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The Ontario Securities Commission

OSC Bulletin

October 14, 2005

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November 2-4; 7-11; 16; 21-25; 28; 30; December 1; 6-8, 2005 10:00 a.m. to 4:30 p.m.	s.127 J. Waechter in attendance for Staff Panel: PMM/RWD/ST		s. 127 M. MacKewn in attendance for Staff Panel: TBA
November 29, 2005 2:30 p.m. to 4:30 p.m.		January 11, 2006 10:00 a.m.	Jose L. Castaneda s.127 T. Hodgson in attendance for Staff Panel: TBA
November 16, 2005 10:00 a.m.	Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultee and Peter Y. Atkinson s.127 J. Superina in attendance for Staff Panel: SWJ/RWD/MTM	March 2 & 3, 2006 10:00 a.m.	Christopher Freeman s. 127 and 127.1 P. Foy in attendance for Staff Panel: TBA
November 23 & 24, 2005 10:00 a.m.	Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton s. 127 J. Cotte in attendance for Staff Panel: DLK/CSP	April 3 to 7, 2006 10:00 a.m.	Momentas Corporation, Howard Rash, Alexander Funt, Suzanne Morrison and Malcolm Rogers s. 127 and 127.1 P. Foy in attendance for Staff Panel: TBA
December 12, 2005 10:00 a.m.	Olympus United Group Inc. s.127 M. MacKewn in attendance for Staff Panel: TBA	February 6 to March 3, 2006 (except Tuesdays) March 6 to April 28, 2006 (except Tuesdays and April 14).	s. 127 K. Manarin in attendance for Staff Panel: PMM/RWD/DLK
December 12, 2005 10:00 a.m.	Norshield Asset Management (Canada) Ltd. s.127 M. MacKewn in attendance for Staff Panel: TBA	May 1 to May 19, May 24 to May 26, 2006 (except Tuesdays) June 12 to June 30, 2006 (except Tuesdays)	

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Global Privacy Management Trust and Robert Cranston

Andrew Keith Lech

S. B. McLaughlin

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

1.1.2 TSX Notice of Approval of Amendments to Part VIII of the TSX Company Manual in Respect of Fees Payable by Listed Companies

**TORONTO STOCK EXCHANGE
NOTICE OF APPROVAL
OF AMENDMENTS TO PART VIII
OF THE TORONTO STOCK EXCHANGE
COMPANY MANUAL
IN RESPECT OF FEES PAYABLE
BY LISTED COMPANIES**

On September 28, 2005, the TSX filed with the Commission amendments to the TSX Company Manual (Manual). The purpose of the amendments is to remove all listing fees from the Manual to a listing fee schedule, which will be located on TSX's website. All references to fees and/or applicable fees throughout the Manual will now refer to the respective fees in the Listing Fee Schedule, as published by TSX from time to time. The amendments have been filed as "non-public interest" amendments pursuant to the *Protocol for Commission Oversight of Toronto Stock Exchange Rule Proposals* and are deemed to have been approved upon filing. The amendments came into effect on October 1, 2005. A TSX Notice and the amendments are being published in Chapter 13 of this Bulletin.

1.2 Notices of Hearing

1.2.1 Portus Asset Management et al. - ss. 127, 127.1

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

AND

**IN THE MATTER OF
PORTUS ALTERNATIVE ASSET MANAGEMENT INC.,
PORTUS ASSET MANAGEMENT INC., BOAZ MANOR,
MICHAEL MENDELSON, MICHAEL LABANOWICH
AND JOHN OGG**

**NOTICE OF HEARING
OF STAFF OF THE
ONTARIO SECURITIES COMMISSION
(Sections 127 and 127.1)**

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission, 20 Queen Street West, 17th Floor, Large Hearing Room, commencing on November 14, 2005 at 10 a.m., or as soon thereafter as the hearing can be held:

AND TAKE NOTICE the purpose of the hearing is to consider whether it is in the public interest for the Commission to make an order that:

- (a) pursuant to section 127(1)2, trading in any securities by Portus Alternative Asset Management Inc. ("PAAM"), Boaz Manor ("Manor"), Michael Mendelson ("Mendelson"), Michael Labanowich ("Labanowich") and John Ogg ("Ogg") cease permanently or for such other period as specified by the Commission;
- (b) pursuant to section 127(1)3, any exemptions contained in Ontario securities law do not apply to PAAM, Manor, Mendelson, Labanowich and Ogg permanently or for such other period as specified by the Commission;
- (c) pursuant to section 127(1)8, Manor, Mendelson, Labanowich and Ogg be prohibited from becoming or acting as a director or officer of any issuer;
- (d) pursuant to section 127(1)7, Manor, Mendelson, Labanowich and Ogg resign one or more positions they hold as a director or officer of an issuer;
- (e) pursuant to section 127(1)9, PAAM, Portus Asset Management Inc. ("PAM"), Manor, Mendelson, Labanowich, Ogg or

any of them, pay an administrative penalty of not more than \$1 million for each failure to comply with Ontario securities law to the Commission or KPMG Inc. as receiver or trustee over the assets, undertakings and property of PAAM, PAM and related entities (the "Receiver/Trustee"), for allocation to or for the benefit of third parties;

- (f) pursuant to section 127(1)10, PAAM, PAM, Manor, Mendelson, Labanowich, Ogg or any of them, disgorge to the Commission any amount obtained as a result of non-compliance with securities law, for allocation, through the Receiver/Trustee, if appropriate, to or for the benefit of third parties;
- (g) pursuant to section 127(1)6, Manor, Mendelson, Labanowich and Ogg be reprimanded;
- (h) pursuant to section 127.1, Manor, Mendelson, Labanowich and Ogg be ordered to pay the costs of the investigation and the costs of or related to the hearing incurred by or on behalf of the Commission;
- (i) if necessary, pursuant to section 127(7), the temporary orders made with respect to PAAM on February 2 and 10, 2005 and the temporary order made with respect to Manor on February 10, 2005, be extended to the conclusion of the hearing; and
- (j) such other order as the Commission may consider appropriate.

BY REASON OF the allegations set out in the Statement of Allegations of Staff dated October 5, 2005, 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 in the event that the Commission determines that any of PAAM, PAM, Manor, Mendelson, Labanowich or Ogg has not complied with Ontario securities law, Staff may request the Commission to consider whether, in the opinion of the Commission, an application should be made to the Superior Court of Justice for a declaration pursuant to section 128(1) of the Act that such persons have not complied with Ontario securities law, and that if such declaration be made, the Superior court of Justice make such orders pursuant to section 128(3) of the Act as it considers appropriate.

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

DATED at Toronto this 5th day of October, 2005.

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

AND

**IN THE MATTER OF
PORTUS ALTERNATIVE ASSET MANAGEMENT INC.,
PORTUS ASSET MANAGEMENT INC., BOAZ MANOR,
MICHAEL MENDELSON, MICHAEL LABANOWICH
AND JOHN OGG**

**STATEMENT OF ALLEGATIONS
OF STAFF OF THE
ONTARIO SECURITIES COMMISSION**

1. Further to a Notice of Hearing dated October 5, 2005, Staff of the Ontario Securities Commission ("Staff") make the following allegations:
 - I. BACKGROUND**
 - A. The Respondents**
 2. Portus Alternative Asset Management Inc. ("PAAM"), formerly Paradigm Alternative Asset Management Inc., is a corporation incorporated pursuant to the laws of Ontario on January 10, 2003. PAAM's headquarters are located in Toronto.
 3. On March 14, 2003, PAAM was registered with the Ontario Securities Commission (the "Commission") as an Investment Counsel & Portfolio Manager ("IC/PM") and Limited Market Dealer ("LMD"). PAAM was similarly registered in all other Canadian jurisdictions with the exception of Quebec. PAAM developed the financial products, distributed directly and indirectly to both accredited and retail investors, that are the subject of this proceeding.
 4. Paradigm Asset Management Inc. is a corporation incorporated pursuant to the laws of Ontario on January 8, 2003. Portus Asset Management Inc. is a corporation incorporated pursuant to the laws of Ontario on May 12, 2004. These two entities were amalgamated on May 27, 2004 and the combined entity was continued as Portus Asset Management Inc. (all three entities hereinafter collectively referred to as "PAM"). At all material times, PAM operated out of the same business premises as PAAM in Toronto. PAM was identified as the Fund Manager for the investment products offered by PAAM.
 5. Portus Alternative Asset Management Inc. (BVI) ("PAAM BVI"), formerly Paradigm Alternative Asset Management Inc. (BVI), is a shell corporation incorporated pursuant to the laws of the British Virgin Islands on December 10, 2003.

6. At all material times, the business and affairs of PAAM, PAAM BVI and PAM were so inextricably intertwined that PAAM, PAAM BVI and PAM operated as a single functional entity. They are therefore referred to herein collectively as "Portus".
 7. Boaz Manor ("Manor") was the President and Director of PAAM from its inception until March 4, 2005, when KPMG Inc. ("KPMG") was appointed Receiver over the assets, undertakings and properties of PAAM, PAM and other related entities (the "Receivership"). On February 19, 2003, Manor was registered with the Commission as the Associate Portfolio Manager for PAAM. Manor also held the positions of President and Secretary for PAM from January 8, 2003 to April of 2003. Manor was the chief architect of all of the investment products that are the subject of this proceeding and was a directing mind of all of the entities involved in those products.
 8. Michael Mendelson ("Mendelson") became the President and Director of PAM in April of 2003, for no consideration. In or about November of 2004, Mendelson took steps (the validity of which are at issue) to transfer the ownership of PAM to a non-arms length third party and ultimately back to Manor, for no consideration. Mendelson remained as Chief Executive Officer of PAM until his employment was terminated as a consequence of the Receivership on March 4, 2005. Mendelson was a directing mind of all of the entities involved in the investment products that are the subject of this proceeding.
 9. Michael Labanowich ("Labanowich") was Chief Compliance Officer for Portus from approximately January 15, 2003 to May 20, 2004. Labanowich "rented" his Investment Counsel/Portfolio Manager's license to Portus from February 19, 2003 to January 20, 2005, the effective date of his resignation from Portus. Labanowich was involved with the design and implementation of the Market Neutral Preservation Fund, which was the first investment product offered by Portus.
 10. From July of 2003 to May 20, 2004, John Ogg's ("Ogg") primary responsibilities at Portus were to negotiate "referral" agreements with dealers and to create a compliant operational structure for Portus. On May 20, 2004, Ogg was designated as Chief Compliance Officer. He held this position until March 4, 2005, at which time his employment was terminated as a consequence of the Receivership.
- B. Additional Entities Used in the Investment Products Offered by Portus**
11. Numerous additional corporate entities were established and controlled by Manor in an effort to create the illusion of legitimacy with respect to the

investment products at issue in this proceeding. No legitimate business purpose was served by the activities of these entities.

12. Premiers Dérives Paris Inc. ("PDP") is a corporation incorporated in the Cayman Islands. John Dallas Campbell ("Campbell"), a high school friend of Manor with no significant prior experience or training in the investment industry, is the sole shareholder and Chief Executive Officer of this entity. Manor directed all functions performed by PDP. PDP was misrepresented to be an arms-length offshore counterparty to the Trusts (as defined in paragraph 22 below).
13. BNote Management Inc. ("BNote Management") is a corporation incorporated in the Cayman Islands. Campbell is the sole shareholder and Chief Executive Officer of this entity; however, Manor directed all functions performed by BNote Management. BNote Management was misrepresented to be an arms-length offshore counterparty to the Trusts (as defined in paragraph 22 below).
14. BancNote Corp. was incorporated pursuant to the laws of Ontario on August 8, 2003. Mendelson was the first Director of BancNote Corp. Campbell initially held the position of President and Secretary of BancNote Corp. but became its Director on August 9, 2003. At all material times, Manor directed all functions of BancNote Corp. and Manor and/or Mendelson had signing authority with respect to the bank accounts held by or on behalf of BancNote Corp. As described herein, BancNote Corp. is one of the primary entities through which investors' funds were improperly taken by Portus.
15. Manor caused additional corporate entities to be created in offshore jurisdictions including PDP Prudent Growth Management Inc., Edinburgh Estates S.A. Fund, AR Pioneer Fund, Eidolon Inc. and Galway Trust SA. These entities were used for the movement of investors' funds through the investment structures offered by Portus for no legitimate business purpose.

II. THE DOMESTIC INVESTMENT STRUCTURES

A. The Market Neutral Preservation Fund – Purported Structure

16. Portus' first product, the Market Neutral Preservation Fund (the "MNPF"), was launched in February of 2003 and closed in or about May of 2003. Approximately \$19.2 million was invested in the MNPF primarily by Canadian investors with approximately \$14 million, net of redemptions, remaining outstanding.
17. The MNPF was a non-prospectus qualified mutual fund offered directly to accredited investors by

way of Offering Memorandum in reliance upon the accredited investor exemption set out in section 2.3 of OSC Rule 45-501. Units of the MNPF were sold by investment dealers to their clients.

18. Portus was the adviser and manager to the MNPF and the MNB Trust (the value of the units of which establish the returns achieved by investors in the MNPF).
19. The material elements of the MNPF structure were alleged by Portus to be as follows:
 - (a) the MNPF used investor funds to purchase four Canadian non-dividend paying securities (the "Canadian Basket");
 - (b) the MNPF entered into a Forward Contract with a counterparty, the Royal Bank of Canada ("RBC"), such that RBC agreed to pay to the MNPF, on maturity, an amount equal to the redemption proceeds of notional units of the MNB Trust in exchange for the delivery of the Canadian Basket;
 - (c) RBC executed a short sale of securities equivalent to the Canadian Basket. To effect the sale, RBC borrowed the equivalent securities from RBC Dominion Securities ("RBC DS") and funded and delivered collateral to RBC DS in the form of fixed income securities;
 - (d) RBC used the proceeds of the short sale to acquire units of the MNB Trust; and
 - (e) the MNB Trust investments consisted primarily of: a zero coupon bond; iUnits of Government of Canada 5 year bond fund (iUnits); option contracts having as their underlying asset a fund of hedge funds selected by Portus from the Lyxor platform; and forward purchase and sale agreements which obligated the MNB Trust to swap, at the forward date, the value of the iUnits for a predetermined value (approximately \$3 million) and the value of a reference portfolio consisting of securities of Edinburgh Estates S.A.
20. Based on the foregoing, for the MNPF to realize value, the MNB Trust was required to dispose of its assets for cash and then distribute its net asset value to RBC, as its sole unitholder. Pursuant to the RBC Forward Contract, RBC would then deliver the net asset value of the MNB Trust units held by it to the MNPF and the MNPF would deliver the Canadian Basket to RBC. RBC would then use the Canadian Basket to repay the securities loan used for the short sale. The MNPF could then distribute proceeds equal to the net

asset value of the MNB Trust units to the MNPF investors.

B. The Market Neutral Preservation Fund – Implementation

21. The MNB Trust did not purchase the iUnits referred to in subparagraph 19(e) above. These funds (approximately \$5.9 million) appear to have been transferred to other entities of the Portus group rather than being invested on behalf of investors in the MNPF.

C. The BancNote and BancLife Trust Series – Purported Structure

22. In July of 2003, following the close of the MNPF, Portus began offering the BancNote Trust series and, subsequently, the BancLife Trust series (collectively, the "Trusts") products.
23. In or about July of 2003, Portus began opening managed accounts for clients. Through these managed accounts, clients were to receive the economic value of units in the Trusts with a guaranteed return of at least the principal invested. In addition, the structure was to provide investors with: favourable tax treatment (through the use of derivatives involving arms-length offshore counterparties); 100% Canadian content for registered accounts; and a possible up-side return based on the performance of underlying hedge funds (Portus' promotional materials indicated an historical annual return of 7%).
24. The BancLife Trust structure was virtually identical to the BancNote Trust structure except that a death benefit group term life policy was attached. The death benefit available pursuant to the policy was equal to 20% of the original amount deposited in the structure, up to a maximum deposit of \$100,000 and a maximum death benefit of \$20,000. Benefits were alleged to be payable to beneficiaries on a tax-free basis.
25. In total, approximately \$730 million was invested in the Trusts by approximately 25,000 Canadian investors, the majority of whom are resident in Ontario. Approximately half of these investors invested in tax-deferred plans such as RRSPs and RRIFs.
26. The outstanding series of the BancNote Trust are Series II, III, IV, V, VI, VIa, VIII, VIIIa, X, Xa, XII and XIIa. The outstanding series of the BancLife Trust are Series I and II.
27. The investment structure used by Portus to achieve the above result/return and tax benefits was purported to be as follows:

Step 1: The Referral Process:

Clients were “referred” to Portus by referral agents, both registered and unregistered. Referral agents received a referral fee comprised of 4%-5% of the account contribution made and a trailer fee comprised of 1% of Portus’ assets under management and 25% of any performance fee earned by Portus.

Step 2: Opening a Managed Account:

Clients and/or their referring agent completed an account application form and sent it to PAAM together with their account contribution (a minimum contribution of \$5,000 was required). By signing the application form, clients accepted the terms of the managed account agreement which they were provided by their referring agent. Portus then purported to open a “discretionary managed account” for its clients.

Step 3: The Purchase of Equities and Options:

An alleged arms-length offshore counterparty (PDP) purchased Canadian equities (the “Canadian Equities”), on a weekly basis, on behalf of Portus’ clients. Portus, on behalf of its clients, then entered into option contracts with the alleged arms-length offshore counterparties (PDP and BNote Management) which had the effect of a swap such that, at maturity, the economic value of the units of the Trusts would be swapped for the economic value of the Canadian Equities. The option contracts were over-the-counter derivative contracts which were not prospectus qualified.

Step 4: The Purchase of Trust Units:

BNote Management purchased units of the various Trust series. BNote Management and Manor are the only unitholders of the Trusts (with Manor allegedly having nominally seeded each of the Trust series).

Step 5: The Purchase of the Notes:

The Trusts purchased five to seven year notes issued by Société Générale Canada (SGC) which were to be principal protected, if held to maturity (the “Notes”). The return on the Notes, at maturity, was the greater of the principal amount invested or the returns achieved by an underlying fund of hedge funds selected by Portus from the Lyxor platform.

D. The BancNote and BancLife Trusts – Implementation

28. The investment structure described above was not, in fact, implemented by Portus in that:

- (a) the Canadian Equities were not purchased;
- (b) the BancNote Trust Series III through XIIa, were not validly constituted;
- (c) the option agreements with the counterparties were not valid; and
- (d) the counterparties were not arms-length but instead, were entities created and controlled by Manor with a view to creating the illusion of legitimacy for the Trust structures.

29. Portus did not actively manage clients’ individual accounts and did not provide any initial or ongoing portfolio management services or advice to investors.

30. In reality, clients’ funds (with the exception of approximately 13.3% which was improperly used by Portus, as set out in paragraphs 47 - 50 below) were pooled and invested directly into the Trusts, regardless of suitability.

31. The Trusts are non-prospectus qualified mutual funds. Subject to certain enumerated exemptions, the distribution of the securities of a mutual fund to investors without filing prospectuses is contrary to section 53 of the *Securities Act*, R.S.O. 1990. c. S.5, as amended (the “Act”) which prohibits such distribution unless a preliminary prospectus and prospectus have been filed and receipts therefor obtained. In addition, in accordance with subsection 25(1)(a) of the Act, in the absence of an applicable exemption, entities are not permitted to trade in securities without being registered appropriately.

32. As a consequence of the foregoing, none of the exemptions from the registration and prospectus requirements contained in the Act were available to Portus and Portus’ conduct was in breach of sections 53 and 25 of the Act.

III THE OFFSHORE INVESTMENT STRUCTURE

A. Offshore Structure - Purported Structure

33. From late 2003 until the Receivership, Portus purported to offer an identical investment structure to that of the Trusts for clients who opened international accounts (the “Offshore Structure”). Investments in this structure were made in US dollars.

34. The client documentation and marketing information prepared for the Offshore Structure were the same in all material respects to that of the Trusts. Portus’ staff in Toronto performed all sales and back-office administration for the

Offshore Structure in substantially the same manner as for the Trusts.

35. Approximately 900 accounts were opened with respect to the Offshore Structure with funds totalling approximately \$52.8 million (US). The majority of the clients in the Offshore Structure were Canadian investors.

B. Offshore Structure – Implementation

36. All of the documentation (including electronic data) with respect to the Offshore Structure was deleted or destroyed at Manor's direction. Staff's investigation of the Offshore Structure has been seriously and irreparably harmed as a consequence of Manor's conduct in this respect. There is no evidence of the existence of the Offshore Structure as represented by Portus.

37. None of the funds invested by clients were actually placed in the purported Offshore Structure. Rather, under the direction of Manor, these funds were transferred between numerous companies and bank accounts in multiple jurisdictions on three continents for no apparent business purpose.

38. To date the Receiver has frozen \$35.2 million (US) of the \$52.8 million (US) invested. Of the remaining \$17.6 million (US), \$11 million (US) was used by Manor to purchase precious metals and stones, \$2,722,000 (US) was used by Manor to pay legal fees and cash of at least (Euro) 1.6 million was withdrawn by Manor in Europe. Manor has failed or refused to return these funds and assets to investors.

IV. "COMPLIANCE" DEFICIENCIES AT PORTUS

39. Staff conducted an investigation and compliance review of Portus between January 24, 2005 and February 18, 2005 (the "Review"). During the Review, the following compliance deficiencies were noted in relation to the purported investment structures being offered by Portus:

- (a) Portus did not properly collect and assess Know Your Client ("KYC") and suitability information, contrary to subsection 1.5(1) of OSC Rule 31-505, in that:

- i. suitability assessments were not performed prior to October of 2004;
- ii. suitability information collected was inadequate, incomplete and not properly followed-up;
- iii. all clients were put into the same investment structure; and

- iv. no client applications were rejected for suitability reasons.

- (b) Portus maintained deficient and, in some instances, no books and records, contrary to subsection 19(1) of the Act, and subsections 113(1), 113(3)1, 113(3)6 and 113(3)10 of Regulation 1015 to the Act, and Portus failed to provide Staff with numerous books and records required to be maintained, contrary to subsection 19(3) of the Act, in that:

- i. records of monthly calculations of minimum free capital were not prepared or maintained;
- ii. trade instructions were not maintained regarding the alleged purchase and sale of securities;
- iii. the trades allegedly conducted on behalf of the Trusts were not contained in the trading blotter;
- iv. Staff were not provided with: sufficient evidence to ascertain client holdings, ledgers and/or other records that accurately reflect assets, liabilities, income, expenses and capital accounts; back-up information regarding Net Asset Value calculations; supporting documentation regarding performance data included in marketing materials; and, accurate and, in some cases any, back-up support for the alleged reconciliation of deposits and investments prepared by Ali Hamid; and

- v. Minutes of board of directors', management, portfolio management and executive meetings were either not kept or were withheld from Staff.

- (c) The activities of Manor, as Associate Portfolio Manager, were not the subject of review by Labanowich, as Senior Portfolio Manager, contrary to subsections 3.3(2) and (3) of OSC Rule 31-502;

- (d) Portus engaged in improper or inadequate pricing of the units of the Trusts, contrary to subsection 116(1) of the Act and 2.1 of OSC Rule 31-505, in that:

- i. prices were calculated exclusively by Manor with a view to creating the perception of linear growth. This was not in accordance with the manner of pricing disclosed in the relevant offering memoranda;
 - (e) Interim or audited financial statements of the Trusts were not filed with the Commission, contrary to subsections 77(2) and 78(1) of the Act; and
 - (f) Portus maintained inadequate policies, procedures and internal controls in several key areas of business, contrary to subsection 1.2 of OSC Rule 31-505, in that:
 - i. the written policies and procedures manuals for Portus' IC/PM management operations did not adequately address several key issues, including but not limited to: the collection and updating of KYC and suitability information; the preparation, review and monitoring of monthly capital calculations; the preparation and maintenance of trade orders; and the performance of research;
 - ii. Portus did not follow all of the policies and procedures contained in its procedures manual (e.g. money laundering and supervision of Associate Portfolio Manager);
 - iii. written policies and procedures for Fund Manager activities did not exist and oversight of Fund Manager activities was inadequate;
 - iv. the following weaknesses in internal controls were identified: funds were deposited into bank accounts that were not designated as trust accounts; there was a co-mingling of the BancNote and BancLife Trusts' assets into one broker account with the account name "Market Neutral Preservation Fund"; separate accounts were not established for the cash and underlying investments for each series of the Trusts, all of the notes and invested cash received from investors in the Trusts were co-mingled in the MNPF accounts; the cash and investments from the MNB Trust were also held in the MNPF account where they were also co-mingled with the cash and underlying investments for each series of the Trusts; cheques were accepted on which the payee was not identified as PAAM; inadequate reviews were performed with respect to referral agreements, client statements, client confirmations and bank account reconciliations; bank reconciliations were not prepared; ongoing monitoring of clients' holdings was not performed; and
 - v. Portus' most recent statement of policies was not filed with the Commission, contrary to paragraph 223(3)(a) of the Regulation.
- 40. In an effort to conceal the illegality of the investments being offered by Portus and to further conceal Portus' improper and undisclosed use of client funds (as described in paragraphs 47 - 50 below), Manor alleged that the above deficiencies were matters of compliance.
 - 41. In fact, had proper record-keeping been performed, the impropriety and/or illegality of the structures would have been self-evident.
 - 42. Despite his position as Chief Compliance Officer of Portus from January 15, 2003 to May 20, 2004 and his written acknowledgements of that designation to the Commission, Labanowich did not perform a compliance function at Portus at any time. Further, Labanowich "rented" his IC/PM license to Portus for the duration of his employment and took on none of the associated legal duties and responsibilities. Portus required Labanowich's IC/PM license to function in accordance with its registration.
 - 43. Labanowich, in his capacity as IC/PM and Chief Compliance Officer for Portus, should have been aware of the above-listed deficiencies. Further, it is Staff's position that Labanowich should have taken all reasonable steps, commensurate with his registration status, his position at Portus and his corresponding duties to investors, to remedy such deficiencies and to determine whether such deficiencies were, in fact, indicia that the investment structures being offered by Portus were not as they were alleged to be.
 - 44. Given their prevalence and significance, Ogg, in his capacity as Chief Compliance Officer for Portus from May 20, 2004 to March 4, 2005,

should also have known of the above-listed deficiencies. It is the position of Staff that he too should have taken all reasonable steps, commensurate with his position at Portus and his corresponding duties to investors, to remedy such deficiencies and to determine whether such deficiencies were, in fact, indicia that the investment structures being offered by Portus were not as they were alleged to be.

V. INVESTORS WERE MISLED

A. The Nature of the Investment was not Adequately Disclosed

45. Conflicting information was provided to clients as to the nature of their investment. Clients were led to believe through marketing, client confirmations and other materials prepared and disseminated by Portus that they were investing directly in the Trusts. However, clients were, concurrently, required to sign managed account agreements granting Portus full discretion over their investments and were led to believe that their investments would receive favourable tax treatment.

46. In addition, employees of Portus and, as a consequence, referring agents, were not provided with an accurate description of the investment products offered by Portus and, therefore, largely believed that the structure was such that clients were investing directly in the Trusts (both domestic and offshore). This belief was routinely conveyed to clients of Portus by Portus' wholesalers and employees and by referral agents.

B. The "Fees" Taken Were Not Disclosed to Investors

47. In relation to the investment structures (both domestic and offshore), the fee disclosure made by Portus was contained in the managed account agreement which describes the applicable fees as 2.25% of the market value of the assets in each managed account plus 18% of the growth in the market value of these assets over and above their previous highest market value. Pursuant to the disclosure, these fees were to be calculated and accrued weekly and paid at the end of each quarter.

48. The offering memorandum for the Trusts (which was, but should not have been, provided to investors) described the fees for unitholders identically to the disclosure contained in the above-referenced managed account agreement.

49. In contrast to its disclosure, Portus took approximately 13.3% of the principal invested by clients prior to the investment of funds (approximately \$95.4 million) and allegedly used

those funds for the ongoing operations of Portus. For instance, a portion of these funds were used to pay management fees, performance fees, referral fees (4% or 5%), trailer fees (1% plus other performance fees) and salaries. These funds were also used to satisfy redemption requests. Portus has not provided Staff with an adequate or complete accounting of the remainder of these funds.

50. The aforementioned use of investor funds means that the operation was not sustainable without the infusion of new funds from investors.

VI. MANOR MATERIALLY MISLED STAFF

51. During the Review Manor provided Staff with false or misleading information in an effort to conceal: the illegality of the investment structures offered by Portus; the inappropriate and undisclosed use of investors' funds to fund the ongoing operations of Portus; and Manor's personal use of investors' funds. Specifically:

(a) late in the evening of February 16, 2005 and continuing until early in the morning on February 17, 2005, under Manor's direction: electronic files were deleted; email accounts were deleted; servers were re-formatted; and the hard drives of approximately 60 desktops and 30 laptops were re-formatted. Staff cannot determine the exact content of this data. However, document recovery results confirm that client records were included in the data;

(b) late in the evening of February 16, 2005 and continuing until early in the morning on February 17, 2005, Manor systematically collected all back-up tapes and duplicate electronic copies of the records referred to in subparagraph (a) above. Manor has failed or refused to produce all of these tapes and records to Staff;

(c) late in the evening of February 16, 2005 and continuing until early in the morning on February 17, 2005, under Manor's direction, voluminous paper files, the exact content of which cannot be known by Staff, were removed or destroyed. Such documentation included materials with respect to the Offshore Structure;

(d) in or about February of 2005, Manor collected documentation evidencing the movement of funds with respect to the Offshore Structure from his legal counsel, Anthony Malcolm. Manor has failed or refused to produce such documentation to Staff;

- (e) during the Review, documents were created by temporary employees hired by Manor to work during the evenings out of office space located in First Canadian Place and elsewhere. They include documents evidencing the purchase of the Canadian Equities and documents evidencing the option contracts. When necessary, Manor directed Campbell to sign the above documentation prior to presentation to Staff and the documentation was back-dated;
- (f) Manor repeatedly reiterated to Staff that the investment structures offered by Portus were as set out in paragraphs 23 - 27 above. By way of example:
 - i. Manor told Staff that the alleged counterparties for the Trusts were resident offshore and were arms' length; and
 - ii. Manor told Staff that the Canadian Equities were purchased by a counterparty (PDP) and were held in client name (although Manor later told Staff that PDP did not, in fact, purchase the Canadian Equities but was obliged to do so in five years' time); and
- (g) Manor obstructed the Review and Staff's ongoing investigation of this matter by: refusing to answer questions about the Offshore Structure; directing employees of Portus not to discuss the Offshore Structure with Staff; directing the destruction of all documents relating to the Offshore Structure; instructing Campbell to remain outside of Ontario and not to speak to Staff; and fleeing the jurisdiction.

VII. BREACHES OF ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

52. It is the position of Staff that the conduct engaged in by the respondents constituted breaches of Ontario securities law and conduct contrary to the public interest in that:

- (a) with respect to the Trusts and the Offshore Structure, Portus, under the direction of Manor, engaged in the distribution of securities without filing prospectuses and obtaining receipts therefor contrary to section 53(1) of the Act, in circumstances where the exemptions were unavailable, or where reliance on exemptions constituted an abuse of the exemptions contrary to the purposes and objects of the Act;
- (b) with respect to the Trusts and the Offshore Structure, Portus, under the direction of Manor, traded in units of the Trusts without being registered to do so, contrary to section 25(1)(a) of the Act, in circumstances where exemptions were unavailable, or where reliance on exemptions constituted an abuse of the exemptions contrary to the purposes and objects of the Act;
- (c) Portus misrepresented the nature of the investments being made by investors and the fees associated with those investments;
- (d) investors were deprived of the protections afforded by prospectus disclosure; continuous disclosure filings; the liquidity and transparency afforded by an exchange-traded investment; and industry protection fund coverage;
- (e) by engaging in the conduct described herein, Portus and each of Manor, Mendelson, Labanowich and Ogg, failed to deal fairly, honestly and in good faith with clients, contrary to sections 2.1(1) and 2.1(2) of OSC Rule 31-505 respectively;
- (f) by engaging in the conduct described herein, Portus failed to exercise its powers and discharge its duties as a Fund Manager honestly, in good faith, and in the best interests of the mutual funds and, in connection therewith, failed to exercise the degree of care, diligence and skill expected of a reasonably prudent Fund Manager in the circumstances, contrary to section 116(1) of the Act;
- (g) as a consequence of their positions of seniority and responsibility at Portus, Manor, Mendelson, Labanowich, and Ogg authorized, permitted or acquiesced in Portus' violations of the requirements of Ontario securities laws and breaches of duty described in subparagraphs (a)-(f) above;
- (h) Manor knowingly made statements and provided evidence and information to Staff that was materially misleading or untrue in an effort to hide the violations of Ontario securities laws and breaches of duty described in subparagraphs (a)-(f) above;

- (i) the course of conduct engaged in by Manor, Mendelson, Labanowich and Ogg as described herein compromised the integrity of Ontario's capital markets, was abusive to Ontario's capital markets and was contrary to the public interest.

53. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED AT TORONTO this 5th day of October, 2005

1.3 News Releases

1.3.1 Portus Alternative Asset Management Inc.

FOR IMMEDIATE RELEASE
October 5, 2005

**OSC COMMENCES PROCEEDINGS AGAINST
PORTUS ALTERNATIVE ASSET MANAGEMENT INC.,
PORTUS ASSET MANAGEMENT INC., BOAZ MANOR,
MICHAEL MENDELSON, MICHAEL LABANOWICH
AND JOHN OGG**

TORONTO –A Notice of Hearing has been issued by the Ontario Securities Commission (the "Commission") and a Statement of Allegations delivered to commence a public interest hearing before the Commission with respect to Portus Alternative Asset Management Inc. ("PAAM"), Portus Asset Management Inc. ("PAM"), Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg.

Staff of the Commission ("Staff") also filed charges with the Ontario Court of Justice against Manor under section 122 of the *Securities Act*.

Staff allege that between approximately January of 2003 and August of 2005, PAAM, PAM and a shell company incorporated in the British Virgin Islands, PAAM BVI (collectively "Portus"), engaged in an illegal distribution of securities. Portus did so by offering units of non-prospectus qualified mutual funds directly to retail investors. In addition, retail investors were not given adequate disclosure as to the investments being made and the fees associated with those investments. Staff allege that investors were misled into believing that the investment structures offered by Portus would provide them with principal protection, favourable tax treatment and 100% Canadian content for registered accounts.

In total, approximately 26,000 Canadian investors, the majority of whom reside in Ontario, invested approximately \$750 million (Cdn) in the domestic structures offered by Portus and \$52 million (US) in the offshore structure offered by Portus. With respect to the domestic structure, Staff allege that approximately \$95.4 million was improperly diverted by Portus to pay fees (including referral and trailer fees), to fund Portus' ongoing administrative costs, and to fund redemptions. Staff also allege that Portus' use of these funds shows that its operations could not be sustained without the continual infusion of new investor money.

In addition, Staff allege that none of the funds collected by Portus for investment in the purported offshore structure was actually invested. Instead, Manor, the directing mind and chief architect of all of the investments offered by Portus, personally withdrew approximately EURO €1.6 million in cash, used approximately USD \$2.7 million for the payment of his legal fees in connection with the matters at issue, and used approximately USD \$11 million for the purchase of gems and precious metals. Manor has failed or refused to return these funds and assets to investors.

At the request of the Commission, on March 4, 2005, KPMG was appointed Receiver over the assets, undertakings and property of the Portus group of companies and other related entities. KPMG is continuing its efforts to locate and secure assets for ultimate distribution to investors. The results of KPMG's efforts to date are set out in its Ninth Report to the Court dated September 19, 2005, a copy of which can be found on KPMG's website (www.kpmg.ca).

Staff also allege that Manor intentionally and irreparably frustrated their investigation of this matter by deleting and destroying all data associated with the offshore structure and numerous client and other records relating to the domestic investment structures. Staff allege that Manor created numerous false documents in an effort to hide the true use of investors' funds.

Manor's conduct as the chief architect and directing mind of the illegal distributions and his conduct in directing the destruction and falsification of documents is the subject of the charges filed in the Ontario Court of Justice. Specifically, Manor is charged under subsection 122(1)(a) of the Act with destroying material documents and submitting misleading information to the Commission. Manor is also charged under subsection 122(1)(c) of the Act with: (i) directing the trading of non-prospectus qualified mutual funds without proper registration, contrary to section 25 of the Act and; (ii) directing the distribution of units in such funds without having filed a preliminary prospectus and prospectus and obtaining receipts therefor, contrary to section 53 of the Act.

Manor fled to Israel in early April during Staff's investigation of these matters and has not returned to Canada.

As set out in the Statement of Allegations, Staff allege that the remaining individual respondents knew or ought to have known, by virtue of their positions of seniority, of the improper conduct engaged in by Portus. Staff allege that Michael Mendelson was a directing mind of all of the entities in the Portus group. Mendelson was officially designated as President and/or CEO of PAM. Michael Labanowich was Portus' registered Investment Counsel and Portfolio Manager and was designated as Portus' Chief Compliance Officer until May of 2004, at which time John Ogg assumed the designation of Chief Compliance Officer.

The charges filed against Boaz Manor ([Information](#)) and the [Notice of Hearing](#) and [Statement of Allegations](#) are available on the OSC's website (www.osc.gov.on.ca).

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Director, Communications
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416 593-8120

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

1.3.2 Norshield Asset Management (Canada) Ltd. and Olympus

FOR IMMEDIATE RELEASE
October 5, 2005

OSC EXTENDS TEMPORARY ORDERS AGAINST NORSHIELD AND OLYMPUS

TORONTO – The Ontario Securities Commission (the "Commission") issued an order today adjourning the hearing to consider whether the temporary order issued on May 20, 2005 suspending the registration of Norshield Asset Management (Canada) Ltd. ("Norshield") should be extended, until December 12, 2005. On consent, the Commission continued the temporary order pending the hearing on December 12, 2005.

In addition, the Commission issued an order today adjourning the hearing to consider whether the temporary orders issued on May 13, 2005 and May 20, 2005 suspending Olympus' registration and precluding redemptions should be extended, until December 12, 2005. On consent, the Commission continued the temporary orders pending the hearing on December 12, 2005.

As a result of the Orders issued today, the protections put in place by the temporary orders will remain in effect. In addition, RSM Richter Inc. remains in place as receiver over the assets, undertakings and property of Norshield, Olympus and other related entities. Richter's mandate is to locate and secure assets in the best interests of investors and other creditors.

Copies of the Orders against Norshield and Olympus are available on the OSC website (www.osc.gov.on.ca).

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1.3.3 Momentas Corporation

FOR IMMEDIATE RELEASE
October 5, 2005

OSC HEARING SCHEDULED
IN THE MATTER OF MOMENTAS CORPORATION

Toronto – The hearing in this matter has been scheduled for five days commencing April 3, 2006.

Copies of the Notice of Hearing, the Statement of Allegations and related Orders of the OSC are made available on the OSC's website (www.osc.gov.on.ca).

For Media Inquiries: Eric Pelletier
Manager, Communications
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1.3.4 CSA News Release - Canadian securities regulators release improved mining disclosure rules

FOR IMMEDIATE RELEASE

CANADIAN SECURITIES REGULATORS RELEASE
IMPROVED MINING DISCLOSURE RULES

Oct. 7, 2005 - Vancouver – The Canadian Securities Administrators (CSA) has improved the rules for mining disclosure by making them more practical and user-friendly to help mining issuers cut compliance costs while maintaining investor confidence in the disclosure across Canada.

Today, the CSA published new versions of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* and Form 43-101F1 *Technical Report* that will replace the rules for mining disclosure that have been in effect since Feb. 1, 2001.

The Companion Policy 43-101CP, which includes explanations, discussion and examples on how the CSA will interpret and apply the instrument, will also be replaced.

The CSA monitored and evaluated the mining disclosure rules that were put in place in 2001 and the amendments reflect changes that have occurred since then in the mining industry, simplify the drafting, provide exemptions in specified circumstances and generally make the current NI 43-101 more user-friendly and practical. The changes come after the proposed amendments were published publicly in late-2004 with more than 60 submissions received from 58 commenters during the comment period.

The changed rules are expected to come in force in every province and territory across Canada on Dec. 30, 2005, subject to ministerial approvals where required. The notice, details of the amendments, and the CSA's response to the comments are available on the websites of several provincial securities commissions.

The CSA, the council of the securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

Media contacts:

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Philippe Roy
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**1.3.5 OSC Hearing in the Matter of Hollinger Inc.,
Conrad Black, F. David Radler, John A.
Boulton, and Peter Y. Atkinson to Continue
November 16 2005**

**FOR IMMEDIATE RELEASE
October 11, 2005**

**OSC HEARING IN THE MATTER OF
HOLLINGER INC., CONRAD BLACK,
F. DAVID RADLER,
JOHN A. BOULTON, AND PETER Y. ATKINSON
TO CONTINUE NOVEMBER 16 2005**

TORONTO – The set-date hearing before the Ontario Securities Commission in relation to Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boulton, and Peter Y. Atkinson was today scheduled to continue on November 16, 2005 at 9:00 a.m. At that time, further submissions from OSC Staff and counsel for the respondents regarding the scheduling of the hearing will be heard.

A copy of the Notice of Hearing issued on March 18, 2005 and Statement of Allegations are available on the Commission's website (www.osc.gov.on.ca).

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1.3.6 Christopher Freeman

**FOR IMMEDIATE RELEASE
October 12, 2005**

**IN THE MATTER OF
CHRISTOPHER FREEMAN**

TORONTO – On request of the respondent, Christopher Freeman, the Ontario Securities Commission ordered that the hearing in this matter which was scheduled to proceed on October 12, 2005 be adjourned to a two day hearing commencing on March 2, 2006 at the offices of the Commission, 20 Queen Street West, Toronto. The hearing is scheduled to proceed on March 2 and 3, 2006.

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

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1.4 Notices from the Office of the Secretary

1.4.1 Portus Alternative Asset Management Inc. et al.

**FOR IMMEDIATE RELEASE
October 5, 2005**

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

AND

**IN THE MATTER OF
PORTUS ALTERNATIVE ASSET MANAGEMENT INC.,
PORTUS ASSET MANAGEMENT INC., BOAZ MANOR,
MICHAEL MENDELSON, MICHAEL LABANOWICH
AND JOHN OGG**

TORONTO – The Commission issued a Notice of Hearing with attached Statement of Allegations scheduling a hearing on November 14, 2005 at 10:00 a.m. in the Large Hearing Room in the above named matter.

A copy of the Notice of Hearing with Statement of Allegations is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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416-593-8314
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1.4.2 Momentas Corporation et al.

FOR IMMEDIATE RELEASE
October 5, 2005

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

AND

IN THE MATTER OF
MOMENTAS CORPORATION, HOWARD RASH,
ALEXANDER FUNT, SUZANNE MORRISON
AND MALCOLM ROGERS
(Sections 127 and 127.1)

TORONTO – The Commission issued an Order scheduling the Hearing in the above named matter for five days commencing April 3, 2006.

A copy of the Order is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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416-593-8314
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1.4.3 Olympus United Group Inc.

FOR IMMEDIATE RELEASE
October 5, 2005

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

AND

IN THE MATTER OF
OLYMPUS UNITED GROUP INC.

TORONTO – The hearing to consider whether to extend the temporary orders made by the Commission on May 13, 2005 and May 20, 2005, is adjourned until December 12, 2005 at 10:00 a.m.

A copy of the Order is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

1.4.4 Norshield Asset Management (Canada) Ltd.

**FOR IMMEDIATE RELEASE
October 5, 2005**

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

AND

**IN THE MATTER OF
NORSHIELD ASSET MANAGEMENT (CANADA) LTD.**

TORONTO – The hearing to consider whether to extend the suspension of Norshield's registration pursuant to the temporary order issued on May 20, 2005 is adjourned until December 12, 2005.

A copy of the Order is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.5 Andrew Curragh et al.

**FOR IMMEDIATE RELEASE
October 6, 2005**

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

AND

**IN THE MATTER OF
A PROCEEDING
BROUGHT PURSUANT TO
SECTION 127 OF THE ACT**

**IN THE MATTER OF
ANDREW CURRAH, COLIN HALANEN,
JOSEPH DAMM, NICHOLAS WEIR,
PENNY CURRAH AND WARREN HAWKINS**

TORONTO – The Commission issued an Order that the hearing on the merits in the above matter be scheduled for a one month period commencing November 1, 2005.

A copy of the Order is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Alcatel Canada Inc. - s. 83

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., s. 83.

October 5, 2005

Stikeman Elliott LLP
5300 Commerce Court
199 Bay Street
Toronto, ON M5L 1B9

Attn: Tanya Padberg

Dear Ms. Padberg:

**Re: Alcatel Canada Inc. (the "Applicant") -
Application to Cease to be a Reporting Issuer
under the securities legislation of Ontario,
Alberta, Saskatchewan, Manitoba,
Newfoundland and Labrador, Nova Scotia and
New Brunswick (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:

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

- 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.

"Erez Blumberger"
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.2 Morguard Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications — part-time non-executive chair of ‘affiliated entity’ of issuer deemed to have a ‘material relationship’ with issuer and therefore is precluded from being member of audit committee of issuer — exemption granted to part-time non-executive chair of ‘affiliated entity’ in respect of provision of legislation that deems individual to have ‘material relationship’ with issuer by virtue of being an ‘affiliated entity’ of issuer – subject to conditions including that individual only occupy positions on part-time basis.

Applicable Ontario Rules

Multilateral Instrument 52-110 Audit Committees, s. 1.5 and 8.1.
Mutual Reliance Review System for Exemptive Relief Applications.

September 28, 2005

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

AND

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

AND

IN THE MATTER OF
MORGUARD CORPORATION (the “Filer”)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the “Decision Maker”) in each of Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador and Northwest Territories (the “Jurisdictions”) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that an exemption from the independence requirements of Multilateral Instrument 52-110 – *Audit Committees* (“MI 52-110”) be granted in respect of Mr. David King (“King”) to permit King to serve on the audit committee of the board of directors of the Filer (the “Requested Relief”).

Under the Mutual Reliance Review System for Exemptive Relief Applications (the “MRRS”):

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Unless otherwise defined herein, the terms herein have the meaning set out in National Instrument 14-101 *Definitions*.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a reporting issuer under the *Securities Act* (Ontario) (the “Act”). The Filer is also a reporting issuer or equivalent in each of British Columbia, Alberta, Saskatchewan, Québec, Manitoba, New Brunswick, Nova Scotia and Newfoundland and Labrador. The common shares of the Filer are listed and posted for trading on the Toronto Stock Exchange (the “TSX”).
2. The Filer owns 49.65 percent of the units of Morguard Real Estate Investment Trust (the “REIT”). The REIT is a reporting issuer under the Act. The REIT is also a reporting issuer or equivalent in each of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia and Newfoundland and Labrador. The units of the REIT are listed and posted for trading on the TSX.
3. King is a director of the Filer. The Filer believes, after due inquiry, that King is an independent director under the applicable tests in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”).
4. King is also a trustee and is the non-executive Chair of the trustees of the REIT. King occupies the position of non-executive Chair of the REIT on a part-time basis.
5. The REIT believes, after due inquiry, that King is an independent trustee under the applicable tests in NI 58-101.
6. Under the provisions of MI 52-110, Mr King is an “executive officer” of the REIT and the REIT is an “affiliated entity” of the Filer. Accordingly, King is an “executive officer” of an “affiliated entity” of the Filer. As such, King is an “affiliated entity” of the Filer.

7. Under subsection 1.5(1)(b) of MI 52-110, King is considered to have a material relationship with the Filer and therefore is not independent of the Filer for the purposes of MI 52-110. Accordingly, King is not eligible to be a member of the audit committee of the board of directors of the Filer.
8. Section 3.3 of MI 52-110 provides an exemption from the independence requirement for audit committee members in limited circumstances. As the REIT has its securities trading on a marketplace, this exemption from the independence requirement is unavailable in respect of King.
9. Section 1.4 of MI 52-110 contains tests for independence as well as certain exemptions from the independence requirements, particularly in respect of an individual who acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
10. Section 1.5 contains further tests in respect of certain additional independence requirements; however, this section does not provide a comparable exemption in respect of subsection 1.5(1)(b) for individuals who are affiliated entities of the issuer or any of its subsidiary entities in virtue of acting, or previously acting, as a chair or vice-chair of the board of directors or of any board committee of the issuer or

subsidiary of the issuer on a part-time basis.

11. The Filer does not believe that there are legitimate policy reasons for deeming an individual to have a material relationship with an issuer solely because the individual is an affiliated entity of the issuer or any of its subsidiary entities by virtue of the individual acting, or previously acting, as a chair or vice-chair of the board of directors or of any board committee of the issuer or a subsidiary of the issuer on a part-time basis.

Decision

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 Requested Relief is granted provided that:

- i) in respect of the REIT, King occupies, on a part-time basis, the position of non-executive chair or non-executive vice-chair of the board of trustees or of any board committee of the REIT; and
- ii) for the purposes of MI 52-110, King is and remains otherwise independent of Morguard Corporation.

“Charlie MacCready”
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.3 Baytex Energy Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from certain filing requirements applicable to oil and gas issuers, relief in certain jurisdictions from filing requirements relating to annual information forms, and relief from the requirement to certify annual and interim filings.

Applicable 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.

Citation: Baytex Energy Ltd., 2005 ABASC 726.

October 3, 2005

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

AND

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

AND

**IN THE MATTER OF
THE BAYTEX ENERGY LTD. (THE FILER)**

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that:
 - 1.1 the Filer be exempted from 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) (the NI 51-101 Relief);
 - 1.2 in Alberta, British Columbia and Nova Scotia (the AIF Jurisdictions), the Filer be exempted from Part 6 (Annual Information Form) of NI 51-102 *Continuous Disclosure Obligations* (the AIF Relief); and
- 1.3 the Filer be exempted from Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (MI 52-109) (the MI 52-109 Relief).
2. Under the Mutual Reliance Review System for Exemptive Relief (the MRRS):
 - 2.1 The Alberta Securities Commission is the principal regulator for this application, and
 - 2.2 This MRRS decision document evidences the decision of each Decision Maker.

Interpretation

3. Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

4. The decision is based on the following facts represented by the Filer:
- 4.1 The Filer amalgamated under the *Business Corporations Act* (Alberta) on September 2, 2003.
 - 4.2 The head office and registered office of the Filer is in Calgary, Alberta.
 - 4.3 As at February 28, 2005, the Filer had one common share issued and outstanding, which was owned by Baytex Energy Trust (the Trust), and 1,860,944 exchangeable shares (Exchangeable Shares) issued and outstanding.
 - 4.4 Neither the common shares of the Filer nor the Exchangeable Shares are listed or quoted on any marketplace.
 - 4.5 The Filer is a reporting issuer in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland and Labrador.
 - 4.6 The Trust was established pursuant to a trust indenture dated July 24, 2003 under the laws of Alberta.
 - 4.7 The head office of the Trust is located in Calgary, Alberta.
 - 4.8 The Unitholders are the sole beneficiaries of the Trust. Valiant Trust Company (the Trustee) is the trustee of the Trust. The Filer is the administrator of the Trust.
 - 4.9 The Trust Units are listed and posted for trading on The Toronto Stock Exchange (the TSX).
 - 4.10 The Trust is a reporting issuer in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador
 - 4.11 The Exchangeable Shares are, to the extent possible, the economic equivalent of the Trust Units.
 - 4.12 The Exchangeable Shares have voting attributes equivalent to those of the Trust Units.
 - 4.13 Holders of Exchangeable Shares receive all disclosure materials that the Trust is required to send to holders of Trust Units under the Legislation.
 - 4.14 Pursuant to an MRRS decision document dated August 29, 2003 (the 2003 Decision), the Filer obtained relief from the following requirements under the Legislation:
 - 4.14.1 in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia and Newfoundland and Labrador, the requirements to issue a press release and file a report upon the occurrence of a material change, file an annual report (where applicable), file interim financial statements and audited annual financial statements; and
 - 4.14.2 in all of the Jurisdictions except the provinces of British Columbia, Alberta and Nova Scotia the requirements to file management's discussion and analysis (MD&A) and an annual information form (AIF).
 - 4.15 Under section 13.2 of NI 51-102, the Filer is exempt from the provisions of NI 51-102 that are substantially similar to the provisions that the Filer is exempt from under the 2003 Decision.
 - 4.16 NI 52-109 requires every issuer to file certain certificates at the time of filing an AIF, annual financial statements and annual MD&A. As the Filer is not required to file continuous disclosure the required certification is not useful.

- 4.17 NI 51-101 requires reporting issuers to file certain information with respect to the issuers' oil and gas activities. The Filer has applied to be exempted from the filing requirements under NI 51-101 as the Trust is required to file the same information.

Decision

5. Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.
6. The decision of the Decision Makers under the Legislation is as follows:
- 6.1 The NI 51-101 Relief is granted for so long as:
- 6.1.1 the Trust files with each Decision Maker copies of all documents required to be filed by it pursuant to NI 51-101 (the 51-101 Documents) and concurrently with the filing of the NI 51-101 Documents, the Trust files in electronic form and under the System for Electronic Documents Analysis and Retrieval (SEDAR) profile of the Filer either:
- 6.1.1.1 the NI 51-101 Documents, or
- 6.1.1.2 a notice that indicates:
- 6.1.1.2.1 that the Filer has been granted an exemption from the requirements of Part 2 (Annual Filing Requirements) and Part 3 (Responsibilities of Reporting Issuers and the Directors) of NI 51-101,
- 6.1.1.2.2 that the Trust has filed the NI 51-101 Documents, and
- 6.1.1.2.3 where a copy of the NI 51-101 Documents can be found for viewing on SEDAR by electronic means;
- 6.1.2 the Filer disseminates, or causes the Trust to disseminate on the Filer's behalf a news release announcing the filing by the Filer or the Trust of the information set out in Section 6.1.1 above, and indicating where a copy of the filed information can be found for viewing on SEDAR by electronic means;
- 6.1.3 the Filer is exempt from or otherwise not subject to the NI 51-102 Requirements and the AIF Requirement (collectively, the Continuous Disclosure Requirements) and the Filer and the Trust are in compliance with the 2003 Decision;
- 6.1.4 if disclosure to which NI 51-101 applies is made by the Filer separately from the Trust, the disclosure includes a statement to the effect that the Filer is relying on an exemption from further requirements to file information annually under NI 51-101 separately from the Trust, and indicates where disclosure under NI 51-101 filed by the Trust (or by the Filer, if applicable) can be found for viewing on SEDAR by electronic means; and
- 6.1.5 if the Trust files a material change report to which Section 6.1 of NI 51-101 applies, the Filer files the same material change report.
- 6.2 the AIF Relief is granted for so long as the Filer is exempt from or otherwise not subject to the NI 51-102 Requirements and the Filer and the Trust are in compliance with the 2003 Decision.
- 6.3 The MI 52-109 Relief is granted for so long as:
- 6.3.1 the Filer is not required to, and does not, file its own interim filings and annual filings (as those terms are defined under MI 52-109);
- 6.3.2 the Trust files in electronic format and under the SEDAR profile of the Filer the:
- 6.3.2.1 interim financial statements of the Trust required under section 4.3 of NI 51-102;
- 6.3.2.2 annual financial statements of the Trust required under section 4.2 of NI 51-102;

6.3.2.3 certification of interim filings of the Trust requires under Part 3 of NI 52-109; and

6.3.2.4 certification of annual filings of the Trust required under Part 2 of NI 52-109

at the same time as such documents are required to be filed by the Trust under the Legislation; and

6.3.3 the Filer is exempt from or otherwise not subject to the Continuous Disclosure Requirements.

"Glenda A. Campbell", Q.C.
Vice-Chair
Alberta Securities Commission

"James A. Millard", Q.C.
Member
Alberta Securities Commission

2.1.4 Dominion Equity Resource Fund Inc. - s. 5.5(1)(a) of NI 81-102 Mutual Funds

Headnote

Approval granted for change of manager. Management function to be transferred from board of directors of fund to registered portfolio manager.

Rules cited

National Instrument 81-102 Mutual Funds, s. 5.5(1)(a).

September 15, 2005

**IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, SASKATCHEWAN, MANITOBA,
QUEBEC,
BRITISH COLUMBIA AND ONTARIO (THE
"JURISDICTIONS")**

AND

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

AND

**IN THE MATTER OF
DOMINION EQUITY RESOURCE FUND INC.
(THE "FILER" OR THE "FUND")**

Background

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "Legislation") for regulatory approval in connection with the normalization of certain management administration function of the Filer (the "Requested Approval"). Under the Mutual Reliance Review System for Exemptive Relief Applications

- (a) the Alberta Securities Commission is the principal regulator for this application, and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec.
2. The Filer is a public mutual fund corporation that has offered its securities to the public pursuant to National Instrument 81-101 (and its predecessor legislation) ("NI 81-101") since 1994.
3. The Filer currently offers its securities to the public by way of simplified prospectus in the provinces of Alberta, British Columbia and Ontario.
4. There are currently approximately 1,690 securityholders in the Fund with total net assets of approximately \$67.4 million as at July 15, 2005.
5. Executive and portfolio management services are currently provided to the Filer by Brickburn Asset Management Inc. ("Brickburn", formerly Network Portfolio Management Inc. ("Network")), a registered portfolio manager under the Securities Act (Alberta) (the "Alberta Act"), the Securities Act (British Columbia) and the Securities Act (Ontario).
6. Prior to August 4, 2004, executive and portfolio management services were provided to the Filer by Crescent Capital Corp. ("Crescent").
7. On August 4, 2004 Network acquired all of the issued and outstanding shares of Crescent and on December 1, 2004, Crescent and Network amalgamated and continued as Network.
8. On June 23, 2005 the name of Network was changed to Brickburn Asset Management Inc.
9. Brickburn is bound by the Investment Management Agreement dated April 22, 2002 between Crescent and the Filer (the "Investment Management Agreement") which governs the engagement of Brickburn as the portfolio manager of the Filer and addresses matters such as Brickburn's responsibilities and the fees and expenses payable in connection with Brickburn's engagement.
10. The Investment Management Agreement is a material contract of the Filer and has been filed on SEDAR pursuant to the requirements of NI 81-101.
11. Pursuant to NI 81-102 the Board of Directors of the Filer is currently considered the manager of the Filer. As such the Board of Directors has appointed executive officers and supervises the management and administration of the Filer including valuation services, accounting and shareholder records which are managed on a daily basis by the executive officers.

12. In consideration for its portfolio management services, Brickburn is entitled to receive an annual fee of 1% of the Filer's total net assets, calculated and payable quarterly (the "Management Fee") and is entitled to reimbursement for all expenses reasonably incurred in the management of the Filer.
13. The Filer pays all expenses relating to its operation including, but not limited to, the Management Fee, administration and accounting costs, brokerage commissions, applicable taxes, audit and legal fees, the cost of preparing and submitting annual and semi-annual financial statements, directors' fees, custodial fees, shareholder relations and record keeping costs and the cost of preparing a qualifying prospectus and other disclosure documents and forwarding those documents to current shareholders required to comply with laws regulating the issue and sale of shares. All costs and expenses incurred by or on behalf of the Filer are included in its management expense ratio.
19. It is proposed that the Investment Management Agreement be amended such that the provision of administrative, accounting and investor relation services to the Filer be added to the responsibilities of Brickburn.
20. Once the responsibility for such services is transferred from the Filer to Brickburn, the Filer will no longer be responsible for expenses incurred relating to these services, including expenses relating to stationery, office supplies, employee wages and remittances.
21. In connection with the expansion of Brickburn's responsibilities under the Investment Management Agreement and the assumption of certain overhead expenses such as rent and utilities, etc., it is proposed that the Management Fee of 1% of the Filer's total net asset value currently payable under the Investment Management Agreement be revised such that the management fee payable will be determined on the basis of the net asset value of the Filer's portfolio on a sliding scale subject to a maximum of 1.75% and a minimum of 1.55%.

Proposed Transaction

14. In an effort to normalize the management functions of the Filer so that it more closely approximates the structures employed by the majority of Canadian investment funds it is proposed that management and administration functions be transferred from the Board of Directors of the Filer to Brickburn, thus expanding the role and responsibilities of Brickburn.
15. Upon completion of the proposed transaction, Brickburn will direct the business, operations and affairs of the Filer, subject to the general oversight of the Board of Directors of the Filer, as mandated by the Business Corporations Act (Alberta), and will continue to manage the portfolio assets of the Filer in the same manner as it had done prior to the transaction.
16. In this expanded role, Brickburn will become the "manager" of the Filer pursuant to NI 81-102. Disclosure relating to Brickburn and its directors and officers is contained in the Simplified Prospectus and Annual Information of the Filer. There have been no changes in the personnel of Brickburn since the date of those documents.
17. In consideration for the provision of these additional services, Brickburn will receive as compensation, a percentage of the net asset value based upon the size of the portfolio of the Filer, as described below.
18. The normalization will result in a number of changes to the Investment Management Agreement and the structure of the Filer.
22. By virtue of the Investment Management Agreement, Brickburn will bear the risk of fluctuations in the cost of overhead (such as rent, utilities and operating costs) and the provision of administrative and management services to the Filer.
23. The Filer will continue to be responsible for certain expenses incurred in connection with the business and affairs of the Filer including directors' remuneration, legal and audit fees, custodial fees and all costs and expenses in respect of compliance by the Filer with applicable securities laws.
24. The provisions in the Investment Management Agreement relating to the termination of the agreement will also be expanded such that the Investment Management Agreement can be terminated for the breach or failure of the investment manager to comply with any of the terms or conditions of the Investment Management Agreement or if the investment manager fails to renew or maintain its registration as a portfolio manager under the Alberta Act or such registration is adversely amended, suspended, cancelled or terminated.
25. The anticipated benefits of the proposed transaction to the shareholders of the Filer are:
 - (a) reduction of the Management Fee based upon an increased net asset value of the portfolio of the Filer;

- (b) transference of the risk of increasing administrative costs and expenses and overhead to Brickburn;
- (c) elimination of the allocation of costs between the Filer, Brickburn and other related companies sharing office space, staff and equipment; and
- (d) reduced audit costs and audit risk as a result of the elimination of significant expenses requiring individual tracking and auditing.

Decision

The decision of the Decision Makers under the Legislation is that the Requested Approval is granted.

“Agnes Lau”, CA
Deputy Director, Capital Markets
Alberta Securities Commission

2.1.5 Citigroup Inc. and Citigroup Finance Canada Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Application from Canadian finance subsidiary of US parent which is MJDS-eligible. Subsidiary issues medium term notes, which are unconditionally and irrevocably guaranteed by the parent.

NI 51-102 relief – Subsidiary unable to rely on “credit support issuer” exemption in National Instrument 51-102 – Continuous Disclosure Obligations (NI 51-102) because (i) it prepares a non-classified balance sheet, as permitted by Canadian GAAP; and (ii) it is seeking relief from the requirement to file “non-essential 8-Ks” - Form 8-Ks filed by the parent with the SEC whose contents are comprised solely of exhibits attaching the form of securities offered by the parent in the US under the parent’s base shelf prospectus. Subsidiary exempt from the application of NI 51-102, subject to conditions.

MI 52-109 relief – Subsidiary not required to file financial statements, MD&A or AIF. Subsidiary exempt from the application of Multilateral Instrument 52-109 - Certification of Disclosure in Issuers’ Annual and Interim Filings, subject to conditions.

NI 44-101 and NI 44-102 relief - Subsidiary and US parent exempt from, subject to conditions:

- (i) the requirements of National Instrument 44-101 – Short Form Prospectus Distributions (NI 44-101) and National Instrument 44-102 – Shelf Distributions (NI 44-102) that a person or company guaranteeing notes issued by an issuer be a reporting issuer with a 12-month reporting history in each jurisdiction and have a “current AIF” in order to qualify to file a prospectus in the form of a short-form prospectus for a distribution of guaranteed non-convertible securities;
- (ii) the requirements of NI 44-101 that a short form prospectus include certain prescribed disclosures;
- (iii) the requirements of NI 44-102 that an issuer distributing securities by way of a medium term note program using the shelf procedures update earnings coverage ratios; and
- (iv) the requirement of NI 44-101 to incorporate by reference in a short form prospectus certain documents of a credit supporter.

Applicable Instruments

National Instrument 44-101 - Short Form Prospectus Distributions.

National Instrument 44-102 - Shelf Distributions.

National Instrument 51-102 - Continuous Disclosure Obligations.

Multilateral Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings.

September 8, 2005

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

AND

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

AND

IN THE MATTER OF
CITIGROUP INC.
("Citigroup")

AND

CITIGROUP FINANCE CANADA INC.
(the "Issuer" and together with Citigroup, the "Filers")

MRRS DECISION DOCUMENT

Background

The Issuer proposes to distribute in the Jurisdictions (the "Proposed Offering") non-convertible medium term notes (the "Notes") which are fully and unconditionally guaranteed by Citigroup pursuant to 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").

The Issuer may distribute in the future Notes pursuant to renewal short form base shelf prospectuses and, if applicable, prospectus supplements and pricing supplements (collectively, "Renewal Prospectuses") upon the lapse of the Prospectus and Renewal Prospectuses or by filing additional short form base shelf prospectuses and, if applicable, prospectus supplements and pricing supplements (collectively, the "Future Offerings"), in one or more of the Jurisdictions.

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received

an application from Citigroup and its wholly-owned indirect subsidiary, the Issuer, for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

1. the Issuer is exempt from:
 - (i) except in Prince Edward Island and the Northwest Territories, the application of National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102"), pursuant to section 13.1 of NI 51-102 (the "NI 51-102 Relief"); and
 - (ii) except in British Columbia and Prince Edward Island, the application of Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("MI 52-109"), pursuant to section 4.5 of MI 52-109 (the "MI 52-109 Relief"); and
2. the Filers are exempt from:
 - (i) the requirements in subsection 2.5(1) of National Instrument 44-101 – *Short Form Prospectus Distributions* ("NI 44-101") and subsection 2.5(1) of National Instrument 44-102 – *Shelf Distributions* ("NI 44-102") that the person or company guaranteeing the Notes issued by the Issuer be a reporting issuer with a 12-month reporting history in each Jurisdiction and have a "current AIF" (as defined in NI 44-101) in order to qualify to file a prospectus in the form of a short-form prospectus for a distribution of guaranteed non-convertible securities in the Jurisdictions, pursuant to section 15.1 of NI 44-101 and section 11.1 of NI 44-102 (the "Eligibility Requirement Relief");
 - (ii) the requirement that the Prospectus and any Renewal Prospectus or short form base shelf prospectus filed in connection with other Future Offerings include the information set forth in items 7, 12.1(1), 12.2 and 13.1 of Form 44-101F3, pursuant to section 15.1 of NI 44-101 (the "Prospectus Requirements Relief");
 - (iii) the requirements in section 8.4 of NI 44-102 requiring the calculation and filing of updated earnings coverage ratios each time the Issuer prepares interim financial statements or audited annual financial statements, pursuant to section 11.1 of NI 44-102 (the "Earnings Coverage Ratio Relief"); and

- (iv) the requirement in item 13.2(2) of Form 44-101F3 that the Issuer incorporate by reference in the Prospectus and any Renewal Prospectus or short form base shelf prospectus filed in connection with other Future Offerings 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 1933 Act if the securities distributed under the Prospectus, Renewal Prospectus or other short form base shelf prospectus were being registered on Form S-3 or Form F-3 (the "**Form 44-101F3 Relief**").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 – *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filers:

1. Citigroup is a corporation incorporated under the laws of the State of Delaware in 1988.
2. Citigroup is a leading global financial services company, has some 200 million customer accounts and does business in more than 100 countries, providing consumers with a broad range of financial products and services.
3. Citigroup is a reporting issuer or the equivalent in Ontario, Quebec and Saskatchewan. Citigroup intends to apply to cease to be a reporting issuer in Ontario, Quebec and Saskatchewan by September 30, 2005.
4. Citigroup is not in default of any requirement under the Legislation of such Jurisdictions.
5. In the Citigroup Quarterly Report on Form 10-Q filed on August 4, 2005 in respect of the financial period ended June 30, 2005, Citigroup presented, as discontinued operations, Citigroup's Travelers Life & Annuities business, which was sold to MetLife, Inc. on July 1, 2005, and Citigroup's Asset Management business, the sale of substantially all of which to Legg Mason, Inc. was announced on June 24, 2005 and is expected to close during the fourth quarter of 2005. In accordance with regulatory requirements prescribed by the United States Securities and Exchange Commission, Citigroup will file a Current Report on Form 8-K to conform its historical financial statements for the fiscal year ended December 31, 2004 to reflect these changes in Citigroup's operations and to conform the historical financial statements to the presentation followed in the Citigroup Form 10-Q filed on August 4, 2005 (the "**Recasting**"). The information that will be included in the Form 8-K will not in any way restate or revise Citigroup's net income in any previously reported financial statements and is not a material change in respect of Citigroup's guarantee of the Issuer's medium term notes.
6. Citigroup is a reporting company under the 1934 Act.
7. Citigroup has filed with the SEC all filings required to be made with the SEC under the 1934 Act within the last 12 months.
8. In connection with takedowns under a Citigroup base shelf prospectus in the U.S., Citigroup is required to file with the SEC current reports on Form 8-K whose contents are comprised solely of exhibits attaching the form of securities for each such takedown and the terms of the security issued in such takedown, each of a non-financial nature (the "**Non-Essential 8-Ks**"). The Non-Essential 8-Ks are publicly available on the SEC's Internet website at www.sec.gov.
9. As at December 31, 2004, Citigroup had approximately US\$208 billion in consolidated third party long term debt outstanding.
10. The Issuer was incorporated under the *Canada Business Corporations Act* on October 19, 1982, and is a wholly-owned indirect subsidiary of Citigroup. The head office of the Issuer is in London, Ontario.
11. The Issuer is a reporting issuer or equivalent in each of the Jurisdictions where such status exists and is not in default of any requirement under the Legislation.
12. The Issuer is engaged in commercial finance, consumer finance and credit card activities. The Issuer's commercial finance operations provide a variety of retail financing, leasing and wholesale financing for heavy-duty, medium-duty trucks and truck trailers; heavy-duty construction and material handling equipment, forestry, mining and machine tool equipment; and other industrial, communications and telecommunications equipment. Consumer finance operations consist of a variety of products and services, including home equity lending, personal spending and retail

sales financing. The credit card operations provide financing for private label credit card portfolios.

13. The Issuer has maintained a medium term note program in the Jurisdictions by way of short form shelf prospectus for more than six years.
14. As of August 15, 2005, the Issuer had \$5,225,000,000 in non-convertible debt securities outstanding (the "**Existing Debt**").
15. The Issuer proposes to file a Prospectus in each of the Jurisdictions to renew the Issuer's medium term note program and to qualify the distribution of Notes. The Issuer intends to effect Future Offerings by way of either filing Renewal Prospectuses upon the lapse of the Prospectus and each Renewal Prospectus or by filing additional short form base shelf prospectuses in one or more of the Jurisdictions.
16. The Notes will be fully and unconditionally guaranteed by Citigroup such that a holder of Notes will be entitled to receive payment from Citigroup within 15 days of any failure by the Issuer to make a payment.
17. The Notes will have an approved rating (as defined in NI 44-101) ("**Approved Rating**"). Specifically, the Notes are expected to be rated "AA (high)" by Dominion Bond Rating Service Limited and "AA-" by Standard & Poor's Corporation.
18. The Issuer may from time to time access Canadian debt capital markets other than by way of the Prospectus, Renewal Prospectuses or short form base shelf prospectuses filed in connection with other Future Offerings.
19. Citigroup satisfies the criteria set forth in paragraph 3.1(a) of National Instrument 71-101 – *The Multijurisdictional Disclosure System* ("**NI 71-101**") and is eligible to use the multijurisdictional disclosure system ("**MJDS**"), as set out in NI 71-101, for the purpose of distributing non-convertible debt that has an investment grade rating in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure.
20. Except for the fact that the Issuer is not incorporated under United States law, an offering of Notes by the Issuer in the Jurisdictions would comply with the alternative eligibility criteria for offerings of non-convertible debt having an investment grade rating under the MJDS as set forth in section 3.2 of NI 71-101.
21. The Issuer is ineligible to issue the Notes by way of a prospectus in the form of a short form base shelf prospectus under NI 44-101 and NI 44-102

as Citigroup (as credit supporter of the Notes) is not a reporting issuer with a 12 month reporting issuer history in each Jurisdiction, other than Ontario, Quebec and Saskatchewan, and the Issuer does not have a current AIF.

Decision

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.

NI 51-102 Relief

The decision of the Decision Makers (other than the Decision Makers in Prince Edward Island and the Northwest Territories) under the Legislation is that the NI 51-102 Relief is granted, provided that:

- (a) the Issuer is in compliance with the requirements and conditions of section 13.4 of NI 51-102, other than the requirements in paragraphs 13.4(2)(d) and (g);
- (b) the Issuer files with the Decision Makers copies of all documents Citigroup is required to file with the SEC under the 1934 Act, other than the Non-Essential 8-Ks, at the same time or as soon as practicable after the filing by Citigroup of those documents with the SEC;
- (c) the Issuer files through SEDAR within 120 days of each financial year (or within 90 days of each financial year if the Issuer is not a venture issuer at the end of the financial year) annual comparative selected financial information for the financial year and the financial year immediately preceding the financial year derived from its financial statements, prepared in accordance with Canadian GAAP and accompanied by a specified procedures report of the auditors to the Issuer;
- (d) the Issuer's annual comparative selected financial information referred to in subparagraph (c) above, includes the following line items:
 - (i) total revenues;
 - (ii) income/loss from continuing operations (if applicable), income/loss from discontinued operations (if applicable) and net income/loss;
 - (iii) finance receivables, together with a descriptive note on the dollar amount of the allowance for credit losses;
 - (iv) operating agreements and customer lists, net of accumulated amortization;
 - (v) goodwill, net of accumulated amortization;

- (vi) total assets;
 - (vii) commercial paper;
 - (viii) term debt;
 - (ix) all other liabilities; and
 - (x) total shareholders' equity;
- (e) the Issuer files through SEDAR within 60 days of each interim period (or within 45 days of each interim period if the Issuer is not a venture issuer at the end of the interim period) interim comparative selected financial information for the interim period and for items (i) and (ii) of paragraph (f) below the corresponding interim period in the previous financial year and for items (iii) through (x) of paragraph (f) below, as at the end of the previous financial year, with all such information derived from the Issuer's financial statements prepared in accordance with Canadian GAAP;
- (f) the Issuer's interim comparative selected financial information referred to in subparagraph (e) above, includes the following line items:
- (i) total revenues;
 - (ii) income/loss from continuing operations (if applicable), income/loss from discontinued operations (if applicable) and net income/loss;
 - (iii) finance receivables, together with a descriptive note on the dollar amount of the allowance for credit losses;
 - (iv) operating agreements and customer lists, net of accumulated amortization;
 - (v) goodwill, net of accumulated amortization;
 - (vi) total assets;
 - (vii) commercial paper;
 - (viii) term debt;
 - (ix) all other liabilities; and
 - (x) total shareholders' equity; and
- (g) the NI 51-102 Relief will remain in effect for so long as the Issuer's presentation of a non-classified balance sheet that does not segregate its assets and liabilities between current and non-current remains permissible under Canadian GAAP.

MI 52-109 Relief

The further decision of the Decision Makers (other than the Decision Makers in British Columbia and Prince Edward Island) under the Legislation is that the MI 52-109 Relief is granted, provided that the Issuer is in compliance with the conditions set out in paragraphs (a) through (g) relating to the NI 51-102 Relief.

Eligibility Requirement Relief, Prospectus Requirements Relief and Earnings Coverage Ratio Relief

The further decision of the Decision Makers under the Legislation is that the Eligibility Requirement Relief is granted in connection with the Proposed Offering and the Prospectus Requirements Relief and the Earnings Coverage Ratio Relief is granted in connection with the Proposed Offering and any Future Offering, provided that:

- (a) Citigroup remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of the Issuer;
- (b) Citigroup satisfies the criteria set out in section 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purposes of distributing non-convertible debt that has an investment grade rating in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure;
- (c) Citigroup fully and unconditionally guarantees the payments to be made by the Issuer as stipulated in the terms of the Notes or in an agreement governing the rights of holders of Notes, that results in the holder of such Notes being entitled to receive payment from Citigroup within 15 days of any failure by the Issuer to make a payment;
- (d) the Notes have an Approved Rating;
- (e) the Notes rank pari passu to the Existing Debt;
- (f) the Issuer complies with (i) all other requirements of NI 44-101, except as varied by this decision or as permitted by NI 44-102, and (ii) all other requirements of NI 44-102, except as varied by this decision;
- (g) before the filing of the Prospectus and any Renewal Prospectus or a short form base shelf prospectus in connection with other Future Offerings, Citigroup will file with the Decision Makers, in electronic format under the Issuer's SEDAR profile, the following documents filed by Citigroup with the SEC under sections 13 and 15(d) of the 1934 Act:
 - (i) the most recent annual report of Citigroup on Form 10-K or an equivalent form ("**Form 10-K**");

- (ii) the most recent quarterly report of Citigroup on Form 10-Q or an equivalent form ("**Form 10-Q**");
 - (iii) all current reports of Citigroup on Form 8-K or an equivalent form ("**Form 8-K**"), other than Non-Essential 8-Ks, in respect of the financial year following the year that is the subject of the most recent annual report on Form 10-K;
- (h) the Prospectus and any Renewal Prospectus or short form base shelf prospectus filed in connection with other Future Offerings will be prepared pursuant to the procedures contained in NI 44-101 and NI 44-102 and will comply with the requirements set out in Form 44-101F3:
- (i) with the disclosure required by item 12.1(1) of Form 44-101F3 being addressed by incorporating by reference the following documents:
 - (A) the most recent annual report on Form 10-K of Citigroup filed with the SEC;
 - (B) the most recent quarterly report on Form 10-Q of Citigroup filed with the SEC;
 - (C) all current reports on Form 8-K of Citigroup, other than Non-Essential 8-Ks, filed with the SEC in respect of the financial year following the year that is the subject of the most recent annual report on Form 10-K of Citigroup; and
 - (D) any material change reports filed by the Issuer;
 - (ii) with the disclosure required by item 12.2 of Form 44-101F3 being addressed by incorporating by reference the following documents filed with the SEC or the Decision Makers, as applicable, after the date of the Prospectus or any Renewal Prospectus or short form base shelf prospectus filed in connection with other Future Offerings but before the termination of the particular offering:
 - (A) all annual reports on Form 10-K of Citigroup;
 - (B) all quarterly reports on Form 10-Q of Citigroup;
 - (C) all current reports on Form 8-K of Citigroup, other than Non-Essential 8-Ks; and
- (D) any material change reports of the Issuer;
 - (iii) with the disclosure required by item 13.1 of Form 44-101F3 being addressed by incorporating by reference the documents of the Issuer referred to in the conditions set out in paragraphs (c) and (e) relating to the NI 51-102 Relief; and
 - (iv) with the disclosure required by item 7 of Form 44-101F3 and section 8.4 of NI 44-102 being addressed by disclosure with respect to Citigroup in accordance with United States requirements;
- (i) the Prospectus and any Renewal Prospectus or short form base shelf prospectus filed in connection with other Future Offerings state that purchasers of Notes will not receive separate continuous disclosure information regarding the Issuer, other than the financial information specified in the conditions set out in paragraphs (c) and (e) relating to the NI 51-102 Relief;
 - (j) the Prospectus and any Renewal Prospectus or short form base shelf prospectus filed in connection with other Future Offerings include or incorporate by reference all material disclosure concerning the Issuer and Citigroup as required in accordance with applicable securities laws;
 - (k) the consolidated audited annual financial statements and interim financial statements of Citigroup or the Issuer to be included in or incorporated by reference into the Prospectus or any Renewal Prospectus or short form base shelf prospectus filed in connection with other Future Offerings are prepared in accordance with National Instrument 52-107 – *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;
 - (l) the Recasting will be completed and filed with the Decision Makers before the Prospectus is filed;
 - (m) the Recasting is described in the preliminary prospectus filed in connection with the Proposed Offering;
 - (n) Citigroup signs the Prospectus and any Renewal Prospectus or short form base shelf prospectus filed in connection with other Future Offerings as credit supporter;
 - (o) until such time as the Notes are no longer outstanding, Citigroup files with the Decision Makers under the Issuer's SEDAR profile copies of all documents Citigroup is required to file with the SEC under the 1934 Act, other than the Non-Essential 8-Ks, at the same time or as soon as practicable after the filing by Citigroup of those documents with the SEC;

- (p) if there is a material change in the affairs of the Issuer that is not a material change in the affairs of Citigroup, the Issuer will comply with the requirements of the Legislation to issue a press release and file a material change report; and
- (q) the Prospectus Requirements Relief and Earnings Coverage Ratio Relief as they apply to Future Offerings will cease to be effective when amendments to NI 44-101 and NI 44-102, as applicable, come into force which would have substantially the same effect as the Prospectus Requirements Relief and Earnings Coverage Ratio Relief, as applicable, provided for herein.

Form 44-101F3 Relief

The further decision of the Decision Makers under the Legislation is that the Form 44-101F3 Relief is granted, provided that the Issuer incorporates by reference into the Prospectus and any Renewal Prospectus and short form base shelf prospectus filed in connection with other Future Offerings 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 1933 Act if the securities distributed under the Prospectus, Renewal Prospectus or other short form base shelf prospectus were being registered on Form S-3 or Form F-3, other than:

- (a) Non-Essential 8-Ks; and
- (b) any quarterly reports on Form 10-Q of Citigroup prior to its most recent quarterly report on Form 10-Q.

“Erez Blumberger”
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.2 Orders

2.2.1 Momentas Corporation et al. - ss. 127, 127.1

October 4, 2005

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

AND

**IN THE MATTER OF
MOMENTAS CORPORATION, HOWARD RASH,
ALEXANDER FUNT AND SUZANNE MORRISON**

ORDER

WHEREAS on the 9th day of June, 2005, the Ontario Securities Commission (the “Commission”) ordered, pursuant to paragraph 2 of subsection 127(1) of the *Securities Act*, R.S.O. 1990, C.s.5, as amended (the “Act”), that all trading by Momentas Corporation and its officers, directors, employees and/or agents in securities of Momentas shall cease (the “Temporary Order”);

AND WHEREAS the Commission further ordered as part of the Temporary Order that, pursuant to paragraph 2 of subsection 127(1) of the *Act*, all trading in any securities by Rash, Funt and Morrison shall cease;

AND WHEREAS the Commission further ordered as part of the Temporary Order that, pursuant to paragraph 3 of subsection 127(1) of the *Act*, any exemptions contained in Ontario securities law do not apply to Momentas, Rash, Funt and Morrison;

AND WHEREAS the Commission further ordered as part of the Temporary Order that, pursuant to paragraph 6 of subsection 127(1) of the *Act* that the Temporary Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by the Commission;

AND WHEREAS on the 24th day of June, 2005, the Commission issued a Notice of Hearing pursuant to subsection 127(1) and section 127.1 of the *Act* and an accompanying Statement of Allegations;

AND WHEREAS on the 24th day of June, 2005, Momentas, Rash, Funt and Morrison consented to and the Commission ordered an extension of the Temporary Order until July 8, 2005;

AND WHEREAS on the 8th day of July, 2005, Rash, Funt and Morrison consented to and the Commission ordered an extension of the Temporary Order as it relates to them until the conclusion of the hearing of this matter, with the following exceptions:

- (a) each of Rash, Funt and Morrison shall be permitted to trade securities for his or her own account(s) through a registered

dealer pursuant to paragraph 10 of subsection 35(1) of the Act;

- (b) each of Rash, Funt and Morrison shall be permitted to trade in mutual fund units and securities described in paragraphs 1 and 2 of subsection 35(2) of the Act; and
- (c) each of Rash, Funt and Morrison shall be permitted to trade in securities for their registered retirement savings plan or registered retirement income fund pursuant to section 2.11 of Rule 45-501.

AND WHEREAS on the 8th day of July, 2005 Momentas consented to and the Commission ordered that Momentas cease trading in any securities, including securities of Momentas, until July 14, 2005, subject to the following:

- (a) Momentas shall be permitted to offset or eliminate any open positions in Forex currency contracts and in equities in accounts held by Momentas in order to prevent losses, on the condition that Momentas shall provide to Commission staff:
 - (i) particulars of all foreign currency trading accounts and brokerage accounts held by Momentas prior to the offsetting or elimination of any such open positions; and
 - (ii) daily reports on the status of and holdings in those accounts.

AND WHEREAS on the 8th day of July, 2005, the Commission further ordered that the hearing to consider whether to further extend the Temporary Order and Order dated July 8, 2005 as against Momentas be adjourned until July 14, 2005 at 10:00 a.m.

AND WHEREAS on the 14th day of July, 2005, the Commission ordered that all trading by Momentas shall cease, including trading in equities and in foreign currencies, and all exemptions contained in Ontario securities laws shall not apply to Momentas until the earlier of the conclusion of the Hearing in this matter or the date upon which Momentas becomes registered with the Commission as a Limited Market Dealer and any of its officers, directors, and/or employees involved in the sale of securities of Momentas to the public become registered in accordance with Ontario securities law, with the following exceptions:

- (a) Momentas shall be permitted to trade securities beneficially owned by it through a registered dealer for the purpose of continuing to test and develop its automated equity trading system known as "ARF", on the condition that

reports of all such trades are delivered to Staff within 5 days of each trade; and

- (b) Momentas shall be permitted to offset or eliminate any open positions in foreign currency exchange contracts, on the condition that Momentas shall provide to Commission staff weekly reports on the status of and holdings in those accounts until those positions have been closed.

AND WHEREAS Staff and the Respondents consent to the scheduling of the Hearing in this matter for five days commencing April 3, 2006;

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

IT IS ORDERED that the Hearing of this matter be scheduled for five days commencing April 3, 2006.

"R.W. Davis"

"C.S. Perry"

2.2.2 Olympus United Group Inc. - s. 127

October 5, 2005

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

AND

**IN THE MATTER OF
OLYMPUS UNITED GROUP INC.**

**ORDER
(Section 127)**

WHEREAS Olympus United Group Inc. ("Olympus") is registered under Ontario securities law as a Limited Market Dealer and Mutual Fund Dealer. Olympus is a member of the Mutual Fund Dealers Association;

AND WHEREAS Olympus offers a variety of hedge funds and alternative investment products across Canada. These products are sold as shares in the Olympus United Funds Corporation ("Olympus Funds");

AND WHEREAS it appears that, at present, Olympus has approximately 2,000 shareholders, the majority of whom are resident in Ontario;

AND WHEREAS it appears that the manager and advisor of the Olympus Funds is Norshield Asset Management Canada Ltd. ("Norshield"). Norshield is registered under Ontario securities law as an Investment Counsel and Portfolio Manager, Commodity Trading Counsel and Commodity Trading Manager. Norshield is registered under Québec securities law as an advisor with an unrestricted practice;

WHEREAS on May 13, 2005, the Ontario Securities Commission (the "Commission") made a temporary order suspending the registration of Olympus because Olympus was operating without a registered trading and compliance officer in Ontario;

AND WHEREAS on May 20, 2005, the Commission made an order imposing a term and condition on the registration of Olympus which precludes redemptions from any existing client accounts;

AND WHEREAS, the hearing to consider the extension of the temporary orders made in relation to Olympus on May 13, 2005 and May 20, 2005, is scheduled to take place on October 6, 2005;

AND WHEREAS, to date, Olympus has not sought or obtained registration in Ontario for a trading officer and has not designated a compliance officer in Ontario;

AND WHEREAS, on May 20, 2005, the Commission made an order suspending the registration of Norshield and requiring, as a term and condition of Norshield's registration, that a monitor (the "Monitor") be

retained by Norshield to oversee its financial and business affairs

AND WHEREAS on June 29, 2005, by Order of Justice Campbell of the Ontario Superior Court of Justice (Commercial List), RSM Richter Inc. ("Richter") was appointed as Receiver over the assets, undertakings and properties of Norshield, Olympus and related entities;

AND WHEREAS, on October 4, 2005, on consent, the hearing to consider whether to extend the suspension of Norshield's registration pursuant to the temporary order issued on May 20, 2005 was adjourned from October 6, 2005 to December 12, 2005 and the suspension was continued until that time or until such other time as ordered by the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make an order coordinating the hearing dates to consider the extension to the temporary orders affecting the registrations of Norshield and Olympus;

AND WHEREAS Staff of the Commission, and the Respondent, through Richter as receiver, have consented to the making of this order;

AND WHEREAS by Commission order made June 29, 2005 pursuant to section 3.5(3) of the Act, each of Susan Wolburgh Jenah, Paul M. Moore, Robert W. Davis, Harold P. Hands and Paul K. Bates, acting alone, is authorized to make orders under section 127 of the Act;

IT IS HEREBY ORDERED that:

1. the hearing to consider whether to extend the temporary orders made by the Commission on May 13, 2005 and May 20, 2005, is adjourned until December 12, 2005 at 10:00 a.m.;
2. the temporary orders issued on May 13, 2005 and May 20, 2005 are continued until the hearing on December 12, 2005, or until further order of this Commission; and
3. any person or company affected by this Order may apply to the Commission for an order revoking or varying the terms of this Order pursuant to s. 144 of the Act.

"Robert W. Davis"

2.2.3 Norshield Asset Management (Canada) Ltd. - s. 127

October 5, 2005

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

AND

**IN THE MATTER OF NORSHIELD ASSET
MANAGEMENT (CANADA) LTD.**

**ORDER
(Section 127)**

WHEREAS, on May 20, 2005, the Ontario Securities Commission (the "Commission") made an order suspending the registration of Norshield Asset Management (Canada) Ltd. ("Norshield");

AND WHEREAS the hearing to consider the extension of the temporary order made by the Commission on May 20, 2005, is scheduled to take place on October 6, 2005;

AND WHEREAS on June 29, 2005, by Order of Justice Campbell of the Ontario Superior Court of Justice (Commercial List), RSM Richter Inc. ("Richter") was appointed as Receiver over the assets, undertakings and properties of Norshield and other related entities;

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

AND WHEREAS Staff of the Commission and Richter, as Receiver over Norshield, consent to the making of this order;

AND WHEREAS by Commission order made June 29, 2005 pursuant to section 3.5(3) of the Act, each of Susan Wolburgh Jenah, Paul M. Moore, Robert W. Davis, Harold P. Hands and Paul K. Bates, acting alone, is authorized to make orders under section 127 of the Act;

IT IS HEREBY ORDERED that:

4. the hearing to consider whether to extend the suspension of Norshield's registration pursuant to the temporary order issued on May 20, 2005 is adjourned until December 12, 2005 and the suspension is continued until that time or until such other time as may be ordered by this Commission.

"Robert W. Davis"

2.2.4 Andrew Currah et al. - s. 127

September 22, 2005

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

AND

**IN THE MATTER OF
A PROCEEDING
BROUGHT PURSUANT TO SECTION 127 OF THE ACT**

**IN THE MATTER OF
ANDREW CURRAH, COLIN HALANEN,
JOSEPH DAMM, NICHOLAS WEIR,
PENNY CURRAH AND WARREN HAWKINS**

ORDER

WHEREAS a Notice of Hearing and related Statement of Allegations were issued on the 23rd day of July, 2004 in respect of Andrew Currah, Colin Halanen, Joseph Damm, Nicholas Weir, Penny Currah and Warren Hawkins;

AND WHEREAS by Order dated February 11, 2005, this matter was adjourned to a pre-hearing conference on May 12, 2005 at 10:00 a.m.;

AND WHEREAS Staff of the Commission and the respondents have made submissions at the pre-hearing conference;

AND WHEREAS, pursuant to Rule 2.7 of the Ontario Securities Commission Rules of Practice, the Commissioner presiding at a pre-hearing conference may make orders with respect to the conduct of the proceeding;

IT IS ORDERED that all motions by the respondents concerning limitation period defences be heard during the week of July 4, 2005, provided that a date in that week can be accommodated by the hearing panel. In the event that the aforementioned date cannot be accommodated, it is ordered that the motions shall be heard as soon after that time as all parties can reasonably accommodate;

IT IS ORDERED that all motions by the respondents concerning disclosure be heard prior to September 15, 2005;

IT IS ORDERED that the hearing on the merits of this matter be scheduled for a one month period commencing November 1, 2005.

"Paul Bates"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 TD Waterhouse Canada Inc.

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

AND

IN THE MATTER OF
TD-WATERHOUSE CANADA INC.

SETTLEMENT HEARING

Hearing: Friday, September 30, 2005

Ontario Securities Commission Panel:

Paul M. Moore, Q.C.	-	Vice-Chair (Chair of the Panel)
Carol Perry	-	Commissioner
Suresh Thakrar	-	Commissioner

Counsel:

Matthew Britton	-	For the Staff of the Ontario Securities Commission
David Hausman	-	For TD-Waterhouse

The following text has been prepared for purposes of publication in the Ontario Securities Commission Bulletin and is based on excerpts from the transcript of the hearing. The excerpts have been edited and supplemented and the text has been approved by the chair of the panel (Paul M. Moore) for the purpose of providing a public record of the decision.

DECISION AND REASONS

Vice Chair Moore:

[1] This is a hearing under s. 127 and s. 127.1 of the *Securities Act, R.S.O. 1990, c.S. 5*, as amended (the Act), to consider whether the Commission should approve as being in the public interest a Settlement Agreement between staff of the Commission and T-D Waterhouse Canada Inc. concerning allegations of conduct contrary to the public interest made by staff against T-D Waterhouse.

[2] Agreed facts and sanctions are set out in the Settlement Agreement.

Issues

[3] T-D Waterhouse acknowledges that it failed to comply with

- (i) its suitability obligation to its clients, contrary to section 1.5 of Ontario Securities Commission Rule 31 – 505 (Conditions of Registration) and
- (ii) its obligations to deal with its clients fairly, by failing to disclose to its clients a commission paid to T-D Waterhouse, contrary to section 2.1(2) of Rule 31 - 505.

Facts

[4] The impugned conduct of the respondent arose from an RRSP loan scheme carried out by a third party, unaffiliated with T-D Waterhouse. The third party, Richard Ochnik, was not registered under the Act in any capacity.

[5] Ochnik incorporated a numbered company to develop a property as a retirement complex.

[6] He arranged for various individuals, facing financial difficulty, to invest in the numbered company.

[7] These individuals were advised that if they collapsed their locked in RRSPs, or pensions, and bought shares in the numbered company, they would receive a non-repayable loan for between 40 percent and 60 percent of their locked in funds.

[8] The potential investors were referred to a particular registered representative at T-D Waterhouse.

[9] Ochnik met with the registered representative. He told her that he had various individuals who intended to invest in the numbered company.

[10] He told her that he needed T-D Waterhouse to establish accounts for these individuals, and arranged for the transfer of shares in the numbered company to these individuals.

[11] With the approval of T-D Waterhouse management and the T-D Waterhouse compliance department, the registered representative agreed to facilitate the transactions for a commission of seven percent of the funds deposited into the clients' accounts with T-D Waterhouse.

[12] In the course of opening the client accounts, the registered representative sent new client application forms to the clients.

[13] When the clients returned the new client application forms to the registered representative, she reviewed and signed them.

[14] The financial information contained in the new client account forms reveals that the clients were of modest means and leads to the conclusion that collapsing their locked in pensions and RRSPs to invest in a long term, high risk investment like the numbered company was, in fact, unsuitable for the clients.

[15] The registered representative at the start referred the proposed transaction to her branch manager.

[16] After reviewing the proposal, T-D Waterhouse head office approved the transaction. The registered representative kept head office advised of the transaction as it proceeded.

[17] At T-D Waterhouse's request, Ochnik provided an appraisal of the retirement home property, valuation of the shares to be acquired, legal opinions, a sample subscription agreement, and other documents, to T-D Waterhouse head office and its compliance department, all of which were reviewed by T-D Waterhouse.

[18] Neither T-D Waterhouse, nor the registered representative, were aware that there were to be loans associated with the investments in the company's shares or that the investment was designed as a method to enable investors to withdraw assets from their locked in RRSPs.

[19] T-D Waterhouse's compliance department, however, was aware that the Ontario Securities Commission had issued an RRSP loan scheme alert.

[20] At T-D Waterhouse's request, the registered representative specifically asked Ochnik whether there were loans associated with the investment and was advised that no loans were involved.

[21] No one at T-D Waterhouse, however, had any direct conversations with the bulk of the investors. The issue of loans associated with the investments was never discussed with most of them.

[22] The agreed facts provide that had T-D Waterhouse been aware of the loans, it would not have proceeded with the transaction.

[23] Between June 7, 2002, and December 31, 2002, 43 clients of T-D Waterhouse collapsed their locked in RRSPs and pensions, and deposited approximately \$1.5 million into their accounts at T-D Waterhouse.

[24] These funds were then transferred to the numbered company and the shares in the numbered company were then deposited into the client accounts.

[25] T-D Waterhouse received approximately \$105,000 in commissions.

[26] T-D Waterhouse failed to disclose to its clients the seven percent commission paid to it.

Decision

[27] We approve the Settlement Agreement as being in the public interest.

Reasons

[28] The suitability requirement imposed by securities law on registrants dealing with clients carries with it, inherently, a due diligence inquiry obligation by the registrant. A registrant under a suitability obligation must make reasonable inquiries into facts

- (i) relating to the investor and
- (ii) the proposed investment,

sufficient to form reasonably the opinion that the investment is suitable for the investor. This requires that the registrant have, or that he or she acquire a basic understanding of the proposed investment and the circumstances of the investor.

[29] Reliance on information provided by persons other than the investor may be reasonable, depending on the facts.

[30] But where information is provided by an apparently unregistered person – in this case, Richard Ochnik – whose activities may well have amounted to conduct in furtherance of trading (and therefore, trading), and who may well have been carrying on the business of trading (in view of the number of clients involved), red flags should have gone up. Although there were some discussions with a few investors over whether there were loans involved in the transaction, the bulk of the investors were not asked and the few that were, incorrectly, left the representative and T-D Waterhouse with the view that no loans were involved.

[31] The agreed facts state that, and I quote:

No one at T-D Waterhouse had any direct conversations with the bulk of the investors, and so, the issue of loans associated with the investments, was never discussed with most of them.

Had T-D Waterhouse been aware of the loans, it would not have proceeded with the transaction.

[32] It appears, therefore, that part of the failure of T-D Waterhouse to fulfill the suitability requirement is attributable to its failure to exercise due diligence, by making sufficient inquiries of the investors, or others, about the nature of the transaction, and other relevant factors. This was, obviously, necessary, in view of the information disclosed in the new client account forms.

[33] T-D Waterhouse acknowledges that its conduct was contrary to Ontario securities law and contrary to the public interest.

Sanctions

[34] In the Settlement Agreement T-D Waterhouse agreed to the following:

- (i) To make restitution to its clients in the amount of monies that were deposited into the client accounts at T-D Waterhouse and used to purchase shares of the private company, plus interest calculated by a formula to be agreed upon by staff and T-D Waterhouse.
- (ii) To provide proof in writing to staff that restitution to its clients has been made.
- (iii) To make a settlement payment of \$250,000 to the Commission for allocation to, and for the benefit of, third parties, under section 3.4 (2) of the Act. (In passing, I wish to note that this amount is equivalent to approximately two and-a-half times the amount of commissions received by T-D Waterhouse in the transaction.)
- (iv) To provide a letter of comfort from its auditors to staff to confirm that T-D Waterhouse has instituted new practices and procedures relating to preventing the facilitation of potential RRSP loan schemes. (This is

Reasons: Decisions, Orders and Rulings

directly responsive to T-D Waterhouse's partial failure to meet its suitability obligations to its clients. I think this sanction is very appropriate.)

- (v) Pursuant to clause 6 of subsection 127.1 of the Act, T-D Waterhouse will be reprimanded.
- (vi) Pursuant to section 127.1 of the Act, to pay the sum of \$125,000 in respect of the costs of the investigation and hearing in this matter.

[35] We believe that the sanctions are appropriate and that the Settlement Agreement is in the public interest.

[36] T-D Waterhouse is hereby reprimanded.

Approved by the chair of the hearing on October 7th, 2005.

"Paul M. Moore"
Chair

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Central Asia Gold Limited	06 Oct 05	18 Oct 05		
West Coast Forest Products Ltd	29 Sep 05	07 Oct 05	07 Oct 05	

4.2.1 Temporary, Permanent & Rescinding Management 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

NO UPDATES

4.2.2 Outstanding 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
ACE/Security Laminates Corporation	06 Sept 05	19 Sept 05	19 Sept 05		
Argus Corporation Limited	25 May 04	03 Jun 04	03 Jun 04		
Canadex Resources Limited	04 Oct 05	17 Oct 05			
Fareport Capital Inc.	13 Sept 05	26 Sept 05	26 Sept 05		
Hip Interactive Corp.	04 Jul 05	15 Jul 05	15 Jul 05		
HMZ Metals Inc.	24 Aug 05	06 Sept 05	06 Sept 05		
Hollinger Canadian Newspapers, Limited Partnership	21 May 04	01 Jun 04	01 Jun 04		
Hollinger Inc.	18 May 04	01 Jun 04	01 Jun 04		
Hollinger International	18 May 04	01 Jun 04	01 Jun 04		
Kinross Gold Corporation	01 Apr 05	14 Apr 05	14 Apr 05		
Rex Diamond Mining Corporation	04 Jul 05	15 Jul 05	15 Jul 05		
Thistle Mining Inc.	05 Apr 05	18 Apr 05	18 Apr 05		
Xplore Technologies Corp.	04 Jul 05	15 Jul 05	15 Jul 05		

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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 SecuritiesSource (see www.carswell.com).

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

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

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORM 45-501F1

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
09/30/2005	1	073401 BC Ltd. - Debentures	9,900.00	10.00
09/08/2005	3	Advanced Explorations Inc. - Units	151,020.00	503,400.00
10/04/2005	1	Airesurf Networks Holdings Inc. - Common Shares	0.00	1,000,000.00
09/29/2005	1	America Movil, S.A. De C.V. - Notes	25,436,292.00	1.00
09/20/2005	12	American Capital Strategies, Ltd. - Common Shares	39,026,198.00	33,347,046.00
09/07/2005	1	Andean American Mining Corp. - Units	90,000.00	100,000.00
09/30/2005	3	Aumega Discoveries Ltd. - Units	450,000.00	450,000.00
09/26/2005	12	A.J. Resources Inc. - Units	427,801.00	427,801.00
09/21/2005	8	Bank of America Corporation - Notes	138,968,030.00	1,392,883.00
09/21/2005	18	Bank of America Corporation - Notes	175,601,608.00	1,757,000.00
09/26/2005	1	Bishop Gold Inc. - Units	15,000.00	300,000.00
09/29/2005	29	Capitol Energy Resources Ltd. - Common Shares	6,754,590.00	1,452,600.00
09/29/2005	3	Capitol Energy Resources Ltd. - Flow-Through Shares	3,501,400.00	574,000.00
09/23/2005	1	Century Mining Corporation - Units	87,500.00	250,000.00
09/15/2005	2	Continuum Resources Ltd. - Units	315,000.00	1,750,000.00
09/27/2005 to 09/28/2005	1	Cooperative Centrale Raiffeisen-Boerenleenbank B.A. - Notes	1,500,000,000.00	750,000,000.00
09/23/2005	4	Coronation Minerals Inc. - Flow-Through Shares	596,000.10	1,986,667.00
09/27/2005	3	Crescent Resources Corp. - Units	122,500.00	350,000.00
09/29/2005	17	Diamond Tree Energy Ltd. - Common Shares	17,850,000.00	3,500,000.00
09/28/2005	5	Dynacor Mines Inc. - Common Shares	1,715,076.00	9,528,200.00
09/30/2005	1	Espial Group Inc. - Common Shares	1.00	1,250,000.00
09/19/2005	1	E*Trade Financial Corp. - Notes	250,000.00	250,000.00
10/01/2005	16	FactorCorp. - Debentures	1,921,000.00	1,921,000.00
09/23/2005 to 09/30/2005	28	General Motors Acceptance Corporation - Notes	8,026,223.82	0.00
09/26/2005	16	Honda Canada Finance Inc. - Debentures	500,000,000.00	500,000.00

Notice of Exempt Financings

09/22/2005	14	InterRent International Properties Inc. - Debentures	5,417,000.00	5,417.00
09/15/2005	20	Iron Lake Minerals Inc. - Units	316,000.00	6,320,000.00
10/01/2005	178	K Fund - Units	8,544,000.00	178.00
08/31/2005	1	Lancaster Fixed Income Fund II - Trust Units	2,238,214.82	169,710.00
07/31/2005	1	Lancaster Fixed Income Fund II - Trust Units	2,190,440.74	168,293.00
06/30/2005	1	Lancaster Global Fund - Trust Units	1,880,516.29	196,641.00
10/01/2005	5	MCAN Performance Strategies - Limited Partnership Units	1,550,000.00	13,881.00
09/01/2005	1	MCAN Performance Strategies - Limited Partnership Units	53,960.00	487.00
09/20/2005	10	Melkior Resources Inc. - Units	205,000.00	6,000,000.00
09/30/2005	18	Miramar Mining Corporation - Flow-Through Shares	15,006,000.00	7,320,000.00
09/21/2005	6	Moontaxi Media Inc. - Common Shares	640,278.00	277,777.00
09/28/2005	3	Neiman Marcus Group Inc. - Notes	11,729,000.00	10,000,000.00
09/28/2005	3	Neiman Marcus Group Inc. - Notes	11,729,000.00	10,000,000.00
09/15/2005 to 09/22/2005	18	Neo Exploration Inc. - Common Shares	655,000.00	1,310,000.00
09/21/2005	51	Newport Diversified Hedge Fund - Units	2,599,528.58	25,501.00
09/30/2005	1	Old Yale Ventures Limited Partnership - Limited Partnership Units	100.00	10.00
09/15/2005	1	QHR Technologies Inc. - Units	100,000.00	200,000.00
09/30/2005	20	Reece Energy Exploration Corp. - Units	371,875.00	87,500.00
09/27/2005	1	Ripple Lake Diamonds Inc. - Units	9,999.90	22,222.00
09/16/2005	3	Romarco Minerals Inc. - Units	2,516,999.94	14,805,882.00
09/27/2005	2	Royal Roads Corp. - Units	40,000.00	200,000.00
09/22/2005	2	Sage Gold Inc. - Units	165,225.00	2,203,000.00
09/28/2005	11	Schooner Trust - Certificate	38,351,853.00	38,351,853.00
09/22/2005	2	Scorpio Mining Corporation - Units	55,000.00	110,000.00
09/30/2005	1	SMART Trust - Notes	308,877.09	1.00
09/28/2005	1	SMART Trust - Notes	1,490,814.22	1.00
09/29/2005	1	SMART Trust - Notes	136,490.00	1.00
09/30/2005	2	Solid Resources Ltd. - Units	400,000.00	320,000.00
09/27/2005	10	Storm Cat Energy Corporation - Flow-Through Shares	2,545,284.00	909,030.00
09/27/2005	7	Storm Cat Energy Corporation - Units	2,222,240.00	926,000.00
09/07/2005	1	Strike Petroleum Ltd. - Common Shares	100,000.00	125,000.00

Notice of Exempt Financings

09/21/2005 to 09/29/2005	1	Sutyr Corp. - Common Shares	200,000.00	8,350,000.00
07/20/2005	14	The Bear Stearns Companies Inc. - Notes	192,000,000.00	427.00
09/21/2005	83	Total Energy Services Trust - Trust Units	27,000,000.00	2,000,000.00
09/27/2005	55	Transeuro Energy Corp. - Units	25,145,000.00	10,700,000.00
08/31/2005	21	Twenty Two Degree Energy Corp. - Rights	338,500.00	6,770,000.00
10/05/2005	44	Uravan Minerals Inc. - Units	6,650,000.00	4,750,000.00
10/03/2005	3	Victory Resources Corporation - Units	22,200.00	74,000.00
09/29/2005	21	Viva Source Corp. - Warrants	134,000.00	335,000.00
09/29/2005	58	Westcan Income Limited Partnership II - Limited Partnership Units	2,770,000.00	277,000.00
09/28/2005	30	Winnipeg Airports Authority Inc. - Bonds	250,000,000.00	250,000,000.00
09/28/2005	1	Yava Technologies Inc. - Preferred Shares	14,882.00	1,063.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

American Express Canada Credit Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Shelf Prospectus dated October 6, 2005
Mutual Reliance Review System Receipt dated October 7, 2005

Offering Price and Description:

Cdn \$3,500,000,000.00 Medium Term Notes (unsecured)

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
CIBC World Markets Inc.
Merrill Lynch Canada Inc.

Promoter(s):

-

Project #839253

Issuer Name:

CNH Capital Canada Receivables Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Shelf Prospectus dated October 7, 2005
Mutual Reliance Review System Receipt dated October 11, 2005

Offering Price and Description:

Up to \$1,000,000,000.00 of Receivable-Back Notes

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #839520

Issuer Name:

Gryphon Gold Corporation
Principal Regulator - British Columbia

Type and Date:

Amended and Restated Preliminary Prospectus dated October 5, 2005
Mutual Reliance Review System Receipt dated October 7, 2005

Offering Price and Description:

Cdn \$17,500,000.00 – Units Price: Cdn \$ * per Units

Underwriter(s) or Distributor(s):

Desjardins Securities Inc.
CIBC World Markets Inc.
Bolder Investment Partners, Ltd.
Orion Securities Inc.

Promoter(s):

-

Project #820359

Issuer Name:

Hali Capital Corporation
Principal Regulator - Alberta

Type and Date:

Preliminary CPC Prospectus dated October 4, 2005
Mutual Reliance Review System Receipt dated October 5, 2005

Offering Price and Description:

\$875,000.00 - 8,750,000 common shares Price: \$0.10 per common share

Underwriter(s) or Distributor(s):

Octagon Capital Corporation

Promoter(s):

Theodore J. A. Rousseau

Project #838789

Issuer Name:

Medmira Inc.
Principal Regulator - Nova Scotia

Type and Date:

Preliminary Prospectus dated October 5, 2005
Mutual Reliance Review System Receipt dated October 5, 2005

Offering Price and Description:

\$10,000,000 - 14,285,714 Common Shares
Price: \$0.70 per Common Share

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #838647

Issuer Name:

Phoenix Technology Income Fund
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated October 7, 2005
Mutual Reliance Review System Receipt dated October 7, 2005

Offering Price and Description:

\$10,800,000.00 - 1,200,000 Trust Units

Underwriter(s) or Distributor(s):

Peters & Co. Limited
Wellington West Capital Markets Inc.

Promoter(s):

John M. Hooks

Project #839398

Issuer Name:

Real Estate Asset Liquidity Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated October 6, 2005
Mutual Reliance Review System Receipt dated October 7, 2005

Offering Price and Description:

\$602,584,000.00 (Approximate) - Commercial Mortgage
Pass-Through Certificates, Series 2005-2

Underwriter(s) or Distributor(s):

RBC Dominion Securities
Credit Suisse First Boston Canada Inc.

Promoter(s):

Royal Bank of Canada

Project #839370

Issuer Name:

Silver Fern Financial Ltd.
Principal Regulator - Alberta

Type and Date:

Preliminary CPC Prospectus dated October 4, 2005
Mutual Reliance Review System Receipt dated October 6, 2005

Offering Price and Description:

\$1,000,000.00 - 5,000,000 Common Shares Price: \$0.20
per Common Share Agent's Option to acquire 500,000
Common Shares - Price: \$0.20 per Common Share
Directors' and Officers' Options to acquire 600,000
Common Shares - Price: \$0.20 per Common Share

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

Gordon D. Anderson

Project #748774

Issuer Name:

SkyPower Wind Energy Fund LP
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated October 6, 2005
Mutual Reliance Review System Receipt dated October 7, 2005

Offering Price and Description:

Minimum: \$75,000,000.00 (7,500,000 Limited Partnership
Units); Maximum: \$100,000,000.00 (10,000,000 Limited
Partnership Units) Price: \$10.00 per Unit

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Genuity Capital Markets
Dundee Securities Corporation
Canaccord Capital Corporation
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.

Promoter(s):

SkyPower Corp.

Project #839343

Issuer Name:

TD Split Inc.
Principal Regulator - Ontario

Type and Date:

Amended and Restated Preliminary Prospectus dated
October 6, 2005
Mutual Reliance Review System Receipt dated October 7,
2005

Offering Price and Description:

\$* - * Preferred Shares and \$* - * Capital Shares
Prices: \$ * per Preferred Share and \$ * per Capital Share

Underwriter(s) or Distributor(s):

TD Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Blackmont Capital Inc.
Desjardins Securities Inc.
Dundee Securities Corporation
Raymond James Ltd.
Wellington West Capital Inc.

Promoter(s):

TD Securities Inc.

Project #836708

Issuer Name:

Ur-Energy Inc.
Principal Regulator - Ontario

Type and Date:

Amended and Restated Preliminary Prospectus dated
October 6, 2005
Mutual Reliance Review System Receipt dated October 7,
2005

Offering Price and Description:

\$* Through the issuance of * Common Shares Price: \$* per
Common Share

Underwriter(s) or Distributor(s):

Raymond James Ltd.
Canaccord Capital Corporation

Promoter(s):

Robin B. Dow

Project #838365

Issuer Name:

AGF Managed Futures Fund
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated October 4, 2005
Mutual Reliance Review System Receipt dated October 6,
2005

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

AGF Funds Inc.

Promoter(s):

-

Project #831493

Issuer Name:

Altruista Fund Inc.

Type and Date:

Amendment #1 dated October 4, 2005 to Final Prospectus
dated January 5, 2005
Received on October 6, 2005

Offering Price and Description:

Class A Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #724808

Issuer Name:

BPI Global Equity Fund
CI Explorer Fund
Signature Canadian Income Fund
Synergy Extreme Canadian Equity Fund
Synergy Tactical Asset Allocation Fund
Signature Canadian Small Cap Class
Synergy Canadian Value Class
Synergy Canadian Short-Term Income Class
Synergy Canadian Class (formerly Synergy Canadian
Momentum Class)
Synergy Canadian Style Management Class
Synergy Canadian Corporate Class (formerly Synergy
Canadian Momentum Sector Fund)
Principal Regulator - Ontario

Type and Date:

Amendment #4 dated September 26, 2005 to Final
Simplified Prospectuses dated June 20, 2005
Mutual Reliance Review System Receipt dated October 7,
2005

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

-

Promoter(s):

CI Investments Inc.

Project #784613

Issuer Name:

CanWest MediaWorks Income Fund
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated October 7, 2005
Mutual Reliance Review System Receipt dated October 7,
2005

Offering Price and Description:

\$550,000,000.00 - 55,000,000 Fund Units Price: \$10.00
per Fund Unit

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
TD Securities Inc.
National Bank Financial Inc.
Richardson Partners Financial Limited
Wellington West Capital Markets Inc.

Promoter(s):

CanWest MediaWorks Inc.

Project #830094

Issuer Name:

Scotia Selected Conservative Growth RSP Fund
Scotia Selected Aggressive Growth RSP Fund
Capital U.S. Large Companies RSP Fund
Capital U.S. Small Companies RSP Fund
Capital International Large Companies RSP Fund
Capital Global Discovery RSP Fund
Capital Global Small Companies RSP Fund
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated September 29, 2005 to the Amended and Restated Simplified Prospectuses and Annual Information Forms dated June 10, 2005, amending and restating Simplified Prospectuses and Annual Information Forms dated October 29, 2004
Mutual Reliance Review System Receipt dated October 5, 2005

Offering Price and Description:

Class A and F Units

Underwriter(s) or Distributor(s):

Scotia Securities Inc.
Scotia Securities Inc.
Scotia Securites Inc.

Promoter(s):

The Bank of Nova Scotia

Project #694231

Issuer Name:

Cartier Money Market Fund
Cartier Bond Fund
Cartier Small Cap Cdn. Equity Fund
Cartier Multimangement Portfolio
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated September 29, 2005 to Simplified Prospectuses and Annual Information Forms dated May 27, 2005
Mutual Reliance Review System Receipt dated October 5, 2005

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Dejardins Trust Inc.
Desjardins Trust Investment Services Inc.
Cartier Partners Securities Inc.

Promoter(s):

Goodman & Company, Investment Counsel Ltd.

Project #773012

Issuer Name:

Dynamic Managed Portfolios Ltd.
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated September 29, 2005 to Simplified Prospectus and Annual Information Form dated May 11, 2005
Mutual Reliance Review System Receipt dated October 7, 2005

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Goodman & Company, Investment Counsel Ltd.
Goodman & Company, Investment Counsel Ltd.

Promoter(s):

Goodman & Company, Investment Counsel Ltd.

Project #768757

Issuer Name:

Dynamic Greater China Fund
Dynamic Focus+ World Equity Fund
Dynamic Focus+ World Equity Fund I
Commonwealth Canadian Balanced Fund
Dynamic Global Precious Metals Fund
Dynamic Canadian Precious Metals Fund
Dynamic Global Real Estate Fund
Dynamic Focus+ Real Estate Fund
Dynamic Global Resource Fund
Dynamic Focus+ Resource Fund
Dynamic American Value Class
Dynamic Focus+ Equity Class
(formerly Dynamic Focus+ Canadian Class)
Dynamic Focus+ Canadian Fund
Dynamic Canadian Technology Fund
Dynamic Value Balanced Fund
Dynamic European Value Fund
Dynamic Focus+ American Fund
Principal Regulator - Ontario

Type and Date:

Amendment #4 dated September 29, 2005 to Simplified Prospectuses and Annual Information Forms dated January 28, 2005
Mutual Reliance Review System Receipt dated October 6, 2005

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Goodman & Company, Investment Counsel Ltd.
Goodman & Company, Investment Counsel Ltd.

Promoter(s):

Goodman & Company, Investment Counsel Ltd.

Project #711713

Issuer Name:

Empire Mining Corporation
Principal Regulator - British Columbia

Type and Date:

Final CPC Prospectus dated October 4, 2005
Mutual Reliance Review System Receipt dated October 6, 2005

Offering Price and Description:

\$250,000.00 - 2,500,000 common shares Price: \$0.10 per common share

Underwriter(s) or Distributor(s):

Graydon Elliott Capital Corporation

Promoter(s):

Robert Giustra

Project #805707

Issuer Name:

Institutional Managed Canadian Equity Pool
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated September 30, 2005 to Simplified Prospectus and Annual Information Form dated June 28, 2005
Mutual Reliance Review System Receipt dated October 6, 2005

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

United Financial Corporation
Assante Capital Management Ltd.
Assante Financial Management Ltd.
Assante Capital Management Ltd.
Assante Capital Management Ltd.

Promoter(s):

United Financial Corporation

Project #782529

Issuer Name:

Multipartners Global Balanced Portfolio
Multipartners Balanced Growth Portfolio
Multipartners High Growth Portfolio
Principal Regulator - Ontario

Type and Date:

Amendment #2 dated September 29, 2005 to Simplified Prospectus and Annual Information Form dated October 14, 2004
Mutual Reliance Review System Receipt dated October 5, 2005

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Cartier Partners Securities Inc.
Desjardins Trust Investment Services Inc.

Promoter(s):

Goodman & Company, Investment Counsel Ltd.

Project #688352

Issuer Name:

Pitchstone Exploration Ltd.
Principal Regulator - British Columbia

Type and Date:

Final Prospectus dated October 5, 2005
Mutual Reliance Review System Receipt dated October 5, 2005

Offering Price and Description:

\$3,300,000.00 (Maximum) - Up to 6,000,000 Units Price: \$0.55 per Unit

Underwriter(s) or Distributor(s):

Dundee Securities Corporation
Pacific International Securities Inc.
Haywood Securities Inc.

Promoter(s):

Edward A.G Trueman

Project #832506

Issuer Name:

Radiant All Equity Portfolio
Radiant Growth Portfolio
Radiant High Growth Portfolio
Radiant Money Market Portfolio
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated September 29, 2005 to Simplified Prospectuses and Annual Information Forms dated February 24, 2005
Mutual Reliance Review System Receipt dated October 6, 2005

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Goodman & Company, Investment Counsel Ltd.,
Goodman & Company, Investment Counsel Ltd.

Promoter(s):

Goodman & Company, Investment Counsel Ltd.,

Project #731444

Issuer Name:

Sierra Vista Energy Ltd.
Principal Regulator - Alberta

Type and Date:

Final Prospectus dated October 4, 2005
Mutual Reliance Review System Receipt dated October 5, 2005

Offering Price and Description:

Up to 12,000 Units (\$12,000,000.00); Minimum Offering: 6,500 Units (\$6,500,000.00)
Maximum Offering: 12,000 Units (\$12,000,000.00)

Underwriter(s) or Distributor(s):

Dundee Securities Corporation

Promoter(s):

Mark A. Malouin
Morley Mychaluk

Project #832127

Issuer Name:

Sprott Canadian Equity Fund
Sprott Gold and Precious Minerals Fund
Sprott Energy Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated October 4, 2005
Mutual Reliance Review System Receipt dated October 11, 2005

Offering Price and Description:

Series A, I and F Units

Underwriter(s) or Distributor(s):

Sprott Securities Inc.
Sprott Asset Management Inc.

Promoter(s):

Sprott Asset Management Inc.

Project #820931

Issuer Name:

Superior Plus Income Fund
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated October 7, 2005
Mutual Reliance Review System Receipt dated October 7, 2005

Offering Price and Description:

\$160,036,250.00 - 6,215,000 Subscription Receipts
\$75,000,000.00 - 5.85% Extendible Convertible Unsecured
Subordinated Debentures Subscription Receipts

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation

Promoter(s):

-

Project #837536

Issuer Name:

TD Canadian T-Bill Fund
TD Canadian Money Market Fund
TD Premium Money Market Fund
TD U.S. Money Market Fund
TD Short Term Bond Fund
TD Mortgage Fund
TD Canadian Bond Fund
TD Real Return Bond Fund
TD Global RSP Bond Fund
TD High Yield Income Fund

TD Monthly Income Fund
TD Balanced Fund
TD Balanced Income Fund
TD Balanced Growth Fund
TD Global Asset Allocation Fund
TD Dividend Income Fund
TD Dividend Growth Fund
TD Income Trust Capital Yield Fund
TD Canadian Blue Chip Equity Fund
TD Canadian Equity Fund
TD Canadian Value Fund
TD Canadian Small-Cap Equity Fund
TD U.S. Blue Chip Equity Fund
TD U.S. Equity Fund
TD AmeriGrowth RSP Fund
TD U.S. Large-Cap Value Fund
TD U.S. Mid-Cap Growth Fund
TD U.S. Small-Cap Equity Fund
TD Global Select Fund
TD International Equity Fund
TD European Growth Fund
TD Japanese Growth Fund
TD Asian Growth Fund
TD Pacific Rim Fund (formerly TD AsiaGrowth RSP Fund)
TD Emerging Markets Fund
TD Latin American Growth Fund
TD Resource Fund
TD Energy Fund
TD Precious Metals Fund
TD Entertainment & Communications Fund
TD Science & Technology Fund
TD Health Sciences Fund
TD Canadian Bond Index Fund
TD Balanced Index Fund
TD Canadian Index Fund
TD Dow Jones Industrial Average Index Fund
TD U.S. Index Fund
TD U.S. RSP Index Fund
TD Nasdaq RSP Index Fund
TD International Index Fund
TD International RSP Index Fund
TD European Index Fund
TD Japanese Index Fund
TD Income Advantage Portfolio
TD U.S. Equity Advantage Portfolio
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated October 4, 2005
Mutual Reliance Review System Receipt dated October 7, 2005

Offering Price and Description:

Investor Series units, E-Series units, Institutional Series units, O-Series units, Premium Series units and H-Series units

Underwriter(s) or Distributor(s):

TD Investment Services Inc.

TD Asset Management Inc.

Promoter(s):

TD Asset Management Inc.

Project #818661

Issuer Name:

TD Canadian Money Market Fund (Advisor Series and F-Series units)
TD Short Term Bond Fund (Advisor Series and F-Series units)
TD Canadian Bond Fund (Advisor Series and F-Series units)
TD Real Return Bond Fund (Advisor Series and F-Series units)
TD Global RSP Bond Fund (Advisor Series and F-Series units)
TD High Yield Income Fund (Advisor Series and F-Series units)
TD Monthly Income Fund (Advisor Series, F-Series, T-Series and S-Series units)
TD Balanced Income Fund (Advisor Series and F-Series units)
TD Balanced Growth Fund (Advisor Series and F-Series units)
TD Dividend Income Fund (Advisor Series and F-Series units)
TD Dividend Growth Fund (Advisor Series and F-Series units)
TD Income Trust Capital Yield Fund (Advisor Series and F-Series units)
TD Canadian Blue Chip Equity Fund (Advisor Series and F-Series units)
TD Canadian Equity Fund (Advisor Series and F-Series units)
TD Canadian Value Fund (Advisor Series and F-Series units)
TD Canadian Small-Cap Equity Fund (Advisor Series and F-Series units)
TD U.S. Blue Chip Equity Fund (Advisor Series and F-Series units)
TD U.S. Large-Cap Value Fund (Advisor Series and F-Series units)
TD U.S. Mid-Cap Growth Fund (Advisor Series and F-Series units)
TD U.S. Small-Cap Equity Fund (Advisor Series and F-Series units)
TD Global Select Fund (Advisor Series and F-Series units)
TD International Equity Fund (Advisor Series and F-Series units)
TD Emerging Markets Fund (Advisor Series and F-Series units)
TD Resource Fund (Advisor Series and F-Series units)
TD Entertainment & Communications Fund (Advisor Series and F-Series units)
TD Science & Technology Fund (Advisor Series and F-Series units)
TD Health Sciences Fund (Advisor Series and F-Series units)
TD Canadian Bond Index Fund (F-Series units)
TD Canadian Index Fund (F-Series units)
TD Dow Jones Industrial Average Index Fund (F-Series units)
TD U.S. Index Fund (F-Series units)
TD U.S. RSP Index Fund (F-Series units)
TD Nasdaq RSP Index Fund (F-Series units)
TD International Index Fund (F-Series units)
TD International RSP Index Fund (F-Series units)
TD European Index Fund (F-Series units)

TD Japanese Index Fund (F-Series units)
TD Income Advantage Portfolio (Advisor Series, F-Series,
T-Series and S-Series units)
TD U.S. Equity Advantage Portfolio (Advisor Series and F-
Series units)

Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated October 4, 2005
Mutual Reliance Review System Receipt dated October 7,
2005

Offering Price and Description:

Advisor, F-Series, T-Series and S-Series

Underwriter(s) or Distributor(s):

TD Investment Services Inc. I(for Investor and Institutional
series units)
TD Investment Services Inc. (for Investor and Institutional
series units)
TD Investment Services Inc.(for Investor and Institutional
series units)
TD Investment Services Inc.(for Investor, Institutional and
O-Series units)
TD Investment Services Inc. (for Investor series, e-Series
and Institutional series Units)
TD Investment Services Inc. (for Investor series, e-Series
and Institutional series units)
TD Investment Services Inc. (for Investor series,
Institutional series and O-Series units)
TD Investment Services Inc. (for Investor series and e-
Series units)
TD Investment Services Inc. (for Investor and Institutional
series units)
TD Investment Services Inc. (for Investor series and H-
Series units)
TD Investment Services Inc. (for Investor Series units)
TD Investment Services Inc. (for Investor series,e-Series
and Institutional series units)
TD Investment Services Inc. (for Investor series units)
TD Asset Management Inc. (for Investor and Institutional
series units)
TD Investment Services Inc. (for Investor series,
Institutional series and O-series units)

Promoter(s):

TD Asset Management Inc.

Project #818876

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Incue Inc.	Limited Market Dealer	October 12, 2005
New Registration	Sprung & Co. Investment Counsel Inc.	Investment Counsel and Portfolio Manager	October 7, 2005
Change of Name	From: Connor, Clark & Lunn Investment Management Partnership To: Connor, Clark & Lunn Investment Management LLP	Investment Counsel and Portfolio Manager	August 26, 2005

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 TSX Notice of Approval of Amendments to Part VIII of the TSX Company Manual in Respect of Fees Payable by Listed Companies

TORONTO STOCK EXCHANGE NOTICE OF APPROVAL OF AMENDMENTS TO PART VIII OF THE TORONTO STOCK EXCHANGE COMPANY MANUAL IN RESPECT OF FEES PAYABLE BY LISTED COMPANIES

Introduction

In accordance with the "Protocol for Commission Oversight of Toronto Stock Exchange Rule Proposals" (the Protocol) between the Ontario Securities Commission (the "OSC") and Toronto Stock Exchange ("TSX"), TSX has adopted and the OSC has approved the repeal of Sections 801 to 816 of Part VIII (the "Amendment") of the TSX Company Manual (the "Manual") and its replacement with a revised Section 801. The Amendment will become effective on October 1, 2005.

Substance and Purpose

Listing fees do not relate to the rules or standards which listed issuers must follow. As a result, TSX proposes to remove them from the Manual and in turn, remove them from the rule review approval process set out under the Protocol. The purpose of the Amendment is to clarify that listing fees are not subject to the rule review approval process, and, to avoid any potential application of the rule review process to listing fee changes. The listing fees contained in Part VIII will remain in effect upon the repeal and will be posted on TSX's website.

Application of the rule review process to listing fee changes would hinder TSX's ability to react quickly and transparently to competitive developments or changing market conditions, and effectively, it would require the OSC to approve a market's fee changes, which it does not do for other markets. TSX must have the ability to adjust its fees on an ongoing basis in order to reduce the risk of losing issuers to competing markets, particularly for novel issuers and products which are continuing to evolve and where TSX is increasingly competing globally for stock exchange listings.

Listing fees are a business related function of TSX and as such, TSX management should, subject to TSX's recognition order, be able to exercise control over the timing and process of amending fees. Similar to trading and data fees charged by TSX, listing fees need not be subject to the rule review process.

Summary of the Amendments

The Manual is amended by removing all listing fees from Part VIII to a listing fee schedule, which will be located on TSX's website. All references to fees and/or applicable fees throughout the Manual will now refer to the respective fees in the Listing Fee Schedule, as published by TSX from time to time. Attached as Appendix A is the Amendment. Attached as Appendix B is the Listing Fee Schedule, as it will appear on TSX's website at www.tsx.com.

BY ORDER OF THE BOARD OF DIRECTORS
SHARON C. PEL
SENIOR VICE PRESIDENT, LEGAL & BUSINESS AFFAIRS

Appendix A

Amendments to Part VIII of the TSX Company Manual

The Policies of the TSX Company Manual are amended by amending Part VIII as follows:

1. Section 801 are repealed and replaced with the following:

“Sec. 801 All references to fees in the TSX Company Manual shall refer to the fees in the Listing Fees Schedule, as published by TSX from time to time.”; and
2. Sections 802 – 816 are repealed.

Appendix B

TSX LISTING FEE SCHEDULE

**TSX Listing Fee Schedule
(As of: October 1, 2005)**

Fees Payable by Listed Companies

A. DEFINITIONS

1. For the purposes of this Listing Fee Schedule:

“**Issue Price Per Share**” means the price at which the company's shares are issued.

“**Listing Capitalization**” means the value of shares to be listed by the company and is calculated as: (i) the price per share to be listed, as specified in the following sections, multiplied by (ii) the number of shares to be listed, such number being the number of shares issued and outstanding, together with any shares which have been authorized for issuance for a specific purpose.

“**Market Price Per Share**” means the volume weighted average trading price for the five previous trading days on which the company's shares traded. For original listings, the Market Price Per Share shall be calculated for the period ending five days prior to listing on TSX and for additional listings shall be calculated for the period ending one day prior to the earlier of the issuance of the relevant press release and letter notice to TSX.

Please refer to our web site at www.tsx.com to access our listing fee calculator.

B. ORIGINAL LISTING

Application Fee

2. Original listing applications submitted to TSX must be accompanied by a non-refundable application fee of \$5,000.

Listing Fee

3. The listing fee, calculated separately for each class of shares to be listed, shall be comprised of a base charge of \$15,000 plus an assessment of the Listing Capitalization of the shares to be listed by the company. The assessment of Listing Capitalization is at the rate of \$1,200 for each \$1,000,000 of Listing Capitalization or part thereof, over \$15,000,000 (subject to a maximum fee of \$150,000). (Fee Schedule 1.)

Fee Schedule 1

LISTING CAPITALIZATION RANGE	FIXED FEE	VARIABLE FEE/\$MM LISTING CAPITALIZATION OVER \$15MM
Up to \$15 million	\$15,000	
Over \$15 million	\$15,000 +	\$1,200
Maximum Fee	\$150,000	

For Initial Public Offerings, the fee shall be based on Fee Schedule 1, where the Issue Price of the Offering shall be used to calculate Listing Capitalization.

For transfers from other exchanges, the fee shall be based on Fee Schedule 1, where Market Price shall be used to calculate Listing Capitalization.

The fee to list the shares underlying warrants shall be based on Fee Schedule 1, where the exercise price per share to acquire the underlying shares shall be used to calculate Listing Capitalization. In the event the warrant specifies varying exercise prices, the exercise price of the first exercise period is to be used.

The fee to list the shares underlying convertible securities shall be based on Fee Schedule 1, where the conversion price per share to acquire the underlying shares shall be used to calculate Listing Capitalization.

Structured Product Issuers

For structured product companies, the fee shall be comprised of a base charge of \$15,000, plus an assessment of the Listing Capitalization of the shares to be listed by the company. The assessment of Listing Capitalization is at the rate of 0.025% of Listing Capitalization in excess of \$15,000,000 (subject to a maximum fee of \$150,000). Listing Capitalization is rounded up to the nearest \$million. At the time of original listing approval, TSX, in its discretion, shall determine if a company will be deemed a structured product company.

For international exchange traded funds which are already listed on another recognized exchange, the fee shall be \$20,000. For fund families with at least five of such international exchange traded funds listed on TSX, the fee for each additional new listing shall be \$10,000. An international exchange traded fund will generally be limited to funds organized outside of Canada, and which are not based on TSX indexes or TSX issuers.

4. Where Market Price or Issue Price are unavailable, as in the case of a new entity created by a listed company (e.g. corporate "spin off"), the company will be required to deposit with TSX the maximum fee, subject to subsequent adjustment. The fee shall be based on Fee Schedule 1, where the volume weighted average trading price for the first five days trading of the new entity's shares on TSX shall be used to calculate Listing Capitalization.

If less than 5% of the shares to be listed are held in Canada, refer to Section 2.

C. ADDITIONAL LISTINGS

5. Where, after an initial listing, additional shares of a listed class are to be listed, the fee for listing the additional shares, calculated separately for each class of listed shares, shall be comprised of a base charge of \$1,000 plus an assessment of the Listing Capitalization of the shares to be listed by the company. The assessment of Listing Capitalization is at the rate of \$1,200 for each \$1,000,000 of Listing Capitalization or part thereof, over \$1,000,000 (subject to a maximum fee of \$125,000). (Fee Schedule 2.)

Issue Price or Market Price, as appropriate, shall be used to calculate Listing Capitalization.

Fee Schedule 2

LISTING CAPITALIZATION RANGE	FIXED FEE	VARIABLE FEE/\$MM LISTING CAPITALIZATION OVER \$1MM
Up to \$1 million	\$1,000	
Over \$1 million	\$1,000 +	\$1,200
Maximum Fee	\$125,000	

The fee to list the shares underlying warrants shall be based on Fee Schedule 2, where the exercise price per share to acquire the underlying shares shall be used to calculate Listing Capitalization. In the event the warrant specifies varying exercise prices, the exercise price of the first exercise period is to be used.

The fee to list the shares underlying convertible securities shall be based on Fee Schedule 2, where the conversion price per share to acquire the underlying shares shall be used to calculate Listing Capitalization.

The fee to list non-convertible debentures shall be based on Fee Schedule 2, where Issue Price per debenture shall be used to calculate Listing Capitalization.

6. Where Market Price or Issue Price are deemed inappropriate by TSX, due to significant changes occurring in the listed entity, the company will be required to deposit with TSX the maximum fee, subject to subsequent adjustment. The fee shall be based on Fee Schedule 2, where the volume weighted average trading price for the first five days trading of the new entity's shares on TSX shall be used to calculate Listing Capitalization.

Structured Product Issuers

7. Where, after an initial listing, structured product companies list additional shares of a listed class, the fee for listing the additional shares, calculated separately for each class of listed shares, shall be comprised of a base charge of \$1,000 plus an assessment of the Listing Capitalization of the shares to be listed by the company. The assessment of Listing Capitalization is at the rate of 0.0125% of Listing Capitalization in excess of \$1,000,000 (subject to a maximum fee of \$125,000). Listing Capitalization is rounded up to the nearest \$million.

For structured product companies required to redeem and/or issue additional shares of a listed class on a *continual* basis, the assessment of Listing Capitalization is calculated separately for each class of listed shares at the rate of 0.0125% of (i) the volume weighted average trading price of the company's shares during a calendar quarter, multiplied by (ii) the net increase in number of shares listed during that calendar quarter, subject to a maximum fee of \$125,000, and without minimum.

At the time of original listing approval, TSX, in its discretion, shall determine if a company will be subject to this section.

D. SUBSTITUTIONAL LISTINGS

8. Where, after an initial listing, shares are to be split, subdivided, or otherwise changed, except as set out below, the fee for listing all substituted shares shall be \$8,000.

Where, after an initial listing, the capitalization is to be reduced so as to result in a consolidation of shares, the fee for listing the consolidated shares shall be \$4,000.

Where there is to be a change in the classification or name of a listed class of shares without a change in the number of shares issued and outstanding or authorized for issuance for a specific purpose, the fee shall be \$2,000.

Where the name of a company is to be changed without any change in capital structure, the fee shall be \$2,000.
Where the stock symbol of a company is to be changed without any change in the name of the company or other change in capital structure, the fee shall be \$1,000.

E. SUPPLEMENTAL LISTINGS

9. Where, after an initial listing of shares of a company, shares of the company are to be listed and such shares are not of a class already listed, the fee shall be based on Fee Schedule 2, where the Issue Price shall be used to calculate Listing Capitalization.

F. LISTING OF WARRANTS

10. For each series of warrants to be listed, the fee shall be \$3,000.

G. LISTING OF CONVERTIBLE SECURITIES

11. For each series of convertible securities to be listed, the fee shall be \$3,000.

H. LISTING OF SHARES PRIMARILY HELD OUTSIDE OF CANADA

12. Where less than 5% of the issued and outstanding shares of the company are owned by residents of Canada, the price per share used to calculate listing Capitalization shall be as per the applicable sections, above. For original listings, Fee Schedule 3 shall apply.

Fee Schedule 3

LISTING CAPITALIZATION RANGE	FIXED FEE	VARIABLE FEE/\$MM LISTING CAPITALIZATION OVER \$15MM
Up to \$15 million	\$15,000	
Over \$15 million	\$15,000 +	\$600
Maximum Fee	\$95,000	

For additional, substitutional and supplemental listings, Fee Schedule 4 shall apply.

Fee Schedule 4

LISTING CAPITALIZATION RANGE	FIXED FEE	VARIABLE FEE/\$MM LISTING CAPITALIZATION OVER \$1MM
Up to \$1 million	\$1,000	
Over \$1 million	\$1,000 +	\$600
Maximum Fee	\$40,000	

I. FILING FEES

13. A fee of \$1,000 shall be payable to TSX by a listed company upon acceptance of a notice filed pursuant to Section 602 regarding treasury securities if no additional fee is payable.

A fee of \$1,000 shall be payable to TSX for its review of: (i) any shareholder rights plan; and (ii) any amendment to a shareholder rights plan which has been adopted by a listed company.

A fee of \$1,000 shall be payable to TSX upon acceptance of a notice filed by a listed company to commence a normal course issuer bid.

J. EXTRAORDINARY CIRCUMSTANCES

14. TSX reserves the right to charge additional fees in extraordinary circumstances where an inordinate amount of time is required to process an application or a filing.

K. RECOVERY OF EXPENSES

15. TSX may levy charges to cover expenses that it has incurred relating to due diligence, research or assessment procedures which TSX deems necessary in connection with any notice or application that has been filed, or that in the opinion of TSX ought to have been filed, pursuant to any Section or Appendix of the TSX Company Manual. These charges may include, but are not limited to, expenses associated with investigations of the background of companies or their officers, directors or major shareholders.

L. SUSTAINING FEE

16. The annual sustaining fee pertains to all listed companies. The fee is comprised of a base charge of \$8,000 plus an assessment on the market value of the company's issued listed securities as at the end of the preceding calendar year. This assessment is calculated separately for each class of listed securities at the rate of \$380 for each \$5,000,000 of market value or part thereof. Statements covering the fees payable are sent to the listed companies prior to the end of February. Companies listed during the course of the year will be charged a sustaining fee on a pro rata basis, based on the market value of the company's issued listed securities at the time of listing. Companies delisted during the first six months of a calendar year will be entitled to a refund of one-half of the sustaining fee for that year.

Minimum Fee: \$8,380

Maximum Fee: \$65,000 (Non-Canadian Companies: \$40,000)

For international exchange traded funds which are already listed on another recognized exchange, the fee shall be \$20,000. For fund families with at least five of such international exchange traded funds listed on TSX, the fee for each additional new listing shall be \$10,000, subject to an aggregate maximum fee of \$200,000. An international exchange traded fund will generally be limited to funds organized outside of Canada, and which are not based on TSX indexes or TSX issuers.

The fees set out in this Listing Fee Schedule do not include the Canadian Goods and Services Tax, which Canadian issuers must remit with the fee payment.

Chapter 25

Other Information

25.1 IOSCO Media Releases

25.1.1 Regulators to Share Information on International Financial Reporting Standards

October 4, 2005

REGULATORS TO SHARE INFORMATION ON INTERNATIONAL FINANCIAL REPORTING STANDARDS

The International Organization of Securities Commissions (IOSCO) announced today that it is establishing arrangements for regulators to share decisions on the application of the International Financial Reporting Standards (IFRS).

The adoption of IFRS in many national jurisdictions and their use in numerous cross-border transactions should help to achieve convergence towards high quality global accounting standards that provide transparent and comparable information in general purpose financial reports.

The Chairman of the IOSCO Technical Committee, Mr. Michel Prada, said "Given the importance of having convergent application of financial reporting requirements, it is vital to have an appropriate mechanism to share information among authorities that will promote consistency in the implementation of IFRS".

A system will be established for participating IOSCO members and other independent enforcement organizations to share information and consult in order to maximize co-ordination and convergence. While each national regulator will retain the right to deal with an issue in its own right, the system will facilitate consistency.

IOSCO will assist participating regulators in cataloguing in a database, decisions made by regulators concerning application of IFRS. This will provide a reference source for input to future regulatory decisions. Participating regulators will also contact each other to discuss particular decisions.

On an ongoing basis, IOSCO will monitor issues related to the implementation of IFRS for indicators of issues that should be referred to the International Accounting Standards Board or the International Financial Reporting Interpretations Committee for consideration.

IOSCO anticipates that the database will be operational by the second half of 2006. At this stage it is not intended for the catalogue of decisions to be publicly accessible. The database will be developed in parallel with the CESR-Fin approach to facilitate coordination of these activities.

For further information contact

Mr. Philippe Richard, IOSCO Secretary General 34 (91) 417 55 49 or (34) 650 37 88 98 or

Mr. Andrew Larcos, Public Affairs Officer 34 (91) 417 55 49 or (34) 679 969 004

25.1.2 IOSCO Issues Consultation Report on International Disclosure Principles for Cross-Border Offerings and Listing of Debt Securities by Foreign Issuers

October 3, 2005

IOSCO ISSUES CONSULTATION REPORT ON INTERNATIONAL DISCLOSURE PRINCIPLES FOR CROSS-BORDER OFFERINGS AND LISTING OF DEBT SECURITIES BY FOREIGN ISSUERS

The International Organization of Securities Commissions (IOSCO) announced today that it is publishing for public consultation a Consultation Report on the *International Disclosure Principles for Cross-Border Offerings and Listings of Debt Securities by Foreign Issuers (International Debt Disclosure Principles)*. The public is invited to submit comments on this Consultation Report by 22 December 2005. Instructions regarding the submission of comments are set out as an attachment to this media release.

The Consultation Report sets forth substantive disclosure principles for documents used in public offerings and listings of "plain vanilla" corporate debt securities. IOSCO believes that the *International Debt Disclosure Principles* are especially pertinent given the increased volume of public offerings and listings of debt securities in the international capital markets, and the increased participation of retail investors in those markets.

The *International Debt Disclosure Principles* should provide useful guidance to securities regulators who are developing or reviewing their regulatory disclosure regimes for cross-border offerings and listings of debt securities. The principles-based format for this project is expected to provide maximum flexibility and adaptability, so that the *International Debt Disclosure Principles* can potentially be applied to a broader range of debt securities.

After the consultation process has concluded and all comments received from the public have been fully considered, the IOSCO intends to issue a final version of the *International Debt Disclosure Principles*.

For further information contact

Mr. Philippe Richard, IOSCO Secretary General 34 (91) 417 55 49 or (34) 650 37 88 98 or
Mr. Andrew Larcos, Public Affairs Officer 34 (91) 417 55 49 or (34) 679 969 004

Fax: 34 (91) 555 93 68
e-mail: mail@oicv.iosco.org

How to Submit Comments

Comments may be submitted by one of three methods **at the latest by 22 December 2005**. To help us process and review your comments more efficiently, please use only one method.

Important: All comments received may be made available to the public¹.

1. Email

- Send comments to mail@oicv.iosco.org
- The subject line of your email message must indicate "Public Comment of Debt Disclosure Principles".
- If you attach a document, indicate the software uses (e.g. WordPerfect, Microsoft WORD, ASCII text, etc).
- Please do not submit attachments as HTML, PDF, GIF, TIFF, PIF, ZIP or EXE files.

OR

2. Facsimile Transmission

Send by facsimile transmission using the following fax number: 34 (91) 555 93 68.

OR

3. Paper

Send your comments to:

Mr. Philippe Richard
IOSCO Secretary General
Oquendo 12
28006 Madrid
Spain

Your comment letter should indicate prominently that it is in relation to the "Debt Disclosure Principles".

¹ All comments will be publicly made available, unless anonymity is specifically requested. Comments sent via e-mail will be posted onto the IOSCO Internet Home Page. Comments sent via fax or paper will be converted to PDF format and then posted onto the IOSCO Internet Home Page. Personal identifying information will not be edited from submissions.

25.2 Approvals

25.2.1 Gluskin Sheff + Associates Inc. - s. 213(3)(b) of the LTCA

Memorandum

Date: September 22, 2005

To: The Commission

From: Pei-Ching Huang, Legal Counsel, Investment Funds

Re: **Gluskin Sheff + Associates Inc. – Request for Approval pursuant to clause 213(3)(b) of the Loan and Trust Corporations Act (Ontario) Application No. 646/05**

Application

This is an application by Gluskin Sheff + Associates Inc. (the "Applicant") to the Ontario Securities Commission (the "Commission") for an approval pursuant to the authority conferred upon the Commission in clause 213(3)(b) of the *Loan and Trust Corporations Act*, R.S.O. 1990, C.L.25 (the "LTCA") for the Applicant to act as trustee of The GS+A Fixed Income Fund and other mutual funds organized by the Applicant from time to time and distributed under dealer registration and prospectus exemptions (collectively, the "Funds"). A copy of clause 213(3)(b) of the LTCA is in the file.

Recommendation

Staff recommends that the Commission grant the requested approval in the form of the attached letter. The Application does not raise any novel issues.

Facts

The Applicant is incorporated under the laws of Ontario. The Applicant is registered under the *Securities Act* (Ontario) (the "Act") as an investment counsel, portfolio manager, limited market dealer and mutual fund dealer.

The Applicant is the manager, portfolio adviser and principal distributor of the GS+A Fixed Income Fund and will act in such capacities for each Fund to be established in the future. The Applicant currently acts as trustee of The GS+A RRSP Fund (a mutual fund distributed pursuant to a prospectus for which a receipt has been issued under the Act) pursuant to Commission Approval 81-901 – *Approval of Trustee of Mutual Fund Trusts* (the "Blanket Approval").

Analysis

Clause 213(2)(b) of the LTCA provides that no body corporate, other than a registered trust company under the LTCA, shall act as a trustee in respect of any service it provides to the public. Clause 213(3)(b) of the LTCA provides an exemption to this prohibition which exempts corporations who wish to act as trustee of a mutual fund

from registering under the LTCA if such corporation (1) also manages the mutual fund, and (2) is approved by the Commission to act as the trustee of the mutual fund.

Pursuant to the Blanket Approval, the Commission grants approval to any body corporate that manages a mutual fund trust to act as the trustee of the mutual fund trust in Ontario if:

- (a) the body corporate is the manager, within the meaning of National Instrument 81-102 – *Mutual Funds*, of the mutual fund trust; and
- (b) securities of the mutual fund trust are distributed by means of a prospectus or simplified prospectus for which a receipt has been issued under the Act.

The Applicant can rely on part (a) of the Blanket Approval as it is or will be appointed as manager of the Funds. However, the Applicant cannot rely on part (b) of the Blanket Approval because the Funds will be distributed pursuant to prospectus exemptions.

Although the Applicant will not entirely satisfy the provisions of the Blanket Approval, the Applicant requests that it be allowed to act as trustee of the Funds for the following reasons:

- The Applicant is an experienced trustee of a mutual fund. The Applicant currently acts as the trustee of The GS+A RRSP Fund (a mutual fund with assets of approximately \$228 million as of August 31, 2005) in reliance on the Blanket Approval. The Applicant has acted as the trustee of The GS+A RRSP Fund since the creation of that fund on June 27, 1997.
- The representatives of the Applicant who perform the Applicant's trustee duties for The GS+A RRSP Fund will perform such duties for the Funds.
- It will be more efficient and less expensive for investors if the Applicant is permitted to act both as manager and trustee of the Funds.

Staff accepts these submissions and also notes that as a registrant under the Act, the Applicant is subject to ongoing regulation and monitoring by the Commission. As well, security checks performed on the Applicant and its officers and directors revealed no actions or investigations. Given the Applicant's prior track record, staff is of the view that it would not be contrary to the public interest to permit the Applicant to be the trustee of the Funds.

Similar relief has been granted in the past with respect to pooled funds which were not yet established and in circumstances where the applicant had no prior track

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record of acting as trustee (see *Royal Securities Corp.* dated June 15, 2004 and *Black Creek Management Inc.* dated February 22, 2005, copies of which are in the file).

25.2.2 Gluskin Sheff + Associates Inc. - s. 213(3)(b)

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act. - application by manager of mutual fund for approval to act as trustee of mutual fund trusts.

Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990, c.L.25, as am., clause 213(3)(b).

Rules Cited

Ontario Securities Commission Approval 81-901, Approval of Trustees of Mutual Fund Trusts (1997), 20 OSCB 200.

September 23, 2005

Borden Ladner Gervais LLP

Scotia Plaza
40 King Street West
Toronto, Ontario
M5H 3Y4

Attention: Derek Smith

Dear Sirs/Mesdames:

Re: **Gluskin Sheff + Associates Inc. (the "Applicant")**

Application under clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario) (the "LTCA") for approval to act as trustee of The GS+A Fixed Income Fund and other mutual funds organized by the Applicant from time to time under the laws of Ontario and distributed under dealer registration and prospectus exemptions (the "Funds")

Application 646/05

Further to your application on behalf of the Applicant dated August 31, 2005 (the "Application"), 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 Funds.

"Paul M. Moore"

"Harold P. Hands"

25.3 Consents

25.3.1 New Millennium Venture Fund Inc. -s. 4.(b) of the Regulation

Headnote

Consent given to an OBCA Corporation to continue under the laws of Canada.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B16, as am., s.181.

Canada Business Corporations Act, R.S.C. 1985, c. C-44, as am.

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

Regulations Cited

Regulation made under the Business Corporations Act, Ont. Reg. 289/00, ss. 4(b).

October 7, 2005

**IN THE MATTER OF
ONT. REG. 289/00 (the Regulation)
MADE UNDER THE BUSINESS CORPORATIONS ACT
R.S.O. 1990 C. B16, AS AMENDED (the OBCA)**

AND

**IN THE MATTER OF
NEW MILLENNIUM VENTURE FUND INC. (the Filer)**

**CONSENT
(Subsection 4(b) of the Regulation)**

Background

The Filer has applied to the Ontario Securities Commission (the Commission) requesting a consent from the Commission for the Filer to continue in another jurisdiction (the Continuance) under subsection 4(b) of the Regulation.

Representations

The Filer has represented to the Commission that:

1. The Filer is proposing to submit an application to the Director under the OBCA pursuant to section 181 of the OBCA (the **Application for Continuance**) for authorization to continue as a corporation under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 (the CBCA).
2. Pursuant to subsection 4(b) of the Regulation, where a corporation is an offering corporation, the Application for Continuance must be accompanied by a consent from the Commission.

3. The Filer was incorporated under the OBCA by articles of incorporation dated November 10, 1999. The Filer's articles of incorporation were amended on January 5, 2000, January 6, 2000 and January 18, 2002. The head office of the Filer is located at 70 York Street, Suite 1400, Toronto, Ontario.
4. The authorized share capital of the Filer is comprised of an unlimited number of Class A Shares, in series and Class B Shares, of which 2,230,136.9 Class A Shares, Series I, 7,004,463.5 Class A Shares, Series II and 100 Class B Shares were issued and outstanding as of September 15, 2005.
5. The Filer is an offering corporation under the OBCA and is a reporting issuer under the Securities Act, R.S.O. 1990, c. s. 5, as amended (the Act). The Filer intends to remain a reporting issuer in Ontario will likely become a reporting issuer in other jurisdictions as a result of the amalgamation in which it intends to participate.
6. The Filer is not in default under any provision of the Act or the regulations of the Act, nor under the securities legislation of any jurisdiction where it is a reporting issuer.
7. The Filer is not a party to any proceeding nor, to the best of its knowledge, information and belief, any pending proceeding under the Act.
8. The Application for Continuance of the Filer is to be approved by the shareholders of the Filer by special resolution at the Annual and Special Meeting of shareholders (the Meeting) scheduled to be held on November 18, 2005.
9. Pursuant to the Section 185 of the OBCA, all shareholders of record as of the record date for the Meeting are entitled to dissent rights with respect to the Application for Continuance (the Dissent Rights).
10. The management information circular which will be dated on or about October 14, 2005 (the Circular) will be provided to all shareholders in connection with the Meeting and will advise the shareholders of the Filer of their Dissent Rights.
11. The principal reason for the Application for Continuance is to allow the Filer to participate in an amalgamation transaction which would provide it and its shareholders with considerable benefits, as more particularly described in the Circular. In brief, the Filer and five other labour sponsored investment funds all managed by affiliated managers are proposing to amalgamate pursuant to section 181 of the CBCA and continue thereafter by operation of law as one labour sponsored venture capital corporation and as one labour sponsored investment fund that is gov-

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erned by the CBCA. In order to participate in such an amalgamation transaction, the Filer would have to be granted the consent to continue into the federal jurisdiction.

12. The material rights, duties and obligations of a corporation governed by the CBCA are substantially similar to those of a corporation governed by the OBCA.

Consent

The Commission is satisfied that granting this consent would not be prejudicial to the public interest.

The Commission consents to the Continuance of the Filer as a corporation under the CBCA.

"Paul M. Moore"
Vice-Chair
Ontario Securities Commission

"Robert L. Shirriff"
Commissioner
Ontario Securities Commission

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