The Ontario Securities Commission

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Commodity Futures Act of Ontario (R.S.O. 1990, c. C.20)

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

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

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

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

Contact Centre - Inquiries, Complaints:	Fax: 416-593-8122
Capital Markets Branch:	Fax: 416-593-3651
- Registration:	Fax: 416-593-8283
Corporate Finance Branch:	
- Team 1:	Fax: 416-593-8244
- Team 2:	Fax: 416-593-3683
- Team 3:	Fax: 416-593-8252
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Executive Offices:	Fax: 416-593-8241
General Counsel's Office:	Fax: 416-593-3681
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One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

Customer Relations
Toronto 1-416-609-3800
Elsewhere in Canada/U.S. 1-800-387-5164
World wide Web: http://www.carswell.com
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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

AUGUST 04, 2006

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

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Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

SCHEDULED OSC HEARINGS

August 8, 2006 2:30 p.m.	**Momentas Corporation, Howard Rash and Alexander Funt** S. 127 P. Foy in attendance for Staff Panel: WSW/RWD/CSP
September 12, 2006 10:00 a.m.	**Maitland Capital Ltd *et al*** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: PMM/ST
September 12, 2006 10:00 a.m.	**First Global Ventures, S.A. and Allen Grossman** s. 127 D. Ferris in attendance for Staff Panel: PMM/ST
September 13, 2006 10:00 a.m.	**Limelight Entertainment Inc., Carlos A. Da Silva, David C. Campbell, Jacob Moore and Joseph Daniels** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: PMM/ST
September 21, 2006 10:00 a.m.	**Eugene N. Melnyk, Roger D. Rowan, Watt Carmichael Inc., Harry J. Carmichael and G. Michael McKenney** s. 127 and 127.1 J. Superina in attendance for Staff Panel: TBA

September 21, 2006 10:00 a.m.	**Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fun and Roy Brown (a.k.a. Roy Brown-Rodrigues)** s.127 and 127.1 D. Ferris in attendance for Staff Panel: SWJ/ST
October 12, 2006 10:00 a.m.	**Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton** s. 127 H. Craig in attendance for Staff Panel: TBA
October 19, 2006 10:00 a.m.	**Euston Capital Corporation and George Schwartz** s. 127 Y. Chisholm in attendance for Staff Panel: WSW/ST
October 20, 2006 10:00 a.m.	**Olympus United Group Inc.** s.127 M. MacKewn in attendance for Staff Panel: TBA
October 20, 2006 10:00 a.m.	**Norshield Asset Management (Canada) Ltd.** s.127 M. MacKewn in attendance for Staff Panel: TBA
December 5, 6, & 7, 2006 10:00 a.m.	**Jose Castaneda** s. 127 and 127.1 T. Hodgson in attendance for Staff Panel: TBA
TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: TBA
TBA	**Cornwall *et al*** s. 127 K. Manarin in attendance for Staff Panel: TBA
TBA	**Robert Patrick Zuk, Ivan Djordjevic, Matthew Noah Coleman, Dane Alan Walton, Derek Reid and Daniel David Danzig** s. 127 J. Waechter in attendance for Staff Panel: TBA
TBA	**John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir** S. 127 & 127.1 K. Manarin in attendance for Staff Panel: TBA
TBA	**Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultbee and Peter Y. Atkinson** s.127 J. Superina in attendance for Staff Panel: TBA
TBA	**Philip Services Corp., Allen Fracassi**, Philip Fracassi**, Marvin Boughton**, Graham Hoey**, Colin Soule*, Robert Waxman and John Woodcroft**** s. 127 K. Manarin in attendance for Staff Panel: TBA

* Settled November 25, 2005
** Settled March 3, 2006

TBA **Mega-C Power Corporation, Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited**

S. 127

T. Hodgson in attendance for Staff

Panel: TBA

TBA **Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg**

s. 127

M. MacKewn & T. Hodgson for Staff

Panel: TBA

TBA **Bennett Environmental Inc.*, John Bennett, Richard Stern, Robert Griffiths and Allan Bulckaert***

J. Cotte in attendance for Staff

Panel: TBA

* settled June 20, 2006

TBA **John Daubney and Cheryl Littler**

s. 127 & 127.1

G. Mackenzie in attendance for Staff

Panel: TBA

ADJOURNED SINE DIE

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

Andrew Stuart Netherwood Rankin

1.1.2 CSA Staff Notice 52-306 (Revised) – Non-GAAP Financial Measures

CSA STAFF NOTICE 52-306 (REVISED) – NON-GAAP FINANCIAL MEASURES

Revision and re-publication

This notice is revised and re-published to clarify our expectations about the presentation of distributable cash. We have not altered other sections of the original CSA Staff Notice 52-306 published in November 2003. When CSA Staff Notice 52-306 was originally published, we considered the possibility that in some cases issuers may view distributable cash as an operating performance measure and therefore reconcile it to net income. However, since that time, staff has concluded that distributable cash is, in all circumstances, a cash flow measure, and that distributable cash is fairly presented only when reconciled to cash flows from operating activities as presented in the issuer's financial statements. As a result, this notice communicates staff's expectations for reconciliation to cash flow from operations. We also refer issuers to other staff notices that discuss expectations for distributable cash disclosure.

Purpose

This notice provides guidance to issuers who disclose financial measures other than those prescribed by Generally Accepted Accounting Principles ("GAAP"). This notice supersedes Staff Notice 52-303, which is withdrawn, dealing with non-GAAP earnings measures. Staff noted certain non-GAAP financial measures were being presented without the disclosures and reconciliations recommended for non-GAAP earnings measures. As a result, staff has decided to explicitly broaden the scope of this notice to all non-GAAP financial measures.

Definition

For the purpose of this staff notice, a non-GAAP financial measure is a numerical measure of an issuer's historical or future financial performance, financial position or cash flow, that is not required by GAAP, that (i) either excludes amounts that are included in the most directly comparable measure calculated and presented in accordance with GAAP; or (ii) includes amounts that are excluded from the most directly comparable measure calculated and presented in accordance with GAAP.

Problems Identified

Many issuers publish non-GAAP financial measures. Such measures are commonly included in press releases, Management's Discussion and Analysis ("MD&A"), prospectus filings and occasionally financial statements. Many non-GAAP financial measures are derived from net income determined in accordance with GAAP and, by omission of selected items, present a more positive picture of financial performance. Terms by which non-GAAP financial measures are identified include "pro forma earnings", "operating earnings", "cash earnings", "free cash

flow", "distributable cash", "EBITDA", "adjusted earnings", and "earnings before one-time charges". These terms lack standard, agreed upon meanings and each may be used differently by different companies and even by the same company from period to period. In addition, calculations such as return on assets which use an asset base or net income that differs from amounts in the GAAP financial statements are non-GAAP financial measures.

Staff has noticed improvements in issuers' disclosures of non-GAAP financial measures but there is room for further improvement. In particular, issuers commonly present a non-GAAP financial measure without any explanation of the reasons for presenting the measure or a discussion of how management uses the measure.

Staff is concerned that investors may be confused or even misled by non-GAAP financial measures. To minimize the potential for confusion, such measures need to be accompanied by clear disclosure that the measures do not have a standardized meaning, an explanation of their composition and a reconciliation to the most directly comparable measure in the issuer's GAAP financial statements.

Staff has observed instances of issuers reporting non-GAAP financial measures that appear to be defined differently from quarter to quarter or from year to year. For example, "one-time losses" may be excluded in one quarter but "one-time gains" may be included in a subsequent quarter.

When an issuer considers certain items to be "non-recurring" or "one-time charges", and removes them from GAAP net income or loss in calculating alternative measures of earnings, the issuer rarely discusses the nature of these charges and why they are not expected to recur in the future. Further, staff has observed items identified by issuers as non-recurring, infrequent or unusual, where a similar charge or gain occurred within the prior two years or when it would be reasonably likely to recur within the next two years.

Staff is also concerned that some issuers give greater prominence to one or more non-GAAP financial measures related to earnings than to net income determined in accordance with GAAP. Non-GAAP financial measures are sometimes the primary focus of earnings releases. Such releases commonly include comparisons of non-GAAP earnings measures to the previous quarter and to previously published estimates of earnings, both in aggregate and on a per share basis, together with absolute and percentage changes. Net income determined in accordance with GAAP is often presented as secondary to the non-GAAP measure and commonly lacks a similar level of analysis.

Staff's Expectations

Financial statements prepared in accordance with GAAP provide investors with a clearly defined basis for financial analysis and comparison among issuers. Staff recognizes that non-GAAP financial measures may be a useful means of providing investors with additional information to assist them in understanding critical components of an issuer's financial results. It is important, however, that such measures not be presented in a way that confuses or obscures the GAAP measures. Staff reminds issuers of their obligation to discuss in MD&A management's perspective on the results of operations. Issuers should consider whether the separate presentation of non-GAAP financial measures provides added benefit to readers. Staff suggests that a comprehensive discussion in the MD&A of operations and the impact of specific events on operations may be preferable to presenting non-GAAP financial measures.

Staff reminds issuers of their responsibility to ensure that information they provide to the public is not misleading. Selective editing of financial information may be misleading if it results in the omission of material information. Staff cautions issuers that regulatory action may be taken if issuers disclose information in a manner considered misleading and therefore potentially harmful to the public interest.

Staff expects issuers to define clearly any non-GAAP financial measure and to explain its relevance to ensure it does not mislead investors. Issuers presenting non-GAAP financial measures should present those measures on a consistent basis from period to period. Specifically, issuers should:

1. state explicitly that the non-GAAP financial measure does not have any standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers;

2. present with equal or greater prominence than the non-GAAP financial measure the most directly comparable measure calculated in accordance with GAAP;

3. explain why the non-GAAP financial measure provides useful information to investors and how management uses the non-GAAP financial measure;

4. provide a clear quantitative reconciliation from the non-GAAP financial measure to the most directly comparable measure calculated in accordance with GAAP, referencing to the reconciliation when the non-GAAP financial measure first appears in the disclosure document;

5. explain any changes in the composition of the non-GAAP financial measure when compared to previously disclosed measures.

In staff's view, it is not appropriate to present non-GAAP financial measures in the GAAP financial statements.

In staff's view, non-GAAP financial measures should not reflect adjustments for items identified as non-recurring, infrequent or unusual, when a similar charge or gain is

reasonably likely to occur within the next two years or occurred during the prior two years.

Other Specific Matters

Distributable Cash

Certain issuers such as income trusts may disclose information about distributable cash. While cash distributions (i.e. actual distributions) are required to be disclosed in the financial statements under GAAP, distributable cash is a non-GAAP financial measure. If an issuer presents information about distributable cash, then the staff expectations set out in this notice and CSA Staff Notice 41-304 *Income trusts: prospectus disclosure of distributable cash* apply. We expect distributable cash disclosure to include a reconciliation to the most directly comparable measure calculated in accordance with GAAP. In staff's view, the most directly comparable measure calculated in accordance with GAAP is cash flows from operating activities as presented in the issuer's financial statements. For clarity, cash flows from operating activities includes changes during the period in non-cash working capital balances.

If cash distributions paid do not equal distributable cash, the issuer should also discuss the reasons for the difference between the two amounts. If cash distributions paid materially exceed distributable cash, staff would expect the disclosure of distributable cash to include a detailed explanation of how the additional distributions were financed as this impacts the issuer's liquidity. Generic boiler-plate language about the issuer's sources of available capital or financing or simply pointing the reader to the cash flow statement for further information is not sufficient.

When distributions paid are materially less than distributable cash, staff would expect the disclosure of distributable cash to include an explanation of why distributable cash was not fully distributed.

Segment Disclosures

Staff is aware that some confusion exists regarding whether certain information presented in conformity with the Canadian Institute of Chartered Accountants Handbook Section 1701, Segment Disclosures, is a non-GAAP financial measure. Since issuers are required to disclose in the financial statements specified segment information as reported to the chief operating decision maker, such information is not considered to be a non-GAAP financial measure for the purpose of this notice. If the segment information discussed in MD&A or elsewhere has been adjusted in any way from the segment disclosures in the financial statements the adjusted segment information is considered to be a non-GAAP financial measure and the staff expectations set out in this notice are applicable. Whenever segment information is discussed outside the financial statements, it is appropriate to refer readers to the financial statement note on segment information. Issuers should also explain why the segment information provides useful information to investors and how management uses the segment information.

Forward-Looking Information

The staff expectations set out in this notice apply equally to disclosure of forward-looking non-GAAP financial measures.

Questions

Please refer your questions to any of the following individuals:

Sylvie Anctil-Bavas, Chef comptable - Marchés de valeurs
Autorité des marchés financiers
Phone: (514) 395-0558 ext. 4373
Fax: (514) 873-6155
E-mail: sylvie.anctil-bavas@lautorite.qc.ca

Nicole Parent, Analyste, Direction des marchés des capitaux
Autorité des marchés financiers
Phone : (514) 395-0558 ext. 4455
Fax: (514) 873-6155
E-mail: nicole.parent@lautorite.qc.ca

John Hughes, Manager, Corporate Finance
Ontario Securities Commission
Phone: (416) 593-3695
Fax: (416) 593-3683
E-mail: jhughes@osc.gov.on.ca

Sonny Randhawa, Senior Accountant, Corporate Finance
Ontario Securities Commission
Phone: (416) 593-2380
Fax: (416) 593-3683
E-mail: srandhawa@osc.gov.on.ca

Wayne Bridgeman, Senior Analyst
Manitoba Securities Commission
Phone: (204) 945-4905
Fax: (204) 945-0330
E-mail: wbridgeman@gov.mb.ca

Lara Gaede, Associate Chief Accountant
Alberta Securities Commission
Phone: (403) 297-4223
Fax: (403) 297-2082
E-mail: lara.gaede@seccom.ab.ca

Fred Snell, Chief Accountant
Alberta Securities Commission
Phone: (403) 297-6553
Fax: (403) 297-2082
E-mail: fred.snell@seccom.ab.ca

Jennifer Wong, Securities Analyst
Alberta Securities Commission
Phone: (403) 297-3617
Fax: (403) 297-2082
E-mail: jennifer.wong@seccom.ab.ca

Carla-Marie Hait, Chief Accountant
British Columbia Securities Commission
Phone: (604) 899-6726
Fax: (604) 899-6581
E-mail: chait@bcsc.bc.ca

Mike Moretto, Manager, Corporate Disclosure
British Columbia Securities Commission
Phone: (604) 899-6767
Fax: (604) 899-6581
E-mail: mmoretto@bcsc.bc.ca

August 4, 2006

1.1.3 CSA Staff Notice 51-319 – Report on Staff's Second Continuous Disclosure Review of Income Trust Issuers

**CSA STAFF NOTICE 51-319 –
REPORT ON STAFF'S SECOND
CONTINUOUS DISCLOSURE REVIEW
OF INCOME TRUST ISSUERS**

1. Purpose

This notice reports the findings and recommendations of staff at the British Columbia, Alberta, Manitoba, Ontario and Nova Scotia securities commissions and the Autorité des marchés financiers (collectively, we or staff) arising from a targeted review of business income trust issuers. This notice supplements the guidance and interpretations provided in National Policy 41-201 *Income Trusts and Other Indirect Offerings* (NP 41-201), Multilateral Staff Notice 51-310 – *Report on Staff's Continuous Disclosure Review of Income Trust Issuers*, CSA Staff Notice 52-306 *Non-GAAP Financial Measures* (SN 52-306) and CSA Staff Notice 41-304 *Income Trusts: Prospectus Disclosure of Distributable Cash*, and the requirements in NI 51-102 *Continuous Disclosure Obligations* (NI 51-102).

2. Objective and Scope

The income trust structure continues to be a preferred vehicle for a diverse range of businesses to complete initial public offerings. As part of our continuous disclosure review program, we periodically assess income trusts for regulatory compliance in their on-going disclosure. Recently, staff selected 45 business income trust issuers, with head-offices throughout Canada, for a full review of their continuous disclosure.

3. Summary of Findings and Comments

The results of our review suggest that, in order to fully comply with the continuous disclosure requirements, income trust issuers need to significantly improve the nature and extent of their disclosure. In particular, they need to improve the distributable cash disclosure in Management's Discussion and Analysis (MD&A).

Of the 45 income trust issuers reviewed:

7 issuers had to re-file disclosure documents or file disclosure documents that they did not previously file;

31 issuers committed to provide disclosure enhancements in future MD&A, financial statements, AIF or press releases; and

7 issuers had no identifiable deficiencies in their continuous disclosure.

4. Significant Disclosure Issues

A. MD&A Disclosure

The presentation of distributable cash continues to cause considerable confusion. This figure, which represents the expected net cash to be generated by the income trust's businesses or assets often contains significant estimates and assumptions. The amount the trust actually distributes is at its discretion.

To satisfy the requirements of Form 51-102F1 – *Management's Discussion and Analysis* (Form 51-102F1), income trusts should supplement the distributable cash presentation in their MD&A with comprehensive disclosure of the assumptions, risks and uncertainties, working capital requirements and financing decisions related to the trust. This information helps investors determine whether the amount of estimated distributable cash is reasonable and sustainable.

Of the 45 trusts reviewed, 18 income trust issuers committed to providing disclosure enhancements relating to distributable cash disclosures in future MD&A.

In addition to their deficient distributable cash disclosures, two income trust issuers were required to re-file previously filed MD&A because they had other significant disclosure deficiencies and four issuers committed to prospective overall disclosure enhancements.

During our review, we concluded that distributable cash disclosures in MD&A were significantly deficient in one or more of the three specific areas required by Form 51-102F1, (i) liquidity; (ii) risks and uncertainties; and (iii) overall performance and results of operations.

(i) Liquidity[1]

Form 51-102F1 requires that an issuer discuss in its interim and annual MD&A the issuer's ability to generate sufficient amounts of cash and cash equivalents to meet its planned growth including a description of the sources of funding and the circumstances that could affect those sources that are reasonably likely to occur. In many cases, income trust issuers did not provide sufficient disclosure about their sources of funding relating to current and future cash distributions. To fully comply with the continuous disclosure requirements, there should be a comprehensive discussion of the sources of funding relating to current and future cash distributions. This discussion helps unitholders form a reasoned judgment about a trust's ability to sustain distributions over the long-term.

While income trusts intend to make distributions of their available cash to unitholders, the actual amount distributed depends on numerous factors, including the operating entity's financial performance, working capital requirements and future capital requirements. In many trusts we reviewed, the consolidated financial statements revealed that some portion of distributions to unitholders was funded from sources other than cash flows from operations. For example, in some instances, a portion of distributions were funded from operating lines, long-term credit facilities, reserves held-back from prior periods, or a return of unitholder's capital.

Many trusts either provided a "boilerplate" discussion with minimal or no quantification of the sources of cash flows or provided no discussion at all. Here is an example of a liquidity discussion that is not acceptable:

The shortfall between 'Cash available for distribution' and 'Distributions to unitholders' has been funded primarily by working capital. Should any further shortfall arise, Management expects to be able to cover the difference between cash generated and cash distributed through working capital, cash on hand or its credit facility. Working capital has been built up over time from public offerings.

The above discussion provides limited information to investors. Although this trust may have made distributions in excess of its cash flows from operations, it is unclear from the discussion how the trust is funding distributions. The disclosure provides no meaningful information to investors to determine the long-term sustainability of distributions and implies that the trust is paying distributions from proceeds of equity offerings.

Although the instructions in Form 51-102F1 do not specifically state it, to meet the disclosure requirements for liquidity in Form 51-102F1, income trusts should provide sufficient disclosure about their sources of funding relating to current and future cash distributions so unitholders can understand what portion, if any, of the distributions they received were funded by non-operational cash flows. Also, income trusts should quantify these amounts and discuss the impact on the trust's long-term ability to sustain distributions if non-operational cash flows are being used to fund distributable cash.

(ii) Risks and Uncertainties[2]

MD&A provides information to investors to help them assess the potential risks and uncertainties that may materially affect the underlying entity's (the operating entity) performance and, in turn, impact current and future distributions. All of the income trust issuers reviewed provided some disclosure on risks and uncertainties relating to the trust structure, taxation, regulation, and industry specific risk factors. However, 13 of them provided only a "boilerplate" discussion of these commitments, events, risks or uncertainties. Boilerplate discussions generally provide little or no useful information for investors and, in some cases, do not comply with the requirements of the form.

The operating entities are in a diverse range of businesses. Each operating entity has unique risks and commitments that may significantly impact the amount of cash flows that it can indirectly pass on to unitholders through the trust. Our reviews indicate that some of these risks include

[1] Part 2, Item 1.6 of Form 51-102F1

[2] Part 2, Item 1.2 of Form 51-102F1

exposure to fluctuations in commodity price, foreign exchange, working capital commitments, credit risk, economic dependence, and overall economic factors. Under Form 51-102F1, an income trust must discuss known trends and risks that have affected the operating entity's financial statements, and trends and risks that are reasonably likely to affect them in the future. Here are two examples of "boilerplate" risks and uncertainties discussions that would not comply with the requirements in Form 51-102F1:

Example 1

The timing and amount of capital expenditures by Trust A will indirectly affect the amount of cash available for distribution to Unitholders. Distributions may be reduced, or even eliminated, at times when Trust A deems it necessary to make significant capital or other expenditures.

This example provides limited information to investors. The risk associated with the maintenance and replacement of the operating entity's capital assets is a significant and primary risk for most income trusts. The cash commitment required to maintain and replace its capital asset base is information an investor needs to assess a trust's ability to sustain distributions over the long-term. The operating entity's capital assets generate the cash flows to pay distributions. Therefore, an adverse change in their composition is likely to have a significant impact on distributions.

Although the instructions in Form 51-102F1 do not specifically state it, to meet the requirement to disclose risks, income trusts should provide a detailed risk factor discussion about the potential commitment to replace and maintain capital assets, including a quantitative discussion about expected annual capital maintenance levels relative to current levels, and the expected effect on distributions.

Example 2

Trust B's profitability is sensitive to fluctuations in wholesale prices of 'commodity X' caused by changes in supply, taxes, price controls and/or other market conditions affecting the 'commodity X' industry generally. Many of these factors are beyond Trust B's control and thus, when there are sudden and sharp increases in the wholesale price of 'commodity X', Trust B may not be able to pass through these price increases to customers through retail sales prices. In addition, the timing of price pass-throughs can significantly affect margins. Wholesale price increases could reduce Trust B's gross profits and could, if continued over an extended period of time, reduce demand by providing economic incentive to consumers to reduce consumption or convert to alternative energy sources.

Again, this example provides limited information in assessing the trust's future prospects and the potential impact that this risk might have on distributions. To comply with Form 51-102F1, income trusts should quantify, if possible, the past and expected future impact of each risk to facilitate the analysis of each risk's relative impact. For some trusts, this might best be presented as a sensitivity analysis of potential fluctuations in the price of the commodity and its impact on distributions. This would provide unitholders with more meaningful information to assess this risk factor. It would also assist investors in further understanding the relationship between specific risks and their impact on operations. Also, although some of the instructions in Form 51-102F1 do not specifically state it, to accurately describe a risk, an income trust should disclose any steps it has taken, or plans to take, to mitigate the impact of any risk.

(iii) Overall performance and results of operations[3]

Item 1.2 of Form 51-102F1 requires an issuer to provide in its MD&A an analysis of its financial condition, results of operations and cash flows. This required analysis includes a comparison of the performance in the most recently completed financial period to the prior period's performance and an explanation of why changes have occurred or expected changes have not occurred. This discussion should also describe and quantify material variances.

Ten of the income trust issuers we reviewed did not provide an adequate discussion of events in the year that caused variances in specific financial statement line items. In these instances, the trusts did not quantify factors used to explain material variances. A quantification of specific factors causing variances assists investors in understanding the impact of the factor on results for the period. Many trusts simply provided a superficial discussion rather than providing a detailed analysis of overall performance. Here is an example of MD&A with a deficient financial statement analysis (details have been changed):

Revenues
Sales of $13.7 million for the three months ended June 30, 2005 increased by $2.2 million, or 19%, from $11.5 million for the three months ended June 30, 2004. Gross profit percentage in the second quarter was 39.1% compared to 42.2% during the same period last year. Factors causing the decline in gross profit percentage included: 1) freight used to import materials to meet aggressive lead times from customers; 2) more production outsourced than in the prior year in order to satisfy anticipated inventory demands from retailers; and 3) the sales mix in the prior period was heavily weighted in certain items which carry higher margins.

In this example, the trust did not provide information for changes in sales, other than what was readily available from its financial statements. Although the trust listed factors causing decreases in gross profit percentage for the period, these individual factors are not quantified or meaningfully discussed. To comply with Form 51-102F1, an income trust should discuss the individual factors so that investors can assess the relative significance of each factor.

[3] Part 2, Items 1.2 and 1.4 of Form 51-102F1

B. Non-GAAP financial measures

Most income trusts present non-GAAP financial measures. The number of non-GAAP measures presented and the consistency in presentation vary considerably from trust to trust. In some instances, income trusts rely solely on non-GAAP measures as a means of discussing the trust's financial results for a period in earnings releases and for the purposes of MD&A. However, in many instances, the presentation of non-GAAP measures by income trusts issuers does not meet the minimum standards set out in SN 52-306.

(i) Reconcile to GAAP measure

When non-GAAP measures such as distributable cash or EBITDA are presented by income trust issuers, under SN 52-306, the trust should reconcile the non-GAAP measure to the most directly comparable GAAP measure. For distributable cash, we interpret the most directly comparable GAAP measure to be cash flows from operating activities as presented in the issuer's financial statements. Instead, many income trusts reviewed began their GAAP reconciliation with earnings or EBITDA. This leads to many adjustments appearing in the distributable cash reconciliation which provide limited information and are increasingly confusing. In some cases, these adjustments have limited cash flow impact, and therefore may lead to distributable cash amounts that do not accurately reflect the amount of cash that was available for distribution. For example, one trust issuer included an adjustment for "elimination of purchase accounting impact" which increased distributable cash but did not show any cash flow impact.

As stated in SN 52-306, income trust issuers should ensure that when they present distributable cash, the reconciliation to the most directly comparable GAAP measure begins with cash flows from operations from the issuer's financial statements, including changes during the period in non-cash working capital balances.

(ii) Equal Prominence

SN 52-306 also states that when non-GAAP measures are presented, the most directly comparable GAAP measure should also be presented in equal or greater prominence than the non-GAAP measure. In our review, many trusts did not provide this level of equal prominence, and in some instances, did not even disclose a GAAP measure. We required two trust issuers to re-file disclosure documents because the original disclosure gave greater prominence to a non-GAAP measure than to the most directly comparable GAAP measure.

Here is an example of an unacceptable earnings release (details have been changed):

Trust A income fund commented today on its results for the third quarter ended September 30, 2005. On a preliminary basis, sales during the quarter for the Fund were approximately $21.7 million, up from $20.6 million in the comparable period last year. As a result of the sales increase, adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") for the period are estimated to have increased to $4.4 million from approximately $3.3 million for the comparable period last year. Based on these preliminary results, the Fund estimates that Distributable Cash was approximately $1,750,000 in the quarter, resulting in an increase of $725,000 as the Fund paid cash distributions to Unitholders of $1.9 million during the period. The financial results for the third quarter of 2005 reflect an increase in sales in the United States and a decline in sales in Western Canada which, when combined with the carryover of large dealer inventories resulted in a 18% increase in consolidated sales in the period compared with last year's third quarter.

In this example, the trust only later revealed in its financial statements that it experienced a net loss in the period as opposed to the prior period when the income trust experienced a positive net income. This result is not evident from the earnings release. We find this type of presentation to be misleading. The exclusion or minimal prominence of the relevant GAAP measure does not provide investors with an accurate standardized representation of the issuer's current financial results. As stated in SN 52-306, income trusts should prominently disclose and discuss the most directly comparable GAAP measure whenever presenting non-GAAP financial measures.

C. Goodwill

Our review identified some instances where it appears that the goodwill impairment testing required by CICA Handbook Section 3062 *Goodwill and Other Intangible Assets* (S.3062)[4] was not done in an appropriate timeframe. Generally, S.3062 requires that goodwill should be tested for impairment on an annual basis. However, S.3062 also states that goodwill should be tested for impairment between annual tests when an event or circumstance occurs that more likely than not reduces the fair value of a reporting unit below its carrying amount.

Many businesses enjoyed considerable increases in their value on completion of their income trust IPO or through conversion to a trust. The excess of the fair value of the business over the carrying value of the assets has led to significant amounts of goodwill being recorded in the financial statements of many income trusts.

In some cases, income trusts determined that no impairment testing was necessary even though there were a number of factors that suggest the trust had a potential impairment. Specifically, events such as the deterioration in the underlying entity's business climate or the loss of significant customers, suggested that impairment testing was necessary.

[4] Section 3.1 of NI 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* requires issuers to prepare their financial statements in accordance with Canadian GAAP, which is defined in NI 14-101 *Definitions* as generally accepted accounting principles determined with reference to the Handbook.

As stated in OSC Staff Notice 51-706 *Corporate Finance Report (2005)*[5], income trusts should use multiple valuation methods to assess the fair value of reporting units whenever goodwill impairment testing is performed, especially when an approach based on quoted market prices does not appear to generate results consistent with indications from external factors.

D. Executive Compensation

Form 51-102F6 *Statement of Executive Compensation* (Form 51-102F6) sets out the disclosure a reporting issuer must make about the compensation paid to its executive officers. Some income trust issuers use an external management company to provide executive management services to the trust and or operating entity. In some instances that we reviewed, due to this external management structure, compensation paid to these executive officers was not fully disclosed in accordance with Form 51-102F6.

The definition of "senior officer" in securities legislation includes any individual who performs functions for an issuer similar to those normally performed by certain named senior positions. The definition of “executive officer” in NI 51-102 includes an individual who is performing a policy-making function in respect of an issuer. The definitions of “CEO” and “CFO”, for the purposes of Form 51-102F6 include each individual who acted in a similar capacity. As stated in OSC Staff Notice 51-706[6], we generally consider the officers of the external management company to be persons performing functions in respect of the trust and the operating company similar to those normally performed by senior officers of a company, including policy-making functions. Consequently, any requirements of securities legislation that apply to senior officers or executive officers of a reporting issuer would usually apply to the executive officers of the external management company.

In particular, as stated in OSC SN 51-706, in addition to disclosing any management fee, incentive fee or other amounts payable by the income trust to the external management company, income trusts should include the executive compensation disclosure required by Form 51-102F6 for the executive officers of the external management company. This disclosure should include any compensation payable directly by the income trust to the executive officers, as well as any compensation payable by the external management company to its executive officers that can be attributed to the management fee or other payments from the income trust (e.g. any salary, bonus, dividends, distributions or other payments).

E. Timely disclosure

We identified some events at the operating entity level that appeared to meet the definition of a “material change”[7] for the trust issuers but for which the trusts did not file material change reports. For example, in three instances, a trust’s operating entity breached financial covenants under its credit facilities. As a result, in each instance, the trust issuer either suspended or significantly reduced distributions to its unitholders. Although, the filing of the press release announcing the change in distributions had a significant effect on the market price of the trust’s units, the issuers argued that these events do not meet the definition of a material change.

For an income trust, a “material change”, as it is defined in NI 51-102, includes an event at the operating entity level that results in a change in the business, operations, or capital of the trust that would reasonably be expected to have a significant effect on the trust’s unit price. To comply with the material change disclosure requirements in NI 51-102, a trust must therefore assess events that occur at the operating entity level as they affect the trust, particularly if the events impact distributions to unitholders.

F. Material Contracts[8]

We identified three income trust issuers that obtained waivers for financial covenants and made amendments to their credit facilities, but did not file the amended credit agreements on SEDAR. In one instance, the trust issuer did not file the original credit facility agreement and subsequently did not file amendments to that agreement. Since most credit facility arrangements entered into by income trust issuers include restrictive financial covenants over the amount of cash the trust may distribute, the material terms of these arrangements should always be available to investors.

Section 12.2 of NI 51-102 requires an issuer to file all material contracts on SEDAR, except contracts that are made in the ordinary course of business. NP 41-201 advises income trust issuers to consider any contract that has a direct correlation with the anticipated cash distributions of the trust to be a material contract that the trust must file with its prospectus. While NP 41-201 does not specifically state this, income trusts should file any changes to these contracts on SEDAR as well as filing any new contracts of this type.

Conclusion

Our findings suggest that, to meet the requirements of NI 51-102, many income trust issuers need to improve the nature and extent of their disclosure, particularly as it relates to distributable cash disclosures in MD&A. MD&A provided by income trust issuers is critical disclosure for unitholders. It assists them to understand a trust’s financial statements and, most importantly, to assess the value of

5 Part 2, Item A of OSC Staff Notice 51-706. Not all jurisdictions have issued a similar staff notice, however most income trust issuers are reporting issuers in multiple jurisdictions, including Ontario.

6 Part 2, Item H of OSC Staff Notice 51-706. Not all jurisdictions have issued a similar staff notice, however most income trust issuers are reporting issuers in multiple jurisdictions, including Ontario.

7 Subsection 1.1 of NI 51-102.

8 Part 2, item C, section 2.8 of NP 41-201.

their investments which, for income trusts, depends on the sustainability of distributions.

Questions and comments may be referred to:

Sonny Randhawa, Senior Accountant, Corporate Finance
Ontario Securities Commission
Phone: (416) 593-2380
Fax: (416) 593-3683
E-mail: srandhawa@osc.gov.on.ca

Kyler Wells, Legal Counsel, Corporate Finance
Ontario Securities Commission
Phone: (416) 593-8229
Fax: (416) 593-3683
E-mail: kwells@osc.gov.on.ca

Manny Albrino, Senior Securities Analyst, Corporate Disclosure
British Columbia Securities Commission
Phone: (604) 899-6641
Fax: (604) 899-6581
E-mail: malbrino@bcsc.bc.ca

Michael Moretto, Manager, Corporate Disclosure
British Columbia Securities Commission
Phone: (604) 899-6767
Fax: (604) 899-6581
E-mail: mmoretto@bcsc.bc.ca

Lara Gaede, Associate Chief Accountant
Alberta Securities Commission
Phone: (403) 297-4223
Fax: (403) 297-2082
E-mail: lara.gaede@seccom.ab.ca

Jennifer Wong, Securities Analyst
Alberta Securities Commission
Phone: (403) 297-3617
Fax: (403) 297-2082
E-mail: jennifer.wong@seccom.ab.ca

Wayne Bridgeman, Senior Analyst
Manitoba Securities Commission
Phone: (204) 945-4905
Fax: (204) 945-0330
E-mail: wbridgeman@gov.mb.ca

Hugues Gravel, Analyste, Direction des marchés des capitaux
Autorité des marchés financiers
Phone : (514) 395-0558 ext. 4329
Fax: (514) 873-6155
E-mail: hugues.gravel@lautorite.qc.ca

Nicole Parent, Analyste, Direction des marchés des capitaux
Autorité des marchés financiers
Phone : (514) 395-0558 ext. 4455
Fax: (514) 873-6155
E-mail: nicole.parent@lautorite.qc.ca

Frank Mader, Staff Accountant
Nova Scotia Securities Commission
Phone: (902) 424-5343
Fax: (902) 424-4625
E-mail: maderfa@gov.ns.ca

August 4, 2006

1.1.4 Notice of Commission Approval – Amendments to IDA Policy 6 Parts I and II Regarding Wealth Management Essentials Course, and Policy 6 Part I Regarding Proficiency Requirements for Futures Contract Portfolio Managers and Associate Futures Contract Portfolio Managers

THE INVESTMENT DEALERS ASSOCIATION

AMENDMENTS TO IDA POLICY 6, PARTS I AND II REGARDING WEALTH MANAGEMENT ESSENTIALS COURSE AND POLICY 6, PART I REGARDING PROFICIENCY REQUIREMENTS FOR FUTURES CONTRACT PORTFOLIO MANAGERS AND ASSOCIATE FUTURES CONTRACT PORTFOLIO MANAGERS

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved the above-noted amendments. In addition, the Alberta Securities Commission and the British Columbia Securities Commission did not object, and the Autorité des marchés financiers approved the proposed amendments.

The purpose of the amendments to Policy 6, Parts I and II regarding Wealth Management Essentials Course is to replace the 30 month post-registration proficiency course requirement, currently either the Professional Financial Planning Course or Investment Management Techniques Course, with a new course to be called Wealth Management Essentials.

The changes to Policy 6, Part I regarding proficiency requirements for Futures Contract Portfolio Managers and Associate Futures Contract Portfolio Managers were made to amend the education and experience proficiency requirements for Futures Contract Portfolio Managers and Associate Futures Contract Portfolio Managers.

A copy and description of the proposed amendments were published on July 15, 2005, at (2005) 28 OSCB 6161. A summary of the comments received and IDA's response are published in Chapter 13.

1.1.5 Notice of Commission Approval – Housekeeping Amendments to IDA Form 1, Part II Auditors' Report

THE INVESTMENT DEALERS ASSOCIATION OF CANADA (IDA)

HOUSEKEEPING AMENDMENTS TO IDA FORM 1, PART II AUDITORS' REPORT

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved housekeeping amendments to IDA Form 1, Part II Auditors' Report. The objective of the amendments was to ensure the auditors' opinion provided in the Part II Auditors' Report conformed to the new Canadian Institute of Chartered Accountants Handbook Section 5600. In addition, the Autorité des marchés financiers approved, and the Alberta Securities Commission and the British Columbia Securities Commission did not object to the amendments. The description and a copy of the amendments are contained in Chapter 13 of this Ontario Securities Commission Bulletin.

1.2 Notices of Hearing

1.2.1 Eugene N. Melnyk et al. - ss. 127, 127.1

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

AND

EUGENE N. MELNYK, ROGER D. ROWAN,
WATT CARMICHAEL INC., HARRY J. CARMICHAEL
AND G. MICHAEL McKENNEY

NOTICE OF HEARING
(Sections 127 and 127.1)

TAKE NOTICE that 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 Ontario Securities Commission, 20 Queen Street West, 17th Floor, on Thursday, the 21st day of September, 2006 at 10:00 a.m., or as soon thereafter as the hearing can be held:

TO CONSIDER whether, pursuant to sections 127(1) and 127.1 of the Act, it is in the public interest for the Commission:

(a) to make an order pursuant to section 127(1) clause 2 of the Act that trading in securities of Biovail Corporation by Eugene N. Melnyk ("Melnyk") cease for such period as specified by the Commission, or under such conditions as the Commission directs, including, but not limited to, a cease trade order pending compliance by Melnyk with past and current insider reporting and/or other disclosure requirements contained in Ontario securities law;

(b) to make an order pursuant to section 127(1) clause 2 of the Act that trading in the securities of any reporting issuer by Roger D. Rowan ("Rowan") cease for such period as specified by the Commission, or under such conditions as the Commission directs, including, but not limited to, a cease trade order pending compliance by Rowan with past insider reporting requirements contained in Ontario securities law;

(c) to make an order pursuant to subsection 127(1) clause 3 of the Act that any or all exemptions in Ontario securities law do not apply to Melnyk, Roger D. Rowan ("Rowan"), Watt Carmichael Inc. ("Watt Carmichael"), Harry J. Carmichael ("Carmichael") and G. Michael McKenney ("McKenney") for such period as specified by the Commission or under such conditions as the Commission directs;

(d) to make an order pursuant to section 127(1) clause 1 of the Act that the registration of Rowan be suspended or restricted, for such period as is specified in the order, or terminated, or that certain terms and conditions be placed on Rowan's registration;

(e) to make an order pursuant to section 127(1) clause 1 of the Act that the registration of Watt Carmichael, Carmichael and McKenney be suspended or restricted for such period as is specified in the order, or that certain terms or conditions be placed on the registration of Watt Carmichael, Carmichael and McKenney;

(f) to make an order pursuant to section 127(1) clause 4 of the Act that Watt Carmichael institutes such changes as may be ordered by the Commission and submit to a review of its practices and procedures;

(g) to make an order pursuant to section 127(1) clause 7 of the Act that Melnyk, Rowan, Carmichael, and McKenney resign one or more positions which the Respondents may hold as an officer or director of any issuer;

(h) to make an order pursuant to section 127(1) clause 8 of the Act that Melnyk, Rowan, Carmichael, and McKenney be prohibited from becoming or acting as an officer or director of any issuer for such period as specified by the Commission;

(i) to make an order pursuant to section 127(1) clause 9 of the Act that Melnyk, Rowan, Watt Carmichael, Carmichael, and McKenney each pay an administrative penalty of not more than $1 million for each failure by that Respondent to comply with Ontario securities law;

(j) to make an order pursuant to section 127(1) clause 6 of the Act that Melnyk, Rowan, Watt Carmichael, Carmichael, and McKenney be reprimanded;

(k) to make an order pursuant to section 127.1 of the Act that the Respondents, or any of them, pay the costs of Staff's investigation and the costs of, or related to, this proceeding, incurred by or on behalf of the Commission; and

(l) to make such other order or orders as the Commission considers appropriate.

BY REASON OF the allegations set out in the Statement of Allegations dated July 28, 2006, 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 at the hearing;

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the time and place aforesaid, the

hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

DATED at Toronto this 28th day of July, 2006.

"John Stevenson"
Secretary to the Commission

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

AND

EUGENE N. MELNYK, ROGER D. ROWAN,
WATT CARMICHAEL INC., HARRY J. CARMICHAEL
AND G. MICHAEL McKENNEY

STATEMENT OF ALLEGATIONS OF STAFF
OF THE ONTARIO SECURITIES COMMISSION

Further to a Notice of Hearing issued on July 28, 2006, Staff of the Ontario Securities Commission ("Staff") make the following allegations:

The Respondents

1. Eugene N. Melnyk ("Melnyk") is the Chairman of the Board of Directors of Biovail Corporation ("Biovail"). From December 2001 to October 2004, Melnyk was Chairman and Chief Executive Officer of Biovail. Melnyk resigned as CEO of Biovail on October 8, 2004. Melnyk became Executive Chairman of the Board in November 2004 and relinquished this title on June 27, 2006. He has been a director of Biovail since March 1994 when Biovail's predecessors, Trimel Corporation and Biovail Corporation International, amalgamated. Melnyk is a Canadian citizen. He has resided in Barbados since 1991. Melnyk is, and was during the material time, an insider of Biovail within the meaning of subsection (1) of the *Securities Act* (Ontario) (the "Act").

2. Watt Carmichael Inc. ("Watt Carmichael") is registered as a broker and investment dealer under the Act, and is a participating organization of the Toronto Stock Exchange (the "TSX") and a member of the Investment Dealers Association of Canada (the "IDA").

3. Roger D. Rowan ("Rowan") is, and was during the material time, the President and Chief Operating Officer of Watt Carmichael. Rowan was a director of Biovail from 1997 until his resignation in 2005 and was therefore, during that time, an insider of Biovail within the meaning of subsection (1) of the Act. Rowan also served as a member of the Biovail audit committee during his appointment as a director of Biovail. Rowan is, and was during the material time, the registered representative at Watt Carmichael with responsibility for trading in certain accounts, referred to below as the Conset, Congor and Southridge Accounts. As at December 31, 2005, Rowan owned approximately 29% of Watt Carmichael.

4. Harry J. Carmichael ("Carmichael") is, and was during the material time, the Chairman and CEO of Watt Carmichael, and was registered as a trading officer/director at Watt Carmichael. As at

December 31, 2005, Carmichael owned approximately 44% of Watt Carmichael.

5. G. Michael McKenney ("McKenney") is, and was during the material time, registered as a trading officer and the Chief Compliance Officer and Chief Financial Officer of Watt Carmichael.

Other Entities

Biovail Corporation

6. Biovail is a reporting issuer in the province of Ontario within the meaning of subsection 1(1) of the Act. The common shares of Biovail are listed and posted for trading on the TSX and the New York Stock Exchange.

The Cayman Trusts

7. In 1996, Eugene Melnyk established the following trusts: the Conset Trust, the Congor Trust, the Southridge Trust, and the Archer Trust (collectively referred to as the "Trusts"). Melnyk was the settlor of the Trusts, and he was also listed as a beneficiary in the Deeds of Settlement for the Trusts. Other beneficiaries included family members (including his wife and children) and certain friends of Melnyk. The trustees for each of the Trusts are located in the Cayman Islands (the "Trustees").

8. The assets of the Trusts are held by investment companies and primarily consist of Biovail shares. The investment companies are the following: Conset Investments Limited ("Conset"), Congor Investments Limited ("Congor"), Southridge Management Limited ("Southridge") and Archer Investments Limited ("Archer") (collectively, the "Investment Companies"). These companies were incorporated under the laws of the Cayman Islands.

9. In 1996, Melnyk caused the transfer in excess of 1,100,000 Biovail shares to each of the Investment Companies from holdings of Biovail shares over which he exercised control or direction. In or about September 1996, in excess of 4 million shares were transferred to the Trusts, representing approximately 19% of the outstanding shares of Biovail at that time.

Canadian and U.S. Accounts

10. In 1996, trading accounts were opened at Watt Carmichael for Congor (the "Congor Account"), Conset (the "Conset Account"), Southridge (the "Southridge Account") and Archer (the "Archer Account"). The Congor, Conset and Southridge Accounts at Watt Carmichael are referred to collectively as the "Watt Carmichael Accounts".

11. Rowan is the registered representative for the Congor, Conset and Southridge Accounts. During the material time, while he was an insider of Biovail, Rowan exercised discretionary trading authority for the Congor and Conset Accounts pursuant to agreements authorizing him to operate discretionary accounts. In addition, Biovail repurchased its own shares during its 2002 Normal Course Issuer Bid through a brokerage account at Watt Carmichael. The registered representative for Biovail's account at Watt Carmichael was Roger Rowan. Rowan was also the registered representative for the personal trading account(s) of Melnyk and his wife.

12. The Archer Account was transferred to BMO Nesbitt Burns ("BMO") in 1996 (the "BMO Archer Account"). During the material time, a senior investment advisor and his daughter were the registered representatives for the BMO Archer Account. The senior investment advisor is, and was during the material time, a director of Biovail. His daughter was also the registered representative for Melnyk's personal trading account(s) and his mother's personal trading account.

13. U.S. trading accounts were opened in 1996 with Sands Brothers & Co. Ltd. ("Sands Brothers") for Congor, and in 1997 with Monness Crespi, Hardt & Co. Inc. for Southridge ("Monness, Crespi"). In 2002, a U.S. trading account was opened with Lehman Brothers Inc. ("Lehman Brothers") for Archer.

14. The Watt Carmichael Accounts, the BMO Archer Account, together with the U.S. trading accounts, are referred to collectively as the "Accounts".

Rowan's control or direction over Biovail securities held in Congor and Conset Accounts

15. During 2002, 2003, and 2004 Rowan exercised or shared control or direction in relation to trading in the common shares of Biovail and Biovail call options (in respect of common shares of Biovail) in the Congor and Conset Accounts. As noted above, during the material time, while Rowan was a director of Biovail, he exercised discretionary trading for the Congor and Conset Accounts pursuant to agreements authorizing him to operate discretionary accounts.

16. During 2002, while he was an insider of Biovail, Rowan engaged in discretionary trading in Biovail securities for the Conset and Congor Accounts:

    (a) Rowan purchased in excess of 4,800,000 Biovail common shares at a cost of approximately U.S. $170,000,000, and sold in excess of 4,800,000 Biovail common shares for proceeds of

approximately U.S. $160,000,000 in the Conset Account;

(b) Rowan purchased in excess of 9,000 Biovail call options at a cost of approximately U.S. $4,000,000 in the Conset Account; and

(c) Rowan purchased in excess of 1,700,000 Biovail common shares at a cost of approximately U.S. $70,000,000, and sold in excess of 1,500,000 Biovail common shares for proceeds of approximately U.S. $60,000,000 in the Congor Account.

17. Similarly, during 2003, while Rowan was an insider of Biovail, he engaged in discretionary trading in Biovail securities for the Conset and Congor Accounts:

(a) Rowan purchased in excess of 7,800,000 Biovail common shares at a cost of approximately U.S. $265,000,000, and sold in excess of 8,800,000 Biovail common shares for proceeds of approximately U.S. $290,000,000 in the Conset Account;

(b) Rowan purchased in excess of 12,000 Biovail call options at a cost of approximately U.S. $4,000,000 in the Conset Account;

(c) Rowan exercised Biovail call options to purchase in excess of 900,000 Biovail common shares at a cost of approximately U.S. $25,000,000 in the Conset account; and

(d) Rowan purchased in excess of 25,000 Biovail common shares at a cost of approximately U.S. $1,000,000, and sold in excess of 650,000 Biovail common shares for proceeds of approximately $25,000,000 in the Congor Account.

18. During 2004, while Rowan was an insider of Biovail, he engaged in discretionary trading in Biovail securities for the Conset and Congor Accounts:

(a) Rowan purchased in excess of 150,000 Biovail shares at a cost of approximately U.S. $2,000,000, and sold in excess of 350,000 Biovail shares for proceeds of approximately $6,000,000 in the Conset Account; and

(b) Rowan sold 1,700 Biovail shares for proceeds in excess of U.S. $30,000 in the Congor Account.

Rowan's Trading in Southridge Account

19. During 2002, 2003, and 2004, while Rowan was an insider of Biovail, he engaged in trading in Biovail securities for the Southridge Account:

(a) Rowan purchased in excess of 600,000 Biovail common shares at a cost of approximately U.S. $25,000,000, and sold in excess of 700,000 Biovail common shares for proceeds of approximately U.S. $30,000,000 during 2002;

(b) Rowan purchased in excess of 3,500 Biovail call options (in respect of common shares of Biovail) at a cost of approximately U.S. $2,000,000 during 2002;

(c) Rowan purchased in excess of 800,000 Biovail common shares at a cost of approximately U.S. $25,000,000 and sold in excess of 800,000 Biovail common shares for proceeds of approximately U.S. $25,000,000 during 2003; and

(d) Rowan sold in excess of 375,000 Biovail common shares at a cost of approximately U.S. $8,000,000 during 2004.

20. Rowan purported to exercise discretionary trading authority in relation to trading in Biovail securities held in the Southridge Account. In fact, Rowan was not authorized to engage in discretionary trading, and the account was not documented as a discretionary trading account.

Commissions from trading in Watt Carmichael Accounts

21. During 2003, commissions in excess of $1.4 million were generated in the Conset, Congor and Southridge Accounts as a result of Rowan's trading activity. Also, significant commissions were generated in relation to the Watt Carmichael Accounts during 2002 as a result of Rowan's trading activity. Watt Carmichael received the commissions generated from these accounts. As a 29% shareholder of Watt Carmichael, Rowan benefited substantially from net income distributed to him as a result of commissions earned from trading in Biovail securities in the Congor, Conset and Southridge Accounts.

Melnyk's control or direction over Biovail securities held in Canadian and U.S. Accounts

22. During the material time, Melnyk exercised or shared control or direction over the Biovail common shares and call options held in the Accounts described above. Melnyk exercised or

shared control or direction over the Biovail common shares and call options with other persons, namely Rowan in relation to the Watt Carmichael Accounts, and/or the Trustees in respect of the Accounts.

23. Particulars concerning the manner in which Melnyk exercised or shared control or direction over Biovail securities in the Accounts include the following:

(a) Melnyk provided recommendations and/or directions in relation to the opening of certain Accounts at the Canadian and U.S. firms, and directions in relation to the transfer of Biovail common shares between Accounts;

(b) Melnyk provided his approval and/or directions in relation to certain acquisitions or dispositions of Biovail common shares held in the Accounts. Melnyk communicated his approval or directions to certain Trustees and/or registered representatives at the Canadian and U.S. brokerage firms in respect of such acquisitions or dispositions either directly or through his assistant;

(c) Between April 1998 and December 2003, Melnyk requested and received from the Trusts loans in the amounts of U.S. $88,375,778 and Cdn. $4,050,830. As at December 7, 2005, the outstanding amounts owed by Melnyk (principal together with compounded interest at 6%) are U.S. $100,184,324.39 and Cdn. $5,150,864.85. Melnyk directed that a certain number of Biovail common shares be sold to generate sufficient proceeds in order to fund the loans. At other times, Melnyk requested loans from the Trustees and knew or should have known that the Trustees were required to sell Biovail common shares in order to fund the loans; and

(d) During the material time, Melnyk, through his assistant, communicated instructions or directions in relation to the manner in which Biovail common shares in the Trusts should be voted at Biovail annual general meetings to certain Trustees and/or certain registered representatives for the Accounts.

24. In addition to the foregoing, during the material time, Melnyk retained an indirect beneficial interest in the Biovail common shares and call options held in the Trusts.

25. During 2002, the following trading in Biovail common shares and call options occurred in the Accounts:

(a) acquisitions in excess of 4,800,000 Biovail common shares at a cost of approximately U.S. $170,000,000, and dispositions in excess of 4,800,000 Biovail common shares for proceeds of approximately U.S. $160,000,000 in the Conset Account at Watt Carmichael;

(b) acquisitions of 9,000 Biovail call options (in respect of common shares of Biovail) at a cost of approximately U.S. $4,000,000 in the Conset Account at Watt Carmichael;

(c) acquisitions in excess of 1,700,000 Biovail common shares at a cost of approximately U.S. $70,000,000, and dispositions of 1,500,000 Biovail common shares for proceeds of approximately U.S. $60,000,000 in the Congor Account at Watt Carmichael;

(d) acquisitions in excess of 600,000 Biovail common shares at a cost of approximately U.S. $25,000,000, and dispositions in excess of 700,000 Biovail common shares for proceeds of approximately U.S. $30,000,000 in the Southridge Account at Watt Carmichael;

(e) acquisitions in excess of 3,500 Biovail call options (in respect of common shares of Biovail) at a cost of approximately U.S. $2,000,000 in the Southridge Account at Watt Carmichael;

(f) acquisitions in excess of 640,000 Biovail common shares at a cost of approximately U.S. $20,000,000, and dispositions in excess of 450,000 Biovail common shares for proceeds of approximately U.S. $20,000,000 in the Congor Account at Sands Brothers; and

(g) dispositions of 100,000 Biovail common shares for proceeds of approximately U.S. $5,000,000 in the Southridge Account at Monness Crespi.

26. During 2003, the following trading in Biovail common shares and call options occurred in the Accounts:

(a) acquisitions in excess of 7,800,000 Biovail common shares at a cost of approximately U.S. $265,000,000, and dispositions in excess of 8,800,000 Biovail common shares for proceeds of

approximately U.S. $290,000,000 in the Conset Account at Watt Carmichael;

(b) acquisitions in excess of 12,000 Biovail call options (in respect of Biovail common shares) at a cost of approximately U.S. $4,000,000 in the Conset Account at Watt Carmichael;

(c) the exercise of Biovail call options to purchase 900,000 Biovail common shares at a cost of approximately U.S. $25,000,000 in the Conset account at Watt Carmichael;

(d) acquisitions in excess of 25,000 Biovail common shares at a cost of approximately U.S. $1,000,000, and dispositions in excess of 650,000 Biovail common shares for proceeds of approximately U.S. $25,000,000 in the Congor Account at Watt Carmichael;

(e) acquisitions in excess of 800,000 Biovail common shares at a cost of approximately U.S. $25,000,000, and dispositions in excess of 800,000 Biovail common shares for proceeds of approximately U.S. $25,000,000 in the Southridge Account at Watt Carmichael;

(f) dispositions in excess of 1,300,000 Biovail common shares for proceeds of approximately U.S. $30,000,000 in the Archer Account at BMO Nesbitt Burns;

(g) acquisitions of 300,000 Biovail common shares at a cost of approximately U.S. $8,000,000, and dispositions in excess of 450,000 Biovail common shares for proceeds of approximately U.S. $8,000,000 in the Archer Account at Lehman Brothers; and

(h) acquisitions of 300,000 Biovail common shares at a cost of approximately U.S. $5,000,000 in the Southridge Account at Monness Crespi.

27. During 2004, the following trading in Biovail common shares occurred in the Accounts at Watt Carmichael:

(a) acquisitions of in excess of 150,000 Biovail common shares at a cost of approximately U.S. $2,000,000, and dispositions in excess of 350,000 Biovail common shares for proceeds of approximately U.S. $6,000,000 in the Conset Account;

(b) dispositions of 1,700 Biovail common shares for proceeds of approximately U.S. $30,000 in the Congor Account; and

(c) dispositions in excess of 375,000 Biovail common shares at a cost of approximately U.S. $8,000,000 in the Southridge Account.

Current Status of Trusts and Accounts

28. During 2004 and 2005, Melnyk transferred the assets of the four Trusts to four new trusts (referred to as the Breakwater, Edgewater, South Point and Highwater trusts). In particular, the Investment Companies described in paragraph 8 above were transferred to the new trusts.

29. As at February 2006, the Canadian and U.S. Accounts held in the aggregate 9,408,232 Biovail common shares, as particularized below:

(a) 827,500 shares in the Southridge Account at Watt Carmichael;

(b) 2,113,385 shares in the Southridge Account at Monness Crespi;

(c) 676,566 shares in the Conset Account at Watt Carmichael;

(d) 3,495,841 shares in the Congor Account at Watt Carmichael; and

(e) 2,294,940 shares in the Archer Account at Lehman Brothers.

Reporting requirements under Ontario securities law

30. Section 107 of the Act requires insiders to file insider reports in respect of securities of reporting issuers over which the insiders have “beneficial ownership” or “control or direction”.

31. Specifically, section 107 of the Act provides as follows:

(1) A person or company who becomes an insider of a reporting issuer other than a mutual fund, shall, within ten days from the day that he, she or it becomes an insider, or such shorter period as may be prescribed by the regulations, file a report as of the day on which he, she or it became an insider disclosing any direct or indirect beneficial ownership of or control or direction over securities of the reporting issuer as may be required by the regulations.

(2) An insider who has filed or is required to file a report under this section or any predecessor section and whose direct or indirect beneficial ownership of or control or direction over securities of the reporting issuer changes from that shown or

required to be shown in the report or in the latest report filed by the person or company under this section or any predecessor section shall, within 10 days from the day on which the change takes place, or such shorter period as may be prescribed by the regulations, file a report of direct or indirect beneficial ownership of or control or direction over securities of the reporting issuer as of the day on which the change took place and the change or changes that occurred, giving any details of each transaction as may be required by the regulations.

32. The term "insider" is defined in subsection 1(1) of the Act to include a director and senior officer of the reporting issuer, as well as any person who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the voting securities of the reporting issuer.

33. In the alternative, in the event that the "insider" is not required to file reports under section 107 of the Act in respect of a transaction involving securities of the reporting issuer, Multilateral Instrument 55-103 *Insider Reporting for Certain Derivative Transactions* ("MI 55-103") sets out certain additional insider reporting requirements. In particular, subsection 2.1 provides as follows:

Section 2.1 Reporting Requirement – If an insider of a reporting issuer:

(a) enters into, materially amends or terminates an agreement, arrangement or understanding of any nature or kind, the effect of which is to alter, directly or indirectly,

(i) the insider's economic interest in a security of the reporting issuer, or

(ii) the insider's economic exposure to the reporting issuer; and

(b) the insider is not otherwise required to file an insider report in respect of such event under any provision of Canadian securities legislation, then the insider shall file a report in accordance with Section 3.1 of this Instrument.

34. MI 55-103 came into force on February 28, 2004. Sections 2.3 and 3.1 of MI 55-103 require an insider to disclose the existence and material terms of pre-existing arrangements that were entered into prior to the effective date and continue in force after the effective date:

2.3 **Existing agreements which continue in force** -- If an insider of a reporting issuer, prior to the effective date of this Instrument, entered into an agreement, arrangement or understanding in respect of which

(a) the insider would have been required to file an insider report under this Instrument if the agreement, arrangement or understanding had been entered into on or after the effective date, and

(b) the agreement, arrangement or understanding remains in effect on or after the effective date of this Instrument,

then the insider shall file a report in accordance with Section 3.2 of this Instrument.

…

3.2 A person or company who is required under Section 2.3 of this Instrument to file a report shall, within 10 days, or such shorter period as may be prescribed, from the effective date of this Instrument, file a report in the form prescribed for insider reports under securities legislation disclosing the existence and material terms of the agreement, arrangement or understanding.

Rowan's Failure to file Insider Reports under Section 107 of the Act

35. As noted above, Rowan was an insider of Biovail. Rowan exercised or shared control or direction in relation to the trading of the securities in Biovail described above. Subsection 107(2) of the Act required Rowan to file a report of each change in the holdings of Biovail securities held in each of the Congor and Conset Accounts within ten days of the day the change took place.

36. While an insider of Biovail, Rowan executed numerous trades in the Congor and Conset Accounts, as particularized above. Rowan repeatedly breached the requirements contained in Ontario securities law by failing to file any insider reports in respect of the numerous trades executed in 2002, 2003 and 2004 contrary to subsection 107(2) of the Act. Rowan has not filed any insider reports in relation to these trades to date.

Rowan's Unauthorized Trading in the Southridge Account

37. Rowan purported to exercise discretionary trading authority in the Southridge Account as described above. In fact, Rowan did not have discretionary trading authority for the Southridge Account. Rowan engaged in improper trading contrary to the Know Your Client requirements set out in subsection 1.5(1) of OSC Rule 31-505 and contrary to the public interest.

Melnyk's Failure to File Insider Reports under Section 107

38. As noted above, Melnyk was an insider of Biovail. Melnyk exercised or shared control or direction in relation to the securities of Biovail which were purchased or sold in the Accounts as described above.

39. During the material time, there have been in excess of 5,000 trades in Biovail securities in the Accounts. Subsection 107(2) of the Act required Melnyk to file a report for each change in his holdings of any securities over which he has control or direction within ten days of the day the change took place. The Biovail securities held in each of the Accounts were securities over which Melnyk had control or direction and thus formed part of his holdings. The trades described above constituted changes to such holdings.

40. Melnyk repeatedly breached Ontario securities law by failing to file any insider reports in respect of the numerous trades in Biovail common shares in 2002, 2003 and 2004 as described above, contrary to subsection 107(2) of the Act. Melnyk has not filed any reports in relation to these trades to date. In addition, in failing to file those insider reports, Melnyk acted contrary to the public interest by failing to disclose his complete holdings (and changes in his holdings) to the public.

Melnyk's Failure to Disclose Existence and Material Terms of Trust Arrangements in 2004

41. In the alternative to the allegations referred to above, Melnyk has failed to file, and to date has not filed, any insider report in accordance with the requirements of Ontario securities law as set out in MI-55-103. Specifically, in March 2004, Melnyk became subject to a requirement to file an insider report disclosing the existence and material terms of the trust arrangements pursuant to sections 2.3 and 3.2 of MI 55-103, but failed to comply, and to date has not complied, with this requirement.

Melnyk's Failure to File Early Warning Press Releases and Reports under s. 101 of the Act

42. Melnyk failed to issue and file early warning press releases and failed to file early warning reports in accordance with the requirements contained in section 101 of the Act and section 3.1 of National Instrument 62-103. Specifically, past early warning press releases and reports filed by Melnyk under section 101 of the Act should have disclosed the securities held by the Trusts, that the Trusts are family trusts established by Melnyk, that he exercised control or direction over Biovail securities held in the Accounts, and that these securities formed part of his holdings.

Melnyk's Failure to Comply with Control Block Distribution Rules

43. As described above, Melnyk exercised or shared control or direction over the Biovail securities held in the Accounts. During the material time, the Biovail common shares held in the Accounts, when combined with Melnyk's other holdings, formed an aggregate of over 20% of the outstanding common shares of Biovail that would be a control block as described in clause (c) of the definition of "distribution" in subsection 1(1) of the Act. As such, Melnyk was subject to control block distribution rules contained in Ontario securities law and any sale of Biovail securities by the Trusts would either have to be qualified by a prospectus or conducted in reliance upon, and in accordance with the terms of, an exemption from the prospectus requirements contained in Ontario securities law.

44. In particular, during the material time on or after November 30, 2001, Melnyk failed to comply with the requirements of Section 2.8 of Multilateral Instrument 45-102 *Resale of Securities*, and the requirements contained in Form 45-102F3 (Notice of Intention to Distribute Securities and Accompanying Declaration) (now Form 45-102F1). Specifically, Melnyk failed to file the required form in relation to any sale on a stock exchange of Biovail securities over which he exercised or shared control or direction in the Accounts, and thereby failed to file the required certificates in the form specified by Form 45-102F3 (now Form 45-102F1). Among other requirements, Melnyk was required to make declarations that he had no knowledge of any material fact or material change with respect to Biovail which had not been generally disclosed by Biovail. During the material time prior to November 30, 2001, Melnyk failed to comply with the comparable predecessor requirements in subsection 72(7) of the Act and in the regulations.

Biovail Management Proxy Circulars

45. In April 2002 and 2003, Biovail prepared Management Proxy Circulars in connection with the solicitation of proxies to be used at the Annual Meetings of the Shareholders of Biovail to be held on June 25, 2002 and June 20, 2003, respectively.

46. Biovail was required to send these Circulars, by virtue of clause 86(1)(a) of the Act. At the time, section 176 of Ontario Regulation 1015 to the Act required an information circular to contain the information prescribed by Form 30 (now Form 51-102F5 under National Instrument 51-102 *Continuous Disclosure Obligations*).

47. Item 5 (para. vii) of Form 30 required disclosure of the following:

State the number of securities of each class of voting securities of the reporting issuer or of any subsidiary of the reporting issuer beneficially owned, directly or indirectly or over which control or direction is exercised by each proposed director.

Melnyk's Failure to make Required Disclosures in Circulars

48. Biovail's 2002 Management Proxy Circular (the "Biovail's 2002 Circular") discloses information concerning the number of Biovail common shares beneficially owned directly or indirectly or over which control or direction is exercised by directors as at April 30, 2002. As a director, Melnyk was required to provide complete and accurate information to Biovail to be disclosed in the 2002 Circular. During the material time, item 5(1)(vii) of Form 30 of the Regulation to the Act (now item 7.1(f) of Form 51-102F5), required disclosure of the number of voting shares directly or indirectly owned or over which control or direction is exercised by all proposed directors in the Management Information Circular.

49. Biovail's 2002 Circular states that Melnyk beneficially owned directly or indirectly or exercised control or direction over 25,097,816 Biovail common shares as at April 30, 2002 (or 16.7% of the outstanding common shares of Biovail). However, as at April 30, 2002, Melnyk exercised control or direction over an additional 12,674,603 Biovail common shares held in the following accounts: the Conset Account at Watt Carmichael; the Congor Accounts at Watt Carmichael and Sands Brothers; the Archer Account at BMO; and the Southridge Accounts at Watt Carmichael and Monness Crespi (for a total of 25.1% of the outstanding common shares of Biovail).

50. Biovail's 2003 Management Proxy Circular (the "Biovail's 2003 Circular") discloses information concerning the number of Biovail common shares beneficially owned directly or indirectly or over which control or direction is exercised by directors as at April 30, 2003. As a director, Melnyk was required to provide complete and accurate information to Biovail to be disclosed in the 2003 Circular.

51. Biovail's 2003 Circular states that Melnyk beneficially owned directly or indirectly or exercised control or direction over 26,101,816 Biovail common shares as at April 30, 2003 (or 16.57% of the outstanding common shares of Biovail). However, as at April 30, 2003, Melnyk exercised control or direction over an additional 12,293,917 Biovail common shares held in the following accounts: the Conset Account at Watt Carmichael; the Congor Accounts at Watt Carmichael; the Southridge Accounts at Watt Carmichael and Monness Crespi; and the Archer Accounts at BMO and Lehman Brothers (for a total of 24% of the outstanding common shares of Biovail).

52. Similarly, Melnyk has failed to provide complete and accurate information to Biovail concerning the number of Biovail common shares held in the Accounts over which he exercised control or direction, in relation to Biovail's 2004, 2005 and 2006 Circulars.

53. Melnyk engaged in conduct that was contrary to the public interest and contrary to the requirements of Ontario securities law in that he failed to ensure that Biovail filings concerning the number of Biovail common shares over which he exercised control or direction held in the Accounts were complete and accurate. As a result of Melnyk's failure to disclose this information, the disclosure contained in Biovail's Circulars for 2002 to 2006 in a material respect and at the time and in light of the circumstances under which it was made, was misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements in the Biovail Circulars not misleading. Specifically, Melnyk should have ensured that past management proxy circulars of Biovail disclosed, among other things:

a) the Biovail securities held by the Trusts;

b) that the Trusts are family trusts established by Melnyk;

c) that Melnyk exercised or shared control or direction over the Biovail securities held by the Trusts; and

d) that these securities formed part of Melnyk's holdings.

Rowan's failure to make disclosures in Biovail Circulars

54. As described above, as a director, Rowan was required to provide complete and accurate information to Biovail to be disclosed in the 2002 Circular. Biovail's 2002 Circular states that Rowan beneficially owned directly or indirectly or exercised control or direction over 1,217,953 Biovail common shares as at April 30, 2002. However, as at April 30, 2002, Rowan exercised or shared control or direction over, at least, an additional 2,353,402 Biovail common shares held in the Watt Carmichael Accounts.

55. Rowan was required to provide complete and accurate information to Biovail to be disclosed in the 2003 Circular. The 2003 Circular states that Rowan beneficially owned directly or indirectly or exercised control or direction over 1,190,403 Biovail common shares as at April 30, 2003.

However, as at April 30, 2003, Rowan exercised or shared control or direction over, at least, an additional 1,777,336 Biovail common shares in the Watt Carmichael Accounts.

56. Similarly, Rowan failed to provide complete and accurate information to Biovail concerning the number of Biovail common shares held in the Congor and Conset Accounts, over which he exercised or shared control or direction in relation to the Biovail 2004 Circular.

57. Rowan engaged in conduct that was contrary to the public interest in that he failed to provide complete and accurate information to Biovail concerning the number of Biovail common shares over which he exercised control or direction. As a result of Rowan's failure to disclose this information, the disclosure contained in Biovail's 2002, 2003 and 2004 Circulars concerning the foregoing in a material respect and at the time and in light of the circumstances under which it was made, was misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements in the Biovail Circulars not misleading. Specifically, Rowan should have advised Biovail that he exercised or shared control or direction over the Biovail securities held in the Congor and Conset Accounts at Watt Carmichael, and that such securities should be disclosed in the Biovail Circular, as forming part of his holdings in Biovail securities over which he exercised control or direction.

Trading in Accounts during Biovail Trading Blackout Periods: 2002 and 2003

58. During 2002, there were three periods in which trading by the Biovail Board of Directors and employees was prohibited (referred to the "Biovail Blackout Periods"). The Biovail Blackout Periods in 2002 were as follows: February 7 to April 29, 2002 (including the Blackout Periods relating to the Q4/2001 and Q1/2002 earnings announcements and Biovail's normal course issuer bid); July 16, 2002 to July 29, 2002; and October 18, 2002 to October 31, 2002).

59. During 2003, there were four periods in which trading by the Biovail Board of Directors and employees was prohibited. The Biovail Blackout Periods in 2003 were as follows: February 21, 2003 to March 6, 2003; April 18, 2003 to May 1, 2003; July 14, 2003 to July 31, 2003; and September 30, 2003 to November 3, 2003.

60. Melnyk and Rowan attended a number of board and audit committee meetings and received material undisclosed information concerning Biovail prior to and/or at the time of certain meetings. In particular, during 2002 and 2003, Melnyk and Rowan received the Biovail Management Reports in relation to the release of Biovail's quarterly earnings announcements. The Biovail Blackout Periods were in effect seven days prior to and two days following the release of quarterly and annual financial statements, and in some cases, for extended periods.

61. In 2002, Rowan engaged in trading of Biovail common shares in the Conset, Congor and Southridge Accounts at Watt Carmichael during each of the Biovail Blackout Periods. Specifically, there were acquisitions in excess of 2,000,000 Biovail common shares at a cost of approximately U.S. $100,000,000, and dispositions in excess of 2,000,000 Biovail common shares for proceeds of approximately U.S. $90,000,000 during the 2002 Blackout Periods.

62. In 2003, Rowan engaged in trading of Biovail common shares in the Conset, Congor, and Southridge Accounts at Watt Carmichael during each of the Biovail Blackout Periods. Specifically, there were acquisitions in the Watt Carmichael Accounts in excess of 2,200,000 Biovail common shares at a cost of approximately U.S. $75,000,000, and acquisitions of 10,000 call options for proceeds of approximately U.S. $4,000,000 (in respect of common shares of Biovail). Further, 300,000 Biovail call options (in respect of common shares of Biovail) were exercised at a cost of approximately U.S. $10,000,000, and in excess of 2,700,000 Biovail common shares were sold from the Watt Carmichael Accounts for proceeds of approximately U.S. $90,000,000.

63. Further, in 2003, 360,000 Biovail common shares were sold for proceeds of approximately U.S. $10,000,000 from the BMO Account for Archer. In 2003, 300,000 Biovail common shares were sold for proceeds of approximately U.S. $8,000,000 in the Lehman Brothers Archer Account.

64. Biovail adopted a policy effective December 5, 2001 entitled "Insider Trading, Reporting and Blackout Policy". The Biovail Insider Trading, Reporting and Blackout Policy stated, among other things, the following:

It is illegal for any director, officer or employee of the Company or any subsidiary of the Company to trade in the securities of the Company while in the possession of material non-public information concerning the Company. It is also illegal for any director, officer or employee of the Company to give material non-public information to others who may trade on the basis of that information. In order to comply with applicable securities laws governing (i) trading in Company securities while in the possession of material non-public information concerning the Company and (ii) tipping or disclosing material non-public information to outsiders, and in order to prevent

the appearance of improper trading or tipping, the Company has adopted this Insider Trading Policy for all of its directors, officers and employees, members of their families and others living in their households, and investment partnerships and other entities (such as trusts and corporations) over which such directors, officers or employees have or share voting or investment control.

Directors, officers and employees are responsible for ensuring compliance by their families and other members of their households and entities over which they exercise voting or investment control.

This Insider Trading Policy applies to any and all transactions in the Company's securities, including its common shares and options to purchase common shares, warrants and any other type of securities that the Company may issue in the future.

….

Black-Out Periods

There is a mandatory seven (7) days blackout period for all employees of the Company prior to the release of quarterly and annual financial statements which shall continue until two (2) trading days after the time such information has been released to the public.

…

… Accordingly, effectively immediately, if any Member of the Board, Corporate Officer or Divisional Officer, intends to trade in the Company's shares, such person must inform either the Chairman of the Board or the Chief Legal Officer in advance so that a determination may be made as to whether there is any corporate reason to prevent such trading.

65. Section 76(1) of the Act prohibits trading by insiders with knowledge of material facts with respect to the reporting issuer that have not been generally disclosed. National Policy 51-201 *Disclosure Standards* (NP 51-201), provides guidance on best disclosure practices to ensure that everyone investing in securities has equal access to information which may affect their investment decisions. Part VI of NP51-201 deals with best practices in the disclosure of material information and section 6.11 provides specific guidance regarding insider trading policies and blackout periods. Further, Multilateral Policy 34-202 also provides guidance to registrants acting as corporate directors.

66. During the material time, Melnyk received and reviewed the statements for all Accounts including the Watt Carmichael Accounts. Therefore, Melnyk knew or should have known that Rowan engaged in trading in Biovail common shares in the Conset, Congor and Southridge Accounts during the Biovail Blackout Periods in 2002 and 2003, and that Rowan continued to trade prior to certain earnings releases in 2002 and 2003, including in circumstances where Rowan received material undisclosed information, namely, the Biovail Management Reports.

Rowan's conduct contrary to the public interest and s. 76(1) of the Act

67. During 2002 and 2003, Rowan engaged in conduct contrary to the public interest in that he engaged in discretionary trading in Biovail securities in the Watt Carmichael Accounts during Biovail Blackout Periods during 2002 and 2003. In particular, Rowan failed to adhere to the requirements of Biovail's "Insider Trading, Reporting and Blackout Policy" in circumstances where he had knowledge of material non-public information concerning Biovail, or in circumstances where there was an appearance of improper trading having regard to his multiple roles as a director of Biovail and member of Biovail's audit committee, and his position as the President of Watt Carmichael and registered representative for the Congor, Conset and Southridge Accounts. Further, Rowan breached the requirements contained in subsection 76(1) of the Act in that he had knowledge of material undisclosed information, namely information contained in Biovail's Management Reports, prior to certain earnings releases, and continued to engage in trading in the Congor, Conset and/or Southridge Accounts.

Melnyk's conduct contrary to the public interest in relation to trading in Watt Carmichael Accounts during Biovail Blackout Periods

68. Having regard to Melnyk's positions as Chairman of the Board and CEO of Biovail and Biovail "Insider Trading, Reporting and Blackout Policy" applicable to the company's directors, Melnyk engaged in conduct contrary to the public interest in that he failed to take any steps to direct Rowan to cease trading in Biovail common shares during the Biovail Blackout Periods. In addition, Melnyk knew or should have known that Rowan continued to trade in Biovail common shares held in the Conset, Congor and Southridge Accounts during 2002 and 2003 in circumstances where Rowan received material undisclosed information prior to certain earnings releases as described above.

69. Further, Melnyk engaged in conduct contrary to the public interest in that he approved trades in Biovail common shares during the Biovail Blackout Period in October 2003. Specifically, on October 3, 2003, Melnyk approved a purchase of 300,000 Biovail common shares in the Archer Account held at Lehman Brothers. Also, on October 22, 2003,

Melnyk arranged for a matched trade between Archer (BMO) and Conset (Watt Carmichael). Specifically, Melnyk knew or should have known that 360,000 Biovail common shares were sold by Archer to Conset in order to generate proceeds for a loan to Melnyk of $10 million.

IDA Staff were materially misled

70. On January 21, 2000, the IDA notified Harry Carmichael, Chairman and CEO of Watt Carmichael, that IDA Staff had completed a Sales Compliance Review of Watt Carmichael and requested various documents and information, including documents and information concerning the Conset and Congor Accounts. Specifically, the IDA requested Watt Carmichael to provide copies of the trust agreements for both the Conset and Congor Accounts and to state the identity of the beneficial owners of these accounts.

71. Watt Carmichael sent a response on March 29, 2000 to the IDA regarding IDA inquiries set out in a letter from the IDA dated January 21, 2000.

72. On May 24, 2000, the IDA requested information from Watt Carmichael in relation to items that the IDA identified as having not been adequately addressed in Watt Carmichael's response dated March 29, 2000. Specifically, the IDA stated that Watt Carmichael's response did not satisfy the IDA's previous request to identify the beneficial owner(s) of the Congor and Conset Accounts. The IDA stated, among other things:

"… As mentioned in our 1999 SCR [Sales Compliance Review of Watt Carmichael] the activities surrounding Mr. Eugene Melnyk's involvement in the Conset and Congor accounts do raise concerns regarding the beneficial ownership of these accounts since it appears that the Biovail holdings in these accounts may form part of Mr. Melynk's control position.

… In addition, please forward any further documents that would identify the beneficial owners of the Conset and Congor accounts and documents to ascertain whether the Biovail holdings in these accounts form part of Mr. Melnyk's control position in Biovail."

73. The IDA requested further documents that would identify the beneficial owners of the Conset and Congor Accounts and documents to ascertain whether the Biovail holdings in these accounts formed part of Melnyk's control position in Biovail.

74. Following receipt of the IDA request, Rowan sent a memo dated June 7, 2000 to Melnyk with a copy of the IDA letter dated May 24, 2000 referred to above. In the memo, Rowan stated among other things:

"…Eugene, can we provide the IDA with some suitable response to get them to go away….If you do not wish to disclose the beneficiaries to the IDA (I don't see any harm in doing so), is there some declaration we can provide the IDA which states that Eugene Melnyk is not a beneficiary of the trust and therefore has no beneficial ownership in them. If we can provide the above, I am confident that we can get the IDA to go away. Please call me regarding this."

75. At the time of the Rowan memo to Melnyk, Melnyk was listed as a beneficiary in the Deeds of Settlement for each of the Congor and Conset Trusts. Subsequent to Rowan's memo of June 7, 2000 to Melnyk, attempts were made by Melnyk to secure written confirmation from the Congor and Conset Trustees that Melnyk was not a beneficiary of either of the Congor or Conset Trusts. Similar requests were sent to the Trustees of Archer and Southridge.

76. In response to such requests, Melnyk received a letter from the Congor Trustees dated July 17, 2000 listing Melnyk as a beneficiary of the Congor Trust, together with other family members, as reflected in the Congor Deed of Settlement. Melnyk also received a letter dated July 17, 2000 from the Conset Trustees stating that "…the beneficiaries include the following…". The Conset Trustee provided a list of the beneficiaries other than Melnyk who were listed in the Deed of Settlement. In fact, the Conset Deed of Settlement listed Eugene Melnyk, the Settlor of the Trust, as a beneficiary, together with other beneficiaries, including family members of Melnyk.

77. The Southridge Trustees responded to Melnyk's request by fax on July 13, 2000. The Trustees wrote:

"Your original fax requested that the names of the beneficiaries be listed excluding the Settlor. The beneficiaries listed in the Trust Deed include the Settlor. For completeness and avoidance of doubt the Settlor has been included in the list provided to Mr. Melnyk."

Along with the fax, the Southridge Trustees sent a list of the Southridge Trust beneficiaries that included Melnyk.

78. The Archer Trustees responded to Melnyk's Request on July 14, 2000 with a letter listing the beneficiaries of the trust that did not include Melnyk. In fact, the Archer Deed of Settlement listed Eugene Melnyk, the Settlor of the Trust, as a beneficiary, together with other beneficiaries, including family members of Melnyk.

79. On July 17, 2000, Melnyk's assistant forwarded to Rowan the aforementioned letters from the Congor and Conset Trustees. As noted above,

these letters included the list of the beneficiaries of each of the Congor and Conset Trusts as described above.

80. By letters dated July 24, 2000 from Melnyk to each of the Conset and Congor Trustees, Melnyk indicated that he revocably disclaimed his interest in the Conset and Congor Trusts. In particular, Melnyk's letter stated:

"Please note that this disclaimer of interest is revocable and may be revoked by me by letter in writing to you."

81. Melnyk's U.S. counsel provided to Watt Carmichael a letter addressed to the IDA dated August 1, 2000, stating among other things:

"Under the law of Cayman Islands, which governs those trusts, the identity of the beneficiaries of the Trusts is a matter of strictest confidence. Nonetheless, we have recently received written confirmation from each of the respective trustees of the Congor Trust and the Conset Trust regarding the current beneficiaries to the Trusts, and we have been authorized to confirm that Eugene Melnyk is not a beneficiary of either Trust. Nor, of course, is he a trustee of the Trusts."

82. Rather than provide to IDA Staff the lists of the beneficiaries of the Conset and Congor Trusts, Watt Carmichael responded to the IDA inquiries on August 10, 2000 by delivering to the IDA a copy of the letter dated August 1, 2000 above.

83. Rowan, as President of Watt Carmichael and the registered representative for the Congor and Conset Accounts, engaged in conduct contrary to the public interest. Specifically, having regard to the requests for information made by the IDA, and the information available to Rowan concerning the identity of the beneficiaries as set out in letters from the Congor and Conset trustees dated July 17, 2000, Rowan knew or should have known that the Watt Carmichael letter dated August 10, 2000 to the IDA (enclosing the August 1, 2000 letter noted above) provided responses that were misleading or untrue or did not state facts that were required to be stated to make the statements not misleading.

84. Melnyk knew or should have known that the statements contained in the August 1, 2000 letter to the IDA were misleading or untrue or did not state a fact that was required to be stated to make the statements not misleading. In particular, the IDA Staff were not informed of the following: that Melnyk was listed as a beneficiary in the Deeds of Settlement for the Congor and Conset Trusts, the identity of the other beneficiaries of the Congor and Conset Trusts (which included Melnyk's immediate family) as set out in the Deeds of Settlements for the Trusts and letters from the Trustees dated July 17, 2000, as described above; and that Melnyk revocably (rather that irrevocably) disclaimed his interest in the Congor and Conset Trusts as reflected in his letters dated July 24, 2000 to the Congor and Conset Trustees.

Watt Carmichael and Rowan Materially Misled OSC Staff

85. During Staff's investigation, Rowan and Watt Carmichael failed to produce documents and information requested by OSC Staff in a timely manner or at all, altered a document or caused a document to be altered in an effort to conceal information from OSC Staff, and provided misleading information to OSC Staff. Specifically:

(a) Watt Carmichael failed to produce in a timely manner documents, the particulars of which have been provided by OSC Staff to the respondents Rowan, Watt Carmichael, Carmichael and McKenney;

(b) In response to a request for documents from OSC Staff dated July 22, 2004, Watt Carmichael provided the first page only of a letter dated February 24, 1998 from the Congor Trustees to Rowan and did not produce the second page of the letter containing handwritten notations made by Rowan, including the notations "Eugene" and "(EM)" beside the list of assets for Congor contained on page 2 of the letter;

(c) Following a further request made by OSC Staff on January 25, 2005 for page two of the letter dated February 24, 1998 from the Congor Trustees to Rowan, Watt Carmichael faxed to OSC Staff page two of the letter without Rowan's handwritten notations. Staff's investigation reveals that subsequent to OSC Staff's requests, page two of this page was altered to erase Rowan's handwritten notations;

(d) During Rowan's examination under oath by OSC Staff on February 9, 2005, he was asked to identify the beneficial owner of Conset Investments. Rowan responded: "My understanding is there are a number of beneficiaries of the Trust. I don't have the list of beneficiaries". In fact, Rowan had in his possession or control the letter dated July 17, 2000 from the Conset Trustees to Melnyk listing the beneficiaries of the Conset Trust. This information was not provided to OSC Staff at the time of Rowan's examination; and

(e) Watt Carmichael failed to produce certain documents reflecting communications

between Rowan and other persons regarding the Southridge and Congor Trusts, the particulars of which have been provided by OSC Staff to the respondents, Rowan, Watt Carmichael, Carmichael and McKenney.

Failure to Supervise Rowan

86. Rule 31-505 of Ontario securities law, IDA Regulation 1300.2 and IDA Policy No. 2 require IDA members to supervise trading in client accounts and to implement procedures and policies to ensure that client accounts are supervised. Section 3.1 of Rule 31-505 provides as follows:

"A registered dealer shall supervise each of its registered salesperson, officer and partner and a registered adviser shall supervise each of its registered officers and partners in accordance with Ontario securities law and terms or conditions imposed by the Director of the Commission on the registration of the salesperson, officer or partner of the dealer or the officer or partner of the advisor requiring that the actions of the registered salesperson, officer or partner of the registered dealer or the registered officer or partner of the registered adviser be supervised in a particular manner."

87. Further, IDA Regulation 1300.2 provides as follows:

"Each member shall designate a director, partner or officer of, in the case of a branch office, a branch manager reporting directly to the designated director, partner or officer who shall be responsible for the opening of new accounts and the supervision of account activity. Each such designated person shall be approved by the applicable District Council and, where necessary to ensure continuous supervision, the Member may appoint one or more alternates to such designated person who shall be so approved. The director, partner or officer as the case may be, shall be responsible for establishing and maintaining procedures for account supervision and such persons, or in the case of a branch office, the branch manager shall ensure that the handling of client business is within the bounds of ethical conduct consistent with just and equitable principles of trade and not detrimental to the interests of the securities industry."

88. Watt Carmichael did not adequately supervise Rowan's trading in Biovail securities in the Congor, Conset and Southridge Accounts. Carmichael, in his capacity as Chairman and CEO, and McKenney, in his capacity as Chief Compliance Officer, failed to adequately supervise trading by Rowan and to address conflicts of interest despite indications that supervision was required. Specifically, Carmichael and McKenney knew or should have known that:

(a) Rowan had multiple roles as a director of Biovail and member of Biovail's audit committee, and as the President of Watt Carmichael and the registered representative for the Congor, Conset and Southridge Accounts;

(b) Rowan engaged in discretionary trading in Biovail securities in 2002 and 2003 in the Congor and Conset Accounts pursuant to discretionary trading agreements and therefore, Rowan, as an insider of Biovail, had reporting obligations under subsection 107(2) of the Act;

(c) Rowan was required to cease trading in Biovail securities during the Biovail Blackout Periods in relation to the Congor, Conset, and Southridge Accounts. Rowan continued to engage in trading in Biovail securities in the periods prior to release of Biovail's quarterly earnings in 2002 and 2003 in circumstances where Rowan had knowledge, or potentially had knowledge, of material undisclosed information when he traded in Biovail securities; and

(d) Rowan engaged in unauthorized discretionary trading in the Southridge Accounts.

89. As described above, Watt Carmichael's letter to the IDA dated August 10, 2000 (enclosing the August 1, 2000 letter noted above) provided responses to the IDA that were misleading or untrue or did not state facts that were required to be stated to make the statements not misleading. Carmichael, in his role as Chairman and CEO of Watt Carmichael, and McKenney, in his role as Chief Compliance Officer, authorized, permitted or acquiesced in the misconduct described above.

90. As described above, Watt Carmichael failed to produce documents requested by OSC Staff in a timely manner or at all, altered a document in an effort to conceal information from Staff and provided misleading information to OSC Staff. Carmichael, in his position as Chairman and CEO, and McKenney, in his position as Chief Compliance Officer, authorized, permitted or acquiesced in the misconduct described above.

Conduct Contrary to the Public Interest

91. Staff allege that the conduct set out above of Melnyk, Rowan, Watt Carmichael, Carmichael and McKenney violates securities laws as specified

and constitutes conduct contrary to the public interest.

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

Dated at Toronto this 28th day July, 2006.

1.3 News Releases

1.3.1 Canada's Securities Regulators Develop Governance Regime for Investment Funds

FOR IMMEDIATE RELEASE

CANADA'S SECURITIES REGULATORS DEVELOP GOVERNANCE REGIME FOR INVESTMENT FUNDS

July 28, 2006 – Toronto – The Canadian Securities Administrators (CSA) today announced a rule aimed to improve governance of all publicly offered investment funds. National Instrument 81-107-*Independent Review Committee for Investment Funds* (the Rule) requires investment fund managers to have independent oversight of their management and monitoring of conflicts of interest.

The Rule requires all investment funds that are reporting issuers to establish an Independent Review Committee (IRC) to oversee all decisions involving conflicts of interest faced by a fund manager. The role of the IRC, depending on the nature of the conflict, will be to either approve the fund manager's decision or provide recommendations before the manager may proceed. The fund manager will also be required to establish and follow written policies and procedures before referring issues to the IRC.

"*This rule will ensure the interests of the fund, and ultimately the investor, are at the forefront when a fund manager is faced with a conflict of interest,"* said Jean St-Gelais, Chair of the CSA and President & Chief Executive Officer of the Autorité des marchés financiers (Québec). *"Also, managers of investment funds will benefit from having the perspective of an independent body when they encounter actual or perceived conflicts of interest."*

The CSA Notice, Rule and related amendments are available on several CSA members' websites. The Rule and amendments could be in force as early as November 1, 2006.

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

For more information:
Laurie Gillett
Ontario Securities Commission
416-595-8913

Andrew Poon
British Columbia Securities Commission
604-899-6880

Tamera Van Brunt
Alberta Securities Commission
403-297-2664

Ainsley Cunningham
Manitoba Securities Commission
204-945-4733

Frédéric Alberro
Autorité des marchés financiers
514-940-2176

1.4 Notices from the Office of the Secretary

1.4.1 Jose L. Castaneda

FOR IMMEDIATE RELEASE
July 27, 2006

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

AND

IN THE MATTER OF
JOSE L. CASTANEDA

TORONTO – Following a hearing yesterday, the Commission issued an Order adjourning the matter to be heard on December 5, 2006 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 media inquiries: Wendy Dey
Director, Communications
and Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

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

1.4.2 Howard Rash

FOR IMMEDIATE RELEASE
July 27, 2006

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

AND

IN THE MATTER OF
HOWARD RASH

TORONTO – Following a hearing held on July 26, 2006, the Commission issued an Order against Howard Rash in the above matter. The Commission concluded that Howard Rash traded in securities in violation of a Cease Trade Order issued by the Commission on July 8, 2005 and imposed sanctions against him.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
Director, Communications
and Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

For investor inquiries: OSC Contact Centre
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1-877-785-1555 (Toll Free)

1.4.3 Eugene N. Melnyk et al.

FOR IMMEDIATE RELEASE
July 31, 2006

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

AND

IN THE MATTER OF
EUGENE N. MELNYK, ROGER D. ROWAN,
WATT CARMICHAEL INC.,HARRY J. CARMICHAEL
AND G. MICHAEL McKENNEY

TORONTO – The Office of the Secretary issued a Notice of Hearing scheduling a hearing on September 21, 2006 at 10:00 a.m. in the above noted matter.

A copy of the Notice of Hearing and Staff's Statement of Allegations, are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
Director, Communications
and Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

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

1.4.4 Firestar Capital Management Corp. et al.

FOR IMMEDIATE RELEASE
July 31, 2006

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

AND

IN THE MATTER OF
FIRESTAR CAPITAL MANAGEMENT CORP.,
KAMPOSSE FINANCIAL CORP.,
FIRESTAR INVESTMENT MANAGEMENT GROUP,
MICHAEL CIAVARELLA AND MICHAEL MITTON

TORONTO – The Commission issued today a Temporary Order in the above named matter continuing the existing Temporary Cease Trade Orders currently in place as against the Respondents to October 12, 2006. The Commission also ordered that the hearing to consider whether to continue the Temporary Cease Trade Orders be adjourned to October 12, 2006.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
Director, Communications
and Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

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

1.4.5 John Daubney and Cheryl Littler

FOR IMMEDIATE RELEASE
July 31, 2006

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

AND

IN THE MATTER OF
JOHN DAUBNEY AND CHERYL LITTLER

TORONTO – The Commission issued an Order today adjourning the hearing in the above noted matter to a date to be determined by the Secretary's Office on not less than ten (10) days' notice to the respondents.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
Director, Communications
and Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

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

1.4.6 Andrew Oestreich - ss. 127, 127.1

FOR IMMEDIATE RELEASE
August 01, 2006

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

AND

IN THE MATTER OF
ANDREW OESTREICH
(Sections 127 and 127.1)

TORONTO – On July 28, 2006, the Commission issued Reasons for its Order approving the Settlement Agreement reached between Staff of the Commission and Andrew Oestreich.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
Director, Communications
and Public Affairs
416-593-8120

Laurie Gillett
Manager, Media Relations
416-595-8913

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

1.4.7 Agnico-Eagle Mines Limited

FOR IMMEDIATE RELEASE
May 31, 2005

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

AND

IN THE MATTER OF
AGNICO-EAGLE MINES LIMITED

TORONTO – The Commission issued its Reasons in the matter of Agnico-Eagle Mines Limited.

A copy of the Reasons 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)

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Barclays Bank PLC - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief – Issuer wishes to file a shelf prospectus to qualify the distribution of medium Term notes – Issuer not eligible to file short form prospectus – Issuer is an SEC foreign issuer under National Instrument 71-102 – Exemption granted from the requirement to be a reporting issuer – Confidentiality of application and decision document granted for a limited period of time.

Applicable Legislative Provisions

National Instrument 44-101, ss. 2.3(b), 8.1.

July 21, 2006

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

AND

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

AND

IN THE MATTER OF
BARCLAYS BANK PLC (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, in connection with the proposed filing by the Filer of a short form shelf prospectus relating to the issuance from time to time of non-convertible, medium term notes ("Notes") with an Approved Rating (as such term is defined in National Instrument 44-101 – *Short Form Prospectus Distributions* ("NI 44-101")),

   (a) the Filer be exempted from the reporting issuer requirement set out in paragraph 2.3(1)(b) of NI 44-101 (the "44-101 Relief"); and

   (b) the application for this decision and this decision be kept confidential until the earlier of: (i) the date the Filer obtains a receipt for a preliminary short form prospectus and (ii) August 31, 2006 (the "Confidential Treatment").

2. Under the Mutual Reliance Review System for Exemptive Relief Applications:

   (a) the Ontario Securities Commission (the "OSC") is the principal regulator for this application; and

   (b) 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 Filer is a public limited company registered in England and Wales and is not a reporting issuer in the Jurisdictions.

5. The Filer, a well-known seasoned issuer in the United States, is subject to continuing reporting requirements with the SEC under sections 13 and 15(d) of the 1934 Act.

6. As at December 31, 2005, the Filer had approximately US$199.161 billion in notes and debentures outstanding (comprising debt securities in issue, undated loan capital, dated loan capital (convertible) and dated loan capital (non-convertible)).

7. The Filer currently offers Notes in the United States under an existing medium term note program (the "Program"), and it proposes to offer Notes in Canada from time to time under the Program.

8. The following are the key documents relating to the Program in the United States:

   (a) a shelf registration statement (the "Registration Statement") on Form F-3 that includes a prospectus dated September 21, 2005 (the "US Prospectus") filed with the SEC pursuant to the 1933 Act, covering debt securities, preference shares and American depositary shares for up to an aggregate amount initial offering price of $12,870,714,000 or the equivalent thereof in other currencies and a prospectus supplement to the US Prospectus dated September 22, 2005 (the "US Supplement"); and

   (b) the Trust Indenture between the Filer and the Bank of New York, as trustee, dated as of September 16, 2004.

   A pricing supplement under the US Prospectus and the US Supplement is prepared with respect to each offering in the United States.

9. It is proposed that certain series of Notes will be offered by prospectus in Canada and will be distributed in Canada by the Filer through certain fully registered Canadian dealers (collectively, the "Dealers"), pursuant to the terms of one or more agreements to be entered into between each Dealer and the Filer from time to time.

10. Subject to obtaining the 44-101 Relief, it is proposed that a base shelf prospectus (the "Canadian Base Shelf Prospectus") will be filed with the securities regulatory authorities in each of the Jurisdictions pursuant to the qualification criteria set forth in section 2.3 of NI 44-101 and the shelf procedures set forth in National Instrument 44-102 – *Shelf Distributions* ("NI 44-102"). The Canadian Base Shelf Prospectus will qualify the Program for distribution in Canada.

11. The Filer may offer Notes for sale from time to time (a) in the United States, under the US Prospectus and US Supplement, and one or more related pricing supplements and/or one or more free writing prospectuses; and/or (b) in Canada, under the Canadian Base Shelf Prospectus and one or more related pricing supplements following the Filer's receipt of a Mutual Reliance Review System decision document for the Canadian Base Shelf Prospectus. Specific series of Notes may be offered concurrently in Canada and the United States, or in only one of those countries. Appropriate pricing supplements describing Notes which may be offered in Canada will be filed with the SEC under the US Prospectus and US Supplement.

12. It is not currently anticipated that the Notes issued in Canada will be listed on any stock exchange in Canada, but listing may occur in the future.

13. Once the Filer becomes a reporting issuer in Canada, it will be a "foreign reporting issuer" and an "SEC foreign issuer" under National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* ("NI 71-102").

14. The financial statements of the Filer are prepared in accordance with International Financial Reporting Standards, as permitted under National Instrument 52-107 – *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*.

15. The Filer anticipates filing the preliminary Canadian Base Shelf Prospectus (the "Preliminary Prospectus") under NI 44-101 prior to August 31, 2006.

16. The details of the proposed offering have not been publicly disclosed and the Filer does not anticipate disclosing such information prior to the filing of the Preliminary Prospectus.

Decision

17. 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.

18. The decision of the Decision Makers under the Legislation is that the 44-101 Relief is granted provided that:

   (a) the Filer creates a filer profile on SEDAR (as defined in National Instrument 13-101 – *System for Electronic Document Analysis and Retrieval* ("NI 13-101")), and takes any other steps required to become an electronic filer under NI 13-101; and

   (b) on or before the date of filing its Preliminary Prospectus, the Filer files with the securities regulatory authorities in each of the Jurisdictions the following documents, which will be incorporated by reference into the Preliminary Prospectus:

      (i) the most recent annual report on Form 20-F filed by the Filer with the SEC; and

      (ii) the report on Form 6-K dated May 31, 2006 furnished by the Filer to the SEC or any subsequent reports on Form 6-K

of the Filer furnished to the SEC and designated as incorporated by reference into the US Prospectus;

and for so long as,

(c) the Canadian Base Shelf Prospectus (the "Final Prospectus") incorporates by reference the following documents, filed with or furnished to the SEC from and after the date of the Preliminary Prospectus and required to be filed with the securities regulatory authorities in each of the Jurisdictions through SEDAR:

(i) the most recent annual report on Form 20-F filed by the Filer with the SEC;

(ii) extracts from results announcements, if any, furnished on Form 6-K by the Filer to the SEC in respect of annual or interim financial results;

(iii) the most recent interim financial statements and interim management's discussion and analysis furnished on Form 6-K by the Filer to the SEC in respect of an interim period in the financial year following the year that is the subject of the Filer's most recently filed annual report on Form 20-F;

(iv) reports on Form 6-K of the Filer furnished to the SEC disclosing material information of the Filer, and designated as incorporated by reference into the US Prospectus; and

(v) all other documents incorporated by reference into the US Prospectus and filed with or furnished to the SEC, except for pricing supplements not related to Notes distributed under the Final Prospectus; and

(d) the Preliminary Prospectus and the Final Prospectus are prepared in accordance with the short form prospectus requirements of NI 44-101 and the shelf prospectus requirements of NI 44-102, including the requirements set out in Form 44-101F1, except as otherwise permitted by the securities regulatory authorities in each of the Jurisdictions;

19. The further decision of the Decision Makers under the Legislation is that the request for Confidential Treatment is granted.

"J. Matear"

2.1.2 CIBC Asset Management Inc. and CIBC Global Asset Management Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Exemption to allow dealer managed mutual funds to invest in securities of an issuer during the 60 days after the distribution period in which an affiliate of the dealer manager has acted as an underwriter in connection with the distribution of securities of the issuer. – The conflict is mitigated by the oversight of an independent review committee – Subsection 4.1(1) of National Instrument 81-102 Mutual Funds.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 4.1(1), 19.1.

July 19, 2006

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, AND THE NORTHWEST TERRITORIES, NUNAVUT AND THE YUKON (the "Jurisdictions")

AND

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

AND

IN THE MATTER OF
CIBC ASSET MANAGEMENT INC. AND CIBC GLOBAL ASSET MANAGEMENT INC. (the "Applicants")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "**Decision Maker**") in each of the Jurisdictions has received an application from the Applicants (or "**Dealer Managers**"), for and on behalf of the mutual funds named in Appendix "A" (the "**Funds**" or "**Dealer Managed Funds**") for whom the Applicants act as manager or portfolio advisor or both, for a decision under section 19.1 of National Instrument 81-102 *Mutual Funds* ("**NI 81-102**") for:

- an exemption from subsection 4.1(1) of NI 81-102 to enable the Dealer Managed Funds to invest in the trust units (the "**Units**") of Davis + Henderson Income Fund (the "**Issuer**") on the Toronto Stock Exchange (the "**TSX**") during the 60-day period following the completion of the distribution (the "**Prohibition Period**") notwithstanding that the Dealer Managers or their associates or affiliates act or have acted as an underwriter in connection with the offering (the "**Offering**") of subscription receipts (which are convertible into trust units of the Issuer as described below) (the "**Subscription Receipts**") of the Issuer pursuant to a short form prospectus dated May 30, 2006 (the "**Prospectus**") which was filed in accordance with the securities legislation of all Canadian provinces and territories (the "**Requested Relief**").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

(a) the Ontario Securities Commission (the "**OSC**") is the principal regulator for this application, and

(b) this MRRS decision document evidences the decision of each Decision Maker.

It is the responsibility of each of the Decision Makers to make a global assessment of the risks involved in granting exemptive relief from subsection 4.1 of NI 81-102 in relation to the specific facts of each application.

Interpretation

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

Representations

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

1. Each Dealer Manager is a "dealer manager" with respect to the Dealer Managed Funds, and each Dealer Managed Fund is a "dealer managed fund", as such terms are defined in section 1.1 of NI 81-102.

2. The securities of the Dealer Managed Funds are qualified for distribution in one or more of the provinces and territories of Canada pursuant to simplified prospectuses that have been prepared and filed in accordance with their respective securities legislation.

3. The head office of CIBC Asset Management Inc. is in Toronto, Ontario. The head office of CIBC Global Asset Management Inc. is in Montreal, Quebec.

4. According to the Prospectus, the Issuer generates the majority of its sales from the delivery of a cheque supply program to substantially all of the financial institutions in Canada. The Issuer also delivers the deposit programs of these financial institutions, including security deposit bags and personalized deposit documents, and provides a pre-authorized payment switching service for its financial institution customers. Together, the six

largest Canadian banks and one of the banks' U.S.-based subsidiaries represented approximately 79% of the Issuer's revenue in 2005. The Issuer also derives sales from cheque supply outsourcing arrangements with software publishers, a long-term agreement to supply cheque base stock to a U.S.-based supplier of direct-to-consumer cheques in the U.S. marketplace, and other specialty products. Since April 2005, through its ownership in Advanced Validation Systems Limited Partnership, the Issuer also provides several electronic service programs to the lending account of its customers.

5. The Offering was underwritten, subject to certain terms, by an underwriting syndicate which included CIBC World Markets Inc. (the "**Related Underwriter**"), among others (the Related Underwriter together with the other underwriters, the "**Underwriters**"). The Related Underwriter is an affiliate of each Dealer Manager.

6. According to the Issuer's press release dated June 6, 2006, the Offering consisted of 6,026,000 Subscription Receipts at a price of $19.25 per Subscription Receipt. The gross proceeds of the Offering were approximately $116,000,500.

7. According to the Prospectus, the Issuer, the Underwriters and CIBC Mellon Trust Company (the "**Escrow Agent**") have entered into an escrow agreement (the "**Escrow Agreement**") which provides that the proceeds from the sale of the Subscription Receipts will be delivered to the Issuer upon the acquisition of Filogix Holdings Inc. by FHI Acquisition Inc. ("**FHI**") for approximately $212.5 million in cash (the "**Filogix Acquisition**"). Davis + Henderson LP acted as the guarantor of FHI in respect of the Filogix Acquisition. Filogix is the leading provider in Canada of information and transaction technology for residential mortgage and real estate transactions. In addition, upon completion of the Filogix Acquisition, the Escrow Agreement provides that trust units of the Issuer will be issued to holders of Subscription Receipts who will receive, without payment of additional consideration or further action, one trust unit of the Isser for each Subscription Receipt held.

8. According to the Issuer's press release dated June 15, 2006, the Filogix Acquisition occurred on June 15, 2006, at which point, trading of the subscription receipts were halted on the TSX and holders of the Subscription Receipts automatically received one trust unit of the Issuer for each Subscription Receipt held.

9. According to the Prospectus, the Issuer intends to use the net proceeds, which are expected to be approximately $109 million, to finance a portion of the Filogix Acquisition.

10. The Issuer and the Underwriters have entered into an underwriting agreement dated May 18, 2006 whereby the Underwriters have agreed to purchase a total of 6,026,000 Subscription Receipts for an aggregate consideration of $116,000,500.

11. The Issuer's outstanding units are listed on the TSX under the symbol "DHF.UN". On May 17, 2006, the last trading day prior to the announcement of this offering, the closing price of the Issuer's outstanding units on the TSX was $19.70. The Issuer received conditional acceptance to list the Subscription Receipts and the units which are exchangeable for Subscription Receipts on the TSX.

12. The Issuer is not a "connected issuer" as defined in National Instrument 33-105 ("**NI 33-105**") to the Related Underwriter, according to the Prospectus. The Issuer is not a "related issuer" of the Related Underwriter, as defined in NI 33-105.

13. Despite the affiliation between the Dealer Managers and the Related Underwriter, they operate independently of each other. In particular, the investment banking and related dealer activities of the Related Underwriter and the investment portfolio management activities of the Dealer Managers are separated by "ethical" walls. Accordingly, no information flows from one to the other concerning their respective business operations or activities generally, except in the following or similar circumstances:

    (a) in respect of compliance matters (for example, the Dealer Manager and the Related Underwriter may communicate to enable the Dealer Manager to maintain an up to date restricted-issuer list to ensure that the Dealer Manager complies with applicable securities laws); and

    (b) the Dealer Managers and the Related Underwriter may share general market information such as discussion on general economic conditions, bank rates, etc.

14. The Dealer Managed Funds are not required or obligated to purchase any Units during the Prohibition Period.

15. The Dealer Managers may cause the Dealer Managed Funds to invest in Units during the Prohibition Period. Any purchase of the Units will be consistent with the investment objectives of the Dealer Managed Funds and represent the business judgment of the Dealer Managers uninfluenced by considerations other than the best interests of the Dealer Managed Funds or in fact be in the best interests of the Dealer Managed Funds.

16. To the extent that the same portfolio manager or team of portfolio managers of a Dealer Manager manages two or more Dealer Managed Funds and other client accounts that are managed on a discretionary basis (the "Managed Accounts"), the Units purchased for them will be allocated:

    (a) in accordance with the allocation factors or criteria stated in the written policies or procedures put in place by the Dealer Manager for its Dealer Managed Funds and Managed Accounts, and

    (b) taking into account the amount of cash available to each Dealer Managed Fund for investment.

17. There will be an independent committee (the "**Independent Committee**") appointed in respect of the Dealer Managed Funds to review the investments of the Dealer Managed Funds in Units during the Prohibition Period.

18. The Independent Committee will have at least three members and every member must be independent. A member of the Independent Committee is not independent if the member has a direct or indirect material relationship with its Dealer Manager, the Dealer Managed Funds, or any affiliate or associate thereof. For the purpose of this Decision, a material relationship means a relationship which could, in the view of a reasonable person, reasonably interfere with the exercise of the member's independent judgment regarding conflicts of interest facing the Dealer Manager.

19. The members of the Independent Committee will exercise their powers and discharge their duties honestly, in good faith, and in the best interests of investors in the Dealer Managed Funds and, in so doing, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

20. Each Dealer Manager, in respect of the Dealer Managed Funds, will notify a member of staff in the Investment Funds Branch of the Ontario Securities Commission, of the filing of the SEDAR Report on SEDAR, as soon as practicable after the filing of such report, and the notice shall include the SEDAR project number of the SEDAR Report and the date on which it was filed.

21. Each Dealer Manager has not been involved in the work of the Related Underwriter and the Related Underwriter has not been and will not be involved in the decisions of the Dealer Managers as to whether the Dealer Managed Funds will purchase Units during the Prohibition Period.

Decision

Each of the Decision Makers has assessed the conflict of interest risks associated with granting an exemption in this instance from subsection 4.1(1) of NI 81-102 and is satisfied that, at the time this Decision is granted, the potential risks are sufficiently mitigated.

Each of the Decision Makers is satisfied that the test contained in NI 81-102 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, notwithstanding that the Related Underwriter acts or has acted as underwriter in the Offering provided that, in respect of each Dealer Manager and its Dealer Managed Funds, the following conditions are satisfied:

I. At the time of each purchase (the "**Purchase**") of Units by a Dealer Managed Fund pursuant to this Decision, the following conditions are satisfied:

    (a) the Purchase

        (i) represents the business judgment of the Dealer Manager uninfluenced by considerations other than the best interests of the Dealer Managed Fund, or

        (ii) is, in fact, in the best interests of the Dealer Managed Fund;

    (b) the Purchase is consistent with, or is necessary to meet, the investment objective of the Dealer Managed Fund as disclosed in its simplified prospectus; and

    (c) the Dealer Managed Fund does not place the order to purchase, on a principal or agency basis, with its Related Underwriter;

II. Prior to effecting any Purchase pursuant to this Decision, the Dealer Managed Fund has in place written policies or procedures to ensure that,

    (a) there is compliance with the conditions of this Decision; and

    (b) in connection with any Purchase,

        (i) there are stated factors or criteria for allocating the Units purchased for two or more Dealer Managed Funds and other Managed Accounts, and

        (ii) there is full documentation of the reasons for any allocation to a Dealer Managed Fund or Managed Account that departs

from the stated allocation factors or criteria;

III. Each Dealer Managed Fund has an Independent Committee to review the Dealer Managed Fund's investments in the Units during the Prohibition Period;

IV. The Independent Committee has a written mandate describing its duties and standard of care which, as a minimum, sets out the applicable conditions of this Decision;

V. The members of the Independent Committee exercise their powers and discharge their duties honestly, in good faith, and in the best interests of investors in the Dealer Managed Funds and, in so doing, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;

VI. The Dealer Managed Fund does not relieve the members of the Independent Committee from liability for loss that arises out of a failure to satisfy the standard of care set out in paragraph V above:,

VII. The Dealer Managed Fund does not incur the cost of any portion of liability insurance that insures a member of the Independent Committee for a liability for loss that arises out of a failure to satisfy the standard of care set out in paragraph V above;

VIII. The cost of any indemnification or insurance coverage paid for by the Dealer Manager, any portfolio manager of the Dealer Managed Fund, or any associate or affiliate of the Dealer Manager or any portfolio manager of the Dealer Managed Funds to indemnify or insure the members of the Independent Committee in respect of a loss that arises out of a failure to satisfy the standard of care set out in paragraph V above is not paid either directly or indirectly by the Dealer Managed Fund;

IX. The Dealer Manager files a certified report on SEDAR (the "**SEDAR Report**") in respect of each Dealer Managed Fund, no later than 30 days after the end of the Prohibition Period, that contains a certification by the Dealer Manager that contains:

(a) the following particulars of each Purchase:

(i) the number of Units purchased by the Dealer Managed Fund;

(ii) he date of the Purchase and purchase price;

(iii) whether it is known whether any underwriter or syndicate member has engaged in market stabilization activities in respect of the Units;

(iv) if the Units were purchased for two or more Dealer Managed Funds and other Managed Accounts of the Dealer Manager, the aggregate amount so purchased and the percentage of such aggregate amount that was allocated to each Dealer Managed Fund; and

(v) the dealer from whom the Dealer Managed Fund purchased the Units and the fees or commissions, if any, paid by the Dealer Managed Fund in respect of such Purchase;

(b) a certification by the Dealer Manager that the Purchase:

(i) was made free from any influence by the Related Underwriter or any affiliate or associate thereof and without taking into account any consideration relevant to the Related Underwriter or any associate or affiliate thereof; and

(ii) represented the business judgment of the Dealer Manager uninfluenced by considerations other than the best interest of the Dealer Managed Fund, or

(iii) was, in fact, in the best interests of the Dealer Managed Fund;

(c) confirmation of the existence of the Independent Committee to review the Purchase of the Units by the Dealer Managed Funds, the names of the members of the Independent Committee, the fact that they meet the independence requirements set forth in this Decision, and whether and how they were compensated for their review;

(d) a certification by each member of the Independent Committee that after reasonable inquiry the member formed the opinion that the policies and procedures referred to in Condition II(a) above are adequate and effective to ensure compliance with this Decision and that the decision made on behalf of each Dealer Managed Fund by the Dealer

Manager to purchase Units for the Dealer Managed Funds and each Purchase by the Dealer Managed Fund:

(i) was made in compliance with the conditions of this Decision;

(ii) was made by the Dealer Manager free from any influence by the Related Underwriter or any affiliate or associate thereof and without taking into account any consideration relevant to the Related Underwriter or any associate or affiliate thereof; and

(iii) represented the business judgment of the Dealer Manager uninfluenced by considerations other than the best interests of the Dealer Managed Fund, or

(iv) was, in fact, in the best interests of the Dealer Managed Fund.

X. The Independent Committee advises the Decision Makers in writing of:

(a) any determination by it that the condition set out in paragraph IX(d) has not been satisfied with respect to any Purchase of the Units by a Dealer Managed Fund;

(b) any determination by it that any other condition of this Decision has not been satisfied;

(c) any action it has taken or proposes to take following the determinations referred to above; and

(d) any action taken, or proposed to be taken, by the Dealer Manager or a portfolio manager of a Dealer Managed Fund, in response to the determinations referred to above.

XI. Each Purchase of Units during the Prohibition Period is made on the TSX; and

XII. An underwriter provides to the Dealer Manager written confirmation that the "dealer restricted period" in respect of the Offering, as defined in Ontario Securities Commission Rule 48-501, Trading During Distributions, Formal Bids and Share Exchange Transactions, has ended.

"Leslie Byberg"
Manager, Investment Funds Branch
Ontario Securities Commission

APPENDIX A

THE MUTUAL FUNDS

Frontiers Pools

Frontiers Canadian Equity Pool
Frontiers Canadian Monthly Income Pool

CIBC Mutual Funds and CIBC Family of Managed Portfolios

Canadian Imperial Equity Fund
CIBC Balanced Fund
CIBC Balanced Index Fund
CIBC Canadian Small Companies Fund
CIBC Capital Appreciation Fund
CIBC Core Canadian Equity Fund
CIBC Dividend Fund
CIBC Diversified Income Fund
CIBC Financial Companies Fund
CIBC Monthly Income Fund

Imperial Pools

Imperial Canadian Equity Pool
Imperial Canadian Dividend Income Pool
Imperial Canadian Dividend Pool
Imperial Canadian Income Trust Pool

Renaissance Talvest Mutual Funds

Renaissance Canadian Balanced Value Fund
Renaissance Canadian Core Value Fund
Renaissance Canadian Dividend Income Fund
Renaissance Canadian Growth Fund
Renaissance Canadian Income Trust Fund
Renaissance Canadian Income Trust Fund II
Renaissance Canadian Small Cap Fund
Talvest Cdn. Asset Allocation Fund
Talvest Cdn. Equity Value Fund
Talvest Dividend Fund
Talvest Global Asset Allocation Fund
Talvest Small Cap Cdn. Equity Fund

2.1.3 Interlude Capital Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Application under Section 104(2)(c) of the Securities Act (Ontario) – Exemption from Sections 95-100 of Securities Act (Ontario) – Issuer wants to complete a take-over bid that meets some, but not all, of the conditions set out in Section 93(1)(d) of the Act required for an exempt take-over bid – Target issuer has more than 50 shareholders but bid satisfies all other conditions required for it to qualify for the exemption under Section 93(1)(d) – All shareholders of target issuer will be treated equally under the offer – Target's shareholders are all within the class of purchasers to which private issuers may sell their securities without a prospectus

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 93(1)(d), 95-100, 104(2)(c).

June 6, 2006

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
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
INTERLUDE CAPITAL CORP.
(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 the take over bid requirements contained in the Legislation do not apply in connection with the acquisition of all the issued and outstanding shares of RemoteLaw Online Systems Corp. (RemoteLaw) by the Filer (the Transaction) (the Requested Relief).

   Under the Mutual Reliance Review System for Exemptive Relief Applications:

   (a) the British Columbia Securities Commission is the principal regulator for this application, and

   (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

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

Representations

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

   1. the Filer is incorporated under the *Business Corporations Act* (British Columbia) (BCBCA) and is a reporting issuer in British Columbia, Alberta and Ontario;

   2. the Filer's head office is in Vancouver, British Columbia;

   3. the Filer's common shares are listed on the TSX Venture Exchange (the Exchange) and the Filer is classified as a "Capital Pool Company" under the policies of the Exchange;

   4. RemoteLaw is incorporated under the BCBCA and is not a reporting issuer in any jurisdiction in Canada;

   5. RemoteLaw's head office is in Vancouver, British Columbia;

   6. there is no published market for RemoteLaw's securities;

   7. RemoteLaw has 11,149,272 common shares outstanding held by 100 shareholders, of whom

      (a) 82 reside in British Columbia and hold 9,660,174 common shares,

      (b) 11 reside in Ontario and hold 630,300 common shares,

      (c) 3 reside in Saskatchewan and hold 15,099 common shares, and

      (d) 4 reside in foreign jurisdictions and hold 843,699 shares;

   8. all of RemoteLaw's shareholders purchased their shares under the

exemptions from the registration and prospectus requirements available under the Legislation for directors, officers, and their family, close personal friends and close business associates, employees, consultants, and accredited investors;

9. the Transaction will constitute the Filer's "Qualifying Transaction" under the policies of the Exchange;

10. under the policies of the Exchange, the Filer must prepare a detailed disclosure document about the Transaction (the Disclosure Document), which will contain prospectus-level disclosure about the Transaction, RemoteLaw and the resulting entity assuming completion of the Transaction;

11. the Disclosure Document will be a prospectus that the Filer will file with each of the Decision Makers and deliver to each of RemoteLaw's shareholders;

12. the Transaction, as the Filer's Qualifying Transaction, will be subject to regulatory oversight of the Exchange and will be subject to the Exchange's sponsorship requirements;

13. 77 of RemoteLaw's shareholders, holding 73.51% of RemoteLaw's outstanding shares, are either insiders or employees of RemoteLaw or accredited investors as defined in the Legislation;

14. the Transaction will be subject to the shareholders holding over 90% of the shares of RemoteLaw signing a formal, negotiated share exchange agreement that sets out all the terms and conditions of the Transaction; and

15. the Filer will treat all of RemoteLaw's shareholders equally under the Transaction.

Decision

4. Each of the Decision Makers is satisfied that the test 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.

"Martin Eady, CA"
Director, Corporate Finance
British Columbia Securities Commission

2.1.4 TD Banknorth, N.A. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Application for a decision under the securities legislation of the Jurisdictions (the Legislation) exempting the Filer and its authorized agents from the dealer, adviser and underwriter registration requirements in the Legislation and the prospectus requirement contained in the Legislation to permit the distribution of US dollar denominated personal chequing accounts, negotiable order withdrawal accounts, savings accounts and certificates of deposit offered by the Filer to Canadian residents.

Applicable Statutes in Ontario

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

July 27, 2006

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK, PRINCE EDWARD ISLAND, NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR, YUKON TERRITORY, 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
TD BANKNORTH, N.A.
(the Filer)

MRRS DECISION DOCUMENT

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) exempting the Filer and its authorized agents from the dealer, adviser and underwriter registration requirements contained in the Legislation (the Registration Requirements) and the prospectus requirement contained in the Legislation (the Prospectus Requirement) to permit the Filer and its authorized agents to distribute U.S. dollar denominated personal chequing accounts, negotiable order withdrawal accounts, savings accounts and certificates of deposit offered by the Filer (collectively, the Deposits) to residents of the Jurisdictions without having to comply with the Registration Requirements or the Prospectus Requirements (the Requested 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 Filer:

1. The Filer is chartered as a national bank under the United States *National Bank Act*.

2. The Filer is an indirect subsidiary of The Toronto-Dominion Bank (TD Bank).

3. TD Bank is a Canadian chartered bank that is listed in Schedule 1 to the *Bank Act* (Canada) (the Bank Act).

4. The Filer carries on the business of banking in the United States.

5. The head office of the Filer is located in Portland, Maine, U.S.A.

6. The Filer is not a bank for purposes of the Bank Act and the Deposits are therefore securities for purposes of the Legislation.

7. The Filer wishes to solicit Deposits from residents of the Jurisdictions, which would constitute a distribution of securities, making the Filer subject to the Registration Requirements and Prospectus Requirements.

8. Although the Filer is not a bank for purposes of the Bank Act, it is chartered as a national bank under the United States *National Bank Act* and it is therefore subject to regulation, examination and supervision by the Filer's chartering agency, the Office of the Comptroller of the Currency (OCC), and the Federal Reserve Board (FRB).

9. Each of the OCC and the FRB (collectively, the U.S. Regulatory Authorities) is a regulatory authority created under the federal laws of the United States. Each of the U.S. Regulatory Authorities has been granted extensive discretionary authority to assist it with the fulfillment of its supervisory and enforcement obligations and it exercises such authority for the purpose of conducting periodic examinations of the Filer's compliance with various regulatory requirements, including minimum capital requirements, and to establish policies respecting the classification of assets and the establishment of loan loss reserves for regulatory purposes.

10. The Filer is required to file reports with the U.S. Regulatory Authorities concerning its activities and financial condition and it must obtain the approval of the U.S. Regulatory Authorities before entering into certain transactions, such as mergers with, or acquisitions of, other financial institutions.

11. The Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) under the United States *Federal Deposit Insurance Act*, as amended, and the regulations promulgated thereunder, for up to U.S. $100,000 for each insured account holder, the maximum currently permitted by law. The Filer and other United States federally insured depository institutions are required to pay premiums for this deposit insurance. The deposit insurance provided by the FDIC is backed by the full faith and credit of the United States government.

12. The Filer is therefore subject to a comprehensive scheme of regulation and supervision that is comparable to regulatory requirements governing Schedule I and Schedule II banks pursuant to the Bank Act and the supervisory responsibilities of the Office of the Superintendent of Financial Institutions.

13. The issuance of Deposits by the Filer to Canadian residents will not contravene any federal or provincial deposit-taking legislation or any provisions of the Bank Act.

14. Deposits of the Filer that are purchased by residents of Canada will be subject to the same regulation and oversight by the U.S. Regulatory Authorities as Deposits of the Filer that are purchased by residents of the United States.

15. Deposits purchased by residents of Canada will remain throughout the term of such Deposits fully entitled to the benefits of FDIC insurance coverage as if such Deposits had been made by residents of the United States.

16. The Filer will not trade in any securities other than Deposits with or on behalf of persons or companies who are resident in Canada.

17. The Filer will comply with the requirements of applicable U.S. banking legislation when offering and selling Deposits to residents of Canada.

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:

(a) the Filer continues to be subject to regulation, examination and supervision by the U.S. Regulatory Authorities;

(b) the Deposits are insured by the FDIC up to a maximum of at least U.S. $100,000 regardless of the residence or citizenship of the holder of a Deposit; and

(c) details of the FDIC insurance coverage in respect of the Deposits are disclosed to each prospective holder of a Deposit prior to trading any Deposit with the prospective holder.

"Suresh Thakrar"

"Paul K. Bates"

2.1.5 9169-8316 Quebec Inc. (formerly Conjuchem 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.

Citation: 9169-8316 Quebec Inc., 2006 ABASC 1525

July 26, 2006

File No.: B34384

Burnet, Duckworth & Palmer LLP
1400, 350 - 7 Avenue SW
Calgary, AB T2P 3N9

Attention: Lisa M. Monteith

Dear Madam:

Re: 9169-8316 Quebec Inc. (formerly Conjuchem Inc.) (the"Applicant") - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador (the "Jurisdictions")

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is deemed to have ceased to be a reporting issuer in the Jurisdictions.

Relief requested granted on the 26th day of July, 2006.

"Blaine Young"
Associate Director, Corporate Finance
Alberta Securities Commission

2.1.6 Calian Technologies Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Application by an issuer for a decision that certain portions of a material change report previously filed on a confidential basis be held in confidence for an indefinite period by the Decision Makers, to the extent permitted by law – material change report contains name of customer, disclosure of which would be prejudicial to the issuer and would violate confidentiality / non-disclosure provisions contained in contract with customer – information redacted from the redacted version of the material change report does not contain information that would constitute a material fact under applicable securities legislation – relief granted.

Applicable Ontario Statutory Provision

Securities Act, R.S.O. 1990, c. S.5, as am., s. 140(2).

Applicable National Instrument

National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR), s. 2.3(2).

July 25, 2006

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

AND

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

AND

IN THE MATTER OF
CALIAN TECHNOLOGIES LTD. (the Filer)

MRRS DECISION DOCUMENT

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 a decision under the Legislation that certain portions of a material change report dated December 15, 2005 (the **Confidential Report**) filed on a confidential basis with the Decision Makers be held in confidence by the Decision Makers for an indefinite period to the extent permitted by law (the **Requested 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 Filer:

1. The Filer is incorporated under the *Canada Business Corporations Act*.

2. The registered and head office of the Filer is located in the City of Ottawa, Ontario.

3. The Filer's Common Shares are listed and posted for trading on the Toronto Stock Exchange under the symbol "CTY".

4. The Filer is a "reporting issuer" or the equivalent in each of the Jurisdictions and is not in default of any of the requirements of the securities legislation of any of the Jurisdictions.

5. On December 15, 2005, on behalf of the Filer, legal counsel for the Filer filed the Confidential Report with each of the Decision Makers under National Instrument 51-102 – *Continuous Disclosure Obligations*.

6. The Confidential Report related to a possible non-renewal of a material, but ordinary course, contract of the Filer and disclosed, among other things, the name of the Filer's customer under such contract (the **Customer**).

7. On December 21, 2005, the Filer issued a press release (the **Press Release**) generally disclosing the nature and substance of the information disclosed in the Confidential Report but without disclosing the name of the Customer.

8. On December 22, 2005, the Filer filed on SEDAR a material change report on Form 51-102F3 with respect to the information contained in the Press Release (the **Non-Confidential Report**), which Non-Confidential Report also did not disclose the name of the Customer.

9. The Filer believes that disclosure of the identity of the Customer (the **Confidential Information**) would be prejudicial to the interests of the Filer and would violate confidentiality/non-disclosure provisions contained in the Filer's contract with the Customer.

10. The Confidential Information constitutes intimate financial and business information of the Filer and the desirability of avoiding disclosure of such Confidential Information in the interests of the Filer outweighs the desirability of adhering to the principle that material filed with the Decision Makers be available to the public for inspection.

11. The Confidential Information relates to a contract of the Filer entered into in the ordinary course of the Filer's business and, consequently, is not information in relation to the Filer that would be required to be disclosed as a "material contract" in any annual information form or prospectus of the Filer.

12. The Confidential Information does not constitute a 'material fact' as such term is defined under the Legislation.

13. It would not be prejudicial to the public interest for the Confidential Information to be held in confidence indefinitely.

14. The Filer has provided the Decision Makers with a copy of the Confidential Report with the Confidential Information marked so as to be unreadable (the **Redacted Report**).

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, within 2 business days of the date hereof, the Filer files on the System for Electronic Document Analysis and Retrieval a copy of the Redacted Report that will be made public by the Decision Makers and posted on www.sedar.com.

"Susan Wolburgh Jenah"
Vice-Chair
Ontario Securities Commission

"Harold P. Hands"
Commissioner
Ontario Securities Commission

2.1.7 Humpty Dumpty Snack Foods 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.

July 19, 2006

Aikins, MacAulay & Thorvaldson LLP
30th Floor – 360 Main Street
Winnipeg, Manitoba
R3C 4G1

Attention: Todd W. Thomson

Dear Sir:

Re: Humpty Dumpty Snack Foods Inc. (the "Applicant") - Application to Cease to be a Reporting Issuer under the Securities Legislation of – Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions").

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

As the Applicant has represented to the Decision Makers that,

- 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

2.1.8 Intrepid Minerals Corporation - 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.

July 28, 2006

Intrepid Minerals Corporation
Suite 1710, 155 University Avenue
Toronto, Ontario
M5H 3B7

Attention: Kathleen E. Skerrett

Dear Sirs/Mesdames:

Re: Intrepid Minerals Corporation (the "Applicant") – Application to Cease to be a Reporting Issuer under the securities legislation of Alberta and Ontario (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:

(a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, be less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;

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

(c) 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

(d) 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

2.1.9 Bell Nordiq Group - 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.

July 14, 2006

Elise Renaud
Borden Ladner Gervais
1000 de la Gauchetière Street West
Montréal, Québec H3B 5H4

Dear Madam,

Re: Bell Nordiq Group (the "Applicant") – Application to cease to be a reporting issuer under the securities legislation of the provinces of Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions")

The Applicant has applied to the local securities regulatory authority or regulator (the "Decision Makers") 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 market place as defined in National Instrument 21-102 – *Marketplace Operation*;
- the Application 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 tests contained in the Legislation that provide the Decision Makers with the Jurisdictions to make the decision have been met and orders that the Applicant is deemed to have ceased to be a reporting issuer.

"Louis Auger"
Manager of the Corporate Financing Department

2.1.10 TGS North American Real Estate Investment Trust - 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.

Blake, Cassels & Graydon LLP
Box 25, Commerce Court West
199 Bay Street
Toronto, ON M5L 1A9

Attention: Mark K.J. Rushton

Dear Sir:

Re: TGS North American Real Estate Investment Trust (the "Applicant") - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick and Newfoundland and Labrador (the "Jurisdictions")

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is deemed to have ceased to be a reporting issuer in the Jurisdictions.

Relief requested granted on the 14th day of July, 2006.

"Blaine Young"
Associate Director, Corporate Finance
Alberta Securities Commission

2.1.11 Naftex Energy Corporation - MRRS Decision

Headnote

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

Ontario Statutes

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

July 18, 2006

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA AND ONTARIO
(the "Jurisdictions")

AND

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

AND

IN THE MATTER OF
NAFTEX ENERGY CORPORATION
("Naftex" or "the Applicant")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from the Naftex for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the Applicant is deemed to have ceased to be a reporting issuer (the "Requested Relief").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

(i) the Ontario Securities Commission (the "Commission") is the principal regulator for this application, and

(ii) 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 defined herein.

Representations

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

1. Naftex is a public oil and gas exploration and development company incorporated under the laws of the Yukon Territory.

2. Naftex is authorized to issue an unlimited number of common shares without par or nominal value of which 94,289,963 shares (the "Old Shares") were issued and outstanding prior to the Consolidation (defined below).

3. The Old Shares were initially listed on the TSX Venture Exchange (the "Exchange"). Trading in the Old Shares was suspended on the Exchange effective May 31, 2002 as a result of cease trade orders.

4. The Old Shares were later transferred to the NEX Board of the Exchange (the "NEX") on December 1, 2003 for failure by Naftex to maintain the requirements of the Exchange. The Old Shares were officially delisted from the NEX on June 9, 2006.

5. A cease trade order dated June 10, 2002 was issued against Naftex by the Director pursuant to subsections 127(1) and 127(5) of the Act (the "Order").

6. The Order was issued against Naftex for failure to file financial statements for the year ended December 31, 2001 and for the three-month period ended March 31, 2002. Naftex subsequently failed to file annual financial statements for 2002, 2003 and 2004. Naftex was originally in non-compliance with the filing of its financial statements due to a lack of financial information regarding its activities in Egypt and Naftex was unable to timely file its financial statements beginning with the financial statements for the year ended December 31, 2001.

7. Naftex has now filed its annual financial statements and MD&A for the fiscal years ended December 31, 2001, 2002, 2003 and 2004, including the required annual chief executive officer and chief financial officer certifications, where applicable, and its interim financial statements and MD&A for the three, six, and nine month periods ended March 31, June 30 and September 30, 2005, respectively, including the required interim chief executive officer and chief financial officer certifications, where applicable.

8. Given Naftex's financial situation and outlook before the Consolidation, it was unlikely to pay any dividends to holders of Old Shares ("Shareholders") in the foreseeable future. As a result, Shareholders had limited liquidity for their shareholdings and were not deriving any income therefrom.

9. Management of Naftex mailed a management information circular (the "Circular") to request that

the Shareholders vote for a special resolution (the "Consolidation Resolution") to amend Naftex's articles of incorporation to consolidate all of the Old Shares (the "Consolidation") and issue new shares (the "New Shares").

10. Norse Energy Corp ASA ("Norse Energy") was the controlling shareholder of Naftex, holding 96.39% of the Old Shares prior to the Consolidation.

11. On April 26, 2006, the Shareholders approved the Consolidation Resolution.

12. The Consolidation Resolution authorized management to proceed with the Consolidation of the Old Shares on the basis of every 3,366,222 Old Share being consolidated into one New Share. Fractional shares were not issued under the Consolidation; however, Shareholders are entitled to be paid for their fractional shares based on a price of $0.66 per Old Share.

13. Naftex has now completed the Consolidation and the sole shareholder of Naftex is Norse Energy. As the only shareholder that now holds New Shares is Norse Energy, the Consolidation has resulted in Naftex becoming a wholly-owned subsidiary of Norse Energy.

14. On June 23, 2006, the Commission granted a full revocation of the Order.

15. Naftex has no intention to seek public financing by way of a public offering of its securities.

16. The outstanding securities of Naftex, 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.

17. No securities of Naftex are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation.

18. Naftex is not in default of any of its obligations as a reporting issuer under the securities legislation of the Jurisdictions, other than the filing of:

    a) Audited annual financial statements, annual CEO and CFO certifications, and annual MD&A for the year ended December 31, 2005 ("Annual Filings"); and

    b) Interim financial statements, interim CEO and CFO certifications, and interim MD&A for the three-month period ended March 31, 2006 ("Interim Filings")

19. As Norse Energy is the sole beneficial holder of all of the issued and outstanding New Shares, and the Circular contained financial statement disclosure sufficient to ensure that Shareholders could make an informed investment decision relating to the Consolidation, there is no policy reason to require Naftex to make the Annual and Interim Filings after the Consolidation.

20. Naftex has filed a voluntary surrender of reporting issuer status document with the British Columbia Securities Commission pursuant to B.C. Instrument 11-502 Voluntary Surrender of Reporting Issuer Status, and is no longer a reporting issuer in British Columbia as of the date hereof.

21. Upon the grant of the relief requested herein, Naftex will not be a reporting issuer or the equivalent in any jurisdiction of Canada.

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.

"Wendell S. Wigle, Q.C."
Commissioner

"David L. Knight"
Commissioner

2.1.12 Sico 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.

July 27, 2006

Blake, Cassels & Graydon LLP
Box 25, Commerce Court West
199 Bay Street, Suite 2800
Toronto, Ontario M5L 1A9

Attention: David M. Shaw

Dear Sirs / Mesdames:

Re: Sico Inc. (the "Applicant") – Application to cease to be a reporting issuer under the securities legislation of Québec, Alberta, Saskatchewan, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions")

The Applicant has applied to the local securities regulatory authority or regulator (the "Decision Makers") 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.

"Benoit Dionne"
Manager of the Corporate Financing Department
Autorité des marchés financiers

2.1.13 Manulife Securities International Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief granted to participating dealer from the requirements of section 11.2(1)(b) of NI 81-102 to permit commingling of cash received for the purchase or redemption of mutual fund securities with cash received for the purchase and sale of other securities or instruments the participating dealer is licensed to sell, subject to certain conditions.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 11.2(1)(b), 19.1.

July 25, 2006

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

AND

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

AND

IN THE MATTER OF
MANULIFE SECURITIES INTERNATIONAL LTD.
(the Filer)

MRRS DECISION DOCUMENT

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 (the "Requested Relief") under the securities legislation of the Jurisdictions (the "Legislation") for an exemption from the provisions of section 11.2(1)(b) of National Instrument 81-102 *Mutual Funds* ("NI 81-102") that prohibits participating mutual fund dealers and other service providers from commingling cash received for the purchase or redemption of mutual fund securities ("MF Cash") with cash received for the purchase or sale of guaranteed investment certificates and other securities or instruments the Filer is permitted to trade or sell ("Other Cash") (the "Commingling Prohibition").

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 Filer:

1. The Filer, a wholly-owned subsidiary of The Manufacturers Life Insurance Company, is a corporation incorporated under the *Canada Business Corporations Act* and is registered as a mutual fund dealer in all provinces and territories (other than Nunavut) of Canada where such registration is required for the purpose of trading mutual fund securities. MSIL is also registered as a limited market dealer under the Securities Act (Ontario) and the Securities Act (Newfoundland and Labrador).

2. The Filer is a member of the Mutual Fund Dealers Association of Canada ("MFDA").

3. The Filer is a participating dealer of the Manulife Mix Funds and is also the participating dealer of other third-party mutual fund complexes within the meaning of NI 81-102. In addition to mutual fund securities, the Filer distributes guaranteed investment certificates issued by Manulife Bank of Canada ("GICs") and other securities and instruments that the Filer is permitted to trade or sell.

4. The Filer proposes to pool Other Cash with MF Cash in a trust settlement account established under Section 11.3 of NI 81-102 (the "Trust Account"). The commingling of Other Cash with MF Cash would facilitate significant administrative and systems economies that will enable the Filer to enhance its level of service to its client accounts at less cost to the Filer. The Trust Account is designated as a 'trust account' by the financial institution at which it is held, and is held in the name of the Filer.

5. The Commingling Prohibition prevents the Filer from commingling the MF Cash with Other Cash. Prior to June 23, 2006, section 3.3.2(e) of the Rules of the MFDA ("MFDA Rules") also prohibited the commingling of Other Cash with MF Cash. On June 23, 2006, the MFDA granted relief from the Commingling Prohibition in section

3.3.2(e) of the MFDA Rules to the Filer subject to the Filer obtaining similar relief from the Commingling Prohibition from the Jurisdictions. Should the Requested Relief be granted by the Jurisdictions, the Filer will provide the MFDA with notice that the Requested Relief has been granted.

6. The Filer will maintain proper records with respect to client cash in a commingled account, and will ensure that the Trust Account is reconciled, and that MF Cash and Other Cash are properly accounted for daily.

7. MF Cash or Other Cash related to a transaction initiated by one of the Filer's clients will not be used to settle a transaction initiated by any other client of the Filer. The Filer settles through FundSERV, on a net basis at the end of each trading day, MF Cash payable from the Trust Account to a mutual fund with MF Cash payable by the mutual fund to the Trust Account.

8. Except for the Commingling Prohibition, the Filer will comply with all other requirements prescribed in Part 11 of NI 81-102 with respect to the handling and segregation of client cash.

9. As a Member of the MFDA, the Filer is subject to the Rules of the MFDA on an ongoing basis, particularly those which set out requirements with respect to the handling and segregation of client cash. As a Member of the MFDA, the Filer is expected to comply with all MFDA requirements.

10. The Filer does not believe that the interests of its clients will be prejudiced in any way by the commingling of Other Cash with MF Cash.

11. Effective July 1, 2005, the MFDA Investor Protection Corporation ("MFDA IPC") commenced offering coverage, within defined limits, to customers of MFDA Members against losses suffered due to the insolvency of MFDA members. The Filer does not believe that the Requested Relief will affect coverage provided by the MFDA IPC.

12. In the absence of the Requested Relief, the commingling of MF Cash with Other Cash in the Trust Account would contravene the Commingling Prohibition.

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 this Decision, as it relates to the jurisdiction of a Decision Maker, will terminate upon the coming into force of any change in the MFDA IPC rules which would reduce the coverage provided by the MFDA IPC relating to MF Cash and Other Cash held in the Trust Account.

"Leslie Byberg"
Manager, Investment Funds Branch
Ontario Securities Commission

2.1.14 Putnam Long Government Bond Plus MAPs Fund - MRRS Decision

Headnote

MRRS – exemption granted from mutual fund conflict of interest investment restrictions to permit pooled fund to purchase securities of a pooled fund managed by affiliate.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 111(2)(b), 111(3), 113.

August 1, 2006

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA AND ONTARIO
(THE "JURISDICTIONS")

AND

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

AND

IN THE MATTER OF
PUTNAM LONG GOVERNMENT BOND
PLUS MAPS FUND
(THE "TOP FUND")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "Decision Maker") in the Jurisdictions has received an application from the Top Fund for a decision under the securities legislation of the Jurisdictions (the "Legislation") for an exemption from the restriction contained in the Legislation which prohibits a mutual fund from knowingly making or holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder (the "Requested 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 Putnam Investments Inc. on behalf of the Top Fund:

1. Putnam Investments Inc. (the "Manager") is a corporation incorporated under the *Business Corporations Act* (Ontario) with its head office in Toronto, Ontario.

2. The Manager is registered with the:

   (a) Ontario Securities Commission ("Commission") under the *Securities Act* (Ontario) as an adviser in the categories of investment counsel and portfolio manager;

   (b) with the Commission under the *Commodity Futures Act* (Ontario) (the "CFA") as an adviser in the categories of commodity trading manager and commodity trading counsel; and

   (c) with the Alberta Securities Commission under the *Securities Act* (Alberta) as an adviser in the categories of investment counsel and portfolio manager.

3. The Manager acts as manager and portfolio manager of the Top Fund and is responsible for carrying on the business and affairs of the Top Fund under the terms of a trust agreement dated December 5, 1998, as revised, and an appointment and assumption agreement dated September 30, 2002.

Sub-Adviser

4. The Putnam Advisory Company, LLC (the "Sub-Adviser"), an affiliate of the Manager, is a limited liability company organized under the laws of the state of Delaware, with its principal place of business located in Boston, Massachusetts, United States.

5. The Sub-Adviser:

   (a) is registered with the U.S. Securities and Exchange Commission as an investment adviser;

   (b) is exempt from registration under the *Commodity Exchange Act* (U.S.) as a commodity trading adviser with the U.S. Commodity Futures Trading Commission; and

   (c) obtained an exemption from the Commission from the requirements of paragraph 22(1)(b) of the CFA in respect of advising certain mutual funds in Ontario, including the Putnam Canadian

Global Trust funds, a family of pooled funds created under the laws of Ontario that are managed by the Manager (the "Putnam Pooled Funds").

6. The Sub-Adviser is the sub-adviser for the Top Fund under the terms of a master investment management agreement dated June 28, 2006.

7. The Sub-Adviser is the portfolio manager for the Multi-Strategy Alpha Port (MAPs)™ Fund, Ltd. (the "Underlying Fund") under the terms of an investment management agreement dated on or about July 1, 2006.

Underlying Fund

8. The Underlying Fund is an exempted company incorporated with limited liability in the Cayman Islands on June 20, 2006 under the Companies Law (2004 Revision) of the Cayman Islands.

9. The Underlying Fund's investment objective is to earn positive absolute returns over a full market cycle by using various hedging techniques to isolate the "alpha" or "value add" of certain active strategies, and to combine the returns in a single portfolio that is independent of market direction. The Underlying Fund seeks to outperform the BBA USD 1 Month LIBOR over rolling three-year periods by a margin of 2.5% to 3.5% (before fees) per annum with target annualized volatility, under normal circumstances, of between 2% and 4%,

10. The Underlying Fund will be sold primarily in the United States to "qualified purchasers" and "accredited investors" (as such terms are defined under U.S. securities legislation) who are tax-exempt or otherwise not subject to tax in the United States. Under certain circumstances, the Underlying Fund may also be sold outside the United States in accordance with local securities laws.

11. The Underlying Fund is not a reporting issuer in any of the Jurisdictions and is not in default under relevant securities legislation of the Jurisdictions.

Top Fund

12. The Top Fund was created under the laws of Ontario on June 28, 2006 under the provisions of the Putnam Pooled Funds' trust agreement dated December 5, 1998, as amended.

13. The Top Fund has been created by the Manager in order to offer a Canadian mutual fund to "non-taxable" Canadian institutional investors that is indirectly exposed to the investment portfolio of the Underlying Fund and its investment strategies through, primarily, direct investments by the Top Fund in shares of the Underlying Fund (the "Fund-on-Fund Structure").

14. The investment objective of the Top Fund is to seek a blended return equivalent to the return of the Underlying Fund and the return of the Scotia Capital Long-Term All Government Bond Index (the "Target Index") through, primarily, the Fund-on-Fund Structure and otherwise by maintaining a long position in the Target Index through the use of derivative instruments. In this manner, the Top Fund seeks to obtain the "alpha" return on its investment in the Underlying Fund plus the "beta" return on its investment in the Target Index.

15. The Top Fund will be sold solely in Canada's private placement markets in accordance with National Instrument 45-106 *Prospectus and Registration Exemptions* ("NI 45-106"). The Top Fund will not be a reporting issuer in any Jurisdiction and is not in default under relevant securities legislation of the Jurisdictions.

Fund-on-Fund Structure

16. In connection with the Fund-on-Fund Structure, the Manager shall ensure that:

    (a) the arrangements between or in respect of the Top Fund and the Underlying Fund are such as to avoid the duplication of management fees or incentive fees;

    (b) no sales or redemption fees are payable by the Top Fund in relation to its purchases or redemptions of securities of the Underlying Fund;

    (c) the Manager will not vote the securities of the Underlying Fund held by the Top Fund at any meeting of holders of such securities;

    (d) investors in the Top Fund will receive a copy of the offering memorandum of the Underlying Fund prior to subscribing for units of the Top Fund; and

    (e) investors in the Top Fund will be provided with the annual and interim financial statements of the Underlying Fund.

Generally

17. In the absence of the Requested Relief, the Top Fund would be precluded from implementing the Fund-on-Fund Structure due to the investment restriction contained in the Legislation.

18. The Fund-on-Fund Structure represents the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Top Fund.

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:

1. units of the Top Fund are sold solely in Canada's private placement markets in accordance with NI 45-106;

2. the offering memorandum pertaining to the Underlying Fund is provided to Top Fund investors prior to subscribing for units of the Top Fund;

3. the arrangements between, or in respect of, the Top Fund and the Underlying Fund are such as to avoid the duplication of management fees or incentive fees;

4. no sales fees or redemption fees are payable by the Top Fund in relation to its purchases or redemptions of securities of the Underlying Fund; and

5. the Manager does not vote the securities of the Underlying Fund held by the Top Fund at any meeting of holders of such securities.

"David L. Knight"
Commissioner
Ontario Securities Commission

"Harold P. Hands"
Commissioner
Ontario Securities Commission

2.2 Orders

2.2.1 Jose L. Castaneda - s. 127

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

AND

IN THE MATTER OF JOSE L. CASTANEDA

ORDER
(Section 127)

WHEREAS on June 20, 2005, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice of Hearing") and Statement of Allegations pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c. S. 5, as amended (the "Act") in respect of Jose L. Castaneda (the "Respondent");

AND WHEREAS on December 20, 2005, an Information was issued commencing proceedings under section 122 of the Act in the Ontario Court of Justice;

AND WHEREAS the pre-hearing conference in this matter was adjourned on January 11, 2006 and February 27, 2006, in order to allow counsel for the Respondent an opportunity to review the disclosure previously provided by Staff;

AND WHEREAS the matter was spoken to on April 13, 2006, at which time a hearing was scheduled for May 30, 2006, in order for the Respondent to bring an application to adjourn the section 127 and 127.1 hearing until the conclusion of the section 122 proceedings;

AND WHEREAS the Respondent has recently provided notice that he intends to abandon his motion to adjourn the section 127 and 127.1 hearing until the conclusion of the section 122 proceedings;

AND WHEREAS a temporary cease trade order was issued against the Respondent on June 7, 2005 and extended on June 20, 2005 until the hearing is concluded and a decision of the Commission is rendered or until the Commission considers appropriate;

AND WHEREAS the Commission considers it to be in the public interest to make this order;

IT IS HEREBY ORDERED that:

The matter is adjourned to December 5-7, 2006, at 10:00 a.m., at the Ontario Securities Commission, to proceed with the section 127 and 127.1 hearing.

DATED at Toronto this 26th day of July, 2006.

"Wendell S. Wigle"

2.2.2 Howard Rash

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

AND

IN THE MATTER OF
HOWARD RASH

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 Howard Rash ("Rash"), Alexander Funt ("Funt") and Suzanne Morrison ("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 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 against Momentas, Rash, Funt and Morrison and extended the Temporary Order on consent of the parties 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 (the "Cease Trade Order"), 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 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, subject to certain exceptions set out in the Order;

AND WHEREAS on July 19, 2006, the Commission issued a Notice of Hearing pursuant to subsection 127(1) and section 127.1 of the Act in relation to a Statement of Allegations issued by Staff against Rash;

AND WHEREAS Staff alleges in the Statement of Allegations dated July 19, 2006, that, on July 4 and 5, 2006, Rash gave instructions to sell shares of Genoil Inc. ("Genoil") and Agau Resources Inc. ("Agau") in a corporate account held at Dundee Securities ("Dundee") in the name of Panterra Offshore Financial Services ("Panterra"), an account over which Rash had sole trading authority (the "Panterra Account");

AND FURTHER TO the hearing held on July 26, 2006;

AND UPON CONSIDERING the evidence and oral submissions made by Staff and by counsel for Rash at the hearing;

AND HAVING DETERMINED THAT the trading by Rash in the Panterra Account was in breach of the Cease Trade Order and that conduct was in contravention of Ontario securities law and was contrary to the public interest;

AND FOR THE REASONS to be issued;

IT IS ORDERED:

(a) pursuant to paragraph 2 of subsection 127(1) that all trading in any securities by Rash shall cease for a period of three years from the date of this Order;

(b) pursuant to paragraph 3 of subsection 127(1) that any exemptions contained in Ontario securities law do not apply to Rash for a period of three years from the date of this Order;

(c) pursuant to section 127.1 that Rash pay the costs of Staff's investigation and the costs of, or related to, the hearing, incurred by or on behalf of the Commission fixed in the amount of $15,000.

DATED at Toronto this 27th day of July, 2006.

"Wendell S. Wigle"

"Robert W. Davis"

2.2.3 Naftex Energy Corporation -s. 144

Headnote

Section 144 - Revocation of cease trade order - Issuer subject to cease trade order as a result of its failure to file annual and interim financial statements – partial revocation previously granted to permit mailing of circular - Issuer has brought filings up to date and is otherwise not in default of Ontario securities law.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127(1), 127(5), 144.

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

AND

IN THE MATTER OF
NAFTEX ENERGY CORPORATION

ORDER
(Section 144)

WHEREAS Naftex Energy Corporation (Naftex) has made an application to the Director for an order under section 144 of the *Securities Act* (Ontario) (the Act) revoking a cease trade order made by the Director dated June 21, 2002 under section 127(1)(2) of the Act that trading in the shares of Naftex cease (the "Order").

AND WHEREAS Naftex was granted a partial revocation order on March 29, 2006 solely to permit Naftex to mail a management information circular (the Circular), to hold the meeting of the shareholders of Naftex (the Meeting) contemplated therein and to effect the share consolidation transaction contemplated therein (the Consolidation).

AND WHEREAS Naftex has represented to the Commission that:

1. Naftex is a public oil and gas exploration and development company incorporated under the laws of the Yukon Territory.

2. Naftex is a reporting issuer in British Columbia, Alberta, Ontario and the Yukon Territory and is also subject to cease trade orders issued by the British Columbia Securities Commission (BCSC) and the Alberta Securities Commission (ASC). Naftex has concurrently applied to the BCSC and ASC for a full revocation of their cease trade orders.

3. Naftex is authorized to issue an unlimited number of common shares without par or nominal value of which there were 94,289,963 shares issued and

outstanding prior to the Consolidation (defined below) (the Old Shares).

4. The Old Shares were initially listed on the TSX Venture Exchange (the Exchange). Trading in the Old Shares was suspended by the Exchange effective May 31, 2002 as a result of the cease trade orders.

5. The Old Shares were later transferred to the NEX Board of the Exchange (the NEX) on December 1, 2003 for failure by Naftex to maintain the requirements of the Exchange. The Old Shares were officially delisted from the NEX on June 9, 2006.

6. The Order was issued against Naftex for failure to file financial statements for the year ended December 31, 2001 and for the three-month period ended March 31, 2002. Naftex subsequently failed to file annual financial statements for 2002, 2003 and 2004. Naftex was originally in non-compliance with the filing of its financial statements due to a lack of financial information regarding its activities in Egypt and Naftex was unable to timely file its financial statements beginning with the financial statements for the year ended December 31, 2001.

7. Naftex has now filed its annual financial statements and MD&A for the fiscal years ended December 31, 2001, 2002, 2003 and 2004, including the required annual chief executive officer and chief financial officer certifications, where applicable, and its interim financial statements and MD&A for the three, six, and nine month periods ended March 31, June 30 and September 30, 2005, respectively, including the required interim chief executive officer and chief financial officer certifications, where applicable.

8. Given Naftex's financial situation and outlook before the Consolidation, it was unlikely to pay any dividends to holders of the Old Shares (Shareholders) in the foreseeable future. Thus, Shareholders had limited liquidity and were not deriving any income from the Old Shares.

10. The Circular was mailed to Shareholders to request that they vote for a special resolution (the Consolidation Resolution) to amend the articles of incorporation of Naftex to complete the Consolidation.

11. Prior to the Consolidation, Norse Energy Corp ASA (Norse Energy) was the controlling shareholder of Naftex, holding 96.39% of the issued and outstanding Old Shares.

12. The Shareholders approved the Consolidation Resolution at the Meeting.

13. The Consolidation Resolution authorized Naftex to proceed with the Consolidation of the Old Shares on the basis of every 3,366,222 Old Share being consolidated into one New Share. No fractional shares were issued to holders of Old Shares pursuant to the Consolidation. Shareholders were entitled to be paid for their fractional Old Shares based on a price of $0.66 per Old Share.

14. Naftex has now completed the Consolidation and the sole shareholder of Naftex is Norse Energy. The Consolidation has resulted in Naftex becoming a wholly-owned subsidiary of Norse Energy.

15. As the previous holders of the Old Shares other than Norse Energy have no continuing interest in Naftex, and the Consolidation was completed before the applicable 2005 annual financial statement and March 31, 2006 interim financial statement filing deadlines, Naftex has not filed and does not intend to file audited financial statements, certificates or related MD&A for the year ended December 31, 2005 or interim financial statements, certificates or related MD&A for the interim period ended March 31, 2006.

16. In connection with the completion of the Consolidation, Naftex has also applied to cease to be a reporting issuer in British Columbia, Alberta and Ontario.

17. Naftex is seeking a full revocation of the Order.

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

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

IT IS ORDERED, pursuant to section 144 of the Act, that the Order be and is hereby revoked.

DATED June 23rd , 2006

"Jo-Anne Matear"
Assistant Manager, Corporate Finance

2.2.4 Abria Alternative Investments Inc. and Abria Diversified Arbitrage Trust

Headnote

Mutual fund in Ontario (non-reporting issuer) granted a one-time extension of the annual financial statement filing deadline as fund provides exposure to offshore investment fund for which audited financial information not yet available.

Rules Cited

National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 2.2, 5.1(2), 18.3.

July 28, 2006

IN THE MATTER OF
NATIONAL INSTRUMENT 81-106
INVESTMENT FUND CONTINUOUS DISCLOSURE

AND

IN THE MATTER OF
ABRIA ALTERNATIVE INVESTMENTS INC.
(the Applicant)

AND

IN THE MATTER OF
ABRIA DIVERSIFIED ARBITRAGE TRUST
(the Fund)

ORDER

Background

The Ontario Securities Commission received an application from the Applicant, on behalf of the Fund, for a decision pursuant to section 17.1 of National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106) exempting the Fund from:

(a) the requirement in sections 2.2 and 18.3 of NI 81-106 that the Fund file its audited annual financial statements on or before the 120th day after its most recently completed financial year (the Filing Deadline); and

(b) the requirement in subsection 5.1(2) of NI 81-106 that the Fund deliver its audited annual financial statements to securityholders by the Filing Deadline (the Delivery Requirement).

Representations

This Order is based on the following facts represented by the Applicant:

1. The Applicant is a corporation incorporated under the laws of Ontario.

2. The Applicant is registered as an investment counsel and portfolio manager and as a limited market dealer under the *Securities Act* (Ontario) (the Act).

3. The Applicant is the trustee and manager of the Fund. The Fund is an open-ended mutual fund trust established under the laws of Ontario and is offered to investors pursuant to exemptions from the prospectus requirement under the Act. The Fund currently has a year-end of March 31, 2006. The Fund intends to elect to have a 15 month financial year and change its year-end to June 30 for its 2007 and subsequent financial years.

4. The Fund's investment objectives are to preserve capital, and to provide investors with stable, tax efficient, low risk returns. The Fund seeks to achieve its investment objectives by investing in Canadian common shares and obtaining indirect exposure to the returns of Abria Diversified Arbitrage Fund Ltd. (ADAF). ADAF is organized as an exempted company under the laws of the Cayman Islands.

5. ADAF primarily invests its assets in the Arbitrage Master Segregated Portfolio (the Master Fund) of Abria International SPC Limited, an exempted segregated portfolio company under the laws of the Cayman Islands. The financial year-end of the Master Fund is June 30. The Master Fund primarily invests its assets in a portfolio of underlying independently managed hedge funds (the Underlying Funds). The Underlying Funds have varying financial year-ends and are subject to a variety of financial reporting deadlines.

6. The audit of ADAF is not complete and it is not possible to complete the audit of the Fund until the audit of ADAF has been completed. The audit of ADAF is not complete because audited financial statements of one of the Underlying Funds are not yet available. The investment represented by that Underlying Fund is considered material by the auditors. The Underlying Fund was established in late 2004 and is in the process of completing its first audited financial statements.

7. The Fund's auditors will not provide an audit opinion on the Fund's annual financial statements unless the audit of the financial statements of ADAF is complete.

8. Sections 2.2 and 18.3 together with subsection 5.1(2) of NI 81-106 require the Fund to file and deliver its 2006 annual audited financial statements by July 28, 2006.

9. The Fund will not be able to meet the Filing Deadline and will not be able to comply with the Delivery Requirement.

Order

The Director is satisfied that it would not be prejudicial to the public interest to grant the requested relief and orders that the Fund is exempt from the requirement to file its 2006 annual audited financial statements by the Filing Deadline and from the Delivery Requirement, provided that the 2006 audited annual financial statements are filed and delivered by September 15, 2006.

Nothing in this Order precludes the Fund from relying on the exemption contained in section 2.11 of NI 81-106 provided the 2006 audited annual financial statements are delivered by September 15, 2006.

"Leslie Byberg"
Manager, Investment Funds Branch
Ontario Securities Commission

2.2.5 Dia Bras Exploration Inc. et al. - s. 74

Headnote

Order that section 53 of the Act does not apply to solicitations of expressions of interest before the filing of a preliminary short form prospectus in accordance with National Instrument 44-101 Short Form Prospectus Distributions for securities to be issued pursuant to an over-allotment option, exercisable after the closing of the offering, granted by the issuer to the underwriters to purchase up to 15% of the securities offered under the offering.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 74, 53.
National Instrument 44-101 Short Form Prospectus Distributions.

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

AND

IN THE MATTER OF
DIA BRAS EXPLORATION INC.

AND

DUNDEE SECURITIES CORPORATION,
PARADIGM CAPITAL INC. AND
DESJARDINS SECURITIES INC.

ORDER
(Section 74)

Background

The Ontario Securities Commission (the Commission) has received an application (the Application) from Dia Bras Exploration Inc. (the Issuer) and Dundee Securities Corporation, Paradigm Capital Inc. and Desjardins Securities Inc. (the Underwriters) for an order pursuant to section 74 of the *Securities Act* (Ontario) (the Act) that section 53 of the Act does not apply to solicitations of expressions of interest before the filing of a preliminary short form prospectus in accordance with National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101) for securities to be issued pursuant to an over-allotment option, as defined below (the Requested Relief).

Interpretation

In this order,

“over-allotment option” means a right granted to the underwriters by an issuer or a selling security holder of the issuer in connection with the distribution of securities under a short form prospectus to acquire, for the purposes of covering the underwriters’ over-allocation position, a security of an issuer that has the same designation and

attributes as a security that is distributed under such short form prospectus, and that

(i) expires not later than the 60th day after the date of the closing of the distribution, and

(ii) is limited to the lesser of

A the over-allocation position determined as at the closing of the distribution, and

B 15% of the number or principal amount of the securities qualified for the distribution, without taking into account the securities issuable on the exercise of the over-allotment option; and

"over-allocation position" means the amount by which the aggregate number or principal amount of securities that are the subject of offers to purchase received by all underwriters of a distribution exceeds the aggregate number or principal amount of securities distributed by an issuer or selling securityholder under the prospectus, without taking into account the securities issuable on the exercise of an over-allotment option.

Representations

This order is based on the following facts represented by the Issuer and the Underwriters:

1. the purpose of an over-allotment option is to allow underwriters to conduct market stabilization activities in circumstances where the risk in so doing is protected by the existence of an over-allotment option;

2. over-allotment options are not designed to allow underwriters to sell additional securities after a prospectus has been filed or an underwriting agreement has been signed; and

3. underwriters would not accept the market risk in conducting market stabilization activities without having an over-allotment option.

Order

The Commission is satisfied that the test contained in the Act that provides the Commission with the jurisdiction to make the order has been met;

The decision of the Commission pursuant to section 74 of the Act is that the Requested Relief is granted provided that:

(a) the Issuer has entered into an enforceable agreement with the Underwriters, who have agreed to purchase the securities offered under a short form prospectus, other than the securities issuable on the exercise of an over-allotment option,

(b) the agreement referred to in paragraph (a) has fixed the terms of the distribution and requires that the Issuer file a preliminary short form prospectus for the securities and obtain from the regulator a receipt, dated as of a date that is not more than four business days after the date that the agreement is entered into, for the preliminary short form prospectus,

(c) the Issuer has issued and filed a news release announcing the agreement immediately upon entering into the agreement,

(d) upon issuance of a receipt for the preliminary short form prospectus, a copy of the preliminary short form prospectus is sent to each person or company who has expressed an interest in acquiring the securities,

(e) except as provided in paragraph (a), no agreement of purchase and sale for the securities is entered into until the short form prospectus has been filed and a receipt obtained, and

(f) the relief granted will cease to be effective on the date when NI 44-101 is amended to permit solicitations of expressions of interest before the filing of a preliminary short form prospectus for securities to be issued pursuant to over-allotment options.

The further decision of the Commission under the Act is that the Application and this decision shall be held in confidence by the Commission until the occurrence of the earliest of the following:

(a) the date on which a news release is issued by the Issuer announcing that the Issuer has entered into an enforceable agreement with the Underwriters with respect to the purchase of securities to be offered under a short form prospectus, and

(b) the date that is thirty days from the date of this decision.

Dated July 17, 2006

"Erez Blumberger"
Assistant Manager, Corporate Finance

2.2.6 Firestar Capital Management Corp. et al. - s. 127

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

AND

**IN THE MATTER OF
FIRESTAR CAPITAL MANAGEMENT CORP.,
KAMPOSSE FINANCIAL CORP.,
FIRESTAR INVESTMENT MANAGEMENT GROUP,
MICHAEL CIAVARELLA AND MICHAEL MITTON**

**TEMPORARY ORDER
(Section 127)**

WHEREAS on December 10, 2004, the Ontario Securities Commission issued a Notice of Hearing pursuant to s.127 of the *Securities Act*, R.S.O. 1990, c.S.5, to consider whether it is in the public interest to extend the Temporary Orders made on December 10, 2004 ordering that trading in shares of Pender International Inc. by Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Mitton, and Michael Ciavarella cease until further order by the Commission;

AND WHEREAS on December 17, 2004, the Commission ordered that the hearing to consider whether to extend the Temporary Orders should be adjourned until February 4 and the Temporary Orders continued until that date;

AND WHEREAS on December 17, 2004, the Commission ordered that the Temporary Order against Michael Mitton should also be expanded such that Michael Mitton shall not trade in any securities in Ontario until the hearing on February 4, 2005;

AND WHEREAS a Notice of Hearing and Statement of Allegations were issued on December 21, 2004;

AND WHEREAS the hearing to consider whether to continue the Temporary Orders has been adjourned, on consent on numerous occasions, most recently until July 31, 2006 and the Temporary Orders continued until July 31, 2006;

AND WHEREAS Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group Michael Ciavarella and Michael Mitton consent to the making of this order;

IT IS ORDERED that the hearing to consider whether to continue the Temporary Cease Trade Orders is adjourned to October 12, 2006;

IT IS ORDERED that the Temporary Cease Trade Orders currently in place as against Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton are further continued until October 12, 2006, or until further order of this Commission;

DATED at Toronto this ”31st” day of July, 2006.

“Paul Moore”

“Suresh Thakrar”

2.2.7 Sunrise Senior Living Real Estate Investment Trust et al. - s. 74

Headnote

Order that section 53 of the Act does not apply to solicitations of expressions of interest before the filing of a preliminary short form prospectus in accordance with National Instrument 44-101 Short Form Prospectus Distributions for securities to be issued pursuant to an over-allotment option, exercisable after the closing of the offering, granted by the issuer to the underwriters to purchase up to 15% of the securities offered under the offering.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 74, 53.
National Instrument 44-101 Short Form Prospectus Distributions.

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

AND

IN THE MATTER OF
SUNRISE SENIOR LIVING REAL ESTATE INVESTMENT TRUST

AND

TD SECURITIES INC., SCOTIA CAPITAL INC.,
RBC CAPITAL MARKETS, BMO CAPITAL MARKETS,
CIBC WORLD MARKETS INC.,
NATIONAL BANK FINANCIAL INC.
AND CANACCORD CAPITAL CORPORATION

ORDER
(Section 74)

Background

The Ontario Securities Commission (the Commission) has received an application (the Application) from Sunrise Senior Living Real Estate Investment Trust (the Issuer) and TD Securities Inc., Scotia Capital Inc., RBC Capital Markets, BMO Capital Markets, CIBC World Markets Inc., National Bank Financial Inc. and Canaccord Capital Corporation (the Underwriters) for an order pursuant to section 74 of the *Securities Act* (Ontario) (the Act) that section 53 of the Act does not apply to solicitations of expressions of interest before the filing of a preliminary short form prospectus in accordance with National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101) for securities to be issued pursuant to an over-allotment option, as defined below (the Requested Relief).

Interpretation

In this order,

"over-allotment option" means a right granted to the underwriters by an issuer or a selling security holder of the issuer in connection with the distribution of securities under a short form prospectus to acquire, for the purposes of covering the underwriters' over-allocation position, a security of an issuer that has the same designation and attributes as a security that is distributed under such short form prospectus, and that

(i) expires not later than the 60th day after the date of the closing of the distribution, and

(ii) is limited to the lesser of

A the over-allocation position determined as at the closing of the distribution, and

B 15% of the number or principal amount of the securities qualified for the distribution, without taking into account the securities issuable on the exercise of the over-allotment option; and

"over-allocation position" means the amount by which the aggregate number or principal amount of securities that are the subject of offers to purchase received by all underwriters of a distribution exceeds the aggregate number or principal amount of securities distributed by an issuer or selling securityholder under the prospectus, without taking into account the securities issuable on the exercise of an over-allotment option.

Representations

This order is based on the following facts represented by the Issuer and the Underwriters:

1. the purpose of an over-allotment option is to allow underwriters to conduct market stabilization activities in circumstances where the risk in so doing is protected by the existence of an over-allotment option;

2. over-allotment options are not designed to allow underwriters to sell additional securities after a prospectus has been filed or an underwriting agreement has been signed; and

3. underwriters would not accept the market risk in conducting market stabilization activities without having an over-allotment option.

Order

The Commission is satisfied that the test contained in the Act that provides the Commission with the jurisdiction to make the order has been met;

The decision of the Commission pursuant to section 74 of the Act is that the Requested Relief is granted provided that:

(a) the Issuer has entered into an enforceable agreement with the Underwriters, who have agreed to purchase the securities offered under a short form prospectus, other than the securities issuable on the exercise of an over-allotment option,

(b) the agreement referred to in paragraph (a) has fixed the terms of the distribution and requires that the Issuer file a preliminary short form prospectus for the securities and obtain from the regulator a receipt, dated as of a date that is not more than four business days after the date that the agreement is entered into, for the preliminary short form prospectus,

(c) the Issuer has issued and filed a news release announcing the agreement immediately upon entering into the agreement,

(d) upon issuance of a receipt for the preliminary short form prospectus, a copy of the preliminary short form prospectus is sent to each person or company who has expressed an interest in acquiring the securities,

(e) except as provided in paragraph (a), no agreement of purchase and sale for the securities is entered into until the short form prospectus has been filed and a receipt obtained, and

(f) the relief granted will cease to be effective on the date when NI 44-101 is amended to permit solicitations of expressions of interest before the filing of a preliminary short form prospectus for securities to be issued pursuant to over-allotment options.

The further decision of the Commission under the Act is that the Application and this decision shall be held in confidence by the Commission until the occurrence of the earliest of the following:

(a) the date on which a news release is issued by the Issuer announcing that the Issuer has entered into an enforceable agreement with the Underwriters with respect to the purchase of securities to be offered under a short form prospectus, and

(b) the date that is thirty days from the date of this decision.

Dated July 17, 2006

"Erez Blumberger"
Assistant Manager, Corporate Finance

2.2.8 John Daubney and Cheryl Littler

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

AND

IN THE MATTER OF
JOHN DAUBNEY and CHERYL LITTLER

ORDER

WHEREAS a Notice of Hearing and related Statement of Allegations were issued on July 14, 2006 in respect of John Daubney and Cheryl Littler;

AND WHEREAS Staff of the Commission and the respondents have consented to an adjournment of this matter to a date to be determined by the Secretary's Office following notice by Staff that disclosure has been made to the respondents; and whereas the Secretary's Office will provide not less than ten (10) days' notice to the respondents of the return date, unless otherwise consented to by the parties;

AND WHEREAS by Authorization Order made November 1, 2005, pursuant to section 3.5(3) of the Act, each of W. David Wilson, Susan Wolburgh Jenah, and Paul M. Moore, acting alone, is authorized to exercise, subject to subsection 3.5(4) of the Act, the powers of the Commission to grant adjournments;

AND WHEREAS the Commission considers it to be in the public interest to make this order;

IT IS ORDERED that this matter be adjourned to a date to be determined by the Secretary's Office on not less than ten (10) days' notice to the respondents.

Dated at Toronto this "31st" day of July, 2006

"Paul M. Moore"

2.2.9 Certicom Corp. et al. - s. 74

Headnote

Order that section 53 of the Act does not apply to solicitations of expressions of interest before the filing of a preliminary short form prospectus in accordance with National Instrument 44-101 Short Form Prospectus Distributions for securities to be issued pursuant to an over-allotment option, exercisable after the closing of the offering, granted by the issuer to the underwriters to purchase up to 15% of the securities offered under the offering.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 74, 53.
National Instrument 44-101 Short Form Prospectus Distributions.

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

AND

IN THE MATTER OF
CERTICOM CORP.

AND

BMO NESBITT BURNS INC., TD SECURITIES INC.,
CANACCORD CAPITAL CORPORATION,
GENUITY CAPITAL MARKETS
AND ORION SECURITIES INC.

ORDER
(Section 74)

Background

The Ontario Securities Commission (the Commission) has received an application (the Application) from Certicom Corp. (the Issuer) and BMO Nesbitt Burns Inc., TD Securities Inc., Canaccord Capital Corporation, Genuity Capital Markets and Orion Securities Inc. (the Underwriters) for an order pursuant to section 74 of the *Securities Act* (Ontario) (the Act) that section 53 of the Act does not apply to solicitations of expressions of interest before the filing of a preliminary short form prospectus in accordance with National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101) for securities to be issued pursuant to an over-allotment option, as defined below (the Requested Relief).
Interpretation

Interpretation

In this order,

"over-allotment option" means a right granted to the underwriters by an issuer or a selling security holder of the issuer in connection with the distribution of securities under

a short form prospectus to acquire, for the purposes of covering the underwriters' over-allocation position, a security of an issuer that has the same designation and attributes as a security that is distributed under such short form prospectus, and that

(i) expires not later than the 60th day after the date of the closing of the distribution, and

(ii) is limited to the lesser of

A the over-allocation position determined as at the closing of the distribution, and

B 15% of the number or principal amount of the securities qualified for the distribution, without taking into account the securities issuable on the exercise of the over-allotment option; and

"over-allocation position" means the amount by which the aggregate number or principal amount of securities that are the subject of offers to purchase received by all underwriters of a distribution exceeds the aggregate number or principal amount of securities distributed by an issuer or selling securityholder under the prospectus, without taking into account the securities issuable on the exercise of an over-allotment option.

Representations

This order is based on the following facts represented by the Issuer and the Underwriters:

1. the purpose of an over-allotment option is to allow underwriters to conduct market stabilization activities in circumstances where the risk in so doing is protected by the existence of an over-allotment option;

2. over-allotment options are not designed to allow underwriters to sell additional securities after a prospectus has been filed or an underwriting agreement has been signed; and

3. underwriters would not accept the market risk in conducting market stabilization activities without having an over-allotment option.

Order

The Commission is satisfied that the test contained in the Act that provides the Commission with the jurisdiction to make the order has been met;

The decision of the Commission pursuant to section 74 of the Act is that the Requested Relief is granted provided that:

(a) the Issuer has entered into an enforceable agreement with the Underwriters, who have agreed to purchase the securities offered under a short form prospectus, other than the securities issuable on the exercise of an over-allotment option,

(b) the agreement referred to in paragraph (a) has fixed the terms of the distribution and requires that the Issuer file a preliminary short form prospectus for the securities and obtain from the regulator a receipt, dated as of a date that is not more than four business days after the date that the agreement is entered into, for the preliminary short form prospectus,

(c) the Issuer has issued and filed a news release announcing the agreement immediately upon entering into the agreement,

(d) upon issuance of a receipt for the preliminary short form prospectus, a copy of the preliminary short form prospectus is sent to each person or company who has expressed an interest in acquiring the securities,

(g) except as provided in paragraph (a), no agreement of purchase and sale for the securities is entered into until the short form prospectus has been filed and a receipt obtained, and

(h) the relief granted will cease to be effective on the date when NI 44-101 is amended to permit solicitations of expressions of interest before the filing of a preliminary short form prospectus for securities to be issued pursuant to over-allotment options.

The further decision of the Commission under the Act is that the Application and this decision shall be held in confidence by the Commission until the occurrence of the earliest of the following:

(a) the date on which a news release is issued by the Issuer announcing that the Issuer has entered into an enforceable agreement with the Underwriters with respect to the purchase of securities to be offered under a short form prospectus, and

(b) the date that is thirty days from the date of this decision.

Dated July 24, 2006

"Erez Blumberger"
Assistant Manager, Corporate Finance

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Andrew Oestreich

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

AND

IN THE MATTER OF
ANDREW OESTREICH

REASONS FOR DECISION
(Sections 127 and 127.1)

Hearing:	June 29, 2006.		
Panel:	Paul M. Moore, Q.C	-	Vice-Chair (Chair of the Panel)
	Suresh Thakrar	-	Commissioner
Counsel:	Karen Manarin	-	On behalf of Staff of the Ontario Securities Commission
	Andrew Oestreich	-	On his own behalf

REASONS FOR ORDER

I. Overview

[1] This was a hearing pursuant to sections 127 and 127.1 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") for the Commission to consider whether it was in the public interest to approve a settlement agreement entered into between staff of the Commission and Andrew Oestreich ("Oestreich"), and to make an order approving the sanctions agreed to by Staff and Oestreich. Under the settlement agreement Oestreich was to cease trading for two years, be reprimanded, not be a director or officer of a reporting issuer for two years, and was required to pay $24,000 to the Commission (being one and one-half times his profit from selling shares while he had undisclosed material facts) and to pay costs of $5,000.

[2] The issue before us in the settlement hearing was whether the agreed sanctions were within acceptable parameters indicated in similar cases.

II. The Facts

[3] The facts are set out in the settlement agreement.

[4] Oestreich was a member of management although not a director of AiT. He had an honest but mistaken belief that he was not restricted from trading at the time he traded in shares of AiT. Oestreich did not receive any notice or warning from the company or Ash that at the relevant times he was prohibited from trading in share of AiT. He now understands and admits that he traded with knowledge of material facts that had not been generally disclosed.

[5] Oestreich was an insider of AiT. He understands that it is his responsibility to file insider trading reports and he acknowledges that these reports were not filed within the required deadline. However, he was following the practice at AiT when he submitted his reports to an assistant for filing. He was not aware that the reports were filed late until much later in time.

[6] At the present time, Oestreich is seeking permanent employment and is working on a contract basis as a consultant.

[7] Oestreich cooperated fully with staff during the course of the investigation of the matter.

III. Role of a Panel in a Settlement Agreement Hearing

[8] The role of a Panel reviewing a settlement agreement is not to substitute the sanctions it would impose in a contested hearing for what is proposed in the settlement agreement, but rather to make sure the agreed sanctions are within acceptable parameters (See *Re Sohan Singh Koonar et al. (*2002), 25 O.S.C.B. 2691 at 2692).

IV. The Settlement Agreement

[9] The settlement agreement provides for the following sanctions:

(a) an order pursuant to clause 2 of subsection 127.1 of the Act that Oestreich shall cease trading in securities for a period of two years;

(b) an order pursuant to clause 6 of subsection 127.1 of the Act that Oestreich be reprimanded;

(c) an order of the commission pursuant to clause 7 of subsection 127.1 of the Act that Oestreich resign all positions that he holds as a director or officer of a reporting issuer;

(d) an order to clause 8 of subsection 127.1 of the Act that Oestreich be prohibited from becoming or acting as a director or officer of any reporting issuer for a period of two years;

(e) that Oestreich make a payment to the commission of $24,000 pursuant to clause 9 of subsection 127(1) of the Act and that such payment be allocated to or for the benefit of third parties in accordance with section 3.4(2) of the Act; and

(f) an order pursuant to subsection 127.11(b) of the Act that Oestreich pay costs in the amount of $5,000.

[10] This case is not an egregious case of insider trading. In the most egregious cases of insider trading, the Commission has imposed or approved the following sanctions. A summary of the relevant cases is as follows:

a) *Re Chang and Stone*: Chang was the Director of Investor Relations at ATI and was married to Stone. As an insider of ATI, Chang learned undisclosed material facts about the financial performance of ATI. Chang communicated this information to Stone. With possession of this undisclosed information, through a brokerage account in the Turks and Caicos opened in a corporate name, Chang and Stone purchased put options of ATI from which a profit of $950,384.80 was derived. The Commission found that Chang and Stone has breached section 76 of the Act and ordered (as jointly proposed by way of Settlement Agreement) that they: disgorge the profit ($950,384.80) and interest earned ($126,820) thereon: make a payment of $311,180.20; contribute $100,000 towards the costs of the Commission; and be reprimanded. In addition, Chang was ordered to cease trading for 20 years (subject to limited carve outs) and was prohibited from acting as an officer or director of a reporting issuer for 10 years. Lifetime bans on trading (subject to limited carve outs) and acting as an officer or director of a reporting issuer were ordered as against Stone.

Reasons of the Ontario Securities Commission *In the Matter of Jo-Anne Chang and David Stone* dated April 11, 2005

b) *Re Donnini*: Donnini was the Head Institutional Liability Trader for Yorkton Securities. Following a hearing conducted in respect of proposed orders under s. 127 of the Act, Donnini was found by the Commission to have traded on a "massive scale" with knowledge of potential financing for Kasten Chase Applied Research Ltd. That he had obtained from Yorkton's CEO. The fact of the potential financing had not been generally disclosed. Donnini did not make a personal profit on the trades. The sanctions imposed by the Commission were: a 15-year suspension of Donnini's registration; a 15-year cease trade order (subject to personal trading and RRSP carve outs); a 15-year officer and director ban regarding any issuer; and a payment in the amount of $186,052.30 on account of costs. The Divisional Court reduced the cease trade order from fifteen to four years and costs were referred back to the Commission for reassessment. The Court of Appeal allowed the Commission's appeal on the sanctions issue and restored Donnini's 15-year suspension.

Re Donnini, *supra*; rev'd (2003) 37 B.L.R. (3d) 46 (Ont. Sup. Ct); rev'd (2005), 250 D.L.R. (4th) 195 (Ont. C.A.)

[11] The more stringent sanctions imposed in *Chang and Stone* and *Donnini* can be juxtaposed to other cases where the Commission had approved or imposed sanctions that involve lower sanctions. The cases are summarized as follows:

a) *Re Harris:* Harris negotiated a reverse take over of a corporation for which he served as an officer and director. Harris sold shares in the corporation with knowledge of an undisclosed material fact; namely, the

terms of the corporation reorganization. By so doing, Harris avoided a loss of $26,337.75. Harris did not file insider reports in relation to his trades nor did he correct a Management Information Circular which incorrectly identified him as a shareholder of the company. Harris was a registrant. By way of a jointly proposed Settlement Agreement, Harris admitted to breaching section 76 of the Act and to engaging in conduct contrary to the public interest. In approving the Settlement Agreement, the Commission ordered that: Harris cease trading for 24 months; the exemptions in the Act not apply to Harris for 24 months; Harris be prohibited from acting as an officer or director of an issuer for 24 months; Harris make a payment of $12,500 towards the Commission's costs; Harris make a payment of $39,500 (1.5 times the loss avoided); and Harris be reprimanded.

Reasons of the Ontario Securities Commission *In the Matter of Robert Walter Harris* dated November 4, 2004

b) *Re Carley*: Carley was the director of corporate development for Finline Technologies Ltd. ("Finline"). He traded in shares of Finline with knowledge of undisclosed material information regarding a pending acquisition by Finline. Carley's profit as a result of the trading was $59,600. By approval of the proposed Settlement Agreement, the Commission ordered as follows: that Carley be reprimanded; that Carley cease trading for 1.5 years; that Carley make a voluntary payment in the amount of $89,400 (1.5 times the profit made); and that Carley pay $20,000 in respect of costs. Carley had recently graduated from university and had no prior experience working for a public company.

Re Johnathan Carley (2003), 26 O.S.C.B. 8197

c) *Re De La Torre and Rae*: The two respondents were married. De La Torre was the administrative assistant to two employees of the ATI Technologies Inc. and was privy to information not generally disclosed to the public and thus was in a special relationship with ATI. De La Torre communicated to Rae information about ATI's financial performance. As a result, Rae sold 1000 share of ATI in his RRSP account. Rae avoided a loss of $11,050. By approval of the Settlement Agreement, the Commission ordered as follows: that the respondents be reprimanded; that the respondents be cease traded for 6 months; and that the respondents also agree to make a settlement of $11,050 (the profit made).

d) *Re Parker*: Parker was the President and Chief Executive Officer of SmartSales Inc., a publicly listed company at the time. Parker traded in shares of SmartSales with knowledge of information not generally disclosed to the public that Roman Corporation Ltd. Was negotiating an acquisition transaction with one of its customers and that SmartSales would need to obtain alternate financing for the loans advanced to SmartSales by Roman. Parker was also in a special relationship with Roman. Parker, on behalf of his wife, traded 1000 shares of Roman and made a profit of $900. By approval of the Settlement Agreement, the Commission ordered as follows: that Parker cease trading for 6 months; that the exemptions do not apply to Parker for 6 months; that Parker resign any position as a director and officer and that he not act as a director and officer for a period of 6 months; and that Parker be reprimanded. Parker also agreed to make a payment of $1,800 (2 times the profit made) and agreed to make a payment of $5,000 in respect of costs.

In the Matter of Donald Parker, (OSC), Settlement Agreement and Order dated May 18, 2004.

[12] The following cases were Executive Director Settlements and are relevant to an analysis of the range of sanctions that has been imposed in cases involving insider trading. They are summarized as follows:

a) *Re Chapman*: Chapman had been a chartered accountant for 50 years. He traded in shares of Roman Corporation Limited, a reporting issuer, with knowledge of undisclosed information that an acquisition involving Boehmer Limited was pending. Chapman's accounting firm provided auditing and other services to Boehmer. Chapman's deemed profit as a result of trading was $7,511. Chapman agreed to the following terms of settlement: a settlement payment of $10,000 (1.2 times the profit made) and a payment of $5,000 in respect of costs.

In the Matter of Harold M. Chapman, (OSC), Executive Director Settlement Agreement dated March 27, 2004

b) *Re Newbury*: Newbury was a professional engineer. He traded shares of OntZinc Corporation with knowledge of undisclosed information that there was a proposal to acquire Hudson Bay Mining and Smelting Co. Ltd. Newbury made a profit of $3,925 as a result of trading. Newbury agreed to the following terms of settlement: a payment of $7,850 (2 times the profit made), a payment of $5,000 in respect of costs and undertook not to trade form 12 months in any securities where he was a geological consultant without prior approval from the general counsel.

In the Matter of Michael Newbury, (OSC), Executive Director Settlement Agreement dated February 20, 2006

V. Conclusion

[13] We believe the *Harris* case and the *Carley* case are most similar to the fact situation based on the present case. We are satisfied that the proposed sanctions in the case before us are within acceptable parameters and reasonable and consistent with the approach adopted by the commission in similar related cases.

[14] For these reasons we were satisfied that the settlement agreement is in the public interest.

DATED at Toronto this 28th day of July, 2006

"Paul M. Moore"

"Suresh Thakrar"

3.1.2 Agnico-Eagle Mines Limited

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.127, AS AMENDED

AND

IN THE MATTER OF
AGNICO-EAGLE MINES LIMITED

HEARING:	April 28, 2005		
PANEL:	Wendell S. Wigle, Q.C.	-	Commissioner (Chair of the Panel)
	Robert W. Davis	-	Commissioner
	Suresh Thakrar	-	Commissioner
COUNSEL:	Judy Cotte	-	For Staff of the Commission
	Luis G. Sarabia Patricia Olasker	-	For the Respondent

REASONS

I. This Proceeding

[1] The purpose of this hearing was to consider whether it was in the public interest to approve a settlement entered into between staff of the Commission and the respondent.

II. Agreed Facts and Admissions

[2] The facts appear to be unchallenged in that:

1. Between March 10, 2003 and March 17, 2003, Agnico-Eagle determined that a gold production shortfall could not be avoided as a result of the Rock Fall, which determination was a material change in the business of Agnico-Eagle. Agnico-Eagle failed to issue a press release forthwith disclosing the Rock Fall and the expected gold production shortfall and failed to file a timely Material Change Report with the Commission;

2. Agnico-Eagle's March Release was inaccurate in that the Rock Fall did not occur in March only but rather initially occurred between January 31, 2003 and February 9, 2003 and then resumed in March; and

3. On October 9, 2003, Agnico-Eagle determined that there would be a gold production shortfall, which was a material change in the business of Agnico-Eagle. Agnico-Eagle failed to issue a press release by October 13, 2003 disclosing the expected gold production shortfall and failed to file a Material Change Report with the Commission.

[3] It is clear that this conduct is contrary to the public interest for the reasons submitted by counsel.

[4] The terms of settlement we are asked to approve are:

1. That within 30 days of approval of the settlement, Agnico-Eagle will initiate a review of its disclosure and reporting practices and procedures by an independent third party, acceptable to both Agnico-Eagle and Staff, at the expense of Agnico-Eagle; and

2. Agnico-Eagle will implement any recommendations made by the independent third party referred to that are approved by Staff within a reasonable period, as approved by Staff.

III. The Commission's Role in Reviewing Settlement Agreements and Relevant Factors for Imposing Sanctions

[5] The issue is whether or not the sanctions are appropriate in the circumstances and whether or not it is in the public interest that we approve them.

[6] The factors to be considered in deciding the efficacy of the sanctions include:

1. the seriousness of the allegations;

2. whether or not there has been a recognition of the seriousness of the improprieties;

3. the size of any profit or loss avoided from the conduct;

4. whether or not the sanctions imposed will serve as a deterrent to others; and

5. the remorse and conduct of the Respondent.

[7] The role of the Commission Panel in reviewing the settlement is not to substitute the sanctions it would impose in a contested hearing for what is proposed in the settlement agreement, but rather that the Panel should ensure that the agreed sanctions are within acceptable parameters.

[8] Also, significant weight should be given to the agreement reached between adversarial parties, as a balancing of factors and interest will have already taken place in reaching the agreement.

IV. Application of Principles to this Case

[9] In this case, the conduct at issue is very fact specific. As such, there are no cases directly on point which would be of assistance in determining whether or not the proposed sanctions are in the public interest.

[10] We are advised that:

1. Management's initial determination that the Rock Fall was an isolated incident that would not have a material impact on production was reasonable, given that it occurred in a small portion of the mine. In fact, the area directly affected by the Rock Fall was scheduled to produce less than 1% of the budgeted gold production for 2003 and only 4.4% for the first quarter of 2003. In nine of ten of previous rock falls, Agnico-Eagle was still able to meet or come very close to meeting its forecasted annual gold production;

2. Even with hindsight, it is difficult to pinpoint an exact date in March on which management of Agnico-Eagle ought to have realized that a gold production shortfall for 2003 could not be avoided. Revising the mine plan is a complex, iterative process involving remodeling all areas of the mine by a team of mining engineers, geologists and operating staff. Agnico-Eagle completed three different iterations of the mine plan prior to its disclosure on March 31, 2003. It should be noted that Agnico-Eagle completed three further iterations after that disclosure in an effort to improve its gold production forecast for 2003. Although the disclosure was not timely, Agnico-Eagle should have been given some credit for disclosing the material change at a time when it was still looking at further potential improvements to its revised production forecast;

3. In response to the allegations made by Staff, Agnico-Eagle hired Graham Farquharson of Strathcona Mineral Services Limited to assess Agnico-Eagle's response to the Rock Fall. Mr. Farquharson delivered a report dated May 28, 2004, which Agnico-Eagle voluntarily provided to Staff. In that report, Mr. Farquharson concludes that the impact on gold production as a result of the Rock Fall would not have been immediately apparent to management, and Agnico-Eagle followed good mining industry practices in assessing that impact. Mr. Farquharson does not believe there was any deliberate intention to delay disclosure;

4. We do not have a detailed explanation for Agnico-Eagle's delay in announcing the expected gold production shortfall in October of 2003, because Agnico-Eagle agreed to admit that the disclosure was not timely very shortly after Staff identified the issue. Staff learned of the October 2003 disclosure issue when its investigation of the issues arising from the Rock Fall was already substantially complete. Rather than requiring Staff to undertake a subsequent investigation, Agnico-Eagle agreed to acknowledge, as part of this settlement, that the October 2003 disclosure was not timely, thereby saving Staff further time and expense;

5. On April 23, 2003, after the Rock Fall, but prior to these allegations being made by Staff, Agnico-Eagle established, as part of its Sarbanes/Oxley review of practices and procedures, enhanced disclosure controls and procedures for public disclosure documents. Agnico-Eagle's updated policy reinforces the principle that all communications to the public must be timely, factual, complete and accurate;

6. Agnico-Eagle immediately acknowledged its error in the March 31, 2003 press release and the error was a partial one. The fall did continue in March, but had begun in January 31, 2003 and continued in February and March of 2003. The more important aspect of the press release was the impact the Rock Fall would have on production, and that information was factually accurate;

7. Upon being advised of Staff's allegations, Agnico-Eagle immediately retained counsel and has co-operated fully, to an uncommon extent, thereby allowing this matter to be resolved quickly;

8. Agnico-Eagle's admissions eliminate the need for a full hearing and therefore conserve the resources of the Commission and save the public considerable expense; and

9. Agnico-Eagle has not previously been the subject of any proceeding before the Commission.

Conclusion

[11] After due consideration, the Panel agrees that the proposed sanctions are in the public interest because (i) they are in keeping with the purposes of the Act and the principles through which those purposes are to be achieved; (ii) they are proportionately appropriate with respect to the facts and circumstances of this particular matter; (iii) they provide public censure of such misconduct; and (iv) they will act as a specific and general deterrent.

[12] The circumstances of this case, with the co-operation and remedial steps taken by the Respondent commend to us that this settlement be approved as being in the public interest. It should be a warning to others that they should have proper reporting procedures for public disclosure in place and fully observe them. With this warning, any subsequent cases will no doubt attract more severe sanctions.

Dated at Toronto this 31st day of May, 2005

“Wendell Wigle”

“Robert W. Davis”

“Suresh Thakrar”

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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
Blake River Explorations Ltd.	01 Aug 06	11 Aug 06		
Donner Petroleum Ltd.	17 Jul 06	28 Jul 06	28 Jul 06	01 Aug 06
Lake Louise Limited Partnership	28 Jul 06	08 Aug 06		
Lakefield Marketing Corporation	17 Jul 06	28 Jul 06	28 Jul 06	
Perial Ltd.	02 Aug 06	14 Aug 06		

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
TECSYS Inc.	02 Aug 06	15 Aug 06			

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
Argus Corporation Limited	25 May 04	03 Jun 04	03 Jun 04		
Cognos Incorporated	01 Jun 06	14 Jun 06	14 Jun 06		
DataMirror Corporation	02 May 06	15 May 06	12 May 06		
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.	03 Apr 06	14 Apr 06	17 Apr 06		
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		
Mindready Solutions Inc.	06 Apr 06	19 Apr 06	19 Apr 06		
Neotel International Inc.	02 Jun 06	15 Jun 06	15 Jun 06		
Novelis Inc.	18 Nov 05	01 Dec 05	01 Dec 05		
ONE Signature Financial Corporation	03 May 06	16 May 06	16 May 06		

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Orde r
TECSYS Inc.	02 Aug 06	15 Aug 06			

Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND FORM 45-501F1

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
07/12/2006	6	3848574 Canada Inc. - Common Shares	2,750,000.00	3,750,000.00
06/07/2006	26	Adroit Resources Inc. - Units	1,801,500.00	6,005,000.00
07/17/2006	7	Airline Intelligence Systems Inc. - Common Shares	257,000.00	200,000.00
07/17/2006	2	Allied World Assurance Company Holdings Inc. - Common Shares	3,875,660.00	100,000.00
06/27/2006	13	Beverly Resources Ltd. - Common Shares	591,500.00	591,500.00
07/17/2006	25	Bluerock Resources Ltd. - Common Shares	1,009,049.00	3,363,499.00
07/25/2006	1	Brookdale Senior Living Inc. - Common Shares	3,661,808.00	80,000.00
07/19/2006	80	Brownstone Ventures Inc. - Units	15,000,000.00	10,000,000.00
07/20/2006	46	Capital Energy Resources Ltd. - Common Shares	23,488,750.00	4,945,000.00
07/27/2006	16	CI Energy Ltd. - Flow-Through Shares	4,000,002.00	2,666,668.00
07/06/2006	1	Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. - Notes	250,000,000.00	250,000,000.00
07/12/2006	113	Coro Mining Corp. - Receipts	9,516,352.50	6,344,235.00
01/21/2005 to 08/29/2005	1	Counsel Balanced Portfolio - Trust Units	1,757,637.06	150,139.27
10/01/2004 to 09/30/2005	5	Counsel Fixed Income - Trust Units	349,474,009.50	26,355,852.09
10/01/2004 to 09/30/2005	8	Counsel Focus Fund - Trust Units	26,944,433.08	2,929,435.32
01/21/2005 to 04/04/2005	1	Counsel Growth Portfolio - Trust Units	421,880.56	39,582.48
10/01/2004 to 09/30/2005	3	Counsel Managed Portfolio - Trust Units	142,167,911.60	9,336,011.95
01/14/2005 to 08/29/2005	1	Counsel Managed Portfolio - Trust Units	563,693.59	39,218.02
10/01/2004 to 09/30/2005	9	Counsel Select America - Trust Units	240,475,263.05	30,594,190.02
08/29/2005	1	Counsel Select Canada - Trust Units	27,369.67	1,933.98
10/01/2004 to 09/30/2005	2	Counsel Small Cap - Trust certificates	47,207,677.57	44,577,139.23
07/18/2006	1	CriticalControl Solutions Corp. - Warrants	0.00	4,250,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
06/16/2006 to 07/15/2006	18	Currency Capital Corp. - Common Shares	87,000.00	21,750.00
07/12/2006	15	Diamonds North Resources Ltd. - Common Shares	3,265,000.00	3,265,000.00
05/18/2006	138	Disenco Energy plc - Special Warrants	727,875.00	2,079,642.00
07/06/2006	2	DoveCorp Enterprises Inc. - Common Shares	279,999.50	1,272,725.00
07/21/2006	1	Dynamic Fuel Systems Inc. - Units	100,000.00	400,000.00
06/10/2006	2	Echoworx Corporation - Common Shares	511,935.04	542,565.00
10/24/2005	1	Foyston Gordon & Payne Balanced Fund - Units	39,486.11	1,243.19
09/28/2005	1	Foyston Gordon & Payne Balanced Fund - Units	4,700.00	143.26
04/08/2003	2	Foyston Gordon & Payne Canadian Balanced Pooled Fund - Units	100,384.22	4,557.00
05/27/2003	1	Foyston Gordon & Payne Canadian Balanced Private Pooled Fund - Units	54,755.00	2,255.00
08/08/2003 to 01/23/2004	6	Foyston Gordon & Payne Canadian Bond Pooled Fund - Units	613,335.11	27,976.00
07/20/2005	1	Foyston Gordon & Payne Canadian Equity Pooled Fund - Units	50,000.00	602.00
12/07/2005	1	Foyston Gordon & Payne Private International Equity Fund - Units	223,000.00	3,770.00
07/20/2005	1	Foyston Gordon & Payne Private International Equity Fund - Units	25,000.00	425.00
12/07/2005	1	Foyston Gordon & Payne U.S. Equity Fund - Units	213,000.00	7,410.00
07/20/2005	1	Foyston Gordon & Payne U.S. Equity Fund - Units	25,000.00	834.00
07/18/2006	1	Frantic Films Corporation - Common Share Purchase Warrant	1.00	300,000.00
07/13/2006	41	Gemcom Software International Inc. - Receipts	12,075,000.00	10,500,000.00
07/21/2006	38	Greenfield Resources Ltd. - Common Shares	1,212,678.45	472,493.00
07/12/2006	1	Harvest Gold Corporation - Non-Flow Through Units	50,000.00	1,047,777.00
07/12/2006	1	Harvest Gold Corporation - Units	50,000.10	3,693,500.00
07/11/2006	1	HBOS plc/HBOS Treasury Services plc - Notes	39,616,500.00	35,000.00
07/13/2006	1	Hempline Inc. - Common Shares	30,000.00	20,000.00
06/30/2006	11	Hyperion Technologies Inc. - Units	225,000.00	450,000.00
07/12/2006	5	IG Realty Investments Inc. - Common Shares	12,286,167.60	17,332.00
07/04/2006	1	Imperial Capital Acquisition Fund III (Institutional) 2 Limited Partnership - LP Units	120,000.00	120,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
04/03/2006	1	Imperial Capital Acquisition Fund III (Institutional) 3 Limited Partnership - LP Units	150,000.00	150,000.00
07/04/2006	1	Imperial Capital Acquisition Fund III (Institutional) 3 Limited Partnership - LP Units	60,000.00	60,000.00
06/20/2006	5	Intelpro Media Group Inc. - Common Shares	350,000.00	7,000,000.00
07/14/2006	1	Investeco Private Equity Fund II, L.P. - LP Units	153,119.41	150.00
07/10/2006	1	JumpTV Inc. - Common Shares	203,032.00	32,800.00
12/28/2005	2	J.P. Morgan Direct Corporate Finance Institutional Investors III LLC - Limited Liability Interest	12,937,050.00	N/A
12/28/2005	2	J.P. Morgan Pooled Corporate Finance Institutional Investors III LLC - Limited Liability Interest	38,811,150.00	N/A
06/25/2006	1	Lakefield Marketing Corporation - Notes	50,000.00	1,000,000.00
07/27/2006	12	Maudore Minerals Ltd. - Common Shares	1,372,418.85	2,111,414.00
07/11/2006	1	Med-Emerg International Inc. - Common Shares	3,507,210.00	8,750,000.00
07/21/2006	1	Methodology Fund Ltd. (Cayman) - Units	5,571,000.00	47,768.00
07/17/2006	3	Monster Copper Corporation - Units	530,000.00	1,766,667.00
06/28/2006	3	Mooncor Energy Inc. - Units	240,000.00	240,000.00
07/13/2006	55	Mystique Energy Inc. - Flow-Through Shares	4,300,000.00	10,000,000.00
07/12/2006	2	Neterion Corp. - Common Shares	17,032,500.92	3,507,951.00
04/12/2005	1	Palos Income Trust Fund L.P. - Units	75,000.00	61,804.00
06/13/2005	1	Palos Income Trust Fund L.P. - Units	50,000.00	39,498.00
09/29/2005	1	Palos Income Trust Fund L.P. - Units	50,000.00	370,056.00
06/21/2005	1	Palos Income Trust Fund L.P. - Units	500,000.00	387,807.00
06/07/2005	1	Palos Income Trust Fund L.P. - Units	62,376.00	49,532.00
08/18/2005	1	Palos Income Trust Fund L.P. - Units	100,000.00	77,226.00
12/19/2005	1	Palos Income Trust Fund L.P. - Units	200,000.00	159,350.00
09/29/2005	1	Palos Income Trust Fund L.P. - Units	200,000.00	148,225.00
07/20/2006	1	Potentia Semiconductor Corporation - Preferred Shares	594,359.51	162,185,685.00
07/20/2006	23	Potentia Semiconductor Inc. - Stock Option	863,358.50	235,588,406.00
07/13/2006	43	PowerComm Inc. - Common Shares	2,548,500.00	509,700.00
07/13/2006	15	Printlux.com Inc. - Common Shares	650,000.00	10,570,000.00
06/29/2006	13	Protiva Biotherapeutics Inc. - Loans	2,689,229.91	2,689,229.91
05/19/2006	25	PureCell Technologies Inc. - Debentures	925,000.00	N/A
07/07/2006	4	Rhea Resources Inc. - Common Shares	326,000.00	5,433,334.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
07/07/2006	18	Rhea Resources Inc. - Flow-Through Shares	874,000.00	14,566,666.00
07/17/2006	20	Rhone 2006 Flow-Through Limited Partnership - LP Units	1,324,000.00	52,960.00
07/14/2006	1	Sextant Strategic Opportunities Hedge Fund LP - Units	50,000.00	2,424.10
06/22/2006 to 06/30/2006	82	Skeena Resources Limited - Common Shares	1,262,000.00	2,524,000.00
07/12/2006	1	SLM Private Credit Student Loan Trust 2006-B - Notes	26,088,900.00	23,000.00
06/27/2006 to 06/28/2006	49	SmartCool Systems Inc. - Units	1,000,000.00	2,500,000.00
01/01/2005 to 12/31/2005	18	Sprucegrove International Pooled Fund - Units	312,412,264.14	600,869.88
03/23/2006	15	Tenke Mining Corp. - Common Shares	102,624,000.00	8,000,000.00
06/23/2006 to 06/26/2006	2	The Rosseau Resort Developments Inc. - Units	1,049,700.00	3.00
07/06/2006	2	The Rosseau Resort Developments Inc. - Units	759,800.00	2.00
07/14/2006	5	Truition Inc. - Debentures	2,004,030.06	N/A
07/11/2006	5	Unigold Inc. - Units	4,500,000.00	9,000,000.00
07/07/2006 to 07/13/2006	3	WALLBRIDGE MINING COMPANY LIMITED - Units	400,000.00	1,250,000.00
06/29/2006	4	Water Bank of America Inc. - Common Shares	600,000.00	4,858,300.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Addax Petroleum Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated July 31, 2006
Mutual Reliance Review System Receipt dated August 1, 2006
Offering Price and Description:
$ * - * Subscription Receipts, each representing the right to receive one Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Merrill Lynch Canada Inc.
Scotia Capital Inc.
Promoter(s):
The Addax and Oryx Group Ltd.
Project #970267

Issuer Name:
Allied Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated August 1, 2006
Mutual Reliance Review System Receipt dated August 1, 2006
Offering Price and Description:
$32,300,000.00 - 1,900,000 Units Price: $17.00 per Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
TD Securities Inc.
Canaccord Capital Corporation
Genuity Capital Markets
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #970465

Issuer Name:
Apoquindo Minerals Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated July 28, 2006
Mutual Reliance Review System Receipt dated July 28, 2006
Offering Price and Description:
$1,500,000.00 - 3,000,000 Units Price: $ 0.50 per Unit
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
-
Project #969195

Issuer Name:
Barclays Bank Plc
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Shelf Prospectus dated July 26, 2006
Mutual Reliance Review System Receipt dated July 27, 2006
Offering Price and Description:
US$ * - Medium Term Notes, Series A
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #967647

Issuer Name:
Bissett Capital Yield Corporate Class
Franklin Templeton Managed Yield Corporate Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated July 25, 2006
Mutual Reliance Review System Receipt dated July 26, 2006
Offering Price and Description:
Series A, F and O Shares
Underwriter(s) or Distributor(s):
Franklin Templeton Investments Corp.
Franklin Templeton Investments Corp.
Promoter(s):
-
Project #967346

Issuer Name:
BlackWatch Energy Services Trust
Principal Regulator - Alberta
Type and Date:
Amendment #1 dated July 26, 2006 to Preliminary Prospectus dated June 28, 2006
Mutual Reliance Review System Receipt dated July 27, 2006
Offering Price and Description:
$ * - * Trust Units Price: $ * per Trust Unit
Underwriter(s) or Distributor(s):
Blackmont Capital Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Raymond James Ltd.
Promoter(s):
Kevin A. Bennett
Project #960332

Issuer Name:
CIBC Global Monthly Income Fund
CIBC International Equity Fund
CIBC Managed Monthly Income and Growth Portfolio
CIBC Premium Money Market Fund
CIBC U.S. Equity Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated July 25, 2006
Mutual Reliance Review System Receipt dated July 26, 2006
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
CIBC Securities Inc.
Promoter(s):
Canadian Imperial Bank of Commerce
Project #967178

Issuer Name:
Crystallex International Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated July 26, 2006
Mutual Reliance Review System Receipt dated July 26, 2006
Offering Price and Description:
$ * - * Units
Underwriter(s) or Distributor(s):
Orion Securities Inc.
Promoter(s):
-
Project #967591

Issuer Name:
Drive Products Income Fund
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Prospectus dated July 26, 2006
Mutual Reliance Review System Receipt dated July 27, 2006
Offering Price and Description:
$ * - * Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
Canaccord Capital Corporation
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Promoter(s):
Gregory Edmonds
Russell Bilyk
Project #963449

Issuer Name:
Gabriel Resources Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated July 31, 2006
Mutual Reliance Review System Receipt dated July 31, 2006
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Sprott Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Capital Corporation
GMP Securities L.P.
Dundee Securities Corporation
Orion Securities Inc.
Paradigm Capital Inc.
Promoter(s):
-
Project #969520

Issuer Name:
Investors Greater China Class
Principal Regulator - Manitoba
Type and Date:
Preliminary Simplified Prospectus dated July 28, 2006
Mutual Reliance Review System Receipt dated July 31, 2006
Offering Price and Description:
Series A and B Shares
Underwriter(s) or Distributor(s):
Investors Group Financial Services Inc.
Promoter(s):
-
Project #968906

Issuer Name:
Petrowest Energy Services Trust
Principal Regulator - Alberta
Type and Date:
Amended and Restated Preliminary Prospectus dated July 28, 2006
Mutual Reliance Review System Receipt dated July 31, 2006
Offering Price and Description:
$ * - * Trust Units Price: $ * per Trust Units
Underwriter(s) or Distributor(s):
Westwind Partners Inc.
Sprott Securities Inc.
Lightyear Capital Inc.
Blackmont Capital Inc.
Dundee Securities Corporation
Promoter(s):
Gary Sweetman
Kenneth N. Drysdale
Project #962179

Issuer Name:
Strait Gold Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated July 26, 2006
Mutual Reliance Review System Receipt dated July 26, 2006
Offering Price and Description:
Maximum Offering: $1,600,000.00 - 8,000,000 Units; Minimum Offering: $1,200,000.00 - 6,000,000 Units Price: $0.20 per Unit
Underwriter(s) or Distributor(s):
Blackmont Capital Inc.
Promoter(s):
James S. Borland
Roger Moss
Project #967466

Issuer Name:
TDK Resource Fund Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 31, 2006
Mutual Reliance Review System Receipt dated July 31, 2006
Offering Price and Description:
Class A Shares, Series 1
Underwriter(s) or Distributor(s):
TDK Management Fund Inc.
Promoter(s):
TDK Fund Mangement Inc.
Project #969505

Issuer Name:
Wi-LAN Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated August 1, 2006
Mutual Reliance Review System Receipt dated August 1, 2006
Offering Price and Description:
$8,000,000.00 - 6,400,000 Common Shares Price: $1.25 per Share
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Wellington West Capital Markets Inc.
Haywood Securities Inc.
Promoter(s):
-
Project #970451

Issuer Name:
AGS Energy 2006-2 Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 28, 2006
Mutual Reliance Review System Receipt dated July 28, 2006
Offering Price and Description:
$30,000,000.00 (Maximum) (1,200,000 Limited Partnership Units)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
FirstEnergy Capital Corp.
Tristone Capital Inc.
Blackmont Capital Inc.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Richardson Partners Financial Limited
Berkshire Securities Inc.
Canaccord Capital Corporation
GMP Securities L.P.
Queensbury Securities Inc.
Raymond James Ltd.
Promoter(s):
AGS Resource 2006-2 GP Inc.
Project #960714

Issuer Name:
American Creek Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated July 31, 2006
Mutual Reliance Review System Receipt dated July 31, 2006
Offering Price and Description:
Minimum: $1,000,000.00; Maximum: $1,500,000.00 - up to 1,875,000 Units Price: $0.80 per Unit
Underwriter(s) or Distributor(s):
Leede Financial Markets Inc.
Promoter(s):
Allan Burton
Darren Blaney
Project #944713

Issuer Name:
Artisan Canadian T-Bill Portfolio
Artisan Most Conservative Portfolio
Artisan Conservative Portfolio
Artisan Moderate Portfolio
Artisan Growth Portfolio
Artisan High Growth Portfolio
Artisan Maximum Growth Portfolio
Artisan New Economy Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated July 28, 2006
Mutual Reliance Review System Receipt dated July 31, 2006
Offering Price and Description:
Mutual fund trust units at net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #958485

Issuer Name:
Certicom Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated July 31, 2006
Mutual Reliance Review System Receipt dated July 31, 2006
Offering Price and Description:
$26,200,000.00 - ,000,000 Common Shares Price: $6.55 per Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
TD Securities Inc.
Canaccord Capital Corporation
Genuity Capital Markets
Orion Securities Inc.
Promoter(s):
-
Project #966712

Issuer Name:
CI Alpine Growth Equity Fund (Class A and F units)
CI American Equity Fund
(formerly, BPI American Equity Fund) (Class A, F and I units)
CI American Equity Corporate Class
(formerly, BPI American Equity Corporate Class) (A and F shares)
CI American Managers Corporate Class (A, F and I shares)
CI American Small Companies Fund (Class A, F and I units)
CI American Small Companies Corporate Class (A and F shares)
CI American Value Fund (Class A, F, I and Insight units)
CI American Value Corporate Class (A, F and I shares)
CI Can-Am Small Cap Corporate Class
(formerly, Signature Canadian Small Cap Corporate Class) (A, F and I shares)
CI Canadian Investment Fund (Class A, F, I and Insight units)
CI Canadian Investment Corporate Class (A, F and I shares)
CI Canadian Small/Mid Cap Fund (Class A, F and I units)
CI Emerging Markets Fund (Class A, F and I units)
CI Emerging Markets Corporate Class (A and F shares)
CI European Fund (Class A, F and I units)
CI European Corporate Class (A and F shares)
CI Global Fund (Class A, F, I and Insight units)
CI Global Corporate Class (A, F and I shares)
CI Global Biotechnology Corporate Class (A and F shares)
CI Global Consumer Products Corporate Class (A, F and I shares)
CI Global Energy Corporate Class (A and F shares)
CI Global Financial Services Corporate Class (A, F and I shares)
CI Global Health Sciences Corporate Class (A, F and I shares)
CI Global High Dividend Advantage Fund (Class A, F and I units)
CI Global Managers Corporate Class (A, F and I shares)
CI Global Small Companies Fund (Class A, F, I and Insight units)
CI Global Small Companies Corporate Class (A and F shares)
CI Global Science & Technology Corporate Class (A, F and I shares)
CI Global Value Fund (Class A, F and I units)
CI Global Value Corporate Class (A, F and I shares)
CI International Fund (Class A, F, I and Insight units)
CI International Corporate Class (A and F shares)
CI International Value Fund (Class A, F, I and Insight units)
CI International Value Corporate Class (A, F and I shares)
CI Japanese Corporate Class (A and F shares)
CI Pacific Fund (Class A, F and I units)
CI Pacific Corporate Class (A and F shares)
CI Value Trust Corporate Class (A, F, I, Y, Z and Insight shares)
Harbour Fund (Class A, F and I units)
Harbour Corporate Class (A, F and I shares)
Harbour Foreign Equity Corporate Class (A, F and I shares)
Signature Canadian Resource Fund (Class A and F units)
Signature Canadian Resource Corporate Class (A and F shares)

Signature Select Canadian Fund (Class A, F, I, Z and Insight units)
Signature Select Canadian Corporate Class (A, F and I shares)
Synergy American Fund (Class A, F and I units)
Synergy American Corporate Class (A and F shares)
Synergy Canadian Corporate Class
(formerly, Synergy Canadian Equity Corporate Class) (A, F, I and Insight shares)
Synergy Canadian Style Management Corporate Class (A, F and I shares)
Synergy Focus Canadian Equity Fund
(formerly, Synergy Extreme Canadian Equity Fund) (Class A and F units)
Synergy Focus Global Equity Fund
(formerly, Synergy Extreme Global Equity Fund) (Class A and F units)
Synergy Global Corporate Class (A, F and I shares)
Synergy Global Style Management Corporate Class (A and F shares)
CI Canadian Asset Allocation Fund (Class A, F and I units)
CI Global Balanced Corporate Class
(formerly, CI Global Boomernomics Corporate Class) (A, F and I shares)
CI International Balanced Fund (Class A, F and I units)
CI International Balanced Corporate Class (A and F shares)
Harbour Foreign Growth & Income Corporate Class (A, F and I shares)
Harbour Growth & Income Fund (Class A, F, I and Z units)
Harbour Growth & Income Corporate Class (Class A, F and I shares)
Signature Canadian Balanced Fund (Class A, F, I and Z units)
Signature Income & Growth Fund (Class A, F and I units)
Signature Income & Growth Corporate Class (A, F and I shares)
Synergy Tactical Asset Allocation Fund (Class A, F and I units)
CI Canadian Bond Fund (Class A, F, I and Insight units)
CI Canadian Bond Corporate Class (A, F and I shares)
CI Short-Term Bond Fund (Class A, F and I units)
CI Long-Term Bond Fund (Class A and F units)
CI Money Market Fund (Class A, F, I, M and Insight units)
CI US Money Market Fund (Class A units)
CI Short-Term Corporate Class (A, F and I shares)
CI Short-Term US$ Corporate Class (A shares)
CI Global Bond Fund (Class A, F, I and Insight units)
CI Global Bond Corporate Class (A and F shares)
CI Mortgage Fund (Class A and F units)
Signature Corporate Bond Fund (Class A, F, I and Insight units)
Signature Corporate Bond Corporate Class (A and F shares)
Signature Dividend Fund (Class A, F, I, Y and Z units)
Signature Dividend Corporate Class (A, F and I shares)
Signature High Income Fund (Class A, F and I units)
Signature High Income Corporate Class (A, F and I shares)
Portfolio Series Income Fund
(formerly, CI Canadian Income Portfolio) (Class A, F and I units)
Portfolio Series Conservative Fund
(formerly, CI Canadian Conservative Portfolio) (Class A, F and I units)
Portfolio Series Balanced Fund
(formerly, CI Canadian Balanced Portfolio) (Class A, F and I units)
Portfolio Series Conservative Balanced Fund
(formerly, CI Global Conservative Portfolio) (Class A, F and I units)
Portfolio Series Balanced Growth Fund
(formerly, CI Global Balanced Portfolio) (Class A, F and I units)
Portfolio Series Growth Fund
(formerly, CI Global Growth Portfolio) (Class A, F and I units)
Portfolio Series Maximum Growth Fund
(formerly, CI Global Maximum Growth Portfolio) (Class A, F and I units)
Select Income Managed Corporate Class (Class A, F, W and I shares)
Select Canadian Equity Managed Corporate Class (Class A, F, W and I shares)
Select U.S. Equity Managed Corporate Class (Class A, F, W and I shares)
Select International Equity Managed Corporate Class (Class A, F, W and I shares)
Select Staging Fund (Class A, F, W and I units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated July 28, 2006
Mutual Reliance Review System Receipt dated July 31, 2006
Offering Price and Description:
Mutual fund securities at net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #960907, 964962

Issuer Name:
Coalcorp Mining Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated August 1, 2006
Mutual Reliance Review System Receipt dated August 1, 2006
Offering Price and Description:
U.S.$100,000,000.00 - 100,000 Units Price: U.S.$1,000 per Unit
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Canaccord Capital Corporation
Sprott Securities Inc.
Promoter(s):
-
Project #958189

Issuer Name:
Copernican World Financial Infrastructure Trust
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 26, 2006
Mutual Reliance Review System Receipt dated July 27, 2006
Offering Price and Description:
Maximum $100,000,000.00 (10,000,000 Units @ $10 per Unit)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Berkshire Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Bieber Securities Inc.
Blackmont Capital Inc.
Dundee Securities Corporation
Raymond James Ltd.
Wellington West Capital Inc.
Promoter(s):
Copernican Capital Corp.
Project #944496

Issuer Name:
Falcon Oil & Gas Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated July 27, 2006
Mutual Reliance Review System Receipt dated July 27, 2006
Offering Price and Description:
$150,500,000.00 - Up to 43,000,000 Common Shares Price: $3.50 per Common Share
Underwriter(s) or Distributor(s):
MGI Securities Inc.
Dundee Securities Corporation
Orion Securities Inc.
Promoter(s):
-
Project #964804

Issuer Name:
FRIEDBERG FOREIGN BOND FUND
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated July 26, 2006
Mutual Reliance Review System Receipt dated July 27, 2006
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Friedberg Mercantile Group Ltd.
Promoter(s):
Friedberg Mercantile Group Ltd., Toronto Trust Management Ltd.
Project #956021

Issuer Name:
frontierAlt Oasis Canada Fund
frontierAlt Oasis World Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated July 27, 2006
Mutual Reliance Review System Receipt dated July 28, 2006
Offering Price and Description:
Mutual fund trust units at net asset value
Underwriter(s) or Distributor(s):
Banwell Financial Inc.
Promoter(s):
Banwell Financial Inc.
Project #893021

Issuer Name:
Futures Index Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 31, 2006
Mutual Reliance Review System Receipt dated July 31, 2006
Offering Price and Description:
Class O Units, Class I Units, Class P Units, Class F Units, Class R Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #960774

Issuer Name:
HSBC Financial Corporation Limited
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated July 24, 2006 to Final Short Form Base Shelf Prospectus dated April 22, 2005
Mutual Reliance Review System Receipt dated July 26, 2006
Offering Price and Description:
$3,000,000,000.00 - Medium Term Notes
Underwriter(s) or Distributor(s):
HSBC Securities (Canada) Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #762877

Issuer Name:
Institutional Managed Income Pool
(Class W, Class A, Class F, Class I and Class Z Units)
Institutional Managed Canadian Equity Pool
(Class W, Class A, Class F and Class I Units)
Institutional Managed US Equity Pool
(Class W, Class A, Class F and Class I Units)
Institutional Managed International Equity Pool
(Class W, Class A, Class F and Class I Units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated July 28, 2006
Mutual Reliance Review System Receipt dated July 31, 2006
Offering Price and Description:
Mutual fund trust units at net asset value
Underwriter(s) or Distributor(s):
United Financial Corporation
Assante Capital Mangement Ltd.
Iqon Financial Inc.
Assante Financial Management Ltd.
Assante Capital Management Ltd.
Promoter(s):
United Financial Corporation
Project #960864

Issuer Name:
JumpTV Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated August 1, 2006
Mutual Reliance Review System Receipt dated August 1, 2006
Offering Price and Description:
Cdn$66,000,000.00 - 12,000,000 Common Shares Price: Cdn$5.50 Per Common Share
Underwriter(s) or Distributor(s):
Morgan Stanley Canada Limited
Canaccord Capital Corporation
Promoter(s):
-
Project #958594

Issuer Name:
Medicago Inc.
Principal Regulator - Quebec
Type and Date:
Final Prospectus dated July 31, 2006
Mutual Reliance Review System Receipt dated August 1, 2006
Offering Price and Description:
Minimum Offering: $2,000,000.00 or 2,000,000 units (the "Minimum Offering"); Maximum Offering: $4,000,000.00 or 4,000,000 units (the "Maximum Offering") Price: $1.00 per Unit
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
Desjardins Securities Inc.
Canaccord Capital Corporation
National Bank Financial Inc.
Promoter(s):
-
Project #931945

Issuer Name:
Platmin Limited
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 28, 2006
Mutual Reliance Review System Receipt dated July 28, 2006
Offering Price and Description:
Cdn.$45,500,000.00 (equal to £21,612,500) - 1,375,000 Common Shares Price Cdn.$4.00 (equal to £1.90) per Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Haywood Securities Inc.
Promoter(s):
-
Project #948764

Issuer Name:
Power Financial Corporation
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated July 26, 2006
Mutual Reliance Review System Receipt dated July 26, 2006
Offering Price and Description:
$200,000,000.00 - (8,000,000 shares) 5.10% Non-Cumulative First Preferred Shares, Series L Price: $25.00 per share to yield 5.10%
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Desjardins Securities Inc.
Promoter(s):
-
Project #965587

Issuer Name:
Sentry Select Total Strategy Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 27, 2006
Mutual Reliance Review System Receipt dated July 28, 2006
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Blackmont Capital Inc.
Desjardins Securities Inc.
Dundee Securities Corporation
Berkshire Securities Inc.
IPC Securities Corporation
Research Capital Corporation
Wellington West Capital Inc.
Promoter(s):
-
Project #958448

Issuer Name:
Software Growth Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 26, 2006
Mutual Reliance Review System Receipt dated July 27, 2006
Offering Price and Description:
$300,000.00 - 1,500,000 Common Shares at a price of $0.20 per Common Share Agent's Option to acquire 150,000 Common Shares at a price of $0.20 per Common Share; Directors' and Officers' Options to acquire
325,000 Common Shares at a price of $0.20 per Common Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
Promoter(s):
Mark Lawrence
Project #957945

Issuer Name:
Stone & Co. Dividend Growth Class
of Stone & Co. Corporate Funds Limited
(Series A, B, C and F Shares)
Stone & Co. Resource Plus Class of Stone & Co. Corporate Funds Limited
(Series A, B and C Shares)
Stone & Co. Flagship Growth & Income Fund Canada
(Series A, B, C and F Units)
Stone & Co. Flagship Stock Fund Canada
(Series A, B, C and F Units)
Stone & Co. Flagship Growth Industries Fund
(Series A, B, C and F Units)
Stone & Co. Flagship Global Growth Fund
(Series A, B, C and F Units)
Stone & Co. Longevity Fund
(Series A, B and C Units)
Stone & Co. Flagship Money Market Fund Canada
(Series A, B and C Units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated July 28, 2006
Mutual Reliance Review System Receipt dated August 1, 2006
Offering Price and Description:
Mutual fund securities at net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #960380

Issuer Name:
Sunrise Senior Living Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated July 28, 2006
Mutual Reliance Review System Receipt dated July 28, 2006
Offering Price and Description:
C$50,000,000.00 - Series 2006-1 6.40% Convertible Unsecured Subordinated Debentures due December 31, 2011
Underwriter(s) or Distributor(s):
TD Securities Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Promoter(s):
Sunrise Senior Living, Inc.
Project #966253

Issuer Name:
Versacold Income Fund
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated July 31, 2006
Mutual Reliance Review System Receipt dated July 31, 2006
Offering Price and Description:
$60,000,000.00 - 6.75% Convertible Unsecured Subordinated Debentures Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Raymond James Ltd.
National Bank Financial Inc.
Promoter(s):
-
Project #966761

Issuer Name:
WesternOne Equity Income Fund
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated July 31, 2006
Mutual Reliance Review System Receipt dated July 31, 2006
Offering Price and Description:
$16,000,000.00 - (4,571,429 Units) $3.50 per Unit - and - 5 YEAR, 9% SENIOR SECURED CONVERTIBLE DEBENTURES — SERIES A $10,000,000 $100 per Series A Debenture
Underwriter(s) or Distributor(s):
Blackmont Capital Inc.
Dundee Securities Corporation
Sora Group Wealth Advisors Inc.
Promoter(s):
Darren Financial Group Inc.
Project #959287

Issuer Name:
Willowstar Capital Inc.
Type and Date:
Final Prospectus dated July 31, 2006
Receipted on August 1, 2006
Offering Price and Description:
Minimum Offering: $550,000.00 or 3,666,666 Common Shares; Maximum Offering: $1,000,000.00 or 6,666,666 Common Shares Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
Credifinance Securities Limited
Promoter(s):
-
Project #896680

Issuer Name:
Zermatt Capital Inc.
Principal Regulator - Quebec
Type and Date:
Final Prospectus dated July 27, 2006
Mutual Reliance Review System Receipt dated July 28, 2006
Offering Price and Description:
Minimum Offer: 14,000,000 Common Shares - $3,500,000.00; Maximum Offer: 20,000,000 Common Shares - $5,000,000.00 Price: $0.25 per Common Share
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Promoter(s):
Louis G. Plourde
Project #948570

Issuer Name:
Caprion Pharmaceuticals Inc.
Principal Jurisdiction - Quebec
Type and Date:
Preliminary Prospectus dated May 5th, 2006
Withdrawn on August 1st, 2006
Offering Price and Description:
$ * - * Common Share Price: $ * per Common Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Orion Securities Inc.
Canaccord Capital Corporation
TD Securities Inc.
Versant Partners Inc.
Promoter(s):
-
Project #934231

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change of Name	**From:** Mercer Canada Securities Limited **To:** Mercer Global Investments Canada Limited	Limited Market Dealer and Investment Counsel & Portfolio Manager	June 15, 2006
New Registration	Fovere Investments Inc.	Limited Market Dealer	July 28 2006
New Registration	New York Investment Management LLC	International Adviser (Investment Counsel and Portfolio Manager)	Aug 1, 2006

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 Amendments to IDA Policy 6 Parts I and II Regarding Wealth Management Essentials Course, and Policy 6 Part I Regarding Proficiency Requirements for Futures Contract Portfolio Managers and Associate Futures Contract Portfolio Managers

THE INVESTMENT DEALERS ASSOCIATION

AMENDMENTS TO IDA
POLICY 6, PARTS I AND II REGARDING WEALTH MANAGEMENT ESSENTIALS COURSE
AND
POLICY 6, PART I REGARDING PROFICIENCY REQUIREMENTS FOR FUTURES CONTRACT PORTFOLIO MANAGERS AND ASSOCIATE FUTURES CONTRACT PORTFOLIO MANAGERS

Response to Comments regarding changes to
IDA Policy 6 implementing the Wealth Management Essentials Course (WME)

Two comment letters were received making the following comments:

Comment:

The proposed amendment does not recognize holders of the Professional Financial Planning designation granted by the Institute of Canadian Bankers ('the Institute") as being exempt from completing the financial planning module of the WME as is granted to the Certified Financial Planner designation granted by the Financial Planning Standard Council.

IDA's Response:

The exemptions in Policy 6, Part II, Sections A.10 and A.11 of the proposed regulation are for those who have completed the prior courses before implementation of the WME and are already approved or are seeking re-approval, and for those enrolled in the prior courses before implementation of the WME who complete them before their 30-month post licensing due date.
On implementation of the WME, granting an exemption from any portion will be done by the Canadian Securities Institute ("CSI") in administering the course. In essence, the holder of the designation will be granted advance standing for that portion of the course. There is no need to write which courses will provide that standing into the Policy.

The IDA and CSI have agreed that such advance standing will be granted for any courses that the IDA Staff designates as equivalent to either the financial planning or investment management portions of the WME, which includes the Institute's PFP designation

Comment:

Provision of the course required to meet the 30-month requirement should be open to competition from other course providers.

IDA's Response:

While the IDA recognizes the benefits of competition, the WME was developed by the CSI specifically to meet needs identified by the IDA and has participated with the Education and Proficiency Committee of the IDA in the research and needs assessment process. The IDA therefore considers it appropriate to grant the CSI a period of exclusivity with regard to the course, subject to ongoing monitoring by the IDA to ensure that the course is kept up-to-date and continues to meet the identified proficiency needs.

Comment:

The proposed rule change allows those already entered in the Professional Financial Planning Course ("PFPC") or Investment Management Techniques Course ("IMT") only 24 months after implementation of the proposed requirement to complete those courses in order to use them in place of the WME to meet their 30-month requirement. The letter recommends that such persons be allowed 30 months, consistent with the general post-licensing requirement.

IDA's Response:

Both the PFPC and IMT must already be completed within one year of enrolment in the course. There is a CSI provision for an extension of another year, subject to conditions. Therefore the revision does not change the existing completion deadline for anyone enrolled in either course when the WME requirement is implemented.

Comment:

The content of "top-up" modules leading from the WME to CSI designations including the Portfolio Management Techniques Course and Wealth Management Techniques Course should be reviewed to ensure that there is no duplication between courses.

IDA's Response:

This is being done. The CSI will provide the WME, the "top-up courses" and the higher level courses mentioned and will ensure that there is no duplication.

Comment:

Those with the CFA designation should be exempt from completing the WME or, in the alternative, the course content should be streamlined to avoid anyone having to complete multiple courses and the course should be credited towards applicable continuing education requirements.

IDA's Response:

The development of the WME was based on research indicating that neither advanced financial planning proficiency – provided by the PFPC or CFE, nor advanced investment management proficiency – provided by the IMT or CFA, is sufficient alone to provide the necessary proficiency for registered representatives advising retail clients in today's complex marketplace. Therefore granting an exemption to those with the CFA alone would defeat the purpose of developing the WME.

All of the courses and top-ups are being designed to avoid duplication of content, and to that extent are streamlined. Those required to take the WME are in the first thirty months of their approval as Registered Representatives. They do not have continuing education requirements under IDA Policy 6, Part III during their first three years of registration precisely because of the 30-month post-licensing requirement. The IDA does not believe that any other relief from continuing education requirements is necessary.

Comment:

The proposals contain no changes to the proficiency requirements for portfolio managers (PMs) and associate portfolio managers (APMs). The proposal should clarify whether APMs or PMs are required to complete the WME.

IDA's Response:

As noted in the proposal, those who have completed the WME will be able to complete the IMT through a top-up course. The IMT will still exist and will remain a requirement for, or at least one of the paths to, completing the necessary proficiencies to obtain PM or APM approval. Therefore there is no need to change the requirements regarding PM or APM proficiency requirements.

Comment:

If PMs or APMs are required to complete the WME, there should be transitional provisions for individuals enrolled in the IMT when the proposal comes into effect. Any required courses such as the IMT completed prior to implementation of the WME should continue to be considered as valid for PM or APM approval.

IDA's Response:

The transitional provisions for individuals enrolled in the IMT when the WME comes into effect have already been noted and discussed above. Such persons will continue to have up to two years to complete the IMT without having to do the WME to complete their 30-month requirement. The IMT will continue to be a requirement for PMs and APMs, whether completed prior to implementation of the WME, after implementation under the transitional provisions or through a top-up course after completion of the WME.

Comment:

Discretionary relief be available to Registered Representatives and firms in special circumstances where financial planning or investment management knowledge is not required under an RR's particular business model.

IDA's Response:

The recommendation is tantamount to suggesting that firms or individual Registered Representatives be given the option of completing the PFPC, IMT or WME, depending on their prospective business model at the time they take the course. The IDA believes that all Registered Representatives should be given a broad education on all the kinds of matters on which their advice may be sought when dealing with retail clients, that they should not be permitted to take a narrow view and shoehorn all of their clients into one model. In the course of their careers Registered Representatives may change firms, investment philosophies and business models. All should have basic proficiency in all of the areas in which they may be called upon to give advice.

13.1.2 Notice of Commission Approval – Housekeeping Amendments to IDA Form 1, Part II Auditors Report

INVESTMENT DEALERS ASSOCIATION OF CANADA –
CICA HANDBOOK SECTION 5600 – AUDITORS REPORT ON FINANCIAL STATEMENTS
PREPARED USING A BASIS OF ACCOUNTING OTHER THAN
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES – PART II AUDITORS REPORT

I OVERVIEW

A Current Rules

To certify that the annual filing of Form 1 presents fairly, in all material respects, the financial position of a particular Member firm, the Panel Auditors file with the IDA and the CIPF the Part II Auditors' Report (See Appendix I).

B The Issue(s)

The Canadian Institute of Chartered Accountants (CICA) introduced significant amendments to Section 5100 of the CICA Handbook effective for audit reports issued on or after October 1, 2003 regarding the expression of audit opinions on general purpose financial statements, which among other things, restricted industry accounting practices as an alternative to CICA Handbook accounting principles.

The CICA also introduced new generally accepted audit standards (GAAS) Section 5600 for those reporting entities such as securities dealers that because of their industry's regulatory requirements must prepare and report financial statements that are not fully in accordance with generally accepted accounting principles (GAAP) in order to express an audit opinion. For example, IDA Regulations require that its member firms prepare and report their financial statements on an unconsolidated basis. This is a departure from GAAP, and Section 5600 of the CICA handbook recognizes this by allowing a modified form of audit opinion to be expressed. The proposed amendment seeks to ensure that the Part II Auditors' Report is consistent with the changes made to the Part I Auditors' Report.

The current Part II Auditors' report refers to questions 2 through 8 on the Certificate of Partners or Directors ("PDO certificate") (See Appendix I). The proposed Part II Auditors' Report removes the reference to questions 2 through 8 (See Appendix II). The IDA has reviewed these assertions and has concluded that the reference to questions 2 – 8 of the PDO Certificate in the Part II Auditors' Report no longer applies or alternatively, the Panel Auditor has performed sufficient work to provide appropriate audit evidence to the SRO. The following is the analysis performed:

a) *"Are all Exchange seats which are operated by the firm owned outright and clear of encumbrance by the firm?"* – Stock exchange seats are reported as a non-allowable asset and 100% capital is provided resulting in no additional risk to the firm's capital. In addition, stock exchange seats have been or are in the process of being converted into shares and therefore the assertion will no longer apply.

b) *"Does the firm promptly segregate clients' securities in accordance with the rules and regulations prescribed by the appropriate Joint Regulatory Body?"* – This assertion was included as part of the PDO certificate prior to the "Report on Compliance for Segregation of Securities" was implemented on July 1, 1997. The "Report on Compliance for Segregation of Securities" is prepared by the Panel Auditor and provides sufficient representation that clients' securities are promptly segregated. As a result, this assertion by the Panel Auditor is no longer required to be referred to in the Part II Auditors' Report.

c) *"Does the firm determine on a regular basis its free credit segregation amount and act promptly to segregate assets as appropriate with the rules and regulations prescribed by the appropriate Joint Regulatory Body?"* – When this assertion was included in the PDO certificate there were no prescriptive rules for free credit segregation. Subsequent requirements to include a separate statement for free credit segregation and a compliance report for segregation were introduced. There is sufficient representation provided by the Panel Auditor through the audit of Statement D "Statement of free credit segregation amount" and the preparation of the "Report on Compliance for Segregation of Securities." As a result, this assertion by the Panel Auditor is no longer required to be referred to in the Part II Auditors' report.

d) *"Does the firm carry insurance of the type and in the amount required by the rules and regulations of the appropriate Joint Regulatory Body?"* – This assertion was included as part of the PDO Certificate prior to the "Report on Compliance for Insurance" was implemented on July 1, 1997. The "Report on compliance for Insurance" is prepared by the Panel Auditor and provides sufficient representation that the appropriate insurance is carried by the member firm. As a result, this assertion by the Panel Auditor is no longer required to be referred to in the Part II Auditors' report.

e) *"Have all "concentration of securities", as described in the rules, regulations and policies of the appropriate Joint Regulatory Body, been identified on Schedule 9?"* – This assertion and the concentration regulation came into effect in 1989. At the time of implementation there was no prescriptive rule for a concentration charge. In April 1993, a concentration charge was introduced and a line item on Statement B of Form 1 was added. As a result of the inclusion of the separate line item in Statement B, the Panel Auditor performs an audit of Statement B, line 26, "Securities Concentration charge" and ensures existence, accuracy and completeness. As a result, this assertion by the Panel Auditor is no longer required to be referred to in the "Part II Auditors' Report".

f) *"Has the "most stringent rule" requirement (as described in the general instructions) been adhered to in the preparation of these statements and schedules?"* – The Panel Auditors' will include a note in the financial statements to ensure that the most stringent rule requirement has been adhered to in the preparation of the statements and schedules.

g) *"Does the firm monitor on a regular basis its adherence to early warning requirements in accordance with the rules and regulations prescribed by the appropriate Joint Regulatory Body?"* – There were no prescriptive rules present when this assertion came into effect in April 1993. IDA Internal Control Policy #3 was developed and came into effect on March 1, 1996. The policy requires member firms to monitor its capital at all times. In December 2001 amendments to IDA By-law No. 30 came into effect which requires member firms to report any Early Warning Level 1 or 2 violations intra-month so that the IDA may monitor and take remedial action as required to prevent any further financial deterioration. Member firms also currently file the Monthly Financial Report ("MFR") with the SRO on a monthly basis which includes schedules 13 and 13A, "Early Warning Tests 1 & 2". In addition, the IDA conducts annual field examinations of the member and reviews the internal control procedures of the firm's early warning monitoring procedures. As a result, this assertion by the Panel Auditor is no longer required to be referred to in the "Part II Auditors' Report".

C Objective(s)

The objective of the housekeeping amendment is to conform to the new CICA Section 5600.

D Effect of Proposed Rules

The proposed rule will have no impact on:

- market structure,
- members, non-members,
- competition,
- costs of compliance and
- other rules.

II DETAILED ANALYSIS

A Present Rules, Relevant History and Proposed Policy

To certify that the annual filing of Form 1 presents fairly, in all material respects, the financial position of a particular Member firm, the Panel Auditors currently file with the IDA and the CIPF the Part II Auditors' Report.

B Issues and Alternatives Considered

No other alternatives were considered.

C Comparison with Similar Provisions

Given the nature of the rule amendment being proposed, detailed analyses of the present requirement, the proposed amended requirement and the alternatives to the proposed amended requirements were considered unnecessary. A comparison with similar regulations of regulators and SRO's both foreign and in Canada was also considered unnecessary.

D Systems Impact of Rule

The securities industry's regulatory financial filing system (referred to as "SIRFF") has been modified to accommodate the changes to the Part II "Auditors' Report.".

E Best Interests of the Capital Markets

The Board has determined that this housekeeping rule is not detrimental to the best interests of the capital markets.

F Public Interest Objective

According to the IDA's Order of Recognition as a self regulatory organization, the IDA shall, where requested, provide in respect of a proposed rule change "a concise statement of its nature, purposes (having regard to paragraph 13 above) and effects, including possible effects on market structure and competition. The purpose of the proposal is to standardize industry practices where necessary or desirable for investor protection.

The proposal does not permit unfair discrimination among customers, issuers, brokers, dealers, members or others. It does not impose any burden on competition that is not necessary or appropriate in furtherance of the above purposes.

The amendment is believed to be housekeeping in nature as it is intended to clarify an existing requirement.

III COMMENTARY

A Filing in Other Jurisdictions

This proposed amendment will be filed for approval in Alberta, British Columbia, Ontario and Quebec and will be filed for information in Manitoba, Nova Scotia and Saskatchewan.

B Effectiveness

As stated above, the purpose of the proposal is to amend the current Part II Auditors' Report in Form 1 to comply with changes made by the CICA.

C Process

This proposal was developed by the Brokers Auditors Committee, an ad hoc committee of Panel Auditors. It was reviewed and approved by the Internal Controls Subcommittee of the Financial Administrators Section and subsequently approved by the Financial Administrators Section of the IDA. This proposal was mandated by the CICA and not initiated by the IDA.

IV SOURCES

References:

- Part II Auditors' Report in Form 1

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

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

APPENDIX I - BOARD RESOLUTION

INVESTMENT DEALERS ASSOCIATION OF CANADA

PART II AUDITORS REPORT

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

1. In the Part II Auditors Report of Form 1, the following text is repealed and is replaced with the text as outlined in Appendix II:

> "The additional information set out in Part II, Schedules 1 to 14 (and the answers contained in questions 2 through 8 on the Certificate of Partners or Directors) have been subjected to the procedures applied in the audit of the financial statements A to G in Part I, and in our opinion, present fairly the information contained therein, in all material respects, in relation to these financial statements taken as a whole."

PASSED AND ENACTED BY THE Board of Directors this 18th day of January 2006, to be effective on a date to be determined by Association staff.

APPENDIX II - NEW LANGUAGE TO BE USED IN STANDARD REPORT

INVESTMENT DEALERS ASSOCIATION OF CANADA

PART II AUDITORS REPORT

We have audited Part I of the Joint Regulatory Financial Questionnaire and Report (Part I – JRFQ) of _____ as at _____ and for the year then ended, and reported
(Member) *(date)*
thereon as of _____.
(date)

The additional information set out in Part II of the Joint Regulatory Financial Questionnaire and Report – Schedules 1 to 14 (Part II – JRFQ) have been subjected to the procedures applied in the audit of Part I – JRFQ and in our opinion, presents fairly the information contained therein, in all material respects, in relation to Part I – JRFQ taken as a whole.

No procedures have been carried out in addition to those necessary to form an opinion on Part I – JRFQ.

The additional information set out in Part II – JRFQ, which has not been, and was not intended to be, prepared in accordance with Canadian generally accepted accounting principals, is solely for the information and use of the Member, the Investment Dealers Association and the Canadian Investor Protection Fund to comply with the regulations, bylaws and policies of the Investment Dealers Association. The additional information set out in Part II – JRFQ is not intended to be and should not be used by anyone other than these specified users or for any other purpose.

Chapter 25

Other Information

25.1 Approvals

25.1.1 Mercer Global Investments Canada Limited - s. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act – application by manager, with no prior track record acting as trustee, for approval to act as trustee of pooled funds and future pooled funds to be established and managed by the applicant and offered pursuant to a prospectus exemption.

Statutes Cited

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

July 28, 2006

Borden Ladner Gervais LLP
Scotia Plaza, 40 King Street West
Toronto, ON
M5H 3Y4

Attention: Kathryn M. Fuller

Dear Sirs/Medames:

RE: Mercer Global Investments Canada Limited (the "Applicant")
Application pursuant to clause 213(3)(b) of the Loan and Trust Corporations Act (Ontario) for approval to act as trustee
Application No. 542/06

Further to your application dated July 12, 2006 (the "Application") filed on behalf of the Applicant, and based on the facts set out in the Application and the representation by the Applicant that the assets of MGI Canadian Equity Fund, MGI U.S. Equity Fund, MGI International Equity Fund, MGI Fixed Income Fund, MGI Long Bond Fund, MGI Real Return Bond Fund and MGI Money Market Fund (the "MGI Pools") and such other funds as the Applicant may establish from time to time, will be held in the custody of a trust company incorporated and licensed or registered under the laws of Canada or a jurisdiction or a bank listed in Schedule I, II or III of the Bank Act (Canada) or an affiliate of such bank or trust company, the Ontario Securities Commission (the "Commission") makes the following order.

Pursuant to the authority conferred on the Commission in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Applicant act as trustee of the MGI Pools and such other funds which may be established and managed by the Applicant from time to time, the securities of which will be offered pursuant to a prospectus exemption.

Yours truly,

"Carol S. Perry"
Commissioner

"Paul K. Bates"
Commissioner

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