The Ontario Securities Commission

OSC Bulletin

July 9, 2004

Volume 27, Issue 28

(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)

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

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

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

U.S.	$175
Outside North America	$400

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

ISSN 0226-9325

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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

JULY 9, 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
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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
July 21, 2004 9:30 a.m.	**Buckingham Securities Corporation, David Bromberg*, Norman Frydrych, Lloyd Bruce and Miller Bernstein & Partners LLP (formerly known as Miller Bernstein & Partners)** s. 127 J. Superina in attendance for Staff Panel: PMM * David Bromberg settled April 20, 2004
July 30, 2004 (on or about) 10:00 a.m.	**Mark E. Valentine** s. 127 A. Clark in attendance for Staff Panel: TBD
August 24, 2004 (on or about) 10:00 a.m.	**Brian Anderson and Flat Electronic Data Interchange ("F.E.D.I.")** s. 127 K. Daniels in attendance for Staff Panel: HLM/RLS

September 29, 2004 10:00 a.m.	**Cornwall *et al*** s. 127
September 30, 2004 and October 1, 2004 2:00 p.m.	K. Manarin in attendance for Staff Panel: HLM/RWD/ST
October 4, 5, 13-15, 2004 10:00 a.m.	
October 18 to 22, 2004 October 27 to 29, 2004 November 2, 3, 5, 8, 10-12, 15, 17, 19, 2004 10:00 a.m.	**ATI Technologies Inc., Kwok Yuen Ho, Betty Ho, JoAnne Chang, David Stone, Mary de La Torre, Alan Rae and Sally Daub** s. 127 M. Britton in attendance for Staff Panel: PMM/MTM/PKB
January 24 to March 4, 2005, except Tuesdays and April 11 to May 13, 2005, except Tuesdays 10:00 a.m.	**Philip Services Corp. *et al*** s. 127 K. Manarin in attendance for Staff Panel: PMM/RWD/ST

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

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 IDA Regulation 100.22, Regulation 2500 and Policy No. 10 Regarding Day Trading and Intra-Day Exposures

THE INVESTMENT DEALERS ASSOCIATION OF CANADA (IDA)

PROPOSED REGULATION 100.22, REGULATION 2500 AND POLICY NO. 10

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved proposed IDA Regulation 100.22, Regulation 2500 and Policy No. 10 regarding Day Trading and Intra-Day Exposures. In addition, the Alberta Securities Commission approved and the British Columbia Securities Commission did not object to the proposed regulations. The proposed regulations impose sales conduct requirements on investment dealers to ensure that they will only promote a day trading strategy to suitable clients based on their risk tolerance and financial position, and impose margin requirements on all pattern day traders to address intra-day financial risk. A copy and description of the proposed regulations were published on October 31, 2003, at (2003) 26 OSCB 7203. The IDA received one comment letter, but no changes were required to the revised Regulation. The IDA's summary of comments and responses is published in Chapter 13 of this Ontario Securities Commission Bulletin — *SRO Notices and Disciplinary Proceedings*.

1.1.3 OSC Compliance Team, Capital Markets Branch 2004 Annual Report

2004 ANNUAL REPORT
COMPLIANCE TEAM,
CAPITAL MARKETS BRANCH, OSC

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2004 ANNUAL REPORT
COMPLIANCE TEAM,
CAPITAL MARKETS BRANCH, OSC

Introduction

The Compliance team of the Capital Markets branch of the Ontario Securities Commission (OSC) has prepared this report to provide guidance to investment counsel and portfolio managers (ICPMs) in complying with Ontario securities law.

The report on our activities from April 1, 2003 to March 31, 2004 is divided into two parts. The first part describes various compliance initiatives and issues relating to market participants, including ICPMs. The second part of the report deals with common deficiencies identified during compliance reviews of ICPMs. For each deficiency identified, we also include some suggested guidelines to assist ICPMs in improving their existing procedures, establishing procedures in areas where they are lacking, and to give general guidance that can help in improving the overall compliance environment. Our intent is to educate ICPMs about compliance practices and to encourage strong compliance and internal control environments. We encourage all ICPMs to use this report as a self-assessment tool to strengthen your compliance with Ontario securities law.

We issued similar reports in the previous two years. Part II of the report will highlight changes in our findings from the previous year for comparative purposes.

Similar to the previous year's annual report, we have included in Appendix A the listing of books and records that we request prior to the commencement of a compliance field examination. This is a generic listing and depending on the nature of your business, some of the items may not be applicable. ICPMs should review the listing and ensure that these books and records, if applicable, are readily available and properly maintained.

Part I. Initiatives and Other Issues

Market Timing and Late Trading

As a result of widespread trading abuses of mutual fund securities in the United States, the OSC launched its own probe into mutual fund practices on late trading and market timing. Late trading is an illegal activity which occurs when purchase or redemption orders are received after the close of business, but are filled at that day's price rather than the next day's price as required by National Instrument 81-102. Market timing involves short-term trading of mutual fund securities to take advantage of short-term discrepancies between the price of a mutual fund's securities and the stale values of the securities within the fund's portfolio. While not illegal, market timing may be detrimental to the mutual fund and its long term investors. As a result, a fund manager may be in violation of its fiduciary duty to act in the best interest of its mutual funds.

Phase one of the OSC's probe commenced in November 2003 and involved sending a letter to 105 managers of publicly offered retail mutual funds in Ontario. Fund managers were required to confirm that they have effective policies and procedures in place to detect and prevent trading abuses. The responses were analyzed and areas requiring further examination were identified. Phase two of the probe began in February 2004 and more detailed information was requested from approximately one-third of the 105 fund managers originally surveyed in phase one. The selection of fund managers in phase two of the probe was based on the information they provided and also included a random sampling of managers. The data collected in phase two of the probe identified factors requiring follow-up to determine whether any trading abuses have taken place. The follow-up information is being obtained through on-site visits of certain fund managers by joint Compliance and Enforcement teams of the OSC as part of phase three of the probe which commenced in May 2004. The OSC is sharing information with the Investment Dealers Association (IDA) and the Mutual Fund Dealers Association (MFDA) and based on the findings from the on-site visits, will take appropriate regulatory action.

Review of Scholarship Plan Dealers

In May 2003, we reviewed the operations of the five scholarship plan dealers registered with the OSC. The review was performed as part of a National Compliance Review with the participation of six other provincial securities regulators. Our review looked at both the head office and branch operations of the dealers, while the other participating jurisdictions focused only on reviews of the branches. The findings were consistent among all the participating jurisdictions and many deficiencies were noted as a result of inadequate compliance structures. In particular, the supervision of sales representatives, the review of trade transactions and new accounts and the use of misleading marketing materials were major issues identified during the reviews.

Each firm responded to the deficiencies identified during the compliance reviews and indicated the action that they would take to resolve each deficiency. In April 2004, we revisited the dealers to perform a limited follow-up review to assess whether the corrective actions were successfully implemented. We are continuing to work with the scholarship plan dealers to ensure that improved compliance and internal controls are implemented and enforced. More information on the findings from these reviews will be published in an Industry Report in the near future. The report will highlight the common deficiencies noted and some

suggested guidelines in a format similar to this report. Those dealers that have not taken adequate measures to correct the deficiencies may also be subject to further regulatory action.

Referral Arrangements

The OSC has received a number of exemption applications and queries relating to acceptable referral arrangements. We are leading a policy project on referral arrangements in order to develop a staff position on this issue. We will consider several issues, including what constitutes a referral arrangement, what parties can enter into a referral arrangement and whether registration will be required for parties entering into a referral arrangement. We will continue this OSC initiative in fiscal 2005 in order to develop our policy position on these arrangements.

Business Arrangements

Accommodating clients' needs poses problems for mutual fund dealers whose registration category limits the type of investments in which they can deal. In response to these competitive pressures, some mutual fund dealers have entered into arrangements with investment dealers to meet their clients' needs. These arrangements include joint service arrangements, omnibus accounts at investment dealers and referral arrangements. We have regulatory concerns about the possible implications of these arrangements and whether mutual fund dealers are acting outside of their category of registration. Compliance and Market Regulation staff have been working with the self-regulatory organizations to analyze the issues. The MFDA and the IDA have also looked at these business arrangements and provided joint recommendations to the OSC, however, we continue to have concerns about these arrangements. We communicated the recommendations and our concerns to the Commission and we will be consulting with the public in fiscal 2005 in order to develop appropriate solutions to these issues.

Update on Risk Assessment Project

In fiscal 2001, we initiated a project to develop a risk-based selection model for routine compliance examinations of advisers and fund managers. The model is intended to focus our staffing resources on those market participants and the specific areas of their operations considered to be the most risky. The model calculates a risk score for each market participant based on responses from the risk assessment questionnaires which were initially distributed to all market participants in fiscal 2002. The risk assessment questionnaires were developed to populate the model by gathering information from market participants on their operations, nature of their products and client base. The risk score generated from these questionnaires corresponds to a specific risk ranking of high, medium-high, medium-low and low.

Commencing in April 2003, we implemented our risk-based approach for performing compliance reviews. As a first step, we met with senior management of all market participants who were assigned a high risk score to communicate their overall risk ranking and to discuss those areas of their operations which contributed to their score. As a general practice, the disclosure of a market participant's risk score is provided on a confidential basis at the completion of our compliance review.

In May 2004, all advisers and fund managers were asked to complete a revised risk assessment questionnaire with information that is current as at March 31, 2004. During the summer of 2004, we will be reviewing the risk assessment questionnaires that have been submitted to ensure that the information is complete and accurate. Consistent with the previous practice, a risk score and corresponding ranking will be generated for all fund managers and advisers. Not only will the ranking assist us to determine the frequency, extent and timing of a field review, but the completed questionnaires will assist us in further developing the risk assessment model.

Proxy Voting

For the period April 1, 2003 to March 31, 2004, we noted an increase in the number of deficiencies relating to proxy voting. Although the issue was not included as one of the common ICPM deficiencies listed in Part II, 45% of firms reviewed had deficiencies related to proxy voting as compared to 17% in the previous year. Part of the reason for this increase was our additional focus on this area as part of our field examinations during the past year.

Ontario securities law does not explicitly address the obligations of advisers and fund managers to vote proxies on behalf of their clients. The exception to this applies to advisers who have a requirement to vote clients' proxies in accordance with their written instructions, when given. Otherwise, Ontario securities law does contain general principles that may be applied to an adviser's proxy voting duties. For example, advisers are required to develop and enforce written policies and procedures that conform with prudent business practice which enable them to adequately serve their clients. Furthermore, advisers have a duty to deal fairly, honestly and in good faith with their clients. Accordingly, advisers should have written policies and procedures that provide guidance on proxy voting for both contentious and routine matters, the responsibility for proxy voting should be outlined in the advisory contracts and clients' proxies should be voted in their best interests.

Recent compliance field reviews have shown that many advisers have inadequate written policies and procedures on proxy voting. Also, we noted that proxies were not always voted and there was no process to deal with contentious matters. Another common issue was the lack of disclosure of the proxy voting responsibility in the investment management agreement with clients.

Part II. Common ICPM Deficiencies

This part of the report discusses those deficiencies that occurred with the most frequency based on Compliance examinations conducted from April 1, 2003 to March 31, 2004. A necessary element of a market participant's business is a compliance program that effectively addresses the inherent risks in the business of advising and helps the firm meet its compliance obligations under securities law. An effective compliance program increases the firm's compliance with regulatory requirements. This report is meant to provide guidance and help ICPMs review their compliance programs, supervisory and internal control procedures and to establish a stronger compliance environment.

The ten most common deficiencies noted in our reviews of ICPMs are shown in the chart below with comparatives from the previous year.[1]

COMMON DEFICIENCY	2004 Ranking	2004 %[2]	2003 Ranking	2003 %
Policies and procedures manual	1	97	3	83
Policy for fairness in the allocation of investment opportunities	2	85	2	90
Statement of policies	3	82	5	72
Portfolio management	4	82	7	59
Maintenance of books and records	5	79	1	90
Capital calculations	6	73	4	83
Registration issues	7	61	6	62
Marketing	8	61	8	55
Personal trading	9	55	10	48
Know your client and suitability information	10	48	9	52

The common deficiencies are presented under broad headings which comprise a myriad of weaknesses. Our findings reflect that ICPMs may have one or more of these weaknesses and would therefore, be included in the overall percentage of firms being deficient. They are not meant to imply that firms were deficient in all of the areas that would be grouped under one common deficiency.

The above chart indicates that there has been no change to the common deficiencies from those identified in the previous review period. This would be expected to some degree since the firms reviewed each year differ from those examined in the prior year. Also, due to the scope of our compliance review program and the areas that are examined at each ICPM, it is not unusual to experience similarities from year to year, especially due to the broad headings used as described above. Unfortunately, it appears that the incidence of some of these deficiencies has increased from the previous year as indicated by the higher percentage of firms being deficient. It is hoped that ICPMs will use this report as a learning tool and review the noted deficiencies and the suggested guidelines such that the occurrence of these deficiencies will be reduced.

In general, no significant improvements were noted from the previous year. The most negative trend was noted in the area of portfolio management with 82% of firms experiencing issues in this area as compared to 59% in the prior year. The types of issues noted for each of the common deficiencies will be dealt with in more detail in the section below.

1. Policies and procedures manual

ICPMs are required to establish and enforce written policies and procedures that will enable them to serve their clients adequately. ICPMs should prepare a policies and procedures manual which contains the relevant regulatory requirements. Policies and procedures which are clearly documented and enforced contribute to a strong compliance environment.

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1 We also identified issues in numerous other areas at ICPMs, such as: monitoring of subadvisers, statement of client's portfolio, allocation of commissions, conflicts of interest, cross transactions, soft dollar issues, related registrant disclosure, annual consent to trade securities of related and connected issuers, compliance function, adhering to the terms and conditions of registration, insurance coverage, exempt securities issues, early warning and insider trading reporting, proxy voting issues, United Nations Suppression of Terrorism monthly reporting, internal controls, segregation of duties, trust accounts, agreements with service providers, and confidentiality agreements.

2 The percentage is based on the number of ICPMs noted with this deficiency.

During our reviews, we observed the following:

- The procedures used in practice were not consistent with the procedures outlined in the manual
- The procedures outlined in the manual did not apply to the business conducted
- The manual did not reflect recent changes to the rules and regulations of the Act or other applicable legislation, in particular those related to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act and Regulations*
- The policies and procedures manual contained out-dated references to the rules and regulations of the Act
- The manual did not contain procedures covering all major areas of the business
- The manual was not sufficiently detailed
- The manual was not made available to all staff

Suggested practices

Each ICPM should establish and enforce a written policies and procedures manual that is sufficiently detailed, updated periodically, and covers all areas of its business. The following list of topics should be considered for inclusion in a standard manual:

Portfolio Management

- Collection, documentation, and timely updating, of Know Your Client (KYC) and suitability information for clients
- Compliance with client's specified investment restrictions or any other instructions
- Performance of sufficient research to support investment decisions
- Supervision of sub-advisers and junior portfolio managers

Trading and Brokerage

- Guidelines on the selection of brokers
- Obtaining best price and best execution for clients
- Fairness in allocation of investment opportunities among client accounts
- Executing trades in a timely manner and in accordance with instructions
- Monitoring and resolving failed trades and trading errors
- Guidelines on soft dollar arrangements with brokers

Compliance

- Compliance with all regulatory requirements, including reviewing the opening of accounts, and subsequent trades for suitability
- Ensure registration forms/notices/filings are submitted within the specified period
- Preparation and monitoring of monthly capital calculations
- Insider reporting and early warning reporting
- United Nations Suppression of Terrorism monthly reporting
- Monitoring and resolving conflicts of interest and personal trading

- Handling of client complaints
- Compliance with regulatory requirements of all jurisdictions where business is conducted

Money Laundering Prevention

- Definition of "money laundering" and examples of suspicious transactions
- Handling of prescribed and suspicious transactions
- Procedures to report prescribed and suspicious transactions to the Financial Transactions and Reports Analysis Centre of Canada
- Documenting the records which should be maintained under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act and Regulations*

Proxy Voting

- Guidelines ensuring all proxies are voted in the best interest of clients and in a timely manner
- Maintaining a record of the receipt of proxies and how they are voted
- Guidance with respect to voting on different issues (e.g. management stock options, poison pills, acquisitions), including dealing with conflicts of interest
- Procedures to ensure proxies are voted in accordance with internal policies

2. Policy for fairness in allocation of investment opportunities

Every investment counsel must have standards to ensure fairness in the allocation of investment opportunities among its clients. ICPMs are required to prepare a written fairness policy dealing with the allocation of investment opportunities among clients. The policy must be filed with the Commission as well as distributed to all clients. The policy should specify the method used by the ICPM to allocate securities purchased in block trades and/or initial public offerings (IPOs) to client accounts, including their in-house pools. The policy should also include the method used by the ICPM to allocate price and commissions on these trades among client accounts. Advisers have a fiduciary duty to clients to allocate trades equitably among client accounts.

During our reviews, we observed the following:

- The ICPM had not prepared a fairness policy
- The ICPM had not filed the most current fairness policy with the Commission and/or did not provide all clients with a recent copy
- The fairness policy did not include a methodology for allocating block trades and how the security prices and commissions will be determined
- The fairness policy did not include a methodology for allocating partial fills, and limited issues
- The policy contained incorrect information

Suggested practices

Each ICPM should tailor its fairness policy to address all relevant areas of its business. At a minimum, it should state:

- How price and commissions are allocated among client accounts when trades are blocked
- How block trades are allocated among client accounts when there is only a partial fill
- The process for determining which clients will participate in "hot issues" and IPOs
- The process for the allocation of prices and commissions for block trades that are filled in different lots and/or at different prices

3. Statement of policies

ICPMs who provide advice with respect to their own securities or securities of certain issuers who are connected or related to them are required to disclose these relationships. Every registrant is required to include this disclosure in a statement of policies which is to be filed with the Commission, as well as distributed to each client. Regulation 223 requires that registrants prepare and file a statement of policies with the Commission as well as provide a copy to their clients.

During our reviews, we observed some the following deficiencies:

- The ICPM had not prepared a statement of policies
- The ICPM had not filed the most current statement of policies with the Commission and/or did not provide all clients with a copy
- The ICPM had not updated its statement of policies to include all related issuers
- The ICPM did not list its own pooled funds/mutual funds as related issuers
- The ICPM did not describe the nature of its relationship with related and connected issuers
- The disclosure required in Regulation 223(1)(d) was not in bold type

Suggested practices

- A current statement of policies should be prepared and filed with the Commission and distributed to all clients
- If a significant change occurs, a revised statement of policies must be filed with the Commission and distributed to all clients
- The statement of policies should include a complete listing of related issuers along with a concise description of the nature of the relationship with each of the related issuers
- The statement should include the disclosure required in Regulation 223(1)(d) in bold type

4. Portfolio Management

Portfolio management is the provision of investment advice to clients based on their stated investment objectives. Advisory agreements govern the portfolio management activities performed by advisers on their client's behalf. Thus, it should contain adequate disclosure of all material facts, such as the responsibilities of each of the parties involved, clients' investment objectives and restrictions, the timing and billing of fees, the degree of discretion in the management of client assets, and how the agreement may be terminated.

During our reviews, we observed the following:

- Advisory agreements were not always signed by the client
- Client accounts were managed without an advisory agreement
- Clauses in the agreement contradicted the advisor's fiduciary duty to the client
- Client's investment objectives and restrictions were not documented
- Portfolio holdings were inconsistent with the investment restrictions
- The advisory fee schedule was not included in the advisory agreement
- The timing and method of billing was not included in the agreement
- Responsibility of voting client proxies was not addressed
- Responsibility of insider reporting or early warning reporting, on the client's behalf, was not addressed

- Inaccurate/outdated references were included in the advisory agreement
- Client's written consent to charge fees based on performance was not obtained

Suggested practices

- The advisory agreement should be executed prior to the commencement of managing the account and after client consent has been given
- Advisory agreements should be updated whenever any terms have changed
- The advisory agreement should detail the responsibilities of each of the parties involved
- Written notice should be obtained prior to terminating any advisory agreement
- A review of client holdings should be done on a frequent basis to ensure that holdings are consistent with the investment objectives and restrictions

5. Maintenance of books and records

ICPMs are required to maintain books and records necessary to properly record their business transactions, trading transactions and other financial affairs. Regulation 113(1) requires them to maintain the books and records that are necessary to properly record their business transactions.

During our reviews, we observed the following:

- The ICPM did not maintain a trade blotter or the blotter maintained was incomplete
- The ICPM did not maintain copies of each trade order or instruction
- Trade orders were not time-stamped
- A log of failed trades and trading errors was not maintained
- No support for prices of over the counter (OTC), private placements or thinly traded securities was maintained
- Client files do not contain advisory agreements
- Client investment objectives and restrictions were not in the client file
- Investment research not kept on file
- A complaints log, including the nature and resolution, was not maintained
- Proxies voted or proxy log was not maintained
- Cash and security reconciliations were not reviewed and approved by someone other than the preparer or not prepared at all
- No evidence that portfolio holdings or securities reconciliations were reviewed
- Commission filings and board minutes were not maintained

Suggested practices

A list of books and records that ICPMs are required to maintain is contained in Regulation 113(3). ICPMs should also retain any other books and records necessary to properly record their business transactions, trading transactions, and other financial affairs.

6. Capital calculations

ICPMs are required to prepare a monthly calculation of minimum free capital and capital required within a reasonable period of time after each month end. The capital calculation is to be prepared based on monthly financial statements prepared in accordance with generally accepted accounting principles (GAAP). ICPMs are required to inform the Commission immediately should they be become capital deficient. They are required to rectify the capital deficiency within 48 hours. Staff practice is to impose terms and conditions on all registrants that are capital deficient. The terms and conditions would include the monthly submission of a capital calculation.

During our reviews, we observed the following:

- Capital calculations were not prepared monthly or were not prepared on a timely basis and therefore, monitoring of the firm's capital was not performed
- Capital calculations were incorrectly calculated
- The insurance deductible on the financial institution bond was not included in the calculation or an incorrect amount was included
- The minimum capital deduction used was incorrect
- Long-term assets and liabilities were incorrectly included in the calculation of working capital and/or current assets and liabilities were incorrectly excluded
- There was no evidence that a review of the calculation was performed by someone other than the preparer
- Copies of the monthly capital calculations were not maintained
- The ICPM was capital deficient and did not inform the Commission

Suggested practices

- The ICPM's capital position should be calculated on a monthly basis and should be based on financial statements prepared in accordance with GAAP
- Copies of the calculations should be maintained
- A person other than the preparer should review the calculations to ensure they are accurate and evidence of the review should be documented
- The Commission should be informed immediately should the ICPM's capital position become deficient

7. Registration issues

Every registered adviser is required to notify the OSC of any change in the status of directors and/or officers within five business days. Also, an adviser is required to notify the Commission of the opening of any office or branch, and of any changes in the status of the compliance officer, portfolio managers, and representatives. Trade names can be used when conducting registerable activity if the registered adviser has previously notified the Commission.

During our reviews, we observed the following:

- ICPMs engaged in unregistered trading activity which is not permitted by their category of registration
- Affiliated entities of the ICPM were performing advisory activities, but were not registered to do so
- Individuals that were officers and/or directors were not registered with the OSC
- Individuals that were portfolio managers, representatives, compliance officers were not registered with the OSC
- Commision was not notified of changes in registration
- Notices were late in being filed with the OSC

- The trade name or parent company's name used in signage, correspondence, business cards and marketing materials was not registered with the OSC

Suggested practices

- Notify the OSC of all changes in a timely manner

8. Marketing

In order to deal fairly, honestly and in good faith with clients it is necessary to ensure that all marketing material include accurate information that is not misleading to clients. When marketing mutual funds, the requirements of Part 15 of NI 81-102 must be adhered to.

During our reviews, we observed the following:

- Internal marketing requirements were not being adhered to
- Marketing materials contained information that was incorrect
- Marketing materials were outdated or had inadequate disclosure
- Web-site information was incorrect, outdated or contained inadequate disclosure
- Performance data included accounts not managed by the ICPM
- Performance data incorrectly used return data from a different fund/period
- Composites used in marketing materials did not include all the fee-paying accounts or were not grouped according to similar investment mandates
- References to the Association for Investment Management and Research ("AIMR") were used when the firm was not AIMR compliant or was incorrectly worded
- Claims of "superior performance" were made that could not be substantiated
- Claims regarding the future value of investments
- The disclosure and warning language required by 15.2(2) of NI 81-102 was not always present
- Performance data of mutual funds was not disclosed for the required time periods
- No evidence was maintained of any review of marketing material

Suggested practices

- Marketing material should be regularly updated to ensure all information is complete and accurate and not misleading to clients
- Establish and enforce procedures with respect to the preparation, review and approval of marketing materials
- Establish guidelines on the preparation of performance data and the construction of composites
- Mutual fund sales communications made in accordance with Part 15 of National Instrument 81-102
- Require the approval of all marketing material from someone independent of its preparation and maintain evidence of such approval

9. Personal Trading

ICPMs are required to establish and enforce written procedures for dealing with clients that conform to prudent business practice. The establishment and enforcement of a detailed policy on the personal trading of responsible persons is a prudent

business practice. It will ensure that conflicts of interest and abusive practices are avoided. A responsible person is defined in subsection 118(1) of the Act.

During our reviews, we observed the following:

- Personal trades did not require pre-clearance
- Pre-clearance approval instruction had no/excessive time limits
- Personal trading policies exist but were inconsistent with ICPMs actual practice
- Personal trading procedures did not detect violations of the personal trading policy
- Pre-approval forms were not always matched against employees' statements
- A log of personal trading pre-approvals was not maintained
- No code of ethics or annual certification of adherence was required to be signed by employees
- Individuals with access to investment making decisions were not subject to personal trading policies
- No definition of "non-public" or "material" information provided in the procedures
- Personal trading policy did not include blackout periods
- No punitive measures exist for breaches or violations of personal trading policies

Suggested practices

- Distribute clear personal trading restrictions and reporting obligations to all responsible persons
- Personal trading procedures should include blackout periods, the requirement for pre-approval of all personal trades and a review of brokerage statements
- Require all responsible persons, on an annual basis, to acknowledge in writing that they understand and will abide by the firm's personal trading policies
- Employees should direct their brokers to send statements of their accounts directly to their employer
- Maintain a record of personal trade pre-approvals and employees' brokerage statements as documentary evidence that personal trading is being monitored
- Designate a compliance officer who is responsible for reviewing and maintaining personal trading records
- On a monthly or quarterly basis, review employee statements and reconcile all trades to the approvals granted
- Put a process in place to deal with personal trading violations, including penalties for non-compliance

10. **Know your client and suitability information**

ICPMs are required to collect and maintain current KYC information that would allow the ICPM to ascertain general investment needs of its clients, as well as the suitability of a proposed transaction. ICPMs should collect client information such as investment objectives, risk tolerance, investment restrictions, investment time frame, annual income, and net worth.

During our reviews, we observed the following:

- KYC information was not collected for all portfolio management clients
- KYC information was not collected for clients who purchased securities on an exempt basis
- KYC information that had been collected was not complete

- KYC information had not been updated periodically
- KYC information was not formally documented
- KYC forms were not signed or dated by clients

Suggested practices

- Complete KYC information must be collected for all clients, including clients that are only sold exempt products (i.e. units in a pooled fund)
- KYC information should be periodically updated
- Clients must sign the KYC information form
- A pending file should be maintained for incomplete KYC forms which should be cleared on a timely basis and prior to any trade execution

APPENDIX A

ADVISER COMPLIANCE FIELD REVIEW
LIST OF BOOKS AND RECORDS REQUESTED FOR REVIEW

A. Planning -Field

1. A copy of the Registrant's statement of policies as required by Regulation 223

2. A copy of the Registrant's standards to ensure fairness in the allocation of investment opportunities among its clients as required by Regulation 115

3. A copy of the Registrant's disclosure of its related registrants and the policies and procedures adopted to minimize the potential for conflict of interest resulting from these relationships as required by OSC Rule 31-501

4. A copy of the Registrant's current organizational chart and a listing of employees with telephone numbers

5. A list of individuals responsible for providing investment advice to clients during the review period, and the name of the compliance officer

6. A list of all individuals that are subject to "close supervision" terms and conditions imposed by the Commission

7. A list of all branch offices, including those that were closed during the review period

8. A list of all affiliated parties to the Registrant and the nature of the relationship

9. A copy of any reports issued during the review period by the Registrant's internal audit department, including a copy of management's response

10. A copy of any management letters issued during the review period by the Registrant's external auditor, including a copy of management's response

11. A copy of all minutes of meetings of the Board of Directors, Audit Committee, Investment Committee or other committees of the Registrant, during the review period

B. Financial Condition

12. A copy of the Registrant's financial statements as at the end of the most recent fiscal year and as at the end of the review period

13. A copy of the monthly capital calculations for the entire review period

14. A copy of the insurance certificate of renewal

C. Contracts

15. A list of clients as at the end of the review period. For each client, identify the custodian, type of account (e.g. equity, balanced, fixed income), whether or not the Registrant has discretionary authority, and the total amount of assets under management

16. A list of clients whose contract provides for performance based compensation

17. A copy of each of the Registrant's standard advisory contracts or agreements

18. A copy of powers of attorney or letters of authorization that confer discretionary authority, if not incorporated directly in the contracts specified in item 17

19. A copy of the Registrant's fee schedule, if not included in the contracts specified in item 17

D. Portfolio Management

20. A list of any joint ventures or any other businesses in which the Registrant or any officer, director, portfolio manager or trader of the Registrant participates or has any interest in

21. Total assets under management as at the end of the review period

22. A copy of any sub-advisory agreements with other investment advisers

23. Client files, including access to former clients' files

E. Trading & Brokerage

24. A list of clients who have instructed the Registrant to direct a portion or the entirety of their brokerage to particular broker-dealers, including the name of the brokerage firm and the client's reason for such direction, if known

25. A list of all initial public offerings that the Registrant participated in during the review period

26. A list of all brokerage firms where client transactions were effected during the review period, identifying the name of the firm, amount of agency commissions paid and the volume of transactions

27. A list of all soft-dollar arrangements. This list should include the name of the broker or other entity involved, the nature of the goods or services received by the Registrant and the approximate annual amount of commissions on securities transactions needed to satisfy each arrangement

28. A listing of all cross transactions which took place during the review period

29. If the Registrant, its related persons or affiliates have custody of client funds or securities, a list which includes the names of all such clients, the current market value of all assets in their possession or to which the Registrant has access, and the location(s) where such assets are held

30. A list of all proprietary trading or investment accounts of the Registrant or of any "associated persons". "Associate" is defined in the *Ontario Securities Act* ("Act")

31. A list of accounts of individuals who are directly or indirectly related to the Registrant or any of its related persons, the account number, and the person to whom he/she is related

32. A list of all persons required to report personal securities transactions to the Registrant during the review period, including any officer or employee of Registrant's affiliates deemed as associated persons

33. Records of employee personal securities transactions including those for any person deemed to be associated persons during the review period

34. Listing of all securities held in all client portfolios (aggregate position totals for all securities) as of the beginning and end of the review period. This list should show the name of each security and the aggregate number of shares or principal amount held for total client portfolios.

35. Registrant's trading blotter for the review period. If possible, provide the information in chronological order with the following fields of data:

    a. Trade date
    b. Type of transaction (i.e. buy/sell)
    c. Number of shares or principal amount
    d. Security name
    e. Identifying number (e.g. cusip number)
    f. Price
    g. Total commission
    h. Commission in cents per share
    i. Fees
    j. Accrued interest
    k. Net amount to/from client
    l. Client name
    m. Client account number
    n. Broker or dealer name

    If possible, please provide the trading blotter in Microsoft Excel compatible format on 3.5inch diskette

36. A copy of the Registrant's written policies and procedures manual

F. Custody

37. General ledger, trial balance, cash receipts and disbursements journals and bank reconciliations for all trust accounts for the review period

38. Bank statements, deposit books and cancelled cheques for the review period for all trust accounts

G. Marketing

39. A copy of any promotional brochures, pamphlets, or other materials routinely furnished to prospective clients (e.g. proposals); and a copy of any marketing materials (e.g. newspaper or magazine ads, radio scripts, reprints, seminar materials etc.) used to inform or solicit clients. If the Registrant makes information about its services available on the INTERNET, provide the address.

40. A copy of any composite or representative performance reports, data, or graphs currently disseminated to clients or prospective clients

41. The criteria the Registrant employs in the construction of any composite or performance data included in the records described above

42. A list of all parties that received any referral fees during the review period

H. Administration

43. Complaint log and complaint files for the review period

I. Conflicts of Interest

44. A copy of written policies and procedures and any Code of Ethics governing the personal securities transactions of the Registrant's employees and those of participating affiliates.

45. Access to a log of all instances of non-compliance with the Registrant's Code of Ethics for the review period including resolutions to the non-compliance

J. Money Laundering

46. A copy of the policies and procedures for money laundering

Contact Information

For further information, please contact:

Noulla Antoniou
Senior Accountant, Compliance
Capital Markets Branch
nantoniou@osc.gov.on.ca
phone (416) 595-8920

Marrianne Bridge
Manager, Compliance
Capital Markets Branch
mbridge@osc.gov.on.ca
phone (416) 595-8907

1.2 Notices of Hearing

1.2.1 Robert Louis Rizzuto - s. 127

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

AND

IN THE MATTER OF
ALLAN EIZENGA,
RICHARD JULES FANGEAT,
MICHAEL HERSEY,
LUKE JOHN MCGEE and
ROBERT LOUIS RIZZUTO

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission, Main Hearing Room, 17th floor, 20 Queen Street West, Toronto, on July 7, 2004, at 2:30 p.m., or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing will be for the Commission to consider whether to approve the proposed settlement of the proceeding entered into between Staff of the Commission and Robert Louis Rizzuto;

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

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

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

July 5, 2004.

"Daisy Aranha"

1.3 News Releases

1.3.1 OSC to Consider a Settlement Reached between Staff and Robert Rizzuto in the Saxton Matter

FOR IMMEDIATE RELEASE
July 6, 2004

OSC TO CONSIDER A SETTLEMENT REACHED BETWEEN STAFF AND ROBERT RIZZUTO IN THE SAXTON MATTER

TORONTO – On July 7, 2004, commencing at 2:30 p.m., the Ontario Securities Commission (OSC) will convene a hearing to consider a settlement reached by Staff of the Commission and the respondent Robert Rizzuto.

The terms of the settlement agreement between Staff and Rizzuto are confidential until approved by the Commission. Copies of the Amended Notice of Hearing and Amended Statement of Allegations of Staff of the Commission are available on the Commission's website or from the Commission offices at 20 Queen Street West, Toronto.

For Media Inquiries: Eric Pelletier
Communications
416-595-8913

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

1.3.2 OSC Charges against Discovery Biotech Inc. to be Heard August 18, 2004

FOR IMMEDIATE RELEASE
July 6, 2004

OSC CHARGES AGAINST DISCOVERY BIOTECH INC. TO BE HEARD AUGUST 18, 2004

TORONTO – At an appearance today at Old City Hall (the Ontario Court of Justice), the proceeding commenced by the Ontario Securities Commission (OSC) against Discovery Biotech Inc. and three of its directors and officers was adjourned to August 18, 2004 at 9:00 a.m. in court room C, Old City Hall, to be spoken to at that time.

On June 2, 2004, the OSC charged Discovery Biotech Inc., Orest Lozynsky, Robert Vandenberg and Howard Rash with violations of the *Ontario Securities Act*. A copy of schedule "A" to the information sworn in respect of the these charges is available on the OSC's website (**www.osc.gov.on.ca**), along with the related the notice of hearing and the statement of allegation.

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)

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Angiotech Pharmaceuticals, Inc. - MRRS Decision

Headnote

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

Statutes Cited

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

Regulations Cited

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

Rules Cited

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

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

AND

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

AND

IN THE MATTER OF
ANGIOTECH PHARMACEUTICALS, INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the Decision Maker) in each of Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, Québec and Newfoundland and Labrador (the Jurisdictions) has received an application from Angiotech Pharmaceuticals, Inc. (Angiotech) for a decision pursuant to the securities legislation of the Jurisdictions (the Legislation) that the requirements contained in the Legislation to file insider reports shall not apply to certain individuals who are insiders of Angiotech solely by reason of having the title Vice-President;

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

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

AND WHEREAS Angiotech has represented to the Decision Makers that:

1. Angiotech was incorporated under the laws of the Province of British Columbia and is a reporting issuer under the Legislation of each of the Jurisdictions;

2. Angiotech's common shares are listed and posted for trading on the Toronto Stock Exchange under the symbol "ANP" and the NASDAQ National Market under the symbol "ANPI";

3. To its knowledge, Angiotech is not in default of any of the requirements under the current Legislation;

4. Angiotech has 18 persons who are insiders by reason of being a director or senior officer of Angiotech or its subsidiaries (the Insiders);

5. None of the Insiders is exempt from the insider reporting requirements contained in the Legislation by reason of an existing exemption under National Instrument 55-101 *Exemption From Certain Insider Reporting Requirements* (NI 55-101) or a previous decision or order;

6. Angiotech has developed a corporate disclosure policy (the Disclosure Policy) and policy and procedures governing insider trading (the Trading Policy) that apply to the Insiders;

7. The objective of the Disclosure Policy is to ensure that communications to the investing public are timely, factual, accurate and broadly disseminated in accordance with all applicable legal and regulatory requirements;

8. Angiotech has developed the Trading Policy to ensure that its directors, officers, employees, consultants or agents are aware of their responsibilities under the Legislation and to assist them in complying with the Legislation;

9. Under the Disclosure Policy and the Trading Policy, Insiders and other employees with knowledge of material undisclosed information may not trade in securities of Angiotech. In addition, under the Trading Policy, neither Insiders nor employees may trade in securities of Angiotech during "blackout" periods as determined by management;

10. Management of Angiotech considered the job requirements and principal functions of the Insiders to determine which of them met the definition of "nominal vice-president" contained in Canadian Securities Administrators Staff Notice 55-306 *Applications for Relief from the Insider Reporting Requirements by Certain Vice-Presidents* (the Staff Notice) and has compiled a list of those Insiders who meet the criteria set out in the Staff Notice (the Exempted Vice-Presidents);

11. Each of the Exempted Vice-Presidents meets the following criteria (the Exempt VP Criteria):

    (a) is a vice-president of Angiotech or a major subsidiary (as that term is defined in NI 55-101) of Angiotech;

    (b) is not in charge of a principal business unit, division or function of Angiotech or a major subsidiary (as that term is defined in NI 55-101) of Angiotech;

    (c) does not in the ordinary course receive or have access to information regarding material facts or material changes concerning Angiotech before the material facts or material changes are generally disclosed; and

    (d) is not an insider of Angiotech in any capacity other than as a vice-president;

12. Management of Angiotech shall maintain a continuous review of the relevant facts contained in the representations upon which this Decision is made and will assess any future employee of Angiotech who has the title of Vice President and will re-assess all Exempted Vice-Presidents who experience a change in job requirements or functions, to determine if such individuals meet, or continue to meet, the Exempt VP Criteria;

13. If an individual who is designated as an Exempted Vice-President no longer satisfies the Exempt VP Criteria, management of Angiotech will ensure that such individual will not be given prior approval for the trading in securities of Angiotech without informing such individual of the renewed obligation to file an insider report in respect of such trades;

14. Angiotech has filed with the Decision Makers in connection with this application a copy of the Disclosure Policy, Trading Policy and a list of Exempted Vice-Presidents.

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 the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make the decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the requirement contained in the Legislation to file insider reports shall not apply to insiders of Angiotech who satisfy the Exempt VP Criteria for so long as such insiders satisfy the Exempt VP Criteria provided that:

(a) Angiotech prepares and maintains a list of all individuals who propose to rely on the exemption granted, submits the list on an annual basis to the board of directors for approval, and files the list with the Decision Makers;

(b) Angiotech files with the Decision Makers a copy of its internal policies and procedures relating to monitoring and restricting the trading activities of its insiders and other persons whose trading activities are restricted by Angiotech; and

(c) the relief granted will cease to be effective on the date when NI 55-101 is amended.

June 23, 2004.

"Paul M. Moore" "Suresh Thakrar"

2.1.2 Canbras Communications Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer has filed a statement of intent to dissolve under the Canada Business Corporations Act and has ceased to carry on business except to the extent necessary to complete, in an orderly manner, the liquidation and dissolution of the issuer – issuer granted an exemption from the requirement to prepare and file an annual information form (the "AIF") in respect of its financial year ended December 31, 2003.

Ontario Statutes

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

Ontario Rules

OSC Rule 51-501 AIF and MD&A.

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

AND

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

AND

IN THE MATTER OF
CANBRAS COMMUNICATIONS CORP.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Saskatchewan, Ontario and Québec (the "Jurisdictions") has received an application from Canbras Communications Corp. ("Canbras") for a decision under the securities legislation (the "Legislation") of the Jurisdictions that Canbras be exempted from the requirement to prepare and file an annual information form (the "AIF") in respect of its financial year ended December 31, 2003;

AND WHEREAS pursuant to 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 this application;

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

AND WHEREAS Canbras has represented to the Decision Makers that:

1. Canbras is a corporation continued under the laws of Canada and is a reporting issuer in each of the provinces of Canada in which such concept exists. To the best of its knowledge, Canbras is not in default of any requirement under the legislation.

2. The authorized capital of Canbras consists of an unlimited number of Common Shares. As of December 31, 2003, there were 55,098,071 Common Shares issued and outstanding.

3. As of December 31, 2003, the Common Shares of Canbras were listed on the Toronto Stock Exchange. As of the close of business on January 23, 2004, Canbras delisted its Common Shares from the Toronto Stock Exchange. Since January 24, 2004, its Common Shares were listed and posted for trading on NEX, a new and separate board of the TSX Venture Exchange which provides a trading forum for companies that have ceased to carry on an active business.

4. In October 2003, Canbras entered into a definitive agreement with Horizon Cablevision do Brasil S.A., a Brazilian company ("Horizon"), for the sale of all of Canbras' interests in its Brazilian holding company subsidiary ("Canbras-Participacoes") in consideration for cash and a promissory note. Through Canbras-Participacoes, Canbras held all of its interests in its several broadband communications subsidiaries (all Brazilian companies) operating in the greater metropolitan area of Sao Paolo, in Sao Paolo State, Brazil (the "Horizon Sale").

5. In a related transaction entered into concurrently with the Horizon Sale transaction, Canbras-Participacoes entered into definitive agreements with Cia. Tecnica de Engenharia Elétrica, a Brazilian company ("Alusa"), for the sale of all of Canbras' interests in its cable television subsidiaries (all Brazilian companies) operating in Parana State, Brazil (including certain related, non-operating predecessor companies) in consideration for the assumption by Alusa of all obligations of such companies (the "Alusa Sale").

6. Canbras held a special shareholders' meeting on December 17, 2003 at which the following special resolutions were passed:

   (a) a special resolution approving the sale of substantially all of the assets of Canbras pursuant to the Horizon Sale and the Alusa Sale (collectively, the "Disposition"); and

   (b) a special resolution approving the voluntary liquidation and dissolution of Canbras pursuant to the Canada Business Corporations Act (the "CBCA") following the final distribution of the net proceeds of the Disposition transactions

to Canbras' shareholders (the "Dissolution").

7. On December 24, 2003, Canbras completed the Horizon Sale and, pursuant to the terms thereof, received gross proceeds of $32.6 million, comprised of $22.168 million in cash and a one-year promissory note in the original principal amount of $10.432 million, bearing interest at 10% (the "Note").

8. As a result of the acquisition of Canbras-Participacoes by Horizon upon the completion of the Horizon Sale, Horizon has assumed the obligation to cause Canbras-Participacoes to complete the Alusa Sale.

9. As of December 24, 2003, the closing date of the Horizon Sale, Canbras no longer has any ongoing active business operations, and has no intent to explore other investment opportunities. Canbras' only assets consist of its equity interests in its non-Brazilian holding company subsidiaries, which subsidiaries are in process to be liquidated and dissolved, and the gross proceeds received by it in the Horizon Sale (comprising cash and the Note).

10. On January 14, 2004, following the filing by Canbras of a statement of intent to dissolve, the Director under the CBCA issued a Certificate of Intent to Dissolve. As a result and as required pursuant to section 211 of the CBCA, Canbras has ceased to carry on business except to the extent necessary to complete, in an orderly manner, the liquidation and dissolution of Canbras.

11. Canbras anticipates that the distribution to shareholders of the net proceeds of the Disposition transactions will be made in two or more instalments as part of the liquidation and dissolution process of Canbras to be completed by or before the end of 2005. The initial distribution is currently expected to be made during the first half of 2004. A final distribution of the remaining net proceeds will be made to Canbras' shareholders in one or more instalments following Canbras' receipt of the balance of the purchase price payable by Horizon under the Note and the satisfaction of all remaining liabilities and obligations of Canbras, including winding up costs.

12. As a result of the completion of the Horizon Sale on December 24, 2003, Canbras no longer conducts active business operations. Canbras will maintain its corporate existence and remain a reporting issuer during the liquidation and dissolution process pending the collection of the amount due under the Note on December 24, 2004, the satisfaction of all of its remaining liabilities and obligations, the payment of all of its expenses and the distribution of the net proceeds of the Disposition transactions to its shareholders.

13. Given that Canbras has ceased to carry on business, the requirement for Canbras to prepare and file an AIF as set forth in the Legislation will result in unnecessary and burdensome costs to Canbras, will not be of any meaningful benefit to its shareholders and will result in an actual decrease in the net cash available for distribution to its shareholders.

14. Despite its limited range of activities during the process of liquidation and dissolution, Canbras will continue to file and send to its shareholders its interim unaudited financial statements as well as its audited annual financial statements accompanied with the respective MD&A. Upon the occurrence of a material change, Canbras will comply with the obligation to issue a press release and file a material change report. Moreover, in order to keep informed its shareholders and the capital market, these documents will be available on Canbras' Website.

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 Canbras be exempted to prepare and file an AIF in respect of its financial year ended December 31, 2003.

April 19, 2004.

"Josée Deslauriers"

2.1.3 Merrill Lynch & Co., Inc. et al. - MRRS Decision

Headnote

MRRS - relief granted to wholly-owned Canadian subsidiary of MJDS eligible U.S. issuer proposing to issue approved-rating debt, guaranteed by U.S. parent, using a short from prospectus - relief granted in respect of (a) filing of current reports on Form 8-K of credit supporter whose contents are comprised solely of exhibits attaching the form of securities offered by the credit supporter in the United States and related documents; (b) incorporation by reference in short form prospectus of current reports on Form 8-K of credit supporter that do not relate to the financial condition of, or disclose a material change in the affairs of, the credit supporter; (c) certification requirement; and (d) independent underwriter requirement for offerings subject to a minimum subscription amount of $150,000, where dealer may underwrite up to 49% of offering or, where a minimum of two thirds of the offering will be made to institutional investors, up to 100% of the offering.

National Instruments

NI 33-105 Underwriting Conflicts.
NI 44 -101 Short Form Prospectus Distributions, Form 44-101F3.
NI 51-102 Continuous Disclosure Obligations.
NI 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

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

AND

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

AND

IN THE MATTER OF
MERRILL LYNCH & CO., INC.,
MERRILL LYNCH CANADA FINANCE COMPANY AND
MERRILL LYNCH CANADA INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (collectively, the "**Decision Makers**") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (collectively, the "**Jurisdictions**") has received an application from Merrill Lynch & Co., Inc. ("**ML&Co.**"), Merrill Lynch Canada Finance Company (the "**Issuer**") and Merrill Lynch Canada Inc. ("**ML Canada**") (collectively, the "**Applicants**") for a decision pursuant to the securities legislation of each of the Jurisdictions (collectively, the "**Legislation**") that the Applicants be exempted from the following requirements of the Legislation:

(a) the provision of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") which would have the effect of requiring ML&Co. to file all of the current reports on Form 8-K that ML&Co. is required to file with the U.S. Securities and Exchange Commission (the "**SEC**") with the Decision Makers (such exemption to be effected in Québec by a revision of the general order that will provide the same result as an exemption order);

(b) section 13.2(2) of Form 44-101F3, which would require the Issuer to incorporate by reference into the Shelf Prospectus (as hereinafter defined) and the Supplements (as hereinafter defined), all documents of ML&Co. that would be required to be incorporated by reference in a Form S-3 or Form F-3 registration statement filed under the *Securities Act* of 1933 in the U.S.;

(c) the provisions of Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**MI 52-109**") in their entirety; and

(d) the requirement in National Instrument 33-105 – *Underwriting Conflicts* ("**NI 33-105**") mandating a specified level of independent underwriter involvement in connection with the distribution of securities of a related issuer or a connected issuer of an underwriter (the "**Independent Underwriter Requirement**");

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

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

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

1. ML&Co. was incorporated under the laws of Delaware on March 27, 1973 and has been a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Québec and Nova Scotia since October 22, 1999 (or earlier, in the case of certain of such Jurisdictions);

2. ML&Co. is a reporting company under the *Securities Exchange Act of 1934*, as amended (the "**1934 Act**"), and has filed with the SEC annual reports on Form 10-K and quarterly reports on Form 10-Q since it first became a reporting company, in accordance with the filing obligations set out in the 1934 Act;

3. ML&Co. is not registered or required to be registered under the *Investment Company Act of 1940*, as amended;

4. As at January 30, 2004, ML&Co. had approximately U.S.$85.8 billion in long term debt outstanding, all of which is currently rated "A+" by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc., "Aa3" by Moody's Investors Service, Inc., "AA(low)" by Dominion Bond Rating Service Limited and "AA-" by Fitch Ratings Ltd.;

5. In connection with takedowns under ML&Co.'s base shelf prospectus in the U.S., ML&Co. is required to file with the SEC a large number of current reports on Form 8-K (the "**Non-Essential 8-Ks**") whose contents are comprised solely of exhibits attaching the form of securities for each such takedown, the consent and opinion of counsel relating thereto and other documentation, all of a non-financial nature, that may be required to be filed with the SEC in connection with such takedowns; the Non-Essential 8-Ks are publicly available on the SEC's Internet website at www.sec.gov;

6. The Issuer was incorporated under the laws of Nova Scotia on August 25, 1999 and is an indirect wholly-owned subsidiary of ML&Co. The Issuer does not have any subsidiaries;

7. The Issuer was incorporated solely for the purpose of undertaking financing activities, including the issuance of medium term notes ("**Notes**"), to raise funds for ML&Co.'s Canadian operations, and will not carry on any operating or other business activities;

8. The Issuer became a reporting issuer or the equivalent in the Jurisdictions by virtue of it filing a short form base shelf prospectus dated November 8, 1999 with the Decision Makers under the provisions of former National Policy 47 and former National Policy 44, in connection with the establishment in Canada of a medium term note program;

9. Neither ML&Co. nor the Issuer is in default of the Legislation;

10. ML Canada was continued and amalgamated under the laws of Canada on August 26, 1998 and is an indirect wholly-owned subsidiary of ML&Co. ML Canada is not a reporting issuer in any of the Jurisdictions;

11. ML Canada is registered as a dealer in the categories of "broker" and/or "investment dealer" under the Legislation of each of the Jurisdictions and is a member of the Investment Dealers Association of Canada;

12. The Issuer proposes to renew its existing medium term note program pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions* (NI 44-101) and National Instrument 44-102 – *Shelf Distributions* (collectively, the "**Shelf Requirements**") to raise a fixed amount in Canada which is currently expected to be Cdn. $5,000,000,000 (or the equivalent thereof in one or more non-Canadian currencies) through the issuance of Notes (each such offering of Notes, an "**Offering**" and all such offerings of Notes, collectively, the "**Offering**") from time to time over a twenty-four month period in New Brunswick and a twenty-five month period in each of the other Jurisdictions;

13. The Notes will be fully and unconditionally guaranteed by ML&Co. as to payment of principal, interest and all other amounts due thereunder. All Notes will have an "approved rating" (as defined in NI 44-101) and will be rated by a recognized security evaluation agency in one of the categories determined by the Autorité des marchés financiers du Québec (an "**Approved Rating**");

14. In connection with the Offering:

    (a) a short form base shelf prospectus (the "**Shelf Prospectus**") and a pricing supplement or supplements (each a "**Supplement**" and, together with the Shelf Prospectus, the "**Prospectus**") will be prepared pursuant to the Shelf Requirements, with the disclosure required by item 12 of Form 44-101F3 being addressed by incorporating by reference certain of ML&Co.'s public disclosure documents, including ML&Co.'s annual report on Form 10-K, and the disclosure required by Item 7 of Form 44-101F3 being addressed by including fixed charge coverage ratio disclosure with respect to ML&Co. in accordance with U.S. requirements;

    (b) the Prospectus will include all material disclosure concerning the Issuer;

    (c) the Prospectus will (i) incorporate by reference disclosure made in ML&Co.'s most recent annual report on Form 10-K filed under the 1934 Act, together with its most recent quarterly report on Form 10-

Q and all current reports on Form 8-K that relate to the financial condition of, or disclose a material change in the affairs of, ML&Co., and filed subsequent to the filing of ML&Co.'s most recent annual report on Form 10-K under the 1934 Act and (ii) state that purchasers of the Notes will not receive separate continuous disclosure information regarding the Issuer;

(d) the consolidated annual and interim financial statements of ML&Co. and its subsidiaries to be included in or incorporated by reference into the Prospectus will be prepared in accordance with U.S. GAAP (as defined in National Instrument 52-107 – *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* ("**NI 52-107**")) and will otherwise comply with the requirements of U.S. law, and, in the case of ML&Co.'s audited annual financial statements, such financial statements will be audited in accordance with U.S. GAAS (as defined in NI 52-107);

(e) ML&Co. will fully and unconditionally guarantee payment of the principal and interest on the Notes, together with any other amounts that may be due under any provisions of the trust indenture relating to the Notes, which provides that ML&Co. will make any payment or performance under the indenture promptly upon demand and, in any event, within 15 days of any failure by the Issuer to punctually make any payment or performance in respect of the Notes;

(f) the Notes will have an Approved Rating; and

(g) ML&Co. will sign the Shelf Prospectus as credit supporter;

15. The Issuer is considered to be a "related issuer" and a "connected issuer" (as such terms are defined in NI 33-105) of ML Canada for the Offering because both ML Canada and the Issuer are indirect wholly-owned subsidiaries of ML&Co.;

16. The Issuer proposes to offer the Notes from time to time through one of three alternative underwriting arrangements, the first being provided for in NI 33-105 and the other two being Offerings made through:

(a) a syndicate structure pursuant to which ML Canada will act as an underwriter in respect of up to 49% of the Offering (based on either the dollar value of the Offering or the total management fees for the Offering, as applicable) (a "**49% Underwriting**") and subject to the following conditions: (i) the minimum subscription for each subscriber under the Offering will be $150,000; (ii) one or more independent underwriters will underwrite, in the aggregate, at least 51% of the Offering (based on either the dollar value of the Offering or the total management fees for the Offering as applicable), will participate in the structuring and pricing of the distribution of such Offering and in the due diligence activities performed by the underwriters for the distribution, and will sign a certificate in the form prescribed by Section 21.2 of Form 44-101F3; (iii) each Supplement will, to the extent not disclosed in the Prospectus, identify the independent underwriters and disclose their role in structuring and pricing the applicable Offering and in the due diligence activities performed by the underwriters for the Offering; and (iv) the Prospectus (including, for greater certainty, any Prospectus Supplement) will contain, on the front page and in the body of such document, the information listed in Appendix C of National Instrument 33-105 as required information for the front page and body of such document; or

(b) an arrangement whereby ML Canada will underwrite up to 100% of the Offering (an "**ML Majority Underwriting**"), subject to the following conditions: (i) the minimum subscription for each subscriber under the Offering will be $150,000; (ii) a minimum of 66 ⅔% of the Offering will be made to institutional investors; (iii) each Supplement will, to the extent not disclosed in the Prospectus, identify the independent underwriters, if applicable, and disclose their role in structuring and pricing the applicable Offering and in the due diligence activities performed by the underwriters for the Offering; and (iv) the Prospectus (including, for greater certainty, any Prospectus Supplement) will contain, on the front page and in the body of such document, the information listed in Appendix C of National Instrument 33-105 as required information for the front page and body of such document;

17. If the Issuer is offering the Notes through an ML Majority Underwriting, the initial offering price of the Notes will be determined by market comparisons in both the secondary and primary market for medium term notes at the time of

pricing; secondary market levels on comparable offerings will be obtained from other dealers and investors and final pricing of the Notes will be based on the secondary market bid spread (being the difference in yield between comparable medium term notes trading in the secondary market and the current Government of Canada bond) plus, in appropriate circumstances, a new issue premium plus the current Government of Canada bond yield;

18. Other than the proceeds of the Offering, which are intended for general corporate purposes (including ML&Co.'s Canadian operations), the only financial benefits which ML Canada will receive as a result of either a 49% Underwriting or a ML Majority Underwriting are the normal arm's length underwriting commissions and reimbursement of expenses associated with a public offering in Canada and, because the net proceeds from the sale of Notes may be loaned to or otherwise invested in various affiliates of the Issuer or ML&Co., ML Canada may also receive inter-company financing;

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

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

THE DECISION of the Decision Makers pursuant to the Legislation in connection with the Offering is that the exemption in subsection 13.4(2) of NI 51-102 shall apply to the Issuer so long as the Issuer files with the Decision Makers copies of all of the documents required to be filed by ML&Co. with the SEC except for the Non-Essential 8-Ks, which the Issuer shall not be required to file with the Decision Makers.

THE FURTHER DECISION of the Decision Makers is that the provision of section 13.2(2) of Form 44-101F3 which would require the Issuer to incorporate by reference into the Prospectus (including, for greater certainty, the Supplements) all documents that would be required to be incorporated by reference in a Form S-3 or Form F-3 registration statement filed under the *Securities Act* of 1933 in the U.S. shall not apply to the Issuer, provided that the Issuer will be required to incorporate by reference into the Prospectus (including, for greater certainty, any Supplement) all current reports on Form 8-K relating to the financial condition of, or disclosing a material change in the affairs of, ML&Co., which are filed by ML&Co. with the SEC, together with ML&Co.'s most recent annual report on Form 10-K filed under the 1934 Act and its most recent quarterly report on Form 10-Q.

THE FURTHER DECISION of the Decision Makers, other than the Decision Makers in British Columbia and Québec, is that the requirements of MI 52-109 shall not apply to the Issuer, provided that the Issuer is in compliance with the requirements and conditions set out section 13.4 of NI 51-102, other than to the extent such requirements and conditions would require the Issuer to file the Non-Essential 8-Ks with the Decision Makers.

THE FURTHER DECISION of the Decision Makers, other than the Decision Makers in Saskatchewan and Manitoba, pursuant to the Legislation is that the Independent Underwriter Requirement contained in NI 33-105 (or, in the case of Québec, the Independent Underwriter Requirement contained in sections 236.1 and 237.1 of the Regulation Concerning Securities and the requirements of Décision générale No. 2003-C-0047 dated February 11, 2003) shall not apply to ML Canada in respect of the 49% Underwritings and the ML Majority Underwritings, provided that:

(a) the independent underwriters participate in each proposed 49% Underwriting as stated in paragraph 16(a) hereof;

(b) the Issuer complies with paragraph 16(b) hereof in connection with each ML Majority Underwriting; and

(c) the Issuer complies with paragraphs 13 and 19 hereof.

June 25, 2004.

“Erez Blumberger”

2.1.4 Viking Energy Royalty Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Open-end investment trust exempt from prospectus and registration requirements in connection with issuance of units to existing unitholders under a distribution reinvestment plan whereby distributions of income are reinvested in additional units of the trust, subject to certain conditions – first trade relief provided for additional units of trust, subject to certain conditions.

Applicable Ontario Statutory Provisions

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

Applicable Multilateral Instruments

Multilateral Instrument 45-102 Resale of Securities, (2001) OSCB 7029.

Applicable National Instruments

National Instrument 14-101 Definitions, (2002) 25 OSCB 8461.

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

AND

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

AND

IN THE MATTER OF
VIKING ENERGY ROYALTY TRUST

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, the Yukon and Nunavut (the "Jurisdictions") has received an application from Viking Energy Royalty Trust (the "Trust") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirements contained in the Legislation to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and a final prospectus (the "Registration and Prospectus Requirements") shall not apply to certain trades in units of the Trust issued pursuant to a premium distribution, distribution reinvestment and optional trust unit purchase plan (the "Plan");

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 Québec Commission Notice 14-101;

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

1. The Trust is an open-end investment trust formed under the laws of the Province of Alberta and is governed by an amended and restated trust indenture dated as of July 1, 2003 between Computershare Trust Company of Canada (the "Trustee") and Viking Holdings Inc. ("VHI"). The head office of the Trust is located at 400, 330 - 5th Avenue S.W., Calgary, Alberta T2P 0L4.

2. The Trust's purpose is to acquire, hold or invest in securities, royalties or other interests in entities that derive their value from petroleum and natural gas and energy related assets and to issue trust units (the "Units") to the public. Pursuant to an amended and restated royalty agreement dated as of July 1, 2003 between VHI and the Trustee and an amended and restated royalty agreement dated as of July 1, 2003 between VHI, in its capacity as trustee of Viking Holdings Trust ("VHT") and the Trustee, the Trust receives 99% of the net production revenues attributable to VHI and VHT's petroleum and natural gas properties. The Trust also receives interest and principal payments with respect to a debt instrument issued to the Trust by VHT and unsecured subordinated notes issued by Viking Energy Ltd. ("VEL") and distributions from VHT. VHT receives cash flow from payments received from a royalty granted by VEL, interest and principal payments with respect to debt instruments issued to VHT by VEL and partnership income received from the Sedpex Partnership.

3. Computershare Trust Company of Canada is the trustee of the Trust and the holders of the Units (the "Unitholders") are the sole beneficiaries of the Trust.

4. The Trust has been a reporting issuer or the equivalent under the Legislation since December, 1996 and, to the best of its knowledge, is not in default of any requirements of the Legislation.

5. The Trust is not a "mutual fund" under the Legislation as the holders of Units are not entitled to receive on demand an amount computed by

reference to the value of a proportionate interest in the whole or in part of the net assets of the Trust, as contemplated by the definition of "mutual fund" in the Legislation.

6. The Trust is authorized to issue an unlimited number of Units, each of which represents an equal fractional undivided beneficial interest in the Trust. All Units share equally in all distributions from the Trust and all Units carry equal voting rights at meetings of Unitholders. As of May 27, 2004, there were 97,627,957 Units issued and outstanding.

7. The Units are listed and posted for trading on the Toronto Stock Exchange (the "TSX").

8. The Trust makes and expects to continue to make monthly cash distributions to its Unitholders in an amount per Unit equal to a pro rata share of all amounts and income received by the Trust in each month, less: (i) expenses of the Trust; and (ii) any other amounts required to be deducted, withheld or paid by the Trust.

9. The Trust currently has in place a distribution reinvestment and optional trust unit purchase plan (the "Old DRIP") which enables eligible Unitholders who elect to participate in the Old DRIP to direct that cash distributions paid by the Trust in respect of their existing Units ("Cash Distributions") be automatically applied to the purchase of additional Units ("Additional Units") either from treasury or, at the discretion of the Trust, through the facilities of the TSX (the "Distribution Reinvestment Option").

10. The Old DRIP also entitles Unitholders who have elected to participate in the Distribution Reinvestment Option to make, at their discretion, additional cash payments ("Optional Cash Payments") which are invested in Additional Units on the same basis as Cash Distributions are reinvested pursuant to the Distribution Reinvestment Option (the "Cash Payment Option"); provided that purchases under the Old DRIP which are effected by means of the reinvestment of Cash Distributions are purchased at a 5% discount to the Treasury Purchase Price or the Market Purchase Price (each as defined in the Old DRIP) while purchases effected by means of Optional Cash Payments are purchased at the Treasury Purchase Price or the Market Purchase Price.

11. At the time the Old DRIP was implemented, the Trust obtained exemptive relief from the Registration and Prospectus Requirements in those Jurisdictions where such relief was necessary.

12. The Trust intends to establish the Plan, which will retain (with some minor modifications) the Distribution Reinvestment Option and Cash Payment Option but will also enable eligible Unitholders who decide to reinvest Cash Distributions to authorize and direct the trust company that is appointed as agent under the Plan (the "Plan Agent"), to pre-sell through a designated broker (the "Plan Broker"), for the account of the Unitholders who so elect, a number of Units approximately equal to the number of Additional Units issuable on such reinvestment, and to settle such pre-sales with the Additional Units issued on the applicable distribution payment date in exchange for a cash payment equal to 102% of the reinvested Cash Distributions (the "Premium Distribution Option"). The Plan Broker will be entitled to retain for its own account the difference between the proceeds realized in connection with the pre-sales of Units and the cash payment to the Plan Agent in an amount equal to 102% of the reinvested Cash Distributions.

13. The Cash Payment Option will only be available to Unitholders that have elected to have their Cash Distributions reinvested in Additional Units under the Distribution Reinvestment Option or the Premium Distribution Option ("Participants"). In addition, the Trust shall have the right to determine from time to time whether the Cash Payment Option will be available.

14. The Plan will supersede the Old DRIP. All Unitholders who are enrolled in the Old DRIP at the time that the Plan becomes effective will, subject to any contrary elections made by such Unitholders, be automatically enrolled in the Distribution Reinvestment Option of the Plan.

15. All Additional Units purchased under the Plan will be purchased by the Plan Agent directly from the Trust on the relevant distribution payment date at a price determined by reference to the Average Market Price (as defined in the Plan), being the arithmetic average of the daily volume weighted average trading prices of the Units on the TSX for a defined period not exceeding 20 trading days preceding the applicable distribution payment date.

16. Additional Units purchased under the Distribution Reinvestment Option or the Premium Distribution Option will be purchased at a 5% discount to the Average Market Price. Additional Units purchased under the Cash Payment Option will be purchased at the Average Market Price.

17. The Plan Broker's prima facie return under the Premium Distribution Option will be approximately 3% of the reinvested Cash Distributions (based on pre-sales of Units having a market value of approximately 105% of the reinvested Cash Distributions and a fixed cash payment to the Plan Agent, for the account of applicable Participants,

of an amount equal to 102% of the reinvested Cash Distributions). The Plan Broker may, however, realize more or less than this prima facie amount, as the actual return will vary according to the prices the Plan Broker is able to realize on the pre-sales of Units. The Plan Broker bears the entire price risk of pre-sales in the market, as Participants who have elected the Premium Distribution Option are entitled to receive a cash payment equal to 102% of the reinvested Cash Distributions.

18. All activities of the Plan Broker on behalf of the Plan Agent that relate to pre-sales of Units for the account of Participants who elect the Premium Distribution Option will be in compliance with applicable Legislation and the rules and policies of the TSX (subject to any exemptive relief granted). The Plan Broker will also be a member of the Investment Dealers Association of Canada and will be registered under the Legislation of any Jurisdiction where the first trade in Additional Units pursuant to the Premium Distribution Option makes such registration necessary.

19. Residents of any foreign jurisdiction with respect to which the issue of Additional Units under the Plan would not be lawful may not participate in the Plan.

20. Participants who choose to participate in the Plan may elect either the Distribution Reinvestment Option or the Premium Distribution Option in respect of their Cash Distributions and are free to terminate their participation under either option, or to change their election as between the Distribution Reinvestment Option and the Premium Distribution Option, in either case by providing written notice to the Plan Agent,, in accordance with the terms of the Plan.

21. Additional Units purchased by the Plan Agent for the account of Participants under the Distribution Reinvestment Option will be held under the Plan for the account of such Participants.

22. Additional Units purchased by the Plan Agent for the account of Participants under the Premium Distribution Option will be transferred to the Plan Broker to settle pre-sales of Units made by the Plan Broker on behalf of the Plan Agent for the account of such Participants in exchange for a cash payment equal to 102% of the reinvested Cash Distributions.

23. Under the Cash Payment Option, a Participant may, through the Plan Agent, purchase Additional Units subject to any minimum or maximum thresholds specified in the Plan. The aggregate number of Additional Units that may be purchased under the Cash Payment Option by all Participants in any financial year of the Trust will be limited to a maximum of 2% of the number Units issued and outstanding at the start of the financial year.

24. No commissions, brokerage fees or service charges will be payable by Participants in connection with the purchase of Additional Units under the Plan.

25. Additional Units purchased and held under the Plan will be registered in the name of the Plan Agent (or its nominee) and credited to the appropriate Participants' accounts, and all Cash Distributions on Units so held under the Plan will be automatically reinvested in Additional Units in accordance with the terms of the Plan and the current election of that Participant as between the Distribution Reinvestment Option and the Premium Distribution Option.

26. The Plan permits full investment of reinvested Cash Distributions and optional cash payments under the Cash Payment Option (if available) because fractions of Units, as well as whole Units, may be credited to Participants' accounts (although, in the case of beneficial Unitholders, the crediting of fractional Units may depend on the policies of a Participant's broker, investment dealer, financial institution or other nominee through which the Participant holds Units).

27. The Trust reserves the right to determine, for any distribution payment date, the number of Additional Units that will be available for purchase under the Plan.

28. If, in respect of any distribution payment date, fulfilling all of the elections under the Plan would result in the Trust exceeding either the limit on Additional Units set by the Trust or the aggregate annual limit on Additional Units issuable pursuant to the Cash Payment Option, then elections for the purchase of Additional Units on such distribution payment date will be accepted: (i) first, from Participants electing the Distribution Reinvestment Option; (ii) second, from Participants electing the Premium Distribution Option; and (iii) third, from Participants electing the Cash Payment Option (if available). If the Trust is not able to accept all elections in a particular category, then purchases of Additional Units on the applicable distribution payment date will be pro rated among all Participants in that category according to the number of Additional Units sought to be purchased.

29. If the Trust determines that no Additional Units will be available for purchase under the Plan for a particular distribution payment date, or to the extent that the availability of Additional Units is prorated in accordance with the terms of the Plan, then Participants will receive the usual Cash Distribution for that distribution payment date.

30. A Participant may terminate its participation in the Plan at any time by submitting a termination form to the Plan Agent, provided that a termination form received between a distribution record date and a distribution payment date will not become effective until after that distribution payment date.

31. The Trust reserves the right to amend, suspend or terminate the Plan at any time, provided that such action shall not have a retroactive effect that would prejudice the interests of the Participants. The Trust will provide notice of any such amendment, suspension or termination in accordance with the terms of the Plan and applicable securities laws.

32. The distribution of Additional Units by the Trust under the Plan cannot be made in reliance on existing registration and prospectus exemptions contained in the Legislation as the Plan involves the reinvestment of distributable income distributed by the Trust and not the reinvestment of dividends, interest or distributions of capital gains or out of earnings or surplus.

33. The distribution of Additional Units by the Trust pursuant to the Plan cannot be made in reliance on existing registration and prospectus exemptions contained in the Legislation for dividend reinvestment plans of mutual funds, as the Trust is not a mutual fund as defined in the Legislation.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Registration and Prospectus Requirements shall not apply to the distribution by the Trust of Additional Units pursuant to the Plan provided that:

(a) at the time of such distribution, the Trust is a reporting issuer or the equivalent in a jurisdiction listed in Appendix B of Multilateral Instrument 45-102 *Resale of Securities* ("MI 45-102") and is not in default of any requirements of the Legislation;

(b) no sales charge is payable by Participants in respect of the trades made pursuant to such distribution;

(c) the Trust has caused to be sent to the person or company to whom the Additional Units are traded, not more than 12 months before the trade, a statement describing:

(i) their right to withdraw from the Plan and to make an election to receive Cash Distributions instead of Additional Units, and

(ii) instructions on how to exercise the right referred to in paragraph (c)(i) above;

(d) the aggregate number of Additional Units issued under the Cash Payment Option of the Plan in any financial year of the Trust shall not exceed 2% of the aggregate number of Units outstanding at the start of that financial year;

(e) except in Quebec, the first trade of Additional Units will be a distribution or primary distribution to the public under the Legislation unless the conditions in subsection 2.6(3) of MI 45-102 are satisfied; and

(f) in Québec, the first trade in Additional Units will be a distribution or primary distribution to the public under the Legislation unless:

(i) at the time of such first trade, the Trust is a reporting issuer in Québec and has been a reporting issuer in Quebec for the four months preceding the trade and is not in default of any of the requirements of securities legislation of Québec;

(ii) no unusual effort is made to prepare the market or to create a demand for the Additional Units that are the subject of the trade;

(iii) no extraordinary commission or other consideration is paid in respect of the first trade; and

(iv) if the selling securityholder of the Additional Units is an insider of the Trust, the selling securityholder has no reasonable grounds to believe that the Trust is in default of any requirement of the securities legislation of Québec.

June 29, 2004.

"Paul M. Moore" "Paul K. Bates"

2.1.5 Eurogas Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – TSX-listed issuer seeking to reorganize pursuant to plan of arrangement – arrangement involves the transfer of assets to newly created issuer (newco) in consideration for securities of newco – existing securityholders of issuer to receive securities of issuer and newco pursuant to the arrangement – an existing securityholder of issuer holds approximately 50% of securities of issuer and is accordingly a control person in relation to issuer and in relation to newco – the exemption for trades by a control person contained in section 2.8 of MI 45-102 Resale of Securities requires, *inter alia*, that the control person have held the securities that are the subject of the trade for four months – relief granted from this requirement subject to conditions.

Ontario Rules

Multilateral Instrument 45-102 Resale of Securities, ss. 1.1 ("control distribution"), 2.8, 2.9 and 4.1.

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

AND

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

AND

IN THE MATTER OF
EUROGAS CORPORATION
AND GREAT PLAINS EXPLORATION INC.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Ontario, Saskatchewan, Manitoba, Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island, Yukon Territory, Northwest Territories and Nunavut (the "Jurisdictions") has received an application from Eurogas Corporation ("Eurogas" or the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

   1.1 the prospectus requirement shall not apply to control distributions (as defined in Multilateral Instrument 45-102 *Resale of Securities* ("MI 45-102")) of new common shares of Eurogas ("New Common Shares") by shareholders of Eurogas ("Eurogas Shareholders") (whether acquired in the Arrangement (as defined below) or upon exercise of New Eurogas Options (as defined below)); and

   1.2 the prospectus requirement shall not apply to control distributions (as defined in MI 45-102) of common shares of Great Plains ("Great Plains Shares") by shareholders of Great Plains Exploration Inc. ("Great Plains") (whether acquired in the Arrangement or upon exercise of Great Plains Options (as defined below));

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

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

4. AND WHEREAS Eurogas has represented to the Decision Makers that:

   4.1 Eurogas is a corporation continued under the Canada Business Corporations Act (the "CBCA") and is and has been a reporting issuer (or the equivalent) for a period in excess of twelve months in each of the provinces and territories of Canada;

   4.2 Eurogas is an independent oil and gas company which currently carries on oil and gas exploration, development, production and acquisition and natural gas storage activities and has its primary interests in Tunisia and Spain and certain other minor oil and gas properties in Alberta and Saskatchewan;

   4.3 Eurogas' principal business and head office and its registered office are in Calgary, Alberta;

   4.4 The authorized capital of Eurogas currently consists of an unlimited number of common shares ("Common Shares") without nominal or par value, of which 75,932,181 were issued and outstanding as at December 31, 2003 as fully paid and non-assessable, and an unlimited number of preferred shares without nominal or par value issuable in series, none of which are issued and outstanding;

4.5 Dundee Bancorp Inc., a public financial services holding company whose subordinated voting shares are listed on the TSX, holds 38,502,193 Common Shares representing 50.7% of the outstanding Common Shares;

4.6 The Common Shares are listed on The Toronto Stock Exchange (the "TSX"). Application has been made to the TSX Venture Exchange for the listing of the New Common Shares to be issued pursuant to the Arrangement;

4.7 Eurogas proposes a reorganization by way of a plan of arrangement (the "Arrangement") pursuant to section 192 of the CBCA involving Eurogas, its shareholders and optionholders and Great Plains. Under the Arrangement certain assets of Eurogas will be transferred to Great Plains, a new corporation formed for the purposes of the Arrangement. Each shareholder of Eurogas will, immediately after the Arrangement, hold one New Common Share and 0.2 of a Great Plains Share;

4.8 The board of directors of Eurogas, acting upon the recommendation of senior management, unanimously approved the Arrangement and unanimously recommended that the Eurogas Shareholders vote in favour of the Arrangement;

4.9 Following the Arrangement, Eurogas will continue to own a 71.4% interest in Castor UGS Limited Partnership, which holds oil and gas assets in Spain, and a 100% interest in Eurogas International, which holds oil and gas assets in Tunisia (collectively, the "International Assets"), which will carry on its international oil and gas activities in Tunisia and its gas storage project in Spain (collectively, the "New Eurogas Business"), respectively. Great Plains will own the Canadian oil and gas assets (other than certain excluded assets) (the "Canadian Assets") now owned by Eurogas and will carry on the Canadian oil and gas business now carried on by Eurogas (the "Great Plains Business");

4.10 Each holder of options ("Eurogas Options") to acquire Common Shares will dispose of such Eurogas Options by exchanging such Eurogas Options for: (i) options ("New Eurogas Options") to acquire the same number of New Common Shares on the same terms and conditions, other than the exercise price, which price will be equal to the original exercise price less the fair market value, as determined by the board of directors of Eurogas, of 0.2 of a Great Plains Share; and (ii) options ("Great Plains Options") to acquire 0.2 of a Great Plains Share for each Common Share the holder would have been entitled to acquire at an exercise price equal to the fair market value of 0.2 of a Great Plains Share;

4.11 Great Plains is a corporation incorporated under the CBCA, and was incorporated for the purpose of facilitating the Arrangement;

4.12 Upon completion of the Arrangement, the authorized capital of Great Plains will consist of an unlimited number of Great Plains Shares without nominal or par value and an unlimited number of preferred shares issuable in series;

4.13 The TSX has conditionally approved the listing of the Great Plains Shares, to be issued pursuant to the Arrangement, subject to the fulfilment of all requirements of such exchange including the filing of usual documentation;

4.14 The following steps will occur in the following order as part of the Arrangement effective as of the date of the Certificates giving effect to the Arrangement (the "Effective Date"):

4.14.1 the articles of Great Plains will be amended to create redeemable, retractable special shares (the "Great Plains Special Shares");

4.14.2 the articles of Eurogas will be amended to change the designation of the Common Shares, to change the right of the holders of Common Shares to receive the remaining property of Eurogas upon dissolution, to create the New Common Shares and to create redeemable, retractable special shares (the "Eurogas Special Shares");

4.14.3 each Eurogas Shareholder will dispose of each Common Share held by exchanging each such Common Share for one New Common Share and one Eurogas Special Share;

4.14.4 each holder of Eurogas Options to acquire Common Shares will dispose of such Eurogas Options by exchanging such Eurogas Options for: (i) New Eurogas Options to acquire the same number of New Common Shares on the same terms and conditions, other than the exercise price, which price will be equal to the original exercise price less the fair market value, as determined by the board of directors of Eurogas, of 0.2 of a Great Plains Share; and (ii) Great Plains Options to acquire 0.2 of a Great Plains Share for each Common Share the holder would have been entitled to acquire at an exercise price equal to the fair market value of 0.2 of a Great Plains Share;

4.14.5 Great Plains will acquire all of the Eurogas Special Shares issued in accordance with paragraph 4.14.3 above, without action by the holder thereof, and in exchange therefor will issue to the holders of such Eurogas Special Shares 0.2 of a Great Plains Share for each Eurogas Special Share acquired;

4.14.6 Eurogas will transfer all of the Canadian Assets to Great Plains in consideration of Great Plains issuing Great Plains Special Shares to Eurogas;

4.14.7 Great Plains will redeem from Eurogas all of the Great Plains Special Shares and will issue to Eurogas, in consideration therefor, a demand promissory note in a principal amount equal to such aggregate redemption amount for the Great Plains Special Shares;

4.14.8 Eurogas will redeem from Great Plains all of the Eurogas Special Shares and will issue to Great Plains, in consideration therefor, a demand promissory note in a principal amount equal to such aggregate redemption amount for the Eurogas Special Shares;

4.14.9 the demand promissory notes referred to in paragraphs 4.14.7 and 4.14.8 above will be set off against each other in full satisfaction of the obligations under each note; and

4.14.10 the articles of Eurogas will be further amended and restated to cancel the Common Shares and the Eurogas Special Shares and the articles of Great Plains will be further amended and restated to cancel the Great Plains Special Shares;

4.15 The Arrangement has been structured in the foregoing manner to allow the separation of the Canadian Assets and Great Plains Business from the International Assets and New Eurogas Business;

4.16 The Arrangement received final approval from the Court of Queen's Bench of Alberta on May 3, 2004;

4.17 The Eurogas Shareholders approved the Arrangement at the Meeting on April 30, 2004 in Calgary, Alberta.

4.18 A management information circular dated April 5, 2004 (the "Circular") was delivered to the Eurogas Shareholders in connection with the Meeting, which contained (among other things) prospectus-level disclosure of the business and affairs of each of Eurogas and Great Plains and the particulars of the Arrangement;

4.19 Each Eurogas Shareholder was entitled to dissent from the Arrangement in accordance with Section 190 of the CBCA and to be paid the fair value of such holder's Common Shares subject to certain conditions described in the Circular;

5. AND WHEREAS under the System this MRRS Decision Document evidences the decision of each of the Decision Makers (the "Decision");

6. 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;

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

7.1 the prospectus requirement shall not apply to control distributions (as defined in MI 45-102) of New Common Shares by Eurogas Shareholders (whether acquired in the Arrangement or upon exercise of New Eurogas Options) provided that the

conditions in subsection (2) and the requirements in subsection (3) of section 2.8 of MI 45-102 are satisfied and for the purpose of determining the period of time that a holder of New Common Shares has held the New Common Shares under subsection 2.8(2) of MI 45-102, such holder shall be permitted to include the period of time that the holder held Common Shares or Eurogas Options, as the case may be, immediately before the Effective Date of the Arrangement; and

7.2 the prospectus requirement shall not apply to control distributions (as defined in MI 45-102) of Great Plains Shares by shareholders of Great Plains (whether acquired in the Arrangement or upon exercise of Great Plains Options) provided that the conditions in subsection (2) and the requirements in subsection (3) of section 2.8 of MI 45-102 are satisfied and:

7.2.1 for the purpose of determining the period of time that Great Plains has been a reporting issuer under subsection 2.8(2) of MI 45-102, a selling security holder is permitted to include the period of time that Eurogas was a reporting issuer in a jurisdiction of Canada immediately before the Effective Date of the Arrangement; and

7.2.2 for the purpose of determining the period of time that a holder of Great Plains Shares has held the Great Plains Shares under subsection 2.8(2) of MI 45-102, such holder is permitted to include the period of time that the holder held Common Shares or Eurogas Options immediately before the Effective Date of the Arrangement.

May 27, 2004.

"Glenda A. Campbell" "Stephen R. Murison"

2.1.6 Canadian Oil Sands Limited and Canadian Oil Sands Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Application from reporting issuer subsidiary of reporting issuer parent for a decision that the subsidiary be exempted from the following requirements of National Instrument 51-102 Continuous Disclosure Obligations:

(a) the requirement to file a business acquisition report in prescribed form;

(b) the requirement to file certain documents including constating documents, by-laws or other corresponding instruments, any securityholder or voting trust agreement, any securityholders' rights plans or other similar plans, or any other contract that creates or can reasonably be regarded as materially affecting the rights or obligations of its securityholders generally; and

(c) the requirement to file certain material contracts.

Relief granted subject to terms and conditions, including without limitation condition that the business of the subsidiary continue to be the same as the business of the parent; the parent remain a reporting issuer; all financial statements filed by the parent are prepared on a consolidated basis in accordance with Canadian GAAP; the parent remain the direct or indirect beneficial owner of all of the issued and outstanding voting securities of the subsidiary; the parent continue to fully and unconditionally guarantee certain debt of the subsidiary; the subsidiary does not issue additional securities, subject to certain exceptions; and the subsidiary file certain documents of the parent.

Rules Cited

National Instrument 51-102, Continuous Disclosure Obligations, ss. 8.2, 12.1, 12.2 and 13.1.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC, NEW BRUNSWICK, 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
CANADIAN OIL SANDS LIMITED

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Newfoundland and Labrador and Nova Scotia (the "Jurisdictions") has received an application from Canadian Oil Sands Limited (the "Corporation") and Canadian Oil Sands Trust (the "Trust", and together with the Corporation, "Canadian Oil Sands") for a decision that the Corporation be exempted from the following requirements pursuant to National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102"), and in Québec by a revision of the general order that will provide the same result as an exemption order:

   (a) the requirement that if a reporting issuer completes a significant acquisition it must file a business acquisition report including financial statement disclosure in the form prescribed by NI 51-102 for the significant acquisition with the Decision Makers;

   (b) the requirement that a reporting issuer must file copies of its constating documents, by-laws or other corresponding instruments, any securityholder or voting trust agreement that the reporting issuer has access to, any securityholders' rights plans or other similar plans, or any other contract of a reporting issuer or a subsidiary of a reporting issuer that creates or can reasonably be regarded as materially affecting the rights or obligations of its securityholders generally, with the Decision Makers; and

   (c) the requirement that a reporting issuer must file copies of any contract that it or any of its subsidiaries is a party to, other than a contract entered into in the ordinary course of business, that is material to the issuer and was entered into within the last financial year, or before the last financial year but is still in effect, with the Decision Makers;

   (collectively, the "Reporting Requirements").

2. **AND WHEREAS** under the Mutual Reliance Review System for Exemptive Relief Applications (the "System") created pursuant to National Policy 12-201, 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;

4. **AND WHEREAS** the Corporation has represented to the Decision Makers that:

4.1 The Trust is an unincorporated open-ended investment trust formed under the laws of the Province of Alberta pursuant to a trust indenture dated October 5, 1995, as amended and restated as of July 5, 2001 and as further amended by a supplemental indenture dated as of August 7, 2001 and a notice of change in quarterly distribution dates dated December 10, 2001 (the "Trust Indenture"). The trustee of the Trust is Computershare Trust Company of Canada ("Computershare").

4.2 The Trust is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any requirements under the securities legislation of the Jurisdictions (the "Legislation").

4.3 The entire beneficial interest in the Trust is held by the holders of its trust units ("Units"), of which a maximum of 500,000,000 Units have been created and may be issued pursuant to the Trust Indenture. As of June 10, 2004, there were 87,778,646 Units issued and outstanding.

4.4 The Units are participating equity securities of the Trust and currently trade on the Toronto Stock Exchange (the "TSX"). As of June 10, 2004, the Units had a quoted market value on the TSX of over $3.5 billion.

4.5 The Trust has two direct wholly-owned subsidiary entities, namely the Corporation and Canadian Oil Sands Commercial Trust ("CT").

4.6 The Trust holds an aggregate 35.49% working interest in the Syncrude oil sands project near Fort McMurray, Alberta (the "Syncrude Project") indirectly through the Corporation (which has a direct 31.74% interest) and CT (which has an indirect 3.75% interest).

4.7 The Trust has no material assets other than its interests in the Syncrude Project.

4.8 The Corporation is a corporation organized and subsisting under the laws of Alberta. The Corporation's principal and registered offices are located in Calgary, Alberta.

4.9 Pursuant to the terms of the Trust Indenture, the Corporation is the manager of the Trust and is therefore responsible for the management of the business and affairs of the Trust,

including the provision of finance, legal, engineering, accounting, treasury and investor relations services. The Corporation is also the manager of CT.

4.10 The business of the Corporation is to oversee the Trust's indirect 35.49% working interest in the Syncrude Project through its role as the manager of both the Trust and CT. The Corporation does not have any material operations that are independent of this role.

4.11 The Corporation currently holds a direct 31.74% interest in the Syncrude Project.

4.12 The authorized share capital of the Corporation consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

4.13 All of the issued and outstanding common shares of the Corporation are held by the Trust and all of the issued and outstanding preferred shares of the Corporation are held by CT.

4.14 The Corporation has no other securities outstanding as at the date of this application except USD $300 million of 5.8% Senior Notes due 2013, USD $70 million of 7.625% Senior Notes due 2007, USD $250 million of 7.9% Senior Notes due 2021 and USD $74 million of 8.2% Senior Notes due 2027 (collectively, the "Senior Notes") and CAD $150 million of 5.75% unsecured medium term Notes due 2008, CAD $20 million of floating rate unsecured medium term Notes due 2007 with interest payable quarterly based on 3 month Canadian dollar bankers' acceptances plus 60 basis points and CAD $175 million of 3.95% unsecured medium term Notes due 2007 (as defined in paragraph 4.16, below).

4.15 All of the Senior Notes were sold on a private placement basis pursuant to exemptions from the prospectus and registration requirements of the United States *Securities Act of 1933* and have been issued: (a) to "qualified institutional buyers", as defined in Rule 144A under the United States *Securities Act of 1933*, which includes entities such as insurance companies, investment companies, plans, trust funds, business development companies and U.S. registered dealers; and (b) to a small number of foreign purchasers in offshore transactions, which include investment companies and insurance companies.

4.16 The Corporation became a reporting issuer or the equivalent in each of the Jurisdictions on March 27, 2003 upon the issuance of a receipt for the Shelf Prospectus under National Instrument 44-102 *Shelf Distributions* ("NI 44-102") relating to the sale of up to CAD $750,000,000 of unsecured medium term notes (the "Notes").

4.17 The Corporation is not in default of any requirements under the Legislation.

4.18 The Notes have been and will continue to be issued under a trust indenture dated as of April 2, 2003 between the Corporation and Computershare (the "Note Indenture").

4.19 Pursuant to a guarantee agreement (the "Guarantee") dated as of April 2, 2003 between the Trust and Computershare, as trustee under the Note Indenture, any payments to be made by the Corporation as stipulated in the terms of the Notes or in an agreement governing the rights of the holders of Notes ("Noteholders") will be fully and unconditionally guaranteed by the Trust, such that the Noteholders shall be entitled to receive payment thereof from the Trust within 15 days of any failure by the Corporation to make a payment as stipulated.

4.20 The Corporation was qualified under National Instrument 44-101 *Short Form Prospectus Distributions* ("NI 44-101") to file a prospectus in the form of a short form prospectus on the basis that the Notes are, pursuant to the Guarantee, guaranteed non-convertible debt securities as contemplated by Section 2.5 thereof.

4.21 In accordance with NI 44-101 and NI 44-102, the Shelf Prospectus provides disclosure about the consolidated business and operations of the Trust and incorporates by reference the required disclosure documents of the Trust.

4.22 The Shelf Prospectus provides disclosure with respect to the Trust guarantee of the Notes and the Trust signed the certificate page as a credit supporter within the meaning of NI 44-101.

4.23 The Notes have been assigned approved ratings within the meaning of NI 44-101, namely "Baa2" with a negative outlook by

Moody's Investors Service, Inc. and "BBB+" with a negative outlook by Standard & Poor's Corporation.

4.24 The Corporation is a venture issuer, as defined in NI 51-102. The Notes will not be listed on any securities exchange.

4.25 The Decision Makers in all of the Jurisdictions other than Prince Edward Island are party to an MRRS Decision Document dated May 21, 2003 (the "Continuous Disclosure Decision") exempting the Corporation from the requirements contained in the Legislation: (a) to file and send to its securityholders audited annual comparative financial statements, unaudited interim comparative financial statements or annual reports containing such statements; (b) to issue and file a news release and file a report with the Decision Makers upon the occurrence of a material change; (c) to comply with the proxy and proxy solicitation requirements; and (d) that an insider of the Corporation file reports with the Decision Makers disclosing such insider's ownership of, control or direction over, securities of the Corporation, so long as certain conditions contained in the Continuous Disclosure Decision are satisfied, including the filing by the Corporation of the annual comparative audited consolidated financial statements and the interim comparative consolidated financial statements of the Trust.

4.26 The Corporation has complied with the conditions contained in the Continuous Disclosure Decision.

4.27 The Corporation has filed a letter dated April 14, 2004 with the Decision Makers pursuant to Section 13.2 of NI 51-102 informing the Decision Makers that the Corporation intends to Continue to rely on the exemptions granted to the Corporation under the Continuous Disclosure Decision.

4.28 The Decision Makers in Saskatchewan, Ontario and Québec are party to an MRRS Decision Document dated May 20, 2003 (the "AIF Decision") exempting the Corporation from the requirements contained in the securities legislation of Saskatchewan, Ontario and Québec: (a) to file an annual information form; and (b) to file and send to its securityholders management's discussion and analysis with respect to its audited annual financial statements and its unaudited interim financial statements, so long as certain conditions contained in the AIF Decision are satisfied.

4.29 The Corporation has complied with the conditions contained in the AIF Decision.

4.30 The Decision Makers in all of the Jurisdictions other than Prince Edward Island are party to an MRRS Decision Document dated January 12, 2004 (the "Reserves Reporting Decision") exempting the Corporation from Sections 2.1 and 2.2 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, and in Québec, the requirements of National Policy Statement No. 2-B *Guide for Engineers and Geologists Submitting Oil and Gas Reports to Canadian Provincial Securities Administrators* until such time as NI 51-101 is implemented in Québec, so long as certain conditions contained in the Reserves Reporting Decision are satisfied.

4.31 The Corporation has complied with the conditions contained in the Reserves Reporting Decision.

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

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

7. **THE DECISION** of the Decision Makers pursuant to section 13.1 of NI 51-102, and in Quebec pursuant to Section 321 of the Act, is that the Reporting Requirements, where applicable, shall not apply to the Corporation, so long as:

7.1 the business of the Corporation continues to be the same as the business of the Trust, in that the business of the Corporation continues to be the management and oversight, through ownership or control, of all of the material assets of the Trust, including, without limitation, the Trust's entire investment in the Syncrude Project;

7.2 the Trust remains a reporting issuer or the equivalent under the Legislation and continues to comply with all timely and continuous disclosure requirements thereunder;

7.3 all financial statements filed by the Trust under the Legislation are prepared on a

consolidated basis in accordance with Canadian GAAP;

7.4 the Trust remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of the Corporation;

7.5 the Trust continues to fully and unconditionally guarantee the Notes as to the payments required to be made by the Corporation to the holders of the Notes;

7.6 the Corporation does not distribute additional securities other than: (i) the Notes or other debt securities contemplated by paragraph 7.7 below; (ii) to the Trust or to entities that are wholly-owned, directly or indirectly, by the Trust; or (iii) debt securities issued on a private placement basis pursuant to exemptions from the prospectus requirements of applicable Legislation;

7.7 if the Corporation hereafter distributes additional debt securities (other than debt securities that are issued to the Trust or to entities that are wholly-owned, directly or indirectly, by the Trust or are distributed on a private placement basis pursuant to exemptions from the prospectus requirements of applicable Legislation) the Trust shall fully and unconditionally guarantee such debt securities as to the payments required to be made by the Corporation to the holders of such debt securities;

7.8 if, in the future, the Corporation completes a significant acquisition, and the Trust is required under NI 51-102 to file a business acquisition report, the Corporation files the business acquisition report and financial statement disclosure for such significant acquisition prepared by the Trust with the Decision Makers; and

7.9 if, in the future, the Trust is required under NI 51-102 to file a contract that it or any of its subsidiaries is a party to, and such contract pertains to the Corporation, the Corporation files the contract with the Decision Makers.

June 25, 2004.

"Mavis Legg"

2.1.7 Davis + Henderson Income Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief granted to a limited purpose trust from the requirement to include certain financial statement disclosure in the trust's information circular being sent to unitholders of the trust in connection with a reorganization.

Rules Cited

National Instrument 51-102 – Continuous Disclosure Obligations, ss. 8.5 and 13.1.
Form 51-102F5, s. 14.2.
National Instrument 44-101 – Short Form Prospectus Distributions, Part 4.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, ALBERTA, BRITISH COLUMBIA,
SASKATCHEWAN, MANITOBA, QUÉBEC,
NEW BRUNSWICK, 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
DAVIS + HENDERSON INCOME FUND

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta, British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Newfoundland and Labrador and Nova Scotia (the "Jurisdictions") has received an application from Davis + Henderson Income Fund (the "Issuer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") and in Québec by a revision of the general order that will provide the same result as an exemption order, that the requirements of the Legislation to include the following information in the management information circular ("Management Information Circular") being sent to unitholders of the Issuer in connection with the Reorganization (as defined below) shall not apply to the Issuer, subject to certain terms and conditions:

(a) the audited annual financial statements of the Issuer or Davis + Henderson, Limited Partnership ("Davis + Henderson L.P.") for the financial year ended December 31, 2001, in respect of the significant acquisitions by the Issuer of its indirect interest in Davis + Henderson

L.P., in accordance with Part 4 of National Instrument 44-101 – *Short Form Prospectus Distributions* ("NI 44-101") (the "2001 Financial Statement Requirement"),

(b) the financial statements of Newco (as defined below), in respect of the issuance of Class A Shares (as defined below) pursuant to the Reorganization, in accordance with the Legislation (the "Newco Financial Statement Requirement"), and

(c) the financial statements of D + H Holdings (as defined below), in respect of the significant probable acquisition of D + H Holdings by Newco pursuant to the Reorganization, in accordance with the Legislation (the "D + H Financial Statement Requirement" and together with the Newco Financial Statement Requirement and 2001 Financial Statement Requirement, the "Financial Statement Requirements"),

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

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

AND WHEREAS the Issuer represented to the Decision Makers that:

1. The Issuer is a limited purpose trust established under the laws of Ontario pursuant to an amended and restated declaration of trust dated November 6, 2001. The Issuer is authorized to issue an unlimited number of units ("Units"). As of June 10, 2004, 37,920,792 Units were issued and outstanding.

2. The Issuer holds common shares and notes issued by D + H Holdings Corp. ("D + H Holdings"), an Ontario corporation, which holds limited partnership units of Davis + Henderson L.P., a British Columbia limited partnership. The Issuer also holds shares in Davis + Henderson G.P. Inc. ("Davis + Henderson G.P."), the general partner of Davis + Henderson L.P.

3. The Issuer offered 17,235,000 Units pursuant to an initial public offering by way of a prospectus dated December 11, 2001 (the "Prospectus") and an additional 1,720,000 Units by way of over-allotment option. The closing of the initial public offering occurred on December 20, 2001 and the closing of the over-allotment option occurred on January 10, 2002.

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

5. The Issuer used the net proceeds of its initial public offering and the over-allotment option to indirectly acquire a 49.98% interest in Davis + Henderson L.P., which in turn acquired the cheque supply outsourcing business formerly carried on as a division of MDC Corporation Inc. ("MDC"). Following the indirect acquisition by the Issuer of its interest in Davis + Henderson L.P., Davis + Henderson G.P. held a 0.001% interest and MDC held the remaining 50.019% interest in Davis + Henderson L.P.

6. The Issuer subsequently indirectly acquired MDC's 50.019% interest in Davis + Henderson L.P. using the net proceeds from its follow-on public offering of 18,965,792 Units pursuant to a prospectus dated March 18, 2002. The closing of this follow-on offering occurred on April 2, 2002.

7. The audited annual consolidated financial statements of the Issuer for each of the years ended December 31, 2003 and 2002 include the financial results for Davis + Henderson L.P. on a consolidated basis and these financial statements have been filed on SEDAR.

8. Pursuant to a Mutual Reliance Review System decision document dated July 24, 2003 (the "Previous Decision"), the Issuer was exempted from the requirements of securities legislation in the jurisdictions of Ontario, Alberta, British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island concerning the preparation, filing and delivery of audited annual consolidated financial statements for the period ended December 31, 2001, subject to certain terms and conditions.

9. The Issuer has complied with the terms and conditions of the Previous Decision.

10. The Issuer is qualified to file a prospectus in the form of a short form prospectus pursuant to section 2.2 of NI 44-101.

11. The Issuer's present organizational structure is proposed to be restructured by way of an internal reorganization (the "Reorganization") to replace D + H Holdings with a newly formed trust (the "Trust").

12. The Reorganization will occur on a tax-deferred basis for the Issuer and unitholders of the Issuer resident in Canada. After giving effect to the Reorganization, the direct and indirect interest of the Issuer in the assets of Davis + Henderson L.P.

and in Davis + Henderson G.P. will be the same as the interest that the Issuer had immediately prior to the Reorganization.

13. In order to effect the Reorganization, the Issuer will distribute to its unitholders Class A shares (the "Class A Shares") of a wholly-owned subsidiary corporation ("Newco") of the Issuer incorporated for the sole purpose of effecting the Reorganization. Additional Units will also be issued in connection with the Reorganization. Newco will be incorporated just prior to the Reorganization. The Class A Shares will distributed to the Issuer's unitholders as return of capital in a nominal amount per unit.

14. Newco will own no material assets, other than the securities and indebtedness of D + H Holdings that it will acquire pursuant to a series of transactions in connection with the Reorganization. Following its acquisition of D + H Holdings, Newco and D + H Holdings will amalgamate to form "Amalco".

15. Following its amalgamation, Amalco will automatically redeem all of its outstanding Class A Shares for Units on a one-for-one basis in accordance with the Reorganization.

16. The Class A Shares so redeemed will be cancelled upon receipt by Amalco. Amalco will subsequently be dissolved.

17. The Class A Shares will be outstanding for approximately one business day.

18. Neither Newco nor Amalco will carry on any active business and Amalco will be dissolved following completion of the Reorganization. Each of the directors and officers of Newco and Amalco will be persons who are directors or officers of Davis + Henderson G.P.

19. The financial results of D + H Holdings, which is proposed to be acquired by Newco, are fully reflected in the audited annual and interim consolidated financial statements of the Issuer that will be incorporated by reference in the Management Information Circular.

20. Prospectus-level disclosure regarding Newco and Amalco (other than the information required under the Newco Financial Statement Requirement) will be disclosed in the Management Information Circular.

21. The Issuer will acquire all of the outstanding trust units of the Trust and indebtedness of the Trust (which will be in the form of notes, issuable in series) and the Trust will acquire all of the outstanding limited partnership units of Davis + Henderson L.P.

22. As the indirect acquisitions by the Issuer of its interest in Davis + Henderson L.P. constitute "significant acquisitions" (as such term is defined in NI 44-101) within the Issuer's three most recently completed financial years, the Legislation requires that the Management Information Circular contain financial statement disclosure regarding these significant acquisitions, including financial statements reflecting the financial results of Davis + Henderson L.P., either separately or on a consolidated basis with the Issuer, for a total of three years.

23. In accordance with the Previous Decision, the Issuer did not prepare audited annual consolidated financial statements for the year ended December 31, 2001.

24. As the probable acquisition by Newco of the Issuer's interest in D + H Holdings constitutes a "significant probable acquisition" (as such term is defined in the Legislation), the Legislation requires that the Management Information Circular contain financial statement disclosure regarding this significant probable acquisition, including financial statements reflecting the financial results of D + H Holdings, either separately or on a consolidated basis with Newco, for a total of three years.

25. The Legislation requires that the Management Information Circular contain the financial statement disclosure regarding Newco required by the Legislation as Newco is issuing Class A Shares in connection with the Reorganization.

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 Financial Statement Requirements shall not apply to the Issuer, provided the Issuer complies with all other requirements of section 14.2 of Form 51-102F5, including but not limited to the requirement that the Management Information Circular includes the audited consolidated financial statements of the Issuer for its financial years ended December 31, 2002 and 2003.

June 30, 2004.

"John Hughes"

2.1.8 Denbury Resources Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Exemption from all of the requirements of National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities granted to a reporting issuer who is an SEC issuer that has a de minimus connection to Canadian capital markets. Relief is on condition that reporting issuer continues to have only a de minimus connection to Canadian capital markets and to be subject to and comply with the disclosure requirements of the SEC and New York Stock Exchange in connection with its oil and gas activities.

Rules Cited

National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities – s. 8.1(1).

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

AND

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

AND

IN THE MATTER OF
DENBURY RESOURCES INC.

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, New Brunswick and Yukon (the Jurisdictions) has received an application from Denbury Resources Inc. (Denbury) for a decision under the securities legislation of the Jurisdictions (the Legislation) that Denbury be exempted from the requirements of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101);

2. AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief applications (the System), the Alberta Securities Commission is the principal regulator for this application;

3. AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions* or Appendix 1 of Companion Policy 51-101 CP;

4. AND WHEREAS Denbury has represented to the Decision Makers that:

4.1 Denbury is a reporting issuer or equivalent in each of the Jurisdictions;

4.2 Denbury is a body corporate organized and subsisting under the laws of the State of Delaware since April, 1999;

4.3 Denbury's head office and registered office is located in Plano, Texas, U.S.A.;

4.4 Denbury has no assets located in Canada and all of its operations are conducted in the United States;

4.5 The management team of Denbury is located entirely in the United States, principally in the State of Texas and a majority of Denbury's directors are resident in the United States;

4.6 The common shares of Denbury are registered in the United States under the *U.S. Securities Exchange Act of 1934*, as amended (the 1934 Act) and are listed on the New York Stock Exchange;

4.7 Denbury does not have any of its securities listed on any stock exchange in Canada;

4.8 Management has represented that, based upon search results conducted in relation to Denbury's most recent annual meeting of shareholders held on May 12, 2004, about 1.6% of the number of registered holders of common shares of Denbury are resident in Canada and about 4% of Denbury's outstanding common shares are beneficially owned by shareholders resident in Canada;

4.9 Denbury is an "SEC foreign issuer" as defined in National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* and can rely on the continuous disclosure and other exemptions set forth in NI 71-102, subject to compliance with the conditions set out in NI 71-102 relating to those exemptions; and

4.10 Denbury prepares consolidated reserve data and oil and gas disclosure in accordance with the requirements of the *Securities Act of 1933*, the 1934 Act and the rules and regulations of the Securities and Exchange Commission (SEC) and New York Stock Exchange (collectively, the US Rules).

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

6. 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;

7. THE DECISION of the Decision Makers under the Legislation is that NI-51-101 shall not apply to Denbury for so long as:

   7.1 less than 10% of the number of registered and beneficial holders of common shares of Denbury are resident in Canada;

   7.2 less than 10% of the aggregate of the outstanding common shares of Denbury are held by residents of Canada; and

   7.3 Denbury is subject to and complies with the disclosure requirements of the US Rules in connection with its oil and gas activities.

June 25, 2004.

"Glenda A. Campbell" "David W. Betts"

2.1.9 Progress Energy Ltd. et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from continuous disclosure requirements for an exchangeco. in connection with an arrangement involving an income trust.

Applicable National Instruments

National Instrument 51-102 – Continuous Disclosure Obligations.

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

AND

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

AND

IN THE MATTER OF
PROGRESS ENERGY LTD.,
CEQUEL ENERGY INC.,
PROGRESS ENERGY TRUST,
PROGRESS ACQUISITION CORP.,
CEQUEL ACQUISITION CORP.,
CYRIES ENERGY INC. AND
PROEX ENERGY LTD.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (collectively, the "**Decision Makers**") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Yukon and Nunavut (collectively, the "**Jurisdictions**") has received an application from Progress Energy Ltd. ("**Progress**"), Cequel Energy Inc. ("**Cequel**"), Progress Energy Trust (the "**Trust**"), Progress Acquisition Corp. ("**Progress AcquisitionCo**"), Cequel Acquisition Corp. ("**Cequel AcquisitionCo**"), Cyries Energy Inc. ("**Cyries**") and ProEx Energy Ltd. ("**ProEx**"), in connection with a proposed plan of arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") involving Progress, Cequel, the Trust, Progress AcquisitionCo, Cequel AcquisitionCo, Cyries and ProEx, for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") that Progress AcquisitionCo and Cequel AcquisitionCo (and their successor on amalgamation with Progress and Cequel ("**AmalgamationCo**")), be granted an exemption from National Instrument 51-102 Continuous Disclosure Obligations ("**NI 51-102**"), in its entirety, in each of the

Jurisdictions, and in Québec by a revision of general order No. 2004-PDG-0020 dated March 26, 2004, and further be granted an exemption from any comparable continuous disclosure requirements under the Legislation of the Jurisdictions (other than Ontario) that have not yet been repealed or otherwise rendered ineffective as a consequence of the adoption of NI 51-102 (collectively, the "**Continuous Disclosure Requirements**");

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

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

AND WHEREAS the Trust, Progress, Cequel, Progress AcquisitionCo, Cequel AcquisitionCo, Cyries and ProEx have represented to the Decision Makers that:

1. Progress is a corporation incorporated and subsisting pursuant to the provisions of the ABCA;

2. the head and principal office and registered office of Progress are located at Calgary, Alberta;

3. the authorized capital of Progress includes an unlimited number of common shares ("**Progress Common Shares**"). As at May 25, 2004, 33,938,556 Progress Common Shares were issued and outstanding. Progress has also reserved a total of 2,500,123 Progress Common Shares for issuance pursuant to outstanding options to purchase Progress Common Shares and warrants to purchase Progress Common Shares;

4. the Progress Common Shares are listed on The Toronto Stock Exchange (the "**TSX**");

5. Progress is a reporting issuer in the Provinces of British Columbia, Alberta, Manitoba, Ontario, Quebec and Nova Scotia and has been for more than 12 months;

6. Progress has filed all the information that it has been required to file as a reporting issuer in each of the Provinces of British Columbia, Alberta, Manitoba, Ontario, Quebec and Nova Scotia and is not to its knowledge in default of the securities legislation in any of these jurisdictions;

7. Cequel is a corporation amalgamated and subsisting pursuant to the provisions of the ABCA;

8. the head and principal office and registered office of Cequel are located at Calgary, Alberta;

9. the authorized capital of Cequel includes an unlimited number of common shares ("**Cequel Common Shares**"). As at May 25, 2004, 58,209,452 Cequel Common Shares were issued and outstanding. Cequel has also reserved a total of 10,650,747 Cequel Common Shares for issuance pursuant to outstanding options to purchase Cequel Common Shares and warrants to purchase Cequel Common Shares;

10. the Cequel Common Shares are listed on the TSX;

11. Cequel is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador and has been for more than 12 months;

12. Cequel has filed all the information that it has been required to file as a reporting issuer in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador and is not to its knowledge in default of the securities legislation in any of these jurisdictions;

13. the Trust is an open-end unincorporated investment trust governed by the laws of the Province of Alberta and created pursuant to a trust indenture dated May 26, 2004 among Cequel, Progress and Computershare Trust Company of Canada, as trustee;

14. the Trust was established to, among other things:

    (a) participate in the Arrangement including, without limitation, acquiring a net profits interest under the net profits interest agreement to be entered into between AmalgamationCo and the Trust;

    (b) invest in securities of Progress AcquisitionCo, Cequel AcquisitionCo, Progress Energy ExchangeCo Ltd. ("**ExchangeCo**") or any other affiliate or subsidiary of the Trust and acquire the securities of Progress and Cequel pursuant to the Arrangement, which investments shall be for the purpose of funding the acquisition, development, exploitation and disposition of all types of petroleum and natural gas and energy related assets, including without limitation, facilities of any kind, oil sands interests, electricity or power generating assets and pipeline, gathering, processing and transportation assets and whether effected by an acquisition of assets or an acquisition of shares or other form of ownership interest in any entity the substantial majority of the assets of which are comprised of like assets;

(c) acquire or invest in the securities of any other entity, including without limitation bodies corporate, partnerships or trusts and borrow funds or otherwise obtaining credit for that purpose; and

(d) make loans or other advances to AmalgamationCo or any affiliate or subsidiary of the Trust or AmalgamationCo;

15. the head and principal office of the Trust is located at Calgary, Alberta;

16. the Trust was established with nominal capitalization and currently has only nominal assets and no liabilities. The only activity which will initially be carried on by the Trust will be the holding of securities of Progress AcquisitionCo, Cequel AcquisitionCo and ExchangeCo;

17. the Trust is authorized to issue an unlimited number of trust units ("**Trust Units**") and an unlimited number of special voting units ("**Special Voting Units**");

18. as of the date hereof, there are two (2) Trust Units issued and outstanding and no Special Voting Units are outstanding;

19. the Trust has obtained the conditional approval of the TSX for the listing on the TSX of the Trust Units to be issued in connection with the Arrangement subject to, among other things, completion of the Arrangement. The Trust Units issuable from time to time in exchange for the exchangeable shares of AmalgamationCo (the "**Exchangeable Shares**") will also be listed on the TSX, subject to receipt of final approval from the TSX;

20. the Trust is not a reporting issuer in any of the Jurisdictions;

21. Progress AcquisitionCo is a wholly-owned subsidiary of the Trust that was incorporated pursuant to the ABCA. Progress AcquisitionCo was incorporated to participate in the Arrangement by, among other things, creating and issuing promissory notes and exchangeable shares required for implementing the Arrangement;

22. the head and principal office and registered office of Progress AcquisitionCo are located at Calgary, Alberta;

23. the authorized capital of Progress AcquisitionCo currently includes an unlimited number of common shares. All of the common shares of Progress AcquisitionCo are owned by the Trust;

24. Progress AcquisitionCo is not a reporting issuer in any of the Jurisdictions;

25. Cequel AcquisitionCo is a wholly-owned subsidiary of the Trust that was incorporated pursuant to the ABCA. Cequel AcquisitionCo was incorporated to participate in the Arrangement by, among other things, creating and issuing promissory notes and exchangeable shares required for implementing the Arrangement;

26. the head and principal office and registered office of Cequel AcquisitionCo are located at Calgary, Alberta;

27. the authorized capital of Cequel AcquisitionCo currently includes an unlimited number of common shares. All of the common shares of Cequel AcquisitionCo are owned by the Trust;

28. Cequel AcquisitionCo is not a reporting issuer in any of the Jurisdictions;

29. ProEx is a Canadian controlled private corporation incorporated pursuant to the provisions of the ABCA for the purposes of participating in the Arrangement. ProEx has not carried on any active business since incorporation;

30. the head and principal office and its registered office of ProEx are located at Calgary, Alberta;

31. pursuant to the Arrangement, ProEx will acquire, directly and indirectly, certain oil and gas assets from Progress. Upon completion of the Arrangement, ProEx will be engaged in the exploration for, and acquisition, development and production of, oil and natural gas reserves in the western Canadian sedimentary basin;

32. the authorized capital of ProEx includes an unlimited number of common shares ("**ProEx Common Shares**");

33. ProEx has applied for conditional approval from the TSX for the listing on the TSX of the ProEx Common Shares to be issued in connection with the Arrangement subject to, among other things, completion of the Arrangement. The ProEx Common Shares issuable from time to time will also be listed on the TSX, subject to receipt of final approval from the TSX;

34. ProEx is not a reporting issuer in any of the Jurisdictions;

35. Cyries is a Canadian controlled private corporation incorporated pursuant to the provisions of the ABCA for the purposes of participating in the Arrangement. Cyries has not carried on any active business since incorporation;

36. the head and principal office and registered office of Cyries are located at Calgary, Alberta;

37. pursuant to the Arrangement, Cyries will acquire, directly and indirectly, certain oil and gas assets from Cequel. Upon completion of the Arrangement, Cyries will be engaged in the exploration for, and acquisition, development and production of, oil and natural gas reserves in the western Canadian sedimentary basin;

38. the authorized capital of Cyries includes an unlimited number of common shares ("**Cyries Common Shares**");

39. Cyries has applied for conditional approval from the TSX for the listing on the TSX of the Cyries Common Shares to be issued in connection with the Arrangement subject to, among other things, completion of the Arrangement. The Cyries Common Shares issuable from time to time will also be listed on the TSX, subject to receipt of final approval from the TSX;

40. Cyries is not a reporting issuer in any of the Jurisdictions;

41. AmalgamationCo will be formed on the effective date of the Arrangement (the "**Effective Date**") pursuant to the amalgamation of Progress, Cequel, Progress AcquisitionCo and Cequel AcquisitionCo pursuant to the provisions of the ABCA;

42. the principal office and the registered office of AmalgamationCo will be located at, Calgary, Alberta;

43. the authorized capital of AmalgamationCo will include an unlimited number of common shares and an unlimited number of Exchangeable Shares;

44. the Trust has obtained the conditional approval of the TSX for the listing on the TSX of the Exchangeable Shares to be issued in connection with the Arrangement subject to, among other things, completion of the Arrangement;

45. the common shares of AmalgamationCo will not be listed on any stock exchange;

46. all common shares of AmalgamationCo will be beneficially owned (directly or indirectly) by the Trust, for as long as any outstanding Exchangeable Shares are owned by any person other than the Trust or any of the Trust's subsidiaries and other affiliates;

47. the Arrangement will require: (i) approval by not less than two-thirds of the votes cast by the Progress securityholders and Cequel securityholders (present in person or represented by proxy), voting together as a single class, at the respective securityholder meetings (collectively, the "**Meetings**") of Progress and Cequel at which the Arrangement will be considered, and thereafter; (ii) approval of the Court of Queen's Bench of Alberta;

48. the joint information circular and proxy statement dated May 28, 2004 (the "**Information Circular**") prepared by Progress and Cequel contains prospectus-level disclosure concerning the respective business and affairs of Progress, Cequel, the Trust, ProEx, Cyries and AmalgamationCo and a detailed description of the Arrangement, and has been mailed to Progress securityholders and Cequel securityholders in connection with the Meetings. The Information Circular has been prepared in conformity with the provisions of the ABCA and applicable securities laws and policies;

49. the Arrangement provides that at the time the Arrangement takes effect on the Effective Date, a series of transactions will occur that will result in, among other things:

    (a) subject to certain exceptions and adjustments, shareholders of Cequel receiving, for each Cequel Common Share owned:

        (i) 0.695 of a Trust Unit, 0.139 of a ProEx Common Share and 0.139 of a Cyries Common Share; or

        (ii) 0.695 of an Exchangeable Share, 0.139 of a ProEx Common Share and 0.139 of a Cyries Common Share;

    (b) subject to certain exceptions and adjustments, shareholders of Progress receiving, for each Progress Common Share owned:

        (i) one Trust Unit, 0.20 of a ProEx Common Share and 0.20 of a Cyries Common Share; or

        (ii) one Exchangeable Share, 0.20 of a ProEx Common Share and 0.20 of a Cyries Common Share;

    (c) the conveyance by Progress of certain assets to ProEx;

    (d) the conveyance by Cequel of certain assets to Cyries; and

    (e) Progress, Cequel, Progress AcquisitionCo and Cequel AcquisitionCo

shall be amalgamated and continued as one corporation, AmalgamationCo;

50. AmalgamationCo will become a reporting issuer under the Legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland and Labrador, and will be subject to the Continuous Disclosure Requirements in such Jurisdictions;

51. the Trust will become a reporting issuer under the Legislation of British Columbia, Alberta, Saskatchewan, Ontario and Québec, and will be subject to the Continuous Disclosure Requirements in such Jurisdictions. Applications have been made to deem or declare the Trust to be a reporting issuer under the Legislation of Nova Scotia and Newfoundland and Labrador and if said applications are granted, the Trust will be subject to the Continuous Disclosure Requirements in such Jurisdictions;

52. ProEx and Cyries will become reporting issuers under the Legislation of British Columbia, Alberta, Saskatchewan, Québec, Nova Scotia and Newfoundland and Labrador, and will be subject to the Continuous Disclosure Requirements in such Jurisdictions;

53. the Exchangeable Shares provide a holder with a security having economic and voting rights which are, as nearly as practicable, equivalent to those of the Trust Units;

54. under the terms of the Exchangeable Shares and certain rights to be granted in connection with the Arrangement, holders of Exchangeable Shares will be able to exchange them at their option for Trust Units;

55. under the terms of the Exchangeable Shares and certain rights to be granted in connection with the Arrangement, the Trust, ExchangeCo or AmalgamationCo will redeem, retract or otherwise acquire Exchangeable Shares in exchange for Trust Units in certain circumstances;

56. in order to ensure that the Exchangeable Shares remain the voting and economic equivalent of the Trust Units prior to their exchange, the Arrangement provides for:

    (a) a voting and exchange trust agreement to be entered into among the Trust, AcquisitionCo, ExchangeCo and Valiant Trust Company (the "**Voting and Exchange Agreement Trustee**") which will, among other things, (i) grant to the Voting and Exchange Agreement Trustee, for the benefit of holders of Exchangeable Shares, the right to require the Trust or ExchangeCo to exchange the Exchangeable Shares for Trust Units, and (ii) trigger automatically the exchange of the Exchangeable Shares for Trust Units upon the occurrence of certain specified events;

    (b) the deposit by the Trust of a Special Voting Unit with the Voting and Exchange Agreement Trustee which will effectively provide the holders of Exchangeable Shares with voting rights equivalent to those attached to the Trust Units; and

    (c) a support agreement to be entered into among the Trust, AcquisitionCo and ExchangeCo which will, among other things, restrict the Trust from issuing or distributing to the holders of all or substantially all of the outstanding Trust Units:

        (i) additional Trust Units or securities convertible into Trust Units;

        (ii) rights, options or warrants for the purchase of Trust Units; or

        (iii) units or securities of the Trust other than Trust Units, evidences of indebtedness of the Trust or other assets of the Trust;

    unless the same or an equivalent distribution is made to holders of Exchangeable Shares, an equivalent change is made to the Exchangeable Shares, such issuance or distribution is made in connection with a distribution reinvestment plan instituted for holders of Trust Units or a unitholder rights protection plan approved for holders of Trust Units by the board of directors of AmalgamationCo, or the approval of holders of Exchangeable Shares has been obtained;

57. the Information Circular discloses that application will be made to relieve AmalgamationCo from the Continuous Disclosure Requirements;

58. the Trust will concurrently send to holders of Exchangeable Shares resident in the Jurisdictions all disclosure material it sends to holders of Trust Units pursuant to the Legislation; and

59. AmalgamationCo and its insiders will comply with the insider reporting requirement and the requirement to file an insider profile under National Instrument 55-102;

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 Continuous Disclosure Requirements of the Jurisdictions shall not apply to AmalgamationCo for so long as:

(a) the Trust is a reporting issuer in at least one of the jurisdictions listed in Appendix B of Multilateral Instrument 45-102 and is an electronic filer under National Instrument 13-101;

(b) the Trust sends to all holders of Exchangeable Shares resident in the Jurisdictions all disclosure material furnished to holders of Trust Units under the Continuous Disclosure Requirements;

(c) the Trust complies with the requirements in the Legislation and of any marketplace on which the securities of the Trust are listed or quoted in respect of making public disclosure of material information on a timely basis, and immediately issues and files any news release that discloses a material change in its affairs;

(d) AmalgamationCo issues a news release and files a material change report in accordance with Part 7 of NI 51-102 for all material changes in respect of the affairs of AmalgamationCo that are not also material changes in the affairs of the Trust;

(e) the Trust includes in all mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise statement that explains the reason the mailed material relates solely to the Trust, indicates that the Exchangeable Shares are the economic equivalent to the Trust Units, and describes the voting rights associated with the Exchangeable Shares;

(f) the Trust remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of AmalgamationCo; and

(g) AmalgamationCo does not issue any securities, other than the Exchangeable Shares, securities issued to the Trust or its affiliates, or debt securities issued to banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions.

June 30, 2004.

“Mavis Legg”

2.1.10 Storm Energy Ltd. et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from the continuous disclosure requirements in respect of reporting issuer – relief from certain oil and gas disclosure requirements – relief from certain certification requirements.

Applicable Ontario Statutory Provisions

National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities.
National Instrument 51-102 – Continuous Disclosure Obligations.
Multilateral Instrument 52-109 – Certification of Disclosure in Issuers Annual and Interim Filings.

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

AND

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

AND

IN THE MATTER OF
STORM ENERGY LTD.,
HARVEST ENERGY TRUST,
HARVEST OPERATIONS CORP.,
ALTERNA TECHNOLOGIES GROUP INC. AND
ROCK ENERGY INC.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (collectively, the "**Decision Makers**") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Newfoundland & Labrador and Yukon Territory (the "**Jurisdictions**") has received an application from Storm Energy Ltd. ("**Storm**"), Harvest Energy Trust ("**Harvest**"), Harvest Operations Corp. ("**Harvest Operations**"), Alterna Technologies Group Inc. (**"Alterna"**) and Rock Energy Inc. ("**Rock**") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

   1.1 in Manitoba, Québec, New Brunswick and the Yukon Territory (the "**Registration and Prospectus Jurisdictions**"), the dealer registration requirement and the prospectus requirement(the "**Registration and Prospectus Requirements**") shall not apply to any of the trades made in connection with the proposed plan of arrangement (the "**Arrangement**") pursuant to Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**"), involving Storm, Harvest, Harvest Operations, Alterna, Rock and the shareholders of Storm (the "**Shareholders**");

   1.2 the requirements contained in National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102") and in Québec by a revision of the general order that will provide the same result as an exemption order, and any comparable continuous disclosure requirements under the Legislation of the Jurisdictions that has not yet been repealed or otherwise rendered ineffective as a consequence of the adoption of NI 51-102 (the "**Continuous Disclosure Requirements**") shall not apply to the continuing corporation following the amalgamation of Storm and Harvest Operations under the Arrangement ("**New Harvest Operations**");

   1.3 other than in Québec, the requirements contained in Part 2 (Annual Filing Requirements) and Part 3 (Responsibilities of Reporting Issuers and Directors) of National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI 51-101") shall not apply to New Harvest Operations; and

   1.4 other than in British Columbia and Québec, the requirements contained in Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109") shall not apply to New Harvest Operations.

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

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

4. AND WHEREAS Storm, Harvest, Alterna, Rock and Harvest Operations have represented to the Decision Makers that:

STORM

4.1 Storm is a corporation incorporated pursuant to the ABCA on July 10, 2002;

4.2 the head and principal office of Storm is located at Suite 3300, 205 - 5th Ave. S.W., Calgary, Alberta, T2P 2V7 and the registered office is located at Suite 3300, 421 - 7th Ave S.W., Calgary, Alberta, T2P 4K9;

4.3 Storm is engaged in the exploration for, and the acquisition, development and production of, oil and natural gas, primarily in the provinces of Alberta, Saskatchewan and British Columbia;

4.4 the authorized capital of Storm currently consists of an unlimited number of common shares ("**Storm Shares**") and an unlimited number of first preferred shares, second preferred shares and third preferred shares, each issuable in series;

4.5 as at April 18, 2004, 29,892,302 Storm Shares were issued and outstanding, no preferred shares were issued and outstanding and options to purchase 2,684,824 Storm Shares were outstanding;

4.6 the Storm Shares are listed and posted for trading on the Toronto Stock Exchange ("**TSX**").

4.7 Storm is, and has been for more than four months, a reporting issuer or the equivalent thereof in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec;

4.8 Storm has filed all the information that it has been required to file as a reporting issuer in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec and is not in default of the Legislation in any of these jurisdictions;

Alterna

4.9 Alterna was incorporated under the ABCA in 1996 and continued under the *Canada Business Corporations Act* in 1998;

4.10 the registered office of Alterna is located at 3700, 400 – 3rd Avenue S.W., Calgary, Alberta, T2P 4H2;

4.11 Alterna was previously engaged in the development of treasury management software. From 1998 to 2003, Alterna incurred substantial losses in the operation of its business. In December 2003, Alterna sold substantially all of its intellectual property assets to a third party. Alterna currently has no employees and its business activities consist solely of settling outstanding accounts receivable and accounts payable;

4.12 Alterna is a privately held corporation, is not a reporting issuer in any jurisdiction and its securities are not listed on any stock exchange;

4.13 pursuant to the Arrangement, Alterna will acquire certain natural gas assets from Storm and upon completion of the Arrangement, Alterna will be engaged in the exploration for, and acquisition, development and production of, oil and natural gas reserves, primarily in western Canada;

4.14 Alterna has made application to list the common shares of Alterna ("Alterna Shares") issuable under the Arrangement on the TSX. Listing will be subject to Alterna fulfilling all of the requirements of the TSX;

Rock

4.15 Rock was incorporated pursuant to the *Company Act* (British Columbia) on February 15, 1988 under the name "Prime Equities Inc.". On October 25, 1991, the name of the corporation was changed to "Prime Equities International Corporation". On August 11, 1998, the name of the corporation was changed to "medEra Life Science Corporation". On January 4, 2000, the corporation was continued pursuant to the *Canada Business Corporations Act* and its name was changed to "Medbroadcast Corporation";

4.16 in October, 2003, Medbroadcast Corporation announced its plans to reorganize its business into a junior oil and gas company by leasing its website and related technology to a third party and acquiring Rock Energy Ltd., a private oil and gas company. On January 14, 2004, Medbroadcast Corporation acquired all of the shares of Rock Energy Ltd. and reconstituted its board of directors. On February 18, 2004, Medbroadcast Corporation was

continued as an Alberta corporation and its name was changed to "Rock Energy Inc.";

4.17 in December, 2002, Storm transferred oil and gas properties to Rock Energy Ltd. in exchange for 1,602,640 common shares of Rock Energy Ltd. ("**Rock Shares**"). Following the acquisition of Rock Energy Ltd. by Medbroadcast Corporation, Storm held approximately 18% of the Rock Shares;

4.18 Rock is, and has been for more than four months, a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Québec and Nova Scotia;

4.19 the Rock Shares are listed and posted for trading on the TSX Venture Exchange;

Harvest

4.20 Harvest is an open-end, unincorporated trust governed by the laws of the Province of Alberta and created pursuant to an amended and restated trust indenture ("**Trust Indenture**") dated September 27, 2002 between Harvest and Valiant Trust Company, as trustee;

4.21 the head and principal office of Harvest is located at 1900, 330 - 5th Avenue S.W., Calgary, Alberta, T2P 0L4;

4.22 Harvest is authorized to issue an unlimited number of trust units ("**Trust Units**") and an unlimited number of special voting rights ("**Special Voting Rights**"). As at May 12, 2004, approximately 17,310,495 Trust Units were issued and outstanding and no Special Voting Rights were outstanding;

4.23 the Trust Units are listed and posted for trading on the TSX;

4.24 Harvest has agreed under an arrangement agreement dated April 18, 2004 among the Trust, Harvest Operations, Storm and Alterna, that it will make application to list the Trust Units issuable under the Arrangement, including the Trust Units issuable from time to time in exchange for the exchangeable shares of New Harvest Operations (the "**Exchangeable Shares**"), on the TSX. Listing will be subject to Harvest Operations fulfilling all of the requirements of the TSX;

4.25 Harvest is, and has been for at least four months, a reporting issuer in all of the provinces and territories of Canada. Harvest is not in default of the Legislation in any of the Jurisdictions;

Harvest Operations

4.26 Harvest Operations is a wholly-owned operating subsidiary of Harvest and was incorporated pursuant to the ABCA;

4.27 The head and principal office of Harvest Operations is located at 1900, 330 - 5th Avenue S.W., Calgary, Alberta, T2P 0L4;

The Arrangement

4.28 the Arrangement requires approval by not less than two-thirds of the votes cast by Shareholders, either in person or by proxy, at a meeting (the "**Meeting**") of the Shareholders to be held on June 28, 2004 to consider the Arrangement, and after the Meeting approval of the Court of Queen's Bench of Alberta;

4.29 an information circular and proxy statement (the "**Information Circular**") was delivered to Shareholders in respect of the Meeting which contained, among other things, prospectus level disclosure of the business and affairs of each of Storm and Harvest, the particulars of the Arrangement as well as a fairness opinion of an independent financial advisor;

4.30 the following steps will occur in the following order as part of the Arrangement effective as of the date of the certificate giving effect to the Arrangement (the "**Effective Date**"):

4.30.1 Storm shall distribute to Shareholders one (1) unsecured subordinate promissory note ("**Warrant Note**") having a principal amount o $0.02 as a return of capital for each Storm Share held;

4.30.2 each Shareholder may elect or be deemed to have elected to and thereupon will assign, transfer and exchange one (1) Warrant Note to Alterna in consideration of Alterna issuing one (1) common share purchase warrant of Alterna (**"Alterna Warrant"**), entitling the holder to acquire one Alterna Share at a price equal to

the principal amount of an unsecured subordinate promissory note ("**Alterna Note**") having a principal amount equal to the lesser of (1) $2.00, and (2) the weighted average trading price of the Storm Shares for the five trading days immediately preceding the Effective Date less the sum of (i) the principal amount of a Cash Note (as defined below), (ii) the principal amount of a Warrant Note, and (iii) the principal amount of a Rock Note (as defined below), payable in cash or by the delivery of an Alterna Note, to such Storm Shareholder for each Storm Share held;

4.30.3 subject to certain limitations , each Storm Share, other than Storm Shares held by tax exempt Shareholders and non-resident Shareholders, will be transferred to Harvest Operations in accordance with the election or deemed election of the holder of such Storm Share in exchange for:

a) one unsecured subordinate promissory note having a principal amount of $4.15 ("**Cash Note**"); or

b) one unsecured subordinate promissory note ("**Trust Unit Note**") having a principal amount equal to the weighted average trading price of the Storm Shares for the five trading days immediately preceding the Effective Date less the principal amount of the Warrant Note, the Alterna Note and the unsecured subordinate promissory note ("**Rock Note**") having a principal amount of $0.23 and repayable by the issuance of 0.053 of a Rock Share; or

c) 0.281 of an Exchangeable Share (together with the Ancillary Rights (as defined below)); and

d) one (1) Alterna Note and one (1) Rock Note;

4.30.4 subject to certain limitations, each Storm Share held by tax exempt Shareholders and non-resident Shareholders, will be transferred to Harvest Operations in accordance with the election or deemed election of the holder of such Storm Share in exchange for:

a) one Cash Note; or

b) one Trust Unit Note; and

c) one (1) Alterna Note and one (1) Rock Note;

4.30.5 each Trust Unit Note shall be transferred by the holder thereof to Harvest in exchange for 0.281 of a Trust Unit;

4.30.6 Harvest Operations and Storm shall be amalgamated and continued as one corporation (New Harvest Operations), in accordance with the following:

a) the articles of New Harvest Operations shall be the same as the articles of Harvest Operations except that the authorized capital of New Harvest Operations shall consist of an unlimited number of common shares with the same rights, privileges and restrictions as the common shares of Harvest Operations, an unlimited number of exchangeable shares, issuable in series, the first series of which shall be the Exchangeable Shares and an unlimited number of first preferred shares with the same rights, privileges and restrictions as the first

preferred shares of Harvest Operations;

b) the name of New Harvest Operations shall be "Harvest Operations Corp." or such other name as determined by Harvest prior to the Effective Time;

c) the shares of Storm, all of which are owned by Harvest Operations, shall be cancelled without any repayment of capital;

d) for greater certainty, the outstanding Exchangeable Shares, Trust Unit Notes, Cash Notes, Alterna Notes, Warrant Notes and the Rock Notes shall survive and continue to be obligations of New Harvest Operations without amendment;

e) the property of each of the amalgamating corporations shall continue to be the property of New Harvest Operations;

f) New Harvest Operations shall continue to be liable for the obligations of each of the amalgamating corporations;

g) any existing cause of action, claim or liability to prosecution of either of the amalgamating corporations shall be unaffected;

h) any civil, criminal or administrative action or proceeding pending by or against either of the amalgamating corporations may be continued to be prosecuted by or against New Harvest Operations;

i) a conviction against, or ruling, order or judgment in favour of or against, either of the amalgamating corporations may be enforced by or against New Harvest Operations;

j) the Articles of Amalgamation of New Harvest Operations shall be deemed to be the Articles of Incorporation of New Harvest Operations and the Certificate of Amalgamation of New Harvest Operations shall be deemed to be the Certificate of Incorporation of New Harvest Operations;

k) the by-laws of New Harvest Operations shall be the by-laws of Harvest Operations;

l) the first directors of New Harvest Operations shall be the directors of Harvest Operations;

m) the first officers of New Harvest Operations shall be the officers of Harvest Operations; and

n) the registered office of New Harvest Operations shall be the registered office of Harvest Operations;

4.30.7 each holder of an Alterna Warrant may elect or be deemed to have elected to exercise the Alterna Warrants and thereupon will assign, transfer and exchange one (1) Alterna Note to Alterna for each Alterna Warrant so exercised and Alterna will issue one (1) Alterna Share to such holder for each Alterna Warrant exercised;

4.30.8 the transactions contemplated by the conveyance agreements (the "**Conveyance**

Agreements") pursuant to which Storm will transfer certain oil and gas assets to Alterna will be completed and Alterna will deliver the purchase consideration in Warrant Notes and Alterna Notes and an unsecured subordinated promissory note ("**Closing Note**") having a principal amount equal to the difference between the purchase consideration under the Conveyance Agreements and the principal amount of the Warrant Notes and Alterna Notes delivered under this Section 4.29.8, if required, to New Harvest Operations and/or subsidiaries or partnerships of New Harvest Operations, as the case may be, and upon such delivery such Warrant Notes and Alterna Notes shall be cancelled;

4.30.9 New Harvest Operations shall settle the Cash Notes by making a payment of cash;

4.30.10 New Harvest Operations shall settle the Rock Notes by delivering Rock Shares;

4.30.11 New Harvest Operations shall settle the remaining Warrant Notes, conditional upon the settling of the Closing Note, by delivering to the note trustee a payment of cash within 60 days of the Effective Date;

4.30.12 New Harvest Operations shall settle the remaining Alterna Notes, conditional upon the settling of the Closing Note, by delivering to the note trustee a payment of cash within 60 days of the Effective Date; and

4.30.13 Alterna shall settle the Closing Note by delivering to New Harvest Operations a payment of cash within 60 days of the Effective Date;

(All of the trades described above being referred to collectively as the "**Trades**");

4.31 subject to the limitations set forth below, an aggregate maximum of $75,000,000 in cash, 2,000,000 Exchangeable Shares and 8,000,000 Trust Units are issuable pursuant to the Arrangement. As a result, Shareholders may elect to receive up to 60% of the consideration from Harvest in cash or up to 95% of the consideration in Trust Units or Exchangeable Shares. In the event that all Shareholders elect cash, the consideration payable for each Storm Share will be comprised of $2.51 cash and 0.111 of a Trust Unit. A minimum of 40% of the consideration for the Storm Shares shall be paid in Trust Units or Exchangeable Shares. No Exchangeable Shares will be issued to non-resident Shareholders or tax-exempt Shareholders;

4.32 New Harvest Operations will become a reporting issuer or the equivalent under the Legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, Newfoundland and Labrador, Prince Edward Island and the Yukon Territory and will be subject to the Continuous Disclosure Requirements in such Jurisdictions;

4.33 the Exchangeable Shares provide a holder with a security having economic and voting rights which are, as nearly as practicable, equivalent to those of the Trust Units;

4.34 under the terms of the Exchangeable Shares and certain rights to be granted in connection with the Arrangement (the "**Ancillary Rights**"), holders of Exchangeable Shares will be able to exchange them at their option for Trust Units;

4.35 in order to ensure that the Exchangeable Shares remain the voting and economic equivalent of the Trust Units prior to their exchange, redemption, retraction or other acquisition, the Arrangement provides for:

4.35.1 a voting and exchange trust agreement to be entered into among Harvest, New Harvest Operations, Harvest ExchangeCo Ltd. (**"ExchangeCo"**) and Valiant Trust Company (the **"Voting and Exchange Agreement Trustee"**) which will, among other things, (i) grant to the Voting and Exchange Agreement Trustee, for the benefit of holders of Exchangeable Shares, the right

to require Harvest or ExchangeCo to exchange the Exchangeable Shares for Trust Units, and (ii) trigger automatically the exchange of the Exchangeable Shares for Trust Units upon the occurrence of certain specified events;

4.35.2 the deposit by Harvest of a Special Voting Right with the Voting and Exchange Agreement Trustee which will effectively provide the holders of Exchangeable Shares with voting rights equivalent to those attached to the Trust Units; and

4.35.3 a support agreement to be entered into among Harvest, New Harvest Operations, ExchangeCo and the Voting and Exchange Agreement Trustee which will, among other things, restrict Harvest from issuing additional trust units or rights to subscribe therefor or other property or assets to all or substantially all of the holders of Trust Units unless the same or an equivalent distribution is made to holders of Exchangeable Shares, an equivalent change to the Exchangeable Shares (or the rights of the holders thereof) is made simultaneously or approval of holders of Exchangeable Shares is obtained;

4.36 There are no exemptions from the Registration Requirement or the Prospectus Requirement available under the Legislation of the Registration and Prospectus Jurisdictions for certain of the Trades;

4.37 Harvest will concurrently send to holders of Exchangeable Shares resident in the Jurisdictions all disclosure material it sends to holders of Trust Units pursuant to the Legislation; and

4.38 New Harvest Operations and its insiders will comply with the insider reporting requirement and the requirement to file an insider profile under National Instrument 55-102;

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

6. 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.

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

7.1 In the Registration and Prospectus Jurisdictions,

7.1.1 the Registration and Prospectus Requirements shall not apply to the Trades except that the first trade in securities acquired in a Trade shall be deemed to be a distribution or primary distribution to the public;

7.1.2 the Prospectus Requirement shall not apply to the first trade in Trust Units, Exchangeable Shares (together with the Ancillary Rights), Alterna Shares or Rock Shares acquired by Shareholders under the Arrangement or the first trade of Trust Units acquired on the exercise of all rights, automatic or otherwise, under such Exchangeable Shares, provided that:

7.1.2.1. except in Québec, the conditions in subsections (3) of section 2.6 of Multilateral Instrument 45-102 – Resale of Securities ("**MI 45-102**") are satisfied, and, for the purposes of determining the period of time that Alterna has been a reporting issuer under section 2.6 of MI 45-102, the period of time that Storm or Harvest was a reporting issuer in at least one of the jurisdictions listed in Appendix B of MI 45-102 immediately before the Arrangement may be included; and

7.1.2.2. in Québec, the conditions provided under sections 60 and

62 of the *Securities Act* (Québec) are satisfied.

7.2 The Continuous Disclosure Requirements shall not apply to New Harvest Operations for so long as:

7.2.1 Harvest is a reporting issuer in Québec and at least one of the jurisdictions listed in Appendix B of MI 45-102 and is an electronic filer under National Instrument 13-101;

7.2.2 Harvest sends concurrently to all holders of Exchangeable Shares resident in the Jurisdictions all disclosure material furnished to holders of Trust Units under the Continuous Disclosure Requirements;

7.2.3 Harvest files with each Decision Maker copies of all documents required to be filed by it pursuant to NI 51-102;

7.2.4 Harvest is in compliance with the requirements of any marketplace on which the securities of Harvest are listed or quoted in respect of making public disclosure of material information on a timely basis, and immediately issues and files any news release that discloses a material change in its affairs;

7.2.5 New Harvest Operations issues a news release and files a material change report in accordance with Part 7 of NI 51-102 for all material changes in respect of the affairs of New Harvest Operations that are not also material changes in the affairs of Harvest;

7.2.6 Harvest includes in all mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise statement that explains the reason the mailed material relates solely to Harvest, indicates the Exchangeable Shares are the economic equivalent to the Trust Units, and describes the voting rights associated with the Exchangeable Shares;

7.2.7 Harvest remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of New Harvest Operations; and

7.2.8 New Harvest Operations does not issue any securities, other than Exchangeable Shares, securities issued to its affiliates, or debt securities issued to banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions.

7.3 Other than in Québec, the requirements under Part 2 (Annual Filing Requirements) and Part 3 (Responsibilities of Reporting Issuers and Directors) of NI 51-101 shall not apply to New Harvest Operations for so long as:

7.3.1 Harvest files with each Decision Maker copies of all documents required to be filed by it pursuant to NI 51-101; and

7.3.2 New Harvest Operations is exempt from or otherwise not subject to the Continuous Disclosure Requirements.

7.4 Other than in British Columbia and Québec, the requirements under MI 52-109 Requirements shall not apply to New Harvest Operations for so long as:

7.4.1 New Harvest Operations is not required to, and does not, file its own interim filing and annual filings (as those terms are defined under 52-109); and

7.4.2 Harvest files in electronic format under the SEDAR profile of New Harvest Operations the:

i. interim filings,

ii. annual filings,

iii. interim certificates, and

iv. annual certificates

of Harvest, at the same time as such documents are required to be filed under the Legislation by Harvest.

7.4.3 New Harvest Operations is exempt from or otherwise not subject to the Continuous Disclosure Requirements.

June 30, 2004.

"Douglas R. Brown"

2.1.11 Quadravest Capital Management Inc. - MRRS Decision

Headnote

Exemption from the requirement to deliver comparative annual financial statements to registered securityholders of certain mutual funds.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c. S.5, as am., ss. 79 and 80(b)(iii).

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

AND

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

AND

IN THE MATTER OF
THE FUNDS LISTED IN SCHEDULE "A"

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of Alberta, Ontario and Nova Scotia (the "Jurisdictions") has received an application (the "Application") from Quadravest Capital Management Inc. (the "Manager"), the manager of the Funds (as defined herein), for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement to deliver comparative annual financial statements to the securityholders of the mutual funds listed in Schedule "A" and any mutual funds or non-redeemable investment funds that are reporting issuers hereinafter established and/or managed by the Manager or a successor of the Manager (the "Funds") shall not apply unless securityholders have requested to receive them.

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 the Manager has represented to the Decision Makers that:

(a) The existing Funds are open-ended mutual fund corporations and trusts established under the laws of the Province of Ontario.

(b) The Manager is a corporation incorporated under the laws of the Province of Ontario. The Manager is the manager of each of the Funds set out in Schedule A.

(c) Each existing Fund is a reporting issuer or the equivalent thereof in each Jurisdiction and is not in default of applicable requirements of the Legislation.

(d) Each Fund is required to deliver to each holder of its securities ("Securityholders") comparative financial statements within 140 days of its financial year-end, in the prescribed form pursuant to the Legislation.

(e) The Manager will send to Securityholders who hold securities of the Funds in client name (the "Direct Securityholders") in each year, a notice advising them that they will not receive the annual financial statements of the Funds for the periods indicated unless they request same, and provide them with a request form to send back, by fax or prepaid mail, if they wish to receive the comparative annual financial statements. The notice will advise the Direct Securityholders where the annual financial statements can be found on the Manager's website: www.quadravest.com (or any successor website), Fund websites: www.financial15.com or www.dividend15.com, as well as on the SEDAR website, and downloaded from those sites. The Manager will send such financial statements to any Direct Securityholder who requests them in response to such notice or who subsequently requests them.

(f) Securityholders who hold their securities in the Funds through a nominee will be dealt with pursuant to National Instrument 54-101.

(g) Securityholders will be able to access annual financial statements of the Funds on the SEDAR website, the Manager's website: www.quadravest.com (or any successor website), Fund websites: www. financial15.com or www.dividend15.com, or by calling the Manager's toll-free phone line at 877-478-2372.

(h) There would be substantial cost savings if the Funds are not required to print and mail annual financial statements to those Direct Securityholders who do not want them.

(i) The Canadian Securities Administrators have published proposed National Instrument 81-106 ("NI 81-106") which, among other things, would permit a Fund not to deliver annual financial statements to those of its Securityholders who do not request them, if the Funds provide each Securityholder with a request form under which the Securityholder may request, at no cost to the Securityholder, to receive the mutual fund's annual financial statements for that financial year.

(j) NI 81-106 would also require a Fund to have a toll-free telephone number for, or accept collect calls from, persons or companies that want to receive a copy of, among other things, the annual financial statements of the Funds.

AND WHEREAS under the System, this MRRS 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;

AND WHEREAS the Decision Makers are satisfied that making the Decision will not adversely affect the rule-making process with respect to proposed NI 81-106 and is consistent with National Instrument 54-101;

THE DECISION of the Decision Makers pursuant to the Legislation is that until NI 81-106 comes into force, the Funds shall not be required to deliver their comparative annual financial statements to their Direct Securityholders other than those Direct Securityholders who have requested to receive them provided that:

(a) the Manager shall file on SEDAR, under the annual financial statements category, confirmation of mailing of the request forms that have been sent to the Direct Securityholders within 90 days of mailing the request forms;

(b) the Manager shall file on SEDAR, under the annual financial statements category, information regarding the number and percentage of requests for annual financial statements made by the return of the request forms, on a province-by-province basis within 30 days after the end of each quarterly period beginning from the date of mailing the request forms and ending 12 months from the date of mailing;

(c) the Manager shall record the number and a summary of complaints received from Direct Securityholders about not receiving the annual financial statements and shall file on SEDAR, under the annual financial statements category, this information within 30 days after the end of each quarterly period beginning from the date of mailing the request forms and ending 12 months from the date of mailing;

(d) the Manager shall, if possible, measure the number of "hits" on the annual financial statements of the Funds on the Manager's website or the Fund's website and shall file on SEDAR, under the annual financial statements category, this information within 30 days after the end of each quarterly period beginning from the date of mailing the request forms and ending 12 months from the date of mailing;

(e) the Manager shall file on SEDAR, under the annual financial statements category, estimates of the annual cost savings resulting from the granting of this Decision within 90 days of mailing the request forms; and

(f) this decision shall terminate upon NI 81-106 coming into force.

June 29, 2004.

"Paul M. Moore" "Paul K. Bates"

SCHEDULE "A"

THE FUNDS

Name of Fund	Year-End
Split Yield Corporation	January 31
Income Financial Trust	December 31
American Income Trust	December 31
AmeriStar RSP Income Trust	December 31
Financial Services Income STREAMS Corporation	January 31
Capital Gains Income STREAMS Corporation	November 30
Income STREAMS III Corporation	November 30
Income Financial Plus Trust	December 31
Financial 15 Split Corp.	November 30
Dividend 15 Split Corp.	November 30

2.1.12 NewGrowth Corp. and Scotia Capital Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – subdivided offering – the prohibitions contained in the Legislation prohibiting trading in portfolio securities by persons or companies having information concerning the trading programs of mutual funds shall not apply to the agent in connection with certain principal purchases in securities comprising the issuer's portfolio – issuer's portfolio consisting of units of common shares of Canadian banks and utility companies.

Ontario Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as amended, s. 119, subclause 121(2)(a)(ii).

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, BRITISH COLUMBIA, ALBERTA,
SASKATCHEWAN, 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
NEWGROWTH CORP.

AND

IN THE MATTER OF
SCOTIA CAPITAL INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Saskatchewan, Newfoundland and Labrador and Nova Scotia (the "Jurisdictions") has received an application from NewGrowth Corp. (the "Company") and Scotia Capital Inc. ("Scotia Capital") for decisions under the securities legislation of the Jurisdictions (the "Legislation") that the prohibition in the Legislation prohibiting trading in portfolio shares by persons or companies having information concerning the trading programs of mutual funds (the "Principal Trading Prohibition") shall not apply to Scotia Capital in connection with Principal Purchases (defined below) by Scotia Capital from the Company;

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 the Company and Scotia Capital have represented to the Decision Makers that:

The Company

1. The Company is a passive investment company whose principal undertaking is the holding of a portfolio (the "Portfolio") of publicly listed common shares of Canadian banks and utility companies (the "Portfolio Shares"). The Portfolio Shares are the only material assets of the Company. The purpose of the Company is to provide a vehicle through which different investment objectives with respect to participation in the Portfolio Shares may be satisfied;

2. The Company was incorporated on June 27, 1991 under the laws of the Province of Ontario, amalgamated with Utility Preferred Corp. on June 19, 1992 and became a reporting issuer in the Jurisdictions by filing a final prospectus dated June 19, 1992 which qualified its initial public offering (the "IPO") of capital shares and equity dividend shares;

3. The Company filed articles of amendment on March 24, 1998 in connection with a share capital reorganization (the "1998 Reorganization") approved by its shareholders on March 16, 1998. Pursuant to the 1998 Reorganization, the outstanding capital shares of the Company were exchanged for Class A Capital Shares, the outstanding equity dividend shares were redeemed and, in order to maintain the leveraged "split share" structure of the Company, a new class of preferred shares (the "Preferred Shares") was issued pursuant to a final prospectus dated June 16, 1998;

4. The Company filed articles of amendment on May 11, 2004 in connection with a share capital reorganization (the "2004 Reorganization") approved by its shareholders on April 29, 2004. Pursuant to the 2004 Reorganization, 827,105 Class A Capital Shares will be redeemed under the Special Retraction Right and all of the outstanding Preferred Shares will be redeemed on June 25, 2004 in accordance with their terms;

5. In order to maintain the leveraged "split share" structure of the Company in respect of the 3,728,147 Class A Capital Shares that will remain outstanding, 3,728,147 Class B Preferred Shares, Series 1 (the "Series 1 Preferred Shares") will be issued;

6. The Company filed an initial annual information form dated May 11, 2004 (the "Initial AIF") for the purpose of qualifying for the Prompt Offering

Qualification System provided for under National Instrument 44-101 of the Canadian Securities Administrations;

7. The Company filed a final short form prospectus dated June 17, 2004 (the "Prospectus") in respect of the offering (the "Offering") of the Series 1 Preferred Shares for which a final receipt was issued in each of the provinces of Canada on June 17, 2004. The Offering is expected to close on June 24, 2004;

8. The authorized capital of the Company consists of an unlimited number of Class A Capital Shares, an unlimited number of Preferred Shares, an unlimited number of Class B Preferred Shares, 1,000 Class B Shares and an unlimited number of Class C Shares. As of May 31, 2004, an aggregate of 4,555,252 Class A Capital Shares and the same number of Preferred Shares remained outstanding. After giving effect to the Offering and the redemption of Class A Capital Shares and Preferred Shares on June 25, 2004, there will be 3,728,147 Class A Capital Shares and 3,728,147 Series 1 Preferred Shares outstanding;

9. The Class B Shares are the only voting shares in the capital of the Company. As of the date of the Prospectus, there are 1,000 Class B Shares issued and outstanding. A former director and officer of Scotia Capital, owns all of the issued and outstanding Class B Shares of the Company. The Class B Shares are lodged in escrow with CIBC Mellon Trust Company pursuant to an escrow agreement dated June 19, 1992. Under the Escrow Agreement, the Class B Shares may not be disposed of or dealt with in any manner until all the Class A Capital Shares and all preferred shares of the Company have been retracted or redeemed, without the express consent, order or direction in writing of the Commission;

10. The Class A Capital Shares are listed on the Toronto Stock Exchange (the "TSX") and conditional listing approval has been received in respect of the listing of the Series 1 Preferred Shares on the TSX;

11. Scotia Capital, in its capacity as administrator of the operations of the Company, will own all of the issued and outstanding Class C Shares of the Company. Holders of Class C Shares are not entitled to vote. Class C Shares rank subsequent to the Series 1 Preferred Shares, *pari passu* with the Class B Shares and prior to Class A Capital Shares with respect to dividends and with respect to distributions upon a retraction, redemption or reduction of capital and distributions on the dissolution, liquidation or winding-up of the Company;

12. The Company has a Board of Directors which currently consists of seven directors, four of whom are considered "unrelated directors" under the TSX Guidelines for Effective Corporate Governance and will be considered "independent directors" under pending Multilateral Policy 58-201 of the Canadian Securities Administrators. The remaining three directors are employees of Scotia Capital. Also, the offices of President/Chief Executive Officer and Chief Financial Officer/Secretary of the Company are held by employees of Scotia Capital;

13. The Company is not, and will not upon the completion of the Offering, be an insider of any of the issuers of Portfolio Shares;

14. The Company is considered to be a mutual fund as defined in the Legislation, except in Quebec. Since the Company does not operate as a conventional mutual fund, it sought and obtained relief from certain requirements of National Instrument 81-102 Mutual Funds on June 21, 2004;

Scotia Capital Inc.

15. Scotia Capital is registered under the Legislation as a dealer in the categories of "broker" and "investment dealer" (or equivalent category) and is a member of the Investment Dealers Association of Canada and the TSX;

16. Pursuant to an administration agreement (the "Administration Agreement") to be renewed as of June 25, 2004, the Company will retain Scotia Capital to administer its operations for a monthly fee equal to 1/12 of 0.15% of the market value of the Portfolio;

17. Pursuant to an underwriting agreement (the "Underwriting Agreement") dated June 17, 2004 made between the Company and Scotia Capital and BMO Nesbitt Burns Inc. (the "Underwriters"), the Company has agreed to issue and sell, and the Underwriters have agreed to purchase, on June 24, 2004 or on such other date as may be agreed, the 3,728,147 Series 1 Preferred Shares being issued pursuant to the Offering. The Company has agreed to pay fees to the Underwriters in an amount per Series 1 Preferred Share that is disclosed in the Prospectus;

18. Scotia Capital's economic interest in the Company is disclosed in the Prospectus under the heading "Interest of Management and Others in Material Transactions." In particular, Scotia Capital may receive the following amounts:

    (a) underwriting fees with respect to the Offering;

(b) administration fees pursuant to the Administration Agreement;

(c) commissions in respect of dispositions of Portfolio Shares by Scotia Capital, as agent for the Company, necessary to rebalance the Portfolio and to fund retractions or redemptions of Class A Capital Shares and Series 1 Preferred Shares, at a rate to be agreed upon by the Company and Scotia Capital; and

(d) amounts in connection with Principal Purchases;

The Offering

19. The net proceeds from the sale of the Series 1 Preferred Shares under the Final Prospectus, after payment of commissions to the Underwriters and expenses of the issue, will be used by the Company to fund the redemption of Preferred Shares and Class A Capital Shares on June 25, 2004 and to purchase additional Portfolio Shares;

20. The Class A Capital Shares and Series 1 Preferred Shares may be surrendered for retraction at any time in the manner described in the Prospectus. All Class A Capital Shares and Series 1 Preferred Shares outstanding on June 26, 2009 (the "Redemption Date") will be redeemed by the Company on such date;

21. The policy of the Company is to refrain from trading the Portfolio Shares except:

(a) to complete the one-time rebalancing of the Portfolio described in the Prospectus under the heading "The Portfolio";

(b) to fund retractions of Class A Capital Shares and Series 1 Preferred Shares;

(c) to fund the redemption of all Class A Capital Shares and Series 1 Preferred shares on the Redemption Date; and

(d) in other limited circumstances as described in the Prospectus;

22. In connection with the services to be provided by Scotia Capital to the Company under the Administration Agreement, Scotia Capital may sell Portfolio Shares in the circumstances described in the preceding paragraph. These sales will be made by Scotia Capital as agent for the Company, but in certain circumstances, subject to receipt of all regulatory approvals, such as where a small number of Class A Capital Shares and/or Series 1 Preferred Shares have been surrendered for retraction, Scotia Capital may purchase Portfolio Shares as principal (the "Principal Purchases");

23. In connection with any Principal Purchases, Scotia Capital will comply with the rules, procedures and policies of the TSX (or any applicable stock exchange of which it is or may become a member) and in accordance with orders obtained from all applicable securities regulatory authorities. The Prospectus discloses that Scotia Capital may realize a gain or loss on the resale of such securities;

24. All Principal Purchases will be approved by at least two independent directors of the Company;

25. At the time of making a Principal Purchase, Scotia Capital will not have any knowledge of an undisclosed material fact or material change relating to the issuer whose shares are the subject of the Principal Purchase.

26. The Administration Agreement provides that Scotia Capital must take reasonable steps, such as soliciting bids from other market participants or such other steps as Scotia Capital, in its discretion, considers appropriate after taking into account prevailing market conditions and other relevant factors, to enable the Company to obtain the best price reasonably available for the Portfolio Shares so long as the price obtained (net of all transaction costs, if any) by the Company from Scotia Capital is at least as advantageous to the Company as the price which is available (net of all transaction costs, if any) through the facilities of the applicable stock exchange at the time of the trade;

27. Scotia Capital will not receive any commissions from the Company in connection with Principal Purchases and, in carrying out the Principal Purchases, Scotia Capital shall deal fairly, honestly and in good faith with the Company;

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Principal Trading Prohibition shall not apply to Scotia Capital in connection with the Principal Purchases.

July 5, 2004.

"Wendell S. Wigle" "Robert W. Davis"

2.1.13 Allstream Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer deemed to have ceased to be a reporting issuer.

Ontario Statutes

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

June 29, 2004

TORYS LLP
Suite 3000
79 Wellington Street West
Box 270, TD Centre
Toronto, ON M5K 1N2

Attention: Cindy Cameron

Dear Ms. Cameron:

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

The Applicant has applied to the local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions for a decision under the securities legislation (the 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.

"Charlie MacCready"

2.1.14 Black Ice Capital Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer deemed to have ceased to be a reporting issuer.

Ontario Statutes

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

June 29, 2004

Fogler, Rubinoff LLP
Suite 4400, P.O. Box 95, Royal Trust Tower
Toronto-Dominion Centre
Toronto, Ontario M5K 1G8

Attention: Judith Hong Wilkin

Dear Ms. Wilkin:

Re: Black Ice Capital Corp. (the Applicant) – Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the Jurisdictions)

The Applicant has applied to the local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions for a decision under the securities legislation (the 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.

"Charlie MacCready"

2.1.15 AltaGas Services Inc. et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Application — issuer entered into plan of arrangement to reorganize its business into an income trust – issuer transferred its assets to operating partnership – operating partnership assumed liability of issuer's outstanding medium term notes – operating partnership deemed to be a reporting issuer – operating partnership exempt from requirements of National Instrument 51-102 and Multilateral Instrument 52-109 – insiders of operating partnership exempt from requirement report trades in operating partnership's securities – relief subject to conditions.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 83.1, 121(2)(a)(ii).

Applicable Ontario Rules

National Instrument 51-102 Continuous Disclosure Obligations, s. 11.1.
Multilateral Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings, s. 4.5.
National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI), s. 6.1.

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

AND

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

AND

IN THE MATTER OF
ALTAGAS SERVICES INC.,
ALTAGAS INCOME TRUST,
ALTAGAS GENERAL PARTNER INC.,
ALTAGAS HOLDING LIMITED PARTNERSHIP NO. 1,
ALTAGAS HOLDING LIMITED PARTNERSHIP NO. 2,
ALTAGAS HOLDING TRUST
AND ALTAGAS OPERATING PARTNERSHIP

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, Newfoundland and Labrador, Nova Scotia and New Brunswick (the "Jurisdictions") has received an application from AltaGas Services Inc. ("AltaGas"), AltaGas Income Trust (the "Trust"), AltaGas General Partner Inc. (the "General Partner"), AltaGas Holding Limited Partnership No. 1 ("AltaGas LP #1"), AltaGas Holding Limited Partnership No. 2 ("AltaGas LP #2"), AltaGas Holding Trust ("Holding Trust") and AltaGas Operating Partnership (the "Operating Partnership") (collectively, the "Applicants") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

1.1 Operating Partnership be deemed or declared to be a reporting issuer (or the equivalent) in the Jurisdictions;

1.2 the requirements contained in the Legislation for a reporting issuer or the equivalent to issue a press release and file a report with the Decision Makers upon the occurrence of a material change (the "Material Change Reporting Requirements"), file and deliver an annual report, where applicable, interim and annual financial statements and management's discussion and analysis of financial conditions and results of operations, information circulars, file annual information forms and otherwise comply with the provisions of National Instrument 51-102 ("NI 51-102") (collectively, the "Continuous Disclosure Requirements") and to prepare and file a certification of annual filings and interim filings pursuant to Multilateral Instrument 52-109 (the "Certification Requirement") shall not apply to AltaGas LP #1 and AltaGas LP#2 (collectively, the "Partnerships") in Alberta, British Columbia (excluding the Certification Requirement), Saskatchewan, Manitoba, Quebec (in respect of AltaGas LP #1 only and excluding the Certification Requirement), Newfoundland and Labrador and New Brunswick and to Operating Partnership in all of the Jurisdictions (excluding the Certification Requirement in British Columbia and Quebec); and

1.3 the requirements contained in the Legislation that an insider of a reporting issuer or the equivalent file reports disclosing the insider's direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer or the equivalent (the "Insider Reporting Requirements") shall not apply to insiders of the Partnerships in Alberta, British Columbia, Saskatchewan, Manitoba, Quebec (in respect of AltaGas LP #1 only), Newfoundland and Labrador and New Brunswick and to Operating Partnership in all of the Jurisdictions;

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

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

4. **AND WHEREAS** the Applicants have represented to the Decision Makers that:

   4.1 AltaGas is a corporation incorporated and subsisting pursuant to the provisions of the *Canadian Business Corporations Act (*"CBCA");

   4.2 AltaGas' head and principal office is located at 1700, 355 - 4th Avenue S.W., Calgary, Alberta T2P 0J1;

   4.3 AltaGas is authorized to issue an unlimited number of Common shares ("Common Shares") and an unlimited number of participating shares ("Participating Shares"). As at March 26, 2004, there were 9,000,000 Participating Shares issued and outstanding, all owned legally and beneficially by Enbridge Inc. ("Enbridge"), and 36,927,793 Common Shares issued and outstanding. In addition, as at March 26, 2004, 1,384,488 options ("Options") to acquire Common Shares were outstanding. Holders of Common Shares, holders of Participating Shares and holders of Options are referred to collectively as "Securityholders";

   4.4 the Common Shares were, until completion of the Arrangement, listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the symbol "ALA";

   4.5 AltaGas is, and has been since 2000, a reporting issuer (or equivalent) under the laws of all of the provinces of Canada and is not currently in default of the securities legislation in such jurisdictions;

   4.6 Effective May 1, 2004, AltaGas reorganized its business into an income trust known as "AltaGas Income Trust" pursuant to a plan of arrangement under Section 192 of the CBCA (the "Arrangement");

   4.7 the Trust is an unincorporated open-ended investment trust governed by the laws of the Province of Alberta and created pursuant to a declaration of trust dated March 26, 2004 (the "Declaration of Trust");

   4.8 the head and principal office of the Trust is located at 1700, 355 - 4th Avenue S.W., Calgary, Alberta T2P 0J1;

   4.9 the Trust was established for the purposes of investing in the securities of Holding Trust, the General Partner, AmalgamationCo (as defined below) or any associate or affiliate thereof in the business or the ownership, lease or operation of assets or property in connection with gathering, processing, transporting, extracting, buying, storing or selling petroleum, natural gas, natural gas liquids or other related products, electricity or other forms of energy and related businesses and does not participate in the business or ownership, lease or operation directly;

   4.10 the Trust is the sole shareholder of the General Partner and the sole unitholder of Holding Trust;

   4.11 an unlimited number of trust units ("Trust Units") may be created and issued pursuant to the Declaration of Trust. Each Trust Unit entitles the holder thereof to one vote at any meeting of holders of Trust Units ("Trust Unitholders") or in respect of any written resolution of Trust Unitholders and represents an equal undivided beneficial interest in any distribution from the Trust and in any net assets of the Trust in the event of termination or winding-up of the Trust;

   4.12 in order to allow the Trust flexibility in pursuing corporate acquisitions, and for purposes of the Arrangement, the Declaration of Trust allows for the creation of special voting units ("Special Voting Units") which will enable the Trust to provide voting rights to holders of exchangeable securities;

   4.13 under the terms of a voting and exchange trust agreement (the "Voting and Exchange Trust Agreement"), the Trust has issued a Special Voting Unit to a voting and exchange trustee (the "Voting and Exchange Trustee") for the benefit of every person who receives Exchangeable Securities (as defined and described below) pursuant to the Arrangement. The Voting and Exchange Trustee is obligated to vote the Special Voting Unit at meetings of Trust Unitholders pursuant to the instructions

of the holders of Exchangeable Securities. However, if no instructions are provided by the holders of Exchangeable Securities, the votes associated therewith in the Special Voting Unit will be withheld from voting;

4.14 the Trust became a reporting issuer (or the equivalent) in certain jurisdictions subject to the reporting requirements under the Legislation as a result of the Arrangement described below;

4.15 the TSX has approved the listing of the Trust Units in substitution for the Common Shares;

4.16 Holding Trust is an unincorporated investment trust governed by the laws of Alberta and created pursuant to a declaration of trust dated March 26, 2004 (the "Holding Declaration of Trust");

4.17 the Holding Declaration of Trust contains provisions substantially similar to those of the Declaration of Trust relating to the Trust;

4.18 Holding Trust holds all of the Class A limited partnership units of AltaGas LP #1 ("LP #1 A Units") and does not intend to hold securities of any entities other than AltaGas LP #1;

4.19 Holding Trust has entered into a note indenture providing for the issuance of notes pursuant to the Arrangement ("Holding Trust Notes"). Pursuant to the note indenture, Holding Trust is authorized to create three (3) series of Holding Trust Notes, known as "Series 1 Notes", "Series 2 Notes" and "Series 3 Notes". Each series of Holding Trust Notes consists of an unlimited aggregate principal amount, represents an unsecured debt obligation of Holding Trust and is redeemable pursuant to the provisions of the note indenture;

4.20 the General Partner is a corporation incorporated pursuant to the CBCA as a direct wholly-owned subsidiary of the Trust. The General Partner is the general partner of both AltaGas LP #1 and AltaGas LP #2;

4.21 pursuant to the Declaration of Trust, the board of directors of the General Partner is elected by the Trust at the direction of the Trust Unitholders;

4.22 pursuant to a delegation agreement the General Partner is delegated certain of the Trustee's powers and duties in respect of the business and affairs of the Trust;

4.23 the General Partner does not intend to become a reporting issuer (or the equivalent) in any Jurisdiction;

4.24 AltaGas LP #1 and AltaGas LP #2 (collectively, the "Partnerships") are limited partnerships created pursuant to the laws of Alberta pursuant to limited partnership agreements;

4.25 the Partnerships are authorized to issue Class A limited partnership units ("LP #1 A Units", in the case of AltaGas LP #1, and "LP #2 A Units", in the case of AltaGas LP #2) and Class B limited partnership units ("LP #1 B Units", in the case of AltaGas LP #1, and "LP #2 B Units", in the case of AltaGas LP #2, and collectively the "Exchangeable Securities") and an unlimited principal amount of demand promissory notes, referred to as "LP #1 X Notes", in the case of AltaGas LP #1, and "LP #2 X Notes", in the case of AltaGas LP #2;

4.26 AltaGas LP #1 is initially authorized to issue an unlimited number of LP #1 A Units and LP #1 B Units. Similarly, AltaGas LP #2 is initially authorized to issue an unlimited number of LP #2 A Units and LP #2 B Units. Each unit ranks equally with each other unit of the same class or series and entitles the holder thereof to the same rights and obligations as the holder of any other unit of the same class or series and no limited partner is entitled to any privilege, priority or preference in relation to any other limited partner holding units of the same class or series;

4.27 initially, AltaGas LP #1 will have only outstanding LP #1 A Units, all of which will be issued to and held by Holding Trust and which are only permitted to be issued to, and held by, Holding Trust or an affiliate thereof. A holder of LP #1 A Units will be entitled to receive, and the General Partner shall, subject to applicable law, from time to time, pay distributions on LP #1 A Units as the General Partner determines;

4.28 initially, AltaGas LP #2 will have only outstanding LP #2 A Units, all of which will be issued to and held by AltaGas LP #1 and are only permitted to be issued to, and held by, AltaGas LP #1 or an affiliate thereof. A holder of LP #2 A

Units will be entitled to receive, and the General Partner shall, subject to applicable law, from time to time, pay distributions on each LP #2 A Unit as the General Partner determines;

4.29 the principal terms of the Exchangeable Securities are that the Exchangeable Securities are exchangeable for Trust Units at any time at the option of the holder and each Exchangeable Security entitles the holder thereof to receive non-interest bearing loans from AltaGas LP #1 or AltaGas LP #2, as the case may be, equal to cash distributions made by the Trust on a Trust Unit and to direct the Voting and Exchange Trustee to vote the Special Voting Unit at all meetings of Trust Unitholders;

4.30 neither AltaGas LP #1 nor AltaGas LP #2 intended to become reporting issuers (or the equivalent) in any Jurisdiction, but may have become reporting issuers in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec (in respect of AltaGas LP #1 only), Prince Edward Island, Newfoundland and Labrador and New Brunswick, subject to the Continuous Disclosure Requirements by virtue of the Arrangement;

4.31 AltaGas Services Ltd. ("AmalgamationCo") is the resultant corporation from the Amalgamation (as defined and described below). As a result, AmalgamationCo owns, directly or indirectly, all of the assets of AltaGas pursuant to the Arrangement;

4.32 the head and principal office of AmalgamationCo is located at 1700, 355 - 4th Avenue S.W., Calgary, Alberta T2P 0J1;

4.33 AmalgamationCo is an indirect wholly-owned subsidiary of the Trust;

4.34 AmalgamationCo is authorized to issue an unlimited number of common shares. Upon completion of the Arrangement, AltaGas LP #2 will be the sole holder of all of the issued and outstanding common shares of AmalgamationCo;

4.35 the Trust indirectly owns 100% of the outstanding common shares of AmalgamationCo and has applied to have AmalgamationCo declared to no longer be a reporting issuer (or the equivalent);

4.36 the Arrangement provides Securityholders an alternative mechanism of participation whereby, rather than tendering their Participating Shares or Common Shares directly, they may transfer those securities to a newly incorporated holding corporation (a "Holdco") in exchange for all of the issued shares of such corporation ("Holdco Shares") and then transfer those Holdco Shares to AltaGas LP #1 or AltaGas LP#2, as the case may be, pursuant to the Arrangement. This alternative may have favourable Canadian federal tax consequences for certain Securityholders, hereinafter referred to as "Holdco Shareholders";

4.37 on the effective date of the Arrangement, each of the events listed below occurred in the following order:

4.37.1 the issued and outstanding Participating Shares, if any, were converted into Common Shares on a one for one basis;

4.37.2 the Trust issued to Holding Trust that number of Trust Units to be exchanged by Holding Trust pursuant to 4.37.5 below in exchange for the issue to the Trust by Holding Trust of that principal amount of Series 1 Notes equal to the product of that number of Trust Units multiplied by the Common Share fair market value;

4.37.3 at the same time:

(a) Common Shares (other than the Common Shares owned by Enbridge (the "Enbridge Common Shares"), Common Shares held by Holdcos to which 4.37.3(b) or 4.37.3(d) applies and Common Shares held by a Securityholder who exercised dissent rights and is ultimately entitled to be paid the fair value of such Securityholder's securities) held by each eligible Securityholder who so elects in a filed letter of transmittal and election

form with respect to such Common Shares was transferred to, and acquired by, AltaGas LP #1 free and clear of all liens, claims and encumbrances in exchange for the issue to the eligible Securityholder by AltaGas LP #1 of:

(i) that number of LP #1 B Units equal to the result obtained by dividing the eligible Securityholder s' "Specified Gain Amount" (being the amount elected by such Securityholder , up to the difference between its adjusted cost base of its Common Shares and the Common Share fair market value) by the Common Share fair market value; and

(ii) that number of LP #1 X Notes equal to the difference between the number of such Common Shares and the number of LP #1 B Units determined pursuant to (i) above; and

the names of the holders of those Common Shares were removed from the register of holders of Common Shares and added to the registers of holders of LP #1 B Units and LP #1 X Notes and AltaGas LP #1 was recorded as the holder of those Common Shares on the register of holders of Common Shares;

(b) Holdco Shares (other than Holdco Shares of Holdcos holding Enbridge Common Shares) held by each Holdco Shareholder that is an eligible Securityholder who so elected in a filed letter of transmittal and election form with respect to such Holdco Shares were transferred to, and acquired by, AltaGas LP #1 free and clear of all liens, claims and encumbrances in exchange for the issue to the Holdco Shareholder by AltaGas LP #1 of:

(i) that number of LP #1 B Units equal to the result obtained by dividing the Holdco Shareholder's Specified Gain Amount with respect to such Holdco Shares by the Common Share fair market value; and

(ii) that number of LP #1 X Notes equal to the difference between the number of the Holdco's

Common Shares and the number of LP #1 B Units determined pursuant to (i) above;

and the names of the holders of such Holdco Shares were removed from the registers of holders of such Holdco Shares and added to the registers of holders of LP #1 B Units and LP #1 X Notes and AltaGas LP #1 was recorded as the holder of such Holdco Shares on the registers of holders of such Holdco Shares;

(c) Enbridge Common Shares (other than Common Shares held by Holdcos to which 4.37.3(d) applies) held by each eligible Securityholder who so elected in a filed letter of transmittal and election form with respect to such Enbridge Common Shares were transferred to, and acquired by, AltaGas LP #2 free and clear of all liens, claims and encumbrances in exchange for the issue to the eligible Securityholder by AltaGas LP #2 of:

(i) that number of LP #2 B Units equal to the result obtained by dividing the eligible Securityholder's Specified Gain Amount with respect to such Enbridge Common Shares by the Common Share fair market value; and

(ii) that number of LP #2 X Notes equal to the difference between the number of such Enbridge Common Shares and the number of LP #2 B Units determined pursuant to (i) above;

and the names of the holders of such Enbridge Common Shares were removed from the register of holders of Common Shares and added to the registers of holders of LP #2 B Units and LP #2 X Notes and AltaGas LP #2 was recorded as the holder of such Enbridge Common Shares on the register of holders of Common Shares; and

(d) Holdco Shares of Holdcos holding Enbridge Common Shares and held by each Holdco Shareholder who so elected in a filed letter of transmittal and election form with respect to such Holdco Shares were transferred to, and acquired by, AltaGas LP #2 free and clear of all liens, claims and encumbrances in exchange for the issue to the Holdco Shareholder by AltaGas LP #2 of:

(i) that number of LP #2 B Units equal to the result

obtained by dividing the Holdco Shareholder's Specified Gain Amount with respect to such Holdco Shares by the Common Share fair market value; and

(ii) that number of LP #2 X Notes equal to the difference between the number of the Holdco's Enbridge Common Shares and the number of LP #2 B Units determined pursuant to (i) above;

and the names of the holders of such Holdco Shares were removed from the registers of holders of Holdco Shares and added to the registers of holders of LP #2 B Units and LP #2 X Notes and AltaGas LP #2 was recorded as the holder of such Holdco Shares on the registers of holders of such Holdco Shares;

4.37.4 at the same time:

(a) LP #1 X Notes acquired pursuant to 4.37.3(a) and 4.37.3(b) above were transferred to, and acquired by, AltaGas LP #1 in exchange for the issue to the holders thereof by AltaGas LP #1 of LP #1 A Units on a one for one basis and the names of the holders of such LP #1 X Notes were removed from the register of holders of LP #1 X Notes and added to the register of holders of LP #1 A Units and those LP #1 X Notes so transferred to AltaGas LP #1 were cancelled; and

(b) LP #2 X Notes acquired pursuant to 4.37.3(c) or 4.37.3(d) above were transferred to, and acquired by, AltaGas LP #2 in exchange for the issue to the holders thereof by AltaGas LP #2 of LP #2 A Units on a one for one basis and the names of the holders of those LP #2 X Notes were removed from the register of holders of LP #2 X Notes and added to the register of holders of LP #2 A Units and those LP #2 X Notes so transferred were cancelled;

4.37.5 at the same time:

(a) LP #1 A Units and LP #2 A Units acquired pursuant to 4.37.4(a) and 4.37.4(b) above, respectively, were transferred to, and acquired by, Holding Trust in exchange for Trust Units on a one for one basis and the names of the holders of such LP #1 A Units and LP #2 A Units were removed from the registers of holders thereof and added to the register of holders of Trust Units and Holding Trust was recorded as the holder of such LP #1 A Units and LP #2 A Units on the registers of holders thereof; and

(b) Common Shares in respect of each

Securityholder to which 4.37.3 does not apply (other than Common Shares held by a Securityholder who exercised dissent rights and is ultimately entitled to be paid the fair value of such Securityholder's Common Shares) was transferred to, and acquired by, the Holding Trust free and clear of all liens, claims and encumbrances on the basis that each such Common Share was exchanged with the Holding Trust for Trust Units on a one for one basis and the names of the holders of such Common Shares were removed from the register of holders of Common Shares and added to the register of holders of Trust Units and the Holding Trust was recorded as the holder of such Common Shares on the register of holders of Common Shares;

4.37.6 the issued and outstanding Options were transferred to, acquired and cancelled by AltaGas free and clear of all liens, claims and encumbrances on the basis that each such Option was exchanged with AltaGas for options to purchase Trust Units ("Trust Options") on a one for one basis, with the terms of each such Trust Option being the same as the Option exchanged therefore other than the substitution of a Trust Unit for each Common Share purchasable pursuant to the Option prior to the effective time;

4.37.7 all of the LP #2 A Units acquired by Holding Trust pursuant to 4.37.5(a) above and all of the Common Shares acquired by Holding Trust pursuant to 4.37.5(b) above were transferred to, and acquired by, AltaGas LP #1 in exchange for the issue to Holding Trust by AltaGas LP #1 of LP #1 A Units on a one for one basis;

4.37.8 all of the Common Shares and Holdco Shares acquired by AltaGas LP #1 pursuant to 4.37.3(a), (b) and 4.37.7 above were transferred to, and acquired by, AltaGas LP # 2 in exchange for the issue to AltaGas LP #1 by AltaGas LP #2 of LP #2 A Units on the basis of one LP #2A Unit for each of such Common Shares and each of the Common Shares held by such Holdcos;

4.37.9 all of the Common Shares and Holdco Shares acquired by AltaGas LP #2 pursuant to 4.37.3(c), 4.37.3(d) and 4.37.8 above were transferred to, and acquired by, a wholly-owned subsidiary of AltaGas LP #2 ("LP Subco") in exchange for the issue to AltaGas LP #2 by LP Subco of common shares of LP Subco;

4.37.10 the stated capital of each class of outstanding shares of each of AltaGas, the Holdcos and the subsidiaries of AltaGas amalgamating as part of the Arrangement (the "Amalgamating Subsidiaries") was reduced, without any distribution by the respective corporation, to one dollar;

4.37.11 LP Subco, each of the Holdcos, AltaGas and each of the Amalgamating Subsidiaries amalgamated (the "Amalgamation") and continued as one corporation, AmalgamationCo; and

4.37.12 the Trust issued the Special Voting Unit;

4.38 following the completion of the Arrangement:

4.38.1 Securityholders (including Enbridge) own all of the issued and outstanding Trust Units of the Trust;

4.38.2 Securityholders (other than Enbridge and non-eligible

Securityholders) own all of the issued and outstanding LP #1 B Units;

4.38.3 Enbridge owns all of the issued and outstanding LP #2 B Units; and

4.38.4 the Trust, through Holding Trust, AltaGas LP #1 and AltaGas LP #2 owns all of the issued and outstanding common shares of AmalgamationCo.

4.39 a meeting of the Securityholders was held on April 29, 2004 at which the Securityholders considered and passed a resolution (the "Arrangement Resolution") approving the Arrangement (the "Meeting"). The Arrangement Resolution was approved by over 99% of the votes cast at the Meeting by Securityholders, voting together as a single class;

4.40 the information circular and proxy statement dated March 26, 2004 (the "Circular") used in connection with the Meeting contains, among other things, disclosure regarding the details of the Arrangement and each of AltaGas, Holding Trust, the General Partner, AltaGas LP #1, AltaGas LP #2 and the Trust, being the parties to the arrangement agreement setting out the terms and conditions upon which the parties implemented the Arrangement. The Circular was mailed to Securityholders in the manner required by the CBCA and applicable securities legislation;

4.41 as a result of the economic and voting equivalency in all material respects between the Exchangeable Securities and the Trust Units, holders of Exchangeable Securities will have an equity interest determined by reference to the Trust, rather than the Partnerships. Distribution and dissolution entitlements will be determined by reference to the financial performance and condition of the Trust, not the Partnerships. Accordingly, it is the information relating to the Trust, not the Partnerships, that will be relevant to the holders of Exchangeable Securities;

4.42 following completion of the Arrangement, the Trust will concurrently send to holders of Exchangeable Securities all disclosure material it sends to holders of Trust Units;

4.43 AmalgamationCo intends to transfer substantially all of its assets to Operating Partnership. Consideration for the transfer will include the assumption by Operating Partnership of responsibility for AltaGas' existing approximately $96 million of 7.28% medium term notes ("MTNs") issued by AltaGas on October 4, 2000 pursuant to its MTN program (the "MTN Program");

4.44 Operating Partnership is a new general partnership created pursuant to the laws of Alberta whose only partners are AmalgamationCo and a wholly-owned subsidiary of AmalgamationCo and whose only business will be the business formerly conducted by AltaGas; and

4.45 the business, affairs and financial information in respect of the Operating Partnership will be fully reflected in the consolidated financial statements of the Trust;

5. **AND WHEREAS** the Decision-Makers have been asked to repeal and replace the decision document dated May 26, 2004 (the "Initial Decision") which erroneously identifies the Jurisdictions participating in the Initial Decision;

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

7. **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;

8. **AND WHEREAS** the Decision of the Decision Makers pursuant to the Legislation in British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia, Newfoundland and Labrador and New Brunswick is that the Operating Partnership is deemed or declared to be a reporting issuer (or the equivalent) in such provinces;

9. **AND WHEREAS** the further Decision of the Decision Makers pursuant to the Legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Newfoundland and Labrador and New Brunswick is that:

9.1 the Continuous Disclosure Requirements and except in British Columbia and Quebec, the Certification Requirement shall not apply to the Partnerships so long as:

9.1.1 the Trust is a reporting issuer in at least one of the jurisdictions listed in Appendix B of

Multilateral Instrument 45-102 and is an electronic filer under National Instrument 13-101;

9.1.2 the Trust sends concurrently to all holders of Exchangeable Securities all disclosure material furnished to holders of Trust Units, including, without limitation, copies of its proxy solicitation materials and its annual financial statements;

9.1.3 the Trust files with each Decision Maker copies of all documents required to be filed by it pursuant to NI 51-102;

9.1.4 the Trust complies with the requirements of the TSX, or such other market or exchange on which the Trust Units may be quoted or listed, in respect of making public disclosure of material information on a timely basis;

9.1.5 the Partnerships comply with the Material Change Reporting Requirements in respect of material changes in the affairs of the Partnerships that would be material to holders of Exchangeable Securities only but would not be material to holders of Trust Units;

9.1.6 the Trust includes in all future mailings of proxy solicitation materials (if any) to holders of Exchangeable Securities a clear and concise statement explaining the reason for the mailed material being solely in relation to the Trust and not in relation to the Partnerships, such statement to include a reference to the economic equivalency between the Exchangeable Securities and the Trust Units and the right to direct voting at the Trust's Unitholders' meetings pursuant to the Voting and Exchange Trust Agreement (without taking into account tax effects);

9.1.7 the Trust remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities, including, without limitation, LP #1 A Units and LP #2 A Units, of the Partnerships; and

9.1.8 the Partnerships do not issue any preferred shares or debt obligations other than debt obligations issued to its affiliates or to banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions; and

9.2 the Insider Reporting Requirements, and the requirement to file an insider profile under National Instrument 55-102 - *System for Electronic Disclosure by Insiders*, shall not apply to the Partnerships.

10. **AND WHEREAS** the further Decision of the Decision Makers pursuant to the Legislation is that:

10.1 the Continuous Disclosure Requirements and, except in British Columbia and Quebec, the Certification Requirement shall not apply to the Operating Partnership so long as:

10.1.1 the Trust is a reporting issuer in at least one of the jurisdictions listed in Appendix B of Multilateral Instrument 45-102 and is an electronic filer under National Instrument 13-101;

10.1.2 the Trust files with each Decision Maker copies of all documents required to be filed by it pursuant to NI 51-102;

10.1.3 the Trust complies with the requirements of the TSX, or such other market or exchange on which the Trust Units may be quoted or listed, in respect of making public disclosure of material information on a timely basis;

10.1.4 the Operating Partnership complies with the Material Change Reporting Requirements in respect of material changes in the affairs of the Operating Partnership that would be material to holders of MTNs only but would not be material to holders of Trust Units;

10.1.5 the Trust remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of the Operating Partnership;

10.1.6 the Operating Partnership does not issue any preferred shares or debt obligations other than the MTNs and debt obligations issued to its affiliates or to banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions; and

10.1.7 the Trust does not make any "significant acquisitions" (within the meaning given to such term by National Instrument 44-101 and at a 20% threshold) in a given fiscal year that are not, within such fiscal year, transferred to and held by the Operating Partnership or a subsidiary thereof; and

10.2. the Insider Reporting Requirements, and the requirement to file an insider profile under National Instrument 55-102 - System for Electronic Disclosure by Insiders, shall not apply to the Operating Partnership.

11. **AND WHEREAS** the further Decision of the Decision Makers pursuant to the Legislation is that the Initial Decision is revoked.

12. **AND WHEREAS** the final Decision of the Decision Makers pursuant to the Legislation is that the effective date of the Decision is May 26, 2004.

June 29, 2004.

"Glenda A. Campbell" "Stephen R. Murison"

2.2 Orders

2.2.1 Friedberg Mercantile Group Ltd. - ss. 113, 117(2) and 121(2)

Headnote

Exemptions granted from the mutual fund conflict of interest investment restrictions and reporting requirements of the Securities Act (Ontario) to permit a fund of fund structure.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., sections 111(2)(b), 111(2)(c), 111(3), 113, 117(1)(a), 117(1)(d), 117(2), 118(2)(a) and 121(2)(a)(ii).

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

AND

IN THE MATTER OF
FRIEDBERG MERCANTILE GROUP LTD.
AND
FRIEDBERG GLOBAL-MACRO HEDGE FUND

ORDER

UPON the application of Friedberg Mercantile Group Ltd. ("FMGL") on its behalf and on behalf of Friedberg Global Macro-Hedge Fund (the "Existing Fund") and any other pooled fund that is a *mutual fund in Ontario*, but is not a reporting issuer as defined in the Act, established and managed by FMGL after the date hereof (the "Future Funds", together with the Existing Fund, the "Funds") for an order of the Ontario Securities Commission (the "Commission") pursuant to sections 113, 117(2), and 121(2) of the Act (collectively "Ontario Legislation") for relief from the restrictions and requirements described below (together the "Applicable Requirements") in respect of the Funds' investments in Friedberg Equity-Hedge Fund, Friedberg International Securities Fund, The Friedberg Diversified Fund, The Friedberg Currency Fund, and Friedberg Foreign Bond Fund (collectively, the "Existing Underlying Funds") and any other mutual fund or pooled fund that is a *mutual fund in Ontario* as defined in the Act, established and managed by FMGL after the date hereof (the "Future Underlying Funds" together with the Existing Underlying Funds, the "Underlying Funds"):

(a) the restriction prohibiting a mutual fund from knowingly making and holding an investment,

(i) in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder; or

(ii) in an issuer in which,

1. any officer or director of the mutual fund, its management company or distribution company or an associate of any of them, or

2. any person or company who is a substantial security holder of the mutual fund, its management company or its distribution company has a significant interest, as set out in paragraphs 111(2)(b) and 111(2)(c) and subsection 111(3) of the Act;

(b) the requirement of a management company to file a report of every transaction of purchase or sale of securities between a mutual fund it manages and any related person or company and any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, a mutual fund is a joint participant with one or more of its related persons or companies, in respect of each mutual fund to which it provides services or advice, within 30 days after the end of the month in which it occurs as set out in paragraphs 117(1)(a) and 117(1)(d) of the Act; and

(c) the restriction against a portfolio manager knowingly causing an investment portfolio managed by it to invest in the securities of any issuer in which a "responsible person" (as that term is defined in the Act) or an associate of a responsible person is an officer or director, unless the relationship is disclosed to the client, and if applicable, the written consent of the client to the investment is obtained before the purchase as set out in paragraph 118(2) of the Act;

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

AND UPON FMGL having represented as follows:

1. FMGL is a corporation existing under the laws of Canada and having its head office in Toronto. FMGL is the manager, portfolio manager, principal distributor and custodian of the Existing Fund and

the Existing Underlying Funds other than Foreign Bond Fund, for which Toronto Trust Management Inc. (an affiliate of FMGL) is the manager and trustee, and FMGL is the portfolio manager.

2. FMGL is registered under the *Securities Act* (Ontario) as an Investment Dealer and under the *Commodity Futures Act* (Ontario) as a Futures Commission Merchant.

3. Each of the Fund, Friedberg Equity-Hedge Fund and Friedberg International Securities Fund (the "Private Funds") is a pooled investment fund established as a limited partnership under the laws of Ontario. The Private Funds are not reporting issuers, but do qualify as mutual funds in Ontario as defined in the Act. Each investor in these funds has an undivided *pro rata* interest in the fund evidenced by units in the fund. The units of these funds have been offered for sale on an exempt basis to investors.

4. Each of Friedberg Foreign Bond Fund, The Friedberg Currency Fund and The Friedberg Diversified Fund (the "Public Funds") is a limited partnership under the laws of Ontario (with the exception of Friedberg Foreign Bond Fund which is a trust governed under the laws of Ontario). The Public Funds are mutual funds in Ontario and are reporting issuers in all the various provinces (other than Quebec) and in each of the territories. Units of Friedberg Foreign Bond Fund are currently offered for sale on a continuous basis by simplified prospectus and annual information form. Units of the remaining Public Funds are no longer offered by prospectus.

5. Should FMGL intend to establish other pooled investment funds in the future, such Future Funds will be open-ended trusts or limited partnerships.

6. FMGL invests a certain amount of the capital of each of the Funds in the Underlying Funds. The percentage invested by each Fund in the Underlying Funds may fluctuate on a periodic basis based on investment decisions made by FMGL in order to meet the investment objectives of each Fund.

7. The actual weightings of the investment of the Fund in the Underlying Funds are reviewed no less frequently than monthly and adjusted to ensure that the investment weightings continue to be appropriate for investment objectives. The investment of a Fund in the Underlying Funds will be actively managed by FMGL on an ongoing basis.

8. The investment objectives of the Underlying Funds will be described in the annual report and annual financial statements of the Funds.

9. Unitholders of the Funds receive the audited annual and unaudited semi-annual financial statements together with the report of the Funds' auditor. Unitholders will also receive appropriate summary disclosure in respect of the Funds' holding of securities of the Underlying Funds the financial statements of the Funds.

10. Unitholders of the Funds may receive the offering memorandum or prospectus, the annual report and annual and semi-annual financial statements of the Underlying Funds free of charge upon request to FMGL.

11. Where a matter relating to an Underlying Fund requires a vote of securityholders of the Underlying Fund, FMGL and its affiliates will not cause the securities of the Underlying Fund held by a Fund to be voted at such meeting.

12. There will be no duplication of management fees and performance fees as between the Funds or the Underlying Funds. The total effective management fee and performance fee charged to an investor in the Funds will be the stated management fee and performance fee in the limited partnership agreement or declaration of trust for each Fund.

13. There will be no sales or redemption charges levied on the purchase or redemption of securities of the Underlying Funds by the Funds, except for flow throughs of redemption charges for redemptions of units of the Underlying Funds necessitated by redemptions of units of the Funds, which charges will not exceed those otherwise chargeable by the Funds to their redeeming unitholders.

14. In the absence of this Order, the Applicable Requirements prohibit the Fund from knowingly making or holding an investment in an Underlying Fund in which it, alone or together with one or more mutual funds, is a substantial securityholder.

15. In the absence of this Order, the Applicable Requirements require FMGL to file a report on every purchase or sale of securities of the Underlying Funds by the Funds.

16. In the absence of this Order, the Applicable Requirements prohibit FMGL from causing the Funds to invest in the Underlying Funds unless the specific fact is disclosed to unitholders of the Funds and written consent of unitholders of the Funds is obtained before the purchase.

17. The investments by the Funds in securities of the Underlying Funds represent the business judgement of "responsible persons" (as defined in Section 118 of the Act) uninfluenced by considerations other than the best interests of the Funds.

AND UPON the undersigned being of the opinion that the tests contained in the Act have been met;

IT IS ORDERED pursuant to the Act that the Applicable Requirements shall not apply so as to prevent the Funds from making and holding investments in securities of the Underlying Funds or so as to require FMGL to file a report relating to each purchase or sale of such securities and disclose such purchase to unitholders of the Funds and obtain their written consent to the investment prior to the purchase;

PROVIDED THAT, the Order shall only apply if, at the time the Funds make or hold investments in the Underlying Funds, the following conditions are satisfied:

(a) the annual report and annual financial statements for each of the Funds discloses:

(i) the intent of the Funds to invest a portion of its assets in securities of the Underlying Funds;

(ii) the manager of the Underlying Funds;

(iii) the name of the Underlying Funds; and

(iv) the investment objectives, investments strategies, risks and restrictions of the Underlying Funds;

(b) the arrangements between or in respect of the Funds and the Underlying Funds are such as to avoid the duplication of management fees and performance fees;

(c) FMGL will not vote the securities of the Underlying Funds held by a Fund at any meeting of holders of such securities; and

(d) in addition to receiving the annual and the semi-annual financial statements of the Fund, securityholders of the Fund have received appropriate summary disclosure in respect of the Funds' holdings of securities of the Underlying Funds in the financial statements of the Funds.

June 18, 2004.

"Susan Wolburgh Jenah" "Robert Shirriff"

2.2.2 D. E. Shaw & Co. Energy, L.L.C. - s. 80 of the CFA

Headnote

Subsection 80 of the Commodity Futures Act (Ontario) – relief from the requirements of subsection 22(1)(b) of the CFA in respect of advising certain non-Canadian mutual funds related to commodity futures contracts and options traded on commodity futures exchanges outside Canada and cleared through clearing corporations outside Canada subject to certain terms and conditions.

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

AND

IN THE MATTER OF
D. E. SHAW & CO. ENERGY, L.L.C.

ORDER
(Section 80 of the CFA)

UPON the application (the "**Application**") of D. E. Shaw & Co. Energy, L.L.C. (the "**Applicant**", as more fully defined below) to the Ontario Securities Commission (the "**Commission**" or the "**OSC**") for an order pursuant to section 80 of the CFA that the Applicant and its respective directors, partners, officers, members and employees (the "**Officers**"), are exempt, for a period of three (3) years, from the requirements of paragraph 22(1)(b) of the CFA in respect of advising certain non-redeemable investment funds and similar investment vehicles ("**Funds**"), established outside of Canada in respect of trades in commodity futures and options contracts principally traded on commodity futures exchanges outside Canada and cleared through clearing corporations outside Canada;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a limited liability company organized under the laws of the State of Delaware, USA. The Applicant is a wholly-owned subsidiary of D. E. Shaw & Co., L.P. ("DESCO LP"), a limited partnership organized under the laws of the State of Delaware, USA. The Applicant may also include affiliates of, or entities organized by, the Applicant which may subsequently execute and submit to the Commission a verification certificate in the attached form confirming the truth and accuracy of the information set out in this Order with respect to that particular Applicant.

2. The Applicant provides certain energy-related trading advisory services pertaining to, *inter alia*,

physical energy, commodity futures and options contracts and derivative instruments traded over-the-counter in which the Funds are directly or indirectly invested. The Applicant is, or may in the future serve as, the investment manager for the Funds. As the investment manager, the Applicant is or will be responsible for, *inter alia*, providing certain administrative services and other investment management services to the Funds.

3. The Funds advised by the Applicant are or will be established outside of Canada. Securities of the Funds are or will be primarily offered outside of Canada to institutional investors and high net worth individuals. The Funds are or will be offered only to Ontario residents who qualify as an "accredited investor" under OSC Rule 45-501 *Exempt Distributions* ("**Rule 45-501**") or will be offered and distributed in Ontario only in reliance upon an other exemption from the prospectus requirements of the *Securities Act* (Ontario) (the "**OSA**") and an exemption from the adviser registration requirement of the OSA under section 7.1 or section 7.10 of OSC Rule 35-502 *Non-Resident Advisers* ("**Rule 35-502**").

4. The Applicant is not currently registered as an investment adviser in the United States under the Investment Advisers Act of 1940, as amended (the "**1940 Act**").

5. The Applicant is not currently registered with the United States Commodity Futures Trading Commission (the "**CFTC**"). The Applicant relies upon an exemption from registration as a commodity trading advisor pursuant to the U.S. Commodity Exchange Act.

6. DESCO LP is registered under the Act as an international adviser (investment counsel and portfolio manager) and exempt from registering under the CFA. DESCO LP is also registered under the 1940 Act as an investment adviser, registered with the CFTC as a commodity pool operator, and is a member of the U.S. National Futures Association.

7. The Applicant currently provides or may in the future provide certain energy-related trading advice to the Funds with respect to commodity futures and options contracts.

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

   a. The Applicant is not registered in any capacity under the CFA or the OSA.

   b. The Funds currently, or in the future will, issue securities that are offered primarily outside of Canada. None of the Funds is or has any current intention of becoming a reporting issuer in Ontario or in any other Canadian jurisdiction.

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

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

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

IT IS ORDERED pursuant to section 80 of the CFA that each of the Applicant and its respective Officers responsible for advising the Funds are not subject to the requirements of paragraph 22(1)(b) of the CFA in respect of their advisory activities in connection with the Funds, for a period of three (3) years, provided that at the time that such activities are engaged in:

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

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

(c) securities of the Funds will be offered primarily outside of Canada and will only be distributed in Ontario in reliance on an exemption from the prospectus requirements of the OSA and upon an exemption from the adviser registration

requirement of the OSA under section 7.1 or section 7.10 of Rule 35-502;

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

(e) any Applicant whose name does not specifically appear in this Order and who proposes to rely on the exemption granted under this Order, shall, as a condition to relying on such exemption, have executed and filed with the Commission a verification certificate referencing this Order and confirming the truth and accuracy of the Application with respect to that particular Applicant.

June 18, 2004.

"Susan Wolburgh Jenah" "Robert L. Shirriff"

2.2.3 Susan Wolburgh Jenah - ss. 3.5(3)

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

AND

IN THE MATTER OF
AN AUTHORIZATION PURSUANT
TO SUBSECTION 3.5(3) OF THE ACT

AUTHORIZATION ORDER
(Subsection 3.5(3))

WHEREAS a quorum of the Ontario Securities Commission (the "Commission") may, pursuant to subsection 3.5(3) of the Act, in writing authorize any member of the Commission to exercise any of the powers and perform any of the duties of the Commission, except the power to conduct contested hearings on the merits.

AND WHEREAS, by an authorization order made on July 21, 2003, pursuant to subsection 3.5(3) of the Act (the "Authorization") the Commission authorized each of David A. Brown, Paul M. Moore and Robin W. Korthals, acting alone, to exercise, subject to subsection 3.5(4) of the Act, the powers of the Commission to grant adjournments and set dates for hearings, to hear and determine procedural matters, and to make and give any orders, directions, appointments, applications and consents under sections 5, 11, 12, 17, 19, 20, 122, 126, 127, 128, 129, 144, 146 and 152 of the Act that the Commission is authorized to make and give, except the power to conduct contested hearings on the merits.

NOW, THEREFORE, IT IS ORDERED that the Authorization is hereby revoked; and

THE COMMISSION HEREBY AUTHORIZES, pursuant to subsection 3.5(3) of the Act, each of David A. Brown, Paul M. Moore and Susan Wolburgh Jenah, acting alone, to exercise, subject to subsection 3.5(4) of the Act, the powers of the Commission to grant adjournments and set dates for hearings, to hear and determine procedural matters, and to make and give any orders, directions, appointments, applications and consents under sections 5, 11, 12, 17, 19, 20, 122, 126, 127, 128, 129, 144, 146 and 152 of the Act that the Commission is authorized to make and give, except the power to conduct contested hearings on the merits.

March 15, 2004.

"David A. Brown" "Paul M. Moore"

2.2.4 Cyries Energy Inc. and ProEx Energy Ltd. - ss. 83.1(1)

Headnote

Section 83.1(1) - Corporation deemed to be reporting issuer at the time an arrangement becomes effective.

Applicable Ontario Statutory Provisions

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

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

AND

IN THE MATTER OF
CYRIES ENERGY INC. AND
PROEX ENERGY LTD.

ORDER
(Subsection 83.1(1))

UPON the application of Cyries Energy Inc. ("**Cyries**") and ProEx Energy Ltd. ("**ProEx**") (collectively, the "**Issuers**") for an order pursuant to subsection 83.1(1) of the Act deeming the Issuers to be reporting issuers for the purposes of Ontario securities law at the effective date of a statutory arrangement involving Cyries and ProEx;

AND UPON considering the application and the recommendation of the staff of the Ontario Securities Commission (the "**Commission**");

AND UPON ProEx and Cyries representing to the Commission as follows:

1. Progress Energy Ltd. ("**Progress**"), Cequel Energy Inc. ("**Cequel**"), Progress Energy Trust (the "**Trust**"), Progress Acquisition Corp., Cequel Acquisition Corp., Cyries and ProEx intend to be arranged under a proposed plan of arrangement (the "**Arrangement**") pursuant to the terms of an arrangement agreement dated April 25, 2004 between Cequel and Progress. The Arrangement is being effected pursuant to section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**").

2. Progress is a corporation incorporated and subsisting pursuant to the provisions of the ABCA.

3. The head and principal office of Progress is located at 1400, 440 –2nd Avenue S.W., Calgary, Alberta, T2P 5E9, and its registered office is located at 1400, 350 –7th Avenue S.W., Calgary, Alberta T2P 3N9.

4. Progress is an oil and gas exploration, development and production company.

5. The authorized capital of Progress includes an unlimited number of common shares ("**Progress Common Shares**"). As at May 25, 2004, 33,938,556 Progress Common Shares were issued and outstanding. Progress has also reserved a total of 2,500,123 Progress Common Shares for issuance pursuant to outstanding options and warrants to purchase Progress Common Shares.

6. The Progress Common Shares are listed on the Toronto Stock Exchange (the "**TSX**").

7. Progress is a reporting issuer in the Provinces of British Columbia, Alberta, Manitoba, Ontario, Quebec and Nova Scotia and has been for more than 12 months.

8. Progress has filed all the information that it has been required to file as a reporting issuer in each of the Provinces of British Columbia, Alberta, Manitoba, Ontario, Quebec and Nova Scotia and is not to its knowledge in default of the securities legislation in any of these jurisdictions.

9. Cequel is a corporation amalgamated and subsisting pursuant to the provisions of the ABCA.

10. The head and principal office of Cequel is located at 3200, 500 – 4th Avenue S.W., Calgary, Alberta, T2P 2V6 and its registered office is located at 3700, 400 –3rd Avenue S.W., Calgary, Alberta T2P 4H2.

11. Cequel is an oil and gas exploration, development and production company.

12. The authorized capital of Cequel includes an unlimited number of common shares ("**Cequel Common Shares**"). As at May 25, 2004, 58,209,452 Cequel Common Shares were issued and outstanding. Cequel has also reserved a total of 10,650,747 Cequel Common Shares for issuance pursuant to outstanding options and warrants to purchase Cequel Common Shares.

13. The Cequel Common Shares are listed on the TSX.

14. Cequel is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador and has been for more than 12 months.

15. Cequel has filed all the information that it has been required to file as a reporting issuer in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador and is not to its knowledge in default of the securities legislation in any of these jurisdictions.

16. ProEx is a corporation incorporated pursuant to the provisions of the ABCA for the purposes of participating in the Arrangement. ProEx has not carried on any active business since incorporation.

17. The head and principal office of ProEx is located at 1400, 440 – 2nd Avenue S.W., Calgary, Alberta, T2P 5E9 and its registered office is located at 1400, 350 – 7th Avenue S.W., Calgary, Alberta, T2P 3N9.

18. Pursuant to the Arrangement, ProEx will acquire, directly and indirectly, certain oil and gas assets from Progress. Upon completion of the Arrangement, ProEx will be engaged in the exploration for, and acquisition, development and production of, oil and natural gas reserves in the western Canadian sedimentary basin.

19. The authorized capital of ProEx includes an unlimited number of common shares ("**ProEx Common Shares**").

20. ProEx has obtained the conditional approval of the TSX for the listing on the TSX of the ProEx Common Shares to be issued in connection with the Arrangement subject to, among other things, completion of the Arrangement and evidence of registration or qualification of ProEx or its securities with the Commission. The ProEx Common Shares issuable from time to time will also be listed on the TSX, subject to receipt of final approval from the TSX.

21. ProEx is not a reporting issuer in any of the jurisdictions of Canada. ProEx will become a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Quebec, Nova Scotia and Newfoundland and Labrador pursuant to the Arrangement.

22. Cyries is a corporation incorporated pursuant to the provisions of the ABCA for the purposes of participating in the Arrangement. Cyries has not carried on any active business since incorporation.

23. The head and principal office of Cyries is located at 3200, 500 – 4th Avenue S.W., Calgary, Alberta, T2P TV6 and its registered office is located at 3700, 400 – 3rd Avenue S.W., Calgary, Alberta, T2P 4H2.

24. Pursuant to the Arrangement, Cyries will acquire, directly and indirectly, certain oil and gas assets from Cequel. Upon completion of the Arrangement, Cyries will be engaged in the exploration for, and acquisition, development and production of, oil and natural gas reserves in the western Canadian sedimentary basin.

25. The authorized capital of Cyries includes an unlimited number of common shares (the "**Cyries Common Shares**").

26. Cyries has obtained the conditional approval of the TSX for the listing on the TSX of the Cyries Common Shares to be issued in connection with the Arrangement subject to, among other things, completion of the Arrangement and evidence of registration or qualification of Cyries or its securities with the Commission. The Cyries Common Shares issuable from time to time will also be listed on the TSX, subject to receipt of final approval from the TSX.

27. Cyries is not a reporting issuer in any of the jurisdictions of Canada. Cyries will become a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Quebec, Nova Scotia and Newfoundland and Labrador pursuant to the Arrangement.

28. An information circular ("**Information Circular**") dated May 28, 2004 has been mailed in connection with the annual and special meeting (the "**Cequel Meeting**") of Cequel securityholders (the "**Cequel Securityholders**") and the annual and special meeting (the "**Progress Meeting**") of Progress securityholders ("**Progress Securityholders**"). The Information Circular contains prospectus-level disclosure concerning the respective business and affairs of Progress, Cequel, the Trust, ProEx and Cyries and a detailed description of the Arrangement, and has been mailed to Progress Securityholders and Cequel Securityholders in connection with the Cequel Meeting and the Progress Meeting. The Information Circular has been prepared in conformity with the provisions of the ABCA and applicable securities laws and policies. The Information Circular will be filed under the Issuers' SEDAR profiles immediately after the Arrangement becomes effective.

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

IT IS HEREBY ORDERED pursuant to subsection 83.1(1) of the Act that the Issuers be deemed reporting issuers at the time of the Arrangement becoming effective for the purposes of Ontario securities law.

June 29, 2004.

"Paul Bates" "H. Lorne Morphy"

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Extending & Rescinding Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Revoke
Apiva Ventures Limited	23 Jun 04	05 Jul 04	07 Jul 04	
Astaware Technologies Inc.	25 Jun 04	07 Jul 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		
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		
** Denninghouse Inc.	15 Jun 04	**28 Jun 04**	28 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		

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

Exempt Financings

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

REPORTS OF TRADES SUBMITTED ON FORM 45-501F1

Transaction Date	Purchaser	Security	Total Purchase Price ($)	Number of Securities
18-Jun-2004	Rays International Inc. Reanus Limited	3C Cosmetics Inc. - Common Shares	2,490,000.00	300.00
14-Jun-2004	Covington Fund II Inc. Venturelink Brighter Future (Equity) Fund Inc.	Adventus Intellectual Property Inc. - Common Shares	2.00	212,557.00
14-Jun-2004	Covington Fund II Inc. Venturelink Brighter Future (Equity) Fund Inc.	Adventus Intellectual Property Inc. - Preferred Shares	2,000,000.00	2,000,000.00
15-Jun-2004	7 Purchasers	Angle Energy Inc. - Common Shares	705,880.00	520,000.00
15-Jun-2004	14 Purchasers	Angle Energy Inc. - Flow-Through Shares	2,734,880.00	2,074,900.00
15-Jun-2004	7 Purchasers	Angle Energy Inc. - Warrants	695,880.00	520,000.00
07-Jun-2004	Murray Sinclair Sr. Aumerco Limited	Argent Resources Ltd. - Units	100,250.10	668,334.00
28-Jun-2004	White Knight Capital Corp.	Canadian Golden Dragon Resources Ltd. - Common Shares	39,000.00	300,000.00
30-Jun-2004	6 purchasers	Candor Ventures Corp. - Units	340,500.00	1,135,000.00
15-Jun-2004	7 Purachasers	CareVest First Mortgage Investment Corporation - Preferred Shares	719,488.00	719,488.00
16-Jun-2004	6 Purchasers	Celestica Inc. - Notes	1,900,080.00	6.00
24-Jun-2004	14 Purchasers	Chamaelo Energy Inc. - Common Shares	5,688,000.00	1,422,000.00
15-Jun-2004	12 Purchasers	Cinch Energy Corp. - Flow-Through Shares	5,090,599.80	5,656,222.00
15-Jun-2004	NCE Flow-Through (2004) Limited Partnership	Cinch Energy Corp. - Flow-Through Shares	540,700.20	600,778.00

15-Jun-2004	25 purchasers	Cinch Energy Corp. - Subscription Receipts	4,922,825.25	6,563,767.00
17-Jun-2004	Stalwart Resources LP	Cinch Energy Corp. - Subscription Receipts	1,250,000.25	1,666,667.00
23-Jun-2004	Andrew Best Donald Arthur Wright	CPVC Tremblant Inc. - Common Shares	100,000.00	400,000.00
18-Jun-2004	Knight Investments	Creststreet Resource Fund Limited - Shares	15,770.82	1,158.00
18-Jun-2004	Canadian Shaare Zedek Hospital Foundation	Creststreet Resource Fund Limited - Units	5,080.26	3,730.00
21-Jun-2004	M. Grant Brown Boeckh Investments Inc.	Demand Data Services Inc. - Units	325,000.00	75,000.00
29-Jun-2004	27 Purchasers	Duvernay Oil Corp. - Common Shares	16,454,025.00	1,044,700.00
15-Jun-2004	28 Purchasers	Endeavour Flow-Through (2004) Limited Partnership - Units	1,685,000.00	1,685,000.00
24-Jun-2004	SHerfam Inc.	Excalibur Limited Partnership - Units	2,042,400.00	8.00
09-Jun-2004 to 11-Jun-2004	Jones Gable & Company Limited Marblegate Holdings Limited	Excellon Resources Inc. - Warrants	0.00	375,000.00
04-Jun-2004	Credit Risk Advisors	Ferrellgas Partners, L.P. - Notes	731,776.13	1.00
26-May-2004	Birkenshaw & Company Ltd. David Birkenshaw	Guyanor Resources S.A. - Common Shares	5.00	4,500,000.00
14-Jun-2004	Ontario Centres of Excellence Inc.	Handshake Interactive Technologies Inc. - Common Shares	150,000.00	4,605,731.00
14-Jun-2004	Gowlings Canada Inc.	Handshake Interactive Technologies Inc. - Preferred Shares	75,202.30	183,286.00
14-Jun-2004	5 Purchasers	Handshake VR Inc. - Preferred Shares	2,400,000.00	12,000,000.00
14-Jun-2004	5 Purchasers	Handshake VR Inc. - Warrants	0.00	2,990,000.00
10-Jun-2004	John Palumbo Peter Winnell	iSee Media Inc. - Units	100,000.00	117,647.00
09-Jun-2004	Sceptre Investment Counsel Limited	iShares, Inc. - Shares	5,353,754.00	530,600.00
22-Jun-2004	New Millennium Venture Fund The VenGrowth II Investment Fund Inc.	IceFyre Semiconductor Corporation - Preferred Shares	3,241,537.00	6,795,177.00
09-Jun-2004 to 18-Jun-2004	9 Purchasers	IMAGIN Diagnostic Centres, Inc. - Common Shares	105,000.00	105,000.00

14-Jun-2004	6 Purchasers	Info Touch Technologies Corp. - Units	1,901,525.00	2,925,423.00
11-Jun-2004	Canadian Broadcasting Corporation	Japan Tabacco Inc. - Shares	1,567,600.65	150.00
18-Jun-2004	Silverbridge Capital Inc.	Jumbo Development Corporation - Common Shares	125,000.00	10,000,000.00
25-Jun-2004	Anthony Cohen;Douglas Anderson;Bernard Goldberg	KBSH Income Trust Fund - Units	79,200.00	7,496.00
24-Jun-2004	Gloria Birthelmer	KBSH Private- International Fund - Units	168,000.00	18,261.00
25-Jun-2004	Anthony Cohen;Douglas Anderson;Bernard Goldberg	KBSH Private - Canadian Equity Fund - Units	118,800.00	7,899.00
25-Jun-2004	Anthony Cohen; Douglas Anderson; Bernard Goldberg	KBSH Private - Special Equity Fund - Units	66,000.00	3,808.00
18-Jun-2004	John Menchella	Kobex Resources Ltd. - Shares	10,000.00	20,000.00
18-Jun-2004	Eagle Asset Management Corp.	Kobex Resources Ltd. - Units	10,000.00	20,000.00
28-Jul-2004	Donald J. Walker	Longbow Capital Limited Partnership - Units	200,000.00	200.00
24-Jul-2004	Pinedale Properties Ltd. Karl A. Wildi	Longbow Capital Limited Partnership - Units	300,000.00	300.00
14-Jun-2004 to 18-Jun-2004	3 Purchasers	Magenta Mortgage Investment Corporation - Shares	300,000.00	30,000.00
01-Jun-2004	IJAL Holdings Ltd.	MCAN Performance Strategies - Units	350,000.00	3,325.00
01-Jun-2004	3 Purchasers	MCAN Performance Strategies - Units	290,000.00	1,616.00
18-Jun-2004	6007317 Canada Inc.	MediaOne Network Inc. - Common Shares	250,000.00	54,370.00
22-Jun-2004	2 Purchasers	MG Stratum Fund III, Limited Partnership - Units	15,000,000.00	15.00
17-Jun-2004	3 Purchasers	Mitel Networks Corporation - Preferred Shares	161,958.00	161,958.00
18-Jun-2004	Donato Food Corporation	MTY Food Group Inc. - Shares	250,000.00	250,000.00
14-Jun-2004	Ventures West 8 Limited Partnership New Generation Biotech (Equity) Fund Inc.	NeurAxon Inc. - Preferred Shares	1,200,000.05	1,719,937.00
25-Jun-2004	Alice Stern 1418182 Ontario Ltd.	O'Donnell Emerging Companies Fund - Units	55,000.00	8,040.00
04-Jun-2004	BCE Place	Pacific Booker Minerals Inc. - Warrants	0.00	250,000.00

04-Jun-2004	Noranda Inc.	Pacific Brooker Minerals Inc. - Common Shares	1,012,500.00	250,000.00
15-Jun-2004	38 Purchasers	Planet Ventures Inc. - Common Shares	2,127,500.00	4,255,000.00
22-Jul-2004	Ontario Teachers Pension Plan Board	RBC Capital Trust - Bonds	24,250,000.00	25,000,000.00
25-Jun-2004	Nursing Homes and Related Industries Pension Plan	Real Assets US Social Equity Index Fund - Units	24,821.08	3,313.00
16-Jun-2004 to 23-Jun-2004	Canada Dominion Resources 2004 Limited Partnership CMP 2004 Resource Limited Partnership	Regis Resources Inc. - Flow-Through Shares	400,000.00	500,000.00
28-May-2004	Vengrowth V Limited Partnership Vengrowth V Sidecar Limited Partnership	S210, Inc. - Preferred Shares	546,878.87	189,618.00
28-May-2004	1384374 Ontario Inc.	S210, Inc. - Stock Option	0.00	1.00
28-May-2004	4 Purchasers	S2IO Technologies Corp. - Shares	2,179,522.52	1,706,566.00
15-Jun-2004	5 Purchasers	Silect Software Inc. - Notes	370,000.00	370,000.00
23-Jun-2004	Wesley Clover	Solace Systems, Inc. - Preferred Shares	900,000.00	1,125,000.00
18-Jun-2004	Business Development Bank of Canada	Spectalis Corp. - Shares	196,358.95	417,785.00
07-Jun-2004	18 Purchasers	Sterling (Tartesso) Arizona Land Fund - Units	4,484,235.60	69.00
07-Jun-2004	16 Purchasers	Sterling (The Falls) Limited Partnership - Units	2,756,840.00	110.00
16-Jun-2004	Park Avenue Equity Partners Integrated Partners Limited Partnership One	Systech Retail Systems Corp. - Common Shares	274,260.00	10,970,400.00
16-Jun-2004	Integrated Partners Limited Partnership One	Systech Retail Systems Corp. - Common Shares	137,130.00	54,852,000.00
14-Jun-2004	Frank K.C. Chen David Fletcher	Talware Networx Inc. - Units	80,000.00	1,000,000.00
18-Jun-2004	John Callaghan	Tech Income Limited Partnership 1 - Units	30,000.00	2.00
22-Jun-2004 to 28-Jun-2004	4 Purchasers	The Strand Tandem Investment Trust - Trust Units	105,000.00	21.00
15-Jun-2004	23 Purchasers	Tiomin Resources Inc. - Units	2,808,476.30	8,024,218.00
21-Jun-2004	5 Purchasers	True North Corporation - Units	599,995.20	3,999,968.00

21-Jun-2004	HDL Capital Corporation	True North Corporation - Warrants	0.00	400,000.00
11-Jun-2004 to 17-Jun-2004	20 Purchasers	TVI Pacific Inc. - Units	627,999.90	4,186,666.00
21-Jun-2004	Toronto Dominion Bank	T.E.R.N.A.- Trasmissione Elettricita Rete Nazionale S.p.A. - Shares	2,060,400.00	12,120,000.00
10-Jun-2004	6248276 Canada Inc.	Vector Aerospace Corporation - Units	506,250.00	2,250,000.00
16-Jun-2004	Peter Warrian on behalf of The Lupina Foundation	Venture Steel Inc. - Debentures	2,000,000.00	2.00
16-Jun-2004	Peter Warrian on behalf of The Lupina Foundation	Venture Steel Inc. - Debentures	2,000,000.00	1,000,000.00
08-Jun-2004	10 Purchasers	Vestas Wind Systems A/S - Shares	5,319,322.00	487,974.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
ACE Aviation Holdings Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated June 30, 2004
Mutual Reliance Review System Receipt dated June 30, 2004
Offering Price and Description:
$850,000,000.00 - 42,500,000 rights to purchase 42,500,000 shares at a purchase price of $20.00 per share
Underwriter(s) or Distributor(s):
-
Promoter(s):
Air Canada
Project #664247

Issuer Name:
AGS Energy 2004 Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated June 23, 2004
Mutual Reliance Review System Receipt dated June 25, 2004
Offering Price and Description:
$25,000,000 (Maximum) (1,000,000 Units) Subscription Price: $25.00 Minimum Purchase: 200 Units
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
First Associates Investments Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
FirstEnergy Capital Corp.
Tristone Capital Inc.
Promoter(s):
AGS Resource 2004 GP Inc.
Project #662515

Issuer Name:
Agtech Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated June 25, 2004
Mutual Reliance Review System Receipt dated June 29, 2004
Offering Price and Description:
$5,000,000 - 1,000,000 Units Price: $5.00 per Unit
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #663352

Issuer Name:
AIM American Mid Cap Growth Class
AIM RSP International Growth Fund
Trimark RSP U.S. Companies Fund
Trimark RSP International Companies Fund
Trimark RSP Global High Yield Bond Fund
Trimark RSP Global Balanced Fund
Trimark RSP Fund
Trimark RSP Europlus Fund
Trimark RSP Select Growth Fund
Trimark Canadian Endeavour Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated July 5, 2004
Mutual Reliance Review System Receipt dated July 6, 2004
Offering Price and Description:
Series A, F, and I Units
Series F Shares
Underwriter(s) or Distributor(s):
AIM Funds Management Inc.
AIM Funds Management Inc.
AIM Funds Group Canada Inc.
Promoter(s):
AIM Funds Management Inc.
Project #665039

Issuer Name:
Algonquin Power Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated July 2, 2004
Mutual Reliance Review System Receipt dated July 2, 2004
Offering Price and Description:
$70,000,000.00 - 6.65% Convertible Unsecured Subordinated Debentures due July 31, 2011
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
TD Securities Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
Raymond James Ltd.
Canaccord Capital Corporation
Promoter(s):
-
Project #664577

Issuer Name:
Alpha One Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated June 22, 2004
Mutual Reliance Review System Receipt dated June 25, 2004
Offering Price and Description:
$300,000.00 - 2,000,000 Common Shares Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
First Associates Investments Inc.
Promoter(s):
David Lewis
Ian McDonald
Kim Smith
Donald Christie
Project #661536

Issuer Name:
Biomira Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Shelf Prospectus dated June 25, 2004
Mutual Reliance Review System Receipt dated June 25, 2004
Offering Price and Description:
U.S. $1,000,000,000.00 - Common Shares, Preferred Shares, Debt Securities, Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #662676

Issuer Name:
BMONT Split Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated June 30, 2004
Mutual Reliance Review System Receipt dated July 2, 2004
Offering Price and Description:
$* * Capital Shares - $* * Preferred Shares Prices: $* per Capital Share and $* per Preferred Share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Raymond James Ltd.
Promoter(s):
Scotia Capital Inc.
Project #664602

Issuer Name:
Bonita Capital Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary CPC Prospectus dated June 25, 2004
Mutual Reliance Review System Receipt dated June 25, 2004
Offering Price and Description:
Offering: $250,000 (1,250,000 Common Shares)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #662773

Issuer Name:
CNH Capital Canada Wholesale Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 25, 2004
Mutual Reliance Review System Receipt dated June 25, 2004
Offering Price and Description:
$ * Floating Rate Class A Wholesale Receivables-Backed Notes
Series CW2004-1
$ * Floating Rate Class B Wholesale Receivables-Backed Notes,
Series CW2004-1
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
TD Securities Inc.
Promoter(s):
Case Credit Ltd.
Project #662657

Issuer Name:
CPVC Tremblant Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary CPC Prospectus dated July 5, 2004
Mutual Reliance Review System Receipt dated July 6, 2004
Offering Price and Description:
$750,000.00 - 3,000,000 common shares Price: $0.25 per common share
Underwriter(s) or Distributor(s):
Octagon Capital Corporation, Canaccord Capital Corporation and Acumen Capital Finance Partners Limited
Promoter(s):
-
Project #665248

Issuer Name:
KHAN RESOURCES INC.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated June 30, 2004
Mutual Reliance Review System Receipt dated July 6, 2004
Offering Price and Description:
CDN$ * - * Units US$6,6060,696 - Special Warrants
Underwriter(s) or Distributor(s):
Dominick & Dominick Securities Inc.
Loewen, Ondaatje, McCutcheon Limited
Promoter(s):
Wallace M. Mays
Project #665004

Issuer Name:
Leitrim Group Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated June 28, 2004
Mutual Reliance Review System Receipt dated June 30, 2004
Offering Price and Description:
MAXIMUM OFFERING: $700,000 (3,500,000 UNITS)
MINIMUM OFFERING: $400,000 (2,000,000 UNITS)
PRICE: $0.20 PER UNIT
Underwriter(s) or Distributor(s):
Northern Securities Inc.
Promoter(s):
John A. Roberts
Girvan L. Patterson
Brian K. Penny
Project #663971

Issuer Name:
Mersington Capital Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary CPC Prospectus dated June 29, 2004
Mutual Reliance Review System Receipt dated June 29, 2004
Offering Price and Description:
Minimum Offering: $750,000 or 3,750,000 Common Shares
Maximum Offering: $1,890,000 or 9,450,000 Common Shares
Price: $0.20 per Common Share
Minimum Subscription: $1,000 or 5,000 Common Shares
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
-
Project #663423

Issuer Name:
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 29, 2004
Mutual Reliance Review System Receipt dated June 30, 2004
Offering Price and Description:
Advisor Series Units
Underwriter(s) or Distributor(s):
RBC Asset Management Inc.
RBC Dominion Securities Inc.
RBC Asset Management Inc.
Promoter(s):
RBC Asset Management Inc.
Project #663699

Issuer Name:
Sackport Ventures Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated June 28, 2004
Mutual Reliance Review System Receipt dated June 30, 2004
Offering Price and Description:
OFFERING: $200,000 (1,000,000 COMMON SHARES)
Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
First Associates Investments Inc.
Promoter(s):
Brian J. Kennedy
Kenneth Wawrew
Ernest A. Kolenda
Project #664255

Issuer Name:
SemBioSys Genetics Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated June 25, 2004
Mutual Reliance Review System Receipt dated June 28, 2004
Offering Price and Description:
$ * - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
Orion Securities Inc.
Dlouhy Merchant Group Inc.
First Associates Investments Inc.
Raymond James Ltd.
Promoter(s):
-
Project #663153

Issuer Name:
The Hartford Growth and Income Fund
The Hartford Canadian Value Fund
The Hartford Canadian Equity Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated July 5, 2004
Mutual Reliance Review System Receipt dated July 6, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Hartford Investments Canada Corp.
Project #664971

Issuer Name:
The Jean Coutu Group (PJC) Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated July 2, 2004
Mutual Reliance Review System Receipt dated July 2, 2004
Offering Price and Description:
$ * - * Subscription Receipts, each representing the right to receive one Class A Subordinate Voting Share
Price: $ * per Subscription Receipt
Underwriter(s) or Distributor(s):
Merrill Lynch Canada Inc.
National Bank Financial Inc.
TD Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
Deutsche Bank Securities Limited
RBC Dominion Securities Inc.
Desjardins Securities Inc.
First Associates Investments Inc.
Raymond James Ltd.
Promoter(s):
-
Project #664551

Issuer Name:
The Jean Coutu Group (PJC) Inc.
Principal Regulator - Quebec
Type and Date:
Amended Preliminary Short Form PREP Prospectus dated July 2, 2004
Mutual Reliance Review System Receipt dated July 2, 2004
Offering Price and Description:
$ * - * Subscription Receipts, each representing the right to receive one Class A Subordinate Voting Share
Underwriter(s) or Distributor(s):
Merrill Lynch Canada Inc.
National Bank Financial Inc.
TD Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
Deutsche Bank Securities Limited
RBC Dominion Securities Inc.
Desjardins Securities Inc.
First Associates Investments Inc.
Raymond James Ltd.
Promoter(s):
-
Project #664551

Issuer Name:
Valor Communications Group, Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated June 28, 2004
Mutual Reliance Review System Receipt dated June 28, 2004
Offering Price and Description:
US$ * million (C$ *million)
Income Deposit Securities (IDS)
US$ * million * % Senior Subordinated Notes Due 2019
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
Banc of America Securities Canada Co.
J.P. Morgan Securities Canada Inc.
Promoter(s):
-
Project #662981

Issuer Name:
York Capital Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated June 28, 2004
Mutual Reliance Review System Receipt dated June 29, 2004
Offering Price and Description:
$300,000 - 1,500,000 Common Shares
Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
Promoter(s):
Brian W. Courtney
Project #663121

Issuer Name:
Merrill Lynch & Co. Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary MJDS Prospectus dated June 24, 2004
Mutual Reliance Review System Receipt dated June 29, 2004
Offering Price and Description:
Debt Securities, Warrants, Preferred Stock, Depositary Shares and Common Stock
Underwriter(s) or Distributor(s):
Merrill Lynch Canada Inc.
Promoter(s):
-
Project #P30632

Issuer Name:
Augen Limited Partnership 2004-1
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated June 29, 2004
Mutual Reliance Review System Receipt dated July 5, 2004
Offering Price and Description:
$20,000,000.00 - Maximum 200,000 Limited Partnership Units @ $100 Per Unit
Underwriter(s) or Distributor(s):
IPC Securities Corporation
Berkshire Securities Inc.
Wellington West Capital Inc.
McFarlane Gordon Inc.
Foster & Associates Financial Services Inc.
Promoter(s):
Augen General Partner X Inc.
Project #635990

Issuer Name:
Caldwell Balanced Fund
Caldwell Income Fund
Caldwell Canada Fund
Caldwell America Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 29, 2004
Mutual Reliance Review System Receipt dated July 2, 2004
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Caldwell Securities Ltd.
Caldwell Securities Ltd.
Promoter(s):
-
Project #641520

Issuer Name:
Clarington Canadian Core Portfolio
Clarington Global Core Portfolio
Clarington U.S. Core Portfolio
Clarington Canadian Bond Fund
Clarington Money Market Fund
Clarington Short-Term Income Class of Clarington Sector Fund Inc.
Clarington Canadian Dividend Fund
Clarington Canadian Income Fund
Clarington Canadian Income Fund II
Clarington Diversified Income Fund
Clarington Global Income Fund
Clarington Income Trust Fund
Clarington Canadian Balanced Fund
Clarington Canadian Equity Class of Clarington Sector Fund Inc.
Clarington Navellier U.S. All Cap Class of Clarington Sector Fund Inc.
Clarington Navellier U.S. All Cap Fund,
Clarington U.S. Growth Fund
Clarington U.S. Smaller Company Growth Fund
Clarington U.S. Value Class of Clarington Sector Fund Inc.
Clarington Asia Pacific Fund
Clarington Global Equity Class of Clarington Sector Fund Inc.
Clarington Global Equity Fund
Clarington Global Small Cap Fund
Clarington Global Value Class of Clarington Sector Fund Inc.
Clarington International Equity Fund
Clarington Global Communications Fund
Clarington Global Health Sciences Class of Clarington Sector Fund Inc.
Clarington RSP Global Communications Fund
Clarington Canadian Equity Fund
Clarington Canadian Growth Fund
Clarington Canadian Growth & Income Fund
Clarington Canadian Small Cap Fund
Clarington Canadian Value Fund
Clarington RSP Global Equity Fund
Clarington RSP Global Income Fund
Clarington RSP Navellier U.S. All Cap Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 25, 2004
Mutual Reliance Review System Receipt dated June 30, 2004
Offering Price and Description:
Series A, Series A-H, Series A-L, Series B, Series F, Series F-H, Series F-L and Series O Units or Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
ClaringtonFunds Inc.
ClaringtonFunds Inc.
Promoter(s):
Clarington Sector Fund Inc.
Project #646147

Issuer Name:
DiagnoCure Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated June 30, 2004
Mutual Reliance Review System Receipt dated June 30, 2004
Offering Price and Description:
5,000,000 Common Shares @ $4.75/share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Desjardins Securities Inc.
Dundee Securities Corporation
Haywood Securities Inc.
Promoter(s):
-
Project #660349

Issuer Name:
Advitech Inc.
Principal Regulator - Quebec
Type and Date:
Final Prospectus dated June 30, 2004
Mutual Reliance Review System Receipt dated June 30, 2004
Offering Price and Description:
$2,500,000.00 - Price: $0.22 per Unit
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Promoter(s):
-
Project #651321

Issuer Name:
Equinox Minerals Limited
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated June 29, 2004
Mutual Reliance Review System Receipt dated June 30, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Haywood Securities Inc.
Promoter(s):
-
Project #650726

Issuer Name:
Ethical Monthly Income Fund
Ethical Canadian Index Fund
Ethical International Equity Fund
Ethical Canadian Dividend Fund
Ethical Global Equity Fund
Ethical RSP Global Equity Fund
Ethical RSP North American Equity Fund
Ethical Special Equity Fund
Ethical North American Equity Fund
Ethical Balanced Fund
Ethical Income Fund
Ethical Growth Fund
Principal Regulator - British Columbia
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated July 5, 2004
Mutual Reliance Review System Receipt dated July 5, 2004
Offering Price and Description:
Class A and Class D Units
Underwriter(s) or Distributor(s):
Credential Asset Management Inc.
Credential Asset Management Inc.
Promoter(s):
Ethical Funds Inc.
Project #654175

Issuer Name:
Frontiers U.S. Equity Pool
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated June 18, 2004 to Final Simplified Prospectus and Annual Information Form dated January 5, 2004
Mutual Reliance Review System Receipt dated June 30, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
CIBC Asset Management Inc.
Project #597645

Issuer Name:
Heritage Plans (formerly Heritage Scholarship Trust Plans)
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 2, 2004
Mutual Reliance Review System Receipt dated July 6, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Allianz Education Funds, Inc.
Promoter(s):
-
Project #651269

Issuer Name:
Impression Plan
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 2, 2004
Mutual Reliance Review System Receipt dated July 6, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Allianz Education Funds, Inc.
Promoter(s):
-
Project #651291

Issuer Name:
Ivanhoe Mines Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated June 30, 2004
Mutual Reliance Review System Receipt dated June 30, 2004
Offering Price and Description:
$140,000,000.00 - 20,000,000 Common Shares @ $7.00/Share
Underwriter(s) or Distributor(s):
GMP Securities Ltd.
Promoter(s):
-
Project #662174

Issuer Name:
Marathon PGM Corporation
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated June 28, 2004
Mutual Reliance Review System Receipt dated June 29, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Northern Securities Inc.
Promoter(s):
James D. Frank
Project #628415

Issuer Name:
Mavrix American Growth Fund
Mavrix Canadian Income Trust Fund
Mavrix Canadian Strategic Equity Fund
Mavrix Diversified Fund
Mavrix Dividend & Income Fund
Mavrix Enterprise Fund
Mavrix Explorer Fund
Mavrix Global Fund
Mavrix Growth Fund
Mavrix Money Market Fund
Mavrix Sierra Equity Fund
Mavrix Strategic Bond Fund
Mavrix Multi Series Fund Ltd.
Mavrix Multi Series Fund Ltd.
Mavrix Multi Series Fund Ltd.
Mavrix Multi Series Fund Ltd.
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 24, 2004
Mutual Reliance Review System Receipt dated June 25, 2004
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mavrix Fund Management Inc.
Project #652114

Issuer Name:
MDPIM US Equity Pool
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated June 15, 2004 to Final Simplified Prospectus and Annual Information Form dated July 23, 2003
Mutual Reliance Review System Receipt dated July 6, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
MD Management Limited
MD Management Limited
Promoter(s):
MD Private Trust Company
Project #559401

Issuer Name:
MDPIM US Equity Pool
Principal Regulator - Ontario
Type and Date:
Amendment #5 dated June 15, 2000 to Final Simplified Prospectus and Annual Information Form dated July 23, 2003
Mutual Reliance Review System Receipt dated July 6, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
MD Management Limited
MD Management Limited
Promoter(s):
MD Funds Management Inc.
Project #552939

Issuer Name:
MineralFields 2004 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated June 24, 2004 to Final Prospectus dated May 7, 2004
Mutual Reliance Review System Receipt dated June 29, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Queensbury Securities Inc.
Haywood Securities Inc.
Promoter(s):
MineralFields 2004 Inc.
Project #623749

Issuer Name:
Ontario Teachers' Group Money Market Fund (formerly Ontario Teachers' Group Fixed Value Fund)
Ontario Teachers' Group Mortgage and Income Fund (formerly Ontario Teachers' Group Mortgage Fund)
Ontario Teachers' Group Diversified Fund
Ontario Teachers' Group Growth Fund
Ontario Teachers' Group Balanced Fund
Ontario Teachers' Group Dividend Fund
Ontario Teachers' Group Global Value Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 30, 2004
Mutual Reliance Review System Receipt dated June 30, 2004
Offering Price and Description:
Class A and Class B units
Underwriter(s) or Distributor(s):
OTG Financial Inc.
OTG Financial Inc.
Promoter(s):
OTG Financial Inc.
Project #640095

Issuer Name:
Phillips, Hager & North Canadian Equity Pension Trust
Phillips, Hager & North Small Float Fund
Phillips, Hager & North Balanced Pension Trust
Phillips, Hager & North Global Equity Pension Trust
Phillips, Hager & North Overseas Equity Pension Trust
Phillips, Hager & North Canadian Equity Plus Pension Trust
Principal Regulator - British Columbia
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated June 29, 2004
Mutual Reliance Review System Receipt dated June 29, 2004
Offering Price and Description:
Series A and Series O Units
Underwriter(s) or Distributor(s):
Phillips, Hager & North Investments Funds Ltd.
Phillips, Hager & North Investment Management Ltd.
Promoter(s):
-
Project #640197

Issuer Name:
Phillips, Hager & North Canadian Income Fund
Phillips, Hager & North Community Values Global Equity Fund
Phillips, Hager & North Community Values Canadian Equity Fund
Phillips, Hager & North Community Values Bond Fund
Phillips, Hager & North Community Values Balanced Fund
Phillips, Hager & North U.S. Dividend Income Fund
Phillips, Hager & North Global Equity Fund
Phillips, Hager & North Overseas Equity Fund
Phillips, Hager & North Total Return Bond Fund
Phillips, Hager & North High Yield Bond Fund
Phillips, Hager & North Global Equity RSP Fund
Phillips, Hager & North U.S. Equity Fund
Phillips, Hager & North Short Term Bond & Mortgage Fund
Phillips, Hager & North Canadian Growth Fund
Phillips, Hager & North Dividend Income Fund
Phillips, Hager & North Canadian Money Market Fund
Phillips, Hager & North Canadian Equity Fund
Phillips, Hager & North Bond Fund
Phillips, Hager & North Balanced Fund
Phillips, Hager & North $U.S. Money Market Fund
Phillips, Hager & North U.S. Growth Fund
Principal Regulator - British Columbia
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated June 29, 2004
Mutual Reliance Review System Receipt dated June 29, 2004
Offering Price and Description:
Series A and O Units
Underwriter(s) or Distributor(s):
Phillips, Hager & North Investments Funds Ltd.
Phillips, Hager & North Investment Funds Ltd.
Promoter(s):
-
Project #640230

Issuer Name:
Phillips, Hager & North Vintage Fund
Type and Date:
Final Simplified Prospectus and Annual Information Form dated June 29, 2004
Receipted on June 29, 2004
Offering Price and Description:
Series A and O Units
Underwriter(s) or Distributor(s):
Phillips, Hager & North Investment Funds Ltd.
Promoter(s):
-
Project #640153

Issuer Name:
Phoenician Holdings Corp.
Type and Date:
Final CPC Prospectus dated June 23, 2004
Receipted on June 25, 2004
Offering Price and Description:
$300,000.00 - 1,875,000 Common Shares Price: $0.16 per Common Share
Underwriter(s) or Distributor(s):
Integral Wealth Securities Limited
Promoter(s):
D. Richard Brown
B. Lawrence O'Brien
Project #625232

Issuer Name:
Provident Energy Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated June 28, 2004
Mutual Reliance Review System Receipt dated June 29, 2004
Offering Price and Description:
$125,840,000.00 - 12,100,000 Trust Units and $50,000,000.00 - 8%Convertible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #660817

Issuer Name:
Rasa Investment Inc.
Principal Regulator - Quebec
Type and Date:
Final Prospectus dated June 28, 2004
Mutual Reliance Review System Receipt dated July 2, 2004
Offering Price and Description:
A minimum of 6,000,000 units and a maximum of 10,000,000 units at a price of $1.00 per unit PRICE: $1.00 per Unit
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Promoter(s):
Francois Taschereau
Denis Ratte
Louis Lessard
Project #641082

Issuer Name:
Red Back Mining Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated July 5, 2004
Mutual Reliance Review System Receipt dated July 6, 2004
Offering Price and Description:
12,500,000 Units to be issued upon the exercise of 12,500,000 previously issued Special Warrants
Underwriter(s) or Distributor(s):
GMP Securities Ltd.
Haywood Securities Inc.
Macquarie North America Ltd.
Promoter(s):
-
Project #661851

Issuer Name:
Ribbon Capital Corp.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated June 23, 2004
Mutual Reliance Review System Receipt dated June 28, 2004
Offering Price and Description:
Minimum Offering: $600,000 or 4,000,000 Common Shares
Maximum Offering: $750,000 or 5,000,000 Common Shares
Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
First Associates Investments Inc.
Promoter(s):
-
Project #629968

Issuer Name:
SNB Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated June 29, 2004
Mutual Reliance Review System Receipt dated June 30, 2004
Offering Price and Description:
Up to $3,000,000 (3,000,000 Units) Price: $1.00 per Unit (each Unit consisting of one Common Share and one-half of one Warrant)
Underwriter(s) or Distributor(s):
Wellington West Capital Inc.
IPC Securities Corporation
Pacific International Securities Inc.
Promoter(s):
Jim Heppell
Project #642842

Issuer Name:
Social Housing Canadian Money Market Fund
Social Housing Canadian Short-Term Bond Fund
Social Housing Canadian Bond Fund
Social Housing Canadian Equity Fund
Type and Date:
Final Simplified Prospectuses dated July 5, 2004
Receipted on July 6, 2004
Offering Price and Description:
Series A Units
Underwriter(s) or Distributor(s):
Phillips, Hager & North Investment Funds Ltd.
Philips, Hager & North Investment Funds Ltd.
Promoter(s):
SHSC Financial Inc.
Project #641093

Issuer Name:
Standard Life Aggressive Portfolio
Standard Life Growth Portfolio
Standard life Moderate Portfolio
Standard Life Conversative Portfolio
Standard Life Global Dividend Growth Fund
Standard Life Global Equity Fund
Standard Life U.S. Mid Cap Fund
Standard Life European Equity Fund
Standard Life Monthly Income Fund
Standard Life S & P 500 Index RSP Fund
Standard Life Tactical Global Equity RSP Fund
Standard Life Corporate High Yield Bond Fund
Standard Life Tactical U.S. Equity RSP Fund
Standard Life U.S. Equity Fund
Standard Life Money Market Fund
Standard Life International Equity Fund
Standard Life International Bond RSP Fund
Standard Life Canadian Small Cap Fund
Standard Life Canadian Equity Fund
Standard Life Canadian Dividend Growth Fund
Standard Life Canadian Bond Fund
Standard Life Balanced Fund
Principal Regulator - Quebec
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated June 29, 2004
Mutual Reliance Review System Receipt dated June 30, 2004
Offering Price and Description:
A-Series, E-Series, Legend Series and O-Series 1 units
Underwriter(s) or Distributor(s):
-
Promoter(s):
The Standard Life Assurance Company
Project #647091

Issuer Name:
TerraVest Income Fund
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated June 29, 2004
Mutual Reliance Review System Receipt dated July 5, 2004
Offering Price and Description:
$26,528,250.00 - 3,255,000 Units Price: $8.15 Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Promoter(s):
Laniuk Industries Inc.
Project #638674

Issuer Name:
The GS+A RRSP Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated June 25, 2004
Mutual Reliance Review System Receipt dated June 30, 2004
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Gluskin Sheff & Associates Inc.
Promoter(s):
Gluskin, Sheff + Associates Inc.
Project #650636

Issuer Name:
The Hartford U.S. Capital Appreciation Fund
The Hartford Global Leaders Fund
The Hartford U.S. Stock Fund
The Hartford Canadian Stock Fund
The Hartford Advisors Fund
The Hartford Bond Fund
The Hartford Money Market Fund
DCA Sales Charge Class Units and
DCA Deferred Sales Charge Class Units
The Hartford Money Market Fund
Principal Regulator - Ontario
Type and Date:
Amendment No. 1 dated **June 18th, 2004** to the **Simplified Prospectuses** of The Hartford I Canadian Stock Fund and The Hartford Advisors Fund dated **April 29th, 2004**, and
Amendment No. 1 dated **June 18th, 2004** to the **Annual Information Forms** of The Hartford U.S. I Capital Appreciation Fund, The Hartford Global Leaders Fund, The Hartford U.S. Stock Fund, The Hartford Canadian Stock Fund, The Hartford Advisors Fund, The Hartford Bond Fund, and The Hartford Money Market Fund dated **April 29th, 2004**.
Mutual Reliance Review System Receipt dated June 28, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Hartford Investments Canada Corp.
Project #619414

Issuer Name:
The Newport Fixed Income Fund
The Newport Canadian Equity Fund
The Newport U.S. Equity Fund
The Newport International Equity Fund
The Newport Yield Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 29, 2004
Mutual Reliance Review System Receipt dated June 30, 2004
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Newport Investment Counsel Inc.
Newport Investment Counsel Inc.
Promoter(s):
Newport Investment Counsel Inc.
Project #652216

Issuer Name:
Union Gas Limited
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated June 29, 2004
Mutual Reliance Review System Receipt dated June 30, 2004
Offering Price and Description:
$400,000,000.00 - Debt Securities (unsecured)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #660445

Issuer Name:
UTS Energy Corporation
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated June 30, 2004
Mutual Reliance Review System Receipt dated July 2, 2004
Offering Price and Description:
$100,100,000.00 - 143,000,000 Units Price: $0.70 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
TD Securities Inc.
CIBC World Markets Inc.
Raymond James Ltd.
Sprott Securities Inc.
Canaccord Capital Corporation
Promoter(s):
-
Project #635230

Issuer Name:
Viking Energy Royalty Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated June 29, 2004
Mutual Reliance Review System Receipt dated June 29, 2004
Offering Price and Description:
Trust Units
$54,720,000.00 - 9,600,000 @ $5.70/Trust Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
FirstEnergy Capital Corp.
Raymond James Ltd.
Promoter(s):
-
Project #661534

Issuer Name:
Wi-LAN Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated June 29, 2004
Mutual Reliance Review System Receipt dated June 29, 2004
Offering Price and Description:
Up to 4,250,000 Common Shares Issuable Upon the Exercise of 1,933,100 Special Warrants
and associated Price Protection Rights
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #655583

Issuer Name:
Fluente Energy Corp.
Principal Jurisdiction - Alberta
Type and Date:
Preliminary Prospectus dated August 28th, 2003
Closed on July 5th, 2004
Offering Price and Description:
$750,000.00 - 3,000,000 common shares Price: $0.25 per common share
Underwriter(s) or Distributor(s):
First Associates Investments Inc.
Promoter(s):
-
Project #569661

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Category	Him Monegy, Inc.	From: Investment counsel & Portfolio Manager To: Limited Market Dealer Investment Counsel & Portfolio Manager	June 30, 2004
Change of Name	From: Dalton, Greiner, Hartman, Maher & Company To: Dalton, Greiner, Hartman, Maher & Co., LLC.	International Advisor (Investment Counsel & Portfolio Manager)	February 11, 2004
Change of Name	From: JGA INVESTMENT COUNSEL LTD. To: AMBROSE INVESTMENT COUNSEL LTD.	Limited Market Dealer & Investment Counsel & Portfolio Manager	March 17,2004
Change of Name	From: David Babson & Company Incorporated To: Babson Capital Management LLC	International Investment Counsel and Portfolio Manager	July 1, 2004
New Registration	Tetrem Capital Partners Ltd.	Extra-Provincial Investment Counsel & Portfolio Manager	June 14, 2004
New Registration	TPM Inc.	Limited Market Dealer	June 30, 2004
New Registration	Votas Financial Corp.	Investment Counsel & Portfolio Manager	June 30, 2004
New Registration	FAR HILLS GROUP, LLC	Limited Market Dealer	July 5, 2004
New Registration	HERSHAW & ASSOCIATES INVESTMENT COUNSEL INC.	Limited Market Dealer and Investment Counsel & Portfolio Manager	July 6, 2004
New Registration	Pzena Investment Management, LLC	International Adviser and Investment Counsel and Portfolio Manager	July 6, 2004
New Registration	FIDUCIARY TRUST COMPANY OF CANADA	Investment Counsel & Portfolio Manager	June 30, 2004

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 IDA Discipline Penalties Imposed on Alex Gurion – Violation of Association By-law 29.1

Contact:
Kenneth J. Kelertas
Enforcement Counsel
(416) 943-5781

BULLETIN 3380
June 28, 2004

DISCIPLINE

DISCIPLINE PENALTIES IMPOSED ON ALEX GURION – VIOLATION OF ASSOCIATION BY-LAW 29.1

Person Disciplined

The Ontario District Council of the Investment Dealers Association ("the Association") has imposed discipline penalties on Alex Gurion, a former Registered Representative with CIBC World Markets Inc. ("CIBC"), a Member of the Association.

By-laws, Regulations, Policies Violated

By written decision dated June 16th, 2004, the Ontario District Council found Mr. Gurion to have misappropriated funds from a client and thereby engaged in business conduct or practice unbecoming a registered representative or detrimental to the public interest, contrary to Association By-law 29.1.

Penalty Assessed

The discipline penalties assessed against Mr. Gurion were:

- A fine in the amount of $150,000.
- Disgorgement of the misappropriated funds in the amount of $353,587.
- A permanent prohibition on approval in any capacity with a Member of the Association.
- Costs of the Association's investigation and prosecution of this matter in the amount of $17,000.

Summary of Facts

Mr. Gurion was first registered with the Association as a registered representative on September 22nd, 1998. In July 2000, the client opened an account with Mr. Gurion while he was employed with Merrill Lynch Canada "Merrill"). In April 2001, Mr. Gurion left Merrill and took a position with CIBC World Markets ("CIBC"). The client transferred her account to CIBC at that time. The client was a conservative investor with a low to medium risk tolerance. At the material time, she was 90 years old.

On October 4th, 2001, Mr. Gurion called the client and requested that she prepare a letter of authorization to allow him to transfer funds from her account, ostensibly to be invested by Gurion on her behalf. He dictated the content of the letter of authorization to the client, which she wrote out by hand. The letter of authorization authorized Mr. Gurion to transfer $225,000 US from the client's account at CIBC. The handwritten authorization was then sent by fax to Gurion's assistant at CIBC. Attached to the fax of the handwritten instruction was a type-written page that set out the details of the transfer which involved the wiring of the client's funds through a bank in New York to a corporate account at a bank in Nicosia, Cyprus.

Mr. Gurion orchestrated the liquidation of units of various mutual funds in the client's account. On October 5th, 2001, these funds were converted to $225,000 US and transferred to the bank in Cyprus.

On November 29th, 2001, Mr. Gurion resigned from CIBC. In December 2001, he left the country. The client first became aware that her funds were missing from her account in or about March 2002 when her lawyer reviewed her account on her behalf.

The Ontario District Council found that the client did not give Mr. Gurion any instructions to transfer

the funds. She was never shown the typewritten instructions for the transfer. She had no knowledge or connection to the corporate account in Cyprus. In fact, the client had no appreciation of the significance of the letter of authorization or the specific instructions for the use of the liquidated funds. Rather, she trusted Mr. Gurion completely and did not suspect that he would try to steal from her. Consequently, in the absence of evidence to the contrary, it was determined that Mr. Gurion misappropriated the client's funds.

CIBC conducted its own investigation into the circumstances surrounding the matter, and in May 2002, made full restitution to the client.

Upon being served with the Notice of Hearing and Particulars, Mr. Gurion did not provide a Reply pursuant to Association By-law. Furthermore, Mr. Gurion did not appear at the disciplinary hearing held before the Ontario District Council on June 1st, 2004. Upon receiving both oral and written submissions from Enforcement Counsel for the Association, the Ontario District Council accepted the facts and conclusions as set out in the Notice of Hearing and Particulars as proven pursuant to Association By-law 20.16, and imposed the penalties as set out above.

Mr. Gurion has not been registered in any capacity with a Member firm since November 29th, 2001.

Kenneth A. Nason
Association Secretary

13.1.2 MFDA Rule 1.1.7 – Business Names, Styles, etc.

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

BUSINESS NAMES, STYLES, ETC. (Rule 1.1.7)

I. OVERVIEW

On June 13, 2003, the MFDA Board of Directors approved a number of amendments to MFDA Rule 1.1.7 that were proposed to clarify the requirements with respect to the use of trade names by Approved Persons of MFDA Members. The Ontario Securities Commission published for public comment the MFDA proposal to amend Rule 1.1.7 in Volume 28, Issue 26 of the Ontario Securities Commission Bulletin, dated July 11, 2003.

Staff of the British Columbia, Alberta, Ontario and Nova Scotia Securities Commissions and Saskatchewan Financial Services Commission (the "Recognizing Jurisdictions") reviewed the proposal and provided comments suggesting that additional amendments be made to address certain concerns. The concerns relate to the size and prominence of the Member's legal name on communications where an Approved Person's trade name is used and the use of trade names by Approved Persons that suggest a corporate name.

The original proposal to amend Rule 1.1.7 is being re-published with additional amendments incorporating the suggestions received from staff of the Recognizing Jurisdictions. This notice has been issued to solicit public comments on the revised proposed amendments.

A. Current Rule

Rule 1.1.7(b)(ii) currently requires that the trade name of the Member or the legal name of the Member accompany the trade name of the Approved Person on materials communicated to the public and clients other than contracts, account statements and trade confirmations.

Pursuant to Rule 1.1.7(c), only the legal name of the Member can appear on contracts, account statements and trade confirmations.

B. The Issues

Concerns have been raised that allowing the use of an Approved Person's trade name on communications in the absence of the Member's legal name can lead to client confusion as to which legal entity is responsible and liable to the client. In addition, MFDA staff have observed in compliance examinations that some Approved Persons use corporate names or trade names that suggest corporate names. This practice is potentially misleading to clients.

C. Objectives

The proposed Rule amendments were developed to:

i) clarify the requirements regarding the use of trade names by Approved Persons of MFDA Members;

ii) create a more standardized approach to the issue with respect to other sectors of the industry;

iii) eliminate the potential for client confusion.

D. Effect of Proposed Amendments

Under the proposed Rule amendments, on every communication to clients or the public where an Approved Person's trade name is used, the Member's legal name must also be included. On contracts, account statements and confirmations, the legal name of the Member must appear in equal size and prominence to the Approved Person's trade name. On other types of communications, either the Member's legal name, or a trade name of the Member must appear in equal size and prominence to the Approved Person's trade name.

It is not expected that the proposed amendments will have other significant effects on Members, other market participants, market structure or competition or that the proposed amendments will require Members to implement technological systems changes. or will result in significant additional costs for Members to comply with the proposed amended Rule.

II. DETAILED ANALYSIS

A. Relevant History

(i) Summary of Public Comments Received on Initial Amendments to Rule 1.1.7

Proposed amendments to Rule 1.1.7 were initially published for comment in July 2003. Three submissions were received during the public comment period from the following Members:

1. TWC Financial Corp.
2. Royal Mutual Funds Inc.
3. Armstrong & Quaile Associates Inc.

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

Clarification regarding Requirements of Rule 1.1.7(b) – Contracts, Account Statements and Confirmations

Several commentators requested clarification regarding what names can appear on contracts, account statements and confirmations pursuant to Rule 1.1.7(b). One of these commentators suggested that a provision be added to the Rule 1.1.7(b) clarifying the MFDA's requirements with respect to the use of trade or style names owned by

Members on contracts, account statements and confirmations.

MFDA Response

The confusion surrounding the requirements with respect to contracts, account statements and confirmations resulted from a typographical error that occurred in the publication of the proposed amendments.

To clarify, under the initial proposed amendments published in July 2003 and the revised amendments to Rule 1.1.7 set out in this notice, the legal name of the Member must always appear on contracts, account statements and confirmations. A Member's trade name or the trade name of an Approved Person of the Member may also appear on these documents. Under the revised amendments to Rule 1.1.7 set out in this notice, the legal name of the Member must appear in at least equal size and prominence to the Approved Person's trade name on account statements, contracts and confirmations.

Permitting the Approved Person's Trade Name to Appear on Account Statements

One commentator disagreed with permitting the trade name of the Approved Person to appear on account statements in equal size to the Member's name. The commentator noted that it would not be able to accommodate a bulk run of account statements for all their representatives in the event that their representatives request that their trade name be of equal size to that of the dealer.

MFDA Response

The use of a trade name by an Approved Person is conditional upon the receipt of the prior written consent of the Member pursuant to Rule 1.1.7(c). Therefore, it remains the decision of the Member whether to allow the use of trade names by its Approved Persons.

(ii) CSA Staff Comments

Staff of the British Columbia, Alberta, Ontario and Nova Scotia Securities Commissions and Saskatchewan Financial Services Commission reviewed the proposed amendments and suggested that additional changes be made to address concerns relating to the size and prominence of the Member's legal name on communications where an Approved Person's trade name is used and the use of trade names by Approved Persons that suggest a corporate name. These have been reflected in the proposed amended Rule described in this notice.

B. Proposed Amendments

The proposed amendments to Rule 1.1.7 will require that whenever an Approved Person's trade name is used in a communication to clients or the public, the legal name of the Member must also appear. The Rule will be amended to permit the trade name of an Approved Person to be included on contracts, account statements and confirmations, provided that the Member consents to such use and the Member's legal name also appears in at least equal size and prominence to the Approved Person's trade name.

The MFDA is of the view that a distinction should be made between contracts, account statements and confirmations and other types of communications to clients or the public. Account statements, confirmations and contracts are official dealer documents prescribed by legislation and MFDA Rules, which should very clearly indicate the Member's legal name so as to ensure that clients are not confused about the legal entity that is responsible and liable to them. The inclusion of an Approved Person's trade name in equal or lesser size and prominence does not defeat this objective, as long as there is proper disclosure of the Member's legal name.

The proposed amendments also provide that on all communications apart from contracts, account statements and confirmations, either the Member's legal name or a business, style or trade name of the Member must appear in at least equal size to the trade name of the Approved Person. Allowing either the trade name of the Member or the legal name of the Member to appear in equal size on these communications will provide Members and their Approved Persons with flexibility while still ensuring that clients are not confused about the legal entity with which they are conducting business.

The amended Rule 1.1.7 confirms that any business, style or trade name used by either the Member or an Approved Person must comply with applicable business names legislation, which prohibits the use of trade names with corporate endings.

Minor housekeeping amendments including the renumbering of paragraphs and the addition of sub-headings were also made to Rule 1.1.7 for clarity.

C. Issues and Alternatives Considered

No other issues or alternatives were considered.

D. Comparison with Similar Provisions

The proposed amendments are generally consistent with the IDA's requirements with respect to the use of trade names by Approved Persons. IDA By-law 29.7A requires that the full legal name of the Member accompany the trade name of an Approved Person on materials that are used to communicate to the public. IDA By-law 29.7A also permits the trade name of an Approved Person to be included on contracts, account statements and trade confirmations along with the Member's legal name.

Similarly, the proposed amendment to MFDA Rule 1.1.7 (b) will allow for the use of an Approved Person's trade name on contracts, statements and confirmations, provided that the Member's legal name appears in at least equal size and prominence to the trade name of the Approved Person. However, proposed MFDA Rule 1.1.7 differs from IDA By-law 29.7A in that it allows more flexibility on other types of

communications. On documents other than contracts, account statements and confirmations, the legal name of the Member must appear, but either the Member's legal name or a business, style or trade name of the Member can be included in at least equal size and prominence to the trade name of the Approved Person.

E. Best Interests of the Capital Markets

The Board has determined that the proposed Rule amendments are in the best interests of the capital markets.

F. Public Interest Objective

The proposed amendments would create standards with respect to the use of trade names that are consistent with practices followed by other sectors of the industry. Furthermore, the proposed amendments will assist in the protection of the investing public by ensuring that clients are not confused about the entity they are dealing with and which entity is responsible and liable to the client.

III. COMMENTARY

A. Filing in Other Jurisdictions

The proposed Rule amendments will be filed for approval with the Alberta, British Columbia, Nova Scotia, and Ontario Securities Commissions and the Saskatchewan Financial Services Commission.

B. Effectiveness

The proposed amendments are simple and effective.

C. Process

The proposed amendments were developed by MFDA staff in response to comments received from Members and based on input from staff of the Recognizing Jurisdictions. The proposed amendments have been approved by the MFDA Board of Directors.

D. Effective Date

The proposed amendments will be effective on a date to be subsequently determined by the MFDA.

IV. SOURCES

- MFDA Rule 1.1.7
- IDA By-law 29.7A

V. OSC REQUIREMENT TO PUBLISH FOR COMMENT

The MFDA is required to publish for comment the proposed amendments so that the issues referred to above may be considered by Ontario Securities Commission staff.

The MFDA has determined that the entry into force of the proposed amendments would be in the public interest and is not detrimental to the capital markets. Comments are sought on the proposed amendments. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of the Corporate Secretary, Mutual Fund Dealers Association of Canada, 121 King St. West, Suite 1600, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

On request, the MFDA will make available all comments received during the comment period.

Questions may be referred to:

Mark Stechishin
Senior Legal and Policy Counsel
Mutual Fund Dealers Association of Canada
(416) 943-4677

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

BUSINESS NAMES, STYLES, ETC. (Rule 1.1.7)

On June 18, 2004, the Board of Directors of the Mutual Fund Dealers Association of Canada made and enacted the following amendments to Rule 1.1.7:

1.1.7 **Business Names, Styles, Etc.**

(a) **Use of Member Name.** Except as permitted pursuant to Rule 1.1.6 with respect to introducing dealers and carrying dealers and subject to Rule 1.1.7(b) and (c), all business carried on by a Member or by any person on its behalf shall be in the name of the Member or a business or trade or style name owned by the Member~~, an Approved Person in respect of the Member~~ or an affiliated corporation of ~~either of them, and~~ the Member. ~~shall notify the Corporation prior to the use of any business or style or trade names other than the Member's legal name.~~

(b) Contracts, Account Statements and Confirmations. Notwithstanding the provisions of paragraph (a), the legal name of the Member shall be included on any contracts, account statements or confirmations of the Member.

~~(b)~~**(c) Use of Approved Person Trade Name.** Notwithstanding the provisions of paragraph (a),~~No~~ an Approved Person ~~shall~~ may conduct any business of the Member ~~in accordance with (a)~~ in a business or trade name or style name that is not that of, or owned by, the Member or its affiliated corporation ~~unless~~ if:

i) the Member has given its prior written consent; and

ii) ~~the name is used together with the Member's legal name or a business or trade name or style of the Member in at least equal size~~ in all materials communicated to clients or the public (other than contracts, account statements or confirmations in accordance with (iii~~e~~))~~.~~:

(A) the name is used together with the Member's legal name; and

(B) the Member's legal name or a business or trade or style name of the Member is at least equal in size and prominence to the business or trade or style name used by the Approved Person;

iii) on contracts, account statements or confirmations, the Member's legal name must be at least equal in size and prominence to the business or trade or style name used by the Approved Person.

~~(c) Notwithstanding the provisions of paragraph (b), only the legal name of the Member shall appear on any contracts, account statements or confirmations of the Member.~~

(d) **Notification of Trade Names.** Prior to the use of any business or style or trade names other than the Member's legal name, the Member shall notify the Corporation.

(e) **Compliance with Applicable Legislation.** Any business or trade or style name used by a Member or Approved Person must comply with the requirements of any applicable legislation relating to the registration of business or trade or style names.

~~(d)~~(f) **Single Use of Trade Names.** No Member or Approved Person of such Member shall use any business or trade or style name that is used by any other Member, unless the relationship with such other Member is that of an introducing dealer and carrying dealer, in compliance with Rule 1.1.6.

~~(e)~~(g) **Misleading Trade Name.** No Member or Approved Person shall use any business or trade or style name that is deceptive, misleading or likely to deceive or mislead the public.

~~(f)~~(h) **Prohibition of Use of Trade Name.** The Corporation may prohibit a Member or Approved Person from using any business or trade or style name in a manner that is contrary to any provision of this Rule 1.1.7 or that is objectionable or contrary to the public interest.

13.1.3 IDA - Summary of Written Comments Received on the Proposed Regulations 100.22 and 2500 and Policy No. 10

THE INVESTMENT DEALERS ASSOCIATION OF CANADA (IDA)

IDA'S SUMMARY OF WRITTEN COMMENTS RECEIVED ON THE PROPOSED REGULATIONS 100.22 AND 2500 AND POLICY NO. 10

On October 31st, 2003 proposed Regulations 100.22 and 2500 and Policy No. 10 regarding Day Trading were republished for comment.

The IDA received one comment letter from Swift Trade Securities Inc.

Rule Application

Comment

Regulation 2500.1 through .6 should be applied to all firms, or in the alternative should not be applied at all irrespective of whether the firm promotes a day trading strategy.

Response

Proposed Regulation 2500 details the sales compliance requirements for firms that promote day trading strategies. Firms considered to be promoting firms under these proposals would include not only those firms who advertise that they provide a day trading service but those firms who permit their registered salespersons to solicit day trading customers such that they represent a significant portion of their clientele. As a result, any firm with a significant number of pattern day trader accounts would be considered a promoting firm under these proposals and would either have to comply with the requirements of Regulation 2500 or close their pattern day trader accounts.

Proposed Regulation 2500 would not apply to firms that are not promoting day trading evidenced by the fact that they have relatively few pattern day trader accounts at any point in time. We believe this result strikes the appropriate balance between the level of day trading activity at the Member firm and the costs of complying the day trading sales compliance requirements. Specifically, we do not believe it would be appropriate to require a Member firm with few or no pattern day trader accounts to bear the costs of compliance with the requirements set out in proposed Regulation 2500.

The Commenter states that in the event that Regulation does not apply to all firms then it should not apply at all. We agree with the commenter's concern that the rules should have equal/consistent application to all Member firms. We do not agree that the only way to obtain equal treatment is to require all Member firms to comply with the requirements of proposed Regulation 2500. Specifically, we believe that Member firms with few or with few or no pattern day trader accounts should not be required to comply with the requirements of proposed Regulation 2500 and have drafted the proposal accordingly.

Definition of Pattern Day Trader

Comment

The IDA should be obliged to either apply the US rules or apply similar day trading margin rules equally to all firms in both drafting and application or not to proceed with these proposals.

Response

In drafting the day trading proposals, the US rules were taken into account and in a number of respects the IDA proposals developed are quite similar. The major difference between the proposed IDA rules and the U.S. rules is that non-promoting firms are not required to close the odd "pattern day trader" account they might find but rather are required to ensure that they are adequately margined to cover the intra-day risk in the account. This difference has necessitated changes to the US definition of "pattern day trader" so the intra-day margin requirements may be efficiently applied to both promoting and non-promoting firms.

As an example, under the US rule a "pattern day trader" is generally defined as an individual who performs at least four day trades within five business days. It was not felt to be operationally efficient to apply this requirement in Canada. Rather, given that there are a number of other monthly account review requirements in our rules we felt it more appropriate to adopt a monthly standard, 20 day trades in a calendar month.

Also, the US rule only provides a limited exemption[1] for immaterial levels of day trading. So, if the US rule had been adopted, a non-promoting firm would have encountered situations where the intra-day margin rules caught clients that were day trading on an immaterial level. As an example, under the under the US rule an account with $10,000 in cash that enters into four $1,000 day trades in five business days would be considered a "pattern day trader" account and would trigger a margin call to bring the margin in the account up to $25,000 US. It was felt this result was overly punitive and therefore exemptions for transactions where the normal margin was already in the account prior to the day trades taking place and for day trades that were immaterial on in comparison to the overall account equity were added to the proposed Canadian definition of the term "pattern day trader".

It is true that the proposed Canadian definition of "pattern day trader" is more complex than that set out in the equivalent U.S. rules but we believe it is fairer as well. The proposed IDA definition of "pattern day trader" focuses the margin requirements on accounts with a sufficient number of material day trades to address accounts where material

[1] Under the US rule where the day trades represent less than 6% of the transactions in the account, the account would not be considered a "pattern day trader" account.

"free riding" would otherwise be taking place. We therefore believe that the proposed IDA definition, while more complex than the U.S., is more targeted to addressing material intra-day leverage/free-riding.

Also, it is important to note that it would not be necessary for a Member firm to adopt all of the above terms/tests to determine its "pattern day trader" accounts in compliance with the proposals. As with other margin rules, these proposals set out the minimum requirements and so, if a Member wished to determine its "pattern day trader" solely on the basis of those accounts with 20 or more day trades in a calendar month, they could.

Implementation

Comment

The Commenter has concerns that since they have been promoting day trading prior to the implementation of the proposed rule, and the rule requires prior IDA approval, that they will be held in violation the moment the rule comes into force.

Response

The IDA always gives Members adequate time to implement a rule and get approval where needed before a Member will be held in violation of a rule. As such, the commenter will not be held to be in violation of the rule the moment the rule comes into force but rather will be given an adequate period of time to obtain the necessary approvals.

Reference currency used

Comment

Day trading customers generally have US dollar denominated accounts and as such the proposal rule should allow US currency computations to be used in lieu of Canadian at the dealer's option.

Response

All IDA's rules and regulations are stated in Canadian dollar denominations with conversions being the option of the Member. The IDA has not encountered problems by drafting the By-laws and Regulations using Canadian dollar denominations and as such we do not perceive this to be a problem.

13.1.4 IDA – Policy 6, Parts I and II Amendments

INVESTMENT DEALERS ASSOCIATION OF CANADA – POLICY 6, PARTS I AND II AMENDMENTS

I OVERVIEW

A Current Policy

IDA Policy 6 Part I sets out the proficiency requirements for the various securities industry registration categories. The courses outlined as meeting the requirements of each category are those of the Canadian Securities Institute (CSI). Part IIA and B set out the criteria for automatic exemptions from the proficiency requirements. Part IIC gives the District Council the power to grant a discretionary exemption if satisfied that the applicant has completed equivalent or alternative courses and / or has adequate industry experience. There currently is no provision in Policy 6 for an exemption application fee. Until recently, the exemption application fee was set out in IDA By-law 20.

B The Issue

While Policy 6 provides for automatic exemption, based on completion of certain specified courses, it does not provide for the granting of automatic exemptions based on completion of advanced CSI courses. It also does not recognize certain equivalent courses or programs administered by other learning institutions. It does not set out rewrite requirements and exemptions for several proficiency requirements.

Furthermore, Policy 6 has not been amended since its enactment over five years ago. Some of the provisions are obsolete in that they refer to courses that no longer exist.

A recent revision by-law 20, to be implemented in October, 2004 eliminated a provision for an exemption application fee. A replacement provision is required in Policy 6.

C Objective

The objectives of the amendments are to recognize additional courses and exemptions without reducing the rigour of the existing proficiency requirements, to eliminate outdated requirements and references, to add provision for an exemption fee.

The amendments also correct a number of terminological, syntactic and grammatical corrections in the current policy and update cross-references to other By-laws and Regulations, in particular to recently amended By-law 7 on Partners, Officers and Directors and Regulation 1300 provisions regarding portfolio managers and associate portfolio managers.

Effect of the changes

The recognition of other equivalent or advanced courses, foreign qualifications and training for automatic exemptions will eliminate any unnecessary delay and cost in the registration process by reducing the number of

discretionary exemption applications. They will also eliminate unnecessary duplication of effort by those who have taken equivalent courses but are then required to take recognized courses covering the same material.

II DETAILED ANALYSIS

A Present Rules, Relevant History and Proposed Policy

The following discussion deals only with substantive changes to the policy. Wording and terminological changes are shown in the attached blacklined version of the revised policy.

Policy 6, Part I, Section A.2 on proficiency requirements for partners, officers and directors has been changed because of a change in the Partners, Directors and Senior Officers Qualifying Examination ("PDO"). Previously that examination included the Conduct and Practices Handbook for Securities Industry Professionals ("CPH") as part of the study and examination material. Trading partners, directors and officers were therefore required to pass the qualifying examination and the Canadian Securities Course ("CSC"). The CPH has now been removed from the PDO, which is focused on corporate governance issues. The revisions therefore require applications for a trading partner, director or officer to complete the full qualifications for a registered representative including both the CSC and CPH.

Policy 6, Part I, Section A.5 has been amended to remove references to registration categories and related proficiency requirements that no longer exist: competitive options traders on the Toronto Stock Exchange and futures traders on the Toronto Futures Exchange.

Policy 6, Part I, Sections 6.1(a)(2) and 6.3(a)(2) and Policy 6, Part II, Sections A.1(c) and (d), A.11(c) and (d) and B.11(b) and (b)(iv) currently grant exemptions based on the Certified Financial Analyst ("CFA") designation. These have been changed to refer to the CFA programme, as receipt of the designation requires both completion of the educational programme and an experience requirement. The administering agency has also changed its name and that change has been included.

Provisions permitting the Board to establish exemption application fees have been added to Policy 6, Part I, Section B and Policy 6, Part II, Section C.

Policy 6, Part II, Section A.1 contains exemptions from rewriting the Canadian Securities Course. Policy 6 generally requires that those completing a particular qualifying course must re-write it if they have not obtained approval in a category for which the course is a requirement within two years of completing the course, or if they have surrendered approval in such a category over three years prior to an new application for approval in that category.

The Canadian Securities Institute, which administers most of the mandatory courses, has programmes of courses that build on one another to a higher level of proficiency, and that require the completion of the earlier courses in a programme to enroll in the later ones. The Education and Proficiency Committee studied these programmes and determined that the completion of a higher level course in a programme should extend the validity of a lower level course to two years (for those never approved) or three years (for those who have surrendered approval) after completion of the higher level course. The Education and Proficiency Committee believes that completion of the higher level courses requires a thorough knowledge of the lower level ones and demonstrates that the proficiencies attained by completion of the lower level courses have not been lost by disuse.

In furtherance of this determination, the following amendments to Policy 6, Part II are proposed:

- Sections A.1(c) and (d) adds CSC rewriting exemptions for those who have completed within the relevant time period the Professional Financial Planning Course ("PFPC"), Wealth Management Techniques Course ("WMT"), Investment Management Techniques Course ("IMT") or Portfolio Management Techniques Course ("PMT"), all higher level courses building on CSC knowledge;

- Sections A.4(c) and (d) and B.4(a) add, respectively, rewriting and writing exemptions for the Derivatives Fundamentals Course ("DFC") for those who have completed within the relevant time period the Futures Licensing Course, Options Licensing Course or Canadian Commodity Supervisors Examination, all of which build on knowledge acquired in the DFC;

- Sections A.7(c) and (d) add rewriting exemptions from the Futures Licensing Course for those who have completed within the relevant time period the Canadian Commodity Supervisors Examination;

- Sections A.10(c) and (d) and B.10(b) add, respectively, rewriting and writing exemptions from the Professional Financial Planning Course for those who have completed within the relevant time period the Wealth Management Techniques Course;

- Sections A.11(c) and (d) and B.11(b) add, respectively, rewriting and writing exemptions from the Investment Management Techniques Course for those who have completed within the relevant time period the Portfolio Management Techniques Course

The New Entrants Course is a supplemental course offered to persons registered in other recognized jurisdictions who seek IDA approval in similar capacities. It supplements their home jurisdiction proficiencies with Canadian market and regulatory information. It replaces the CSC, CPH and options courses for such applicants. However, it has not previously had a rewrite requirement. The Education and Proficiency Committee determined that, given the pace of change in the industry, the New Entrants Course should be subject to the same rewriting provisions as other proficiency courses. The relevant changes are adopted in an amendment to Policy 6, Part I, Section A.3(b), Part II,

Sections B.2(d) and the addition of Part II, Sections A.1(e) and A.4(e).

In 2003 and 2004, the Basic Proficiency Subcommittee and the Education and Proficiency Committee considered an application to recognize the Certified Financial Planning ("CFP") Examination administered by the Financial Planners Standards Council of Canada as an alternatives to Professional Financial Planning Course. The Committee, with help from a number of volunteers, reviewed the submission and agreed that the examination tests the same proficiencies as the PFPC.

The CFP designation, when first introduced, was granted to a large number of people on the basis of experience. The proposed amendments to Policy 6, Part II, Sections A.10(b) and (c) and B.10(b)(v) recognize only completion of the examination, not the designation.

Amendments are also proposed for Policy 6, Part II, sections A.10 and A.11, exempting those currently registered (or previously registered and returning to the industry within three years of their last registration date), in any trading category except Computer Automated Trading Systems (CATS) Traders, but including registration by a provincial securities regulatory authority as a mutual funds salesperson from having to rewrite the PFPC or IMT. The amendments recognize that many mutual fund salespersons are engaged in financial planning while registered for mutual funds only. While in becoming registered representatives with a Member requires upgrading of their proficiencies to include other instruments, their planning proficiencies should continue to be recognized.

Policy 6, Part II, Section B.3 has been amended to change the grandfathering date for the Partners, Directors and Senior Officers Qualifying Examination to March 1973, from January 1971, as the current date is in error regarding the initial implementation of the requirement.

Policy 6, Part II, Section B.15 has been added, requiring that those who have been out of the industry for more than three years re-take the 90-day or 30-day training program required for all new registrants. The Education and Proficiency Committee believes that the training program is necessary to bring a new registrant's proficiencies to the required standard, and is necessary for anyone who has not been actively involved in the industry for over three years.

B Comparison with Similar Provisions

The revised provisions are now consistent with the practice of Canadian Securities Administrators with regard to re-writing provisions.

C Impact of the amendments

Of major impact is the timely approval of otherwise qualified applicants, and the saving of time and resources for all concerned. For those not automatically qualified, the discretionary power of District Council remains unfettered.

D Best Interests of the Capital Markets

The Board has determined that the amendments are in the best interest of the capital markets in that the revisions will ensure a fair treatment of qualified applicants by recognizing their qualifications and experience, timely approvals, and cost savings.

E Public Interest Objective

The revision is designed to maintain consistency with similar rules under the provincial securities regulations and ensure those applying for registration or exemptions are not unfairly prejudiced by Policy 6 failing to recognize their education and experience, but does not reduce the proficiency requirements for any applicants.

III COMMENTARY

A Filing in Other Jurisdictions

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

B Effectiveness

It is believed that the amended Policy 6 is up-to-date, clear consistent, recognizes qualified applicants, and allows them timely registration approval.

C Process

The amendments are approved by the Basic Proficiency Subcommittee and the Education and Proficiency Committee. The Canadian Securities Institute was consulted with regard to the nature of some of its courses, the Financial Planning Standards Council provided information on its course requirements and various Members assisted in evaluating the equivalency of the CPF and PFPC courses.

IV ONTARIO SECURITIES COMMISSION (OSC) REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is required to publish for comment the accompanying amendments so that the issue(s) referred to above may be considered by OSC staff.

The IDA has determined that the enactment of the proposed amendments would be in the public interest. Written comments are sought on the proposed amendments. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of Azza M. Abdallah, Investment Dealers Association of Canada, Suite 1600 – 121 King Street West, Toronto, Ontario M5H 3T9 and one copy addressed to the Director of Registrations, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario M5H 3S8.

Question may be referred to:

Azza M. Abdallah, National Registration Counsel
Investment Dealers Association of Canada
(416) 943-5839
aabdallah@ida.ca

INVESTMENT DEALERS ASSOCIATION OF CANADA

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada (IDA) hereby amends the By-laws, Regulations, Forms and Policies of the IDA by amending Policy 6 Parts I and II, as follows:

DEFINITIONS

The definition "IFIC means the Investment Funds Institute if Canada, and" is deleted and not replaced.

Part 1A: Proficiency Requirements for Registered Persons

Section 1 is amended by deleting "the following" at the end of the first line.

Section 2 is amended by replacing "7.1 are the following" with "7.2 are" at the end of the first line. The word "and" at the end of paragraph (a) is deleted. Paragraph (b) is replaced with a new paragraphs (b) and (c), as follows:

"(b) If also registered in a trading category, retail or non-retail, successful completion of the applicable proficiency requirements for Investment Representative, Registered Representative, or Registered Representative – Options / Futures; and

(c) If supervising a branch or sub-branch of a Member that is approved to trade options with the public, successful completion of the Options Supervisors Course."

Section 2A is amended by replacing "7.1(4)" with "7.6". Paragraph (b) is amended by adding "Successful completion of" at the beginning of the sentence and deleting "within eighteen months of the coming into force of by-law 7.6, and this section 2A of Policy 6 Part IA, successful completion of the Chief Financial Officers Examination.". A new paragraph (c) and section addendum are added, as follows:

"(c) Successful completion of The Chief Financial Officers Examination."

"Notwithstanding (1)(c) above, any person approved as Chief Financial Officer with a Member as of December 31, 2003, shall have up to July 1, 2005 to successfully complete the Chief Financial Officer Examination in order to maintain approval as Chief Financial Officer."

Section 3 is amended by deleting "the following" at the end of the first line and replacing the word "clause" with "subsection", at the end of (a)(i). Subparagraphs A and B of (a)(iii) are amended by substituting "three months" and "one month" with "90-day" and "30-day", respectively. The words "within three years" are added after "organization" in paragraph (b). The opening words of paragraph (c) are amended slightly by replacing "Successful completion, where the person is" with "For" and by adding "successful

completion" immediately before "within 30 months" and "of:" at the end of the opening line.

Section 4 is amended by deleting "the following" at the end of the opening line and renumbering the subsections from "(i)", "(ii)", "(iii)" and "(iv)" to "(a)", "(b)", "(c)" and "(d)". The word "Successful" as it appeared in the original subsection (i) is changed to "successful" and together with "completion" moved to the end of the opening line. The section now reads as follows:

> *"The proficiency requirement for a registered representative (mutual funds or investment representative (mutual funds) under bylaw 18.7 is successful completion of:*
>
> *(a) The Canadian Securities Course;*
>
> *(b) The Canadian Investment Funds Course administered by IFIC;*
>
> *(c) The Investment Funds in Canada Course administered by the Institute of Canadian Bankers, or*
>
> *(d) The Principles of Mutual Funds Investment Course administered by the Canadian Trust Institute."*

Sections 5.1, 5.2 and 5.4 are amended by deleting the words "the following" at the end of each opening line.

Section 5.3 is repealed in its entirety and not replaced.

Section 5.4 is further amended by deleting "the following" from the end of the opening line; deleting the numbering of "(a)", "(i)", and repealing subparagraphs (ii) and (iii) entirely and not replacing them. The word "The" as it appeared at the beginning of what used to be (i), is replaced with "the", so that section 5.4 now reads as follows:

> *"The proficiency requirement for a Commodity Floor Trader ("CFT") under Regulation 500.5 is successful completion of the Floor Trader Qualification Course administered by the Winnipeg Commodities Exchange".*

Section 6.1 is amended by substituting 1300.9A with 1300.9 and deleting "the following" at the end of opening line. The section is also amended in subparagraph (a)(ii), by adding "three levels of the" immediately after the word "The" at the beginning of the sentence; replacing "designation" with "programme" after "Analyst"; and replacing "Association for Investment Management and Research;" with "CFA Institute." Subsection (c) is amended by replacing "has" with "having" immediately before "assets" and replacing "having" with "with" immediately after "assets".

Section 6.2 is amended by replacing 1300.9B with 1300.12 and deleting "the following" at the end of the opening line. The section is also amended in subparagraph (a)(ii) by replacing 1300.9B(b) with 1800.3(1), at the end of the sentence. Subsection (b) is amended by replacing "has" with "had" immediately before "assets".

Section 6.3 is amended by replacing 1300.9C with 1300.10 and deleting "the following" at the end of the opening line. Subparagraph (a)(ii) is amended by adding "three levels of the" immediately after the word "The" at the beginning of the sentence; replacing "designation" with "programme" after "Analyst"; and replacing "Association for Investment Management and Research;" with "CFA Institute; and".

Section 6.4 is amended by adding "futures contract" immediately before "portfolio manager" and deleting "to exercise discretionary authority with respect to futures contracts managed accounts"; substituting 1300.9D with 1300.13; and deleting "the following" all in the opening sentence. The numbering of subsection "(a)" is deleting and the letter "E" in "Experience" in what used to be subsection (a) is changed to "e" and moved to the end of the opening sentence immediately after "1300.13". Subsections "(i)" and "(ii)" are renumbered "(a)" and "(b)".

Section 7 is amended by making it a new subsection 7.1. The words "futures contract principal or alternate or futures contract options principal or alternate or" in the opening sentence, are deleted. The numbering of subsection "(a)" is deleted and the letter "S" in "Successful completion" in what was subsection "(a)" is changed to "s", and together with "completion" moved to the end of the opening sentence. Subsections "(i)" and "(ii)" are renumbered "(a)" and "(b)". The word "and" at the end of what is now subsection "(b)" is deleted. A new section 7.2 is added as follows:

> *"7.2 The proficiency requirements for a futures contract principal or alternate, futures contract options principal or alternate or branch manager authorized to supervise accounts trading in futures contracts or futures contract options are:*
>
> *(a) Successful completion of the requirements of section 7.1, and*
>
> *(b) Successful completion of the Canadian Commodity Supervisors Examination."*

Section 8 is amended by deleting "the following" at the end of each opening line. The numbering of subsection "(a)" is deleted and the letter "S" in "Successful completion" in what was subsection "(a)" is changed to "s", and together with "completion" moved to the end of the opening sentence. Subsections "(i)" and "(ii)" are renumbered to "(a)" and "(b)".

B. General Exemption – is amended by numbering this section as "(a)" and adding a new section (b) as follows:

> *"(b) The Board of Directors may prescribe a fee to be paid for any exemption application under paragraph (a)."*

Part II – Course and Examination Exemptions

Introduction

The word "registered", as it appears throughout the introductory paragraph, is replaced with "approved.

Definitions

The definition "IFIC means the Investment Funds Institute if Canada, and" is deleted and not replaced.

Part IIA: Exemptions from Rewriting

Section 1 is amended by replacing the word "registration" with "approval" as it appears throughout this section. The section further amended in paragraph (c) by adding the words "or within two years of successfully completing the Professional Financial Planning Course, Wealth Management Techniques Course, Investment Management Techniques Course, Portfolio Management Techniques Course, or the three levels of the Chartered Financial Analyst programme administered by the CFA Institute;" and by adding new paragraphs (d) and (e), as follows:

"(d) Is seeking re-approval within three years of successfully completing the Professional Financial Planning Course, Wealth Management Techniques Course, Investment Management Techniques Course, Portfolio Management Techniques Course, or the three levels of the Chartered Financial Analyst programme administered by the CFA Institute; or

(e) Is seeking approval or re-approval within three years of successfully completing the New Entrants Course."

Section 2 is amended by replacing the word "registration" with "approval" as it appears throughout this section, and by deleting "(formally the Registered Representative Manual Examination)" at the end of heading line.

Section 3 is amended by replacing the word "registration" with "approval", as it appears throughout this section.

Section 4 is amended by replacing the word "registration" with "approval"; deleting the "or" at the end of paragraph (b); adding "Futures Licensing Course, Options Licensing Course, Canadian Commodity Supervisors Examination;" in paragraph (c), and new paragraphs (d) and (e), as follows:

"(d) Is seeking re-approval within three years of successfully completing the Futures Licensing Course, Options Licensing Course, Canadian Commodity Supervisors Examination; or"

"(e) Is seeking approval or re-approval within three years of successfully completing the New Entrants Course, having previously completed the US Series 7 examination and was registered or licensed with a recognized foreign regulatory authority or self-regulatory organization."

Section 5 is amended by replacing the word "registration" with "approval" as it appears throughout the section and deleting "(formally Canadian Options Course)" from the heading line.

Section 6 is amended by deleting "(formally the Registered Options Principals Qualifying Examination)" at the end of the heading line and replacing the word "registration" with "approval" as it appears throughout the section.

Section 7 is amended by deleting "(formerly the Canadian Futures Examination, Parts I and II, formerly the National Commodity Futures Examination and the Canadian Commodity Futures Examination)" at the end of the heading line; replacing the word "registration" with "approval" as it appears throughout the section; deleting "or" at the end of paragraph (b); adding Canadian Commodity Supervisors Examination; or" at the end of paragraph (c) and adding a new paragraph (d), as follows:

"(d) Is seeking re-approval within three years of successfully completing the Canadian Commodity Supervisors Examination."

Section 8 is amended by replacing the word "registration" with "approval" as it appears throughout this section.

Section 9 is amended by deleting "(formerly the Canadian Branch Managers Qualifying Examination)" at the end of the heading line and replacing the word "registration" with "approval" as it appears throughout the section.

Section 10 is amended by deleting the words "an approved person" after the opening word "Was" in paragraph (a), and adding, the words "registered or approved in any trading capacity, including registration or approval restricted to mutual funds but excluding approval as a registered representative – restricted (CATS), and is". The words "within the same category of registration" as they appear immediately before "within three years of registration", are deleted. Paragraph (b) is replaced as follows:

"(b) Is currently registered or approved in any trading capacity, including registration or approval restricted to mutual funds restricted but excluding approval as a registered representative – restricted (CATS), and is seeking approval in any other category;"

Paragraph (c) is amended by replacing the word "registration", with "approval" as it appears in the beginning of the sentence and by adding "Wealth Management Techniques Course, or the Certified Financial Planner Examination administered by the Financial Planners Standards Council; or" at the end of the sentence. A new paragraph (d) is added, as follows:

"(d) Is seeking re-approval within three years of successful completion of the Wealth Management Techniques Course or the Certified Financial

Planner Examination administered by the Financial Planners Standards Council."

Section 11 is amended by replacing the word "registration" with "approval" as it appears throughout the section; by deleting "or" at the end of paragraph (b); by adding "the Portfolio Management Techniques Course, or the three levels of the Chartered Financial Analyst programme administered by the CFA Institute; or" at the end of paragraph (c), and a new paragraph (d), as follows:

"(d) Is seeking re-approval within three years of successfully completing the Portfolio Management Techniques Course or the three levels of the Chartered Financial Analyst programme administered by the CFA Institute."

Sections 12, 13 and 14 are amended by replacing the word "registration" with "approval" as it appears throughout the sections.

Part IIB: Exemptions from writing

Section 1 is amended by replacing the word "registration" with "approval" as it appears throughout the section. Paragraph (c) is amended by substituting a capital "H" in the word "has", as it appears at the beginning of the sentence and by deleting subparagraph (iv). Paragraph (d) is amended by adding "previously" immediately after "Has" at the beginning of the sentence; by adding "regulatory authority or" after "foreign"; deleting "prior to the application with the Association,"; replacing "has" with "having" immediately before the word "successfully"; replacing "new" with "New" before "Entrants" and adding "within two years of the application." at the end of the sentence.

Section 2 is amended by deleting from the heading line the words, "(formerly the Registered Representative Manual Examination)" and replacing the word "registration" with "approval" as it appears throughout the section.

Section 3 is amended by removing the "(a)", changing the "H" in "Has" to "h" and substituting "January 1971" with "March 1973".

Section 4 is amended by deleting "(a)", changing the "T" in "The" immediately following the deleted "a" to "t", by adding "the National Commodity Futures Examination, the Canadian Futures Examinations, Futures Licensing Course, or Canadian Commodity Supervisors Examination" at the end of the sentence, but before the word "and", and by renumbering subparagraphs "(i)", "(ii)", "(iii)" and "(iv") to "(a)", "(b)", "(c)" and "(d)". Subparagraph (d) (formerly subparagraph (iv)) is amended by replacing "Canadian Options Course" with "Options Licensing Course, the Options Supervisors Course, the Futures Licensing Course, or the Canadian Commodity Supervision Examination". Former Paragraphs (b) and (c) are deleted and not replaced. The word "registration" is replaced with "approval", as it appears throughout the section.

Section 5 is amended by deleting "(formally the Canadian Options Course)" at the end of the heading line; replacing the word "registration" with "approval" as it appears throughout the section; deleting paragraph (a) in its entirety; deleting the numbering of paragraph "(b)" and changing the letter "H" in "Has" to "h" as it appears at the beginning of in what was paragraph (b) and then moving the whole line to form part of the opening line; renumbering what was (b)(i) and (ii) as "(a)" and "(b)"; adding "or" at the end of what was (b)(ii), and deleting "or" at the end of what was (b)(iii). What used to be (b)(iv) is deleted and not replaced.

Section 6 is amended by deleting "(formerly the Registered Options Principals Qualifying Examination)" at the end of the heading line; replacing the word "registration" with "approval" as it appears throughout the section; adding "or" at the end of (b)(ii); deleting "or" at the end of (b)(iii); and deleting (b)(iv).

Section 7 is amended by deleting "(formally the Canadian Futures Examination, Parts I and II, formerly the National Commodity Futures Examination and the Canadian Commodity Futures Examination)" at the end of the heading line; renumbering the section by deleting "(a)" and changing the letter "H" in the word "Has" to "h" and then moving the whole sentence over to become part of the opening line; changing the numbering of "(i)", "(ii)" and "(iii)" to "(a)", "(b)" and "(c)"; adding "or" to what was (a)(ii), and deleting "or" at end of end of what used to be (a)(iii). What was (a)(iv) is deleted and not replaced. The word "registration" is replaced with "approval" as it appears throughout the section.

Section 8 is amended by deleting the section number "(a)", changing the "H" in the word "Has" in that sentence to "h" and joining that line with the opening sentence at the end.

Section 9 is amended by deleting "(formerly the Canadian Branch Managers Qualifying Examination)" at the end of the heading line; replacing the word "registration" with "approval" as it appears throughout the section; adding or at the end of (b)(ii), deleting "or" at the end of (b)(iii), and deleting and not replacing (b)(iv). The word "or" is added at the end of paragraph (d)(ii)B and deleted at the end of (d)(ii)C. Subparagraph (d)(ii)D is deleted and not replaced.

Section 10 is amended by replacing the word "registration" with "approval" as it appears throughout the section; by adding in paragraph (a) the word "Canadian" immediately before "securities"; replacing "commissions" immediately after "securities" with "regulatory authority", and adding after "organization",the words "prior to the coming into force of this Policy 6 Part II," and adding "or" at the end of the paragraph. Paragraph (b) is amended by replacing "the Chartered Financial Analyst designation administered by the Association for Investment Management and Research" with "Part 1 or 2 of the Canadian Investment Management programme or the Wealth Management Techniques Course,". Subparagraph (b)(iv) is amended by replacing "Chartered Financial Analyst designation administered by the Association for Investment Management and Research" with "Wealth Management Techniques Course or the Certified Financial Planner Examination administered by

the Financial Planners Standards Council; or." A new subparagraph (b)(v) is added as follows:

"(v) Is seeking re-approval within three years of successful completion of the Wealth Management Techniques Course, or the Certified Financial Planner Examination."

Paragraph (c) is deleted and replaced with:

"*(c) Has successfully completed the Certified Financial Planner Examination and has obtained and maintained in good standing the Certified Financial Planner designation granted by the Financial Planning Standards Council."*

Section 11 is amended by replacing the word "registration" with "approval" as it appears throughout the section; adding in paragraph (a) the word "Canadian" immediately before "securities"; replacing "commission" with "regulatory authority" as it appears after "securities" and adding "or" at the end of the paragraph. The words "prior to the coming into force of this Policy 6 Part II," are added after the word "organization". Paragraph (b) is amended by adding "Part 1 or 2 of the Canadian Investment Management program, Portfolio Management Techniques Course, or the three levels of" immediately before "the Chartered Financial Analyst designation". The word "designation" is replaced with replaced with "programme". The words "Association for Investment Management and Research" are replaced with "CFA Institute". Subparagraph (iv) is amended by adding "Portfolio Management Techniques Course or the three levels of the" immediately before "Chartered Financial Analyst designation". The word "designation" is replaced with "programme" and "Association for Investment Management and Research or" is replaced with "CFA Institute.

Paragraph (c) is deleted and replaced with:

"(c) Has obtained and maintained in good standing the Certified Financial Analyst designation granted by the CFA Institute."

Sections 12 is amended by replacing the word "registration" with "approval" as it appears throughout the section; replacing "IFIC" with "the Investment Funds Institute of Canada" in the opening line; deleting the subsection numbering of "(a)", changing the letter "H" in the word "Has" to "h" and then joining that line to the opening line. Subsections (i), (ii), (iii) and (iv) are renumbered "(a)", "(b)" "(c)" and "(d)", respectively.

Sections 13, and 14 are amended by replacing the word "registration" with "approval" as it appears throughout the sections.

Section 15 is added, as follows:

*"15. **90-day and 30-day Training Programs***

An applicant shall be exempt from completing the 90-day or 30-day training program required under Policy 6 Part 1, section 3(a)(iii) A and B if, within three years prior to application, the applicant was registered with a member, securities dealer or investment dealer; or by a recognized foreign regulatory authority or self regulatory organization; or as an investment adviser by a Canadian securities regulatory authority."

C. Discretionary Exemptions -The section is numbered as (a) and (b) added as follows:

"(b) The Board of Directors may prescribe a fee to be paid for any exemption application under this Policy 6 Part II."

PASSED AND ENACTED BY THE BOARD OF DIRECTORS this 13th day of June 2004, to be effective on a date to be determined by Association staff.

POLICY NO. 6
PROFICIENCY AND EDUCATION:
PART I – PROFICIENCY REQUIREMENTS

INTRODUCTION

This Part I outlines the proficiency requirements for registered persons. These proficiency requirements consist of both entrance thresholds and on-going requirements.

DEFINITIONS

For the purpose of this Part I:

"Recognized Foreign Self-regulatory Organization" means a foreign self-regulatory organization which offers a reciprocal treatment to Canadian applicants and which has been approved as such by the Senior Vice-President, Member Regulation.

All courses and examinations, unless otherwise specified, are administered by the Canadian Securities Institute.

A. Proficiency Requirements for Registered Persons

1. Branch Managers and Sales Managers

The proficiency requirements for a sales manager, branch manager, assistant or co-branch manager under By-law 4.9 are:

(a) Two years of experience as a securities dealer or working in the office of a broker or dealer in securities in various positions or such equivalent experience as may be acceptable to the applicable District Council;

(b) Approval as a registered representative; and

(c) Successful completion of

(i) The Branch Managers Course,

(ii) The Options Supervisors Course if the Member trades options with the public and

(iii) The Effective Management Seminar within 18 months of approval.

2. Partners, Directors and Officers

The proficiency requirements for a partner, director or officer under By-law 7.2 are:

(a) Successful completion of the Partners, Directors and Senior Officers Qualifying Examination;

(b) If also registered in a trading category, retail or non-retail, successful completion of the applicable proficiency requirements for Investment Representative, Registered Representative, or Registered Representative – Options / Futures; and

(c) If supervising a branch or sub-branch of a Member approved to trade options with the public, successful completion of the Options Supervisors Course.

2A. Chief Financial Officers

The proficiency requirements for a chief financial officer pursuant to by-law 7.6 are:

(a) A financial accounting designation, university degree or diploma, or equivalent work experience; and

(b) Successful completion of the Partners, Directors and Senior Officers Qualifying Examination, and

(c) Successful completion of the Chief Financial Officers Examination.

Notwithstanding subsection (c) above, any person approved as Chief Financial Officer with a Member as of December 31, 2003, shall have until July 1, 2005 to successfully complete the Chief Financial Officer Examination in order to maintain approval as Chief Financial Officer.

3. Registered Representatives and Investment Representatives

The proficiency requirements for a registered representative or investment representative under By-law 18.3 are:

(a) Successful completion of

(i) The Canadian Securities Course prior to commencing the training programme described in subsection (iii),

(ii) The Conduct and Practices Handbook Course, and

(iii) Either

A. For a registered representative, except for a registered representative (non-retail), a 90-day training programme during which time he or she has been employed with a Member firm on a full-time basis, or

B. For an investment representative, a 30-day training programme during which time he or she has been employed with a Member firm on a full-time basis; or

(b) Successful completion of the New Entrants Course, where the person was registered or licensed with a recognized foreign self-regulatory organization within three years prior to application with the Association; and

(c) For a registered representative other than a registered representative (mutual funds) or registered representative (non-retail), successful completion within 30 months of his or her approval as a registered representative of:

(i) The Professional Financial Planning Course, or

(ii) The Investment Management Techniques Course.

4. Registered Representatives (Mutual Funds) and Investment Representatives (Mutual Funds)

The proficiency requirement for a registered representative (mutual funds) or investment representative (mutual funds) under By-law 18.7 is successful completion of:

(a) The Canadian Securities Course;

(b) The Canadian Investment Funds Course administered by IFIC,

(c) The Investment Funds in Canada Course administered by the Institute of Canadian Bankers, or

(d) The Principles of Mutual Funds Investment Course administered by the Canadian Trust Institute.

5. Traders

5.1 The proficiency requirement for a registered representative - restricted (floor trader) under Regulation 500.2 is successful completion of such floor examinations as may be required by the applicable stock exchange.

5.2 The proficiency requirements for a Computer Assisted Trading System ("CATS") trader under Regulation 500.3 are:

(a) Experience of not less than 14 weeks with a Member's equities trading department; and

(b) Successful completion of

(i) The Trader Training Course, and

(ii) The Canadian Securities Course and experience of not less than one year with a Member or experience of not less than two years with a Member if the person has not completed the Canadian Securities Course.

5.3 Repealed

5.4 The proficiency requirement for a Commodity Floor Trader ("CFT") under Regulation 500.5 is successful completion of the Floor Trader Qualification Course administered by the Winnipeg Commodities Exchange.

6. Portfolio Managers

6.1 The proficiency requirements for a portfolio manager under Regulation 1300.9 are:

(a) Successful completion of

(i) The Portfolio Management Techniques Course and

A. The Professional Financial Planning Course prior to August 31, 2002, or

B. The Investment Management Techniques Course, or

(ii) The three levels of the Chartered Financial Analyst program administered by the CFA Institute; and

(b) Experience

(i) Of at least three years as an associate portfolio manager,

(ii) Of at least three years as a registered representative and two years as an associate portfolio manager,

(iii) Of at least three years as a research analyst for a Member firm of a self-regulatory organization and two years as an associate portfolio manager, or

(iv) Of at least five years, managing a portfolio of $5,000,000 or more, on a discretionary basis, while employed by a government-regulated institution; and

(c) For a period of not less than one year ending within the three years prior to the date of application, having had assets with an aggregate value of not less than $5,000,000 under his or her direct administration on a discretionary basis.

6.2 The proficiency requirements for a futures contracts portfolio manager under Regulation 1300.12 are:

(a) Experience

(i) Of at least three years as an associate futures contracts portfolio manager, or

(ii) Of at least two years as an associate futures contracts portfolio manager and at least three years in a category of

approval described in Regulation 1800.3(1), and

(b) For a period of not less than one year ending within the three years prior to the date of such application, having had assets comprised of commodity futures having an aggregate value of not less than $5,000,000 under his or her direct administration on a discretionary basis, provided that the aggregate value of such assets shall be computed based upon the value of the underlying commodities.

6.3 The proficiency requirements for an associate portfolio manager under Regulation 1300.10 are:

(a) Successful completion of

(i) The Portfolio Management Techniques Course and

A. The Professional Financial Planning Course prior to August 31, 2002, or

B. The Investment Management Techniques Course, or

(ii) The three levels of the Chartered Financial Analyst programme administered by the CFA Institute; and

(b) Experience

(i) Of at least two years as a registered and practising registered representative, or

(ii) Of at least two years as a research analyst for a member firm of a self-regulatory organization.

6.4 The proficiency requirement for an associate futures contract portfolio manager under Regulation 1300.13 is experience:

(a) Of at least two years as a registered and practising futures contracts registered representative, or

(b) Of at least two years as a research analyst specializing in futures contracts for a member firm of a self-regulatory organization.

7. Commodity Futures Contracts and Options

7.1 The proficiency requirements for a person who deals with customers with respect to futures contracts or futures contract options under Regulation 1800.3 are successful completion of:

(a) The Derivatives Fundamentals Course and the Futures Licensing Course (the "FLC"), or

(b) The FLC and the National Commodity Futures Examination (the "NCFE") administered by the National Association of Securities Dealers.

7.2 The proficiency requirements for futures contract principal or alternate, futures contract options principal or alternate or branch manager authorized to supervise accounts trading in futures contracts or futures contract options are:

(a) Successful completion of the requirements of section 7.1, and

(b) Successful completion of the Canadian Commodity Supervisors Examination.

8. Options

The proficiency requirements for options under Regulation 1900.3 and By-law 18.9 are successful completion of

(a) The Derivatives Fundamentals Course and the Options Licensing Course, and

(b) The Options Supervisors Course, in the case of a registered options principal or alternate.

B. General Exemption

(a) Notwithstanding this Part I, the applicable District Council may from time to time exempt any person or class of persons from the proficiency requirements on such terms and conditions, if any, as the applicable District Council may see fit.

(b) The Board of Directors may prescribe a fee to be paid for any exemption application under paragraph (a).

POLICY NO. 6
PROFICIENCY AND EDUCATION:
PART II – COURSE AND EXAMINATION EXEMPTIONS

INTRODUCTION

This Part II outlines the exemptions that exist from the Association's course and examination requirements for persons seeking to be approved in certain categories. This Part II exempts applicants from the requirement to rewrite courses or examinations that they have successfully completed if they are re-entering the industry, re-registering in a category of approval or seeking initial approval within certain time periods. This Part II also provides exemptions to applicants from the requirements to initially write a course or examination if the applicant satisfies one of the specifically enumerated exemptions based on grandfathering provisions or the successful completion of other courses and examinations. In addition, this Part II sets out the basis upon which the applicable District Council may grant a discretionary exemption.

DEFINITIONS

For the purposes of this Part II:

"Approved Person" means an applicant that is approved by a self-regulatory organization in a capacity requiring approval under the self-regulatory organization's by-laws, rules, regulations or policies;

"Recognized Foreign Self-regulatory Organization" means a foreign self-regulatory organization which offers a reciprocal treatment to Canadian applicants and which has been approved as such by the Senior Vice-President, Member Regulation.

All courses and examinations, unless otherwise specified, are administered by the Canadian Securities Institute.

A. Exemptions from Rewriting

1. The Canadian Securities Course

An applicant shall be exempt from rewriting the Canadian Securities Course if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing;

(b) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing;

(c) Is currently seeking approval within three years of successfully completing the Canadian Securities Course or within two years of successfully completing the Professional Financial Planning Course, Wealth Management Techniques Course, Investment Management Techniques Course, Portfolio Management Techniques Course, or the three levels of the Chartered Financial Analyst programme administered by the CFA Institute;

(d) Is seeking re-approval within three years of successfully completing the Professional Financial Planning Course, Wealth Management Techniques Course, Investment Management Techniques Course, Portfolio Management Techniques Course, or the three levels of the Chartered Financial Analyst programme administered by the CFA Institute; or

(e) Is seeking approval or re-approval within three years of successfully completing the New Entrants Course,

2. The Conduct and Practices Handbook Course

An applicant shall be exempt from rewriting the Conduct and Practices Handbook Course if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing;

(b) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing; or

(c) Is currently seeking approval within two years of successfully completing the Conduct and Practices Handbook Course.

3. The Partners, Directors and Senior Officers Qualifying Examination

An applicant shall be exempt from rewriting the Partners, Directors and Senior Officers Qualifying Examination if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing;

(b) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing; or

(c) Is currently seeking approval within two years of successfully completing the Partners, Directors and Senior Officers Qualifying Examination.

3A. Chief Financial Officers Examination

An applicant shall be exempt from rewriting the Chief Financial Officers Examination if the applicant:

(a) Is currently approved in any category other than chief financial officer and, since completing the chief financial officers examination, has been working closely with and providing assistance to the chief financial officer;

(b) Was approved as chief financial officer with a member and is currently seeking re-approval as such within three years of the end of the last approval date; or

(c) Is currently seeking approval as chief financial officer within two years of successfully completing the chief financial officers examination.

4. The Derivatives Fundamentals Course

An applicant shall be exempt from rewriting the Derivatives Fundamentals Course if the applicant

(a) Was an approved person currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing;

(b) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing;

(c) Is currently seeking approval within two years of successfully completing the Derivatives Fundamentals Course, Futures Licensing Course, Options Licensing Course, Canadian Commodity Supervisors Examination;

(d) Is seeking re-approval within three years of successfully completing the Futures Licensing Course, Options Licensing Course, or Canadian Commodity Supervisors Examination; or

(e) Is seeking approval or re-approval within three years of successfully completing the New Entrants Course, having previously completed the US Series 7 examination

5. The Options Licensing Course

An applicant shall be exempt from rewriting the Options Licensing Course if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing;

(b) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing; or

(c) Is currently seeking approval within two years of successfully completing the Options Licensing Course.

6. The Options Supervisors Course

An applicant shall be exempt from rewriting the Options Supervisors Course if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing;

(b) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing; or

(c) Is currently seeking approval within two years of successfully completing the Options Supervisors Course.

7. The Futures Licensing Course

An applicant shall be exempt from rewriting the Futures Licensing Course if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing;

(b) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing;

(c) Is currently seeking approval within two years of successfully completing the Futures Licensing Course or Canadian Commodity Supervisors Examination; or

(d) Is seeking re-approval within three years of successfully completing the Canadian Commodity Supervisors Examination.

8. The Canadian Commodity Supervisors Examination

An applicant shall be exempt from rewriting the Canadian Commodity Supervisors Examination if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing;

(b) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing; or

(c) Is currently seeking approval within two years of successfully completing the Canadian Commodity Supervisors Examination.

9. The Branch Managers Course

An applicant shall be exempt from rewriting the Branch Managers Course if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing;

(b) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing; or

(c) Is currently seeking approval within two years of successfully completing the Branch Managers Course.

10. The Professional Financial Planning Course

An applicant shall be exempt from rewriting the Professional Financial Planning Course if the applicant

(a) Was registered or approved in any trading capacity, including registration or approval restricted to mutual funds but excluding approval as a registered representative – restricted (CATS), and is currently seeking to re-enter the industry within three years of the registration or approval lapsing;

(b) Is currently registered or approved in any trading capacity, including registration or approval restricted to mutual funds but excluding approval as a registered representative – restricted (CATS), and is seeking approval in another category;

(c) Is currently seeking approval within two years of successfully completing the Professional Financial Planning Course, Wealth Management Techniques Course, or the Certified Financial Planner Examination administered by the Financial Planners Standards Council; or

(d) Is seeking re-approval within three years of successfully completing the Wealth Management Techniques Course, or the Certified Financial Planner Examination administered by the Financial Planners Standards Council.

11. The Investment Management Techniques Course

An applicant shall be exempt from rewriting the Investment Management Techniques Course if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of the approval lapsing;

(b) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval;

(c) Is currently seeking approval within two years of successfully completing the Investment Management Techniques Course, Portfolio Management Techniques Course, or the three levels of the Chartered Financial Analyst programme administered by the CFA Institute; or

(d) Is seeking re-approval within three years of successfully completing the Portfolio Management Techniques Course or the three levels of the Chartered Financial Analyst programme administered by the CFA Institute.

12. The Canadian Investment Funds Course

An applicant shall be exempt from rewriting the Canadian Investment Funds Course administered by IFIC if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing;

(b) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing; or

(c) Is currently seeking approval within two years of successfully completing the Canadian Investment Funds Course

13. The Investment Funds in Canada Course

An applicant shall be exempt from rewriting the Investment Funds in Canada Course administered

by the Institute of Canadian Bankers if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing;

(b) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing; or

(c) Is currently seeking approval within two years of successfully completing the Investment Funds in Canada Course.

14. The Principles of Mutual Funds Investment Course

An applicant shall be exempt from rewriting the Principles of Mutual Funds Investment Course administered by the Canadian Trust Institute if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing;

(b) an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing; or

(c) Is currently seeking approval within two years of successfully completing the Principles of Mutual Funds Investment Course.

B. Exemptions from Writing

1. The Canadian Securities Course

An applicant shall be exempt from writing the Canadian Securities Course if the applicant

(a) Has been approved continuously as a registered representative since November, 1962;

(b) Has successfully completed the previously existing IDA Course I and II, or the previously existing IDA Course I and has acquired five consecutive years of industry experience and

(i) Is currently approved as an investment representative or registered representative,

(ii) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing, or

(iii) Is an approved person, currently seeking re-approval within the same category of approval within three years of the approval of that category lapsing;

(c) Has successfully completed the Canadian Investment Management program, Parts I and II and

(i) Is currently approved as an investment representative or a registered representative,

(ii) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of the approval lapsing, or

(iii) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing; or

(d) Has previously been registered or licensed with a recognized foreign regulatory authority or self-regulatory organization and has successfully completed the New Entrants Course within two years of the application.

2. The Conduct and Practices Handbook Course

An applicant shall be exempt from writing the Conduct and Practices Handbook Course if the applicant

(a) Has been approved continuously as a registered representative since December, 1971; or

(b) Has successfully completed the Partners, Directors and Senior Officers Qualifying Examination and

(i) Is currently approved as a partner, director, senior officer, investment representative or registered representative,

(ii) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing,

(iii) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing, or

(iv) Is currently seeking approval within two years of successfully completing the Partners, Directors and Senior Officers Qualifying Examination.

3. The Partners, Directors and Senior Officers Qualifying Examination

An applicant shall be exempt from writing the Partners, Directors and Senior Officers Qualifying Examination if the applicant has been approved continuously as a partner, director or senior officer since March, 1973.

4. The Derivatives Fundamentals Course

An applicant shall be exempt from writing the Derivatives Fundamentals Course if the applicant has successfully completed the Canadian Options Course, the National Commodity Futures Examination, the Canadian Futures Examination, Parts I and III, the Futures Licensing Course, the Options Supervisors Course or the Canadian Commodity Supervisors Examination and

(a) Is currently approved as a registered representative options,

(b) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing,

(c) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing, or

(d) Is currently seeking approval within two years of successfully completing the Options Licensing Course, the Options Supervisors Course, the Futures Licensing Course or the Canadian Commodity Supervisors Examination.;

5. The Options Licensing Course

An applicant shall be exempt from writing the Options Licensing Course if the applicant has successfully completed the Canadian Options Course and

(a) Is currently approved as a registered representative options,

(b) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing, or

(c) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing.

6. The Options Supervisors Course

An applicant shall be exempt from writing the Options Supervisors Course if the applicant

(a) Has been approved continuously as a registered options principal since January, 1978, or

(b) Has successfully completed the Registered Options Principals Qualifying Examination and

(i) Is currently approved as a registered options principal,

(ii) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing, or

(iii) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing.

7. The Futures Licensing Course

An applicant shall be exempt from writing the Futures Licensing Course if the applicant has successfully completed the National Commodity Futures Examination and the Canadian Commodity Futures Examination, or the Canadian Futures Examination, Parts I and II, or the National Commodity Futures Examination and the Canadian Futures Examination, Part II, or the Canadian Commodity Futures Examination and the Canadian Futures Examination, Part I and

(a) Is currently approved as a registered futures contract representative options,

(b) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing, or

(c) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing.

8. The Canadian Commodity Supervisors Examination

An applicant shall be exempt from writing the Canadian Commodity Supervisors Examination if the applicant has been approved continuously as a commodity supervisor since January, 1980.

9. The Branch Managers Course

An applicant shall be exempt from writing the Branch Managers Course if the applicant

(a) Has been approved continuously as a branch manager since August 1, 1987, or

(b) Has successfully completed the Canadian Branch Managers Qualifying Examination and

(i) Is currently approved as a branch manager,

(ii) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing, or

(iii) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing, or

(c) Has been approved continuously as a sales manager since January 24, 1994, unless the sales manager is currently seeking approval as a branch manager; or

(d) Has successfully completed both

(i) The Partners, Directors and Officers Qualifying Examination prior to February 1, 1990 and

A. Is currently approved as a partner, director or officer,

B. Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing, or

C. Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing, and

(ii) The Registered Options Principals Qualifying Examination and

A. Is currently approved as a designated registered options principal, an alternate registered options principal or a branch manager,

B. Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing, or

C. Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing.

10. The Professional Financial Planning Course

An applicant shall be exempt from writing the Professional Financial Planning Course if the applicant

(a) Was registered for a minimum of two years with a Canadian securities regulatory authority or recognized foreign self-regulatory organization prior to the coming into force of this Policy 6, Part II, and has not been out of the industry for a period of greater than three years; or

(b) Has successfully completed Part 1 or 2 of the Canadian Investment Management programme or the Wealth Management Techniques Course and

(i) Is currently approved as an investment representative or a registered representative,

(ii) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing,

(iii) Is an approved person, currently seeking re-approval within the same category of approval within three years of the approval of that category lapsing,

(iv) Is currently seeking approval within two years of successfully completing the Wealth Management Techniques Course or the Certified Financial Planner Examination administered by the Financial Planning Standards Council; or

(v) Is seeking re-approval within three years of successful completion of the Wealth Management Techniques Course or the Certified Financial Planner Examination; or

(c) Has successfully completed the Certified Financial Planner Examination and has obtained and maintained in good standing the Certified Financial Planner designation granted by the Financial Planning Standards Council.

11. The Investment Management Techniques Course

An applicant shall be exempt from writing the Investment Management Techniques Course if the applicant

(a) Was registered for a minimum of two years with a Canadian securities regulatory authority or recognized foreign self-regulatory organization prior to the coming into force of this Policy 6, Part II and has not been out of the industry for a period of greater than three years; or

(b) Has successfully completed Part 1 or 2 of the Canadian Investment Management Program, the Portfolio Management Techniques Course or the three levels of the Chartered Financial Analyst programme administered by the CFA Institute and

(i) Is currently approved as an investment representative or a registered representative,

(ii) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing,

(iii) Is an approved person, currently seeking re-approval within the same category of approval within three years of the approval of that category lapsing, or

(iv) Is currently seeking approval within two years of successfully completing the Portfolio Management Techniques Course or the three levels of the Chartered Financial Analyst programme administered by the CFA Institute.

(c) Has obtained and maintained in good standing the Certified Financial Analyst designation granted by the CFA Institute.

12. The Canadian Investment Funds Course

An applicant shall be exempt from writing the Canadian Investment Funds Course administered by the Investment Funds Institute of Canada if the applicant has successfully completed the Canadian Securities Course and

(a) Is currently approved as a registered mutual fund representative,

(b) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing,

(c) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing, or

(d) Is currently seeking approval within three years of successfully completing the Canadian Securities Course.

13. The Investment Funds in Canada Course

An applicant shall be exempt from writing the Investment Funds in Canada Course administered by the Institute of Canadian Bankers if the applicant has successfully completed the Canadian Securities Course and

(a) Is currently approved as a registered mutual fund representative,

(b) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing,

(c) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing, or

(d) Is currently seeking approval within three years of successfully completing the Canadian Securities Course.

14. The Principles of Mutual Funds Investment Course

An applicant shall be exempt from writing the Principles of Mutual Funds Investment Course administered by the Canadian Trust Institute if the applicant has successfully completed the Canadian Securities Course and

(a) Is currently approved as a registered mutual fund representative,

(b) Was an approved person, currently seeking to re-enter the industry within the same category of approval within three years of their approval lapsing,

(c) Is an approved person, currently seeking re-approval within the same category of approval within three years of that category of approval lapsing, or

(d) Is currently seeking approval within three years of successfully completing the Canadian Securities Course.

15. 90-day and 30-Training Programs

An applicant shall be exempt from completing the 90-day or 30-day training program required under Policy 6 Part I, section 3(a)(iii) A or B if, within three years prior to the application, the applicant was registered or approved with a Member, securities dealer or investment dealer; by a recognized foreign regulatory authority or self-regulatory organization or as an investment adviser by a Canadian securities regulatory authority.

C. Discretionary Exemptions

(a) The applicable District Council may grant an exemption from the requirement to rewrite or write any required course or examination, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption, if the applicant demonstrates adequate experience and/or successful completion of industry courses or examinations that the applicable District Council, in its opinion, determines is an acceptable alternative to the required proficiency.

(b) The Board of Directors may prescribe a fee to be paid for any exemption application under this Policy 6 Part II.

POLICY NO. 6
PROFICIENCY AND EDUCATION:
PART I – PROFICIENCY REQUIREMENTS

INTRODUCTION

This Part I outlines the proficiency requirements for registered persons. These proficiency requirements consist of both entrance thresholds and on-going requirements.

DEFINITIONS

For the purpose of this Part I:

~~"IFIC" means the Investment Funds Institute of Canada; and~~

"Recognized Foreign Self-regulatory Organization" means a foreign self-regulatory organization which offers a reciprocal treatment to Canadian applicants and which has been approved as such by the Senior Vice-President, Member Regulation.

All courses and examinations, unless otherwise specified, are administered by the Canadian Securities Institute.

A. Proficiency Requirements for Registered Persons

1. Branch Managers and Sales Managers

The proficiency requirements for a sales manager, branch manager, assistant or co-branch manager under By-law 4.9 are ~~the following~~:

(a) Two years of experience as a securities dealer or working in the office of a broker or dealer in securities in various positions or such equivalent experience as may be acceptable to the applicable District Council;

(b) Approval as a registered representative; and

(c) Successful completion of

(i) The Branch Managers Course,

(ii) The Options Supervisors Course if the Member trades options with the public and

(iii) The Effective Management Seminar within 18 months of approval.

2. Partners, Directors and Officers

The proficiency requirements for a partner, director or officer under By-law 7.~~1~~2 are ~~the following~~:

(a) Successful completion of the Partners, Directors and Senior Officers Qualifying Examination;

~~(b) For those partners, directors and officers who trade in~~ securities ~~successful completion of~~

~~(i) The Canadian Securities Course, or~~

~~(ii) The New Entrants Course, where the person was registered or licensed with a recognized foreign self-regulatory organization prior to application with the Association~~

(b) If also registered in a trading category, retail or non-retail, successful completion of the applicable proficiency requirements for Investment Representative, Registered Representative, or Registered Representative – Options / Futures; and

(c) If supervising a branch or sub-branch of a Member approved to trade options with the public, successful completion of the Options Supervisors Course.

2A. Chief Financial Officers

The proficiency requirements for a chief financial officer pursuant to by-law ~~7.1 (4)~~7.6 are:

(a) A financial accounting designation, university degree or diploma, or equivalent work experience; and

(b) Successful completion of t~~T~~he Partners, Directors and Senior Officers Qualifying Examination, and

(c) ~~within eighteen months of the coming into force of by-law 7.1 (4) (b) and (c), and this section 2A of Policy 6 Part IA,~~ Ssuccessful completion of the Chief Financial Officers Examination.

Notwithstanding subsection (c) above, any person approved as Chief Financial Officer with a Member as of December 31, 2003, shall have until July 1, 2005 to successfully complete the Chief Financial Officer Examination in order to maintain approval as Chief Financial Officer.

3. Registered Representatives and Investment Representatives

The proficiency requirements for a registered representative or investment representative under By-law 18.3 are ~~the following~~:

(a) Successful completion of

(i) The Canadian Securities Course prior to commencing the training programme described in ~~clause~~subsection (iii),

(ii) The Conduct and Practices Handbook Course, and

(iii) Either

A. For a registered representative, except for a registered representative (non-retail), a ~~three-month training~~90-day training programme during which time he or she has been employed with a Member firm on a full-time basis, or

B. For an investment representative, a ~~one-month~~30-day training programme during which time he or she has been employed with a Member firm on a full-time basis; or

(b) Successful completion of the New Entrants Course, where the person was registered or licensed with a recognized foreign self-regulatory organization within three years prior to application with the Association; and

(c) ~~Successful completion, where the person is~~For a registered representative other than a registered representative (mutual funds) or registered representative (non-retail), successful completion within 30 months of his or her approval as a registered representative of:

(i) The Professional Financial Planning Course, or

(ii) The Investment Management Techniques Course.

4. Registered Representatives (Mutual Funds) and Investment Representatives (Mutual Funds)

The proficiency requirement for a registered representative (mutual funds) or investment representative (mutual funds) under By-law 18.7 is ~~the following:~~

~~(a) S~~successful completion of:

(a~~i~~) The Canadian Securities Course;

(~~ii~~b) The Canadian Investment Funds Course administered by IFIC,

(~~iii~~c) The Investment Funds in Canada Course administered by the Institute of Canadian Bankers, or

(~~iv~~d) The Principles of Mutual Funds Investment Course administered by the Canadian Trust Institute.

5. Traders

5.1 The proficiency requirement for a registered representative - restricted (floor trader) under Regulation 500.2 is ~~the following:~~

~~(a) Successful~~successful completion of such floor examinations as may be required by the applicable stock exchange.

5.2 The proficiency requirements for a Computer Assisted Trading System ("CATS") trader under Regulation 500.3 are ~~the following~~:

(a) Experience of not less than 14 weeks with a Member's equities trading department; and

(b) Successful completion of

(i) The Trader Training Course, and

(ii) The Canadian Securities Course and experience of not less than one year with a Member or experience of not less than two years with a Member if the person has not completed the Canadian Securities Course.

5.3 ~~The proficiency requirement for a Competitive Options Trader ("COT") under Regulation 500.4 is the following:~~

~~(a) Successful completion of the Professional Options Trader Examination administered by the Toronto Futures Exchange ("the TFE").~~Repealed

5.4 The proficiency requirement for a Commodity Floor Trader ("CFT") under Regulation 500.5 is ~~the following:~~

~~(a)~~ successful completion of

~~(i) T~~the Floor Trader Qualification Course administered by the Winnipeg Commodity~~y~~ies Exchange~~, or~~

~~(ii) The Professional Options Trader Examination administered by the TFE, and~~

~~(iii) The Futures Floor Trader Examination administered by the TFE~~.

6. Portfolio Managers

6.1 The proficiency requirements for a portfolio manager under Regulation 1300.9~~A~~ are ~~the following~~:

(a) Successful completion of

(i) The Portfolio Management Techniques Course and

A. The Professional Financial Planning Course prior to August 31, 2002, or

B. The Investment Management Techniques Course, or

(ii) The ~~Chartered Financial Analyst designation~~three levels of the Chartered Financial Analyst program administered by the ~~Association for Investment Management and Research;~~CFA Institute; and

(b) Experience

(i) Of at least three years as an associate portfolio manager,

(ii) Of at least three years as a registered representative and two years ~~of experience~~ as an associate portfolio manager,

(iii) Of at least three years as a research analyst for a Member firm of a self-regulatory organization and two years as an associate portfolio manager, or

(iv) Of at least five years, managing a portfolio of $5,000,000 or more, on a discretionary basis, while employed by a government-regulated institution; and

(c) For a period of not less than one year ending within the three years prior to the date of application, ha~~s~~ving had assets ~~having~~ with an aggregate value of not less than $5,000,000 under his or her direct administration on a discretionary basis.

6.2 The proficiency requirements for a futures contracts portfolio manager under Regulation 1300.9~~B~~12 are ~~the following~~:

(a) Experience

(i) Of at least three years as an associate futures contracts portfolio manager, or

(ii) Of at least two years as an associate futures contracts portfolio manager and at least three years in a category of ~~registration~~ approval

described in Regulation ~~1300.9B(b);~~ 1800.3(1), and

(b) For a period of not less than one year ending within the three years prior to the date of such application, ~~has~~saving had assets comprised of commodity futures having an aggregate value of not less than $5,000,000 under his or her direct administration on a discretionary basis, provided that the aggregate value of such assets shall be computed based upon the value of the underlying commodities.

6.3 The proficiency requirements for an associate portfolio manager under Regulation 1300.~~9C~~.10 are ~~the following~~:

(a) Successful completion of

(i) The Portfolio Management Techniques Course and

A. The Professional Financial Planning Course prior to August 31, 2002, or

B. The Investment Management Techniques Course, or

(ii) The three levels of the Chartered Financial Analyst ~~designation~~ programme administered by the ~~Association for Investment Management and Research~~CFA Institute; and

(b) Experience

(i) Of at least two years as a registered and practising registered representative, or

(ii) Of at least two years as a research analyst for a member firm of a self-regulatory organization.

6.4 The proficiency requirement for an associate futures contract portfolio manager ~~to exercise discretionary authority with respect to futures contracts managed accounts~~ under Regulation 1300.~~9D~~13 is ~~the following~~

~~(a) e~~Experience:

(a~~i~~) ~~Experience(i)~~ Of at least two years as a registered and practising futures contracts registered representative, or

(~~ii~~b) Of at least two years as a research analyst specializing in futures contracts for a member firm of a self-regulatory organization.

7. Commodity Futures Contracts and Options

7.1 The proficiency requirements for a ~~futures contract principal or alternate or a futures contract options principal or alternate or~~ person who deals with customers with respect to futures contracts or futures contract options under Regulation 1800.3 are ~~the following:~~

~~(a) S~~successful completion of:

(~~i~~a) The Derivatives Fundamentals Course and the Futures Licensing Course (the "FLC"), or

(~~ii~~b) The FLC and the National Commodity Futures Examination (the "NCFE") administered by the National Association of Securities Dealers.

7.2 The proficiency requirements for futures contract principal or alternate, futures contract options principal or alternate or branch manager authorized to supervise accounts trading in futures contracts or futures contract options are:

(a) Successful completion of the requirements of section 7.1, and

(b) Successful completion of the Canadian Commodity Supervisors Examination., ~~in the case of an applicant as a futures contract principal or alternate, as a futures contract options principal or alternate or as a branch manager authorized to supervise accounts trading in futures contracts or futures contract options.~~

8. Options

The proficiency requirements for options under Regulation 1900.3 and By-law 18.9 ~~is the following:~~

~~(a) S~~are successful completion of

(~~i~~a) The Derivatives Fundamentals Course and the Options Licensing Course, and

(b~~ii~~) The Options Supervisors Course, in the case of a registered options principal or alternate.

B. General Exemption

(a) Notwithstanding this Part I, the applicable District Council may from time to time exempt any person or class of persons from the proficiency

requirements on such terms and conditions, if any, as the applicable District Council may see fit.

(b) The Board of Directors may prescribe a fee to be paid for any exemption application under paragraph (a).

POLICY NO. 6
PROFICIENCY AND EDUCATION:
PART II – COURSE AND EXAMINATION EXEMPTIONS

INTRODUCTION

This Part II outlines the exemptions that exist from the Association's course and examination requirements for persons seeking to be ~~registered~~approved in certain categories~~ of registration~~. This Part II exempts applicants from the requirement to rewrite courses or examinations that they have successfully completed if they are re-entering the industry, re-registering in a category of ~~registration~~approval or seeking initial ~~registration~~approval within certain time periods. This Part II also provides exemptions to applicants from the requirements to initially write a course or examination if the applicant satisfies one of the specifically enumerated exemptions based on grandfathering provisions or the successful completion of other courses and examinations. In addition, this Part II sets out the basis upon which the applicable District Council may grant a discretionary exemption.

DEFINITIONS

For the purposes of this Part II:

"Approved Person" means an applicant that is approved by ~~and registered with~~ a self-regulatory organization in a capacity requiring approval under the self-regulatory organization's by-laws, rules, regulations or policies~~category of registration~~;

~~"IFIC" means the Investment Funds Institute of Canada; and~~

"Recognized Foreign Self-regulatory Organization" means a foreign self-regulatory organization which offers a reciprocal treatment to Canadian applicants and which has been approved as such by the Senior Vice-President, Member Regulation.

All courses and examinations, unless otherwise specified, are administered by the Canadian Securities Institute.

A. Exemptions from Rewriting

1. The Canadian Securities Course

An applicant shall be exempt from rewriting the Canadian Securities Course if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing;

(b) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing; ~~or~~

(c) Is currently seeking ~~registration~~approval within three years of successfully completing the Canadian Securities Course or within two years of successfully completing the Professional Financial Planning Course, Wealth Management Techniques Course, Investment Management Techniques Course, Portfolio Management Techniques Course, or the three levels of the Chartered Financial Analyst programme administered by the CFA Institute;

(d) Is seeking re-approval within three years of successfully completing the Professional Financial Planning Course, Wealth Management Techniques Course, Investment Management Techniques Course, Portfolio Management Techniques Course, or the three levels of the Chartered Financial Analyst programme administered by the CFA Institute; or

(e) Is seeking approval or re-approval within three years of successfully completing the New Entrants Course,

2. The Conduct and Practices Handbook Course ~~(formerly the Registered Representative Manual Examination)~~

An applicant shall be exempt from rewriting the Conduct and Practices Handbook Course if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing;

(b) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing; or

(c) Is currently seeking ~~registration~~approval within two years of successfully completing the Conduct and Practices Handbook Course.

3. The Partners, Directors and Senior Officers Qualifying Examination

An applicant shall be exempt from rewriting the Partners, Directors and Senior Officers Qualifying Examination if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing;

(b) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing; or

(c) Is currently seeking ~~registration~~approval within two years of successfully completing the Partners, Directors and Senior Officers Qualifying Examination.

3A. Chief Financial Officers Examination

An applicant shall be exempt from rewriting the Chief Financial Officers Examination if the applicant:

(a) Is currently approved in any category other than chief financial officer and, since completing the chief financial officers examination, has been working closely with and providing assistance to the chief financial officer;

(b) Was approved as chief financial officer with a member and is currently seeking re-approval as such within three years of the end of the last approval date; or

(c) Is currently seeking approval as chief financial officer within two years of successfully completing the chief financial officers examination.

4. The Derivatives Fundamentals Course

An applicant shall be exempt from rewriting the Derivatives Fundamentals Course if the applicant

(a) Was an approved person currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing;

(b) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing; ~~or~~

(c) Is currently seeking ~~registration~~approval within two years of successfully completing the Derivatives Fundamentals Course~~.~~, Futures Licensing Course, Options Licensing Course, Canadian Commodity Supervisors Examination;

(d) Is seeking re-approval within three years of successfully completing the Futures Licensing Course, Options Licensing Course, or Canadian Commodity Supervisors Examination; or

(e) Is seeking approval or re-approval within three years of successfully completing the

New Entrants Course, having previously completed the US Series 7 examination

5. The Options Licensing Course ~~(formerly the Canadian Options Course)~~

An applicant shall be exempt from rewriting the Options Licensing Course if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing;

(b) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing; or

(c) Is currently seeking ~~registration~~approval within two years of successfully completing the Options Licensing Course.

6. The Options Supervisors Course ~~(formerly the Registered Options Principals Qualifying Examination)~~

An applicant shall be exempt from rewriting the Options Supervisors Course if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing;

(b) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing; or

(c) Is currently seeking ~~registration~~approval within two years of successfully completing the Options Supervisors Course.

7. The Futures Licensing Course ~~(formerly the Canadian Futures Examination, Parts I and II, formerly the National Commodity Futures Examination and the Canadian Commodity Futures Examination)~~

An applicant shall be exempt from rewriting the Futures Licensing Course if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing;

(b) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing; ~~or~~

(c) Is currently seeking ~~registration~~approval within two years of successfully completing the Futures Licensing Course or Canadian Commodity Supervisors Examination; or

(d) Is seeking re-approval within three years of successfully completing the Canadian Commodity Supervisors Examination.

8. The Canadian Commodity Supervisors Examination

An applicant shall be exempt from rewriting the Canadian Commodity Supervisors Examination if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing;

(b) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing; or

(c) Is currently seeking ~~registration~~approval within two years of successfully completing the Canadian Commodity Supervisors Examination.

9. The Branch Managers Course ~~(formerly the Canadian Branch Managers Qualifying Examination~~

An applicant shall be exempt from rewriting the Branch Managers Course if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing;

(b) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing; or

(c) Is currently seeking ~~registration~~approval within two years of successfully completing the Branch Managers Course.

10. The Professional Financial Planning Course

An applicant shall be exempt from rewriting the Professional Financial Planning Course if the applicant

(a) Was ~~an approved person~~registered or approved in any trading capacity, including registration or approval restricted to mutual funds but excluding approval as a registered representative – restricted (CATS), and is currently seeking to re-enter the industry ~~within the same category of registration~~ within three years of the registration or approval lapsing;

(b) Is currently registered or approved in any trading capacity, including registration or approval restricted to mutual funds but excluding approval as a registered representative – restricted (CATS), and is seeking approval in another category; ~~Is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration; or~~

(c) Is currently seeking ~~registration~~approval within two years of successfully completing the Professional Financial Planning Course, Wealth Management Techniques Course, or the Certified Financial Planner Examination administered by the Financial Planners Standards Council; or

(d) Is seeking re-approval within three years of successfully completing the Wealth Management Techniques Course, or the Certified Financial Planner Examination administered by the Financial Planners Standards Council.

11. The Investment Management Techniques Course

An applicant shall be exempt from rewriting the Investment Management Techniques Course if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of the ~~registration~~approval lapsing;

(b) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration; or~~approval;

(c) Is currently seeking ~~registration~~approval within two years of successfully completing the Investment Management Techniques Course, Portfolio Management Techniques Course, or the three levels of the Chartered Financial Analyst programme administered by the CFA Institute; or~~.~~

(d) Is seeking re-approval within three years of successfully completing the Portfolio Management Techniques Course or the three levels of the Chartered Financial Analyst programme administered by the CFA Institute.

12. The Canadian Investment Funds Course

An applicant shall be exempt from rewriting the Canadian Investment Funds Course administered by IFIC if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing;

(b) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing; or

(c) Is currently seeking ~~registration~~approval within two years of successfully completing the Canadian Investment Funds Course~~.~~

13. The Investment Funds in Canada Course

An applicant shall be exempt from rewriting the Investment Funds in Canada Course administered by the Institute of Canadian Bankers if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing;

(b) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing; or

(c) Is currently seeking ~~registration~~approval within two years of successfully completing the Investment Funds in Canada Course.

14. The Principles of Mutual Funds Investment Course

An applicant shall be exempt from rewriting the Principles of Mutual Funds Investment Course administered by the Canadian Trust Institute if the applicant

(a) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing;

(b) an approved person, currently seeking re-~~registration~~approval within the same category

of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing; or

(c) Is currently seeking ~~registration~~approval within two years of successfully completing the Principles of Mutual Funds Investment Course.

B. Exemptions from Writing

1. The Canadian Securities Course

An applicant shall be exempt from writing the Canadian Securities Course if the applicant

(a) Has been approved continuously as a registered representative since November, 1962;

(b) Has successfully completed the previously existing IDA Course I and II, or the previously existing IDA Course I and has acquired five consecutive years of industry experience and

(i) Is currently approved as an investment representative or registered representative,

(ii) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing, or

(iii) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of the ~~registration~~approval of that category lapsing;

(c) ~~has~~Has successfully completed the Canadian Investment Management program, Parts I and II and

(i) Is currently approved as an investment representative or a registered representative,

(ii) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of the ~~registration~~approval lapsing; or

(iii) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing; or

~~(iv) Is currently seeking registration approval within two years of successfully completing the Canadian Investment Management program, Parts I and II; or~~

(d) Has previously been registered or licensed with a recognized foreign regulatory authority or self-regulatory organization ~~prior to application with the Association~~ and has successfully completed the New Entrants Course within two years of the application.

2. The Conduct and Practices Handbook Course ~~(formerly the Registered Representative Manual Examination)~~

An applicant shall be exempt from writing the Conduct and Practices Handbook Course if the applicant

(a) Has been approved continuously as a registered representative since December, 1971; or

(b) Has successfully completed the Partners, Directors and Senior Officers Qualifying Examination and

(i) Is currently approved as a partner, director, senior officer, investment representative or registered representative,

(ii) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing,

(iii) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing, or

(iv) Is currently seeking ~~registration~~approval within two years of successfully completing the Partners, Directors and Senior Officers Qualifying Examination.

3. The Partners, Directors and Senior Officers Qualifying Examination

An applicant shall be exempt from writing the Partners, Directors and Senior Officers Qualifying Examination if the applicant

~~(a) H~~has been approved continuously as a partner, director or senior officer since ~~January, 1971.~~March, 1973.

4. The Derivatives Fundamentals Course

An applicant shall be exempt from writing the Derivatives Fundamentals Course if the applicant has successfully completed

(a) tThe Canadian Options Course, the National Commodity Futures Examination, the Canadian Futures Examination, Parts I and III, the Futures Licensing Course, the Options Supervisors Course or the Canadian Commodity Supervisors Examination and

(ia) Is currently approved as a registered representative options,

(iib) Was an approved person, currently seeking to re-enter the industry within the same category of registrationapproval within three years of their registrationapproval lapsing,

(iiic) Is an approved person, currently seeking re-registrationapproval within the same category of registrationapproval within three years of that category of registrationapproval lapsing, or

(ivd) Is currently seeking registrationapproval within two years of successfully completing the Canadian Options Course Options Licensing Course, the Options Supervisors Course, the Futures Licensing Course or the Canadian Commodity Supervisors Examination.

(b) The Canadian Futures Examination, Parts I and II and

(i) Is currently approved as a registered futures contract representative options,

(ii) Was an approved person, currently seeking to re-enter the industry within the same category of registrationapproval within three years of their registrationapproval lapsing,

(iii) Is an approved person, currently seeking re-registrationapproval within the same category of registrationapproval within three years of that category of registrationapproval lapsing, or

(iv) Is currently seeking registrationapproval within two years of successfully completing the Canadian Futures Examination, Parts I and II; or

(c) The National Commodity Futures Examination administered by the National Association of Securities Dealers and the Canadian Commodity Futures Examination and

(i) Is currently approved as a registered futures contract representative options,

(ii) Was an approved person, currently seeking to re-enter the industry within the same category of registrationapproval within three years of their registrationapproval lapsing, or

(iii) Is an approved person, currently seeking re-registrationapproval within the same category of registrationapproval within three years of that category of registrationapproval lapsing.

5. The Options Licensing Course (formerly the Canadian Options Course)

An applicant shall be exempt from writing the Options Licensing Course if the applicant

(a) Has successfully completed the Put/Calls examination offered by The Toronto Stock Exchange, the Canadian Venture Exchange or the Montreal Exchange and

(i) Is currently approved as a registered representative options,

(ii) Was an approved person, currently seeking to re-enter the industry within the same category of registrationapproval within three years of their registrationapproval lapsing, or

(iii) Is an approved person, currently seeking re-registration within the same category of registrationapproval within three years of that category of registrationapproval lapsing; or

(b) Has has successfully completed the Canadian Options Course and

(ia) Is currently approved as a registered representative options,

(iib) Was an approved person, currently seeking to re-enter the industry within the same category of registrationapproval within three years of their registrationapproval lapsing, or

(iiic) Is an approved person, currently seeking re-registrationapproval within the same category of registrationapproval within three years of that category of registrationapproval lapsing., or

(iv) Is currently seeking registration within two years of successfully completing the Canadian Options Course.

6. The Options Supervisors Course ~~(formerly the Registered Options Principals Qualifying Examination)~~

An applicant shall be exempt from writing the Options Supervisors Course if the applicant

(a) Has been approved continuously as a registered options principal since January, 1978; or

(b) Has successfully completed the Registered Options Principals Qualifying Examination and

(i) Is currently approved as a registered options principal,

(ii) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing, or

(iii) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing~~, or~~.

~~(iv) Is currently seeking registration within two years of successfully completing the Registered Options Principals Qualifying Examination.~~

7. The Futures Licensing Course ~~(formerly the Canadian Futures Examination, Parts I and II, formerly the National Commodity Futures Examination and the Canadian Commodity Futures Examination)~~

An applicant shall be exempt from writing the Futures Licensing Course if the applicant ~~(a) h~~Has successfully completed the National Commodity Futures Examination and the Canadian Commodity Futures Examination, or the Canadian Futures Examination, Parts I and II, or the National Commodity Futures Examination and the Canadian Futures Examination, Part II, or the Canadian Commodity Futures Examination and the Canadian Futures Examination, Part I and

(~~i~~a) Is currently approved as a registered futures contract representative options,

(~~ii~~b) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing, or

(~~iii~~c) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing~~,~~ ~~or~~

~~(iv) Is currently seeking registration~~approval ~~within two years of successfully completing the course requirements outlined in subparagraph (a)~~.

8. The Canadian Commodity Supervisors Examination

An applicant shall be exempt from writing the Canadian Commodity Supervisors Examination if the applicant ~~(a)Has~~ has been approved continuously as a commodity supervisor since January, 1980.

9. The Branch Managers Course ~~(formerly the Canadian Branch Managers Qualifying Examination~~

An applicant shall be exempt from writing the Branch Managers Course if the applicant

(a) Has been approved continuously as a branch manager since August 1, 1987, or~~;~~

(b) Has successfully completed the Canadian Branch Managers Qualifying Examination and

(i) Is currently approved as a branch manager,

(ii) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing, or

(iii) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing, or

~~(iv) Is currently seeking registration~~approval ~~within two years of successfully completing the Canadian Branch Managers Qualifying Examination;~~

(c) Has been approved continuously as a sales manager since January 24, 1994, unless the sales manager is currently seeking ~~registration~~approval as a branch manager; or

(d) Has successfully completed both

(i) The Partners, Directors and Officers Qualifying Examination prior to February 1, 1990 and

A. Is currently approved as a partner, director or officer,

B. Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing, or

C. Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing, and

(ii) The Registered Options Principals Qualifying Examination and

A. Is currently approved as a designated registered options principal, an alternate registered options principal or a branch manager,

B. Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing, or

C. Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing~~, or~~

~~D. Is currently seeking registrationapproval within two years of successfully completing the Registered Options Principals Qualifying Examination~~.

10. The Professional Financial Planning Course

An applicant shall be exempt from writing the Professional Financial Planning Course if the applicant

(a) Was registered for a minimum of two years with a Canadian securities ~~commission~~regulatory authority or recognized foreign self-regulatory organization prior to the coming into force of this Policy 6, Part II, and has not been out of the industry for a period of greater than three years; or

(b) Has successfully completed ~~the Chartered Financial Analyst designation administered by the Association for Investment Management and Research~~ Part 1 or 2 of the Canadian Investment Management programme or the Wealth Management Techniques Course and

(i) Is currently approved as an investment representative or a registered representative,

(ii) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing,

(iii) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of the ~~registration~~approval of that category lapsing, ~~or~~

(iv) Is currently seeking ~~registration~~approval within two years of successfully completing the ~~Chartered Financial Analyst designation administered by the Association for Investment Management and Research~~ Wealth Management Techniques Course or the Certified Financial Planner Examination administered by the Financial Planning Standards Council; or

(v) Is seeking re-approval within three years of successful completion of the Wealth Management Techniques Course or the Certified Financial Planner Examination.

(c) Has successfully completed the ~~Canadian Investment Management program, Part I and~~ Certified Financial Planner Examination and has obtained and maintained in good standing the Certified Financial Planner designation granted by the Financial Planing Standards Council.

~~(i) Is currently approved as a registered representative,~~

~~(ii) Was an approved person, currently seeking to re-enter the industry within the same category of registration within three years of their registrationapproval lapsing,~~

~~(iii) Is an approved person, currently seeking re-registrationapproval within the same category of registration within three years of that category of registrationapproval lapsing, or~~

~~(iv) Is currently seeking registration within two years of successfully completing the Canadian Investment Management program, Part I.~~

11. The Investment Management Techniques Course

An applicant shall be exempt from writing the Investment Management Techniques Course if the applicant

(a) Was registered for a minimum of two years with a Canadian secsurities ~~commission~~ regulatory authority or recognized foreign self-regulatory organization prior to the coming into force of this Policy 6, Part II and has not been out of the industry for a period of greater than three years; or

(b) Has successfully completed Part 1 or 2 of the Canadian Investment Management Program, the Portfolio Management Techniques Course or the three levels of the Chartered Financial Analyst ~~designation~~programme administered by the ~~Association for Investment Management and Research~~CFA Institute and

(i) Is currently approved as an investment representative or a registered representative,

(ii) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing,

(iii) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of the ~~registration~~approval of that category lapsing, or

(iv) Is currently seeking ~~registration~~approval within two years of successfully completing the Portfolio Management Techniques Course or the three levels of the Chartered Financial Analyst ~~designation p~~Programme administered by the ~~Association for Investment Management and Research~~ CFA Institute.~~; or~~

(c) ~~Has successfully completed the Canadian Investment Management program, Part I and~~Has obtained and maintained in good standing the Certified Financial Analyst designation granted by the CFA Institute

~~(i) Is currently approved as a registered representative,~~

~~(ii) Was an approved person, currently seeking to re-enter the industry within the same category of registration within three years of their registration lapsing,~~

~~(iii) Is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration lapsing, or~~

~~(iv) Is currently seeking registration within two years of successfully completing the Canadian Investment Management program, Part I.~~

12. The Canadian Investment Funds Course

An applicant shall be exempt from writing the Canadian Investment Funds Course administered by ~~IFIC~~ the Investment Funds Institute of Canada if the applicant~~ (a) H~~has successfully completed the Canadian Securities Course and

(~~i~~a) Is currently approved as a registered mutual fund representative,

(~~ii~~b) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing,

(~~iii~~c) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing, or

(~~iv~~d) Is currently seeking ~~registration~~approval within three years of successfully completing the Canadian Securities Course.

13. The Investment Funds in Canada Course

An applicant shall be exempt from writing the Investment Funds in Canada Course administered by the Institute of Canadian Bankers if the applicant~~ (a) H~~has successfully completed the Canadian Securities Course and

(~~i~~a) Is currently approved as a registered mutual fund representative,

(~~ii~~b) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing,

(~~iii~~c) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing, or

(~~iv~~d) Is currently seeking ~~registration~~approval within three years of successfully completing the Canadian Securities Course.

14. The Principles of Mutual Funds Investment Course

An applicant shall be exempt from writing the Principles of Mutual Funds Investment Course administered by the Canadian Trust Institute if the applicant ~~(a)~~ has successfully completed the Canadian Securities Course and

(~~i~~a) Is currently approved as a registered mutual fund representative,

(~~ii~~b) Was an approved person, currently seeking to re-enter the industry within the same category of ~~registration~~approval within three years of their ~~registration~~approval lapsing,

(~~iii~~c) Is an approved person, currently seeking re-~~registration~~approval within the same category of ~~registration~~approval within three years of that category of ~~registration~~approval lapsing, or

(~~iv~~d) Is currently seeking ~~registration~~approval within three years of successfully completing the Canadian Securities Course.

15. 90-day and 30-Training Programs

An applicant shall be exempt from completing the 90-day or 30-day training program required under Policy 6 Part I, section 3(a)(iii) A or B if, within three years prior to the application, the applicant was registered or approved with a Member, securities dealer or investment dealer; by a recognized foreign regulatory authority or self-regulatory organization or as an investment adviser by a Canadian securities regulatory authority.

C. Discretionary Exemptions

(a) The applicable District Council may grant an exemption from the requirement to rewrite or write any required course or examination, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption, if the applicant demonstrates adequate experience and/or successful completion of industry courses or examinations that the applicable District Council, in its opinion, determines is an acceptable alternative to the required proficiency.

(b) The Board of Directors may prescribe a fee to be paid for any exemption application under this Policy 6 Part II.

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Chapter 25

Other Information

25.1 Consents

25.1.1 Southern Cross Resources Inc. - cl. 4(b) of Reg. 289

Headnote

Consent given to OBCA corporation to continue under the Canada Business Corporations Act.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, Reg. 289/00, s. 4(b).

IN THE MATTER OF
THE REGULATION MADE UNDER
THE BUSINESS CORPORATIONS ACT, R.S.O. 1990,
c. B.16 AS AMENDED (the "OBCA")
ONTARIO REG. 289/00 (the "Regulation")

AND

IN THE MATTER OF
SOUTHERN CROSS RESOURCES INC.

CONSENT
(Clause 4(b) of the Regulation)

UPON the application (the "Application") of (the "Corporation") to the Ontario Securities Commission (the "Commission") requesting the consent of the Commission to continue into another jurisdiction pursuant to clause 4(b) of the Regulation;

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

AND UPON the Corporation having represented to the Commission that:

1. The Corporation is a corporation existing under the provisions of the OBCA. The registered office of the Corporation is located at 26 Wellington Street East, Suite 820, Toronto, Ontario, M5E 1S2.

2. The Corporation is proposing to submit the Application to the Director appointed under the OBCA for authorization to continue under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 (the "CBCA"), pursuant to section 181 of the OBCA (the "Application for Continuance").

3. Pursuant to clause 4(b) of the Regulation, where a corporation is an offering corporation under the OBCA, the Application for Continuance must be accompanied by a consent from the Commission.

4. The Corporation is an offering corporation under the OBCA and is a reporting issuer under the *Securities Act*, R.S.O. 1990, c. S.5, (the "Act"). The Corporation is also a reporting issuer in the province of New Brunswick. The Corporation's common shares are listed for trading on The Toronto Stock Exchange.

5. The Corporation is not in default of any of the provisions of the Act or the regulations or rules made under the Act and is not in default under the securities legislation of any jurisdiction where it is a reporting issuer.

6. The Corporation is not a party to any proceeding or to the best of its knowledge information and belief, pending proceeding under the Act.

7. The Corporation presently intends to remain a reporting issuer in the Province of Ontario.

8. The continuance under the laws of the Province of Ontario was voted on and duly approved by the shareholders of the Corporation at the annual and special meeting of shareholders held on June 9, 2004.

9. The continuance under the CBCA has been proposed because the Corporation believes it to be in its best interest to conduct its affairs in accordance with the CBCA.

10. The material rights, duties and obligations of a corporation under the CBCA are substantially similar to those under the OBCA with the exception that the OBCA requires a majority of a corporation's directors be resident Canadians whereas the CBCA requires only one-quarter of directors need be resident Canadians.

THE COMMISSION hereby consents to the continuance of the Corporation under the CBCA.

June 25, 2004.

"Wendell S. Wigle" "Robert W. Davis"

25.2 Approvals

25.2.1 Five Continents Investments Limited - cl. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act -- application by manager for approval to act as trustee of a mutual fund trust.

Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., clause 213(3)(b).

June 29, 2004

Torys LLP
79 Wellington St. West, Suite 3000
Box 270, TD Centre
Toronto, Ontario
M5K 1N2

Attention: Karen Malatest

Dear Sirs/Mesdames:

Re: Five Continents Investments Limited (the Applicant)
Application pursuant to clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario) (the LTCA) for approval to act as trustee

Further to the application dated May 20, 2004, as supplemented by correspondence dated June 22, 2004 (collectively, the Application) filed on behalf of the Applicant, 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 LTCA, the Commission approves the proposal that the Applicant act as trustee of the XFunds Global Equity Portfolio and of other pooled funds that may be established and managed by the Applicant, the securities of which will be offered pursuant to a prospectus exemption.

“Paul K. Bates” “H. Lorne Morphy”

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