The Ontario Securities Commission

OSC Bulletin

June 11, 2004

Volume 27, Issue 24

(2004), 27 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)

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

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

Published under the authority of the Commission by:
Carswell
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

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

Contact Centre - Inquiries, Complaints:	Fax: 416-593-8122
Capital Markets Branch:	Fax: 416-593-3651
- Registration:	Fax: 416-593-8283
Corporate Finance Branch:	
- Team 1:	Fax: 416-593-8244
- Team 2:	Fax: 416-593-3683
- Team 3:	Fax: 416-593-8252
- Insider Reporting	Fax: 416-593-3666
- Take-Over Bids:	Fax: 416-593-8177
Enforcement Branch:	Fax: 416-593-8321
Executive Offices:	Fax: 416-593-8241
General Counsel's Office:	Fax: 416-593-3681
Office of the Secretary:	Fax: 416-593-2318

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

One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

Customer Relations
Toronto 1-416-609-3800
Elsewhere in Canada/U.S. 1-800-387-5164
World wide Web: http://www.carswell.com
Email: carswell.orders@thomson.com

Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

JUNE 11, 2004

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

Telephone: 416-597-0681 Telecopier: 416-593-8348

CDS **TDX 76**

Late Mail depository on the 19th Floor until 6:00 p.m.

- -

THE COMMISSIONERS

David A. Brown, Q.C., Chair	—	DAB
Paul M. Moore, Q.C., Vice-Chair	—	PMM
Susan Wolburgh Jenah, Vice-Chair	—	SWJ
Paul K. Bates	—	PKB
Robert W. Davis, FCA	—	RWD
Harold P. Hands	—	HPH
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	**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: TBA
June 11, 2004	**Paradigm Capital Inc. et al**
10:00 a.m.	s.127
	J. Naster in attendance for Staff
	Panel: WSW/HPH/ST
June 24, 2004	**Donald Greco**
10:00 a.m.	s. 8(2) and 21.7
	A. Clark in attendance for Staff
	Panel: PMM/SWJ/RLS
July 5, 2004	**Argus Corporation Ltd.**
10:00 a.m.	s.127
	J. Naster in attendance for Staff
	Panel: SWJ/RWD/ST
July 9, 2004	**Gouveia et al**
10:00 a.m.	s. 127
	M. Britton in attendance for Staff
	Panel: PMM
July 30, 2004 (on or about)	**Mark E. Valentine**
10:00 a.m.	s. 127
	A. Clark in attendance for Staff
	Panel: TBD

August 26, 2004 (on or about)	**Brian Anderson and Flat Electronic Data Interchange ("F.E.D.I.")**
10:00 a.m.	s. 127
	K. Daniels in attendance for Staff
	Panel: HLM/RLS
October 18 to 22, 2004 October 27 to 29, 2004 November 2, 3, 5, 8, 10-12, 15, 17, 19, 2004	**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
10:00 a.m.	
	Panel: PMM/MTM/PKB

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

Andrew Keith Lech

S. B. McLaughlin

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

1.1.2 Notice of Commission Approval – Proposed Amendments to IDA Regulation 800: Proposed New Regulation 800.49 Regarding Broker-to-Broker Trade Matching

THE INVESTMENT DEALERS ASSOCIATION OF CANADA (IDA)
NOTICE OF COMMISSION APPROVAL
PROPOSED AMENDMENTS TO IDA REGULATION 800 - *TRADING AND DELIVERY*: PROPOSED NEW REGULATION 800.49 REGARDING BROKER-TO-BROKER TRADE MATCHING

The Ontario Securities Commission approved proposed amendments to IDA Regulation 800 — *Trading and Delivery*, which amendments involve the addition of new Regulation 800.49 regarding Broker-to-Broker Trade Matching. In addition, the Alberta Securities Commission approved, and the British Columbia Securities Commission did not object to, the proposed amendments.

A copy and description of an initial proposed new Regulation 800.49 were published on November 8, 2002, at (2002) 25 OSCB 7396. As a result of staff review and comments, the IDA modified its proposal. A copy and description of the revised new Regulation 800.49 were published on February 13, 2004, at (2004) 27 OSCB 2038. The IDA received comments from one bank-owned dealer, but no changes were required to the revised Regulation. The IDA's summary of comments and responses is published in conjunction with this notice in Chapter 13— *SRO Notices and Disciplinary Proceedings*.

1.1.3 Revised CSA Staff Notice 51-309 National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities - Acceptance of Certain Foreign Professional Boards as a "Professional Organization"

REVISED CSA STAFF NOTICE 51-309

NATIONAL INSTRUMENT 51-101
STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES

ACCEPTANCE OF CERTAIN FOREIGN PROFESSIONAL BOARDS AS A "PROFESSIONAL ORGANIZATION"

Updated June 8, 2004

This notice updates and replaces the information in CSA Staff Notice 51-309 dated January 19, 2004.

Introduction

In January 2004[1], we added the following professional boards to the list of professional organizations accepted for the purposes of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101).

- California Board for Professional Engineers and Land Surveyors,
- State of Colorado Board of Registration for Professional Engineers and Professional Land Surveyors,
- Louisiana State Board of Registration for Professional Engineers and Land Surveyors,
- Oklahoma State Board of Registration for Professional Engineers and Land Surveyors, and
- Texas Board of Professional Engineers.

On June 8, 2004[2], we added the **American Association of Petroleum Geologists** (AAPG) to that list.

Accompanying this notice is an updated list of all accepted professional organizations under NI 51-101.

Background

NI 51-101 requires reporting issuers to appoint one or more qualified reserves evaluators or reserves auditors to report to its board of directors on its reserves data (section 3.2). To be "qualified", a reserves evaluator or reserves auditor must possess appropriate professional qualifications and experience and be a member in good standing of a "professional organization" (subsections 1.1(x) and (y)).

The definition of "professional organization" in subsection 1.1(w) has four elements:

> (w) "*professional organization*" means a self-regulatory organization of engineers, geologists, other geoscientists or other professionals whose professional practice includes *reserves evaluations* or *reserves audits*, that:
>
> (i) admits members primarily on the basis of their educational qualifications;
>
> (ii) requires its members to comply with the professional standards of competence and ethics prescribed by the organization that are relevant to the estimation, *evaluation*, *review* or *audit* of *reserves data*;
>
> (iii) has disciplinary powers, including the power to suspend or expel a member; and
>
> (iv) is either:
>
> A. given authority or recognition by statute in a Canadian jurisdiction; or
>
> B. accepted for this purpose by the *securities regulatory authority* or the *regulator*.

CSA staff reviewed relevant documentation concerning each of the professional organizations' authority and recognition, membership requirements and disciplinary powers. We concluded that acceptance of each would not be contrary to the public interest and would facilitate compliance with NI 51-101 by enabling reporting issuers active in the United States to continue the traditional, and acceptable, practice of engaging US professionals whose qualifications are consistent with the objectives of NI 51-101.

Acceptance of Professional Organizations does not Supersede Other Requirements

Membership in one of the accepted professional organizations does not automatically mean that a person is a "qualified reserves evaluator" or "qualified reserves auditor" under NI 51-101. To be qualified under NI 51-101,

---

1 MRRS Decision Document dated January 6, 2004 *In the Matter of ... National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (NI 51-101) ... and* ...[the professional boards named in this CSA notice].

2 MRRS Decision Document dated June 8, 2004 *In the Matter of ... National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (NI 51-101) ... and* ...the American Association of Petroleum Geologists (AAPG).

the person must also have the requisite professional experience to carry out reserves evaluations or reserves audits in accordance with the requirements of NI 51-101 and the standards of the Canadian Oil and Gas Evaluation Handbook.

The CSA's acceptance of the professional organizations under NI 51-101 is only for the purposes of NI 51-101. NI 51-101 does not supersede or alter local regulations or requirements regarding professional membership, practice or proficiency.

Questions

Please refer questions to:
Jo-Anne Bund
Senior Legal Counsel
Alberta Securities Commission
Phone: (403) 297-7274
e-mail: joanne.bund@seccom.ab.ca
Fax: (403) 297-6156

NATIONAL INSTRUMENT 51-101
STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES

PROFESSIONAL ORGANIZATIONS

This list, updated June 8, 2004 and January 6, 2004, supersedes the list of organizations set out in section 1.5(b) of Companion Policy 51-101CP.

Each of the following organizations is a *professional organization* for the purposes of NI 51-101:

Canada

Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA)
Association of Professional Engineers and Geoscientists of the Province of British Columbia (APEGBC)
Association of Professional Engineers and Geoscientists of Saskatchewan (APEGS)
Association of Professional Engineers and Geoscientists of Manitoba (APEGM)
Association of Professional Geoscientists of Ontario (APGO)
Professional Engineers of Ontario (PEO)
Ordre des ingénieurs du Québec (OIQ)
Ordre des Géologues du Québec (OGQ)
Association of Professional Engineers of Prince Edward Island (APEPEI)
Association of Professional Engineers and Geoscientists of New Brunswick (APEGNB)
Association of Professional Engineers of Nova Scotia (APENS)
Association of Professional Engineers and Geoscientists of Newfoundland (APEGN)
Association of Professional Engineers of Yukon (APEY)
Association of Professional Engineers, Geologists & Geophysicists of the Northwest Territories (NAPEGG) (representing the Northwest Territories and Nunavut Territory)

United States

American Association of Petroleum Geologists (AAPG)
California Board for Professional Engineers and Land Surveyors
Louisiana State Board of Registration for Professional Engineers and Land Surveyors
Oklahoma State Board of Registration for Professional Engineers and Land Surveyors
State of Colorado Board of Registration for Professional Engineers and Professional Land Surveyors
Texas Board of Professional Engineers

1.1.4 OSC Staff Notice 31-712 Mutual Fund Dealers Business Arrangements

OSC STAFF NOTICE 31-712
MUTUAL FUND DEALERS BUSINESS ARRANGEMENTS

The Ontario Securities Commission (OSC) has become aware of certain business arrangements between mutual fund dealers and investment dealers that enable clients of the mutual fund dealers to have a broad range of security holdings in their accounts, including non-mutual fund securities. Accommodating clients' needs to hold all their securities in one account poses problems for mutual fund dealers since their registration limits the types of investments in which they can trade and for which they can provide advice. Certain of these arrangements raise regulatory and investor protection concerns.

At the request of the Commission, the IDA and the MFDA have issued a Joint Notice instructing its members not to enter into any new joint service or omnibus account arrangements, and not to accept new clients utilizing any existing arrangements at this time. The OSC is also considering requiring mutual fund dealers and investment dealers to unwind these arrangements. Since this could have a significant impact on clients, as well as industry participants, the OSC is prepared to consider alternate solutions, if any, that would effectively address the regulatory and investor protection concerns that are raised by these business arrangements.

To achieve this result through the most appropriate course of action, we will engage the industry in a consultation process. As part of the consultation process, the Commission has sent an invitation and an issues paper to the members of the IDA and the MFDA for their input. A copy of the issues paper is published following this Staff Notice for information purposes.

Questions may be referred to:

Pat Chaukos
Senior Accountant/Legal Counsel
Compliance, Capital Markets
Ontario Securities Commission
(416) 593-2373
pchaukos@osc.gov.on.ca

Antoinette Leung
Senior Accountant
Market Regulation, Capital Markets
Ontario Securities Commission
(416) 595-8901
aleung@osc.gov.on.ca

MUTUAL FUND DEALERS BUSINESS ARRANGEMENTS

ISSUES PAPER OF
THE ONTARIO SECURITIES COMMISSION
JUNE 2004

EXECUTIVE SUMMARY

Dealers who are registered under the *Securities Act* (Ontario) in the category of mutual fund dealer are licensed to deal solely in mutual fund units and shares. However, the Ontario Securities Commission (OSC) is advised that investors increasingly prefer a single point of contact for all their financial needs, including both investment and insurance needs. In cases where clients would like to purchase products that the mutual fund dealers are not registered to trade (e.g. equity and fixed income products), mutual fund dealers have entered into arrangements with investment dealers to meet their clients' demands. The OSC has become aware of a number of business practices involving relationships between mutual fund dealers and investment dealers that appear to have developed in response to these pressures. Below we identify two specific types of arrangements and the regulatory issues they raise.

1. Maintenance of omnibus accounts for mutual fund dealers at investment dealers

Mutual fund dealers who offer self-directed registered accounts to clients will service these accounts in a number of ways, including holding clients' registered plan assets for safekeeping. If clients' assets are non-mutual fund securities, some mutual fund dealers have chosen to maintain an omnibus account at an investment dealer to hold the non-mutual fund securities. As the omnibus account holder, the mutual fund dealer is required to confirm or reject settlements of clients' orders in the non-mutual fund securities. The OSC has the following regulatory concerns:

- Clients' securities held in an omnibus account at an investment dealer are not covered by any investor protection fund.

- The nature of this type of arrangement places the primary responsibility for the clients' investments on the mutual fund dealer. Many clients would reasonably expect to receive advice on their entire investment portfolio. It also provides the mutual fund dealer with access to, and control over, the non-mutual fund securities of clients. Client expectations, along with access and control, increase the pressure for the mutual fund dealer and its salespersons to act beyond the scope of their registration.

- The mutual fund dealer may be trading in non-mutual fund securities by acting in furtherance of such trades within the meaning of the *Securities Act* (Ontario).

2. Joint service arrangements

Under these arrangements, a mutual fund dealer and an investment dealer jointly service a client who maintains an account at the investment dealer. The client may hold only mutual fund securities or a wide range of securities in his/her account. The following regulatory concerns have been identified:

- Division of responsibility to the client for advice and trade suitability is unclear.
- Responsibility for supervising the mutual fund dealer salesperson and any other personnel dealing with the client is unclear.
- There are potential gaps in liability to the client.
- The client may be misled to believe that his/her mutual fund salesperson is proficient to deal in other types of securities.
- The mutual fund dealer salesperson is acting on behalf of both the mutual fund dealer and the investment dealer.

The OSC recognizes that these arrangements may have developed from the industry's need to meet the demands of their clients. However, these arrangements are not in compliance with current regulatory requirements and raise the concerns identified above. As a result, the OSC is soliciting input from the industry on these issues in order to identify possible solutions that will address the investor protection concerns, while allowing the industry to meet clients' demands.

During the course of the review of these arrangements, the OSC became aware of other business arrangements that may resolve some of the regulatory concerns raised by omnibus account and joint service arrangements. These other business arrangements are briefly described in this paper.

Summary of Questions

Industry Trends

Question 1: Do you agree with the description of current industry trends? Are you aware of any other similar changes?

Question 2: Are there other relevant business arrangements that have developed in response to these industry trends? If so, please describe.

Omnibus Account Arrangements

Question 3: How are clients being properly served when only a portion of the portfolio held by the mutual fund dealer can be serviced by the mutual fund dealer?

Question 4: What actions can be taken to ensure that the mutual fund dealer salesperson is acting within the terms of his/her registration regardless of client pressure?

Question 5: What actions, if any, are being taken by mutual fund dealers to ensure that clients are aware of the lack of coverage on assets held by the mutual fund dealers at investment dealers? What actions should be taken in this regard?

Question 6: What controls or requirements could be put in place to ensure that mutual fund dealers are only trading and providing advice on mutual fund securities, while allowing clients to consolidate their holdings in one account?

Joint Service Arrangements

Question 7: Under our current regulatory framework, what actions, if any, can be taken to address concerns regarding supervision of salespersons in joint service arrangements? How can clear lines of responsibility of each of the dealers be maintained?

Question 8: How can we ensure that responsibility and liability of dealers in joint service arrangements to clients is clear?

Question 9: What controls, if any, could be put in place to prevent client confusion?

Question 10: Can you suggest any alternative solutions that would address the supervisory, accountability and liability issues that arise when salespersons act on behalf of two dealers?

Question 11: What changes, if any, would you support so as to allow the mutual fund salesperson to service the investment dealer account?

Alternatives Considered

Question 12: Referral arrangements require that clients have separate accounts at each dealer, instead of one consolidated account. The need for separate accounts may raise issues of convenience from the client's perspective; beyond this, are there any issues or consequences of referral arrangements that we should be aware of?

Question 13: If the MFDA/IDA introducer/carrier model contemplates two dealers servicing one client account, how can clear lines of responsibility (including supervision, accountability and liability) of each of the dealers be maintained? Alternatively, if this introducer/carrier model contemplates two dealers servicing two client accounts, how does this meet clients' needs? Furthermore, what actions can be taken to ensure that the mutual fund dealer salesperson is acting within the terms of his/her registration?

Question 14: Are you aware of any arrangements that would allow a mutual fund dealer to service its clients' need

for one consolidated account, yet do not raise these regulatory concerns?

Question 15: What are alternative solutions to the issues raised by the OSC with respect to joint service and omnibus account arrangements? Do these solutions require changes to the regulatory structure or requirements?

Question 16: Does a restricted dealer registration category continue to be appropriate in the current business environment where clients want to have one consolidated account and be serviced by one sales representative?

Question 17: If mutual fund dealers and investment dealers are required to unwind the joint service and omnibus account arrangements, what will the impact be to your firm's clients, as well as to your firm, and how long do you anticipate this would take?

A. INTRODUCTION

1. Current Industry Trends

There is increasing pressure for dealers and their salespersons to offer one-stop financial shopping to their clients. This observation is evidenced by the increased number of multi-licensed dealers and types of arrangements between different categories of dealers.

In order to meet the growing investor preference for a single point of contact for all their financial needs, many dealers and salespersons in the financial industry are licensed/ registered as insurance agents, mutual fund dealers and limited market dealers to offer as wide a range of financial products as possible to their clients.

As the number of investment products available is expanding and as clients become more sophisticated, they may demand a broader range of products, including equity and fixed income securities. This increases the pressure for mutual fund dealers to provide their clients with access to these products. However, Ontario securities law restricts the activities of dealers who are registered only in the category of mutual fund dealer. Section 98 of R.R.O., Regulation 1015 made under the *Securities Act* (Ontario) states that a mutual fund dealer is "a person or company that is registered solely for the purpose of trading in shares or units of mutual funds." In order to provide clients with access to equity and fixed income securities, or other securities in which they are not registered to trade, mutual fund dealers enter into arrangements with investment dealers, who are registered to trade in these products.

Clients also appear to want to consolidate their investments into one portfolio or account. This is especially true with registered accounts, when investors can take advantage of foreign content limit by consolidating their assets into a single registered account. As a result, mutual fund dealers offer and administer self-directed registered accounts. When clients want to hold non-mutual fund securities in these registered accounts, some mutual fund dealers enter into arrangements with investment dealers to facilitate clients' trades in these non-mutual fund securities.

Question 1: Do you agree with the description of current industry trends? Are you aware of any other similar changes?

The OSC has identified a number of business arrangements between mutual fund dealers and investment dealers that appear to have developed to meet client demand for one-stop financial shopping and portfolio consolidation, but is particularly interested in the following business arrangements:

- Maintenance of omnibus accounts for mutual fund dealers at investment dealers, and
- Joint service arrangements.

Question 2: Are there other relevant business arrangements that have developed in response to these industry trends? If so, please describe.

2. Regulatory Response

The OSC is of the view that the above arrangements raise significant regulatory and investor protection concerns. The arrangements are inconsistent with our regulatory regime that allows a restricted mutual fund dealer category provided that such dealers' business is restricted to mutual fund securities. The OSC has discussed these arrangements and the concerns associated with them with both the MFDA and the IDA. In response, the IDA surveyed its members in December 2002 to understand which members have any of the business arrangements with mutual fund dealers. The MFDA and the IDA then conducted reviews of selected mutual fund dealers and investment dealers in 2003 to confirm the extent of these arrangements. It was found that these business arrangements are fairly widespread in the industry. As a result, the OSC has asked the IDA and the MFDA to instruct their members not to enter into any new omnibus account or joint service arrangements, and not to accept new clients utilizing any existing arrangements. The remainder of this paper outlines the regulatory concerns regarding these arrangements. This paper also describes some alternative business models that may address some of the concerns raised and/or may address clients' needs.

B. MAINTENANCE OF OMNIBUS ACCOUNTS AT INVESTMENT DEALERS

1. Nature of Arrangement

Many mutual fund dealers offer self-directed registered accounts to their clients. They will enter into an arrangement with a trust company to be the trustee for the registered accounts. The trustee will be responsible for registering the self-directed registered accounts in accordance with the *Income Tax Act* (Canada). The trustee will then delegate some or all of the following functions to the mutual fund dealers:

- Receiving clients' contributions into their registered accounts;
- Investing and reinvesting clients' funds according to their instructions;
- Holding clients' assets in their registered accounts for safekeeping;
- Providing statements of account and portfolio to the clients; and
- Reporting on the acquisition or holding of non-qualified investments and excess foreign property in the clients' registered accounts, and the consequences pursuant to the *Income Tax Act* (Canada).

In order to facilitate the above functions, a mutual fund dealer will enter into a separate arrangement with an investment dealer for the following purposes:

- When clients want to trade in non-mutual fund securities in their self-directed registered accounts, the mutual fund dealer will refer them to the investment dealer to open a delivery-against-payment (DAP) account with the investment dealer, usually in exchange for a flat referral fee or on-going commission splits. Clients will place orders for trades in non-mutual fund securities through this account, and will provide authorization to the investment dealer to transfer their non-mutual fund securities to the mutual fund dealer for safekeeping; and
- The mutual fund dealer will open an omnibus account in its name at the investment dealer. Non-mutual fund securities purchased by clients of the mutual fund dealer will be transferred from the clients' DAP accounts to this omnibus account for safekeeping.

2. Regulatory Issues

The following regulatory issues are identified with respect to the use of an omnibus account by a mutual fund dealer to hold clients' non-mutual fund securities:

a) Pressure to act beyond the scope of registration

Under this type of arrangement, the mutual fund dealer has primary responsibility to the clients with respect to their investments, and the investment dealer is generally relied upon only for the execution of orders in non-mutual fund securities. In most cases, it appears that clients only have a personal relationship with one sales representative – the mutual fund dealer salesperson. Clients are not assigned a specific investment dealer salesperson to assist them with their non-mutual fund securities transactions or portfolio. In most cases, the mutual fund dealer salesperson is also responsible for the financial planning needs of the clients.

Question 3: How are clients being properly served when only a portion of the portfolio held by the mutual fund dealer can be serviced by the mutual fund dealer?

Given the nature of their relationship with the mutual fund dealer, clients would reasonably expect advice from their mutual fund dealer salesperson with respect to their entire investment portfolio. Client pressure for more advice and financial incentive in the form of a fee may motivate mutual fund dealer salespersons to act beyond the scope of their proficiency and registration.

Question 4: What actions can be taken to ensure that the mutual fund dealer salesperson is acting within the terms of his/her registration regardless of client pressure?

b) Investor protection fund

In case of bankruptcy of the investment dealer, the omnibus account that is maintained in the name of the mutual fund dealer is not eligible for coverage from the Canadian Investor Protection Fund (CIPF). Conversely, in the case of the mutual fund dealer's bankruptcy, it is questionable whether the clients' non-mutual fund securities held in the name of the mutual fund dealer will be covered by an investor protection fund. The MFDA is currently considering whether its members should be covered by an investor protection fund established by the MFDA, i.e. the Mutual Fund Dealers Association Investor Protection Corporation (MFDA IPC), or whether they should be covered by CIPF. The MFDA IPC has proposed to cover only a client's mutual fund securities and related cash held by the mutual fund dealer. Details on possible coverage by CIPF are not available at this time since the MFDA is only at the early stages of discussion with CIPF.

Question 5: What actions, if any, are being taken by mutual fund dealers to ensure that clients are aware of the lack of coverage on assets held by the mutual fund dealers at investment dealers? What actions should be taken in this regard?

c) Acting in furtherance of trades in non-mutual fund securities

Since clients' non-mutual fund securities are held by the mutual fund dealer in its name, when clients place orders to sell their non-mutual fund securities, the mutual fund dealer is required to confirm or reject settlements of these orders with the investment dealer against the omnibus account. The acts of confirming or rejecting settlements are considered acts in furtherance of trades. The mutual fund dealer is acting beyond the scope of its registration when acting in furtherance of trades in non-mutual fund securities. Further, the OSC is of the view that such an arrangement provides the mutual fund dealer with access to, and control over, clients' non-mutual fund securities. This, coupled with client pressure discussed in point (a) above, provides added motivation for mutual fund dealers to trade or advise in non-mutual fund securities.

Question 6: What controls or requirements could be put in place to ensure that mutual fund dealers are only trading and providing advice on mutual fund securities, while allowing clients to consolidate their holdings in one account?

C. JOINT SERVICE ARRANGEMENTS

1. Nature of Arrangement

Joint service arrangements refer to arrangements in which mutual fund dealers and investment dealers jointly service clients who maintain accounts at the investment dealer. The OSC is aware of two scenarios where this type of arrangement is being used.

In the first scenario, an investment dealer relies on salespersons of an affiliated mutual fund dealer to service its clients' accounts, which are maintained and administered by the investment dealer. Under this joint service arrangement, the investment dealer would rely on the expertise of the salespersons of an affiliated mutual fund dealer to assist clients in recommending and placing trades in mutual fund securities. Clients would provide authorization to salespersons of the mutual fund dealer to transmit their orders in these securities to the investment dealer for execution. For other securities, clients would contact the investment dealer directly to place their orders. Clients are not required to open an account with the mutual fund dealer.

In the second scenario, a mutual fund dealer does not have the system in place to transmit certain mutual fund orders (e.g. third party mutual funds) to the relevant mutual fund companies or to maintain the necessary books and records required under current securities and self-regulatory organization requirements. As a result, the mutual fund dealer uses the system of an affiliated investment dealer to transmit client orders and to maintain client records. In these cases, the mutual fund dealer salespersons will open accounts for clients at the affiliated investment dealer. These clients will have accounts at the investment dealer, instead of the mutual fund dealer.

2. Regulatory Issues

The OSC has identified the following regulatory issues:

a) Supervision of salespersons by dealers and liability to clients

The current regulatory regime is based on the principle that a dealer will supervise and be liable to clients for the activities and conduct of its salespersons and ensure that the salespersons' activities are in compliance with securities legislation. The supervisory obligation of a dealer is explicitly laid out in section 3.1 of OSC Rule 31-505.

Under the joint service arrangement, it is unclear who is responsible for the supervision of the services provided by the mutual fund salespersons. Technically, the mutual fund dealer is required to supervise the activities and conduct of its salespersons with respect to clients of the mutual fund dealer. In the joint service arrangements described above, however, the clients do not become clients of the mutual fund dealer. The investment dealer, on the other hand, is not required to supervise the activities and conduct of the mutual fund dealer salespersons, since they are not salespersons of the investment dealer, although it holds the client accounts. The joint service approach is inconsistent with the current regulatory regime, which relies on each dealer to supervise its sponsored salespersons.

Question 7: Under our current regulatory framework, what actions, if any, can be taken to address concerns regarding supervision of salespersons in joint service arrangements? How can clear lines of responsibility of each of the dealers be maintained?

Since the mutual fund dealer and its salespersons are not sponsored by the investment dealer, neither dealer may be held liable to clients for the misconduct of the mutual fund dealer salespersons. For example, if client investment instructions are not executed accurately, it might be difficult for clients to seek recourse from either the mutual fund dealer or the investment dealer.

Question 8: How can we ensure that responsibility and liability of dealers in joint service arrangements to clients is clear?

b) Client confusion

The OSC is of the view that by allowing mutual fund salespersons to "service" investment dealer accounts, clients could be misled to believe that the mutual fund dealer salespersons are registered and proficient to act on behalf of the investment dealers and to provide advice on all securities held in the account.

Question 9: What controls, if any, could be put in place to prevent client confusion?

c) Acting on Behalf of Two Dealers

By opening client accounts and providing investment advice on the trades in the account held at the investment dealer, these mutual fund dealer salespersons are acting on behalf of the investment dealer. This is not in compliance with subsection 1.1(1) of OSC Rule 31-501, which prohibits a salesperson from acting on behalf of more than one dealer.

Question 10: Can you suggest any alternative solutions that would address the supervisory, accountability and liability issues that arise when salespersons act on behalf of two dealers?

Question 11: What changes, if any, would you support so as to allow the mutual fund salesperson to service the investment dealer account?

D. ALTERNATIVES CONSIDERED

During the course of this project, the OSC was advised of other business models that may address some of the regulatory issues raised.

1. Referral Arrangements

The OSC understands that many mutual fund dealers have referral arrangements with investment dealers. Under these arrangements, mutual fund dealers will refer to investment dealers those clients who would like to trade in securities in which the mutual fund dealers are not registered to trade. In return, the mutual fund dealers will receive from the investment dealers a fee for the referral. Clients will open an account with the investment dealers for non-mutual fund securities, and have a separate account with the mutual fund dealers for mutual fund securities. Although referral arrangements do not satisfy clients' need for one consolidated account, they allow clients access to different products through different dealers.

Question 12: Referral arrangements require that clients have separate accounts at each dealer, instead of one consolidated account. The need for separate accounts may raise issues of convenience from the client's perspective; beyond this, are there any issues or consequences of referral arrangements that we should be aware of?

2. Mutual Fund Dealer/Investment Dealer Introducer/Carrier Model

The OSC is aware that the IDA and the MFDA are considering the possibility of an introducer/carrier model between MFDA members and IDA members in the event that the MFDA becomes a participating self-regulatory organization of CIPF. The IDA and the MFDA contemplate a model whereby the mutual fund portion of a client portfolio will be serviced by the MFDA introducer, and the non-mutual fund portion of the client portfolio will be serviced by the IDA carrier. The MFDA and the IDA have indicated that they will assemble a working group to consider such a structure. This model may address some of the regulatory concerns addressed in this paper, but it will not address all the regulatory concerns with existing omnibus account and joint service arrangements. In addition, this model is contingent upon the MFDA joining CIPF and receiving approval from CIPF and provincial securities regulators.

Question 13: If the MFDA/IDA introducer/carrier model contemplates two dealers servicing one client account, how can clear lines of responsibility (including supervision, accountability and liability) of each of the dealers be maintained? Alternatively, if this introducer/carrier model contemplates two dealers servicing two client accounts, how does this meet clients' needs? Furthermore, what actions can be taken to ensure that the mutual fund dealer salesperson is acting within the terms of his/her registration?

3. Other Alternatives

The OSC had considered requiring mutual fund dealers and investment dealers to unwind these arrangements immediately. However, the OSC recognizes that this would have a significant impact on clients, as well as industry participants. The OSC, therefore, is prepared to consider alternate solutions, if any, that would effectively address the regulatory and investor protection concerns raised by omnibus account and joint service arrangements. If no solutions were found, the OSC will require the dismantling of these arrangements.

Question 14: Are you aware of any other arrangements that would allow a mutual fund dealer to service its clients' need for one consolidated account, yet do not raise the regulatory concerns described in this paper?

Question 15: What are alternative solutions to the issues raised by the OSC relating to the joint service and omnibus account arrangements? Do these solutions require changes to the regulatory structure or requirements?

Question 16: Does a restricted dealer registration category continue to be appropriate in the current business environment where clients want to have one consolidated account and be serviced by one sales representative?

Question 17: If mutual fund dealers and investment dealers are required to unwind the joint service and omnibus account arrangements, what will be the impact to your firm's clients, as well as your firm, and how long do you anticipate this would take?

1.2 Notices of Hearing

1.2.1 Paradigm Capital Inc. et al. - ss. 127 and 127.1

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

AND

PARADIGM CAPITAL INC.
PATRICK McCARTHY
EDEN RAHIM

NOTICE OF HEARING
(Sections 127 and 127.1)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the Securities Act (the "Act") at the Commission's offices on the 17th floor, 20 Queen Street West, Toronto, Ontario, commencing on Friday, the 11th day of June, 2004 at 10:00 a.m., or as soon thereafter as the hearing can be held, to consider:

i) **Re: Paradigm Capital Inc. ("Paradigm"),** whether in the opinion of the Commission, it is in the public interest to make an order or orders, pursuant to sections 127(1) and 127.1 of the Act, specifically that:

(a) Paradigm submit to a review of certain of its practices, and procedures and institute such changes as may be ordered by the Commission;

(b) Paradigm be reprimanded;

(c) Paradigm be ordered to pay a portion of the costs of the investigation and this proceeding; and

(d) such other order as the Commission may deem appropriate.

ii) **Re: Patrick McCarthy ("McCarthy"),** whether in the opinion of the Commission, it is in the public interest to make an order or orders, pursuant to sections 127(1) and 127.1 of the Act, specifically that:

(a) certain terms and conditions be placed on the registration of McCarthy;

(b) McCarthy be reprimanded;

(c) McCarthy be ordered to pay a portion of the costs of the investigation and this proceeding; and

(d) such other orders as the Commission may deem appropriate.

(iii) **Re: Eden Rahim ("Rahim"),** whether in the opinion of the Commission, it is in the public interest to make an order or orders, pursuant to sections 127(1) and 127.1 of the Act, specifically that:

(a) certain terms and conditions be placed on the registration of Rahim;

(b) Rahim be reprimanded;

(c) Rahim be ordered to pay a portion of the costs of the investigation and this proceeding; and

(d) such other orders as the Commission may deem appropriate.

BY REASON of the allegations as set out in the attached Statement of Allegations made by Staff of the Commission dated June 8, 2004;

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

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

June 8, 2004.

"Daisy Aranha"

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

AND

PARADIGM CAPITAL INC.
PATRICK McCARTHY
EDEN RAHIM

STATEMENT OF ALLEGATIONS OF STAFF
OF THE ONTARIO SECURITIES COMMISSION

Further to a Notice of Hearing dated June 8, 2004, Staff of the Ontario Securities Commission (the "Commission") makes the following allegations:

A. The Respondents

1. Paradigm Capital Inc. ("Paradigm") is registered in Ontario as a broker and investment dealer. During the material time Paradigm was acting as a co-lead agent in connection with a private placement of special warrants to be issued by Bioscrypt Inc. ("Bioscrypt"), a reporting issuer in Ontario, listed and posted for trading on the Toronto Stock Exchange ("TSX"), under the trading symbol "BYT".

2. Patrick McCarthy ("McCarthy") is a shareholder and institutional salesperson at Paradigm and is registered in Ontario as a salesperson. McCarthy owns a 6.5% equity interest in Paradigm. During the material time McCarthy, on behalf of Paradigm, was actively involved in the sale of special warrants being issued by Bioscrypt by means of a private placement.

3. Eden Rahim ("Rahim") was a portfolio manager at RBC Global Investment Management Inc. ("RBC GIM"), and was registered in Ontario as a portfolio manager. During the material time Rahim was the portfolio manager of the Royal Canadian Growth Fund ("RCGF"), an RBC Mutual Fund in respect of which RBC GIM exercised management authority.

B. The Bioscrypt Offering

4. By letter dated October 11, 2001, Bioscrypt was advised by National Bank Financial Inc. ("NBF") that a syndicate of agents would be formed to work with Bioscrypt in connection with a proposed private placement of special warrants (the "Offering"). NBF agreed to invite Paradigm, as well as other securities dealers, to act as an agent. The letter specified that Paradigm was to be allocated 42.5% of the Offering and that the terms of the Offering were to include the following: that the special warrant would be exercisable for no additional consideration into a common share; that the Offering would be for gross proceeds of $10 million; that the agents would market the Offering on a best efforts basis; that the Offering would close on November 13, 2001; and that the agents' commission would be 6.5% of the gross proceeds of the Offering, as well as compensation options. On October 12, 2001 the President and CEO of Bioscrypt, Pierre Donaldson ("Donaldson"), accepted the terms and conditions set out in the October 11, 2001 letter, subject to a minor amendment specifying that only 5% commission would be paid in connection with gross proceeds received from insiders.

5. On October 11, 2001, Paradigm placed Bioscrypt on a Restricted List. It was the policy of Paradigm at that time to place an issuer on its Restricted List in circumstances where: Paradigm had been asked to act as an underwriter in a public offering; Paradigm was working on an engagement which was sufficiently developed; and, where Paradigm was in a special relationship with the issuer according to section 76(5)(b) of the *Securities Act* (Ontario) (the "Act"). Pursuant to the Paradigm policy, once a security was placed on the Restricted List, trading in that security was limited to: normal market making; unsolicited orders; and, transactions as part of a basket for hedging, provided that any trading was done by persons who did not have knowledge of any material non-public information. The security could be removed from the Restricted List where the material non-public information had been generally disclosed to the marketplace, for example, upon the issuance of a press release covering all of the relevant facts.

6. On October 17, 2001, a meeting was held at the offices of NBF attended by the members of the syndicate, including Paradigm, and management of Bioscrypt. At this meeting, a dry run was held of the presentation which was to be given during a cross country "road show" which was to commence on October 22, 2001. The dry run included the presentation of the Terms of the Issue (the "Terms") which specified the nature of the security being offered (special warrants), the size of the Offering (approximately $10 million, of which $1 million had been committed to by Donaldson), the closing date (November 13, 2001), the escrow conditions, and the agents on the Offering.

7. By letter dated October 17, 2001, Bioscrypt made an initial request to the TSX to grant price protection in respect of the Offering, noting that the closing price of Bioscrypt's common shares on October 16, 2001 was $2.38. In a further letter to the TSX dated October 22, 2001, Bioscrypt provided additional details in respect of the terms of the proposed Offering including the fact that insiders of Bioscrypt intended to participate in the Offering. By letter dated October 26, 2001 the TSX confirmed that price protection had been granted by the TSX to yield a minimum issue price of $2.12 per special warrant. A subsequent

amendment of the price protection was sought by Bioscrypt on October 30, 2001 in order to reflect the closing price of Bioscrypt's common shares of $1.95 on October 29, 2001. The TSX granted the amendment, but only in respect of arm's length purchasers of the Offering. As a result, the special warrants were ultimately issued to arm's length purchasers at $1.60, and to insiders (i.e. Donaldson) at $1.74.

8. In the period October 22, 2001 to October 30, 2001 the road show was conducted. A series of presentations to market the Offering were made to various institutional investors in Montreal, Toronto, Winnipeg and Vancouver by senior officers of Bioscrypt, and representatives from the syndicate. At these meetings, the Terms of the Offering were discussed with the would-be investors. In addition to the formal "road show" presentations, during this same period, the members of the syndicate also solicited the interest of institutional investors via telephone communications.

9. On November 2, 2001 Bioscrypt issued a press release in respect of the Offering announcing that NBF, as lead agent, together with Paradigm as co-lead, and two other securities dealers, had agreed to act as agents on a "best efforts" basis in connection with a private placement of $10 million of Special Warrants to be issued at $1.60 each. The private placement closed on November 14, 2001.

C. Rahim Commits to Purchase Special Warrants

10. On October 18, 2001, Patrick McCarthy ("McCarthy"), an institutional salesperson at Paradigm, sent an e-mail to Rahim, forwarding a copy of the Terms. McCarthy suggested that a meeting be held the following week, at which Bioscrypt's CEO, Donaldson, would attend. At that time, the RCGF held approximately 1,551,100 freely trading shares of Bioscrypt. Approximately 570,000 of these shares had been purchased in the period July 1 to September 30, 2001 in an RBC GIM account at Paradigm in respect of which McCarthy was the institutional salesperson.

11. On or about October 26, 2001, a meeting was held with Rahim at the offices of RBC GIM attended by McCarthy and Donaldson. During the course of the meeting a presentation was made to Rahim in respect of the Offering. By no later than October 30, 2001, Rahim advised McCarthy that he intended to invest $2 million in the Offering on behalf of the RCGF.

12. At the time of engaging in these discussions, Rahim's employer, RBC GIM, had an insider trading policy to address circumstances where a portfolio manager learns of material facts, from a person in a special relationship with an issuer, which have not been generally disclosed. Rahim was required to annually review and sign off on this policy. The RBC GIM policy in effect at that time stated as follows:

If an RBC GIM Portfolio Manager or employee comes into possession of insider information, the law is clear that the portfolio manger or staff member is automatically prohibited from trading in that security. From a practical stance however, as an investment management company RBC GIM has a fiduciary responsibility to all account holders to continue to manage their money in accordance with the terms of their contracts and in their best interests.

Accordingly, to avoid the use of insider information in connection with trades in securities on behalf of our account holders, the following procedures must be followed:

1. *As soon as a Portfolio Manager ("PM") or other RBC GIM staff member comes into possession of information relating to a reporting issuer that is not public or has not been publicly disclosed, the PM or staff member must immediately cease from passing on such information or talking about the information with any person, other than persons indicated in items 2 and 3 of this procedure document.*

2. *The PM or staff member affected will immediately notify the President of RBC GIM, who does not actively invest for clients' portfolios.*

3. *The President will notify the Vice President, Compliance, of the acquisition of the information, determine if the information is indeed "insider" information and if necessary, obtain legal counsel depending on the particulars of the situation.*

4. *No personal trading in the security that is the subject of the information may be made by the affected PM, any staff who also are aware of the information, or by the President and the Vice President, Compliance.*

5. *The portfolios managed by the affected PM continue to be managed in the ordinary course, except that the affected PM will not participate in any decisions relating to the security to which the information relates. Rather, all trading in this security will be handled following the same strategy used for all accounts by the portfolio managers who are not aware of the insider information.*

6. *Depending on anticipated public disclosure of the relevant information, the President will determine with the Vice President, Compliance the appropriate timeframe in which the moratorium on having the PM trade in that particular security for his/her client's account should last…*

7. *The employees affected will take not action with respect to the security until advised by the President in writing that they can do so.*

D. The "Overtrade"

13. Contemporaneous with confirming Rahim's interest on behalf of the RCGF in the Offering, McCarthy also discussed with Rahim participating in what McCarthy described as an "overtrade" involving the freely trading shares of Bioscrypt held by the RCGF. An "overtrade" was understood to be an investment strategy that resulted in an investor purchasing freely trading shares in a company from an existing shareholder with the existing shareholder replacing those shares by purchasing shares on a new issue from the company's treasury.

14. On October 31, 2001, McCarthy e-mailed Rahim, stating "I need to talk to you on BYT, we are closing the books tonight and I want to make sure that we are clear on a few things. I have you in the book for $2m plus the overtrade, which we talked about being 450,000 shares at $1.70, but I could make that slightly bigger if you are interested. Please give me a call…"

15. On the morning of November 1, 2001, Rahim sent an e-mail in response to McCarthy, stating "that's fine if you need to make the overtrade larger, let me know how much, and I'll put it on the desk with JP [an equity trader at RBC GIM]". McCarthy replied to Rahim the same day, stating:

> Just want to double check all of the numbers with you:
> You are buying 1,250,000 shares of the deal at $1.60.
> The overtrade we are proposing has been increased to 600,000 shares at $1.70.
> Therefore, you will be subscribing for 1,850,000 shares of the deal, and writing a cheque on November 12 for closing on November 13 for $2,960,000.
> On the overtrade, you will have proceeds of $1,020,000.
> Please confirm that this is OK, and we can do that trade later today.

Rahim replied shortly thereafter, stating "That's fine, I'll put the order on the desk".

16. During the course of the road show in respect of the Offering, certain institutional investors, including Synergy Asset Management Inc. and Canadian Pacific Management Limited, advised Paradigm that they were not interested in purchasing securities pursuant to the Offering (which securities were subject to certain resale restrictions), but were interested in purchasing freely trading stock.

17. Peter Hodson ("Hodson") was a portfolio manager at Synergy Asset Management Inc. ("Synergy") serving as lead manager for the Synergy Canadian Small Cap Fund. Synergy was a client of Paradigm. On October 23, 2001, Hodson met with officials from Bioscrypt and Paradigm during which time a presentation was made in respect of the Offering. Hodson declined to purchase special warrants under the Offering but advised Paradigm that Synergy would be interested in purchasing freely trading shares of Bioscrypt. On November 1, 2001 Synergy placed an order to purchase up to 150,000 shares of Bioscyrpt at $1.70.

18. Chayanne Fickes ("Fickes") was a portfolio manager with Canadian Pacific Management Limited ("CP") where she managed the Canadian Pacific North American Pension Trust. CP was a client of Paradigm. On or about November 1, 2001, Fickes became aware of a block of Bioscrypt stock being made available. As a result, on November 1, 2001 CP placed on order to purchase up to 450,000 freely trading shares of Bioscrypt at $1.70.

19. On November 1, 2001, trading in shares of Bioscrypt opened at a price of $1.90. In order for Paradigm to complete the "overtrade", which was to be filled at $1.70, it was necessary for Paradigm to displace all better-priced bids in the market to achieve the "crossing" price for the overtrade. By means of 34 sell transactions, totaling 56,100 Bioscrypt shares (which formed part of the 600,000 shares to be sold on the "overtrade" by RBC GIM), the price of Bioscrypt was brought down to $1.70. The purchasers of these 56,100 shares, at an average price of $1.7984, had no knowledge of the Offering at the time their buy orders were filled by Paradigm on November 1, 2001.

20. Once the share price was brought down to $1.70, the cross of the remaining 600,000 shares from the "overtrade" was executed. The 56,100 shares sold to bring the price down were deducted on a pro-rata basis from the orders placed by Synergy and CP. As a result of the "overtrade", Synergy purchased 135,000 shares at $1.70; CP purchased 408,900 at $1.70; and RBC GIM sold 600,000 shares at an average price of $1.7092.

21. In connection with the sale of the 600,000 special warrants to the RCGF and the cross of the

600,000 shares further to the overtrade, Paradigm earned a commission of $43,340. In addition to these commissions, Paradigm also received 24,000 compensation options in connection with the sale of the 600,000 special warrants sold to the RCGF which options were exercised and subsequently sold at a profit to Paradigm of $12,415. Paradigm's total profit with respect to these transactions was $55,755.

E. Conduct Contrary to the Public Interest

22. It is the position of Staff that the conduct of each of the Respondents was contrary to the public interest in the following respects:

a) Paradigm's conduct was contrary to the public interest in failing to properly supervise and restrict the activities of McCarthy, and other employees, in connection with the conduct of secondary market trading in shares of Bioscrypt, at a time when Bioscrypt was on the Paradigm Restricted List as a consequence of Paradigm agreeing to act as an agent for the purpose of an offering which had not been generally disclosed to the public.

b) McCarthy acted contrary to the public interest by agreeing to facilitate a transaction in the secondary market, the "overtrade", which resulted in shares of Bioscrypt being sold by persons, with knowledge of a material fact which had not been generally disclosed, to persons who had no knowledge of that material fact, despite Bioscrypt having been placed on a Paradigm Restricted List.

c) Rahim acted contrary to the public interest by agreeing to sell shares of Bioscrypt in the secondary market pursuant to the overtrade, after being informed of a material fact which had not been generally disclosed, in circumstances where Rahim, in accordance with the policy of his employer, may have been required not to participate in any decisions relating to trading shares of Bioscrypt in the secondary market. Although not intended or anticipated by Rahim, his conduct contributed to shares of Bioscrypt being sold by persons with knowledge of a material fact respecting Bioscrypt which had not been generally disclosed, to persons who had no knowledge of that material fact.

23. Staff reserves the right to make such further allegations as Staff may advise and the Commission may permit.

June 8, 2004.

1.3 News Releases

1.3.1 OSC Issues Management Cease Trade Orders against Certain Insiders of Argus Corporation Limited

FOR IMMEDIATE RELEASE
June 3, 2004

OSC ISSUES MANAGEMENT CEASE TRADE ORDERS AGAINST CERTAIN INSIDERS OF ARGUS CORPORATION LIMITED

TORONTO – A panel of Commissioners of the Ontario Securities Commission today made a final order prohibiting certain directors, officers and insiders of Argus Corporation Limited from trading in securities of Argus, subject to certain exceptions contained in the order. The prohibition will remain in force until two business days following the receipt by the Commission of all filings, including financial statements, that Argus is required to make pursuant to Ontario securities law.

The Commission made this order under paragraph 2 of subsection 127(1) of the *Securities Act* (Ontario) following a hearing that was held today. The order has the effect of continuing the temporary order of the Director that was made on May 25, 2004.

For further information, please see the Order on the Commission website (**www.osc.gov.on.ca**).

For Media Inquiries: Wendy Dey
Director, Communications
416-593-8120

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

1.3.2 OSC Commences Prosecution and Commission Proceeding against Former Senior Managers of Atlas Cold Storage Income Trust

FOR IMMEDIATE RELEASE
June 4, 2004

OSC COMMENCES PROSECUTION AND COMMISSION PROCEEDING AGAINST FORMER SENIOR MANAGERS OF ATLAS COLD STORAGE INCOME TRUST

TORONTO – The Ontario Securities Commission (OSC) has initiated a quasi-criminal prosecution against Patrick Gouveia, Andrew Peters, Ronald Perryman and Paul Vickery. These four individuals were former members of senior management at Atlas Cold Storage Holdings Inc. (Holdings), the operating entity of Atlas Cold Storage Income Trust (Atlas). Gouveia was the former Chief Executive Officer and a Director of Holdings. Peters was the Chief Financial Officer. Perryman was the Vice-President, Finance. Vickery was the Controller and latterly the Director of Business Controls.

The Commission has laid two charges that Gouveia, Peters, Perryman and Vickery violated section 122(1)(b) of the *Securities Act* personally and two further charges that they violated section 122(3) as directors or officers who authorized, permitted or acquiesced in the commission of an offence in relation to the filing of materially misleading annual financial statements by Atlas in 2001 and 2002.

The Commission also laid two charges that Gouveia, Peters and Perryman violated section 122(1)(b) personally and two further charges that they violated section 122(3) as directors or officers who authorized, permitted or acquiesced in the commission of an offence in relation to the filing of materially misleading financial statements by Atlas for the first two reporting periods of 2003.

The charges allege that Gouveia, Peters, Perryman and Vickery personally and as directors or officers authorized, permitted or acquiesced in the commission of an offence in relation to the 2001 Atlas financial statements that were misleading by understating expenses, by inappropriately capitalizing expenses and by recording expenses in 2002 which should properly have been recorded in 2001, and thereby overstating net income and distributable cash. In relation to the 2002 Atlas financial statements, the charges allege that Gouveia, Peters, Perryman and Vickery personally and as directors or officers authorized, permitted or acquiesced in the commission of an offence of filing financial statements that were misleading by understating expenses, by inappropriately capitalizing expenses and by accounting for a refund under an asset purchase agreement as a reduction of expenses, thereby overstating net income and distributable cash and by failing to disclose a breach of a covenant in the Trust's lending agreement.

In relation to the filing of Atlas' interim financial statements for the first reporting period of 2003, the charges allege that Gouveia, Peters and Perryman personally and as directors

or officers authorized, permitted or acquiesced in the commission of an offence of filing financial statements that were misleading by understating expenses by inappropriately capitalizing expenses and by failing to disclose a breach of a covenant in the Trust's lending agreement. In relation to Atlas' interim financial statements for the second reporting period in 2003, the charges allege that Gouveia, Peters and Perryman personally and as directors or officers authorized, permitted or acquiesced in the commission of an offence of filing financial statements that were misleading by understating expenses by inappropriately capitalizing expenses thereby overstating net income and distributable cash.

The Commission has also issued a Notice of Hearing and staff of the Commission have filed a Statement of Allegations with the Commission against the four individuals in relation to the filing of misleading financial statements as alleged in the quasi-criminal charges.

The Commission has not laid charges nor issued a Notice of Hearing against Atlas. Atlas cooperated fully with staff of the Commission since the misstatements in Atlas' financial statements were revealed. Staff were satisfied that Atlas has taken steps to remedy the problems that gave raise to the misstated financial statements. In recognition of Atlas' cooperation with Staff and acknowledging steps taken by Atlas, Staff have determined that it would not be in the public interest to prosecute Atlas or to commence Commission proceedings.

The first appearance in the Ontario Court of Justice on the quasi-criminal charges is July 7, 2004 and the first appearance date on the Commission proceedings is July 9, 2004.

For further information, please see the Notice of Hearing and Statement of Allegations at **www.osc.gov.on.ca**.

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

Michael Watson
Director, Enforcement Branch
(416) 593-8156

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

1.3.3 Investor Alert: Investors Beware of Certain Stock Promotion Practices

FOR IMMEDIATE RELEASE
June 7, 2004

INVESTOR ALERT: INVESTORS BEWARE OF CERTAIN STOCK PROMOTION PRACTICES

TORONTO – The Ontario Securities Commission (OSC) is warning investors to beware of promoters who advise them to make misrepresentations about their financial status in order to qualify to invest in high risk exempt market securities. The OSC's concerns stem from increasing evidence of these practices in the market.

In a typical scenario, a potential investor receives a telephone call, often from a stock promoter or salesperson that they do not know. Investors should be particularly wary of investment advice given by total strangers, particularly when the advice comes in a "cold call" or over the Internet. The promoter may recommend a particular stock, and note that the investment is limited to accredited investors but that this is a technical requirement, and that an exception will be made for this investor. This advice would see the investor lie about their financial situation to qualify to buy the securities, in violation of the *Ontario Securities Act*.

The advice to break the law should be a further red flag for the potential investor – after all, if the promoter is recommending that one rule be broken, what assurance does the investor have that other rules will not also be broken, resulting in financial loss?

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

Often, the promoter also makes statements about the stock's likelihood to make investors rich, either because its value is destined to increase dramatically or because it is about to be listed on a stock exchange. Those statements are further violations of the *Ontario Securities Act*.

To protect your money:

- Be wary of unsolicited offers received over the Internet or by telephone
- Check the registration and background of the person or company offering you the investment - call the OSC Contact Centre toll-free at 1-877-785-1555

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

For further information or to file a complaint, check the OSC web site (**www.osc.gov.on.ca**) or call the OSC Contact Centre at 1-877-785-1555. You can learn more about investment fraud and other investment topics on-line at www.investorED.ca.

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

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

1.3.4 OSC Charges Defendants in the Discovery Biotech Inc. Matter

FOR IMMEDIATE RELEASE
June 7, 2004

OSC CHARGES DEFENDANTS IN THE DISCOVERY BIOTECH INC. MATTER

TORONTO – On June 2, 2004, a proceeding was commenced with the consent of the Ontario Securities Commission (OSC) in the Ontario Court, General Division, pursuant to S. 122 of the *Ontario Securities Act* against Discovery Biotech Inc. (Discovery) and Orest Lozynsky, Robert Vandenberg and Howard Rash.

Discovery and the three individuals are charged with trading in shares of Discovery without being registered to trade in securities, trading in securities of Discovery without having filed a prospectus with the OSC, and making certain prohibited representations respecting the future value of the securities and the listing of Discovery securities on a stock exchange. These acts are in violation of the *Ontario Securities Act*.

In addition, Lozynsky, Vandenberg and Rash, being directors and officers of Discovery, are charged with authorizing, permitting or acquiescing in the commission of the offences under the *Securities Act* noted above. The first appearance in this matter will be held on July 6, 2004, at 9:00 a.m. in Court Room "C" at Old City Hall, 60 Queen Street West, Toronto, Ontario.

On June 4, 2003, the OSC issued a temporary cease trade order requiring Discovery and Graycliff Resources Inc. and their employees and agents to cease trading in Discovery securities. That order was extended on June 16, 2003, and on July 17, 2003, and remains in force today.

A copy of Appendix "A" of the Information sworn, containing the details of the charges, is attached. Copies of the order, notice of hearing and statement of allegations filed in 2003 are available on the OSC's web site (**www.osc.gov.on.ca**).

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

Michael Watson
Director, Enforcement
416-593-8156

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

APPENDIX "A"

That Discovery Biotech Inc., Orest Lozynsky, Robert Vandenberg and Howard Rash did:

1. Between January 2, 2002 and June 5, 2003, at the City of Toronto and elsewhere in the Province of Ontario, did trade in the shares of Discovery Biotech Inc. ("Discovery") without being registered to trade in securities, as required by s. 25(1) of the *Securities Act* (the "*Act*") and thereby did commit an offence contrary to s. 122(1)(c);

2. Between January 2, 2002 and June 5, 2003, at the City of Toronto and elsewhere in the Province of Ontario, did trade in the shares of Discovery, where such trading was a distribution, without having filed a preliminary prospectus and a prospectus and obtaining receipts therefor from the Director, as required by s. 53(1) of the *Act* and thereby did commit an offence contrary to s. 122(1)(c);

3. Between January 2, 2002 and June 5, 2003, at the City of Toronto and elsewhere in the Province of Ontario, did make oral undertakings respecting the future value or price of Discovery shares, with the intention of effecting a trade in those shares, in breach of s. 38(2) of the *Act* and thereby did commit an offence contrary to s. 122(1)(c); and

4. Between January 2, 2002 and June 5, 2003, at the City of Toronto and elsewhere in the Province of Ontario, did make oral representations respecting the listing of the Discovery shares on a stock exchange or trade reporting system, without approval to the listing, conditional or otherwise, having been granted, in breach of s. 38(3) of the *Act* and thereby did commit an offence contrary to s. 122(1)(c)

that Orest Lozynsky, Robert Vandenberg and Howard Rash did:

5. Between January 2, 2002 and June 5, 2003, at the City of Toronto and elsewhere in the Province of Ontario, being directors and officers of Discovery, did authorize, permit or acquiesce in the commission of the offence by Discovery of trading in securities without registration and thereby did commit an offence contrary to s. 122(3) of the *Act*;

6. Between January 2, 2002 and June 5, 2003, at the City of Toronto and elsewhere in the Province of Ontario, being directors and officers of Discovery, did authorize, permit or acquiesce in the commission of the offence by Discovery of trading, where such trading was a distribution without having filed a preliminary prospectus and a prospectus and obtaining receipts therefor from the Director and thereby did commit an offence contrary to s. 122(3) of the *Act*;

7. Between January 2, 2002 and June 5, 2003, at the City of Toronto and elsewhere in the Province of Ontario, being directors and officers of Discovery, did authorize, permit or acquiesce in the commission of the offence by Discovery of making oral undertakings respecting the future value or price of Discovery shares, with the intention of effecting a trade in those shares and thereby did commit an offence contrary to s. 122(3) of the *Act*; and

8. Between January 2, 2002 and June 5, 2003, at the City of Toronto and elsewhere in the Province of Ontario, being directors and officers of Discovery, did authorize, permit or acquiesce in the commission of the offence by Discovery of making oral representations respecting the listing of the Discovery shares on a stock exchange or trade reporting system, without approval to the listing, conditional or otherwise, having been granted and thereby did commit an offence contrary to s. 122(3) of the Act.

1.3.5 In the Matter of Paradigm Capital Inc., Patrick McCarthy and Eden Rahim

FOR IMMEDIATE RELEASE
June 8, 2004

IN THE MATTER OF PARADIGM CAPITAL INC., PATRICK MCCARTHY AND EDEN RAHIM

TORONTO – On June 8, 2004, a Notice of Hearing and Statement of Allegations was issued purusant to s.127 of the *Ontario Securities Act* in respect of the conduct of Paradigm Capital Inc., Patrick McCarthy and Eden Rahim. The hearing is to be held on June 11, 2004 at 10:00 a.m. at 20 Queen St. W, 17th floor, Toronto Ontario, at which time it is anticipated the Commission will consider whether to approve a settlement agreement entered into between Staff of the Commission and the Respondents.

The conduct at issue concerns the responsibilities of investment dealers, institutional salespersons and portfolio managers for the management of information provided during the course of marketing a private placement of securities prior to general disclosure of the private placement.

Copies of the Notice of Hearing and Statement of Allegations are available on the OSC's web site (**www.osc.gov.on.ca**).

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

Michael Watson
Director, Enforcement
416-593-8156

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

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 InBusiness Solutions Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer deemed to be no longer a reporting issuer under securities legislation (for MRRS Decisions).

Applicable Ontario Statutory Provisions

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

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA AND ONTARIO

AND

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

AND

IN THE MATTER OF
INBUSINESS SOLUTIONS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the Decision Maker and collectively, the Decision Makers) in each of Alberta and Ontario (the Jurisdictions) has received an application from InBusiness Solutions Inc. (the Applicant or InBusiness) for a decision under the securities legislation of the Jurisdictions (the Legislation) that InBusiness be deemed to have ceased to be a reporting issuer under the Legislation;

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

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

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

1. The Applicant was incorporated under the Alberta *Business Corporations Act* as 747705 Alberta Ltd. on July 18, 1997. The Applicant's name was changed to "Newsys Solutions Inc." on October 30, 1997. The Applicant was continued under the *Canada Business Corporations Act* on March 7, 2000. The Applicant subsequently changed to its current name, "InBusiness Solutions Inc." on September 11, 2000.

2. The head office of the Applicant is located at Ontario at 1686 Woodward Drive, Ottawa, Ontario, K2C 3R8.

3. The Applicant is a reporting issuer only in Ontario and Alberta. The Applicant ceased to be a reporting issuer in British Columbia on May 16, 2004, pursuant to a Voluntary Surrender of Reporting Issuer Status under British Columbia Securities Commission Instrument 11-502.

4. The Applicant is a wholly owned subsidiary of TrekLogic Technologies Inc. (TrekLogic). TrekLogic acquired all of the issued and outstanding shares of the Applicant pursuant to a takeover bid (the Takeover) dated December 11, 2003 (as extended on January 15, 2004 and January 30, 2004) and a compulsory acquisition transaction (the Compulsory Acquisition) under Section 206 of the *Canada Business Corporations Act*, which closed on April 20, 2004.

5. TrekLogic is the only shareholder of the Applicant and the Applicant has fewer than 15 security holders, including debt security holders, which beneficially own, directly or indirectly the outstanding securities of the Applicant in each jurisdiction in Canada and fewer than 51 security holders in total in Canada.

6. The common shares of InBusiness were delisted from the TSX Venture Exchange on May 6, 2004.

7. No securities of InBusiness are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.

8. The Applicant has no plans to seek public financing by offering its securities in Canada.

9. The Applicant is not in default of any of its obligations under the securities legislation of Ontario and Alberta except as follows:

(i) The Applicant has not filed its quarterly financial statements and related Management Discussion and Analysis for the quarter ended January 31, 2004 which were not due to be filed until after the close of the Takeover on February 9, 2004.;

(ii) The Applicant has not filed an Annual Information Form (AIF) for the fiscal year ended April 30, 2003, which was due to be filed by September 17, 2003; and

(iii) The Applicant has not filed an Issuer Profile Supplement on SEDI.

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

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

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

May 31, 2004.

"Susan Wolburgh Jenah" "Wendell S. Wigle"

2.1.2 ClearWave N.V. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications — Exemption from requirement in legislation to file an annual information form for year ended December 31, 2003 — Relief granted because the issuer has complied with the requirement to file an annual information form by filing a current Form 20F with the SEC and there are fewer than 300 shareholders residing in the United States and the parent's activities are virtually identical to the issuer's — Relief subject to condition — Issuer must file the parent company's annual information form under the issuer's SEDAR profile — Initial application included a request to be exempted from the requirement to file an information circular — Application was severed into two separate applications — Issuer subsequently withdrew its circular application.

Ontario Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am, ss. 86(1), 88(2)(b) and 143(1)(22)(ii).

Ontario Rule

Rule 51-501 AIF and MD&A, ss. 2.1 and 5.1.

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

AND

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

AND

IN THE MATTER OF
CLEARWAVE N.V.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Makers") in each of Québec, Ontario and Saskatchewan (the "Jurisdictions") have received an application (the "Application") from ClearWave N.V. ("ClearWave") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that ClearWave be exempt from the requirement to file an annual information form for the year ended December 31, 2003.

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Agence nationale d'encadrement du secteur financier (also known as "Autorité des marchés financiers") is the principal regulator for the Application;

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

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

1. ClearWave is a company incorporated on September 17, 1999 under the laws of The Netherlands as a public limited liability company (*naamloze vennootschpap* or N.V.) and was then called TIW Eastern Europe N.V. ClearWave is a reporting issuer in each of the Jurisdictions. No shares of ClearWave are listed or quoted on any stock exchange.

2. ClearWave provides wireless telecommunication services in Romania and the Czech Republic through its two principal operating subsidiaries, MobiFon S.A. and Cesky Mobil a.s., over which it exercises control or direction on voting securities for approximately 63.5% and 50.8%, respectively.

3. As of March 31, 2004, 45,868,498 Class A Subordinate Voting Shares ("SVS") and 38,230,950 Class B Multiple Voting Shares ("MVS") of ClearWave were issued and outstanding.

4. Prior to February 4, 2001, ClearWave was a wholly-owned subsidiary of Telesystem International Wireless Inc. ("TIW").

5. On January 15, 2001, ClearWave filed a non-offering prospectus the purpose of which was to have ClearWave become a reporting issuer to prepare for the distribution of transferable rights by TIW to holders of TIW's outstanding shares of record.

6. For each share of TIW outstanding at the close of business on January 23, 2001, a holder thereof was entitled to one right. Two rights entitled the holder thereof to purchase one unit of TIW (a "TIW Unit") at a price of CDN$9.05 per unit. Each unit was comprised of (i) one of ClearWave SVS and (ii) an option to purchase one subordinate voting share of TIW by surrendering the unit, at any time until the unit termination date of June 30, 2002.

7. The sole purpose of ClearWave becoming a reporting issuer was to enable its SVS to be qualified for distribution in the TIW Units.

8. The January 15, 2001 prospectus was a non-offering prospectus and did not constitute a public offering of any securities.

9. TIW's distribution of ClearWave SVS in the TIW Units, an aggregate of 45,868,498 SVS were held publicly through TIW Units.

10. The indenture governing the TIW Units provided, among others, that if the value of ClearWave SVS outstanding on the termination date of the TIW Units (June 30, 2002) was less than US$ 100 million, all holders of TIW Units would be deemed to have exercised the option to surrender the TIW Units for a share of TIW.

11. On February 4, 2002, pursuant to a restructuring of TIW, the Ontario Court of Justice rendered a decision which, among others, struck down the deemed exchange clause in the indenture governing the TIW Units. Thereafter, TIW repurchased 73.5% of all TIW Units outstanding in an issuer bid as part of its restructuring.

12. On June 30, 2002, the TIW Units terminated and the holders thereof received one ClearWave SVS for each TIW Unit held.

13. Beginning in October 2003, TIW began repurchasing ClearWave SVS in private transactions with certain significant minority holders.

14. Pursuant to such purchases, TIW acquired an additional 11,951,925 ClearWave SVS from three holders such that, as of March 31, 2004, TIW held 45,681,938 ClearWave SVS and 38,230,950 MVS representing a direct and indirect equity and voting interest in ClearWave of 99.8% and 99.9% respectively.

15. TIW has announced that it intends to acquire the remaining 0.2% equity interest in ClearWave. As stated in TIW's March 18, 2004 supplemented prospectus: "Following the closing of the ClearWave transaction, we [TIW] expect to acquire the remaining 0.2% equity interest in ClearWave held by the minority shareholders pursuant to similar private or public transactions or, potentially, through statutory share acquisition procedures." TIW's press release of March 26, 2004 reiterates that TIW will seek to acquire all other remaining shares of ClearWave.

16. There are at present 96 minority shareholders of ClearWave. Among these shareholders, it is estimated that 28 are located in Québec, 27 in Ontario and 27 in Saskatchewan.

17. TIW conducts its activities primarily through ClearWave which represents its single largest asset. As a result, TIW's activities consist primarily in the activities of ClearWave's operating subsidiaries MobiFon S.A. and Cesky Mobil a.s.

18. ClearWave's audited financial statements for its financial year ended December 31, 2003 and ClearWave's unaudited financial statements for the three-month period ended March 31, 2004 have been filed on March 15, 2004 and May 11,

2004 respectively, and contain an extensive review of the financial situation of ClearWave.

19. In addition, since TIW's activities are virtually identical to ClearWave's, TIW's annual information form and other public disclosure documents provide extensive disclosure with respect to ClearWave.

20. In light of the existing disclosure on ClearWave, an exemption from the annual information form requirement would not be prejudicial to the public interest and detrimental to the protection of investors as minority shareholders have access to extensive information about ClearWave through TIW's public disclosure.

AND WHEREAS under to the System this decision evidences the decision of each Decision Maker (the "Decision");

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

THE DECISION of the Decision Makers pursuant to the Legislation is that ClearWave N.V. is exempted from the requirement to file an annual information form for the year ended December 31, 2003 pursuant to the Legislation, provided that TIW's Annual Information Form for the year ended December 31, 2003 be filed on ClearWave's SEDAR profile.

May 19, 2004.

"Josée Deslauriers"

2.1.3 Dundee Wealth Management Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from certain filing requirements of MI 33-109 in connection with a bulk transfer of business locations and individuals.

Applicable Rule

MI 33-109 – Registration Information.

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

AND

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

AND

IN THE MATTER OF
DUNDEE WEALTH MANAGEMENT INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the Decision Maker) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Yukon Territory, the Northwest Territories and Nunavut (the Jurisdictions) has received an application from Dundee Wealth Management Inc. (Dundee) on behalf of Cartier Partners Securities Inc. (CPS), Cartier Partners Financial Services Inc. (CPFS), Dundee Private Investors Inc. (DPII) and Dundee Securities Corporation (DSC) (collectively, the Applicants) for a decision pursuant to Part 7 of Multilateral Instrument 33-109 *Registration Information* (MI 33-109) exempting the Applicants from certain filing requirements under MI 33-109 so as to permit the bulk transfers of the business locations and individuals (the Representatives) associated with the transfers and amalgamations that will arise in respect of the reorganization of the Applicants.

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

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

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

1. CPS is currently registered as an investment dealer or equivalent in all provinces of Canada and the Yukon and is a member of the Investment Dealers Association of Canada (the IDA), a participating organization of the Toronto Stock Exchange (the TSX) and a member firm of the TSX Venture Exchange (the TSX Venture). CPS is a corporation incorporated under the *Canada Business Corporations Act* (the CBCA) and its head office is located in Vancouver, British Columbia.

2. DSC is currently registered as an investment dealer or equivalent in all provinces of Canada and is a member of the IDA, a participating organization of the TSX and a member firm of the TSX Venture. DSC is a corporation incorporated under the *Business Corporations Act* (Ontario) (the OBCA) and its head office is located in Toronto, Ontario.

3. CPFS is currently registered as a mutual fund dealer in all provinces and territories of Canada other than the Yukon and is a member of the Mutual Fund Dealers Association of Canada (the MFDA). CPFS is a corporation incorporated under the CBCA and its head office is located in London, Ontario.

4. DPII is currently registered as a mutual fund dealer in all provinces and territories of Canada other than Prince Edward Island and is a member of the MFDA. DPII is a corporation incorporated under the OBCA and its head office is located in Toronto, Ontario.

5. The Applicants, to the best of their knowledge, are not in default of any of the requirements of the securities legislation of the Jurisdictions.

6. Dundee is a reporting issuer in all the provinces of Canada. Dundee completed its acquisition of CPFG on December 30, 2003 (the Acquisition) and subsequently transferred all of the shares of CPFG to its subsidiary DWM Inc. (DWM) on December 31, 2003 (the Rolldown). Further to the Acquisition and Rolldown, Dundee intends to complete a reorganization (the Reorganization) involving its subsidiaries, including CPS, CPFS, DSC, and DPII.

7. As part of the Reorganization, CPS will amalgamate with DSC. CPS and DSC are both members of the IDA and the remaining, amalgamated entity will be DSC. The amalgamation involving CPS and DSC is expected to be completed on June 2, 2004.

8. As part of the Reorganization, CPFS will acquire all of the assets and liabilities of DPII, including all advisors and accounts of DPII, in exchange for preferred shares of CPFS. Both CPFS and DPII are members of the MFDA and the remaining entity will be CPFS. CPFS will then change its name to Dundee Private Investors Inc. (New DPII) and DPII will change its name to a numbered company. The transfer involving CPFS and DPII is expected to be completed on June 1, 2004.

9. The Reorganization will involve the transfer of large numbers of locations and significant numbers of individuals associated on the National Registration Database with the locations.

10. The Reorganization involving CPS, DSC, CPFS and DPII will have no negative consequences on the ability of Dundee to comply with all applicable regulatory requirements or its ability to satisfy its obligations to its clients.

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

AND WHEREAS each of the Decision Makers is satisfied that the tests contained in MI 33-109 that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to MI 33-109 is that the following requirements of MI 33-109 shall not apply to the Applicants in respect of the Reorganization:

(i) the requirement to submit a notice regarding the termination of each employment, partner, or agency relationship under section 4.3 of MI 33-109;

(ii) the requirement to submit a notice regarding each individual who ceases to be a non-registered individual under section 5.2 of MI 33-109;

(iii) the requirement to submit a registration application for each individual applying to become a registered individual under section 2.2 of MI 33-109;

(iv) the requirement to submit a Form 33-109F4 for each non-registered individual under section 3.3 of MI 33-109; and

(v) the requirement under section 3.1 of MI 33-109 to notify the regulator of a change to the business location information in Form 33-109F3.

May 31, 2004.

"David M. Gilkes"

2.1.4 Golden Star Resources Ltd. - MRRS Decision

Headnote

Application for relief from the requirement in the Securities Act (Ontario) to send an information circular to shareholders in connection with the solicitation of proxies from such shareholders. Exemption granted to allow solicitations without sending an information circular in circumstances currently allowed under the Canada Business Corporations Act (the "CBCA") where the solicitation consists of (i) a public announcement of how a shareholder intends to vote and the reasons for such decision, (ii) a communication to shareholders concerning the business and affaires of the company where no proxy is sent to such shareholders, or (iii) solicitations to no more than 15 shareholders. Exemption also granted to allow solicitation by public broadcast, speech or publication, which public broadcast, speech or publication to include all the information required under the CBCA and to set out the reasons for requesting that shareholders vote against the resolution proposed for approval at the shareholders' meeting.

Statutes Cited

Securities Act R.S.O. 1990, c. S.5, as amended, ss. 86(1)(b) and 88(2)(b).

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

AND

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

AND

IN THE MATTER OF
GOLDEN STAR RESOURCES LTD.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, and Newfoundland and Labrador (collectively, the "Jurisdictions") has received an application from Golden Star Resources Ltd. ("Golden Star") for a decision under the securities legislation of the Jurisdictions (the "Legislation") for an exemption from the requirements under the Legislation to send an information circular to shareholders ("IAMGold Shareholders") of IAMGold Corporation ("IAMGold") in connection with Golden Star's solicitation of proxies for the annual and special meeting of

IAMGold Shareholders scheduled to be held on June 8, 2004 (the "IAMGold Meeting");

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

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

AND WHEREAS Golden Star has represented to the Decision Makers that:

1. IAMGold is a reporting issuer, or the equivalent, in each of the provinces and territories of Canada and is governed by the *Canada Business Corporations Act* (the "CBCA").

2. IAMGold's common shares are listed on the Toronto Stock Exchange ("TSX") and the American Stock Exchange.

3. IAMGold is holding the IAMGold Meeting on Tuesday, June 8, 2004 at noon (Toronto time) at which it will seek shareholder approval for, among other things, the issue of a substantial number of IAMGold common shares in connection with a proposed plan of arrangement (the "Arrangement Resolution") with Wheaton River Minerals Ltd.

4. After the close of markets on May 27, 2004, representatives of Golden Star met with representatives of IAMGold, together with their advisors, at the offices of IAMGold. At that meeting, Golden Star advised IAMGold that Golden Star was proposing a business combination with IAMGold whereby IAMGold Shareholders would be offered 1.15 common shares of Golden Star for each IAMGold common share, being a premium of 13% to IAMGold Shareholders based on the closing prices for the IAMGold common shares and Golden Star common shares on the TSX on May 27, 2004. Golden Star issued a press release announcing the proposal following the May 27th meeting.

5. At the May 27th meeting, Golden Star also requested a list of IAMGold Shareholders and received the list late in the day on June 1, 2004.

6. Following a further meeting with IAMGold on May 31, 2004, Golden Star was advised that IAMGold still intends to proceed with the IAMGold Meeting seeking approval for the Arrangement Resolution. IAMGold also issued a press release announcing this decision. Golden Star issued a press release prior to the opening of markets on June 1, 2004 announcing that it considered its proposal to be superior for IAMGold Shareholders to the proposed arrangement with Wheaton River.

7. Golden Star may determine to solicit proxies from IAMGold Shareholders in an effort to defeat the Arrangement Resolution so that IAMGold Shareholders will have an opportunity to consider Golden Star's proposal. As disclosed by IAMGold in its information circular issued in connection with the IAMGold Meeting, the deadline for submitting proxies for the IAMGold Meeting is noon (Toronto time) on Friday, June 4, 2004.

8. Due to the short time prior to the IAMGold Meeting (and the even shorter period until the deadline for submitting proxies), if it proceeds with the solicitation, Golden Star wishes to solicit proxies from as many IAMGold Shareholders as possible. As Golden Star only very recently received the shareholder list, it does not have sufficient time to send an information circular to all IAMGold Shareholders whose proxies it wishes to solicit.

9. Golden Star therefore proposes to solicit proxies in connection with the IAMGold Meeting by public broadcast, speech or publication as provided in subsection 150(1.2) of the CBCA and section 69 of the Regulations under the CBCA. Specifically, Golden Star proposes to make a public broadcast, speech or publication, which public broadcast, speech or publication will contain the information prescribed by the CBCA and which will outline Golden Star's reasons for requesting that IAMGold Shareholders vote against the Arrangement Resolution. This procedure for soliciting proxies is not contemplated by the Legislation, which provides that an information circular in prescribed form must be sent to all IAMGold Shareholders whose proxies are solicited.

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

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

THE DECISION of the Decision Makers under the Legislation is that Golden Star is exempt from the requirement under the Legislation to send an information circular to IAMGold Shareholders in connection with Golden Star's potential solicitation of proxies for the IAMGold Meeting, provided that the procedure for such solicitation complies with the applicable provisions of the CBCA and the Regulations thereunder.

June 3, 2004.

"Ralph Shay"

2.1.5 Schneider Electric S.A. - MRRS Decision

Headnote

MRRS for Exemptive Relief Applications – relief from prospectus and registration requirements in respect of certain trades in units of two fonds communs de placement d'entreprise made pursuant to an employee share offering by a French issuer and held through a collective shareholding vehicle analogous to a French "classic plan" employee savings fund – relief granted to the manager of the collective shareholding vehicle from the adviser registration requirement.

Statutes Cited

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

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

AND

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

AND

IN THE MATTER OF
SCHNEIDER ELECTRIC S.A.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "**Decision Maker**") in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Québec, Nova Scotia, New Brunswick and Newfoundland and Labrador (collectively, the "**Jurisdictions**") has received an application from Schneider Electric S.A. (the "**Filer**") for a decision under the securities legislation (the "**Legislation**") of the Jurisdictions that:

(i) the prospectus requirements contained in the Legislation shall not apply to certain trades in units ("**Units**") of the Schneider Relais 2004 Monde FCPE (the "**Initial Fund**") and the Schneider International 2003 FCPE (the "**Fund**") made pursuant to the Offering (as defined below) to or with Qualifying Employees (as defined below) resident in the Jurisdictions who elect to participate in the Offering (the "**Canadian Participants**");

(ii) the registration requirements contained in the Legislation shall not apply to trades in Units of the Initial Fund and the Fund made pursuant to the Offering to or with Canadian Participants; and

(iii) the manager of the Fund, AXA Investment Managers Paris (the "**Manager**") is exempt from the requirements contained in the Legislation to be registered as an adviser (the "**Adviser Registration Requirements**") to the extent that its activities in relation to the Offering require compliance with the Adviser Registration Requirements.

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

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

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

1. The Filer is a corporation formed under the laws of France. It is not and has no intention of becoming a reporting issuer (or equivalent) under the Legislation. The ordinary shares of the Filer (the "**Shares**") are listed on Euronext Paris.

2. The Filer carries on business in Canada through its affiliates, Schneider Canada Inc. and INDE Electronics, Inc. (the "**Canadian Affiliates**" and, together with the Filer and other affiliates of the Filer, the "**Schneider Group**"). The Canadian Affiliates are direct or indirect controlled subsidiaries of the Filer and are not, and have no intention of becoming, reporting issuers under the Legislation.

3. The Filer has established "2004 WESOP", a worldwide stock purchase plan for employees of the Schneider Group (the "**Offering**").

4. The Offering is subject to regulatory oversight by the French Autorité des marchés financiers.

5. Only persons who have been employees of a member of the Schneider Group for a minimum of three months prior to the close of the subscription/revocation period for the Offering (the "**Qualifying Employees**") will be invited to participate in the Offering.

6. The Initial Fund and the Fund (collectively, the "**Funds**") are fonds communs de placement d'entreprise ("**FCPEs**"), a collective employee shareholding vehicle of a type commonly used in France for the conservation or custodianship of shares held by employee investors. The Funds

are established for the purpose of providing Qualifying Employees who choose to participate in the Offering ("**Participants**") with the opportunity to indirectly hold an investment in the Shares (in particular, the Initial Fund is created in order to receive subscriptions from the Qualifying Employees in respect of the Offering). The Funds are not and have no intention of becoming reporting issuers. Only Qualifying Employees will be allowed to hold Units of the Funds in amounts proportionate to their respective investments in the Funds.

7. Under the Offering:

   (a) The "**Subscription Price**" for the Shares shall be calculated using the average of the opening price of the Shares on 20 trading days preceding the date of approval of the Offering by the board of directors of the Issuer or the president acting on behalf of the board (the "**Reference Price**"), less a 15% discount.

   (b) The Initial Fund will apply the amount of the Subscription Price contributed by Participants to subscribe for Shares.

   (c) The Participants will receive Units in the Initial Fund representing the Subscription Price of the Shares. They will receive one Unit for each Share subscribed for.

   (d) After completion of the Offering, the Initial Fund will be merged with the existing Fund and Units of the Initial Fund held by Participants will be replaced with Units of the Fund. Units of the Initial Fund will be exchanged for Units of the Fund on a pro rata basis.

   (e) Any dividends paid on the Shares held in a Fund will be received by the Fund and reinvested in additional Shares to be held in the Fund. The value of the Units will be increased to reflect such reinvestment.

   (f) The Units in the Fund issued pursuant to the Offering will be subject to a hold period of approximately five years (the "**Lock-Up Period**"), subject to certain exceptions prescribed by French law (such as a release on death or termination of employment).

   (g) At the end of the Lock-Up Period, a Canadian Participant may choose to redeem his or her Units in consideration for a payment of an amount in cash equal to the value of the Shares represented by each Unit or continue to hold the Units and redeem them at a later date.

   (h) A Canadian Participant may not redeem Units for Shares.

8. The Manager is a portfolio management company governed by the laws of France. The Manager is registered with the French Autorité des marchés financiers (the "**French AMF**") to manage French investment funds, employee plans and other investment products, and complies with the rules of the French AMF. The Manager is not and has no intention of becoming a reporting issuer under the Legislation.

9. The Manager may, for each Fund's account, acquire, sell or exchange all securities in the portfolio of the Funds. A Fund's portfolio will consist of Shares and may include cash in respect of dividends paid on the Shares and cash equivalents that the Fund may hold pending investments in Shares and for purposes of Unit redemptions. The Manager's portfolio management activities in connection with the Offering and the Funds are limited to purchasing Shares from the Filer and selling such Shares as necessary in order to fund redemption requests.

10. The Manager is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of each Fund. The Manager's activities in no way affect the underlying value of the Shares. None of the Filer, the Manager, the Canadian Affiliates or any of their employees, agents or representatives will provide investment advice to the Qualifying Employees in Canada with respect to an investment in the Units.

11. Shares issued in the Offering will be deposited in the Fund through BNP Paribas Securities Service (the "**Depositary**"), a large French commercial bank subject to French banking legislation.

12. Under French law, the Depositary must be selected by the Manager from among a limited number of companies identified on a list by the French Minister of the Economy, and its appointment must be approved by the French AMF. The Depositary carries out orders to purchase, trade and sell securities in the portfolio and takes all necessary action to allow the Fund to exercise the rights relating to the securities held in its portfolio.

13. Canadian Participants will not be induced to participate in the Offering by expectation of employment or continued employment.

14. The total amount invested by a Canadian Participant through the Offering cannot exceed 25% of his or her estimated gross annual

compensation for 2004, although a lower limit may be established by the Canadian Affiliates.

15. The Units will be evidenced by account statements issued by the Fund.

16. The Canadian Participants will receive an information package in the French or English language, as applicable, which will include a summary of the terms of the Offering and a tax notice containing a description of Canadian income tax consequences of subscribing to and holding the Units and redeeming Units at the end of the Lock-Up Period.

17. Upon request, Canadian Participants may receive copies of the French *Document de Référence* filed with the French AMF in respect of the Shares and a copy of the relevant Fund's rules (which are analogous to company by-laws). The Canadian Participants will also receive upon request copies of the continuous disclosure materials relating to the Filer furnished to Schneider Electric shareholders generally.

18. There are approximately 1,029 Qualifying Employees resident in Canada, in the provinces of British Columbia (112), Alberta (103), Saskatchewan (6), Manitoba (11), Ontario (642), Québec (138), Nova Scotia (11), Newfoundland and Labrador (1) and New Brunswick (6) who represent in the aggregate less than 3% of the number of Qualifying Employees worldwide.

19. There will be no market for the Shares or the Units in Canada.

20. As of the date hereof and after giving effect to the Offering, Canadian residents do not and will not beneficially own (which term, for the purposes of this paragraph, is deemed to include all Shares held by the Fund on behalf of Canadian Participants) more than 10% of the Shares and do not and will not represent in number more than 10% of the total number of holders of the Shares as shown on the books of the Filer.

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

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

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

(a) the registration and prospectus requirements shall not apply to trades in Units of the Initial Fund or the Fund to or with the Canadian Participants pursuant to the Offering, provided that the first trade in such Units acquired by Canadian Participants pursuant to this Decision, in a Jurisdiction, shall be deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction; and

(b) other than in Quebec, the Manager shall be exempt from the adviser registration requirements, where applicable, in order to carry out the activities described in paragraphs 9 and 10 hereof.

June 7, 2004.

"Paul M. Moore" "Suresh Thakrar"

2.1.6 Slater Steel Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – insolvent issuer near the end of the liquidation process – under Companies' Creditors Arrangement Act protection – subject to conditions, issuer granted exemptive relief from the requirement to file 2003 annual financial statements, 2003 AIF and MD&A and 2004 Q1 interim financial statements.

Applicable Ontario Statutory Provisions

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

Applicable Ontario Rule

Ontario Securities Commission Rule 51-501 – AIF and MD&A.

Applicable National Instrument

National Instrument 51-102 Continuous Disclosure Obligations.

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

AND

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

AND

IN THE MATTER OF
SLATER STEEL INC.

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authorities or regulator (the "**Decision Maker**") in each of Ontario, Alberta, British Columbia, Quebec, Saskatchewan, Nova Scotia and Newfoundland and Labrador (collectively, the "**Jurisdictions**") has received an application from Slater Steel Inc. (the "**Issuer**") for a decision (the "**Decision**") pursuant to applicable securities legislation in the Jurisdictions (the "**Legislation**") that the Issuer be granted an exemption from the requirements contained in the Legislation for the Issuer (i) to file its comparative financial statements for the financial year ending December 31, 2003, and to deliver such statements to its shareholders, within 140 days of its financial year end (ii) to file its interim financial statements for the period ended March 31, 2004, and to deliver such statements to its shareholders, within 45 days of its financial period end, (iii) file an annual information form for the financial year ending December 31, 2003, and (iv) file Management's Discussion and Analysis relating to the financial year ending December 31, 2003 and to deliver such Management's Discussion and Analysis to shareholders within 140 days of its financial year end;

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

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

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

1. The Issuer is a corporation amalgamated under the *Business Corporations Act* (Ontario) pursuant to articles of amalgamation effective April 1, 1980. The Issuer is a mini mill producer of specialty steel products. The Issuer has two remaining mini mills, namely Atlas Specialty Steels in Welland, Ontario ("**Welland**"); and Atlas Stainless Steels in Sorel-Tracy, Quebec ("**Tracy**"). The Issuer has substantially completed the sale of four of its facilities, namely its Lemont, Illinois facility, Sorel Forge in Sorel-Tracy, Quebec, Fort Wayne Specialty Alloys in Fort Wayne, Indiana and Hamilton Specialty Bar in Hamilton, Ontario.

2. The Issuer is a reporting issuer or the equivalent in each of the Jurisdictions. Effective March 19, 2004, the Issuer's common shares (the "**Common Shares**") were delisted from trading on the TSX.

3. The authorised share capital of the Issuer consists of an unlimited number of Common Shares of which in excess of 15 million Common Shares are issued and outstanding.

4. On June 2, 2003, the Issuer and certain of its Canadian subsidiaries filed for creditor protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**"). At the same time, certain U.S. subsidiaries of the Issuer sought protection under Chapter 11 of the U.S. Bankruptcy Code and the Issuer and certain Canadian subsidiaries thereof sought ancillary relief thereunder. The filings were undertaken to provide the Issuer and its subsidiaries with an opportunity to develop a restructuring plan to address their debt, capital and cost structures.

5. Orders of the Ontario Superior Court of Justice providing creditor protection under the CCAA were granted to the Canadian applicants on June 2, 2003 and similar protection was afforded to the U.S. applicants under the U.S. Bankruptcy Code on the same date.

6. The stay of proceedings granted under the CCAA and applicable to the Issuer and certain of its Canadian subsidiaries currently extends until June 30, 2004. As well, all of the Issuer's U.S. subsidiaries are subject to proceedings under Chapter 11 of the U.S. Bankruptcy Code.

7. Pursuant to the Issuer's CCAA proceedings, the Monitor appointed in respect of such proceedings periodically files with the court a report detailing information regarding the Issuer's insolvency proceedings. Such report may include the cash flows of the Issuer as approved by its secured creditors, analysis of whether the Issuer has met its historic cash flows, updates regarding all material events relating to the Issuer since the date of the last report as well as other matters that are brought before the court by the Issuer, its creditors or other parties to the insolvency proceedings. All such reports are made publicly available on a website maintained by the Monitor and one maintained by the Issuer.

8. Commencing on or about January 9, 2004, the Issuer and its subsidiaries commenced the winding down and orderly realization of the current assets of the Tracy facility in order to maximize recoveries for creditors and in order to preserve the possibility of a sale of such facility. The Issuer is continuing with its orderly realization plan for its Tracy facility while seeking purchasers for such facility.

9. The Issuer recently entered into a definitive agreement to sell substantially all of the assets at its Welland facility on or about April 30, 2004.

10. At the conclusion of the insolvency proceedings, the Issuer does not expect to have any operating assets.

11. For the third quarter ended September 30, 2003, the Issuer reported a loss before unusual items, interest, income taxes and discontinued operations of $74.1 million. The Issuer's net losses for the quarter were $247.5 million (or $16.37 per Common Share) and for the nine month period ended September 30, 2003 were $300.8 million (or $19.90 per Common Share). The Issuer continues to incur significant operating losses.

12. It is likely that the secured creditors of the Issuer and its subsidiaries will suffer a significant shortfall in recovery of amounts owing to them while the unsecured creditors will either recover nothing or, at best, suffer a very significant shortfall.

13. The Issuer has publicly announced on several occasions via press releases that it does not expect that its shareholders will receive any value following the insolvency proceedings.

14. The Issuer is not in default of any of its obligations as a reporting issuer in any of the Jurisdictions.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker;

AND WHEREAS each of the Decision Makers is satisfied that granting this order would not be prejudicial to the public interest;

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Issuer be granted an exemption from the requirement contained in the Legislation for the Issuer to file its comparative financial statements for the financial year ending December 31, 2003, and to deliver such statements to its shareholders, within 140 days of its financial year end provided that:

(i) the Issuer issues a press release disclosing the details of the granting of this relief;

(ii) the Issuer files on SEDAR all reports that it or the Monitor appointed in respect of its insolvency proceedings files with the Ontario Superior Court of Justice as may be required by applicable legislation within 10 days of the date of any such filing; and

(iii) this exemption shall no longer apply upon the Issuer emerging from creditor protection under the CCAA or upon implementing a proposal under the *Bankruptcy and Insolvency Act* (Canada).

May 13, 2004.

"Susan Wolburgh-Jenah" "David A. Brown"

THE DECISION of the Decision Makers in Ontario, Québec and Saskatchewan is that the Issuer be granted an exemption from the requirement contained in the Legislation for the Issuer (i) to file an annual information form for the financial year ending December 31, 2003, and (ii) to file Management's Discussion and Analysis relating to the financial year ending December 31, 2003 and to deliver such Management's Discussion and Analysis to shareholders within 140 days of its financial year end provided that:

(i) the Issuer issues a press release disclosing the details of the granting of this relief;

(ii) the Issuer file on SEDAR all reports that it or the Monitor appointed in respect of

its insolvency proceedings files with the Ontario Superior Court of Justice as may be required by applicable legislation within 10 days of the date of any such filing; and

(iii) this exemption shall no longer apply upon the Issuer emerging from creditor protection under the CCAA or upon implementing a proposal under the *Bankruptcy and Insolvency Act* (Canada).

May 13, 2004.

"Margo Paul"

AND IT IS THE FURTHER THE DECISION of the Decision Makers pursuant to the Legislation is that the Issuer be granted an exemption from the requirement contained in the Legislation for the Issuer to file its interim financial statements for the period ended March 31, 2004, and to deliver such statements to its shareholders, within 45 days of its financial period end provided that:

(i) the Issuer issues a press release disclosing the details of the granting of this relief;

(ii) the Issuer files on SEDAR all reports that it or the Monitor appointed in respect of its insolvency proceedings files with the Ontario Superior Court of Justice as may be required by applicable legislation within 10 days of the date of any such filing; and

(iii) this exemption shall no longer apply upon the Issuer emerging from creditor protection under the CCAA or upon implementing a proposal under the *Bankruptcy and Insolvency Act* (Canada).

May 13, 2004.

"Margo Paul"

2.1.7 SNC-Lavalin Group Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Issuer has an employee performance plan which tracks the price of its shares. Issuer will enter into an equity derivatives transaction with a bank to hedge against the cost under the performance plan of an increase in its share price. Issuer is exempt from the issuer bid requirements in respect of repurchases of its securities by the bank under the derivatives transaction. Purchases will comply with the TSX requirements for normal course issuer bids. Maximum number of shares purchased by the bank under the derivatives transaction will not exceed the number of units outstanding under the performance plan.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 93(3)(e), 95 to 100 and 104(2)(c).

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

AND

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

AND

IN THE MATTER OF
SNC-LAVALIN GROUP INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Newfoundland and Labrador and Nova Scotia (the "Jurisdictions") has received an application from SNC-Lavalin Group Inc. ("SNC") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that SNC be exempted from the regulatory requirements pertaining to issuer bids in connection with a proposed Transaction (as defined below) to be entered into between SNC and a Canadian chartered bank (the "Bank");

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the *Commission des valeurs mobilières du Québec* is the principal regulator for this application;

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

AND WHEREAS SNC has represented to the Decision Makers that:

1. SNC is a corporation incorporated under the laws of Canada and is a reporting issuer in each of the provinces of Canada in which such concept exists. SNC is not in default of any of the requirements of the securities legislation in each of the provinces of Canada.

2. The authorized share capital of SNC consists of an unlimited number of common shares ("Common Shares"), first preferred shares and second preferred shares. As of December 31, 2003, there were approximately 50.7 million Common Shares issued and outstanding.

3. The Common Shares of SNC are listed on the Toronto Stock Exchange under the symbol "SNC".

4. On June 10, 2003, SNC renewed its normal course issuer bid program (the "NCIB"). The NCIB will expire on May 10, 2004.

5. SNC implemented a Performance Share Unit Plan (the "Plan") effective as of January 1, 1998 pursuant to which key employees of SNC and its affiliates, including officers of SNC, are eligible to participate. The Plan is administered by the Corporate Governance and Human Resources Committee of the board of directors of SNC (the "Committee").

6. Under the terms of the Plan, the Committee selects, on an annual basis, the employees which are eligible to participate in the Plan (such employees, the "Participants") and the number of performance share units (the "Units") to be granted to each Participant.

7. Units granted under the Plan generally vest over a period of five years and are redeemed for cash by SNC upon termination of a Participant's employment. The redemption price of a Unit is equal to the average closing price per Common Share on the TSX for the date of termination and the last trading day of each of the 12 weeks preceding the date of termination (the "Termination Price"). Thus, upon the termination of a Participant's employment, such Participant is entitled to a cash payment from SNC in respect of the Units to be redeemed equal to the Termination Price multiplied by the number of Units held (the "Redemption Amount").

8. As of December 31, 2003, there were 305,842 Units outstanding under the Plan.

9. SNC intends to enter into an equity derivative transaction (the "Transaction") with the Bank in order to limit its financial exposure under the Plan.

10. Under the terms of the Transaction, SNC will periodically advance funds to the Bank, which the Bank will use to settle the purchase price of Common Shares acquired by the Bank (or its affiliates) on the open market at the request of SNC. Advances initially provided by SNC to the Bank following the implementation of the Transaction will be in respect of the hedge of SNC's exposure to outstanding Units. Although the terms of the Transaction will not require SNC to hedge its exposure under the Plan, to the extent SNC determines to do so it is expected that advances will be made by SNC reasonably concurrently with the grant of Units under the Plan. The maximum number of Common Shares to be purchased in connection with the Transaction will not exceed the number of Units outstanding under the Plan.

11. Each advance made by SNC will be preceded by a notice in writing by SNC to the Bank (the "Advance Notice") specifying the amount of the advance, the period during Common Shares must be acquired by the Bank or an affiliate thereof on the open market and price ranges within which Common Shares must be purchased. The proceeds of each advance or an amount equal to such advance must be used by the Bank (or its affiliate) to settle the purchase price of Common Shares acquired during the specified purchase period, and the Bank (or its affiliate) will be required to use commercially reasonable efforts to effect purchases of Common Shares during such period as specified in the Advance Notice.

12. The Bank will be contractually obligated under the terms of an equity derivatives confirmation (the "Confirmation") to be entered into between the parties to effect purchases and sales of Common Shares in accordance with SNC's instructions, except if an event of default has occurred and is continuing with respect to SNC. If the Bank fails to comply with its obligations under the Transaction, including a failure to use commercially reasonable efforts in fulfilling the instructions contained in an Advance Notice or a Repayment Notice (as defined below), it will be subject to the exercise by SNC of its legal recourses including, if available, damages and specific performance.

13. Advances made by SNC will be represented by a grid promissory note to be issued by the Bank in favour of SNC which will be repayable in whole or in part on demand (the "Note"). The Note will reflect, at any given time, the outstanding aggregate principal amount of advances made by SNC during the term of the Transaction, less any amount by which such principal amount is reduced or cancelled as a result of the repayment of such advances.

14. The Note will not bear interest, except default interest. However, the Bank will have the

obligation to remit to SNC from time to time an amount equal to the dividends declared and paid on the Common Shares purchased in connection with the Transaction.

15. From time to time during the term of the Transaction, SNC will deliver a demand of repayment under the Note (the "Repayment Notice") to the Bank. The Repayment Notice will require the Bank (or its affiliate) to use commercially reasonable efforts to sell, on the open market, the number of Common Shares provided for in the Repayment Notice within specified price ranges and sale periods. It is contemplated that a Repayment Notice will be given each time SNC is required to pay a Redemption Amount to a Participant under the Plan.

16. Under the terms of the Transaction, the discretion of the Bank (or its affiliates) in effecting purchases and sales of Common Shares pursuant to Advance Notices and Repayment Notices, respectively, will be minimal.

17. Concurrently with the Note, the parties will enter into the Confirmation. The Confirmation will provide for an over-the-counter call option in favour of SNC and an over-the-counter put option in favour of the Bank (the "Options"). Under each Option, the underlying shares will be the Common Shares. The number of Options will be designed to match the number of Common Shares held by the Bank (or its affiliate) from time to time pursuant to the terms of the Note.

18. A number of Options equal to the number of Common Shares specified in the Repayment Notice will be deemed to be exercised at the end of each sale period specified in a Repayment Notice. Under each Option, the "Strike Price" will be equal to the average purchase price of the Common Shares acquired by the Bank (or its affiliate) during purchase periods further to Advance Notices and the "Settlement Price" will be equal to the average sale price of the Common Shares sold by the Bank (or its affiliate) during the relevant sale period further to a Repayment Notice. The amounts payable as a result of the exercise of the Options will either be added to the repayment on the Note or set-off against it depending on whether the value of the Common Shares has increased since the hedge has been put in place. The purpose of the Options therefore is to effect cash settlement between the parties of the difference between the Strike Price and the Settlement Price.

19. The Bank will be paid an annual fee in connection with the Transaction equal to a negotiated percentage of the outstanding principal balance of the Note, calculated daily on the basis of the number of days elapsed in the year and payable quarterly in arrears.

20. Given that under the terms of the Transaction SNC may, in the Advance Notices provided to the Bank by SNC, specify price ranges within which Common Shares must be purchased by the Bank (or its affiliate), the Transaction may be viewed as constituting an "indirect" issuer bid under the Legislation, that is, an indirect offer by SNC, made through the Bank (or its affiliate), to purchase its own securities (Common Shares).

21. An issuer bid that is not exempted from the requirements of the Legislation must be made pursuant to the rules applicable to such bids.

22. The Common Shares purchased by the Bank (or its affiliate) pursuant to Advance Notices provided by SNC will be held by the Bank or an affiliate thereof in one or more accounts of which the Bank (or its affiliate) is the beneficial owner and has the power to exercise direction. From time to time, the Bank (or its affiliate) will sell Common Shares on the open market pursuant to Repayment Notices delivered by SNC. At no time during the term of the Transaction is it contemplated that such Common Shares will be transferred, directly or indirectly, to SNC.

23. SNC may direct the Bank, upon the expiration of the Transaction, to sell the Common Shares to another financial institution or to a registered trust to continue or renew the hedging program.

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 Maker pursuant to the Legislation is that SNC be exempted from the requirements pertaining to issuer bids in connection with the Transaction provided that:

1. the aggregate number of Common Shares purchased during a relevant 12-month period pursuant to (i) the NCIB and any renewal or extension thereof, or any new normal course issuer bid program which SNC may implement, and (ii) the Transaction, does not exceed five percent (5%) of the Common Shares outstanding at the commencement of the twelve (12) month period and any other prescribed limits applicable to normal course issuer bids;

2. in Québec, SNC publishes, within ten days of the first purchase made by the Bank under the Transaction and on an annual basis at each anniversary date thereof, a notice of intention in the form prescribed by section 189.1.2 of the *Regulations respecting Securities* (Québec) containing a certification by an officer of SNC that the condition provided for at paragraph 1° above is met.

May 31, 2004.

"Daniel Laurion"

2.1.8 Ernest Huckerby - Director's Decision

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

AND

IN THE MATTER OF
ERNEST HUCKERBY

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

DATE: June 8, 2004

DIRECTOR: Marrianne Bridge
Manager, Compliance
Capital Markets

SUBMISSIONS: Allison McBain, Senior Registration Officer and Les Daiter, Registration Research Officer, Registrant Regulation, Ontario Securities Commission (Commission)
Kenneth A. Dekker and Peter R. Greene, counsel to Ernest Huckerby (Applicant or Huckerby)

DIRECTOR'S DECISION

Decision

My decision is to deny the Mr. Huckerby's application for registration as a registered individual (either a trading officer or a salesperson) of Merchant Capital Wealth Management Corp. (Merchant).

These are the reasons for the decision.

Background

During the course of his application, the Applicant sought registration under the Act as a trading officer and as a salesperson with Merchant. Merchant is registered as a mutual fund dealer and limited market dealer under the Act. Staff recommended that the Director deny the application.

The Applicant has been registered almost continuously since 1975. Commission records show that he was first registered as a mutual fund salesperson with Investors Syndicate Inc., then with Real Securities of Canada Ltd. (Real). Real's registration was suspended in late 1984 because of activities that occurred before the Applicant joined Real. As a result, the Applicant's registration with Real was also suspended. After Real's registration was reinstated in February 1985, the Applicant was registered as a trading officer of Real. In April 1985, the Applicant became a trading officer and director of a mutual fund dealer, Tillcan Financial Corporation. The Applicant resigned in November 1988 and subsequently became registered in December 1988 as a director and trading

officer of what later became Fortune Financial Group Incorporated (Fortune), a mutual fund dealer. In August 1993, the Applicant was registered as a branch manager for Fortune. The Applicant ceased to be a director of Fortune in September 1997. The principal operations of Fortune were sold to Dundee Wealth Management Inc. and Fortune ceased operations. In August 1999, the Applicant was registered as a salesperson and branch manager with a limited market dealer and mutual fund dealer, Dundee Private Investors Inc. He remained there until October 2001 when he transferred his salesperson and branch manager registrations to what later became Avenue Wealth Management Inc. (Avenue). The Applicant's registration with Avenue was automatically suspended on December 31, 2003, when Avenue did not renew its registration.

On February 2, 2004, the Applicant filed an application to transfer his registration to Merchant (First Application). In the application, he applied to be both a trading officer and a mutual fund salesperson. These categories, in staff's view, are mutually exclusive. Staff asked the Applicant to resubmit his application as either a trading officer or a salesperson.

On February 4, 2004, Merchant resubmitted Huckerby's application as a salesperson (Second Application). In the First Application and the Second Application, Merchant advised staff that there was no information to disclose.

Staff had additional questions and on February 6, 2004 staff requested that the Applicant file a complete Form 33-109F4. The revised form was submitted on February 9, 2004 (Third Application).

The Third Application did not contain complete information regarding the Applicant's previous employment and did not disclose details regarding past and active civil litigation and the Applicant's financial solvency. In addition, the Third Application contained incorrect responses to other questions regarding the Applicant's previous registrations.

On February 10, 2004, staff asked for further information and on February 12, 2004 staff asked for information regarding the Applicant's activities with Avenue. The Applicant provided responses on February 13 and 19, 2004 (First Response).

The Applicant advised staff that he had opened approximately 24 new client accounts on behalf of his sponsoring firm, Avenue, from May 2003 to December 2003 and that he executed trades for his clients after December 2003. Terms and conditions had been placed on the registration of Avenue from May 2003 to December 2003 which prohibited Avenue from opening new client accounts. After December 31, 2003, Avenue's registration as a dealer under the Act was suspended and, as a result, the Applicant's registration was suspended as well.

On February 19, 2004, the Applicant re-applied for registration as an officer and as a salesperson of Merchant (Fourth Application). Notwithstanding that he had not already been approved to act as an officer of Merchant, the Applicant and Merchant advised staff that the Applicant was acting as the President of Merchant. Accordingly, staff treated the Fourth Application as an application for registration as a trading officer.

In staff's view, the First Application, Second Application, Third Application, Fourth Application, and the First Response contained material omissions and incorrect information.

In a letter dated February 27, 2004 (Denial Letter), staff advised the Applicant that it was recommending that his registration application be denied. The reasons provided in the letter can be summarized briefly as follows:

- Providing incomplete and/or misleading information
- Failure to disclose civil actions
- Failure to disclose material information regarding conflicts of interest
- Failure to disclose an undischarged bankruptcy
- Opening new accounts during a period when terms and conditions had been placed on the Applicant's sponsoring firm (Avenue) prohibiting this activity
- Conducting trades in mutual funds while the Applicant's licence was suspended

Based on these reasons, staff's position was that the Applicant lacks the competence, solvency and integrity required of a securities professional and therefore he is not suitable for registration.

The Denial Letter also advised that under section 26(3) of the Act, before a decision is made by the Director, the Applicant has a right to be heard and set out the process for that procedure.

This director's decision follows the receipt of written materials from both staff and the Applicant as follows:

- letter and related materials dated March 19, 2004 (Second Response) filed on behalf of the Applicant by his counsel
- staff memorandum and related materials dated April 15, 2004 (Staff Memorandum)
- letter and related materials dated April 23, 2004 (Third Response) filed on behalf of the Applicant by his counsel responding to the Staff Memorandum

All of these materials have been reviewed by me in making this decision. The relevant information from each of these documents is set out in this decision.

Applicant's Second Response

Further background

The Applicant provided further details regarding Avenue and Merchant. The Applicant submitted that in 2002, Avenue and Merchant agreed that Merchant would take over Avenue's mutual fund dealer business after Merchant became a member of the Mutual Fund Dealers Association (MFDA). It was submitted that it was the Applicant's intention to transfer his registration to Merchant and become employed by Merchant as a mutual fund salesperson.

It was submitted that during the summer of 2003, virtually all of the Applicant's clients advised him and Avenue that they intended to move their accounts to Merchant. At about the same time, the Applicant and Merchant brought an action against Avenue before the Ontario Superior Court of Justice to ensure that Avenue complied with its agreement to continue its registration until Merchant was able to take over its mutual fund business. A motion was brought within that action for an interim injunction to require Avenue to maintain its business and its registration until Merchant became a member of the MFDA.

It was submitted that on August 26, 2003, the return date of the application, the motion was adjourned subject to an undertaking of the parties to maintain the status quo pending the hearing of the injunction on its merits. Avenue's undertaking required it to stay in business and remain registered so that an orderly transfer of client accounts to Merchant could be affected.

It was submitted that throughout the fall 2003 and up to an including January 11, 2004, the Applicant understood that Avenue was going to remain operating and maintain its registration.

It was submitted that although Avenue wrote to Merchant on December 22, 2003 advising Merchant that Avenue was going to discontinue its registration effective January 1, 2004 (Avenue Letter), because the Applicant was out of the country he did not see a copy of the Avenue Letter until he returned to Toronto and returned to his office on January 11, 2004. For the period from January 11 to January 29, he continued to process a limited number of unsolicited transactions requested by clients. It was submitted that the Applicant continued to complete transactions based on his understanding of conversations and emails that Avenue's staff had with various parties.

The Applicant's materials state that he first received notice of the suspension of Avenue's registration on receipt of a January 29, 2004 letter from Allison McBain of the Commission (McBain Letter). Ms. McBain's letter stated that the

> "registration of Avenue… was suspended…. on January 1, 2004…. [and Huckerby's] registration was suspended on January 1, 2004 as well. Since you are no longer registered you are prohibited from engaging in any activities that require registration. Please work with Avenue…. to ensure that any client accounts are transferred to another registered dealer who is qualified to handle these accounts immediately".

It was submitted that on the next business day, February 2, 2004, Merchant became a member of the MFDA and immediately filed the First Application with the Commission to register the Applicant with Merchant. Following several conversations between Commission staff and the Applicant, the Second, Third and Fourth Applications were filed.

To enable him to deal with his clients after receiving the Denial Letter, the Applicant asked for an interim transfer of his registration, with applicable terms and conditions. Although no written response was received from the Commission, staff confirmed that the Applicant was advised verbally that his request for an interim transfer would not be granted.

Section 26 analysis

Section 26 of the Act provides that unless "it appears to the Director that the Applicant is not suitable for registration [or] renewal of registration…. or that the proposed registration, renewal of registration or amendment of registration is objectionable, the Director shall grant registration, renewal of registration….. to an applicant".

The Applicant submitted that staff's recommendation of denial of transfer of registration takes away the Applicant's livelihood. I was referred to two cases - *Re Rosen* and the Commission and *Bernstein* and the College of Physicians and Surgeons of Ontario. The Applicant argues that both cases set out that "nothing short of clear and convincing proof based on cogent evidence that is accepted by the decision-maker will justify a decision that has the effect of destroying or interfering with a person's livelihood."

I think that this reference should be reviewed. *Re Rosen* involved a hearing before the Commission where staff of the Commission requested the suspension of a registrant's registration for a period of at least five years. Paragraph 127(1)1 of the Act [subsection 27(1) of the Act in 1991] grants the Commission the power to make an order in the public interest that a registrant's registration be suspended for a period of time or be terminated. In contrast, provided the applicant provides new or other information or demonstrates that material circumstances have changed, an applicant whose registration application is denied under section 26 of the Act may reapply immediately thereafter. Section 127 grants the Commission broad enforcement powers which includes the authority to: permanently prohibit any person from trading in securities; force any person to resign as a director or officer of an issuer; prohibit any person from acting as an officer or director of any issuer; impose an administrative penalty of not more than $1 million per violation of the Act; and disgorge any amounts obtained from any violation of the Act. These powers can permanently affect an individual's ability to participate in the securities industry or work for any company that issues securities. These powers can compel

the payment of considerable sums of money. These powers extend beyond the authority to deny a registration application and affect a person's ability to participate in all aspects of Ontario's capital markets. Section 26 of Act is limited to the denial or approval, with or without terms and conditions, of registration applications. It should be noted that the route of appeal of a Director's denial of registration decision is through the Commission, while an appeal to the courts for judicial review is the route for appeal of the Commission's orders under section 127 of the Act. I do not disagree that these precedents stand for the position that when a person faces substantial penalties and sanctions, a high burden of proof should be reached. Denial of registration, although serious, is not the same as a mandatory suspension of registration for a fixed time or the imposition of a substantial fine. *Re Rosen* addresses the standard of proof in orders by the Commission concerning these matters. A different standard of proof applies in respect of a Director's determination whether an applicant is currently suitable for registration.

Director D.M. Gilkes in *Re Ng* (2003), 26 OSCB 5485, at paragraph 22 contrasted the two standards of proof when he stated that:

> "The difference in the standard [of proof] is consistent with the difference in the scope of the sections. I agree with Staff that the Director must only find that the applicant appears to be unsuitable and that is a different standard than section 127."

In addition, other than the conflicts of interest matter discussed below, the Applicant's own submissions and representations to staff comprise the basis upon which staff came to recommend that I not register Mr. Huckerby. I have considered the Applicant's submissions regarding his past disclosure to staff and the Commission and the submissions do not materially contradict staff's recital of the facts. What truly is at issue is how staff interprets these facts versus how the Applicant views these facts.

The Denial Letter

The Applicant argues that the stated reasons for issuing the Denial Letter are allegations which were made without proper, or in some cases any, investigation by Commission staff. The Applicant further argues that most of these events occurred through inadvertence and do not warrant taking away his livelihood.

I'll deal with the staff's reasons for the denial recommendation set out in the Denial Letter and the Applicant's responses individually.

Providing incomplete and/or misleading information

The first reason for denying registration related to the filing of incomplete and misleading information in the Applicant's registration application. The Applicant submitted that he was not definitively aware that Avenue had decided not to renew its registration on January 1, 2004 until January 29, 2004 and that it was only after he received the McBain Letter. The Applicant argues that he was out of the country and did not return to the office and receive the Avenue Letter until January 11, 2004. I do not find the Applicant's response plausible. Given the significance to both Avenue and Huckerby of the Avenue Letter to Merchant, I have great difficulty believing that the first time the Applicant heard of the Avenue Letter or its contents was on January 11, 2004. I also noted that staff was advised by in-house counsel of Avenue that the Applicant was made aware in December 2003 of Avenue's intention not to renew its registration on December 31, 2003.

Failure to disclose civil actions

The second reason for denying registration relates to the Applicant's non-disclosure in his November 2001 registration application of three outstanding civil proceedings against him. If a successful or pending claim has been made against the Applicant in a civil proceeding in which fraud, theft, deceit, misrepresentation, or similar conduct is alleged, question 16 of Commission Form 4 (currently item 15 or Form 33-109F4) requires disclosure of that civil action. The Applicant answered "no" to question 16 on the application he filed in 2001. The Applicant argues that at the time of filing of the November 2001 registration application form, he did not have copies of the statements of claim in the three actions outstanding against him. His counsel further argues that the Applicant's "understanding of those actions was that they related to negligent advice regarding the purchase of mutual funds. While the three actions do allege negligent misrepresentation, Mr. Huckerby was not aware of those allegations when he filed his November 2001 Form".

The Applicant's position is that these civil actions did not involve the type of alleged conduct that required him to report those actions to the Commission. The Applicant refers to an August 2003 letter from the Commission. In that letter, the Commission advises the Applicant that on March 31, 2003, Multilateral Instrument 33-109 (MI 33-109) came into effect. "This [instrument] imposes a requirement for the registrant to amend Item 15 of the F4 (Civil Disclosure) within five business days to disclose the outcome of proceedings". Prior to MI 33-109, the Commission imposed terms and conditions on any registrant with unsettled civil proceedings. As a result of MI 33-109, the terms and conditions on the Applicant's registration were removed. The Applicant's position is that the letter clearly indicates that the civil proceedings against the Applicant were never hidden from the Commission and that the Commission was aware of those proceedings. This argument I can accept. What I don't accept is that the Applicant was unaware that he was required to disclose the civil proceedings – settled or not – in subsequent registration applications with the Commission. This he did not do until reminded to do so by Commission staff. I do, however, acknowledge that his 2003 registration documents were amended after conversations with the Commission to include reference to these civil cases.

Failure to disclose conflicts of interest

The third reason staff cited for denying registration relates to the Applicant's failure to disclose to either his firm or his clients potential conflicts of interest. This matter is currently the subject of separate ongoing regulatory enquiries and has not been relied upon in order to reach my decision.

Failure to disclose a petition, assignment or proposal regarding bankruptcy

The fourth reason relates to the Applicant's failure to disclose on a timely basis that he is an undischarged bankrupt.

In April 2002, it came to staff's attention that the Applicant had filed a proposal regarding the *Bankruptcy and Insolvency Act* (Canada). The Applicant claimed that he was not bankrupt and that he would only become bankrupt if his creditors did not accept his proposal. The Applicant undertook that if he did become bankrupt he would advise staff accordingly.

I was advised by Applicant's counsel that the Applicant became bankrupt in early 2003. The Applicant's bankruptcy status was not disclosed to the Commission staff until February 2004, a year after he became bankrupt. The Applicant currently is an undischarged bankrupt.

The Applicant has represented that his bankruptcy was largely unrelated to his position as a mutual fund salesperson. Applicant's counsel advised me that negotiations are proceeding for an absolute discharge and the Applicant is optimistic the discharge will be obtained over the next several months. It has been submitted that it was the Applicant's expectation during 2003 that he would soon be filing an application to transfer his registration from Avenue to Merchant and that he would disclose his bankruptcy status at that time.

Question 17 of the Applicant's fall 2001 Form 4 application disclosed that the Applicant had never been declared bankrupt or made a voluntary assignment in bankruptcy and had never made a proposal under any legislation relating to bankruptcy or insolvency. Effective February 21, 2003, subsection 8.5(2) of MI 33-109 requires registered individuals to file a completed Form 33-109F5 if any information on the individual's previously filed Form 4 changed, within 5 days of the change. The Applicant did not file a change form regarding his status as a bankrupt until staff asked him about his status in 2004.

The Applicant argues that the Act does not prescribe an obligation to notify the Commission of a salesperson's bankruptcy. However, Commission Policy 34-601 is directly applicable. Commission Policy 34-601 requires salespersons that declare personal bankruptcy to promptly advise the Commission. The policy goes on to state that each "situation will be reviewed and assessed on its individual merits. The fact of personal bankruptcy itself will not of itself call for cancellation of the individual's registration in the case of a salesman. It is likely to raise more serious questions as to the fitness for continued registration of individuals registered in other categories". Of this requirement, the Applicant argues an inadvertent breach. Applicant's counsel suggests that Commission Policy 34-601 cannot create an obligation to do something which is not prescribed in the Act or the regulations because subsection 143.8 prohibits the Commission from adopting a policy that, by reason of its prohibitive or mandatory character, is of legislative nature. In my view, a policy which is in effect a guideline as to when information previously submitted to the Commission should be updated does not create a fresh obligation to disclose new information but outlines a pre-existing and continuing obligation to ensure that information submitted to the Commission remains up to date. This continuing obligation can be found in MI 33-109, which requires registered individuals to disclose to the Commission any changes to their previously filed information.

The Applicant, despite over 30 years in the industry, claims that he was not aware that he had an obligation to disclose his bankruptcy status to the Commission prior to that time. This argument I also do not find to be credible. Registrants have a responsibility and a duty to be aware of and comply with applicable registration requirements. Ignorance of the requirements has not been and will not be accepted as an excuse. It seems clear to me that the Applicant does not appear to understand his regulatory obligations or simply chooses not to comply with them if he does understand them. As well, since the Applicant is currently applying to be a trading officer, Commission Policy 34-601's guidelines make it quite clear that more serious fitness questions will arise when an applicant is an undischarged bankrupt.

New accounts

The fifth reason relates to the opening of new accounts between May and December 2003. The new accounts were opened despite terms and conditions imposed in 2003 on Avenue (his sponsoring firm) prohibiting Avenue from opening new accounts. The Applicant argues that he was unaware of any restriction on opening new accounts until he received an inquiry from Allison McBain on February 12, 2004. Again, my view is that the Applicant's complete unawareness and disregard for his registration requirements is unacceptable. I do not find the Applicant's position credible.

Registerable activities under suspension

The sixth reason relates to trading in mutual funds after the Applicant's registration had been suspended on January 1, 2004. The Applicant bases his decision to continue servicing existing clients during January 2004 on conversations with various people and unresolved conversations with Commission staff. He also relied on the court proceeding and Avenue's undertaking to maintain its registration. He argues that he was not aware he couldn't process transactions for clients until receipt of the January 29, 2004 letter. In any event, he argues that he only processed unsolicited transactions for two clients during this period.

In my view, the Applicant's arguments are not credible. This is the second time the Applicant had his registration suspended because his sponsoring firm's registration was suspended.

Staff Memorandum summary

Staff argues that the question for the Director in reviewing an application for registration is whether the applicant is suitable for registration and whether registering the applicant would be objectionable (see section 26(1) of the Act). The meaning of "suitable" and "objectionable" is not prescribed by Ontario securities law. However, the Commission has, over time and as set out in various decisions, articulated three fundamental criteria for determining suitability for registration:

- **integrity**, which includes honesty and good faith, particularly in dealing with clients, and compliance with Ontario securities laws,

- **competence**, which includes prescribed proficiency and knowledge of the requirements of Ontario securities laws, and

- **financial solvency**, which is considered relevant because it is an indicator of a firm's capacity to fulfil its obligations and can be an indicator of the risk than an individual will engage in self-interested activities at the expense of clients.

Staff also specifically referred me to section 102 of the Regulation which expressly provides that no registration or renewal of registration will be granted unless the applicant has complied with the applicable requirements of the regulation at the time of the granting of the registration or renewal of registration.

Relevance of past conduct

In the past, the Commission has taken the position that in assessing fitness for registration, the Director must necessarily place a strong reliance on an applicant's past behaviour. This was articulated in the *Charko* decision as "Suitability includes the totality of…. [a Registrant's]….past and present". The *Mithras* decision is also relevant here. It stated that:

> "… the role of this Commission is to protect the public interest by removing from the capital markets – wholly or partially, permanently or temporarily, as the circumstances may warrant – those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts….. We are here to restrain, as best we can, future conduct that is unlikely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In so doing we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be… "

Denial or terms and conditions

Depending on the degree to which staff determines a registrant has not meet the three suitability criteria set out above, staff will recommend either denial of registration or the imposition of terms and conditions. Terms and conditions, if recommended, will be tailored to the suitability concerns specific to the applicant. Less often, staff will recommend denial of registration because of the extent and/or persistence of the applicant's failure to satisfy the suitability criteria. In this case, staff has recommended denial of recommendation. I was referred to the *Jaynes* case which sets out the following:

> "While terms and conditions restricting registration may be appropriate in a wide variety of circumstances, they should not be used to "shore up" a fundamentally objectionable registration. To do so would be to create the very real risk that a client's interests cannot be effectively served due to the severity and extent of the restrictions imposed."

Suitability of this applicant

It is staff's recommendation that the Applicant not be registered. Staff argues that while some instances of his failure to satisfy the suitability criteria might, taken in isolation, warrant conditional registration (i.e. terms and conditions), others in and of themselves would justify a denial of registration. Staff further argues that the Applicant's conduct, taken as a whole, clearly demonstrates that the Applicant is unsuitable for registration and it would be objectionable to permit him to be registered. I agree. My analysis of each of the registration criteria follows.

Integrity

Staff argues that the Applicant has a history of failure to provide full and complete information to the Commission.

An example of this is the Applicant's failure to disclose his personal bankruptcy in August 2002, as required by Policy 34-601 which requires salespersons to promptly advise the Commission of personal bankruptcies. In addition, the Applicant had an obligation under MI 33-109 to advise the Commission if any previously submitted information has changed within 5 days of the change. This he did not do. Staff was advised of the Applicant's bankruptcy by a member of the public unrelated to the Applicant. Not until staff specifically requested information on Huckerby's bankruptcy did he finally directly disclose it to the Commission in February 2004, over a year after the bankruptcy occurred.

Another example is the Applicant's failure to disclose that he was a defendant in three civil suits. This failure to disclose was part of a registration application for Blue Heron Wealth Management Inc. made in October 2001. In

that application, the Applicant answered "no" to a direct question asking whether he is involved in any successful or pending civil proceedings which are based in whole or in part on fraud, theft, deceit, misrepresentation, or similar conduct. Staff was advised of the three civil suits by the Applicant's former sponsoring dealer. All three lawsuits seek significant damages and claim negligent misrepresentation. The allegations in the suits include making unsuitable investments, receiving undisclosed or secret commissions and being motivated by self-interest in his recommendations.

In response to a Commission request for information, by letter dated December 7, 2001, the Applicant advised that "it did not appear to me, having read that section that this would apply against the three outstanding law [suits] in that it dealt with fraud, theft, deceit, [misrepresentation] or similar conduct". He also advised that it was his intention to make arrangements to have the suits settled on or before February 2002. As a result of this correspondence, the Applicant was now aware that the Commission was aware of the lawsuits and in the February 2004 registration application, the lawsuits were disclosed.

Staff argues that while civil suits are not necessarily indicative of unsuitable registrant behaviour, when a registrant is party to numerous similar complaints and civil proceedings, a pattern of inappropriate conduct may emerge. This is particularly concerning where other issues affecting the individual's suitability for registration exist. In this case, Commission staff have received at least seven other complaints regarding the Applicant's conduct. Four of the complaints relate to recommending unsuitable investments. Two of these complaints relate to alleged conflicts of interest. Staff is understandably concerned about both the number of complaints received and the consistency in the nature of the complaints.

Staff further argues that inadvertent non-disclosure of information to staff may not, in and of itself, warrant a denial of registration. However, when a registrant does not disclose issues relating to suitability, such as litigation or bankruptcy, until staff learns of these matters from third parties, the pattern of non-disclosure or misrepresentation does raise integrity concerns.

Another example relates to the Applicant performing registerable activities throughout January 2004, despite having no registration to do so. This is because the Applicant's registration was automatically suspended after Avenue failed to renew its registration. As above, the Applicant advised that he was not aware of his lack of registration status until sometime in January or February of 2004. However, staff was advised by the in-house counsel of Avenue that Mr. Huckerby was made aware in December 2003 of Avenue's intention not to renew its registration. The Applicant's own documents are unclear on this point. In some, he states that he became aware of Avenue's intention not to renew its registration on January 11, 2004. In other documents, he says he first learned that Avenue had not renewed its registration on January 29, 2004. Staff's view, with which I concur, is that the Applicant has demonstrated a lack of integrity by changing his story. As the Staff Memorandum puts it the "trades that Mr. Huckerby states that he made after his registration was suspended, while of concern to Staff, are not as disturbing as the incomplete and inconsistent disclosure provided by Mr. Huckerby".

A final example relates to staff's view that the Applicant put himself into a clear conflict of interest by acting as President of Merchant while still conducting registerable activities through Avenue. Form 33-109F4, signed by the Applicant, states that he became employed by Merchant as of January 1, 2004, coincidentally the first day that Avenue was no longer registered. If Mr. Huckerby had still been registered with Avenue, as he claims to have believed, he would have been in violation of Commission Rule 31-501, which prohibits a salesperson of one registrant acting as a salesperson, officer, director or partner of another registrant. On the other hand, as staff sets out, if Mr. Huckerby knew that Avenue was no longer registered and subsequently took employment as an officer of Merchant, then he has clearly not been forthcoming in his submissions to the Commission.

Competence

Staff argues that Mr. Huckerby's actions as described above demonstrates both a lack of integrity and a lack of competence. As a former trading officer, director and branch manager, it is not acceptable for the Applicant to claim lack of knowledge of registration rules and regulations. Staff expects a competent registrant to be able to read the questions asked on a Form 4, which is an affidavit, and to make enquires, as appropriate, if a question is not understood or if the registrant does not have all of the information available to enable a complete response. Staff would also expect a competent registrant that has outstanding civil proceedings against him to read the claims against him or to seek legal counsel to explain them to him before swearing an affidavit confirming their existence. As well, a competent registrant who is a branch manager should be aware of what is required to be disclosed by registrants to the Commission and to be aware of the requirement to update this information when it changes. Since there is evidence that Mr. Huckerby failed to do these things appropriately, staff's view is that he is not competent. I concur with staff's view. I do not think that ignorance of the rules and requirements related to registration is an appropriate excuse. As a registrant for over 30 years, I would expect a far better understanding of and compliance with the registration requirements than that demonstrated by the Applicant.

Financial solvency

The Applicant is currently an undischarged bankrupt. His proposal was filed in August 2002 (there is some difference in dates between staff submissions and the Applicant's in this matter). If the Applicant was applying for registration as a salesperson and his personal bankruptcy was the only issue, terms and conditions on his registration might be appropriate. However, Mr. Huckerby is representing himself to be an officer of Merchant and has applied to be a trading officer of Merchant. As a result, in staff's view, his

bankruptcy is relevant in these circumstances. As well, the Applicant's status as an undischarged bankrupt brings into question his ability not only to handle his personal finances, but his ability to handle those of his clients.

Applicant's Third Response

The Applicant provided further submissions dated April 23, 2004. The responses primarily address the Staff Memorandum, summarized above. To the extent the additional submissions are new and relevant to my decision, I'll summarize them here.

There seems to be some confusion as to what category of registration the Applicant is applying for. In the April 23 submissions, his counsel makes it clear that Mr. Huckerby is seeking to be registered as a salesperson, and not as a trading officer. In either case, my decision is the same.

In the submissions, the Applicant provides further information on his personal bankruptcy. In August 2002, the Applicant filed a proposal to his creditors. Bankruptcy does not occur until after the proposal is rejected by the creditors. For the Applicant, this did not occur until January/February 2003. The Applicant argues that the deadline of 5 business days (as set out in MI 33-109) to notify the Commission of bankruptcy did not come into effect until March 2003. This was after the Applicant's bankruptcy. As set out in his original submissions, Mr. Huckerby intended to disclose his bankruptcy when applying to transfer his registration to Merchant. This he did. Notwithstanding this argument, Policy 34-601 was directly applicable to the timing of disclosure of a bankruptcy as discussed above and MI 33-109 confirmed that obligation effective February 21, 2003.

The Applicant argues that staff has a fundamental misunderstanding of bankruptcy law in relation to the status of civil proceedings. He advises that under the bankruptcy law, the three civil actions were automatically stayed when Mr. Huckerby became bankrupt in early 2003. The stay was lifted in March 2003 only to the extent the plaintiffs may, if they choose, have their damages quantified so they can prove in the bankruptcy. In all other respects, the three actions are stayed and cannot proceed. This includes any proceedings to determine liability or the validity of the allegations made in the actions. While I'm sure the summary provided by counsel is accurate, in my view it has little bearing on this case. The requirement is to disclose civil proceedings in which fraud, theft, deceit, misrepresentation, or similar conduct is alleged. Whether the proceedings are stayed under bankruptcy laws or not is not relevant to whether the conduct is alleged.

The Applicant also takes issue with the staff reference to complaints filed with Commission against him. He states that he is only aware of one complaint. He states that no complaints have led to formal hearings or disciplinary actions being taken by the Commission to date and he therefore concludes that the complaints referred to lack validity. While these assumptions may or may not be correct, he should not assume that failure to take regulatory action to date on these complaints means that regulatory action may not be taken at some future point in time.

Director's findings

My decision is to deny the Mr. Huckerby's application for registration – whether he is applying to be a trading officer of Merchant or applying to be a salesperson with Merchant.

In my opinion, the Applicant's total disregard for the registration requirements of the Act render him unsuitable for registration. In staff's words, he "demonstrates a clear pattern of both a lack of integrity and an incompetent disregard for his obligations under Ontario securities laws. Furthermore, Mr. Huckerby's personal financial circumstances demonstrate an inability to fulfil and manage financial obligations…. Staff is therefore also of the opinion that given his history, it would be objectionable to register Mr. Huckerby because to do so would undermine the confidence in the regulation of our capital markets".

June 8, 2004.

"Marrianne Bridge"

2.1.9 Impact Energy Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer deemed to be no longer a reporting issuer under securities legislation (for MRRS Decisions).

Applicable Ontario Statutory Provisions

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

June 1, 2004

Heenan Blaikie LLP
12th Floor, Fifth Avenue Place
425 – 1st Street S.W.
Calgary, AB T2P 3L8

Attention: Thomas N. Cotter

Dear Sir:

Re: Impact Energy Inc. (Applicant) - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Ontario, Quebec and Nova Scotia (the "Jurisdictions")

The Applicant has applied to the local securities regulatory authority or regulator (Decision Maker) in each of the Jurisdictions for a decision under the securities legislation (Legislation) of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that,

1. the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;

2. no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

3. the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and

4. the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

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 and orders that the Applicant is deemed to have ceased to be a reporting issuer in the Jurisdictions.

"Patricia M. Johnston"

2.1.10 The American Association of Petroleum Geologists - MRRS Decision

Headnote

Mutual Reliance Review System: Acceptance of American Association of Petroleum Geologists as a "professional organization" under NI 51-101.

Applicable National Instrument

National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities – section 1.1(w)(iv)(B).

IN THE MATTER OF
SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR, YUKON, NORTHWEST TERRITORIES, AND NUNAVUT

AND

IN THE MATTER OF
NATIONAL INSTRUMENT 51-101
STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES (NI 51-101)

AND

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

AND

IN THE MATTER OF
THE AMERICAN ASSOCIATION OF PETROLEUM GEOLOGISTS (AAPG)

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the Decision Maker) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, Newfoundland and Labrador, Yukon, Northwest Territories, and Nunavut (the Jurisdictions) has received the recommendation of the Canadian Securities Administrators staff committee responsible for NI 51-101 that the Decision Maker accept the AAPG as a "professional organization" pursuant to section 1.1(w)(iv)(B) of NI 51-101;

2. AND WHEREAS the Decision Makers agree that the Alberta Securities Commission is the principal regulator for this application;

3. AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions* or in Appendix 1 of Companion Policy 51101CP; AND WHEREAS the AAPG has provided copies of the AAPG's

Constitution and Bylaws that establish that the AAPG

3.1 admits members primarily on the basis of their educational qualifications;

3.2 requires its members to comply with the professional standards of competence and ethics prescribed by the AAPG that are relevant to the estimation, evaluation, review or audit of reserves data; and

3.3 has disciplinary powers, including the power to suspend or expel a member;

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

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

6. THE DECISION of the Decision Makers under the Legislation is that the AAPG is accepted as a "professional organization" under NI 51-101 for so long as it continues to

6.1 admit members primarily on the basis of their educational qualifications;

6.2 require its members to comply with the professional standards of competence and ethics prescribed by the Board that are relevant to the estimation, evaluation, review or audit of reserves data; and

6.3 have disciplinary powers, including the power to suspend or expel a member.

June 8, 2004.

“Glenda A. Campbell” “Stephen R. Murison”

2.2 Orders

2.2.1 Certain Directors, Officers and Insiders of Argus Corporation Limited - para. 127(1)2

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

AND

IN THE MATTER OF
CERTAIN DIRECTORS, OFFICERS AND INSIDERS OF
ARGUS CORPORATION LIMITED
(BEING THE INDIVIDUALS AND ENTITIES LISTED
IN SCHEDULE "A" HERETO)

ORDER
(Paragraph 127(1)2)

WHEREAS on May 25, 2004, each of the individuals and entities listed in Schedule "A" (individually, a "Respondent" and collectively, the "Respondents") was notified that the Director made an order (the "Temporary Order") that day under paragraph 2 of subsection 127(1) and subsection 127(5) of the Act that the Respondents cease trading in any securities of Argus Corporation Limited ("Argus"), subject to certain exceptions as provided for in the Temporary Order, for a period of 15 days from the date of the Temporary Order;

AND WHEREAS the Respondents were notified that a hearing would be held to determine if it would be in the public interest to make an order under paragraph 2 of subsection 127(1) of the Act that the Respondents cease trading in any securities of Argus permanently or for such period as is specified in the order;

AND WHEREAS the hearing was held on the 3rd day of June, 2004;

AND UPON hearing the evidence and submissions of counsel, including the following:

1. Argus Corporation Limited ("Argus") is incorporated under the *Canada Business Corporations Act* and is a reporting issuer in the Province of Ontario.

2. Each of the Respondents is, or was, at some time since the end of the period covered by the last financial statements filed by Argus, namely since December 31, 2003, a director, officer or insider of Argus and during that time had, or may have had, access to material information with respect to Argus that has not been generally disclosed.

3. Argus has failed to file its interim statements (and interim Management's Discussion & Analysis related thereto) for the three-month period ended March 31, 2004 as required to be filed under Ontario securities law on or before May 15, 2004, and has not filed such statements as of the date of this order.

4. On May 14, 2004, Argus issued and filed a press release announcing that it would be delayed in filing its quarterly financial statements for the fiscal quarter ended March 31, 2004 and its related Management's Discussion & Analysis by the required filing date of May 15, 2004. Argus subsequently issued and filed further press releases related to this failure on May 18, 2004, May 26, 2004 and June 1, 2004, and a material change report related to this failure on May 25, 2004.

5. Hollinger Inc. ("Hollinger") is the principal subsidiary of Argus. Hollinger is a reporting issuer in Ontario. On April 5, 2004, Hollinger filed a material change report disclosing that it had entered into an agency agreement in respect of a proposed offering and sale of up to 20,096,919 subscription receipts (the "Subscription Receipts") of Hollinger at a price of CDN$10.50 per Subscription Receipt for gross proceeds of CDN$211 million (the "Subscription Receipt Offering"). On April 7, 2004, Hollinger issued and filed a press release and material change report announcing the closing of the offering of Subscription Receipts. As described in the above-mentioned material change reports, the gross proceeds from the sale of the Subscription Receipts will be held in escrow for a certain period following the closing of the Subscription Receipt Offering, pending the satisfaction of certain escrow conditions.

6. Hollinger International Inc. ("HLR") is the principal subsidiary of Hollinger. HLR is a reporting issuer in the Province of Ontario. HLR is currently engaged in a strategic process as described in the material change report filed by HLR on November 27, 2003 (the "Strategic Process"). The Strategic Process has been commenced by the board of directors of HLR and is being conducted through HLR's financial advisor, Lazard Frères & Co. LLC, to pursue a range of alternative strategic transactions for HLR. The Strategic Process may involve the sale or reorganization of all or a part of HLR's business and other possible transactions by means that may include asset sales, share sales or a merger, amalgamation, arrangement, business combination or other reorganization.

7. One or more of the Respondents undertakes to seek a review (the "Review") from a decision of the Director that the disclosure obligations contained in section 10.2 of National Instrument 51-102F2 and sections 16.2 and / or 16.3 of OSC Rule 41-501F1 follow an Order made under section 127(1) in the circumstances herein.

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

IT IS ORDERED under paragraph 2 of subsection 127(1) of the Act that all trading, whether direct or indirect, by those persons listed in Schedule "A" in the securities of Argus, with the exception of

a) any trade in securities of Argus contemplated by, or in connection with, the Subscription Receipt Offering; and

b) any trade in securities of Argus contemplated by or in connection with any transaction directly or indirectly resulting or arising from the Strategic Process;

shall cease until two full business days following the receipt by the Commission of all filings Argus is required to make pursuant to Ontario securities law; and

IT IS FURTHER ORDERED pursuant to section 127(2) that a term of this Order is that pending the determination of the Review, and in any event, for no longer than 35 days from the date of this Order, the provisions of section 10.2 of National Instrument 51-102F2 and sections 16.2 and / or 16.3 of OSC Rule 41-501F1, if applicable, do not apply with respect to the Respondents herein.

June 3, 2004.

"Susan Wolburgh Jenah"
"Robert W. Davis"
"Suresh Thakrar"

Schedule "A"

509645 N.B. Inc.
509646 N.B. Inc.
2753421 Canada Limited
Amiel Black, Barbara
Atkinson, Peter Y.
Black, Conrad M. of Crossharbour (Lord)
Boultbee, J. A.
Burt, The Hon. Richard
Carroll, Paul A.
Colson, Daniel W.
Conrad Black Capital Corporation
Creasey, Frederick A.
Cruickshank, John
Deedes, Jeremy
Delorme, Monique
Dodd, J. David
Duckworth, Claire F.
Healy, Paul B.
Kissinger, The Hon. Henry A.
Lane, Peter K.
Loye, Linda
Maida, Joan
McCarthy, Helen
Meitar, Shmuel
O'Donnell-Keenan, Niamh
Paris, Gordon
Perle, The Hon. Richard N.
Radler, F. David
The Ravelston Corporation Limited
Rohmer, Richard, OC, QC
Ross, Sherrie L.
Samila, Tatiana
Savage, Graham
Seitz, The Hon. Raymond G.H.
Smith, Robert T.
Stevenson, Mark
Thompson, The Hon. James R.
Van Horn, James R.
Walker, Gordon W.
White, Peter G.

2.2.2 Ashanti Goldfields Company Limited - s. 83

Headnote

Issuer meets the requirements set out in OSC Staff Notice 12-703 – issuer deemed to have ceased to be a reporting issuer.

Applicable Ontario Statutory Provisions

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

June 7, 2004

Stikeman Elliott LLP
Dauntsey House
4B Fredericks Place,
London EC2R 8AB
England

Attention: Derek Linfield

Dear Mr Linfield:

Re: Ashanti Goldfields Company Limited (the "Applicant") - application to cease to be a reporting issuer under the section 83 of the *Securities Act* (Ontario)

The Applicant has applied to the Ontario Securities Commission for an order under section 83 of the Act to be deemed to have ceased to be a reporting issuer.

As the Applicant has represented to the Commission that:

- the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in Ontario and less than 51 security holders in total in Canada;

- no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

- the Applicant is not in default of any of its obligations under the Act as a reporting issuer; and

- the Applicant will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the Director granting the relief requested.

The Director is satisfied that it would not be prejudicial to the public interest to grant the requested relief and orders that the Applicant is deemed to have ceased to be a reporting issuer.

"Charlie MacCready"

2.3 Rulings

2.3.1 AIC Global Financial Split Corp. - ss. 74(1)

Headnote

Subsection 74(1) - Exemption from sections 25 and 53 of the Act in connection with the writing of over-the-counter covered call options and cash covered put options by the issuer, subject to certain conditions.

Statutes Cited

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

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

AND

IN THE MATTER OF
AIC GLOBAL FINANCIAL SPLIT CORP.

RULING AND EXEMPTION
(Subsection 74(1) of the Act)

UPON the application of AIC Global Financial Split Corp. (the "Company"), to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act that the writing of certain over-the-counter covered call options and cash covered put options (collectively, the "OTC Options") by the Company is not subject to sections 25 and 53 of the Act;

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

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

1. The Company is a mutual fund corporation established under the laws of the Province of Ontario.

2. The authorized capital of the Company will consist of an unlimited number of preferred shares (the "Preferred Shares"), class A shares (the "Class A Shares") and class J shares.

3. The Company is considered a "mutual fund" within the meaning of the Act and other applicable securities legislation.

4. The Company became a reporting issuer or the equivalent thereof in each of the provinces and territories of Canada (the "Jurisdictions") on May 18, 2004 upon obtaining a receipt for its final prospectus dated May 17, 2004 (the "Prospectus"). As of the date hereof, the Company is not in default of any requirements under the securities legislation of the Jurisdictions.

5. AIC Limited (the "Manager") will be the manager of the Company and AIC Investment Services Inc. ("AICI"), a wholly-owned subsidiary of the Manager, will act as the investment manager of the Company.

6. AICI is registered under the Act as an adviser in the categories of investment counsel and portfolio manager, and as a dealer in the categories of mutual fund dealer and limited market dealer.

7. The Company's investment objectives are: (i) to provide holders of Preferred Shares with fixed cumulative preferential quarterly cash distributions in the amount of $0.13125 per Preferred Share representing a yield on the issue price of the Preferred Shares of 5.25% per annum; (ii) to provide holders of Class A Shares with regular monthly cash distributions targeted to be $0.10 per Class A Share representing a yield on the issue price of the Class A Shares of 8.0% per annum; (iii) to return the original issue price to holders of Preferred Shares at the time of redemption of such shares; and (iv) to return at least the original issue price to holders of Class A Shares at the time of redemption of such shares.

8. The net proceeds from the offering will be invested by the Company in a portfolio consisting of common equity securities selected by AICI from the world's leading bank-based, insurance-based and investment management-based financial services companies (the "Portfolio"). The weighted average credit rating of the Portfolio will be at least equivalent to "A" at all times.

9. The Company will not invest more than 5% of the total assets of the Portfolio, at the time of investment, in any one company. In addition, the Common Shares (as that term is defined in the Prospectus) included in the Portfolio will only be those of companies that have a market capitalization, at the time of investment, of at least U.S. $1 billion.

10. The writing of covered call options and cash covered put options will be managed by AICI in a manner consistent with the investment objectives of the Company. As call options will be written only in respect of equity securities that are in the Portfolio and the investment restrictions of the Company will prohibit the sale of securities subject to an outstanding call option, the call options will be "covered" at all times.

11. The Company may, from time to time, hold a portion of its assets in Cash Equivalents (as that term is defined in the Prospectus). The Company may utilize such Cash Equivalents to provide cover in respect of the writing of cash covered put options. Such cash covered put options will only be written in respect of securities in which the Company is permitted to invest.

12. The Company has disclosed in the Prospectus that it intends to write OTC Options.

13. The purchasers of OTC Options written by the Company will generally be major Canadian financial institutions and all purchasers of OTC Options will be persons or entities described in Appendix A to this ruling.

14. The writing of OTC Options by the Company will only be used for the purpose of meeting the Company's investment objectives and will not be done with the intent to raise new capital.

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

IT IS RULED, pursuant to subsection 74(1) of the Act, that the writing of OTC Options by the Company, as contemplated by this ruling, shall not be subject to sections 25 and 53 of the Act provided that:

(a) the portfolio adviser advising the Company with respect to such activities is registered as an adviser under the Act and meets the proficiency requirements in Ontario for advising with respect to options;

(b) each purchaser of an OTC Option written by the Company is a person or entity described in Appendix A to this ruling; and

(c) a receipt for the Prospectus has been issued by the Director under the Act in the principal jurisdiction in Canada in which the portfolio adviser carries on its business;

June 1, 2004.

"Paul M. Moore" "Suresh Thakrar"

APPENDIX A

QUALIFIED PARTIES

Interpretation

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

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

Qualified Parties Acting as Principal

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

Banks

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

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

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

Credit Unions and Caisses Populaires

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

Loan and Trust Companies

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

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

Insurance Companies

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

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

Sophisticated Entities

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

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

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

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

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

Individuals

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

Governments/Agencies

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

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

Municipalities

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

Corporations and other Entities

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

Pension Plan or Fund

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

Mutual Funds and Investment Funds

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

(q) A mutual fund that distributes securities in Ontario, if the portfolio manager of the fund is registered as an adviser, other than a securities adviser, under the Act or securities legislation elsewhere in Canada.

(r) A non-redeemable investment fund that distributes its securities in Ontario if the portfolio manager is registered as an adviser, other than a securities adviser, under the Act or securities legislation elsewhere in Canada.

Brokers/Investment Dealers

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

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

Futures Commission Merchants

(u) A person or company registered under the CFA as a dealer in the category of futures commission

merchant, or in an equivalent capacity elsewhere in Canada.

Charities

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

Affiliates

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

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

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

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

Guaranteed Party

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

Qualified Party Not Acting as Principal

(4) The following are qualified parties, in respect of all OTC derivative transactions:

Managed Accounts

1. Accounts of a person, company, pension fund or pooled fund trust that are fully managed by a portfolio manager or financial intermediary referred to in paragraphs (a), (d), (e), (g), (s), (t), (u) or (w) of subsection (3) or a broker or investment dealer acting as a trustee or agent for the person, company, pension fund or pooled fund trust under section 148 of the Regulation.

Subsequent Failure to Qualify

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

2.3.2 Talon International Inc. - ss. 74(1)

Headnote

Trades by applicant or licensed real estate agents in condominium/hotel units included in a hotel reservation program are not subject to section 25 or 53 provided that purchasers receive certain disclosure prior to entering into an agreement or purchase and sale.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 74(1).
Condominium Act, 1998 S.O. 1998, c.19.
Real Estate and Business Brokers Act, R.S.O. 1990, c. R.4, as am.

Instruments Cited

National Instrument 51-102 Continuous Disclosure Obligations, s. 4.

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

AND

IN THE MATTER OF
TALON INTERNATIONAL INC.

RULING
(Subsection 74(1))

UPON the application of Talon International Inc. (the "**Applicant"**) to the Ontario Securities Commission (the "**Commission"**) for a ruling pursuant to subsection 74(1) of the *Act* (the "**Application"**) that the sale by the Applicant of hotel condominium units within a certain building to be known as Trump International Hotel & Tower to be located at the south east corner of Bay Street and Adelaide Street, in the City of Toronto, Ontario, will not be subject to sections 25 and 53 of the Act;

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

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

1. The Applicant is a corporation incorporated under the laws of the Province of Ontario for the purpose of developing The Trump International Hotel & Tower. The Applicant's registered office is located at 77 King Street West, Royal Trust Tower, Toronto-Dominion Centre, Suite 4400, Toronto, Ontario M5K 1G8. The Applicant is not a reporting issuer (or its equivalent) in any of the provinces or territories of Canada.

2. The Applicant is proposing the development and construction of a comprehensive mixed-use

project to be located at the south east corner of Bay Street and Adelaide Street, in the City of Toronto, Ontario.

3. The project will be comprised of a 71 storey building (the **"Building"**) which it is anticipated will be divided and registered under the *Condominium Act*, 1998 S.O. 1998, c.19 (the **"Condominium Act"**) as 2 separate condominiums, one of which will be a condominium operated as a full-service luxury hotel under the name "Trump International Hotel" (**"Trump International Hotel"**, the **"Hotel Component"**, the **"Hotel"** or the **"Condominium"**) and the other a residential condominium (herein referred to as the **"Residential Component"**).

4. The Hotel Component will include approximately 229 hotel condominium units (collectively, the **"Hotel Units"** or individually, as a **"Hotel Unit"**). Hotel Units will be hotel guestroom-type condominium units that will be used by the owners or guests of the owners for any periods of time that they may desire, or if the owners of the Hotel Units voluntarily participate in the Reservation Program (defined below), by members of the public who may rent the Hotel Units under the Reservation Program (defined below) during periods in which the owners will not be occupying their Hotel Units.

5. The Hotel Component will be comprised of

   (a) the Hotel Units;

   (b) portions of the ground floor level of the Building, where a ground floor lobby and elevators serving the Hotel will be located;

   (c) a health club facility that the Applicant currently intends will be located on one or more floors of the Building, a restaurant and bar facility, meeting room facilities, lobby facilities, a front desk area, a concierge area, hotel management offices, housekeeping closets on each floor where Hotel Units are located, laundry facilities, elevators (both passenger and service), stairwells and certain other common element areas and facilities located in the Building and other facilities customarily associated with a first-class luxury hotel condominium operation;

   (d) below grade areas of the Building; and

   (e) a 7 storey above grade parking garage to be constructed within levels 1 to 7 of the Building to service and provide the Hotel with valet parking service on a pay-for-use basis.

6. Other portions of the Building will form part of the Residential Component including portions of the ground floor where a residential lobby and elevators serving the Residential Component will be located, together with floors 36 through 71 which will contain approximately 109 residential condominium units.

7. It is proposed that the Hotel Units will be located on the 11th to the 32nd floors of the Building.

8. The Applicant will have the right (and purchasers of Hotel Units will be advised of such right in the Disclosure Document (defined below)) to increase or reduce the number of Hotel Units in the Condominium by splitting or combining one or more proposed Hotel Units and/or changing the style or configuration and the types of Hotel Units contained in the Condominium in its sole discretion. In the event of such changes, the condominium declaration and the condominium budget will be amended accordingly and such changes shall not be construed as material amendments to the Disclosure Document (defined below) with respect to the Condominium.

9. It is intended that each Hotel Unit (or any two or more adjoining Hotel Units used together) be used for short-term transient hotel occupancy or for longer-term occupancy as may be required.

10. Purchasers will be advised in the Disclosure Document (defined below) that as a condition of ownership of a Hotel Unit, each owner of a Hotel Unit (an **"Owner"**) will be required to:

    (a) participate in a Hotel Unit maintenance program (the **"Hotel Unit Maintenance Program"**) to be managed by a management company engaged by the Applicant to manage the day-today operations of the Condominium, currently anticipated to be an affiliate of the Trump Organization LLC (the **"Hotel Operator"**);

    (b) enter into a Hotel Unit maintenance and operation agreement with the Hotel Operator in the form then in use by the Hotel Operator (the **"Hotel Unit Maintenance Agreement"**);

    (c) receive the services provided as part of the Hotel Unit Maintenance Program; and

    (d) pay to the Hotel Operator all fees, costs and charges associated with the Hotel Unit Maintenance Program (the **"Hotel Unit Expenses"**) as and when such Hotel Unit Expenses become due and

payable (which the Applicant currently anticipates will be on a quarterly basis) in accordance with the terms and conditions of the Hotel Unit Maintenance Agreement.

11. Hotel Units will be offered for sale in Ontario through:

    (a) the Applicant; and/or

    (b) agents of the Applicant licensed under the *Real Estate and Business Brokers Act*, R.S.O. 1990, c. R.4 (**"Licensed Agents"**).

12. Each Owner will be entitled (but not obligated) to participate in a reservation program administered by the Hotel Operator that makes participants' Hotel Units available to the public for rental (the **"Reservation Program"**). Notwithstanding a Hotel Unit owner participating in the Reservation Program, such Hotel Unit owner may occupy his/her Hotel Unit at any time and for any length of time as he/she desires, provided that the required notice is given to the Hotel Operator.

13. The Reservation Program provides the services which enable Owners to participate in reservation and registration services not provided as part of the Hotel Unit Maintenance Program. In order to enroll in the Reservation Program, Owners must execute and deliver a hotel reservation program agreement (the **"Reservation Program Agreement"**) with the Hotel Operator, such Reservation Program Agreement to be in the form then in use by the Hotel Operator.

14. There will be no charge for an Owner's initial entry into the Reservation Program, but an administrative fee (currently anticipated by the Applicant to be $1,000.00) will be charged each time an Owner withdraws from the Reservation Program or subsequently re-enters.

15. Under the Reservation Program, the Hotel Operator will establish rental rates for the Hotel Units enrolled in the Reservation Program with the aim of establishing and maintaining the Hotel as a local leader in the international luxury segment while being competitive with other luxury hotels in the area. Hotel Unit rental rates will be adjusted by the Hotel Operator from time to time depending upon seasonal demands, the type and size of the Hotel Unit, location of the Hotel Unit, the views available from the Hotel Unit and other factors; however, none of the Applicant, the Hotel Operator or the sales agents for the Hotel Component will make any representation that any Hotel Unit will be able to be rented at any particular rate, or for any particular period of time.

16. Each Hotel Unit that participates in the Reservation Program will be assigned a rotation point for each day that the Hotel Unit is occupied by a hotel guest pursuant to the Reservation Program. In order to promote a fair allocation of rental opportunities, the Hotel Operator will assign reservation requests on the following basis:

    (a) Whenever a prospective hotel guest requests a reservation, the participating Hotel Unit that has the lowest number of cumulative rotation points (within the requested type of Hotel Unit, if any) will be designated for rental to such prospective hotel guest; and

    (b) All participating Hotel Units will be deemed available unless the Hotel Operator has previously made a reservation therefor or the owner thereof or its authorized rental agent has previously notified the Hotel Operator that the Hotel Unit is not available for public rental under the Reservation Program during such time period.

17. Revenues collected by the Hotel Operator under the Reservation Program are specific to each participating Hotel Unit. The Hotel Operator will maintain a separate account for each such Hotel Unit that details and accurately records all revenues received by the Hotel Operator in respect of rentals of that Hotel Unit and deductions therefrom.

18. Within 30 days after the end of each fiscal quarter of the Hotel, the Hotel Operator will furnish each Owner with a statement of all amounts received and deducted during such fiscal quarter and within 75 days after the end of each fiscal year of the Hotel, the Hotel Operator will furnish each Owner with a statement of the respective Owners' income and expenses for participation in the Reservation Program for such fiscal year, in accordance with applicable tax requirements, as well as an audited statement of the income and expenses for the entire Reservation Program. When income to an Owner for any quarterly period exceeds the amounts due to and deducted by the Hotel Operator, the Hotel Operator will transmit to the Owner funds in the amount of such net income, together with the quarterly statement. In addition, the Hotel Operator will furnish to each Owner:

    (a) audited annual financial statements for the Reservation Program that have been prepared and delivered in accordance with Part 4 of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) as if the Reservation Program was a reporting issuer for the purposes of Ontario securities legislation (the

"**Audited Annual Financial Statements")**; and

(b) interim financial statements for the Reservation Program that have been prepared and delivered in accordance with Part 4 of NI 51-102 as if the Reservation Program was a reporting issuer for the purposes of Ontario securities legislation (the "**Interim Financial Statements**").

19. The Applicant is proposing to have the Hotel operate under the name, "Trump International Hotel", or a similar trade name pursuant to a revocable license agreement with the holder of the legal right to use the name "Trump" and any variation thereof. It is also currently anticipated that pursuant to the terms of a condominium management agreement to be entered into with the Hotel Operator (the **"Condominium Management Agreement"**), the Hotel Component will be managed by the Hotel Operator.

20. The Condominium will enter into the Condominium Management Agreement with the Hotel Operator, pursuant to which the Hotel Operator is to be the sole and exclusive representative and managing agent of the Condominium subject to overall control of the Condominium for an initial term of three (3) years. In addition to its general condominium management duties, the Hotel Operator will manage the operations of the Hotel pursuant to the Hotel Unit Maintenance Program. These services as they relate to the Hotel Unit Maintenance Program and the Reservation Program will include, any and all management functions necessary or appropriate for the operation, maintenance and repair of a first-class luxury hotel operation, including, without limitation:

(a) paying from the Hotel Unit Maintenance Program funds all related expenses including costs of administration, operation, maintenance, repair and replacement, salaries, fees, commissions, credit card company payments, costs of goods and services and insurance premiums in connection with the operation of the Hotel;

(b) communicating with and collecting fees and charges from Owners under the Hotel Unit Maintenance Program;

(c) processing and delivering to Owners periodic payments generated from rental revenues of their Hotel Unit, if any;

(d) collecting room rental payments, monitoring and collecting miscellaneous charges such as telephone, pay-per-view and room service charges from Hotel guests, and keeping the financial records for each Hotel Unit;

(e) providing and procuring marketing and promotion for the rental of Hotel Units and promotion of the Hotel; and

(f) providing for housekeeping, maintenance and repair of the Hotel and Hotel Units; and providing the reservation system and staff for the Reservation Program.

21. The duties of the Hotel Operator will be fully set out in the Condominium Management Agreement which will be finalized and executed prior to the completion of the unit transfer date closing of the first Hotel Unit in the Condominium.

22. The Condominium Management Agreement may be terminated by the Corporation pursuant to the provisions of Section 111 of the Condominium Act.

23. Hotel Units will be marketed primarily as first-class luxury hotel condominium units to be used for short-term transient hotel occupancy or for longer-term occupancy. The Reservation Program is merely a secondary feature which offers participating purchasers a means to defray related ownership expenses, as opposed to an investment vehicle for making a gain or profit.

24. Prospective purchasers of Hotel Units will not be provided with rental or cash flow forecasts or guarantees or any other form of financial projection or commitment on the part of the Applicant.

25. The Applicant will deliver to an initial purchaser of a Hotel Unit, before an agreement of purchase and sale is entered into, an offering memorandum (the **"Disclosure Document"**) in the form of a disclosure statement required under the Condominium Act and which will also include additional information in the body of the disclosure statement relating to the real estate securities aspects of the offering prepared substantially in accordance with the form and content requirements of 45-906F of the *Securities Act* (British Columbia), R.S.B.C. 1996, c.418, as amended (**"Form 45-906F"**) including, but not limited to:

(a) a description of the project and the offering of Hotel Units;

(b) a summary of the material features of the Reservation Program Agreement to be entered into between a purchaser of a Hotel Unit, as Owner and the Hotel Operator;

(c) a description of the continuous reporting obligations of the Applicant or Hotel Operator, as the case may be, to Owners as more particularly described in paragraph 30 below;

(d) a description of the risk factors that make the offering of Hotel Units a risk or speculation;

(e) a description of the statutory right of action available to purchasers of Hotel Units as more particularly described in paragraph 27 below; and

(f) a certificate signed by the president or chief executive officer of the Applicant and by a director of the Applicant in the following form:

"The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made".

26. Each initial purchaser of a Hotel Unit will have a statutory right under the Condominium Act to rescind an agreement to purchase a Hotel Unit within 10 days of receiving the Disclosure Document or a material amendment to the Disclosure Document.

27. Each initial purchaser of a Hotel Unit will have a statutory right of action as referred to in section 130.1 of the Act. The Disclosure Document will describe the statutory right of action, including any defences available to the Applicant, the limitation periods applicable to the exercise of the statutory right of action, and will indicate that the rights are in addition to any other right or remedy available to the purchaser.

28. No purchaser of a Hotel Unit who elects to participate in the Reservation Program will be provided with rental or cash flow guarantees or any other form of financial projection or commitment on the part of the Applicant, except for the budget that must be delivered to an initial purchaser of a Hotel Unit pursuant to the Condominium Act.

29. The economic value of a luxury hotel condominium of this type will be attributable primarily to its real estate component because Hotel Units will be marketed as luxury transient occupancy hotel condominium properties and will not be offered and sold with an emphasis on the expected economic benefits of the Reservation Program and the Reservation Program Agreement.

30. The Reservation Program Agreement will impose an irrevocable obligation on the Applicant or the Hotel Operator to send to each Owner:

(a) the Audited Annual Financial Statements for the Reservation Program; and

(b) the Interim Financial Statements for the Reservation Program.

31. The Reservation Program Agreement will impose an irrevocable obligation on the Applicant or the Hotel Operator to deliver to a subsequent prospective purchaser, upon reasonable notice of an intended sale by the Owner, and before an agreement of purchase and sale is entered into:

(a) the most recent Audited Annual Financial Statements (which include financial statements for the prior comparative year, if applicable) and, if applicable, the most recent Interim Financial Statements for the Reservation Program (collectively, the **"Financial Statements"**); and

(b) quarterly statements of revenues and expenses for the Hotel Unit for the 2 year period preceding the entering into of the agreement of purchase and sale for the Hotel Unit (the **"Two Year Quarterly Statements"**),

(The Financial Statements and the Two Year Quarterly Statements are collectively referred to as the **"Financial Information"**).

32. The Reservation Program Agreement will impose an irrevocable obligation on the Applicant or the Hotel Operator to deliver:

(a) the Disclosure Document to a subsequent prospective purchaser of a Hotel Unit upon receiving reasonable notice of a proposed sale of the Hotel Unit that is to take place either prior to, or within 12 months of, the issuance of permission to occupy that Hotel Unit; and

(b) a summary of the Disclosure Document (the **"Disclosure Document Summary"**) to a subsequent prospective purchaser of a Hotel Unit upon receiving reasonable notice of a proposed sale of the Hotel Unit that is to take place any time following the expiration of a period of 12 months from the date of issuance of permission to occupy that Hotel Unit

and it will also require the Disclosure Document or the Disclosure Document Summary, as the case may be, to be delivered to a subsequent

prospective purchaser before an agreement of purchase and sale has been entered into.

33. A Disclosure Document Summary that is delivered to a prospective purchaser of a Hotel Unit will include:

(a) items 1, 3(1), 6, 7, 9(1), (2), (3) and (4), 10(b) and 16 of Form 45-906F with respect to the proposed sale, modified as necessary to reflect the operation of the Reservation Program and the form of disclosure, and

(b) items 12(2), (3) and (4) of Form 45-906F with respect to the Hotel Operator under the Reservation Program Agreement modified so that the period of disclosure runs from the date of the certificate attached to the Disclosure Document Summary,

and will be certified by the Hotel Operator in the form of the certificate required pursuant to item 19 of Form 45-906F.

34. The Reservation Program Agreement will impose an irrevocable obligation on each Owner of a Hotel Unit participating in the Reservation Program to provide:

(a) the Hotel Operator with reasonable notice of a proposed sale of the Hotel Unit; and

(b) a subsequent prospective purchaser of a Hotel Unit with notice of his, her or its right to obtain from the Hotel Operator, the Financial Information and the Disclosure Document or Disclosure Document Summary, as the case may be.

35. The Reservation Program Agreement will not require Owners to give any person any assignment of their right to vote in accordance with the Condominium Act or condominium by-laws, or to waive notice of meetings of the Condominium corporation.

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

IT IS RULED, pursuant to subsection 74(1) of the Act, that the distribution of a Hotel Unit by the Applicant or Licensed Agents is exempt from sections 25 and 53 of the Act, provided that:

(a) every purchaser of a Hotel Unit receives, prior to the completion of the purchase transaction, a copy of the Disclosure Document and a copy of this Ruling; and

(b) any subsequent trade of a Hotel Unit acquired pursuant to this Ruling shall be a distribution unless:

(i) the seller of the Hotel Unit is not the Applicant or an agent acting on the Applicant's behalf;

(ii) notice is given by the seller to the Applicant or Hotel Operator of the seller's intent to sell his, her or its Hotel Unit;

(iii) the prospective purchaser of the Hotel Unit receives, prior to the completion of the transaction, all of the documents and information referred to in paragraphs 31 and 32 above; and

(iv) the seller, or an agent acting on the seller's behalf, does not advertise, market, promise or otherwise represent any projected economic benefits of the Reservation Program to the prospective purchaser.

May 25, 2004.

"Susan Wolburgh-Jenah" "Wendell S. Wigle"

This page intentionally left blank

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 Reasons for Decision

3.1.1 Sahil Celly

IN THE MATTER OF
AN APPLICATION FOR REGISTRATION OF
SAHIL CELLY

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

Date: June 4, 2004

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

Appearances: Christopher Jepson
For Commission Staff
Sahil Celly
In person

Overview

1. This decision relates to the application of Mr. Celly (also referred to as the **Applicant**) for registration as a Mutual Fund Salesperson to Royal Mutual Funds Inc. Commission Staff has recommended that the Director deny this application.

Background

2. Mr. Celly was registered as a Mutual Fund Dealer Salesperson under the *Securities Act (Ontario)* (the **Act**) sponsored by Clarica Investco Inc (**Clarica**) from March 14, 2003 until his termination effective September 30, 2003. Over the same period, Mr. Celly was licensed as a life insurance agent sponsored by Clarica Financial Services Inc. (**CFSI**).

3. Mr. Celly was terminated in good standing by Clarica. He was terminated for cause by CFSI.

4. The notice of termination, commonly known as a Life Agent Reporting Form (**LARF**) filed by CFSI indicated the Applicant was terminated for the following reasons: conflict of interest, inducement, misrepresentation, money laundering, and illegal sales practices.

5. Mr. Celly applied for registration with Royal Mutual Funds Inc. on February 2, 2004. Since the Applicant had been terminated for cause, Staff conducted an investigation relating to the circumstances of his dismissal.

6. In a letter dated March 15, 2004, Staff advised the Applicant that they recommended the Director deny his application based on grounds that he was not suitable for registration as a Mutual Fund Dealer Salesperson.

7. After receiving the letter from Staff, Mr. Celly requested the opportunity to be heard by the Director pursuant to subsection 26(3) of the Act that states:

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

8. The opportunity to be heard (the **OTBH**) was held on April 27, 2004 where submissions were made by Commission Staff and Mr. Celly.

Submissions

9. Staff for the Commission read into the record Schedule "A" from the Minutes of Settlement between the Superintendent of Financial Services and Sahil Celly. Schedule "A" is an Agreed Statement of Facts that provides some details of the activities that led to the termination of the Applicant from CFSI.

10. As a result of these activities Mr. Celly has agreed not to reapply for licensing as an insurance agent for a period of five years.

11. The activities related to the Applicant's dealings with Mustava Khan (**Khan**) and Zivota Mihajlovic (**Mihajlovic**). Mr. Celly met Khan and Mihajlovic through persons with whom he shared a house. Khan was a friend of one of these persons.

12. Mr. Celly met Khan socially and was contacted a couple of days later by Khan regarding the insurance business. Khan told Mr. Celly that he had a friend (Mihajlovic) that could refer a lot of business to the Applicant.

13. The Applicant met Khan and Mihajlovic at their offices. Mr. Celly discussed the insurance industry with Mihajlovic, who appeared to have an in-depth understanding of the industry. Mr. Celly entered into a referral agreement with Mihajlovic, believing that Mihajlovic was appropriately licensed as an insurance agent.

14. Mr. Celly did not ask for verification of Mihajlovic's credentials. The Applicant noted that the sign on the door of the office where he met Mihajlovic read "Cedar Car Rentals". The Applicant did not get a business card from Mihajlovic but he did get a card from Khan, the business was Cedar Car Rentals.

15. The Applicant knew that Mihajlovic and Khan were in a number of businesses including car rentals and providing loans and lines of credit to individuals. As Mihajlovic and Khan had separate offices, Mr. Celly believed they handled different lines of business.

16. As a result of this referral relationship with Mihajlovic, Mr. Celly engaged in some activities that were not in accordance with insurance regulations, such as, not witnessing the client signatures on the policies.

17. This arrangement also led to a significant increase in the Applicant's sales. In September 2003 he sold policies resulting in a commission of $160,000 where the commission for the previous months had ranged from $5,000 to $10,000.

18. The large increase in sales led to a review by CFSI and the subsequent termination of Mr. Celly.

Suitability for Registration

19. Determining the suitability for registration of applicants is an important function of the Commission to protect investors and foster confidence in the capital markets. This point was made in the *Mithras* decision that reads in part:

> … the role of the Commission is to protect the public interest by removing from the capital markets -- wholly or partially, permanently or temporarily, as the circumstances may warrant – those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In doing so we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all.
>
> *Re Mithras Management Ltd.*, (1990) 13 OSCB 1600

20. The standard for suitability is based on three tenets which were presented by Commission Staff at the OTBH and have also been printed in the Ontario Securities Commission Annual Report:

> The [registration] section administers a registration system which is intended to ensure that all Applicants under the Securities Act and the Commodity Futures Act meet appropriate standards of integrity, competence and financial soundness, … Ontario Securities Commission, Annual Report 1991, Page 16

21. In addition, the Director could find that the application is objectionable. Staff of the Commission noted that this could refer to conduct that while not directly related to the securities industry, affects the investor confidence in the capital markets and its participants.

22. Mr. Celly's submission at the OTBH focused on his integrity and proficiency relating to the selling of insurance policies that were suitable to the client.

Decision and Reasons

23. Mr. Celly did not deny the facts as presented in the Agreed Statement of Facts that formed part of the Minutes of Settlement with the Superintendent of Financial Services.

24. The facts presented in this document and the clarification provided by the Applicant bring into question his competency and to a lesser extent his integrity.

25. There are two components to competency: education requirements and experience. It would appear that the Applicant has taken and passed all the required courses and more to be a Mutual Fund Salesperson. However, he showed a severe lack of judgement in his dealings with Mihajlovic and Khan, by not making basic inquiries into their backgrounds before entering into a business arrangement. The Applicant did not demonstrate the requisite experience needed for a position as a financial services industry professional.

26. It could also be that the Applicant did not make simple inquiries due to the potential of a large commission, calling into question his integrity.

27. The Applicant has not demonstrated the high standards of competency and of integrity required of a professional in the securities industry. As a result, having reviewed all the information provided to me, I find the Applicant unsuitable to be granted registration as a Mutual Fund Dealer Salesperson.

June 4, 2004.

"David M. Gilkes"

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
Akrokeri-Ashanti Gold Mines Inc.	27 May 04	08 Jun 04	08 Jun 04	
Albany Court Apartments Inc.	01 Jun 04	11 Jun 04		
Allican Resources Inc.	01 Jun 04	11 Jun 04		
American Resource Corporation Limited	26 May 04	07 Jun 04	07 Jun 04	
Anitech Enterprises Inc.	26 May 04	07 Jun 04	07 Jun 04	
Arcamatrix Corporation	28 May 04	09 Jun 04	09 Jun 04	
AVL Ventures Inc.	25 May 04	04 Jun 04	04 Jun 04	
Bandolac Mining Company, Limited	28 May 04	09 Jun 04	09 Jun 04	
CRMnet.com Inc.	04 Jun 04	16 Jun 04		
Hedman Resources Limited	25 May 04	04 Jun 04	04 Jun 04	
Hydromet Environmental Recovery Ltd.	26 May 04	07 Jun 04	07 Jun 04	
Infocorp Computer Solutions Limited	28 May 04	09 Jun 04	09 Jun 04	
Learnco International Inc.	03 Jun 04	15 Jun 04		
Liard Resources Ltd.	03 Jun 04	15 Jun 04		
Lydia Diamond Exploration of Canada Ltd.	25 May 04	04 Jun 04	04 Jun 04	
Marine Mining Corp.	26 May 04	07 Jun 04	07 Jun 04	
Maxim Atlantic Corporation (formerly IMARK Corporation)	26 May 04	07 Jun 04	07 Jun 04	
Mercantile International Petroleum Inc.	02 Jun 04	14 Jun 04		
Mississauga Teachers Retirement Village Limited Partnership	26 May 04	07 Jun 04		09 Jun 04
Rhonda Corporation	03 Jun 04	15 Jun 04		
Saratoga Capital Corp.	26 May 04	07 Jun 04	09 Jun 04	
SMC Ventures Inc.	04 Jun 04	16 Jun 04		
**The Lodge at Kananaskis Limited Partnership	28 May 04	**09 Jun 04**		11 Jun 04

Company Name	Date of Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Revoke
The Mountain Inn at Ribbon Creek Limited Partnership	28 May 04	09 Jun 04		11 Jun 04
TSI TelSys Corporation	31 May 04	11 Jun 04		09 Jun 04
Vindicator Industries Inc.	26 May 04	07 Jun 04		09 Jun 04
Visionwall Incorporated	03 Jun 04	15 Jun 04		

**** Correction on hearing date from 08 Jun 04**

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
AFM Hospitality Corporation	25 May 04	07 Jun 04	07 Jun 04		
Alegro Health Corp.	25 May 04	07 Jun 04		08 Jun 04	
Alliance Atlantis Communications Inc.	20 May 04	04 Jun 04		04 Jun 04	
** Argus Corporation Limited	25 May 04	**03 Jun 04**	03 Jun 04		
Aspen Group Resources Corp.	20 May 04	02 Jun 04	02 Jun 04		
Atlantis Systems Corp.	25 May 04	07 Jun 04	07 Jun 04		
Cabletel Communications Corp.	25 May 04	07 Jun 04	07 Jun 04		
Hollinger Canadian Newspapers, Limited Partnership	18 May 04	01 Jun 04	01 Jun 04		
Hollinger Inc.	18 May 04	01 Jun 04	01 Jun 04		
Hollinger International Inc.	18 May 04	01 Jun 04	01 Jun 04		
McWatters Mining Inc.	26 May 04	08 Jun 04	08 Jun 04		
Nortel Networks Corporation	17 May 04	31 May 04	31 May 04		
Nortel Networks Limited	17 May 04	31 May 04	31 May 04		

**** Correction on Hearing date from 07 Jun 04.**

Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesScource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

Exempt Financings

The Ontario Securities Commission reminds issuers and other parties relying on exemptions that they are responsible for the completeness, accuracy, and timely filing of Forms 45-501F1 and 45-501F2, and any other relevant form, pursuant to section 27 of the *Securities Act* and OSC Rule 45-501 ("Exempt Distributions").

REPORTS OF TRADES SUBMITTED ON FORM 45-501F1

Transaction Date	Purchaser	Security	Total Purchase Price ($)	Number of Securities
01-May-2004	6 Purchasers	ABC American -Value Fund - Units	1,350,000.00	149,201.00
01-Jun-2004	5 Purchasers	ABC American -Value Fund - Units	750,000.00	83,285.00
01-May-2004	4 Purchasers	ABC Fully-Managed Fund - Units	650,000.00	64,419.00
01-Jun-2004	6 Purchasers	ABC Fully-Managed Fund - Units	950,000.00	94,524.00
01-May-2004	12 Purchasers	ABC Fundamental - Value Fund - Units	2,370,067.20	129,747.00
01-Jun-2004	7 Purchasers	ABC Fundamental - Value Fund - Units	1,165,616.29	63,853.00
07-May-2004	4 Purchasers	Acuity Funds Ltd. - Trust Units	730,219.02	407,783.00
10-May-2004 15-May-2004	6 Purchasers	Acuity Funds Ltd. - Units	751,322.91	42,348.00
10-May-2004	Tim Sweet;Marcia Sweet	Acuity Pooled Canadian Equity Fund - Trust Units	50,000.00	2,310.00
14-May-2004	Samuel Cahoon	Acuity Pooled Conservative Asset Allocation - Trust Units	150,000.00	10,682.00
10-May-2004 15-May-2004	6 Purchasers	Acuity Pooled High Income Fund - Trust Units	751,322.91	42,100.00
10-May-2003	Brian Comfort	Acuity Pooled Short Term Fund - Trust Units	150,853.68	18,676.00
19-May-2004	Stonestreet Limited Partnership	ADB Systems International Inc. - Notes	500,000.00	1.00
22-Apr-2004	Fund 321 Limited Partnership	Airborne Entertainment Inc. - Debentures	3,000,000.00	3,000,000.00

03-Jul-2003	4 Purchasers	APF EN TR CNV - Convertible Debentures	500,000.00	500,000.00
28-Apr-2004	JT Risty Limited	Austin Developments Corp. - Units	54,000.00	150,000.00
07-May-2004	23 Purchasers	Avenue Financial Corporation - Units	870,550.00	8,705,500.00
18-May-2004	8 Purchasers	C1 Energy Ltd. - Common Shares	9,188,750.00	3,675,500.00
20-May-2004	3 Purchasers	Canadian Gold Hunter Corp. - Flow-Through Shares	425,000.00	3,400,000.00
17-May-2004	Nancy Kraft and Lesli B. Marcus	Canadian Shield Resources Inc. - Units	204,800.00	750,000.00
18-May-2004	33 Purchasers	Capital Energy Resources Ltd. - Common Shares	7,710,630.62	10,013,806.00
01-Jan-2001 31-Dec-2003	1 Purchaser	Centaur Balanced - Units	27,012,800.18	2,188,170.00
01-Jan-2001 31-Dec-2003	1 Purchaser	Centaur Bond Fund - Units	18,405,026.13	1,953,986.00
01-Jan-2001 31-Dec-2003	1 Purchaser	Centaur Canadian Equity - Units	19,325,636.27	252,028.00
01-Jan-2001 31-Dec-2003	1 Purchaser	Centaur Global - Units	403,881.78	144,081.00
01-Jan-2001 31-Dec-2003	1 Purchaser	Centaur Int'l - Units	13,259,883.47	1,829,409.00
01-Jan-2001 31-Dec-2003	1 Purchaser	Centaur Money Market - Units	363,512,175.23	36,351,218.00
01-Jan-2001 31-Dec-2003	1 Purchaser	Centaur Small Cap - Units	2,787,843.25	49,598.00
01-Jan-2001 31-Dec-2003	1 Purchaser	Centaur US Equity - Units	9,895,180.54	235,189.00
02-Apr-2004	12 Purchasers	CGX Energy Inc. - Units	2,993,000.00	4,100,000.00
10-Mar-2004	4 Purchasers	Chantry Networks Inc. - Exchangeable Shares	90.42	9,342,750.00
05-Nov-2003	KJH Strategic Invest	Chartwell Seniors Housing Real Estate Investment Trust - Units	40,000.00	4,000.00
06-May-2004	Wayne Schnarr	Chemokine Therapeutics Corp. - Units	25,000.50	35,715.00
19-Dec-2003	4 Purchasers	CIBC World Markets - Units	370,110.00	37,000.00
29-Apr-2004 41-May-2004	11 Purchasers	CME Telemtrix Inc - Units	1,083,999.85	7,226,666.00
14-May-2004	BNY Trust Company of Canada	CNH Capital Canada Receivables Trust - Notes	40,000,000.00	1.00

30-Apr-2004	3 Purchasers	Cogient Corp. - Common Shares	39,999.90	133,333.00
25-May-2004	Credit Risk Advisors;T.A.L. Investment Counsel;Ltd.	Concentra Operating Corporation - Notes	677,027.56	2.00
17-May-2004	Ken Lorimer	Corporate Properties Limited - Common Shares	400,000.00	250,000.00
26-Feb-2004	4 Purchasers	Corporate Properties Limited - Units	200,000.00	100,000.00
19-Feb-2004	3 Purchasers	Covalan Technologies Inc. - Common Shares	49,400.00	76,000.00
19-May-2004	Ronald Zuker	Covalan Technologies Inc. - Common Shares	8,000.00	12,308.00
14-May-2004	9 Purchasers	Covalan Technologies Inc. - Debentures	508,500.00	9.00
28-Oct-2003	2 Purchasers	Covalan Technologies Inc. - Units	420,000.00	646,155.00
30-Apr-2004	19 Purchasers	Cranston, Gaskin, O'Reilly & Vernon - Trust Units	235,202.15	18,655.00
30-Apr-2004	4 Purchasers	Cranston, Gaskin, O'Reilly & Vernon - Trust Units	108,085.92	8,082.00
30-Apr-2004	Waisberg Resources Inc.	Cranston, Gaskin, O'Reilly & Vernon - Units	33,003.87	2,571.00
12-May-2004	Blackboard Ventures;Inc.	DCM IV L.P. - Units	13,705,000.00	10,000,000.00
01-Apr-2003 31-Dec-2003	177 Purchasers	Diciplined Leadership Canadian Equity Fund - Units	5,058,599.93	3,204,651.00
11-Nov-2001 31-Dec-2004	11 Purchasers	Diciplined Leadership Canadian Equity Fund - Units	287,825.00	28,677.00
21-Apr-2004 26-Apr-2004	North American Bond Company and Geffrey H. Alton	Dynex Capital Limited Partnership - Units	1,000,000.00	1,000.00
14-May-2004	5 Purchasers	Ecu Silver Mining Inc. - Shares	416,800.00	262,399.00
29-Apr-2004	16 Purchasers	Elgin Resources Inc. - Subscription Receipts	7,091,649.10	4,171,500.00
11-May-2004	27 Purchasers	EmergenSys Corporation - Special Warrants	1,825,000.00	730,000.00
11-May-2004	28 Purchasers	EmergenSys Corporation - Special Warrants	1,825,000.00	4,562,500.00
06-May-2004	Peter Rebmann	Etruscan Resources Inc. - Units	170,200.00	74,000.00
13-May-2004	6 Purchasers	Flowing Energy Corporation - Flow-Through Shares	5,766,400.00	1,696,000.00
30-Mar-2004	3 Purchasers	Futureway Communications Inc. - Common Shares	3.00	3.00

18-May-2004	21 Purchasers	Gentry Resources Ltd. - Common Shares	8,066,100.00	6,000,000.00
27-Apr-2004	6 Purchasers	Giraffe Capital Corporation - Limited Partnership Units	2,200,000.00	1,738.00
28-Aug-2003	2 Purahcasers	Giraffe Capital Limited Partnership - Limited Partnership Units	250,000.00	288,208.00
30-Apr-2003	Pro-Hedge Multi Manager Elite Fund	Gladiator Limited Partnership - Limited Partnership Interest	32,885.80	1.00
26-May-2004	ITW Canada	GMO Developed World Equity Investment Fund PLC - Units	7,530,095.28	289,174.00
11-May-2004 18-May-2004	25 Purchasers	High Point Resources Inc. - Common Shares	12,473,805.00	5,657,200.00
25-May-2004	Greybrook Corporation	Homeland Security Technology Corporation - Units	200,000.00	146,145.00
30-Apr-2004 05-May-2004	6 Purchasers	Homeland Security Technology Corporation (HSTC) - Preferred Shares	595,808.00	430,000.00
17-May-2004 19-May-2004	Ernst Notz;Mel Glickman	IMAGIN Diagnostic Centres, Inc. - Common Shares	15,000.00	15,000.00
23-Sep-2003	5 Purchasers	Intertape Polymer Group Inc. - Common Shares	500,000.00	50,000.00
13-May-2004	7 Purchasers	INEA Corporation - Preferred Shares	10,388,250.01	349,431,040.00
20-May-2004	5 Purchasers	Jaguar Mining Inc. - Special Warrants	405,000.00	90,000.00
28-May-2004	1504344 Ontario Limited	Jumbo Development Corporation - Common Shares	25,000.00	2,000,000.00
19-May-2004	Rita Baron	KBSH Income Trust - Units	21,000.00	2,068.00
19-May-2004	Rita Baron	KBSH Private - Fixed Income Fund - Units	43,000.00	4,192.00
13-May-2004	15 Purchasers	Kelso Energy Inc. - Units	1,130,500.00	4,522,000.00
20-Apr-2004	5 Purchasers	Kensington Energy Ltd. - Shares	7,316,429.40	5,226,021.00
30-Sep-2003 30-Nov-2003	3 Purchasers	KFA Balanced Pooled Fund - Units	650,000.00	65,501.00
13-May-2004	5 Purchasers	Khan Resources Inc. - Warrants	313,176.50	303,334.00
30-Apr-2004	Michelle Pincus	Kingwest Avenue Portfolio - Units	30,000.00	1,423.00
15-May-2004	11 Purchasers	Kingwest Avenue Portfolio - Units	535,650.00	25,636.00
15-May-2004	Elan Pratzer	Kingwest U.S. Equity Portfolio - Units	75,000.00	6,996.00

29-Apr-2004	Michael McMurrich;Kathy & Greg Chorny	Kirkland Lake Gold Inc. - Common Shares	1,610,000.00	350,000.00
30-Apr-2004	Lancaster Balanced Fund II	Lancaster Canadian Equity Fund - Trust Units	4,000,000.00	274,761.00
30-Apr-2004	Lancaster Balanced Fund II	Lancaster Fixed Income Fund - Trust Units	4,458,077.25	361,309.00
31-Mar-2004	4 Purchasers	LaSalle Canada Realty Ltd. - Common Shares	105,000,000.00	1,050,000.00
14-May-2004	5 Purchasers	Liquid Computing Corporation - Convertible Debentures	1,250,000.00	1,249,925.00
29-Dec-2003	6 Purchasers	Livingston Energy Ltd. - Shares	1,700,000.00	1,700,000.00
14-May-2004	4 Purchasers	LongBow Energy Corp. - Units	1,016,593.82	4,620,881.00
18-May-2004	Roderick Springgay	Madison Enterprises Corp. - Units	9,000.00	36,000.00
01-Jan-2003 31-Dec-2003	Manulife	Manulife Oechsle Global Bond Fund - Units	25,118,217.62	2,789,715,215.00
01-Jun-2004	3 Purchasers	Maple NHA Mortgage Trust - Notes	40,125,000.00	3.00
01-Apr-2003	KJH Strategic Invest	Marret High Yield Hedge Limited Partnership - Limited Partnership Units	200,000.00	36,227.00
13-May-2004	4 Purchasers	MCCI Multi-Channel Communications Inc. - Preferred Shares	1,500,000.00	3,000,000.00
12-May-2004	Merril Lynch Canada Inc.	Merrial Lynch Investments Managers LLC - Units	138,740,000.00	1,000,000,000.00
18-May-2004	5 Purchasers	MIcrosource Online, Inc. - Common Shares	41,400.00	6,900.00
29-Apr-2004	Angelo Culmone	Musicrypt Inc. - Common Shares	87,000.00	100,000.00
27-Apr-2004 14-May-2004	17 Purchasers	New Hudson Television Corp. - Shares	43,950.00	14,650.00
01-Jun-2004	Robert Cook and Kathleen Cook	New Solutions Financial (II) Corporation - Debentures	160,000.00	1.00
29-Apr-2004	4 Purchasers	North American Gold Inc. - Units	180,000.00	310,000.00
12-May-2004	12 Purchasers	Nu XMP Ventures Limited - Units	242,000.10	284,706.00
21-May-2004	Doug Guderian	O'Donnell Emerging Companies Fund - Units	5,450.00	809.00
19-May-2004	29 Purchasers	Oremex Resources Inc. - Units	967,050.00	1,074,500.00
17-May-2004	5 Purchasers	Outlook Resources Inc. - Units	95,000.00	730,770.00

29-Apr-2004 07-May-2004	16 Purchasers	Patch Safety Services Ltd. - Common Shares	3,207,948.00	1,394,600.00
30-Apr-2004	5 Purchasers	Peru Copper Inc. - Notes	241,461.50	181,550.00
20-May-2004	73 Purchasers	Resin Systems Inc. - Units	6,198,730.00	5,390,200.00
05-Aug-2003	5 Purchasers	Retirement Residences Real Estate Investment Trust - Convertible Debentures	1,000,000.00	1,000,000.00
18-May-2004	CMP 2004 Resurce Limited Partnership and Dundee Securities Corporation	RJK Explorations Ltd. - Shares	256,800.00	2,140,000.00
09-Mar-2004	Kojac Investments Ltd.	Rose Corporation, The - Notes	50,000.00	1.00
19-Sep-2003	7 Purchasers	Savana Energy Services Corp. - Common Shares	439,274.50	70,000.00
10-May-2004	23 Purchasers	Sea Green Capital Corp. - Units	189,900.00	1,266,000.00
10-May-2004	Priceton Properties Corp.;Family Vacation Centers Ltd	Sea Green Capital Corp. - Units	85,500.00	570,000.00
07-May-2004	Shred-Tech Inc.	Shred-Tech Corporation - Common Shares	7,830,252.00	2,917,022.00
17-Jun-2004	4 Purchasers	Skulogix Ltd. - Common Shares	1,295,000.00	429,012,509.00
07-May-2004	Clarendon Manor Farms Inc.	Standard Mercantile Bancorp., Limited Partnership - Limited Partnership Units	400,000.00	1.00
11-May-2004	RioCan Real Estate Investment Trust	Sterling Centrecorp Inc. - Convertible Debentures	3,000,000.00	1.00
19-May-2004	21 Purchasers	Stratic Energy Corporation - Units	1,780,000.00	4,450,000.00
29-Apr-2004	44 Purchasers	Stroud Resources Ltd. - Units	1,071,979.88	6,305,764.00
17-Apr-2003	4 Purchasers	The Canam Manac Group Inc. - Convertible Debentures	330,000.00	330,000.00
03-Nov-2003 01-Dec-2003	Royal Bank of Canada	Traxis Fund Offshore L.P. - Limited Partnership Interest	8,986,363.50	1.00
03-Nov-2003	Royal Bank of Canada	Traxis Fund Offshore L.P. - Limited Partnership Interest	1,782,000.00	1.00
10-May-2004	Steel Investments Ltd.	Trez Capital Corporation - Mortgage	150,000.00	150,000.00
10-May-2004	Steel Investments Ltd.	Trez Capital Corporation - Mortgage	150,000.00	150,000.00
18-May-2004	4 Purchasers	Tropic Networks. Inc. - Convertible Debentures	75,047.46	75,047.00
19-Dec-2003	4 Purchasers	UE Waterheater Income Fund - Units	370,110.00	37,000.00

14-May-2004	32 Purchasers	Urbana Corporation - Common Shares	2,400,000.00	24,000,000.00
11-May-2004	5 Purchasers	Van Arbor Canadian Advantage Fund - Units	66,170.00	6,617.00
11-May-2004	6 Purchasers	Van Arbor U.S. Advantage Fund - Units	70,659.00	7,065.00
01-Apr-2004	Credit Risk Advisors LP	Warner Music Group - Notes	328,675.00	250.00
30-Apr-2004	Canaccord Capital Corporation	Wellco Energy Services Trust - Trust Units	5,145,000.00	525,000.00
19-May-2004	27 Purchasers	Westchester Resources Inc. - Special Warrants	2,022,750.00	4,495,000.00
30-Apr-2004	Credit Risk Advisors LP	Wise Metals Group LLC/Wise Alloys Finance Corporation - Notes	500,000.00	500.00

This page intentionally left blank

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Canada Mortgage Acceptance Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 4, 2004
Mutual Reliance Review System Receipt dated June 4, 2004
Offering Price and Description:
$ * (Approximate) Mortgage Pass-Through Certificates, Series 2004-C1
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
TD Securities Inc.
CIBC World Markets Inc.
Promoter(s):
GMAC Residential Funding of Canada, Limited
Project #657574

Issuer Name:
Dynamic Strategic All Income Portfolio
Dynamic Strategic RSP All Equity Portfolio
Dynamic Strategic All Equity Portfolio
Dynamic Strategic RSP High Growth Portfolio
Dynamic Strategic High Growth Portfolio
Dynamic Strategic Balanced Portfolio
Dynamic Strategic Conservative Portfolio
Dynamic Strategic Defensive Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated June 2, 2004
Mutual Reliance Review System Receipt dated June 3, 2004
Offering Price and Description:
Series A Units
Underwriter(s) or Distributor(s):
Goodman & Company, Investment Counsel Ltd.
Goodman & Company, Investment Counsel Ltd.
Promoter(s):
Goodman & Company Investment Counsel Ltd.
Project #656801

Issuer Name:
Franconia Minerals Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated May 28, 2004
Mutual Reliance Review System Receipt dated June 2, 2004
Offering Price and Description:
$ * - * Units
Price: $ * per Unit

Underwriter(s) or Distributor(s):
Clarus Securities Inc.
Promoter(s):
Brian Gavin
Ernest K. Lehmann
Project #656711

Issuer Name:
IG Bissett Canadian Equity Class
IG Mackenzie Universal Global Future Class
Principal Regulator - Manitoba
Type and Date:
Preliminary Simplified Prospectuses dated June 4, 2004
Mutual Reliance Review System Receipt dated June 7, 2004
Offering Price and Description:
Offering Series A and B Shares
Underwriter(s) or Distributor(s):
Investors Group Financial Services Inc.
Les Services Investors Limitee
Investors Group Financial Services Inc.
Promoter(s):
-
Project #657869

Issuer Name:
IG Bissett Canadian Equity Fund
Principal Regulator - Manitoba
Type and Date:
Preliminary Simplified Prospectus dated June 1, 2004
Mutual Reliance Review System Receipt dated June 3, 2004
Offering Price and Description:
Series A and B Units
Underwriter(s) or Distributor(s):
Investors Group Financial Services Inc.
Investors Group Financial Services Inc.
Promoter(s):
Investors Group Financial Services Inc.
Project #656773

Issuer Name:
Marquis All Income Portfolio
Marquis RSP High Growth Portfolio
Marquis High Growth Portfolio
Marquis Defensive Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated June 2, 2004
Mutual Reliance Review System Receipt dated June 3, 2004
Offering Price and Description:
Offering Series A Units
Underwriter(s) or Distributor(s):
Goodman & Company, Investment Counsel Ltd.
Goodman & Company, Investment Counsel Ltd.
Promoter(s):
Goodman & Company, Investment Counsel Ltd.
Project #657034

Issuer Name:
Montec Holdings Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary CPC Prospectus dated June 3, 2004
Mutual Reliance Review System Receipt dated June 4, 2004
Offering Price and Description:
MINIMUM OFFERING: $1,500,000 or 7,500,000 Common Shares
MAXIMUM OFFERING: $1,700,000 or 8,500,000 Common Shares
Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Promoter(s):
Myer Bentob
Project #657560

Issuer Name:
Nature Genetiks Capital Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary CPC Prospectus dated June 2, 2004
Mutual Reliance Review System Receipt dated June 7, 2004
Offering Price and Description:
$600,000 - 4,000,000 common shares
Price: $0.15 per share
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Promoter(s):
Raymond Parent
Project #657731

Issuer Name:
PBB Global Logistics Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 1, 2004
Mutual Reliance Review System Receipt dated June 2, 2004
Offering Price and Description:
$ * - * Subscription Receipts, each representing the right to receive one Unit
Price: $ * per Subscription Receipt
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Canaccord Capital Corporation
National Bank Financial Inc.
Promoter(s):
-
Project #656889

Issuer Name:
Queensland Minerals Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated May 29, 2004
Mutual Reliance Review System Receipt dated June 3, 2004
Offering Price and Description:
$1,800,000 - 6,000,000 Shares and 2,940,000 Common shares upon the exercise of special warrants previously issued @ $0.10 each Price: $0.30 per Share
Underwriter(s) or Distributor(s):
First Associates Investments Inc.
Promoter(s):
Al S. Marton
Craig D. Thomas
Project #657117

Issuer Name:
RBC Target 2020 Education Fund
RBC Target 2015 Education Fund
RBC Target 2010 Education Fund
RBC Global Corporate Bond Fund
RBC Cash Flow Portfolio
RBC Enhanced Cash Flow Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated June 3, 2004
Mutual Reliance Review System Receipt dated June 7, 2004
Offering Price and Description:
Series A and F Units
Underwriter(s) or Distributor(s):
Royal Mutual Funds Inc.
RBC Asset Management Inc.
RBC Dominion Securities Inc.
RBC Asset Management Inc.
Promoter(s):
RBC Asset Management Inc.
Project #657662

Issuer Name:
The Capstone Canadian Equity Trust
The Capstone Balanced Trust
The Capstone International Trust
The Capstone Cash Management Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated June 7, 2004
Mutual Reliance Review System Receipt dated June 8, 2004
Offering Price and Description:
Offering of Units
Underwriter(s) or Distributor(s):
Capstone Consultants Limited
Capstone Consultants Limited
Promoter(s):
Morgan Meighen & Associates Limited
Project #658042

Issuer Name:
Viventia Biotech Inc.
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Prospectus dated June 4, 2004
Mutual Reliance Review System Receipt dated June 8, 2004
Offering Price and Description:
$ * - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
Canaccord Capital Corporation
Jennings Capital Inc.
Wellington West Capital Inc.
Research Capital Corporation
Promoter(s):
-
Project #630643

Issuer Name:
Windsor Auto Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 4, 2004
Mutual Reliance Review System Receipt dated June 4, 2004
Offering Price and Description:
* % Auto Loan Receivables-Backed Class A-1 Pay-Through Notes, Series 2004-A
$ *
* % Auto Loan Receivables-Backed Class A-2 Pay-Through Notes, Series 2004-A
$ *
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Promoter(s):
DaimlerChrysler Services Canada Inc.
Project #657621

Issuer Name:
Acclaim Energy Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated June 3, 2004
Mutual Reliance Review System Receipt dated June 3, 2004
Offering Price and Description:
$200,287,500.00 - 16,350,000 Subscription Receipts, each representing the right to receive one trust unit and $75,000,000.00 - 8.0% Convertible Extendible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
TD Securities Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
FirstEnergy Capital Corp.
Canaccord Capital Corporation
Raymond James Ltd.
Desjardins Securities Inc.
Dundee Securities Corporation
Promoter(s):
-
Project #652518

Issuer Name:
AIC Total Yield Corporate Class
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated May 31, 2004 to Final Simplified Prospectus and Annual Information Form dated March 25, 2004
Mutual Reliance Review System Receipt dated June 8, 2004
Offering Price and Description:
Mutual Fund Shares and Class F Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #614671

Issuer Name:
AltaGas Income Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated June 3, 2004
Mutual Reliance Review System Receipt dated June 4, 2004
Offering Price and Description:
$80,410,000.00 - 4,300,000 Trust Units at $18.70 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Clarus Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Peters & Co. Limited
Promoter(s):
-
Project #652329

Issuer Name:
Clearwater Seafoods Income Fund
Principal Regulator - Nova Scotia
Type and Date:
Final Short Form Prospectus dated June 3, 2004
Mutual Reliance Review System Receipt dated June 4, 2004
Offering Price and Description:
$50,000,000.00 7.00% Convertible Unsecured Subordinated Debentures at a price of $1,000 per Debenture
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
TD Securities Inc.
Beacon Securities Limited
National Bank Financial Inc.
Promoter(s):
-
Project #652389

Issuer Name:
Cygnal Technologies Corporation
Type and Date:
Final Prospectus dated June 3, 2004
Receipted on June 4, 2004
Offering Price and Description:
$10,000,000.00 - 4,000,000 Common Shares issuable upon the exercise of 4,000,000 Special Warrants PRICE: $2.50 per Special Warrant
Underwriter(s) or Distributor(s):
Orion Securities Inc.
Sprott Securities Inc.
First Associates Investments Inc.
Loewen, Ondaatje, McCutcheon Limited
Raymond James Ltd.
Promoter(s):
-
Project #632699

Issuer Name:
Templeton Growth Fund, Ltd.
Templeton Growth RSP Fund
Templeton International Stock Fund
Templeton International Stock RSP Fund
Templeton Emerging Markets Fund
Templeton Emerging Markets RSP Fund
Templeton Global Smaller Companies Fund
Templeton Global Smaller Companies RSP Fund
Templeton Global Balanced Fund
Templeton Global Balanced RSP Fund
Templeton Global Bond Fund
Templeton Canadian Stock Fund
Templeton Canadian Asset Allocation Fund
Templeton Balanced Fund
Franklin U.S. Large Cap Growth Fund
Franklin U.S. Large Cap Growth RSP Fund
Franklin U.S. Small Cap Growth Fund
Franklin U.S. Small Cap Growth RSP Fund
Franklin Flex Cap Growth Fund
Franklin Flex Cap Growth RSP Fund
Franklin World Health Sciences and Biotech Fund
Franklin World Health Sciences and Biotech RSP Fund
Franklin World Telecom Fund
Franklin World Telecom RSP Fund
Franklin Technology Fund
Franklin Technology RSP Fund
Franklin World Growth Fund
Franklin World Growth RSP Fund
Franklin High Income Fund
Franklin Strategic Income Fund
Bissett Canadian Equity Fund
Bissett Small Cap Fund
Bissett Large Cap Fund
Bissett Microcap Fund
Bissett American Equity Fund
Bissett American Equity RSP Fund
Bissett Multinational Growth Fund
Bissett Multinational Growth RSP Fund
Bissett International Equity Fund
Bissett Canadian Balanced Fund
Bissett Dividend Income Fund
Bissett Bond Fund
Bissett Income Fund
Bissett Income Trust and Dividend Fund
Bissett Canadian Short Term Bond Fund
Mutual Beacon Fund
Mutual Beacon RSP Fund
Mutual Discovery Fund
Mutual Discovery RSP Fund
Franklin Templeton Treasury Bill Fund
Franklin Templeton U.S. Money Market Fund
Franklin Templeton Money Market Fund
Templeton Growth Tax Class
Templeton International Stock Tax Class
Templeton Emerging Markets Tax Class
Templeton Global Smaller Companies Tax Class
Templeton Canadian Stock Tax Class
Templeton European Tax Class
Templeton China Tax Class
Franklin U.S. Large Cap Growth Tax Class
Franklin U.S. Small Cap Growth Tax Class

Franklin Flex Cap Growth Tax Class
Franklin World Health Sciences and Biotech Tax Class
Franklin World Telecom Tax Class
Franklin Technology Tax Class
Franklin World Growth Tax Class
Franklin Japan Tax Class
Franklin Templeton Diversified Income Tax Class Portfolio
Franklin Templeton Balanced Income Tax Class Portfolio
Franklin Templeton Balanced Growth Tax Class Portfolio
Franklin Templeton Growth Tax Class Portfolio
Franklin Templeton Global Growth Tax Class Portfolio
Franklin Templeton Maximum Growth Tax Class Portfolio
Bissett Canadian Equity Tax Class
Bissett Small Cap Tax Class
Bissett Multinational Growth Tax Class
Bissett Bond Tax Class
Mutual Beacon Tax Class
Mutual Discovery Tax Class
Franklin Templeton Money Market Tax Class
Franklin Templeton U.S. Money Market Tax Class
Franklin Templeton Diversified Income Portfolio
Franklin Templeton Balanced Income Portfolio
Franklin Templeton Balanced Growth Portfolio
Franklin Templeton Growth Portfolio
Franklin Templeton Global Growth Portfolio
Franklin Templeton Maximum Growth Portfolio
Principal Regulator - Ontario

Type and Date:
Final Simplified Prospectuses dated May 28, 2004
Mutual Reliance Review System Receipt dated June 4, 2004

Offering Price and Description:
Series A, F,I, O and T Units @ Net Asset Value and Series A, F, I and O Shares @ Net Asset Value

Underwriter(s) or Distributor(s):
Franklin Templeton Investments Corp.
Franklin Templeton Investments Corp.
Bissett Investment Management, a division of Franklin Templeton Investments Corp.
Franklin Templeton Investments Corp.

Promoter(s):
-

Project #633130

Issuer Name:
Gloucester Credit Card Trust
Principal Regulator - Ontario

Type and Date:
Final Short Form Prospectus dated June 2, 2004
Mutual Reliance Review System Receipt dated June 3, 2004

Offering Price and Description:
$253,500,000 5.376% Series 2004-1 Class A Notes, Expected Final Payment Date of May 15, 2014; and $46,500,000 6.486% Series 2004-1 Collateral Notes, Expected Final Payment Date of May 15, 2014

Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.

Promoter(s):
-

Project #651083

Issuer Name:
SEI Investments Group of Funds
Canadian Equity Fund
Canadian Small Company Equity Fund
U.S. Large Company Equity Fund
U.S. Small Company Equity Fund
EAFE Equity Fund
Emerging Markets Equity Fund
Canadian Fixed Income Fund
Long Duration Bond Fund
Real Return Bond Fund
Money Market Fund
International Synthetic Fund
U.S. Large Cap Synthetic Fund
U.S. MidCap Synthetic Fund
Canadian Index Fund
Canadian Large Cap Index Fund
Canadian Fixed Income Index Fund
Enhanced Global Bond Fund
Income 100 Fund (formerly Conservative Income Fund)
Income 20/80 Fund (formerly Diversified Income Fund)
Income 30/70 Fund (formerly Income Growth Fund)
Balanced 40/60 Fund (formerly Balanced Income Fund)
Balanced 50/50 Fund (formerly Conservative Balanced Fund)
Balanced 60/40 Fund (formerly Core Balanced Fund)
Growth 70/30 Fund (formerly Balanced Growth Fund)
Growth 80/20 Fund (formerly Balanced Growth Plus Fund)
Growth 100 Fund (formerly Diversified Equity Fund)
Global Growth 100 Fund (formerly Global Equity Fund)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 31, 2004
Mutual Reliance Review System Receipt dated June 8, 2004
Offering Price and Description:
Class O Units, Class I Units, Class P Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
SEI Investments Canada Company
Project #635408

Issuer Name:
NAV Energy Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated June 3, 2004
Mutual Reliance Review System Receipt dated June 3, 2004
Offering Price and Description:
$50,000,000.00 - 50,000 8.75% Convertible Unsecured Subordinated Debentures at a price of $1,000 per Debenture
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
TD Securities Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
FirstEnergy Capital Corp.
Sprott Securities Inc.
Promoter(s):
-
Project #650926

Issuer Name:
Northwest Canadian Equity Fund
Northwest Money Market Fund (Formerly Maestral Money Market Fund)
Northwest Canadian Bond Fund (Formerly Maestral Canadian Bond Fund)
Northwest Canadian Dividend Fund (Formerly Maestral Canadian Dividend Fund)
Northwest Growth and Income Fund (Formerly Northwest Balanced Fund)
Northwest Foreign Equity Fund
Northwest U.S. Equity Fund (Formerly Maestral American Equity Fund)
Northwest EAFE Fund (Formerly Maestral Global Equity Fund)
Northwest RSP Foreign Equity Fund
Northwest Specialty High Yield Bond Fund
Northwest Specialty Equity Fund
Northwest Specialty Innovations Fund
Northwest Specialty Québec Growth Fund Inc. (Formerly Maestral Quebec Growth Fund Inc.)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 4, 2004
Mutual Reliance Review System Receipt dated June 7, 2004
Offering Price and Description:
Series A units, Series F units and Series I units
Underwriter(s) or Distributor(s):
Desjardins Trust Inc.
Desjardins Trust
Northwest Mutual Funds Inc.
Desjardins Trust Investment Services Inc.
Promoter(s):
Northwest Mutual Funds Inc.
Project #637463

Issuer Name:
Pan African Mining Corp.
Principal Regulator – British Columbia
Type and Date:
Final Prospectus dated May 31, 2004
Mutual Reliance Review System Receipt dated June 2, 2004
Offering Price and Description:
$5,000,000.00 - Offering: 5,000,000 Units - Offering Price: $1.00 per Unit
Underwriter(s) or Distributor(s):
Bolder Investment Partners, Ltd.
Haywood Securities Inc.
Promoter(s):
Irwin Olian
Project #634498

Issuer Name:
Yellow Pages Income Fund
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated June 4, 2004
Mutual Reliance Review System Receipt dated June 4, 2004
Offering Price and Description:
$743,332,590.00 - 66,666,600 Units consisting of Fully Paid Units and Instalment Receipt Units at a price of $11.15 per Unit.
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
Raymond James Ltd.
Promoter(s):
Yellow Pages Group Co.
Project #653818

This page intentionally left blank

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: Richter Wealth Management Inc. To: RSM RICHTER WEALTH MANAGEMENT INC./GESTION DU PATRIMOINE RSM RICHTER INC.	Extra-Provincial Investment Counsel & Portfolio Manager	May 26, 2004
Amalgamation	Skylon Advisors Inc. and Venturelink Advisors Inc. To Form: Skylon Advisors Inc.	Investment Counsel/Portfolio Manager and Limited Market Dealer	June 1, 2004
Change in Category	Japa International Limited	From: Investment Counsel To: Investment Counsel and Portfolio Manager	June 1, 2004

This page intentionally left blank

Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 Commission Approval of Proposed Amendments to IDA Regulation 800: Proposed New Regulation 800.49 Regarding Broker-to-Broker Trade Matching — IDA Summary of Comments and Responses

THE INVESTMENT DEALERS ASSOCIATION OF CANADA (IDA)
NOTICE OF COMMISSION APPROVAL
PROPOSED AMENDMENTS TO IDA REGULATION 800 - *TRADING AND DELIVERY*: PROPOSED NEW REGULATION 800.49 REGARDING BROKER-TO-BROKER TRADE MATCHING

The Ontario Securities Commission approved proposed amendments to IDA Regulation 800 — *Trading and Delivery*, which amendments involve the addition of new Regulation 800.49 regarding Broker-to-Broker Trade Matching. In addition, the Alberta Securities Commission approved, and the British Columbia Securities Commission did not object to, the proposed amendments.

A copy and description of an initial proposed new Regulation 800.49 were published on November 8, 2002, at (2002) 25 OSCB 7396. As a result of staff review and comments, the IDA modified its proposal. A copy and description of the revised new Regulation 800.49 were published on February 13, 2004, at (2004) 27 OSCB 2038. The Regulation requires IDA members to enter the details of non-exchange trades in depository eligible securities into an *Acceptable Trade Matching Utility*. Such a utility has been developed by The Canadian Depository for Securities Limited as part of the development of its new CDSX system (the CDSX Broker-to-Broker Trade Matching Utility). The IDA received comments from one bank-owned dealer, but no changes were required to the revised Regulation. The IDA's summary of comments and responses is published below in Appendix "A".

Appendix "A"

SUMMARY OF PUBLIC COMMENTS
IDA'S RESPONSES TO COMMENTS RECEIVED ON PROPOSED NEW REGULATION 800.49

On February 13, 2004, proposed Regulation 800.49 regarding Broker-to-Broker Trade Matching was published for comment.

The IDA received one comment letter from BMO Financial Group dated April 6, 2004 (which updated the comments contained in a previous letter dated February 10, 2004).

Summary of Written Comments Received on the Proposed Regulations and Policy

Timing of Rule Implementation

Comment

The implementation date for near real time (M1) matching and the penalties for non-compliance should be aligned with regulatory or industry rules or policies that are being considered to support institutional trade matching on trade date (part of the industry-wide straight through processing initiative).

Response

The commenter's concern is not with the proposed rule but rather is with the timing of its implementation. We believe we are addressing the commenter's concern with the following rule implementation approach:

1. **Implement in June 2004 all aspects of proposed Regulation 800.49 with the exception of the one hour reporting requirement to be used for M1 matching** – This will effectively require all IDA Member firms that are CDS participants to use the matching facility when it is launched by the Canadian Depository for Securities in June 2004.

2. **Commence monitoring of the one hour reporting requirement in December 2004 after the matching facility has been in operation for six months**.

3. **Implement and enforce the one hour reporting requirement in June 2005** – This will give all IDA Member firms one year to develop near real time (M1) reporting capabilities. June 2005 is also the target date for the straight through processing initiatives that relate to trade date institutional trade matching.

Further, we will revisit in December 2004 the appropriateness of the June 2005 enforcement date for the one hour reporting requirement by assessing at that time the state of industry preparedness for trade date institutional trade matching.

Technical Specifications of Matching Utility

Comment

With respect to the technical specifications of the trade matching facility, a common definition of a Direct Participant (DP) trade needs to be agreed to by the industry and the handling of multi-fills and invoiced trades needs to be determined.

Response

After discussions with the commenter, it is our understanding that they are satisfied that these technical specification issues and others will be addressed by CDS's B2B Service Bureau/Mini Dry Run User Group.

Rule Enforcement

Comment

What governance mechanisms or penalties are planned for non-compliance with IDA Regulation 800.49?

Response

As discussed in the implementation section, it is intended that one hour reporting requirement will be enforced starting in June 2005 (or a later date if implementation is delayed). The enforcement approach taken will be no different than the approach taken for any other IDA rule. Specifically, the IDA does not intend to impose "late penalties" for Member firms that are not meeting the one-hour reporting requirement.

Chapter 25

Other Information

25.1 Approvals

25.1.1 Fairway Advisors Inc. - cl. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act - application for approval to act as trustee.

Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., clause 213(3)(b).

May 25, 2004

McMillan Binch LLP
BCE Place, Suite 4400
Bay Wellington Tower
181 Bay Street
Toronto, Ontario
Canada M5J 2T3

Attention: Banu Ozlem Unal

Dear Sirs/Mesdames:

Re: Application by Fairway Advisors Inc. ("Fairway") for approval to act as trustee of the Global Preferred Trust to be established in connection with an offering of units of Global Preferred Securities Trust, and any future trusts to be established and managed by Fairway from time to time (together the "Future Trusts")
Application No. 477/04

Further to the application dated May 4, 2004 and supplemented by letter dated May 18, 2004, (together the "Application") filed on behalf of Fairway and based on the facts set out in the Application, pursuant to the authority conferred on the Ontario Securities Commission (the "Commission") in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that Fairway act as trustee of the Global Preferred Trust and the Future Trusts.

"Susan Wolburgh Jenah" "Wendell S. Wigle"

This page intentionally left blank

Index