inc. - Common Shares	1,030,499.00	1,585,384.00
18-Jul-2003	8 Purchasers	Shaker Resources Inc. - Flow-Through Shares	1,100,800.00	917,334.00
18-Jul-2003	13 Purchasers	SR Telecom Inc. - Units	1,938,000.00	2,280,000.00
24-Jul-2003	Marlow Group Private Portfolio Management Inc.	Stealth Minerals Limited - Units	855,000.00	3,420,000.00
24-Jul-2003	A. Nebe Tamburro	TicketOps Corporation - Units	49,000.00	2.00
23-Jul-2003	Novo Nordisk	Transition Therapeutics Inc. - Common Shares	499,999.00	1,111,111.00
27-Jun-2003	Bettie Faye Ogryzlo Trust;The	Trident Global Opportunities Fund - Units	25,578.00	242.00
11-Jul-2003	Gordon McLean and Completions International Inc.	Trident Global Opportunities Fund - Units	65,000.00	625.00
15-Jul-2003	103 Purchasers	Trinidad Energy Services Income Trust - Trust Units	19,913,918.00	5,536,644.00
24-Aug-2003	Peter Kaye and Lawrance McNabb	Trivello Ventures Inc. - Units	3,500.00	35,000.00
24-Jul-2003	23 Purchasers	Virtus Energy Inc. - Flow-Through Shares	1,640,730.00	2,103,500.00
18-Jul-2003	19 Purchasers	Viva Source Corp. - Special Warrants	297,000.00	742,000.00
21-Jul-2003	Michael Mendelson	Westcan Income Limited Partnership 1 - Limited Partnership Units	50,000.00	50.00

18-Jul-2003	Canada Dominion Resources LP X1 and CMP 2003 Resources Limited Partnership	Winslow Resources Inc. - Flow-Through Shares	350,000.00	1,750,000.00

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
John Buhler	Buhler Industries Inc. - Common Shares	247,391.00
Matthews-Cartier Holdings Limited	Canfor Corporation - Common Shares	500,000.00
Larry Melnick	Champion Natural Health.com Inc. - Common Shares	119,765.00
James A Estill	EMJ Data Systems Ltd. - Common Shares	59,200.00
Michael R. Faye	Spectra Inc. - Common Shares	450,000.00
Andrew J. Malion	Spectra Inc. - Common Shares	325,000.00
Thomson Works of Art Limited	The Thomson Corporation - Common Shares	250,000.00
DKRT Family Corp.	The Thomson Corporation - Common Shares	100,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
AGF American Tactical Asset Allocation Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 31, 2003
Mutual Reliance Review System Receipt dated July 31, 2003
Offering Price and Description:
Mutual Fund Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
AGF Funds Inc.
Project #561022

Issuer Name:
Chemtrade Logistics Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated July 30, 2003
Mutual Reliance Review System Receipt dated July 30, 2003
Offering Price and Description:
$86,435,000.00 - 5,860,000 Subscription Receipts, each representing the right to receive one trust unit Subscription Receipts Price: $14.75 per Subscription Receipt
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
Canaccord Capital Corporation
Westwind Partners Inc.
First Associates Investments Inc.
Octagon Capital Corporation
Promoter(s):
-
Project #560704

Issuer Name:
Fort Chicago Energy Partners L.P.
Principal Regulator - Alberta
Type and Date:
Preliminary Shelf Prospectus dated August 1, 2003
Mutual Reliance Review System Receipt dated August 1, 2003
Offering Price and Description:
$500,000,000.00 - Class A Units Class B Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #561556

Issuer Name:
GGOF Monthly Diversified Income Fund
GGOF Asian Growth and Income Fund
GGOF Monthly High Income Fund II
GGOF Canadian High Yield Bond Fund
GGOF Monthly High Income Fund
GGOF Canadian Money Market Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 25, 2003
Mutual Reliance Review System Receipt dated July 30, 2003
Offering Price and Description:
Mutual Fund Net Asset Value
Mutual Fund Units, F Class Units, I Class Units
Underwriter(s) or Distributor(s):
Guardian Group of Funds Ltd.
Promoter(s):
Guardian Group of Funds Ltd.
Project #559746

Issuer Name:
Jones Collombin Balanced Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 28, 2003
Mutual Reliance Review System Receipt dated July 30, 2003
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Jones Collumbin Investment Counsel Inc.
Project #560230

Issuer Name:
KJH Balanced RRSP Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 31, 2003
Mutual Reliance Review System Receipt dated July 31, 2003
Offering Price and Description:
Mutual Fund Net Asset Value
Underwriter(s) or Distributor(s):
K.J. Harrison & Partners
Promoter(s):
KJ Harrison & Partners Inc.
Project #560959

Issuer Name:
Noranda Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated July 31, 2003
Mutual Reliance Review System Receipt dated July 31, 2003
Offering Price and Description:
$253,000,000.00 - 20,000,000 Common Shares Price: $12.65 per Common Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
UBS Securities Canada Inc.
Canaccord Capital Corporation
Griffiths McBurney & Partners
HSBC Securities (Canada) Inc.
Trilon Securities Corporation
Promoter(s):
-
Project #561006

Issuer Name:
Westport Innovations Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated August 1, 2003
Mutual Reliance Review System Receipt dated August 1, 2003
Offering Price and Description:
$16,625,000.00 - 8,750,000 Common Shares Price: $1.90 per Common Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Capital Corporation
Sprott Securities Inc.
Promoter(s):
-
Project #561493

Issuer Name:
HORIZONS GLOBAL MACRO FUND
Principal Jurisdiction - British Columbia
Types and Dates:
Preliminary Prospectus dated July 30th, 2003
Mutual Reliance Review System Receipt dated August 5th, 2003
UNDERWRITER(S):
Horizons Funds Inc.
PROMOTER(S):
Horizons Funds Inc.
PROJECT NUMBER:
561551

Issuer Name:
Futures Index Fund
3XL Futures Index Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 31, 2003
Mutual Reliance Review System Receipt dated August 1, 2003
Offering Price and Description:
Class O Units, Class I Units and Class P Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #554417

Issuer Name:
BCX Split Corp.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 30, 2003
Mutual Reliance Review System Receipt dated July 30, 2003
Offering Price and Description:
2,700,000 Capital Shares @ $17.54/share
2,700,700 Preferred Shares @ $15.71/share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Promoter(s):
Scotia Capital Inc.
Project #553988

Issuer Name:
Canadian Natural Resources Limited
Principal Regulator - Alberta
Type and Date:
Final Short Form Shelf Prospectus dated August 1, 2003
Mutual Reliance Review System Receipt dated August 1, 2003
Offering Price and Description:
$1,000,000,000.00 - Medium Term Notes (unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Promoter(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Project #559868

Issuer Name:
Coca-Cola Enterprises (Canada) Bottling Finance Company
Principal Regulator - Nova Scotia
Type and Date:
Final Short Shelf Prospectus dated July 29, 2003
Mutual Reliance Review System Receipt dated July 30, 2003
Offering Price and Description:
Cdn. $2,000,000,000.00 - Debt Securities (Unsecured)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #534337

Issuer Name:
Counsel Select Sector RSP
Counsel World Equity RSP
Counsel Focus RSP
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated July 28, 2003 to the Final Simplified Prospectus dated May 23, 2003
Mutual Reliance Review System Receipt dated August 5, 2003
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Counsel Group of Funds Inc.
Project #531192

Issuer Name:
Dynamic Canadian High Yield Bond Fund II
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated July 28, 2003
Mutual Reliance Review System Receipt dated July 31, 2003
Offering Price and Description:
Series A and Series F Units
Underwriter(s) or Distributor(s):
Dynamic Mutual Funds Ltd.
Dynamic Mutual Funds Ltd.
Promoter(s):
Dynamic Mutual Funds Ltd.
Project #555896

Issuer Name:
Empower Technologies Corporation
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated July 31, 2003
Mutual Reliance Review System Receipt dated August 1, 2003
Offering Price and Description:
Minimum: $1,400,000.00; Maximum: $2,000,000.00 - Minimum: 4,000,000 Units - Maximum: 5,714,286 Units @$0.35 per Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
Paul Leung
Project #549790

Issuer Name:
Faircourt Split Five Trust
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 29, 2003
Mutual Reliance Review System Receipt dated July 30, 2003
Offering Price and Description:
Maximum 8,000,000 Trust Units @ $15/Unit; Minimum 2,400,000 Trust Units $15/Unit
Maximum 8,000,000 Preferred Securities @ $10/Unit; Minimum 2,400,000 Preferred Securities @$10/Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
First Associates Investments Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Desjardins Securities Inc.
Dundee Securities Corporation
Promoter(s):
Faircourt Asset Management Inc.
Project #552893

Issuer Name:
First Asset Yield Opportunity Trust
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 30, 2003
Mutual Reliance Review System Receipt dated July 31, 2003
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
TD Securities Inc.
Promoter(s):
First Asset Funds Inc.
Project #554095

Issuer Name:
Great Lakes Carbon Income Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 29, 2003
Mutual Reliance Review System Receipt dated July 31, 2003
Offering Price and Description:
Cdn$185,000,000.00 - 18,500,000 Units @$10.00 per Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
Great Lakes Acquisition Corp.
Project #554092

Issuer Name:
INDEXPLUS INCOME FUND
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 29, 2003
Mutual Reliance Review System Receipt dated July 30, 2003
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
First Associates Investment Inc.
Middlefield Securities Limited
Raymond James Ltd.
Wellington West Capital Inc.
Acadian Securities Incorporated
Research Capital Corporation
Promoter(s):
Middlefield Group Limited
Middelefield Indexplus Management Limited
Project #553466

Issuer Name:
Juniper Equity Growth Fund
Type and Date:
Final Simplified Prospectus dated July 31, 2003
Receipted on August 1, 2003
Offering Price and Description:
Mutual Fund Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #554301

Issuer Name:
RBC Advisor Canadian Bond Fund
RBC Global High Yield Fund
RBC Balanced Fund
RBC Balanced Growth Fund
RBC Global Balanced Fund
RBC Select Conservative Portfolio
RBC Select Balanced Portfolio
RBC Select Growth Portfolio
RBC Select Choices Conservative Portfolio
RBC Select Choices Balanced Portfolio
RBC Select Choices Growth Portfolio
RBC Select Choices Aggressive Growth Portfolio
RBC Blue Chip Canadian Equity Fund
RBC Canadian Equity Fund
RBC U.S. Equity Fund
RBC European Equity Fund
RBC Global Titans Fund
RBC Global Communications and Media Sector Fund
RBC Global Consumer Trends Sector Fund
RBC Global Financial Services Sector Fund
RBC Global Health Sciences Sector Fund
RBC Global Industrials Sector Fund
RBC Global Resources Sector Fund
RBC Global Technology Sector Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated July 31, 2003
Mutual Reliance Review System Receipt dated August 5, 2003
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
RBC Asset Management Inc.
RBC Asset Management Inc.
Promoter(s):
RBC Asset Management Inc.
Project #556635

Issuer Name:
RESOLUTE GROWTH FUND
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated July 30, 2003
Mutual Reliance Review System Receipt dated August 1, 2003
Offering Price and Description:
Mutual Fund Units
Underwriter(s) or Distributor(s):
First Associates Investment Inc.
Yorkton Securities Inc.
Promoter(s):
Resolute Funds Limited
Project #552110

Issuer Name:
Retirement Residences Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated July 30, 2003
Mutual Reliance Review System Receipt dated July 30, 2003
Offering Price and Description:
$150,000,000.00 - 8.25% Convertible Unsecured Subordinated Debentures, due January 31, 2011
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Desjardins Securities Inc.
Raymond James Ltd.
Promoter(s):
-
Project #557683

Issuer Name:
Select 50 S-1 Income Trust
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 30, 2003
Mutual Reliance Review System Receipt dated July 31, 2003
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
First Associates Investments Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Promoter(s):
Sentry Select Capital Corp.
Project #554194

Issuer Name:
ScotiaMcLeod Canadian Core Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated August 5, 2003
Mutual Reliance Review System Receipt dated August 5, 2003
Offering Price and Description:
Offering of Series A and Series F Units of ScotiaMcLeod Canadian Core Portfolio
Underwriter(s) or Distributor(s):
First Defined Portfolio Management Co.
Promoter(s):
First Defined Portfolio Management Co.
Project #561773

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Brookshire Capital Corporation Attention: Gary Sugar 390 Bay Street Suite 1600 Toronto ON M5H 2Y2	Limited Market Dealer	Jul 31/03
New Registration	Premium Participation Services Inc. Attention: Todd Gotlieb 200 Viceroy Road Unit 5 Concord ON L4K 3N8	Limited Market Dealer	Jul 31/03
New Registration	Abbey Investment Management Ltd. Attention: Cecil Woods Chemin de la Payaz 5A PO Box 94 2025 Chez-le-Bart Switzerland 2025	Non-Canadian Adviser Investment Counsel & Portfolio Manager	Jul 29/03
Change of Name	Credit Agricole Indosuez Cheuvreux North America Inc. 666 Third Avenue 8th Floor New York NY 10017 USA	From: Credit Agricole Indosuez Securities, Inc. To: Credit Agricole Indosuez Cheuvreux North America Inc.	Jul 07/03
Change of Name	Toll Cross Securities Inc. 22 Old Yonge Street Toronto ON M2P 1P7	From: First Canada Securities Corporation To: Toll Cross Securities Inc.	Jul 21/03

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 IDA Disciplinary Hearing - Robert Saltsman

NEWS RELEASE
For immediate release

NOTICE TO PUBLIC: DISCIPLINARY HEARING

IN THE MATTER OF ROBERT SALTSMAN

July 31, 2003 (Toronto, Ontario) – The Investment Dealers Association of Canada announced today that a hearing will be held in respect of matters for which Robert Saltsman may be disciplined by the Association, on a date to be fixed by the Ontario District Council of the Association on Thursday, August 14, 2003.

The hearing relates to allegations that while a registered representative at the North Toronto office of Scotia Capital Inc., Mr. Saltsman engaged in conduct unbecoming contrary to Association By-law 29.1 by misdirecting client funds, making misrepresentations to a client and undertaking to cover trading losses for a client. It is also alleged that Mr. Saltsman engaged in unsuitable trading strategies for various clients, engaged in unauthorized and discretionary trading, improperly updated account application forms for various clients and executed orders that were not within the bounds of good business practice.

The hearing date will be fixed by District Council on August 14, 2003 at 2:00 p.m. or soon thereafter at 121 King Street West, 16th floor, Toronto, Ontario. The hearing is open to the public except as may be required for the protection of confidential matters. Copies of the Decision of the District Council will be made available.

The Investment Dealers Association of Canada is the national self-regulatory organization and representative of the securities industry. The Association's mission is to protect investors and enhance the efficiency and competitiveness of the Canadian capital markets. The IDA enforces rules and regulations regarding the sales, business and financial practices of its Member firms. Investigating complaints and disciplining Members are part of the IDA's regulatory role.

For further information, please contact:

Alex Popovic
Vice-President, Enforcement
(416) 943-6904 or apopovic@ida.ca

Jeff Kehoe
Director, Enforcement Litigation
(416) 943-6996 or jkehoe@ida.ca

13.1.2 Notice of Commission Approval – Amendments to IDA By-law No. 3 Regarding Entrance, Annual and Other Fees

THE INVESTMENT DEALERS ASSOCIATION (IDA)
NOTICE OF COMMISSION APPROVAL
AMENDMENTS TO IDA BY-LAW NO. 3
REGARDING ENTRANCE, ANNUAL AND OTHER FEES

The Ontario Securities Commission approved amendments to IDA By-law No. 3 regarding the Entrance, Annual and Other Fees. In addition, the Alberta Securities Commission approved and the British Columbia Securities Commission did not object to the amendments. The proposal prescribes quarterly billing of the annual fees for the IDA. The amendments are housekeeping in nature. The description and a copy of the amendments are contained in Appendix "A" and Appendix "B" respectively.

APPENDIX "A"

INVESTMENT DEALERS ASSOCIATION OF CANADA HOUSEKEEPING AMENDMENTS TO BY-LAW NO. 3 REGARDING ENTRANCE, ANNUAL AND OTHER FEES

I OVERVIEW

A -- Current Rules

The Association currently has rules covering a variety of dues, fees, assessments, other charges and collections on behalf of other parties. In accordance with by-law 3.3, the annual fees are currently billed semi-annually.

B -- The Issue

Currently the IDA's Members' fees are approved as part of the budget process and are therefore a stable source of revenue. However, there are significant fluctuations to the IDA's cash outflows. The IDA, from a cash management perspective, would benefit from a move to quarterly invoicing of Members' fees. This would smooth out the revenue stream, with the added benefit of spreading out the payment impact for smaller Members. The proposed amendment would allow the IDA to lower its cash inflow concentration from twice a year to four times a year thereby better aligning its cash inflows with its cash outflows.

C -- Objective

The objective is to align cash inflows more closely with cash outflows and spread out the payment load for the smaller Members.

D -- Effect of Proposed Rules

The proposed amendments will have no effect on the market structure. It will spread out the payments for the benefit of the smaller members. There will be a minimal positive impact on interest costs for members and no impact on non-members. The proposed amendments will have no effect on competition. There will be a small additional administrative burden imposed as a result of the additional two billings a year. However, it is believed that this additional burden is outweighed by the benefits derived from the more frequent billings.

II DETAILED ANALYSIS

A -- Present Rules, Relevant History and Proposed Policy

The current rules call for the annual fee to be paid in two payments within 30 days of billing. By-law 3.3 specifies that Member fees must be paid semi-annually and specifies the dates by which they must be paid. By-law 3.7 lists specific dates by which payment of the annual fee billings must be made by members after which notification by the Association Secretary requesting payment is to take place. The dates specified are currently semi-annual dates in accordance with the billings as set forth in by-law 3.3. As such, by-law 3.7 must be amended to reflect quarterly dates.

B -- Issues and Alternatives Considered

Currently the IDA's Members' Fees are approved as part of he budget process and are therefore a stable source of revenue. There are significant fluctuations to the IDA's cash outflows. The IDA, from a cash management perspective, would benefit from a move to quarterly invoicing of Members' Fees. This would smooth out the revenue stream and provide the added benefit of spreading out the payment impact for smaller Members. The proposed amendment would allow the IDA to lower its cash inflow concentration from twice a year to four times a year aligning its cash inflows more closely with its cash outflows.

The actual dates in the proposed amendment are not strictly quarterly but are separated by 61,61 and 92 days. The first payment of the next year will be 152 days after the final payment for the current year. This has been done to ensure that changes in cash flow resulting from the proposal do not adversely affect the IDA's ability to manage its cash flows over the course of the year.

Monthly invoicing was considered as an alternative but it was determined that the additional administrative impact on both the Association and its members outweighed any benefits derived from this alternative.

C -- Comparison with Similar Provisions

The Mutual Fund Dealers Association by-law 4.14 currently prescribes the billing of its annual fee to be conducted quarterly.

D -- Systems Impact of Rule

There will be minimal impact on systems.

E -- Best Interests of the Capital Markets

The Board has determined that the change in invoice frequency is not detrimental to the best interests of the capital markets.

F -- Public Interest Objective

The proposal is designed to more closely align the cash inflows of the Association with its outflows.

III COMMENTARY

A -- Filing in Other Jurisdictions

These proposed amendments have been filed for approval in Alberta, British Columbia and Ontario, and have been filed for information in Nova Scotia and Saskatchewan.

B -- Effectiveness

An assessment of the effectiveness of the proposed rules in addressing the issues is discussed above.

C -- Process

The Audit Committee and Executive Committees have approved the proposal.

IV SOURCES

Mutual Fund Dealers Association by-law 4.14

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

The Association has determined that the entry into force of the proposed amendments is housekeeping in nature. As a result, a determination has been made that this proposed rule amendment need not be published for comment.

APPENDIX "B"

HOUSEKEEPING AMENDMENTS TO BY-LAW NO. 3 REGARDING ENTRANCE, ANNUAL AND OTHER FEES

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

By-law No. 3 is amended as follows:

1. By repealing and replacing By-Law 3.3 with the following:

"3.3 The first quarter of such annual fee shall be paid in advance by each Member not later than the first of June in each year and the second quarter of such annual fee shall be paid in advance by each Member not later than the first day of August and notice of the first and second quarters of the annual fee then payable shall be mailed to each Member on or about the next preceding first of May. The third quarter of such annual fee shall be paid in advance by each Member not later than the first of October in each year and the final quarter of such annual fee shall be paid in advance by each Member not later than the first day of January in each year and notice of the third and fourth quarters of the annual fee then payable shall be mailed to each Member on or about the next preceding first of September. If an applicant for Membership is approved by the Board of Directors at any time between September 30 and December 31, both inclusive, in any year, the annual fee for the balance of the fiscal year shall be one-half of the annual fee, and if between January 1 and March 31, both inclusive, the annual fee for the balance of the fiscal year shall be one-quarter of the annual fee."

2. By repealing and replacing By-Law 3.7 with the following:

"3.7. If the first quarter of the annual fee of a Member has not been paid by the first day of July, or, if the second quarter of such annual fee has not been paid by the first day of September or, if the third quarter of such annual fee has not been paid by the first day of November or, if the fourth quarter of such annual fee has not been paid by the first day of February in any year, or the amount assessed upon any Member pursuant to By-law 3.5, or the amount of any change in membership status fee required pursuant to By-law 3.6 has not been paid within thirty days after the Member has received written notification thereof from the Secretary, the Secretary shall, by registered mail, request the Member to pay the same and draw the Member's attention to the provisions of this By-law 3.7. If the entire amount owing by the Member has not been paid within thirty days from the date the Secretary has mailed

the request, the Secretary shall notify the Board of Directors to this effect and the Board of Directors may, in its discretion, terminate the Membership of the Member in default. If the Board of Directors decides to terminate the Membership of a Member pursuant to the provisions of this By-law 3.7, the Secretary will be requested to notify the Member, by registered mail, of the decision of the Board of Directors. A former Member whose Membership has been terminated pursuant to the provisions of this By-law 3.7 shall cease to be entitled to exercise any of the rights and privileges of Membership but shall remain liable to the Association for all amounts due to the Association from the former Member."

PASSED AND ENACTED BY THE Board of Directors this 22nd day of June 2003, to be effective on a date to be determined by Association staff.

13.1.3 IDA Proposed Policy No. 11 Analyst Standards

INVESTMENT DEALERS ASSOCIATION OF CANADA – PROPOSED POLICY NO. 11 ANALYST STANDARDS

I OVERVIEW

A -- Current Rules

Policy No. 11 was approved at the June 2002 IDA Board of Directors Meeting and then submitted for approval to the CSA. The provisions were based largely on the report of the *Securities Industry Committee on Analyst Standards* (Crawford Report) published in October 2001, as well as rules regarding analysts in the United States (US).

Policy No. 11 was thereafter amended based on comments received from Member firms and the CSA as well as changes to the regulations of self-regulatory organizations in the United States designed to address the same issues. The revised Policy was submitted to the April 2003 IDA Board of Directors meeting where it was approved and subsequently submitted to the CSA for approval. The Association has received a number of comments with respect to the April 2003 submission and a summary of these comments along with the Association's responses will be published in the Ontario Securities Commission Bulletin.

In the interim, Requirement 2 of Policy No. 11 has undergone further amendments based on Member comments, which make the Policy more consistent with NASD Rule 2711.

B -- The Issue

The Association has removed the Pro Group requirements for the purpose of Policy No. 11 and included a disclosure requirement for the Member and its affiliates (there is also a disclosure requirement for the analyst and the associate of the analyst). The amendment is required as the current definition of Pro Group is extremely broad and will capture individuals that are not in a position where conflicts would arise in the context of research reports. In addition to amending whose holdings need to be disclosed, we have also reduced the threshold for required disclosure from 5% to 1% which brings the requirement in line with what is required under NASD Rule 2711. Harmonization with US disclosure rules is required as it would be very difficult and expensive to develop different technological systems to comply with both sets of rules, which appear to outweigh the additional benefits of disclosure. Global dealers, due to their global research compliance systems, would have to implement such systems not merely in Canada, but worldwide. Indeed, it would not be practical for many US firms to distribute reports across the border. The undesirable result would be less research available to Canadian investors which in turn could do damage to the Canadian capital markets and which in turn will cause more harm to Canadian investors. This amendment shall be permanent and not dependant on the final result of the Pro Group definition under the Conflicts of Interest By-law. The goal is to create certainty and predictability where feasible.

The remainder of the Policy has virtually been unchanged from the version published for comment in the OSC Bulletin dated April 28, 2003 with the exception of those areas noted below.

C -- Objective

The amendments to the Policy were made to ensure disclosures provide meaningful information and to reduce the potential for confusion between Policy No. 11 and NASD Rule 2711 and ensure that Canadian investors would not suffer from a reduction in research available to them in the Canadian market. Furthermore, the amendments to the Policy will permit US research to be available in Canada and Canadian research relating to Canadian firms to be distributed in the US, a result that will be positive for both the Canadian investors and Canadian corporations. As such, the concept of Pro Group disclosure as it applies to Policy No. 11 has been removed and a disclosure requirement that is consistent with NASD Rule 2711(h)(1)(B) has been included.

D -- Effect of Proposed Rules

It is the position of the Association that the proposed Policy will have a positive impact on the current market structure, as there will be less confusion surrounding disclosure requirements in both Canadian and US markets with respect to analysts.

II DETAILED ANALYSIS

A -- Present Rules, Relevant History and Proposed Policy

Based on comments received from Member firms, the CSA and recent events in the United States, proposed Policy No. 11 has been amended.

Requirement 2(a)-- Introduction

The introductory paragraph of Requirement 2 is the general disclosure provision that currently provides "a Member must disclose any information regarding its business with or its or its agents' relationship to any issuer which is the subject of the report which might reasonably be expected to indicate a potential conflict of interest on the part of the Member or the analyst making a recommendation with regards to the issuer." The paragraph has now been amended by removing the term "agent" as it is the information regarding the Member that the Association is interested in capturing in the paragraph.

Requirement 2(a)(i)--Pro Group Disclosure

The amendment to Requirement 2(a)(i) removes the Pro Group holdings disclosure from Policy No. 11 and replaces it with a disclosure requirement similar to the remainder of Requirement 2(a). The amendment changes whose holdings are of interest, the threshold which triggers the requirement, and the type of securities on which disclosure is based.

In previous versions of the Policy, the definition of Pro Group encompassed the Member, employees and agents of the Member and any partner, director, officer or affiliate of the Member or any associate of any of the above. Under the revised draft, the holdings of the Member and its affiliates are the only ones that require disclosure under Requirement 2(a)(i). The threshold which triggers the disclosure requirement has also been amended under Policy No. 11. Disclosure will only be required where the Member and its affiliates collectively beneficially own 1% or more of the issuer's equity securities, as opposed to the current 5% threshold.

The reason the amendment is required is that for the purposes of Policy No. 11 the Pro Group holding requirement is overly broad and not necessary to capture the types of conflicts that arise in the preparation of research reports. For instance, a plausible situation where conflict can arise in the context of research reports is where an analyst's views are influenced by the issuer or by the investment-banking department which compensates the analysts. This could result in the views and opinions of the analyst being swayed in his/her report. Another situation where conflicts may arise is where the analyst is a partner, director or officer of the issuer. The analyst in this situation may have a self-serving interest in the issuer and as such his/her opinions could be swayed in the report, and as such these types of relationships need to be eliminated in the form of a prohibition. Policy No. 11 addresses these issues and as such, the all-encompassing definition of the Pro Group is not needed to deal with these situations. The current definition of Pro Group extends to individuals who are not in a position to influence research decisions and in respect of whom there is not necessarily any perception of inherent conflict of the investment dealer. Such individuals should not necessarily be viewed as inherently conflicted in these situations. Furthermore, the information that would result from the calculation as currently required may not in fact be useful as the information will be dated (anywhere from ten days to forty days). As such, the current structure of the Pro Group may not help in reducing conflicts that may arise in the context of research reports, as the information will be of limited value.

However, the concept of Pro Group still exists with respect to the Conflicts of Interest By-law and is currently under consideration and can be referred to in the Ontario Securities Commission Bulletin, dated November 8, 2002 for an in-depth discussion of the concept.

Members should note that as previously required, the definition of research report under Policy No. 11 applies to both fixed income (except Government Debt and Government guaranteed debt) and equity securities. It is the position of the Association that where conflicts exist they should be disclosed whether in respect of fixed income or equity securities. While there are fundamental differences between fixed income and equity markets, the internal and external relationships that exist are present in both markets and therefore so is the potential for conflict. One argument made by Members is that because debt trading is concentrated in the hands of relatively small numbers of institutions principally trading from inventory,

the risk of retail investors being misled by research is far less then in equity markets where retail investors are widely represented. However, where conflicts exist they should not be withheld just because it affects a smaller pool of investors. As stated above, the Association does recognize the differences in the two markets. As such, in order to deal with such differences certain accommodations are needed in certain circumstances and as such exemptions are required under Requirement 2(a)(i) and Requirement 14. It would not be appropriate to regulate these instances of fixed income research in exactly the same way as equity research. Therefore, the 1% disclosure threshold under Requirement 2(a)(i) will only be comprised of equity holdings and the whole of Requirement 14 only applies to equity research reports and is explained in detail below under the heading "Requirement 14". With the addition of these exemptions the Association does not see how the Policy in its current amended form would be detrimental to the debt business. In light of the above, the Association maintains that Policy No. 11 will apply to both fixed income and equity markets with such exemptions as noted above.

The amendments to Requirement 2(a)(i) and Requirement 14 under Policy No. 11 make them consistent with NASD Rule 2711(h)(1)(B) and 2711(f) with respect to their application to equity securities. Harmonization is an important aspect of regulation and market reality dictates that Canadian Policy be harmonized where possible with the US Rules. The amendments made reflect our commitment to harmonization where feasible. However, it should be noted that a made in Canada approach is maintained where justified or where US Rules are inadequate. As such it is the position of the Association that the differences that remain between the rules are necessary in the Canadian markets and are supported by both the Crawford Report and the Analyst Standards Steering Committee.

NASD Rule 2711 requires that disclosure be made where the research analyst or a member of their household has a financial interest in the securities of the subject company. Similarly Policy No. 11 Requirement 2(a)(ii), which requires that the analyst or any associate of the analyst responsible for the report or any individuals involved in the report to disclose if they hold or are short any of the issuer's securities. Finally, NASD Rule 2711 Section (h)(1)(C) requires disclosure of any other actual, material conflict of interest of the research analyst or member of which the research analyst knows or has reason to know at the time of publication exist. This requirement is similar to the introductory paragraph of Requirement 2.

Requirement 4--Third Party Research

This requirement deals with third party research and the disclosures required under this Requirement will not apply where a Member simply provides access to the third party research reports or provides third party reports at the request of the client. This provision was included as without this exemption there would be the potential of reducing the amount of client access to certain types of third party research as with the amount of work involved in preparing the disclosure, Members may not offer such research to clients. Please note that an exception exists as to exclude research reports issued by Members of the NASD or other regulators (including the IDA) approved by the Association as such organizations have strict disclosure rules already. Member firms purchase large volumes of research from NASD Members and make it available to clients. In these situations, the important conflicts are those that have to be disclosed by the party preparing the report.

Requirement 14--Quiet Periods

An amendment has also been made to Requirement 14 of Policy No. 11, which prohibits Members from publishing research reports regarding an issuer where the Member acted as manager or co-manager of an initial public offering for 40 calendar days following the date of the offering, or secondary offering for 10 calendar days following the date of the offering. This Requirement has been amended to specify that this provision only apply to equity and equity related securities. If the Requirement were to apply to debt securities, the quiet period could potentially end up precluding Members from publishing reports on equity securities during lengthy periods when debt is being continually offered.

An exemption has also been added to this Requirement which exempts some securities from the quiet period provision if the securities are exempted from restrictions under provisions relating to market stabilization in securities legislation or in the Universal Market Integrity Rules (UMIR). The reason for this exemption is that securities legislation and UMIR are currently being revised to specifically permit research activities in certain circumstances and as such Policy No. 11 must be consistent with such changes.

Additional Minor Changes

A number of additional minor drafting changes have been made to Policy No. 11. For instance we have added a definition of equity related securities for clarity. The remainder of the changes do not change the substance of the proposed Policy in any way from the version approved by the IDA Board in April 2003 and published thereafter in the Ontario Securities Bulletin dated April 28, 2003.

B -- Issues and Alternatives Considered

The amendments were discussed with Member firms, the CSA and the Analyst Standards Steering Committee to determine the appropriate disclosure requirements for the Canadian Capital Markets. The only alternative discussed, were:

1. the initial proposal of the Pro Group as defined in the Conflicts of Interest By-law outlined above and;

2. having the Policy only apply to equity securities or in the alternative having the Policy as a whole apply to both fixed

income and equity securities with no exemptions.

C -- Comparison with Similar Provisions

The NASD has worked closely with the New York Stock Exchange (“the NYSE”) and Securities and Exchange Commission ("SEC") to develop rules in the United States in order to address conflicts of interest that can arise when research analysts make recommendations in research reports and in public appearances.

The Association felt that it would be in the best interest of the Canadian Capital Markets for the proposed Policy to adopt the disclosure requirement as set out in NASD Rule 2711(h)(1)(B) dealing with ownership of securities. The reason for harmonization as stated above is that the US approach is an appropriate disclosure of conflicts that are foreseeable. Using the Pro Group Definition as proposed in the Conflicts of Interest By-law is both overly broad and burdensome and would capture irrelevant statistics that would make it impossible to determine where real conflicts are situated. The main difference that will continue to exist is that the NASD Rule only applies to equity securities, whereas Policy No. 11 applies to both debt and equity securities with the exception of the provisions outlined above and with respect to government debt and government guaranteed debt.

D -- Systems Impact of Rule

The systems issues associated with the rule amendment will be minor in nature. Many Member firms already have systems in place to capture such information as the NASD Rule is currently in force.

E. -- Best Interests of the Capital Markets

The Association is of the view that the proposed Policy will strengthen market integrity, which in turn leads to investor confidence and as such is in the best interest of the capital markets. Furthermore, the revisions as stated above will lead to less confusion for Member firms with respect to US and Canadian rules in terms of disclosure requirements with respect to analysts.

F -- Public Interest Objective

The Association believes that the proposed Policy is in the public interest in that it will facilitate an efficient, fair and competitive secondary market. It is the hope of the Association that the increased disclosure requirement will increase the level of investor confidence in the Canadian Capital Markets.

III COMMENTARY

A -- Filing in Other Jurisdictions

These proposed amendments will be filed for approval in Alberta, British Columbia, and Ontario and will be filed for information in Nova Scotia and Saskatchewan.

B – Effectiveness

The Association believes that as drafted the proposed Policy adopts the most practical and effective solutions to addressing the potential for conflicts of interest that may arise in the context of preparing research reports.

C -- Process

The proposed Policy has been amended based on comments received from both the CSA and Member firms. The Association's Analyst Standards Steering Committee has approved the revised Policy.

IV SOURCES

CSA/ Member comments.

IDA proposed By-law 29.30 Conflicts of Interest.

Setting Analyst Standards: Recommendations for the Supervision and Practice of Canadian Securities Industry Analysts (Crawford Report).

National Association of Securities Dealers Proposed Rule Regarding Research Analyst Conflicts of Interest (Rule 2711).

The Code of Ethics and Standards of Professional Conduct of the Association for Investment Management and Research (AIMR).

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is required to publish for comment the accompanying Policy. The Association has determined that the entry into force of the proposed Policy would be in the public interest. Comments are sought on the proposed Policy. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of Deborah L. Wise, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8

Questions may be referred to:
Deborah L. Wise
Legal and Policy Counsel
Regulatory Policy
Investment Dealers Association of Canada
(416) 943-6994
dwise@ida.ca

INVESTMENT DEALERS ASSOCIATION OF CANADA - ANALYST STANDARDS

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. By adding new Policy No. 11 as follows:

Policy No. 11

Analyst Disclosure Requirements

Introduction

This Policy establishes ~~standards~~requirements that analysts must follow when publishing research reports or making recommendations. These ~~standards~~requirements represent the minimum procedural requirements ~~necessary to ensure that~~ that Members must have in place ~~procedures~~ to minimize potential conflicts of interest. The Disclosure required under Policy No. 11 must be clear, comprehensive and prominent. Boilerplate disclosure is not sufficient.

These ~~standards~~requirements are based on the recommendations of the Securities Industry Committee on Analyst Standards with input from both industry and non-industry groups.

Definitions

“advisory capacity” means providing advice to an issuer in return for remuneration, other than advice with respect to trading and related services.

“analyst” means any partner, director, officer, employee or agent of a Member who is held out to the public as an analyst or whose responsibilities to the Member include the preparation of any written report for distribution to clients or prospective clients of the Member which includes a recommendation with respect to a security.

"equity related security" means a security whose performance is based on the performance of an underlying equity security or a basket of income producing assets. Securities classified as an equity related security include, without limitation, convertible securities and income trust units.

“investment banking service” includes, without limitation, acting as an underwriter in an offering for the issuer; acting as a financial adviser in a merger or acquisition; providing venture capital, lines of credit, or serving as a placement agent for the issuer.

"research report" means any written or electronic communication that the Member has distributed or will distribute to its clients or the general public, which contains an analyst's recommendation concerning the purchase, sale or holding of a security (but shall exclude all government debt and government guaranteed debt).

“remuneration” means any good, service or other benefit, monetary or otherwise, that could be provided to or received by an analyst.

“supervisory analyst” means an officer of the Member designated as being responsible for research.

Requirements ~~Standards~~

1. Each Member shall have written conflict of interest policies and procedures, in order to minimize conflicts faced by analysts. All such policies must be approved by and filed with the Association.

2. Each Member shall prominently disclose in any research report:

   (a) any information regarding its or its analyst's business with or ~~its or its agents'~~ relationship ~~to~~with any issuer which is the subject of the report which might reasonably be expected to indicate a potential conflict of interest on the part of the Member or the analyst in making a recommendation with regard to the issuer. Such information includes, but is not limited to:

      (i) ~~the pro group holdings, whether long or short, as at the date of the report or the latest month end (which ever the Member finds more practical), where the holdings exceed 5% of the outstanding securities of any class of the issuer's securities~~ whether, as of the end of the month immediately preceding the date of issuance of the research report or the end of the second most recent month if the issue date is less than 10 calendar days after the end of the most recent month, the Member and its affiliates collectively beneficially own 1% or more of any class of the issuer's equity securities,

      (ii) whether the analyst or any associate of the analyst responsible for the report or recommendation or any individuals directly involved in the preparation of the report hold or are short any of the issuer’s securities directly or through derivatives,

      (iii) whether any partner, director or officer of a Member or any analyst involved in the preparation of a report on the

issuer has, during the preceding 12 months provided services to the issuer for remuneration,

(iv) whether the Member firm has provided investment banking services for the issuer during the 12 months preceding the date of issuance ~~publication~~ of the research report or recommendation, ~~and~~

(v) the name of any partner, director, officer, employee or agent of the Member who is an officer, director or employee of the issuer, or who serves in any advisory capacity to the issuer,~~;~~ and

(vi) whether the Member is making a market in the security of the subject issuer.

(b) the Member's system for rating investment opportunities and how each recommendation fits within the system and shall disclose on their websites or otherwise, quarterly, the percentage of its~~their~~ recommendations that fall into each category of their recommended terminology; and

(c) its policies and procedures regarding the dissemination of research.

A Member shall~~. may~~ comply with subsections (b) and (c) by disclosing such information in the report or by disclosing in the report where such information can be obtained.

3. Where an employee of a Member makes a public comment (which shall include an interview) ~~is made~~ about an issuer, a reference must be made to the existence of any relevant research report issued by the Member containing the disclosure as required above, if one exists, or it must be disclosed that such a report does not exist.

4. Where a Member distributes a research report prepared by an independent third party to its clients under the third party name, the Member must disclose any items which would be required to be disclosed under ~~section~~requirement 2 of Policy No. 11 had the report been issued in the Member's name. This ~~Section~~requirement does not apply to research reports issued by Members of the National Association of Securities Dealers ("NASD") or issued by persons governed by other regulators approved by the Investment Dealers Association, and does not apply if the Member simply provides to clients access to the independent third party research reports or provides independent third party research at the request of clients. However, where this Section does not apply, Members must ~~should~~ disclose that the research report is not prepared subject to disclosures required under Policy No. 11.

5. No Member shall issue~~s~~ a research report prepared by an analyst if the analyst or any associate of the analyst serves as an officer, director or employee of the issuer or serves in any advisory capacity to the issuer.

6. Any Member that distributes research reports to clients or prospective clients in its own name must disclose its research dissemination policies and procedures on its website or by other means.

7. Each Member who distributes research reports to clients or prospective clients shall have policies and procedures reasonably designed to prohibit any trading by its partners, directors, officers, employees or agents resulting in an increase, a decrease, or liquidation of a position in a listed security, or a derivative instrument based principally on a listed or quoted security, with knowledge of or in anticipation of the distribution of a research report, a new recommendation or a change in a recommendation relating to a security that could reasonably be expected to have an effect on the price of the security.

8. No ~~analyst or any~~ individual involved in the preparation of the report can effect a trade in a security of an issuer, or a derivative instrument ~~security~~ whose value depends principally on the value of a security of an issuer, regarding which the analyst has an outstanding recommendation for a period of 30 calendar days before and 5 calendar days after issuance ~~publication~~ of the research report, unless that individual ~~they~~ receive~~s~~ the previous written approval of a designated partner, officer or director of the Member. No approval may be given to allow an analyst or any individual involved in the preparation of the report to make a trade that is contrary to the analyst's current recommendation, unless special circumstances exist.

9. Members must disclose in research reports if in the previous 12 months the analyst responsible for preparing the report received compensation based upon the Member's investment banking revenues.

10. No Member may pay any bonus, salary or other form of compensation to an analyst that is directly based upon one or more specific investment banking services transactions.

11. Each Member shall have policies and procedures in place ~~to~~ reasonably to prevent ~~ensure that~~ recommendations in research reports from being ~~are not~~ influenced by the investment banking

department or the issuer. Such policies and procedures shall, at minimum:

(i~~1~~) prohibit any requirement for approval of research reports by the investment banking department;

(ii~~2~~) limit comments from the investment banking department on research reports to correction of factual errors;

(iii~~3~~) prevent the investment banking department from receiving advance notice of ratings or rating changes on covered companies; and

(iv~~4~~) establish systems to control and keep records of the flow of information between ~~research~~ analysts and investment banking departments regarding issuers that are the subject of current or prospective research reports.

12. No Member may directly or indirectly offer favorable research, a specific rating or a specific price target, a delay in changing a rating or price target or threaten to change research, a rating or a price target of an issuer as consideration or inducement for the receipt of business or compensation from an issuer.

13. Members must disclose in research reports if and to what extent an analyst has viewed the material operations of an issuer. Members must also disclose where there has been a payment or reimbursement by the issuer of the analyst's travel expenses for such visit.

14. No Member may issue ~~publish a~~ a ~~–~~ research report for an equity or equity related security regarding an issuer for which the Member acted as manager or co-manager of

~~(1)~~(i) an initial public offering, for 40 calendar days following the date of the offering; or

~~(2)~~(ii) a secondary offering, for 10 calendar days following the date of the offering;

but ~~Section~~requirement 14(i~~1~~) and (ii~~2~~) do not prevent a Member from issuing ~~publishing~~ a research report concerning the effects of significant news about or a significant event affecting the issuer within the applicable 40 or 10 day period.

14.1 Requirement 14 does not apply where the subject securities are exempted from restrictions under provisions relating to market stabilization in securities legislation or in the Universal Market Integrity Rules.

15. When a Member distributes a research report covering six or more issuers, such a report may indicate where the disclosures required under Policy No. 11 may be found.

16. Members must issue ~~should publish~~ notice of their intention to suspend or discontinue coverage of an issuer. However, no issuance ~~publication~~ is required when the sole reason for the suspension is that an issuer has been placed on a Member's restricted list.

17. Members must obtain an annual certification from the head of the research department and chief executive officer which states that their analysts are familiar with and have complied with the AIMR Code of Ethics and Standards of Professional Conduct whether they are members of AIMR or not.

18. Where a supervisory analyst of a Member serves as an officer or director of an issuer, then the Member must ~~should~~ not provide research on the issuer.

19. Member~~'~~s must pre-approve analysts~~'~~ outside business activities.

20. Where Members set price targets as recommended under guideline 4, Members must disclose the valuation methods used.

Guidelines

In addition to the above requirements, when establishing policies and procedures as referred to under ~~section~~requirement 1 of Policy No. 11, Members must comply with the following best practices, where practicable:

1. Members should distinguish clearly in each research report between information provided by the issuer or obtained elsewhere and the analyst's own assumptions and opinions.

2. Members should disclose in their research reports and recommendations reliance by the analyst upon any report or study by third party experts other than the analyst responsible for the report. Where there is such reliance, the name of the third party experts should be disclosed.

3. ~~(Previously G. 5)~~ Members should adopt standards of research coverage that include, at a minimum, the obligation to maintain and publish current financial estimates and recommendations on securities followed, and to revisit such estimates and recommendations within a reasonable time following the release of material information by an issuer or the occurrence of other relevant events.

4. ~~(Previously G. 7)~~ Members should set price targets for recommended transactions, where practicable, and with the appropriate disclosure.

5. ~~(Previously G. 8)~~ Members should~~are required to use~~ use specific securities terminology in research reports where required to do so ~~mandated~~ by Securities Legislation. Where such terminology is not required, ~~mandated,~~ Members should use the specific technical terminology that is required by the relevant industry, professional association or regulatory authority or in the absence of required terminology use technical terminology that is customarily in use. Where necessary, for full understanding, a glossary should be included.

6. ~~(Previously G. 9)~~ A Member should make its research reports widely available through its websites or by other means for all of its clients whom the Member has determined are entitled to receive such research reports at the same time.

7. ~~(Previously G. 10)~~ Where feasible by virtue of the number of analysts, Members should appoint one or more supervisory analyst or head of research to be responsible for reviewing and approving research reports as required under By-law 29.7, who should be a partner, director or officer of the Member and should have the CFA designation or other appropriate qualifications. Members may have more than one supervisory analyst where necessary.

8. ~~(Previously G. 11)~~ Members should require their analyst employees to obtain the Chartered Financial Analyst designation or other appropriate qualifications.

9. ~~(Previously G. 13)~~ Members should require that the head of the research department, or in small firms where there is no head then the analyst or analysts report to a senior officer or partner who is not the head of the investment banking department. However, no policies or procedures will be approved under ~~section~~requirement 1 unless the Association is satisfied that they address the relationship between the investment-banking department and research department.

PASSED AND ENACTED BY THE Board of Directors this 22nd~~15~~th day of June ~~April~~ 2003, to be effective on a date to be determined by Association staff.

IDA'S RESPONSES TO ALL THE COMMENTS RECEIVED TO DATE ON PROPOSED POLICY NO. 11.

On July 5, 2002 the Investment Dealers Association of Canada (IDA) published for comment Policy No. 11 with respect to Analyst Standards.

Four comments were received from:

1. BMO Nesbitt Burns;

2. CIBC World Markets Inc., Merrill Lynch Canada Inc., National Bank Financial Corp. RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc., collectively (the "Dealers");

3. The Securities Industry Committee on Analyst Standards; and

4. The Goldman Sachs Group Inc. and Morgan Stanley

Thereafter on April 28, 2003 the Investment Dealers Association of Canada (IDA) published for comment revised Policy No. 11 with respect to Analyst Standards.

Four comments were received from:

1. Dundee Securities;

2. CIBC World Markets Inc., Merrill Lynch Canada Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., Goldman Sachs Canada Inc., Morgan Stanley Canada Limited, BMO Nesbitt Burns Inc.; and Credit Suisse First Boston Canada Inc. collectively (the "Dealers");

3. The IDA Capital Markets Committee; and

4. The Canadian Imperial Bank of Commerce

SUMMARY OF WRITTEN COMMENTS RECEIVED ON THE PROPOSED REGULATION

Definition of Research Report

Comment

The commentators submit that the scope of the term "research report" is broad and could be interpreted to include sales and trading communications such as market analysis, sector reports etc…

Response

It is the position of the Association that a Notice will be issued upon implementation of Policy No. 11 which will clarify that certain types of research will be excluded from the definition.

The Association believes that the definition is clear in that it limits the term to those reports that make a

recommendation about a security. Where one of the types of reports noted makes such a recommendation, it will properly fall within Policy No. 11. General industry or sector reports that make no recommendations regarding specific securities will not. To ensure there are no misunderstandings, the Association will clarify the distinction in a Notice accompanying the policy, but believes that the definition is already clear and appropriate.

Fixed Income Securities Versus Equity Securities

Comment

The commentators submit that Policy No. 11 should only apply to equity securities and not to debt securities. They argue that unlike the equity market, the fixed income market is highly personalized and concentrated with professional institutional investors and a few dealers.

Response

It is the position of the Association and the Analyst Standards Steering Committee that it would not be in the best interest of the Canadian investing public to exclude debt securities from the application of Policy No. 11. The Association understands that the markets are different but we do not see how having the Policy apply to the debt markets is detrimental to their business. However, while it is appropriate to disclose conflicts that could arise in the fixed income market it may not be appropriate to regulate fixed income research in exactly the same manner as equity research. As such, a number of changes are being made to the Policy to help deal with the differences. While the majority of Policy No. 11 will continue to apply to both debt and equity, requirement 2(a)(i) will now only apply to equity securities. This requirement states that disclosure is required where the Member and its affiliates collectively beneficially own 1% or more of any class of the issuer's **equity** securities. Please note that this change will be going to the June 2003 IDA Board of Directors meeting and if approved will be forwarded to the CSA for comments.

Furthermore, requirement 14 has also been amended to only apply to equity research reports.

Please note that this change will also be going to the June 2003 IDA Board of Directors meeting and if approved will be forwarded to the CSA for comments.

We have also amended the definition of Research Report to exclude all government debt and all government guaranteed debt. It is the position of the Association that where conflicts exist they should be disclosed whether in respect of fixed income or equity securities. While there are fundamental differences between fixed income and equity markets, the internal and external relationships that exist are present in both markets and therefore so is the potential for conflict. One argument made by Members is that because debt trading is concentrated in the hands of relatively small numbers of institutions principally trading from inventory, the risk of retail investors being misled by research is far less then in equity markets where retail investors are widely represented. However, where conflicts exist they should not be withheld just because it affects a smaller pool of investors. As stated above, the Association does recognize the differences in the two markets. As such, in order to deal with such differences certain accommodations are needed in certain circumstances and as such exemptions are required under Requirement 2(a)(i) and Requirement 14.

The NASD Rule only applies to equity securities at this time but they may look at the issue of debt securities in the future if they determine that conflicts in the debt market present the same conflicts as exist in the equities market in the US.

Definition of Analyst

Comment

The definition of “Analyst” is too broad and may encompass more employees then necessary. For instance disclosure obligations are imposed on individuals involved in the preparation of the report. It should only apply to those who are involved in preparing the substance of the report.

Response

The definition of Analyst was drafted to capture all individuals that issue research reports regardless of how they are described by the firm.

Disclosure of Analyst's Travel Expenses

Comment

Members do not feel that disclosure of such expenses should be mandatory.

Response

It is the position of the Association that such information is important as it could indicate conflict and as such should be disclosed.

Trading by Employees or Agents

Comment

Requirement 7 should only apply to persons who are in effect employees of the Member for the purposes of proposed By-law 39. Furthermore, this requirement should prohibit trading by employees resulting in an increase, a decrease, or liquidation in security.

Response

The term agent has the same meaning as the term employee in the IDA Rulebook. With respect to the second comment we will amend the requirement to conform with the suggestion.

Third Party Research

Comment

The proposed Policy extends the application of the disclosure rules to third party research distributed by the Member. Though the Policy has been amended to exempt from this requirement research reports issued by members of the National Association of Securities Dealers or "other regulators approved by the Association", this does not go far enough and should be removed from the Policy as the requirement implies that the Member and the third party have cooperated in the preparation of the report regardless whether there has been cooperation. The commentators state that the addition of disclosure to a third party research report is problematic, as many reports are made available in electronic format that don't permit additions or amendments. The commentators state that if the requirement is to remain it should exclude third party reports that are passively made available to clients.

Response

The requirement has been drafted as to exclude research reports issued by Members of the NASD or other regulators (including the IDA) approved by the Association as such organizations have strict disclosure rules already. Member firms purchase large volumes of research from NASD Members and make it available to clients. In those situations, the important conflicts are those that have to be disclosed by the party preparing the report.

The intent of the requirement is to deal with the possibility of a Member purchasing third party research from another party that does not have the appropriate conflict disclosure requirements. In that case there is a greater risk that a Member will select research relating to an issue in which the Member has an interest which would not be disclosed absent the requirement. This provision in no way implies that there was cooperation in the preparation of the report but should be disclosed as to remove the suspicion that any such cooperation did exist.

We continue to believe that 3rd party research reports provided by the Member should have Policy No. 11 standard disclosure however, we agree that such disclosure is not required on 3rd party research that the Member merely provide access to. We will make an amendment to requirement 4 with respect to reports that are passively obtained and we will be submitting this change to our June Board of Directors Meeting.

Quiet Periods

Comment

Members feel that the Policy should contain an exemption similar to NASD Rule 2711 for actively traded securities.

Response

The Association has amended requirement 14 to exempt securities that are exempted from provisions relating to market stabilization in securities legislation or in UMIR. Please note that this change is being submitted to the June IDA Board of Directors Meeting and if approved will be forwarded to the CSA for approval.

Changes to Investment Ratings

Comment

The commentators state that Members should not be prohibited from giving advance warning to its investment banking department of rating changes as it does not allow for appropriate notification where no risk of intervention or conflicts exist (requirement 11(2)).

Response

No valid examples are evident of situations where conflicts would not arise when giving advance warning to the investment-banking department of rating changes. The Association cannot foresee any situations in which there would be a reason for the investment-banking department of a dealer to receive advance warning without there being a potential conflict of interest.

Definition of Pro Group

Comments

The commentators state that the 5% threshold and the composition of the Pro Group is too far reaching and as such must be amended as it will be impossible for Members to comply with. Furthermore, by being over-inclusive the Pro Group holdings will not provide meaningful disclosure for users of the report.

The commentators state that there are many systems issues associated with this definition and it will be very expensive to develop systems capable of tracking and reporting such holdings of the Pro-Group as defined by the Proposed Policy. The commentators question why the IDA would impose a much more costly and impractical regulatory regime for Canadian Investment Dealers than regulators in the United States are imposing on U.S. Investment Dealers.

The commentators state that it would be difficult to accurately calculate the holdings and the costs associated with such a proposal are not proportional to the benefit that would accrue.

Response

The entire concept of the Pro Group has been removed from revised Policy No. 11 and replaced with two additional disclosures concerning the firm and its affiliates equity holdings and the Analyst and his or her associate's holdings. This is similar to the requirement under NASD Rule 2711. The amendment reduces, the threshold which triggers the requirement, from 5% to 1%.

The concept of Pro Group is still being considered with respect to the Conflicts of Interest By-law and can be

referred to in the Ontario Securities Commission Bulletin, dated November 8, 2002 for an in-depth discussion of the concept.

Certified Compliance with AIMR Code of Ethics

Comment

The commentators state that AIMR is not a regulated body nor is it generally accepted as an arbiter of best practices. Furthermore, the AIMR code is subject to amendments and is not within the control of the IDA.

A second comment with respect to certification is that such certification is unreasonable as the CEO and the head of research have no independent way of determining if an Analyst is familiar with and has complied with AIMR. The Member states that the only way this requirement can be complied with would be to rely on certification form each Analyst.

Response

A subcommittee of the Education and Proficiency Committee, comprised of Analysts recommended reliance on the AIMR code for the purposes of Policy No. 11. However, it was determined that if the code is amended and is no longer appropriate, we will reconsider this decision.

The requirement for the CEO to certify Analyst compliance with the AIMR Code was an important recommendation of the SICAS Committee. We continue to support this recommendation.

Lending Relationships

Comment

The commentators states that the Policy should confirm that the existence of lending relationships between the issuer and the Member's affiliates does not in itself create a disclosable conflict under requirement 2(a) except in unusual circumstances.

Response

Whether or not a relationship will need to be disclosed will have to be determined by the Member. The Member will have to exercise its judgment in disclosing what is material. The Member is in a better position than anyone as to the facts of any particular case and as such has the primary obligation to identify potential conflicts. When in doubt the Member should err on the side of caution and make the necessary disclosure. Boilerplate is not acceptable. The only guideline available to date is the OSC/CIBC settlement and we will use that as an example of a situation that was material and required disclosure.

Prohibition Against Members Issuing a Research Report Prepared by an Analyst if Analyst or Associate is a PDO or Employee of the Issuer

Comment

The comment is that requirement 5 is overly inclusive by preventing the Member from issuing a report if the Analyst's associate is an employee of the issuer. The comment states that this should be limited to senior officers.

Response

A potential conflict is created if the Analyst's associate is employed by the company the Analyst is issuing a research report on.

Maintain and Publish Current Financial Estimates

Comment

The comment is that guideline 3 does not take into account smaller and less established issuers and therefore, Members should be able to develop their own minimum standards of research coverage and let the market decide whether they want to rely on the Members research.

Response

This is a guideline and as such where the Member can demonstrate that it would not be practicable for this to be complied with Members would not be reprimanded by the Association for such non-compliance.

Disclosure when interviewed

Comment

Requirement 3 requires disclosure of a research report in public commentary when a comment is made about an issuer and the Member states that there are practical limits on such disclosures and further that such information is not meaningful. The commentators state that such a requirement should only require the Analyst to make a reasonable effort to disclose such conflicts.

Response

The Association believes that disclosure of the report is meaningful in that the public is alerted to the place where conflicts are disclosed. Every effort must be made to communicate to investors where conflicts exist and while it may be difficult, it is an important concept widely supported (by both AIMR and the NASD).

Timing

Comment

There is an inconsistency in the Policy as to the treatment of historical information as to the receipt of remuneration. For the purposes of Section 2(a)(iii) and (iv), information as to services provided for remuneration has to be provided

for the preceding 24 months while in paragraph 9 other information about compensation only has to be provided in respect of the previous 12 months. A 12 month standard is recommended which would also be consistent with the NASD approach.

Response
We will make the suggested amendments.

Publishing Intent to Suspend or Discontinue Research Coverage

Comment

The commentators suggest that the Policy be amended to delete this, which would require a Member to publish its intention to suspend or discontinue research coverage. An issuer is placed on the Member's watch list at the time that the Member is engaged to provide investment-banking services to that issuer, which often occurs prior to a public announcement concerning the issuer. When an issuer is added to a Member's restricted list, the Member will typically suspend research coverage on that issuer. The Dealers are concerned that giving prior notice of intention to suspend coverage could inadvertently tip the market that an issuer is contemplating a material transaction. If the IDA desires to maintain a portion of this guideline, the Members request that it be amended to provide that no publication of intention is required when the sole reason for the suspension is that an issuer has been placed on a Member's restricted list.

Response

The Association agrees with the commentators and will include as a requirement a statement that that no publication of intention is required when the sole reason for the suspension is that an issuer has been placed on a Member's restricted list.

Option of Following Policy No. 11 or NASDR Rule 2711

Comment

The commentators suggest that the Policy be amended to give IDA members the option of either (i) following rule 2711 of the National Association of Securities Dealers ("Rule 2711") or (ii) following Policy No. 11.

Response

Policy No. 11 is substantially similar to NASD Rule 2711. In addition Policy No. 11 implements the recommendations put forth by the Securities Industry Committee on Analyst Standards (the "Committee"). After extensive comment and discussion it is the opinion of the Association that the recommendations put forth by the Committee are appropriate for the Canadian marketplace and therefore the Association will not at this time allow Members to opt out of the Policy in favour of another regulator's requirements.

Approval by the IDA

Comment

All of the Dealers have put in place conflict of interest policies and procedures in order to minimize conflicts faced by Analysts. It is their view that these should be approved initially by the IDA but that non-material amendments should not be subject to pre-approval by the IDA.

Response

The IDA agrees that after the initial policies and procedures are approved by the IDA only material amendments will require subsequent approval.

Requirements v. Guidelines

Comment

The comment received is that many of the guidelines should be considered requirements.

Response

We have reviewed each guideline and have moved made the following guidelines requirements: guideline 3, 4, 6, 12, and 14.

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Chapter 25

Other Information

25.1 Exemptions

25.1.1 Capital Guardian Trust Company - s. 6.1 of Rule 13-502

Headnote

Item E(1) of Appendix C of OSC Rule 13-502 Fees – exemption for pooled funds from paying an activity fee of $5,500 in connection with an application brought under subsection 147 of the Act, provided an activity fee be paid on the basis that the application be treated as an application for other regulatory relief under item E(3) of Appendix C of the Rule.

Rules Cited

Ontario Securities Commission Rule 13-502, Fees, (2003) 26 OSCB 891.
Securities Act, R.S.O. 1990, c. S.5 as am., ss. 77(2) and ss. 78(1).
National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR), s. 2.1(1)1.

BY FAX

July 31, 2003

Torys LLP
Suite 3000
Maritime Life Tower
Box 270, TD Centre
Toronto, Ontario M5K 1N2

Attention: Karen A. Malatest

Dear Sirs/Mesdames:

Re: Capital Guardian Trust Company
Application for Exemptive Relief under OSC Rule 13-502 Fees (the "Rule" or "Rule 13-502")
Application No. 494/03

By letter dated July 23, 2003 (the "Application"), you applied on behalf of Capital Guardian Trust Company ("CGTC"), the manager of certain pooled funds listed in the Application (the "Existing Pooled Funds") and other pooled funds created and managed by CGTC from time to time (collectively with the Existing Pooled Funds, the "Pooled Funds"), to the Ontario Securities Commission (the "Commission") under subsection 147 of the Securities Act Ontario (the "Act") for relief from subsections 77(2) and 78(1) of the Act, which requires every mutual fund in Ontario to file interim and comparative annual financial statements (the "Financial Statements") with the Commission.

By same date and cover, you additionally applied to the securities regulatory authority in Ontario (the "Decision Maker") on behalf of CGTC, the manager of the Existing Pooled Funds, for an exemption, pursuant to subsection 6.1 of Rule 13-502, from the requirement to pay an activity fee of $5,500 in connection with the Application in accordance with item E(1) of Appendix C of the Rule, on the condition that fees be paid on the basis that the Application be treated as an application for other regulatory relief under item E(3) of Appendix C of Rule 13-502.

Item E of Appendix C of Rule 13-502 specifies the activity fee applicable for applications for discretionary relief. Item E(1) specifies that applications under subsection 147 of the Act pay an activity fee of $5,500, whereas item E(3) specifies that applications for other regulatory relief pay an activity fee of $1,500.

From our review of the Application and other information communicated to staff, we understand the relevant facts and representations to be as follows:

1. CGTC is a corporation existing under the laws of California with its head office in the United States. CGTC is the manager of the Existing Pooled Funds. CGTC is registered with the Commission as an international adviser in the categories of investment counsel and portfolio manager.

2. The Existing Pooled Funds are open-end mutual fund trusts established under the laws of Ontario. The Existing Pooled Funds are not reporting issuers in any province or territory of Canada. Units of the Existing Pooled Funds are distributed in each of the provinces and territories of Canada without a prospectus pursuant to exemptions from the prospectus delivery requirements of applicable securities legislation.

3. The Existing Pooled Funds fit within the definition of "mutual fund in Ontario" in section 1(1) of the Act and are thus required to file Financial Statements with the Commission under subsections 77(2) and 78(1) of the Act.

4. Section 2.1(1)1 of National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR) ("Rule 13-101") requires that every issuer required to file a document under securities legislation make its filing through SEDAR. The Financial Statements filed with the Commission thus become publicly available.

5. In the Application, CGTC and the Pooled Funds have requested under subsection 147 of the Act relief from filing the Financial Statements with the

Commission. The activity fee associated with the Application is $5,500 in accordance with item E(1) of Appendix C of Rule 13-502.

6. If CGTC and the Pooled Funds had, as an alternative to the Application, sought an exemption from the requirement to file the Financial Statements via SEDAR, the activity fee for that application would be $1,500 in accordance with item E(3) of Appendix C of Rule 13-502.

7. If the Pooled Funds were reporting issuers seeking the same relief as requested in the Application, such relief could be sought under section 80 of the Act, rather than under subsection 147 of the Act, and the activity fee for that application would be $1,500 in accordance with item E(3) of Appendix C of Rule 13-502.

Decision

This letter confirms that, based on the information provided in the Application, other communications to staff, and the facts and representations above, and for the purposes described in the Application, the Decision Maker hereby exempts CGTC and the Existing Pooled Funds from paying an activity fee of $5,500 in connection with the Application, provided that CGTC and the Existing Pooled Funds pay an activity fee on the basis that the Application be treated as an application for other regulatory relief under item E(3) of Appendix C to Rule 13-502.

Yours truly,

"Susan Silma"

25.1.2 Barrick Gold Corporation et al. - s. 6.1 of OSC Rule 13-502

Headnote

Two subsidiaries of issuer exempt from requirement to pay participation fee, subject to conditions.

Statutes Cited

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

Rules Cited

OSC Rule 13-502 Fees (2003), 26 OSCB 890.

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, C. S.5, AS AMENDED AND
ONTARIO SECURITIES COMMISSION RULE 13-502
FEES (the "Fee Rule")

AND

IN THE MATTER OF
BARRICK GOLD CORPORATION, BARRICK GOLD INC.
AND BARRICK GOLD FINANCE INC.

EXEMPTION
(Section 6.1 of the Fee Rule)

UPON the Director having received an application (the "Application") from Barrick Gold Corporation (the "Applicant" or "Barrick"), on its own behalf and on behalf of Barrick Gold Finance Inc. ("Barrick Finance") and Barrick Gold Inc. (formerly Homestake Canada Inc.) ("BGI"), seeking a decision pursuant to section 6.1 of the Fee Rule exempting Barrick Finance and BGI from the requirement in section 2.2 of the Fee Rule to pay a participation fee;

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

AND UPON the Applicant having represented to the Director as follows:

1. 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.

2. 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 May 31, 2003, Barrick had 540,496,013 common shares, one first preferred share series C

special voting share and no second preferred shares outstanding.

3. 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.

4. 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.

5. BGI was incorporated on January 1, 1999 under the laws of the Province of Ontario.

6. The authorized capital of BGI 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 ("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 May 29, 2003, 100,000 Class A common shares, 1,569,971 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 BGI's outstanding shares, other than the Exchangeable Shares held by the public, are held by Barrick and its affiliates.

7. BGI 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.

8. BGI's material assets include Barrick's interest in the Eskay Creek Mine in British Columbia and its interest in the Hemlo operations in Ontario.

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

10. 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 continuous disclosure and other information that Barrick provides to holders of Barrick common shares.

11. On September 18, 2001, Barrick obtained an order under the mutual reliance review system exempting BGI from, among other things, the requirement to issue a press release and file a report upon the occurrence of a material change, to file and deliver interim and annual financial statements and to file and deliver an information circular or analogous report (the "BGI Continuous Disclosure Requirements"), subject to certain conditions. In connection with the filing by Barrick and BGI of a shelf prospectus, this order has been varied to permit BGI to issue debt securities guaranteed by Barrick to the public and to require the preparation of certain selected financial information concerning BGI or the inclusion of such selected financial information in the financial statements of Barrick and the filing of such financial information on BGI's SEDAR profile following the first issuance of such debt securities.

12. Notwithstanding the filing of the shelf prospectus and the variation to the order, Barrick has no current intention of accessing the capital markets in the future by issuing any further securities of BGI to the public.

13. Barrick Finance was incorporated on March 21, 1997 under the laws of the State of Delaware.

14. The authorized capital of Barrick Finance consists of 1,000 common shares. As of June 27, 2003, all of the issued and outstanding common shares of Barrick Finance were held by affiliates of Barrick.

15. Barrick Finance's primary purpose is the financing of certain of Barrick's other subsidiaries and affiliates and Barrick Finance does not carry on any active operations.

16. The only securities of Barrick Finance held by the public are US$500 million 7½% debentures due May 1, 2007, which were offered only in the United States and which are unconditionally guaranteed by Barrick. The debentures are not listed or posted for trading on any exchange.

17. Barrick Finance is a reporting issuer in the Province of Ontario and is not on the list of reporting issuers in default in the Province of Ontario.

18. On July 15, 1997, Barrick obtained an order exempting Barrick Finance from, among other things, the requirement to issue a press release and file a material change report under section 75 of the *Securities Act* (Ontario) (the "Act") and to file interim financial statements and annual financial statements under sections 77 and 78 of the Act (the "Barrick Finance Continuous Disclosure Requirements"), subject to certain conditions.

19. Barrick has no intention of accessing the capital of markets in the future by issuing any further securities of Barrick Finance to the public.

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

IT IS THE DECISION of the Director, pursuant to section 6.1 of the Fee Rule, that Barrick Finance is exempt from the requirement in section 2.2 of the Fee Rule to pay a participation fee for each of its financial years, for so long as:

(a) Barrick Finance continues to be exempt from the Barrick Finance Continuous Disclosure Requirements,

(b) all of the equity securities of Barrick Finance continue to be held beneficially, directly or indirectly, by Barrick,

(c) Barrick is a reporting issuer in Ontario,

(d) Barrick has paid its participation fee pursuant to section 2.2 of the Fee Rule, and in calculating such fee has included the market value of each class or series of corporate debt of Barrick Finance outstanding at the relevant time, and

(e) Barrick does not issue any further securities of Barrick Finance to the public,

provided further that upon any further issuance of securities to the public of Barrick Finance, a participation fee shall be immediately paid by Barrick Finance in respect of the financial year during which such securities are issued (such fee to be pro rated to reflect the number of entire months remaining in such financial year) and in respect of subsequent financial years during which such securities remain outstanding;

AND IT IS THE FURTHER DECISION of the Director, pursuant to Section 6.1 of the Fee Rule, that BGI is exempt from the requirement in section 2.2 of the Fee Rule to pay a participation fee for each of its financial years, for so long as:

(a) BGI continues to be exempt from the BGI Continuous Disclosure Requirements,

(b) all of the equity securities of BGI (other than the Exchangeable Shares) continue to be held beneficially, directly or indirectly, by Barrick,

(c) Barrick is a reporting issuer in Ontario,

(d) Barrick has paid its participation fee pursuant to section 2.2 of the Fee Rule, and in calculating such fee, has included the number of Barrick common shares issuable in respect of the number of Exchangeable Shares outstanding at the relevant time, and

(e) Barrick does not issue any further securities of BGI to the public,

provided further that upon the further issuance of securities to the public of BGI, a participation fee shall be immediately paid by BGI in respect of the financial year during which the securities are issued (such fee to be pro rated to reflect the number of entire months remaining in such financial year) and in respect of subsequent financial years during which such securities remain outstanding.

July 31, 2003.

"Erez Blumberger"

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